

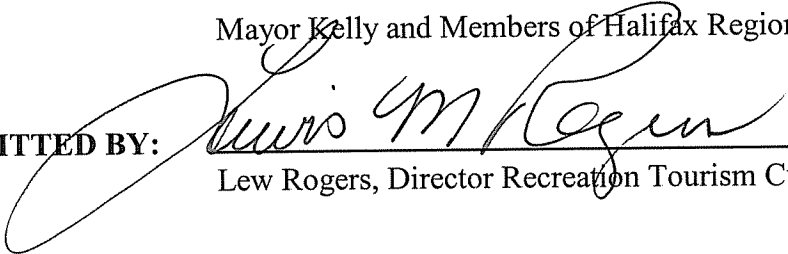
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**Halifax Regional Council**  
**December 14, 2004**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**   
Lewis Rogers, Director Recreation Tourism Culture

**DATE:** December 09, 2004

**SUBJECT:** Spryfield Lions Arena

**INFORMATION REPORT**

**ORIGIN**

The community group approached staff and the District Councillor.

## **BACKGROUND**

The Spryfield Lions Club approached both staff and the District Councillor with a proposal to deed their arena facility located on Drysdale Avenue over to HRM and enter into a management agreement whereby they would continue to operate it as agents of HRM. Their reason for relinquishing ownership is a financial one, and their reason for approaching HRM is that they feel the majority of the programming carried on at the facility is consistent with one of HRM's recreational and community based program mandates. They view their proposal to be similar to past arrangements between community groups and the St Margaret's Bay Community Centre and the Eastern Shore Community Centre. They have advised Recreation Tourism and Culture that their only alternative is to close their facility due to their inability to be able to afford the capital improvements necessary.

The Spryfield Lions Club built the rink complex on Drysdale Road in 1972 and have independently operated it for 33 years. Over the years they have received municipal tax grants. The facility consists of the following:

- original 24,200 square foot arena, including dressing rooms and a 2,800 square foot meeting room used by the Lions Club
- an addition that consists of a 1,700 square foot entrance and 1,700 square foot room used by the Boys and Girls Club
- a later addition of a 8,800 square foot Bingo Hall

Over the years the Bingo Hall became the major source of revenues to generate loan payments and capital improvements, which has decreased significantly in recent years. The facility is also aging and insurance costs have been rising. The Lions Club have indicated they can no longer handle the capital expenditures and improvements needed to the facility. Thus, they have proposed HRM assume ownership and help with the capital expenses and they would continue to operate the facility on behalf of HRM under a management agreement.

In response to this request, staff began to investigate several points of criteria to determine if this proposal should be brought forward to Council:

- Carry out a condition assessment of the existing facility to determine financial risks to HRM
- Evaluate existing programming against HRM program mandates, arena capacity studies and against HRM's new Indoor Recreation Facilities (IRF) Master Plan
- Examine existing financial situation of facility
- Examine operating budgets, unaudited statements and Lions Club business plan to determine capacity to operate facility under management agreement proposal
- Other issues such as land issues, etc

## DISCUSSION

### Condition Assessment of Existing Facility

RPAM's Facility Operations Section conducted a condition assessment of the facility and discovered a number of needs. Some were identified as immediate needs and would represent immediate risk conditions to HRM if left as is. Others represent longer term upgrades that could be scheduled over a 5 year capital plan. The total value is in the order of \$1.1 to \$1.5 million. The more immediate needs are some roof repairs estimated at \$50,000 and some liability deficiencies estimated at another \$50,000. In addition, the Facility Operations Section found several areas that contain mold. No remedial estimate could be placed on this as a more detailed investigation is necessary utilizing external expertise. The proper permanent solution is to add a ventilation and dehumidification system at a cost of \$150,000. Currently there is no system at all. Another concern raised by Facility Operations is liabilities with the older style of boards around the ice surface. This would also need to be a priority in year two of a needed multi-year capital budget program.

Longer term cost items include such areas as new and larger dressing rooms, canteen repairs, ventilation and dehumidification system, sewer and water upgrades, parking lot pavement repairs, eventual Zamboni replacement and the replacement of a 33 year old refrigeration plant.

In light of all the repairs, building code upgrades and equipment replacement required, the Facility Operations staff recommended investigating the cost of a straight replacement of this facility with a newer and larger and compare it to putting capital funds into the old one. A replacement value was therefore prepared and is estimated to be between \$3.5 to 5.5 million. The repairs to the existing facility represent in the vicinity of 25% of the value of a new replacement. The turn around time to build a new facility would still require the continued operation of the existing facility and thus as a minimum a capital investment of at least \$150,000 to address immediate liability concerns and some additional funding to address immediate mold issues, with extensive requirements in following years.

### Program Evaluation

As indicated earlier, the existing facility provides for arena usage programming, space for the local Boys and Girls Club, a Bingo Hall and a meeting area for the local Lions Club. The closure of the Spryfield Arena Facility would create a void/shock to the service delivery system of recreational opportunities to residents of Districts 17 and 18 as well as the Prospect Road area. The Arena Capacity study recognizes the arena facility as a provider of ice surface activities in the winter as well as the main provider in the summer youth Metro Lacrosse league. The Chebucto Ringette Association have presented a petition complaining of lack of ice time available in the catchment area for their sport development.

During the public consultation process of the Indoor Recreation Master Plan it was noted that the arena provided a valuable service to the Spryfield community as well as providing space to the Boys and Girls Club for its community activities.

In review of the functions that occur at the facility, and if it were to close, it would put HRM in a deficit situation in its recreation delivery system to Districts 17 and 18. The option of a management agreement with the Spryfield Lions Club is positive as they have been able to meet operational costs on annual basis and have a history of service to the community in its relationship to the Boys and Girls Club as well as other community projects.

### Financial Analysis of Facility

The Spryfield Rink has been financially successful in maintaining operations since its beginning in 1971. In recent years, however, the Lions Club has loaned the rink funds for capital improvements. Currently, the rink owes the Lions \$43,645 for capital. This is not evident from the rink's financial statements as the loans were issued to the Lions Club. In addition, there is an Irving furnace lease commitment of \$17,000.

The facility audit completed by RPAM indicates that a minimum of \$1,161,500 would be required over the next 5 years for repairs/upgrades/equipment purchases. Initially over \$100,000 is required for roofing repairs/replacement and other immediate liability item. There is also an issue with mold which may require an infusion of funding as well to clean up and then a permanent fix by adding ventilation. Current operational revenue is insufficient to finance the extensive re-capitalization this facility requires.

Although revenue has historically been sufficient to cover operations a continued downturn in bingo revenues (\$26,400/year) would pose a significant problem. Ice rentals and Minor hockey revenue are at their maximum. Some operating savings may be realized by including the facility under HRM's price agreements for heating oil, insurance and Zamboni maintenance. However, it would not be sufficient to assist with capital costs.

### Land Related and Other Issues

The Lions Club own the following parcels of land in the immediate area of interest:

- Parcel A 3.85 acres, which contains the arena facility in question
- Parcel X 2.457 acres along Drysdale Road
- Parcel Y 3.01 acres adjacent to J.L. Ilsley High School

Parcels A, X, and Y were consolidated into one large parcel in the early 1990's. The Lions Club have proposed to deed over Parcel A along with the arena facility to HRM. However, this would require subdividing the former parcels again which cannot take place as the former Parcel X and Parcel Y do not have any street frontage at this time. Therefore, HRM would have to acquire all the land in order to assume ownership of the facility. HRM's Parkland Planning Section were requested to review the lands in question to see if and how these lands could fit into any long range parkland planning HRM has for this area. Parkland Planning advised they do have an interest in these lands for future active and passive recreation usage. There is currently a long range plan to continue to expand parkland holdings along the shores of the McIntosh Run to eventually develop into a park

and trails system. In addition, a community recreational group has been working with HRM seeking a location to build a facility for lacrosse programming, and part of the land in question could possibly fit those requirements. Therefore, the Parkland Planning Section has recommended that any discussions with the Lions Club to assume ownership of the arena should include the entire parcel of land as well.

Finally, a comparison to the St Margaret's Bay Community Centre and the Eastern Shore Community Centre was suggested. In staff's opinion, the comparison is only valid from an arena surface perspective. The two facilities of mention are both larger facilities and have been categorized as more regional facilities in the IRF Master Plan, whereas the Spryfield Arena falls under the category of sports facility. Support for acquiring and positioning the operation of the facility under a management agreement could only be considered in relation to like facilities.

### Summary

Acquisition of this facility and then having it operated under management agreement by the Lions Club can easily be supported from a community and recreation programming perspective, and would be consistent with the arena capacity study and the IRF Master Plan study. In addition, it is also supported from a parkland perspective as it presents a unique opportunity for HRM to acquire lands that are identified as a good fit to a long range parkland development plan.

From a facility condition and financial analysis perspective, the support becomes less attractive due to the liabilities and the amount of capital funds required to address the facility. There are no funds available in the current year and approval now against 05/06 would require pre-approval of a portion of the capital budget which is not recommended. The current level of capital funds made available to support the existing portfolio cannot absorb any new additions and early indications for the needs for 05/06 do not change this picture. Existing facilities are dangerously falling behind in their required capital repair needs, thus, any new acquisition cannot simply cause the withdrawal of necessary funding from the existing owned stock of facilities. This request is being given high consideration by Recreation Tourism Culture for it's programming impact and therefore has been forwarded as a potential new project initiative to be considered as part of the 05/06 budget planning process.

### **BUDGET IMPLICATIONS**

The budget implications of the recommendations will be identified as part of the 05/06 operating and capital budget process.

### **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

**ALTERNATIVES**

N/A

**ATTACHMENTS**

No attachments

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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