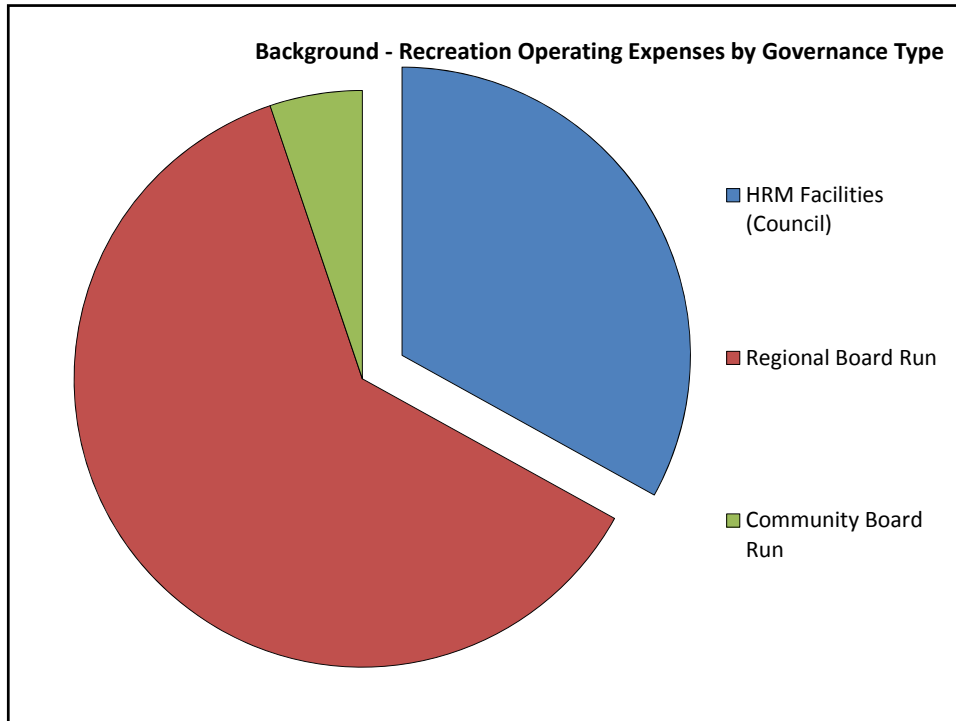




## Background – Council Direction

- November 2011: "*Multi-District & Event Facilities – A Case for Action*" Regional Council approved MDF Project to review accountability, reporting, alignment (including outstanding debt) of the following MDF facilities (Alderney Landing, Canada Games Centre, Centennial Pool, Cole Harbour Place, Dartmouth Sportsplex, Halifax Forum, Sackville Sports Stadium, and St. Margaret's Centre)
- March 2013: "*Multi-District Facility Project (Reporting Requirements)*" Regional Council declared accountability and reporting completed; directed initiation of alignment phase with expanded scope to include a governance review
- June 2013: "*Review of the Administrative Functions within HRM's Entities which are Governed by an Agency, Board, or Commission*" Auditor General presented a report to the Audit & Finance Committee that indicated observations of inefficiencies in the provision of administrative functions
- January 2014: "*Multi-District Facility Project Phase 2 – Governance*" Staff sought direction from Community Planning and Economic Development (CPED) to consult with MDF Boards on establishment of a Regional Advisory Committee(s) structure and to develop a transition plan to transfer direct oversight of the MDF facilities to Regional Council
- January 2014: CPED referred the matter to staff for a supplementary report that included further consultation with the MDF Boards before direction was given
- September 2015: CPED reviewed staff's supplementary report and recommended approval of an alternative motion.
- October 2015: Regional Council directed staff to develop standard board governance model for the facilities included in the MDF Project Phase 2 and implement new agreements.

HALIFAX



## Background - Board Consultation

- **Board Governance**
  - Maintain autonomy and authority with in-house expertise and experience
  - Need to improve collaboration, strategic planning and HRM relationship
  - Additional support required from HRM, in particular related to safety
  
- **Community Access – Healthy Communities Priorities**
  - Generally agree with and believe in need for improved access
  - Seeking a relationship with HRM that provides clear direction, guidance, support and communication
  
- **Standardization and Integration**
  - Common ICT systems beneficial
  - Pricing appropriate with service offerings
  - Opportunities related to safety, maintenance and procurement
  - Coordination of programming opportunities

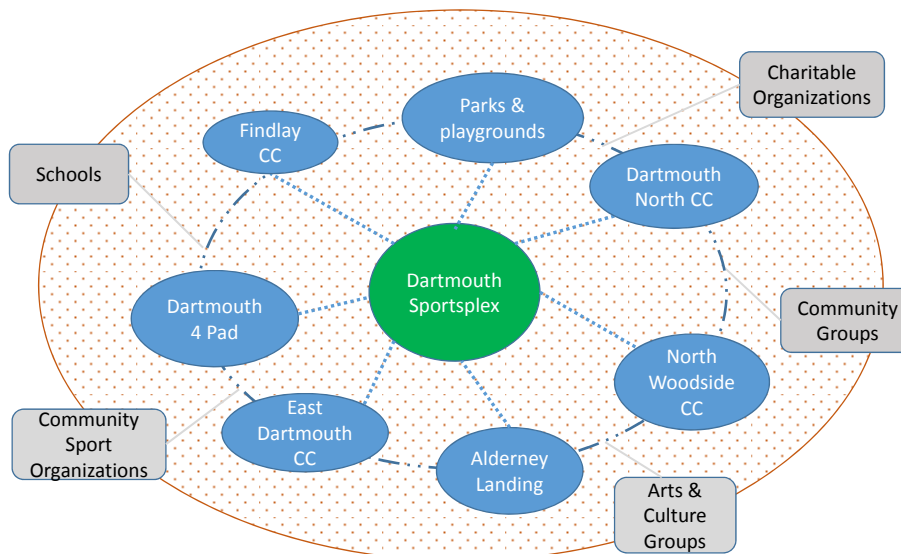
**HALIFAX**

## Background – Staff Conclusion

- Require common recreation service delivery objectives/vision and an effective single point of accountability
- Opportunity for significant savings through operational efficiencies
- Focus on expenditure control and shared services could potentially eliminate the MDF network annual deficit
- Current “break even” direction within individual agreements does not facilitate delivery of Council’s Healthy Community Priorities
- Significant operating risks, especially OHS and facility maintenance, to which MDFs require assistance
- Current technology not aligned and at risk of failure. Integrated technology platform represents best opportunity to improve recreation service delivery

HALIFAX

## Background - Hub & Spoke Model



## Key Terms & Conditions

### ***Term***

- Initial five year term
- HRM may automatically renew for two additional 5-year terms
- Commencement within 2017/18 fiscal year to enable full participation in processes for the 2018/19 budget cycle
- Either party shall have the option to terminate the agreement upon providing twelve (12) months' written notice

### ***Facilities***

- Alderney Landing
- Canada Games Centre
- Centennial Pool
- Cole Harbour Place
- Dartmouth Sportsplex
- Halifax Forum
- St. Margaret's Centre

**HALIFAX**

## Key Terms & Conditions (cont'd)

### ***Strategic Plan***

- The Board(s) shall provide HRM a five year strategy plan on an annual basis.

### ***Annual Budget, Business Plan & Council Presentation***

- The Board(s) will deliver a detailed proposed draft business plan no later than December 31 or 30 days after notice from HRM.
- HRM will provide a list of programming focus areas to the Board(s) to inform the business plan submission.
- The Board(s) will be prepared to make a presentation to Halifax Regional Council (if required) on proposed budget, with support from HRM.

**HALIFAX**

## Key Terms & Conditions (cont'd)

### ***Funding***

- A regional funding model will be established which will replace the one hundred percent cost recovery model through annual budget approval including Council's consideration of subsidies, subject to the appropriation of funds through the annual budgetary approval process.

### ***Surpluses and Capital Reserve***

- All surpluses generated by the facility shall belong to HRM and shall be held in a designated Capital Reserve fund.
- Approval from Regional Council required to make withdrawals from Capital Reserve submitted by the individual board(s).

**HALIFAX**

## Key Terms & Conditions (cont'd)

### ***Debt Absorption***

- HRM staff will undertake the process to complete the absorption of outstanding operating and capital debts and deficits of the facilities, upon execution of new management agreements.

### ***Operating Deficit***

- If a budget deficit is realized, the Board shall submit a deficit report, outlining reasons, and recommendation for resolution.
- If three consecutive net budget deficits are realized, the Management Agreement will be terminated.

**HALIFAX**

## Key Terms & Conditions (cont'd)

### ***Employee Status***

- Agreements will clearly define legal employee/employer relationship

### ***Occupational Health and Safety***

- Board(s) will assume the primary responsibility in creating a safe and healthy workplace consistent with HRM's policies and compliant with all applicable Acts, laws and regulations
- HRM has the right to investigate immediately if there are health and safety or environmental concern(s) with a facility and take necessary steps to ensure compliance
- HRM may conduct an annual inspection

**HALIFAX**

## Key Terms & Conditions (cont'd)

### ***Information Communications & Technology (ICT)***

- Use HRM delivered ICT programs and services (where and when available), including support and maintenance, subject to appropriation of funding

### ***Policies***

- Act in a manner consistent with HRM policies

### ***Community Access & Pricing***

- Implement HRM direction outlining community access requirements, fee study implementation and initiate changes towards the implementation of consistent "one client" pricing and membership model across all facilities, once developed

**HALIFAX**

## Key Terms & Conditions (cont'd)

### **Reports**

- Board(s) shall provide to HRM no later than 45 days after requested:
  - Quarterly Financial reporting templates (variances, forecast, etc.)
  - Annual Summary and analysis of recreational programming, events, participation, rentals, etc.
- Other reports as agreed upon by the parties

**HALIFAX**

## Recommendation

It is recommended that Halifax Regional Council:

1. Direct staff to negotiate a five year Management Agreement for the seven facilities listed as per the key terms and conditions in Table 1 of the Discussion section of this report;
2. Direct staff to provide a report(s) to the Audit & Finance Standing Committee for Regional Council's consideration that recommends the proposed Management Agreement and outlines the process and funding options to complete the absorption of outstanding debts and deficits for each of the facilities listed in Table 1 of the Discussion section of this report;
3. Retain Sackville Sports Stadium as a HRM-operated facility integrated within the municipal administrative structure; and
4. Approve the one year Management Agreement between HRM and the Canada Games Centre Society, as found at Attachment 2, and authorize the CAO to execute the agreement and to exercise at his discretion any renewal options of the agreement.

**HALIFAX**

## Next steps

- Negotiate new management agreements with Boards based key terms and conditions approved by Council
- Present proposed management agreement and write off/debt absorption report(s) to Audit & Finance Standing Committee
  - Expected completion of all facilities by fall 2017
- Complete hub & spoke pilot project at Sackville Sports Stadium
- Include MDF facilities in recreation software replacement project
- Include MDF facilities within scope of HRM's fee review study
- Initiate inclusion of MDF facilities in HRM budget process for 2018/19 fiscal year

**HALIFAX**