


HALIFAX

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Item No. 14.1.9
Regional Council
August 2, 2016

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by 

SUBMITTED BY:

John Traves, Q.C. Acting Chief Administrative Officer

Original Signed by 

Jane Fraser, Acting Deputy Chief Administrative Officer

DATE: July 26, 2016

SUBJECT: Tennis Canada Proposal

ORIGIN

July 5, 2011 Halifax Regional Council:

MOVED by Councillor Outhit, seconded by Councillor Sloane that Halifax Regional Council direct staff to:

1. Meet with Tennis Canada and Tennis Nova Scotia officials to determine the public requirements for Tennis Facilities in HRM and how those might be accomplished; and
2. Provide a report to Council for discussion. MOTION PUT AND PASSED.

LEGISLATIVE AUTHORITY

- *Halifax Regional Municipality Charter* subclause 79(1)(av)(v): Halifax Regional Council may expend money required by the Municipality for... (av) a grant or contribution to ... (v) any charitable, nursing, medical, athletic, educational, environmental, cultural, community, fraternal, recreational, religious, sporting or social organization within the Province.
- *Halifax Regional Municipality Charter* subsection 75(1): The Municipality may agree with any person for the provision of a service or a capital facility that the Municipality is authorized to provide.
- Community Facility Master Plan approved by Regional Council on May 27, 2008.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Approve provision of a grant to Tennis Canada for one-third funding towards the development of the Nova Scotia Regional Tennis Development Centre in the amount of up to \$2.5 million, paid over three years and conditional on the same level of funding being provided by the Province of Nova Scotia and facilitated by Tennis Canada;
2. Direct staff to include funding in the amount of \$840,000 in 2017/18, \$840,000 in 2018/19 and \$820,000 in 2019/20 to the proposed respective Operating Budgets through HRM's annual budget approval process; and

....Recommendation continued on Page 2

3. Authorize staff to negotiate, enter into and execute a contribution and service agreement on behalf of the Municipality with Tennis Canada that includes the terms and conditions outlined in Table 2 and in the opinion of the Acting Chief Administrative Officer, or his delegate, achieves the outcomes of the Municipality identified in this report.

Executive Summary

In 2011, staff was directed by Regional Council to work with Tennis Nova Scotia and Tennis Canada to determine how the public requirements for indoor/outdoor tennis facilities might be accomplished. Since that time, staff has worked with Tennis Canada and other levels of government to explore various service delivery and funding models. Given the historical lack of success in establishing a year round tennis facility through the private sector, considerable concern was expressed over the potential for a new not-for-profit regional tennis centre negatively impacting the recently established Daniel Nestor Tennis Centre (DNTC).

As a result of these discussions, Tennis Canada submitted a revised proposal in March 2016 to establish a regional tennis centre in HRM, in partnership with Tennis Nova Scotia. The proposal seeks total funding of \$7.5M, with one-third share of \$2.5M from HRM, to create an eastern-hub, not-for-profit tennis centre that incorporates the current 6 indoor clay courts at DNTC and expands the facilities to include:

- An additional 4-6 international standard indoor hard courts, two of which will be convertible to artificial turf for multi-use purposes;
- two additional outdoor clay courts;
- 2-5 children's mini children's outdoor courts; and
- Amenities such as a viewing area and conditioning space.

Staff is recommending in this report that Regional Council approve provision of a grant to and the signing of a contribution agreement with Tennis Canada for up to one-third funding towards the development of the Nova Scotia Regional Tennis Development Centre in the maximum amount of \$2.5M, paid over three years and conditional on the same level of funding being provided by the Province of Nova Scotia and facilitated by Tennis Canada.

The rationale for staff's recommendation is as follows:

- HRM has been selected by Tennis Canada as a strategic priority for its eastern-hub, not-for-profit, regional tennis centre, one of four hub locations selected across Canada.
- Tennis Canada is providing \$500K plus the balance of one third of the funding through fundraising for which they already have a major donor. Should HRM decline the opportunity, Tennis Canada will seek an alternate location for its eastern hub.
- Significant provincial government interest in providing matching funds has been identified.
- This is a unique National Sports Organization model which can be leveraged in future to attract additional recreation/sport infrastructure funding.
- Sustainable and accessible approach to establishing significant indoor tennis facilities, where previous private sector efforts have failed, and supported by a detailed operations plan that is modelled on the success of other Centres across Canada.
- The Centre will be owned and operated by a not-for-profit organization with no operating risk to HRM
- The Centre will provide year round access and programming that services recreational needs from child/youth, adults, seniors, persons with a disability and aspiring athletes.
- Fast growing and diverse sport; 38% participation increase between 2008 and 2015 in Canada, with equal split between male and female participants and over 40 percent are from diverse cultural backgrounds.
- Membership to the Centre will not be required. Underserved communities, schools, and other community not-for-profit will have affordable access to programs.

- Access to the Centre will be provided for municipal programs commensurate with HRM's investment, which complements increasing racquet sport demand in HRM such as Pickle Ball.
- Centre will be a partner in expanding municipal programming and use of HRM's 80 plus outdoor courts, providing needed supply of certified instructors and youth employment.
- HRM is not required to supply land.
- The site is located in a growing community with transit access.
- Helps offset municipal demand for year round indoor recreation space by providing two convertible artificial turf courts.
- The Centre will enable tournament and event hosting opportunities that will support economic activity and community animation.

BACKGROUND

In 2011, Tennis Canada and Tennis Nova Scotia submitted a proposal to HRM to partner on an indoor tennis facility. The proposal outlined that the facility would operate as a not-for-profit entity and would help grow both recreational and high performance tennis programs in the municipality. The original proposal included a request for capital funding from HRM as well as land considerations (long term lease, tax exemptions, etc.). The proposal also outlined a need for funding from other levels of government.

HRM staff, along with staff from the Province of Nova Scotia and Atlantic Canada Opportunities Agency, reviewed the proposal and met with Tennis Canada and Tennis Nova Scotia representatives to discuss various aspects of the request. Similar concerns and questions were raised by all three levels of government and, as a result, a tri-level committee was struck to work with Tennis Canada and Tennis Nova Scotia to consider the proposal.

One of the key aspects that needed to be addressed related to the Daniel Nestor Tennis Centre (DNTC) in Bedford. Tennis Canada's proposal for a new not-for-profit facility was submitted at roughly the same time as the new centre was opening. As a result, the impact and relationship between the two facilities needed to be clearly defined. Tennis Canada and Tennis Nova Scotia worked with the DNTC on this aspect in order to update their request to HRM and the other levels of government.

In late July 2014, staff was advised that Tennis Canada and Tennis Nova Scotia were working on the refinement of their proposal and engaging in necessary discussions with all relevant parties. Subsequently, a revised proposal was provided in March 2016, after which all three levels of government completed necessary review and consideration.

DISCUSSION

With the opening of the Daniel Nestor Tennis Centre in Bedford, HRM currently has 6 year round indoor clay courts. These, along with HRM's 82 outdoor courts, provide opportunities for recreation and competitive tennis programming. Further, HRM's Northcliffe tennis courts are enclosed with a bubble for the winter months providing additional temporary indoor courts. The Tennis Canada proposal would create an additional 6-8 international standard courts (4-6 indoor and 2 outdoor) along with children's mini-courts. That will result in a total of 10-12 indoor courts covered for year round use.

The need for a clear relationship between the proposed facility and the DNTC relates to the fact that Tennis Canada has supported the establishment of the DNTC, and its success is important for the facility and tennis community, as well as Tennis Canada, Tennis Nova Scotia and HRM. While HRM has benefited from private indoor tennis facilities in the past, none of the facilities have achieved long term sustainability. Therefore, an understanding of the past challenges with the sustainability of indoor private sector facilities in HRM has been an important aspect of the analysis.

Tennis Canada Proposal

As outlined in Attachment 1, Tennis Canada proposes a regional tennis centre (the Centre), in partnership with Tennis Nova Scotia. Tennis Canada is undertaking a national growth strategy whereby it

is expanding to locate regional development centres in key markets across the country. Tennis Canada has determined that HRM is the best location for the eastern-most hub, along with the other sites of Vancouver, Calgary, Montreal and Toronto. Work on the other hubs is well underway, or completed. Therefore, Tennis Canada is now looking to explore partnerships to advance a site within HRM in order to continue implementation of the expansion plan.

The proposal outlines a plan to purchase the existing DNTC and convert it to the Nova Scotia Regional Tennis Development Centre, a not-for-profit centre to serve the local community, province and overall region. The proposed agreement to purchase the DNTC is contingent on municipal and provincial funding and support.

Proposed Site

As part of the analysis in preparation of the proposal, Tennis Canada reviewed several potential locations for the proposed Centre in HRM. While initial consideration was construction of a new facility on a 'greenfield' site, the opportunity to locate the facility at the current Daniel Nestor Centre provides two significant benefits in that it allows the Centre to become operational sooner than it would if the facility needed to be built and it removes the challenge of competition between the DNTC and the new Centre.

In addition, Bedford is one of the fastest growing communities within HRM, in part due to the Bedford West development. The expectation of significant growth in the local area, along with the convenient access to the site from major connection points, makes the DNTC a good location to provide a regional development centre both for HRM and the overall province.

Proposed Facility

The proposed facility would include retention of the existing 6 indoor clay courts and expansion of the facility to incorporate the following:

- An additional 4-6 international standard indoor hard courts, two of which will have the ability to be converted into temporary field turf for multi-use;
- two additional outdoor clay courts;
- 2-5 children's mini-courts;
- change rooms;
- strength and conditioning space;
- Tennis Canada and Tennis Nova Scotia office space;
- viewing areas; and
- reception area.

Based on the proposed plans, the Centre would expand from the current 6 indoor clay courts to a total of 10-12 indoor international standard courts both clay and hard surface, two of which will be convertible to artificial turf for multi-use purposes; 2 outdoor clay courts; 2-5 mini-children's outdoor courts; along with amenities such as a viewing area and conditioning space. Tennis Canada proposes to initiate the project in the summer of 2016 with work on the expansion starting in December 2016, resulting in the full centre being completed in December 2018.

Proposed Operation

The Nova Scotia Regional Tennis Development Centre will be located on land that will be owned by the not-for-profit Centre. The Centre will be owned and operated by a new not-for-profit association which is closely affiliated with Tennis Canada and Tennis Nova Scotia. The not-for-profit Centre is proposed to have a "mandate to ensure the facility is affordable, accessible and accountable, resulting in active participation and input to major decisions related to the facility by the key stakeholders, including Tennis Nova Scotia, HRM, the Province of Nova Scotia and Tennis Canada".

As a not-for-profit organization, the operation of the proposed Centre is expected to vary from the previous indoor centres which have been located in HRM, including the DNTC. The privately operated facilities were all privately owned, for-profit operations. As such, they offered services to a smaller selection of the community, making the operations closer to a private club model. Under the proposed

Tennis Canada model, the new Centre is expected to attract a broader mix of users, and offer more variety of programming.

Even with a conservative assessment of the model, the facility operations is expected to be self-sustaining as outlined in the detailed 5-year operational budget included in the proposal. The budget outlines that the sustainability will be achieved through a combination of affordable memberships, user fees and programming. As a key partner in the Centre, Tennis Canada proposes to build upon its track record of successful facility operations models in existing strategic markets, years of experience delivering high-quality community programs, certifying coaches/officials, and ability to access hosting rights for national and international sanctioned events.

Proposed Financial Model

The proposed plan is estimated at \$7.5 million which will include the cost to purchase the DNTC and undertake renovations for the additional amenities as outlined above. The proposal outlines the funding requirement to be met through a mix of public and private contributions, over a three year timeframe. Table 1 outlines the proposed funding model submitted by Tennis Canada.

Table 1: Proposed Funding Model

Funding Support	2016 Funding	2017 Funding	2018 Funding	Total Amount
Tennis Canada	\$500,000			\$500,000
Naming Rights		\$500,000		\$500,000
Private Donors	\$1,000,000			\$1,000,000
Corporate Sponsors		\$500,000		\$500,000
Municipal Funding	\$840,000	\$840,000	\$820,000	\$2,500,000
Provincial Funding	\$840,000	\$840,000	\$820,000	\$2,500,000
Federal Funding	TBD	TBD	TBD	TBD
Total	\$3,180,000	\$2,680,000	\$1,640,000	\$7,500,000

Based on the proposal, funding in the amount of \$2.5 million has been requested from HRM, spread over a three year period. While Tennis Canada has proposed that HRM's funding start in 2016/17, Tennis Canada has been advised that this would be an unbudgeted expense and therefore HRM staff recommends the three years funding commence in 2017/18, to which Tennis Canada has indicated this is achievable. Further, the proposed three year timeline enables HRM to ensure that the provision of the funding is both aligned to the expansion of the facility and conditional on its completion. That timing alignment will ensure that the Centre provides public benefits consistent with the provision of the proposed grant funding.

Government Funding

In addition to a request for funding from HRM, Tennis Canada has also requested equivalent amount of funding from the Province of Nova Scotia. Sport development is a provincial responsibility; therefore, PNS is a necessary and expected partner in the Centre. However, with opportunities to also enhance recreation service delivery, it would also further the municipality's mandate and, as such, HRM has been asked to partner as well. At the time of writing of this report, staff is aware that the Province of Nova Scotia has indicated significant interest in the project and is preparing recommendations for consideration, but there has been no commitment for funding as of yet. It is recommended that the approval of funding from HRM be conditional on similar funding being approved by the Province.

As well, Tennis Canada has approached the federal government to explore opportunities for potential funding. While Tennis Canada has been advised that there is currently no infrastructure program which would support sport infrastructure, Tennis Canada was advised that details of a new federal infrastructure program are being finalized. As such, Tennis Canada is working to develop a formal submission. Should federal funding be achieved, Tennis Canada has indicated that the funding model would be revised to reflect the additional funding and be equally shared amongst the funding partners.

Policy Alignment

Part of the assessment of the Tennis Canada proposal includes assessment of its policy alignment. The proposal aligns best with the following municipal policies:

- Economic Growth Plan
- Community Facility Master Plan
- Regional Council's Healthy Communities Priority Outcome

Economic Growth Plan

The 2016-2021 Economic Growth Plan provides an updated framework to HRM's original Economic Strategy. The Economic Growth Plan outlines strategic goals to expand on progress previously achieved under the Strategy. The Tennis Canada proposal aligns closely with one goal in particular, "Make Halifax a Better Place to Live and Work". Several of the objectives embedded in that strategic goal would be supported by the Tennis Canada proposal including the enhanced access to recreation opportunities both broadly across the municipality as well as within current underserved communities along with increased opportunities for exciting event attraction to the municipality. Another goal, "Attract and Retain Talent", would also be supported by the Tennis Canada proposal through both the recruitment of elite coaching staff and the employment of youth.

Community Facility Master Plan

Tennis Canada's proposal aligns closely with the Community Facility Master Plan (CFMP) approved in 2008. In particular, the provision of sport and recreation programs and services through a partnership model allows HRM to enable the recreation service delivery in a cost effective manner.

The partnership proposed by Tennis Canada is an advanced National Sport Organization (NSO) model. The inclusion of municipal and provincial governments along with both national and provincial support organizations in a partnership enables all parties to achieve their outcomes while supporting the success of the others. That model is particularly valuable in a province the size of Nova Scotia as it will build on the strengths of each organization without duplication of services. Through the partnership model, each organization can be expected to be able to achieve successful outcomes beyond that which each would expect individually. Should Council proceed with Tennis Canada's proposal, staff intends to leverage the success of this model with other NSO's for additional recreation infrastructure.

Healthy Communities Priority Outcome

Regional Council has approved various priority areas which focus municipal service delivery. Healthy Communities is an important priority which encompasses several components. The Tennis Canada proposal would align with the Healthy Communities Priority Outcome in several ways, including enhanced recreation opportunities, greater opportunities for active living and additional programs for increased accessibility for underserved communities.

Municipal Benefit

The proposed Centre is expected to provide opportunity for increased recreation program options, as well as enhanced partnerships with groups such as, Sport Nova Scotia, Canadian Sport Centre-Atlantic, HRM recreation, schools and other community groups. As outlined in Attachment 2, several local sport organizations have indicated strong community support and partnership interest for the Centre. Through those partnerships and creation of a special accessibility fund, a primary mandate of the Centre will be to make tennis more accessible to citizens from all social and economic backgrounds. The proposal outlines that the annual cost for public tennis participation is less expensive than soccer, hockey and baseball which will also assist the Centre in being able to provide tennis programs for persons in underserved communities.

Tennis Canada indicates that tennis has grown in Canada by approximately 38% between 2008 and 2015. This is largely due to three factors:

1. the recent success of the elite athletes;

2. the affordability, accessibility and safety of the sport, including the fact that it is considered a safe sport for young children; and
3. new Canadians migrating to major cities in Canada. National data indicates a high proportion of new Canadians have an interest in and/or play tennis with over 40% of those playing tennis being from diverse cultural backgrounds.

Tennis Canada and Tennis Nova Scotia believe that tennis is a sport for a lifetime, where participants start the game as early as four or five years old and play for their entire lives. The proposed facility is expected to ensure tennis contributes to lifelong health and wellness, community engagement and volunteer development. The Centre will help HRM meet the growing demand for indoor facilities and programs to improve healthy, active lifestyles.

Further, youth employment hiring at the Centre is anticipated to provide skills development and potential retention opportunities for local youth. The expanded Centre will also enable tournament and event hosting opportunities that will support economic activity and community animation.

Financial Support Assessment

A summary of HRM's authority, restrictions and options related to the requested funding support are outlined below.

Community Grants Program

Currently, HRM does not have a funding program which could accommodate the level and type of funding requested by Tennis Canada. HRM's current Community Grants Program only provides for program grants in the amount of \$5,000 and capital grants up to a maximum of \$25,000. The Tennis Canada request could be considered under the current guideline but would only provide minimal funds.

Regional Council has received requests for funding amounts that exceed or fall outside the current Community Grants and other program guidelines. As with those requests, Regional Council may provide funding it feels appropriate and supports a benefit to the municipality, provided it is permitted by the *HRM Charter*. As part of the work on the Auditor General's report on Grants and Donations, staff is reviewing the overall granting policy. Regional Council may consider requests on a case by case basis as the *HRM Charter* permits Regional Council to provide a grant or contribution to a variety of charitable organizations including community and recreational organizations. Therefore, Regional Council could consider provision of a separate grant to Tennis Canada. The process for any grant should be the same as undertaken for other similar type of grant requests, to ensure consistency.

HRM Capital Budget

The Tennis Canada request is to receive funding for capital purchase and construction. As the facility will be owned by a not-for profit entity, HRM cannot allocate capital funding to non-owned assets as it is not permitted under the *HRM Charter*.

Contribution and Service Agreement

The HRM Parks and Recreation mandate includes the provision of recreational programs and services. Some programs and services are provided through a direct delivery method, while others are provided through alternative service delivery by partner agencies and other community development initiatives. Tennis Canada's proposed Centre supports the Halifax Regional Council priority of Healthy Communities by "actively delivering high-quality recreational programming for the city and the province, to all members of HRM, regardless of their age, ability, gender, culture or means to participate." Typically, contribution and service agreements are meant to formalize relationships with facility owners in order to achieve public access.

In approving recent grants, Regional Council has required a contribution agreement outlining the applicable conditions. The provision of a capital grant for the construction of the Discovery Centre's new building and the recent grant to the Lake Loon Cherry Brook Development Association would be similar examples to Tennis Canada's request for a capital grant funding. Therefore, it is recommended that a similar process be used for consistency. That would include the requirement for a contribution agreement with similar conditions to enable the not-for-profit association to have clear accountability for the use of the funds but ensure HRM is still able to ensure proper stewardship of tax dollars and receives public benefit from the Centre.

Using similar criteria as required by Regional Council through the process for the Discovery Centre capital grant, a proposed contribution agreement for a \$2,500,000 grant to Tennis Canada would be contingent on the key terms and conditions as outlined in Table 2.

Table 2: Proposed Contribution Agreement – Key Terms and Conditions

Key Terms and Conditions
Tennis Canada shall use the capital funding provided by HRM solely for the development of the Nova Scotia Regional Tennis Centre, located at 50 Verdi Drive, Bedford.
Payment by HRM in the amount of \$2,500,000 shall represent the complete capital-related financial commitment from HRM. There shall be no supplemental or incremental funds available to Tennis Canada. The funds will be dispersed through a payment schedule whereby an initial payment of \$840,000 is made in 2017-18, with a subsequent payment of \$840,000 in 2018-19 and final payment of \$820,000 in 2019-20.
HRM's funding to be contingent on completion of the expansion of the current facility to include the additional outdoor courts, mini-children's courts, indoor courts and related amenities.
HRM's funding share will be reduced by a reciprocal amount should federal funding be achieved.
HRM shall not be a guarantor of the Nova Scotia Regional Tennis Centre, nor shall there be any contingent or direct liability either implied or express.
In return for HRM's financial contribution, Tennis Canada shall provide recognition commensurate with the level of investment at the Nova Scotia Regional Tennis Centre.
HRM shall not be liable for any losses incurred by any parties associated with Nova Scotia Regional Tennis Centre in relation to the construction or operation of the facility.
HRM be provided with low or no-cost access for municipal programming to Nova Scotia Regional Tennis Centre commensurate with the level of investment.
The annual contribution is subject to Regional Council approving the amount in the applicable annual year budget.
A requirement that Tennis Canada provide HRM with indemnification.

Property Tax Status

Tennis Canada has indicated an interest in having "favorable property tax status to help drive a sustainable operation model and not-for-profit mandate". HRM provides support to some non-profit organizations through the reduction of property tax through Administrative Order 2014-001-ADM, Tax Relief Program for Non-Profit Organizations. This program requires annual application by organizations for consideration of HRM Grants Committee prior to final decision by Regional Council. Therefore, HRM cannot provide any commitment to Tennis Canada regarding property tax status for the Centre prior to consideration of any application from the not-for-profit organization.

Summary

Development of the proposed Nova Scotia Regional Tennis Development Centre would provide benefit to the overall community and provide citizens with increased opportunities for recreation, active living and events. The Tennis Canada proposal would align with several municipal priorities and policies. Further, the proposal offers a unique opportunity for a partnership between two levels of government, a national sport organization and a provincial sport organization to provide enhanced recreation opportunities and

sport development in HRM and across the province. The provision of a grant, conditional upon similar support by the Province, would allow both levels of government to achieve this enhanced level of service for the community in a cost effective manner. Therefore, it is recommended that Regional Council support the development of the Centre through provision of a grant and direct staff to negotiate a contribution and service agreement that would allow HRM to obtain provision of municipal requirements and benefits in exchange for grant funding.

FINANCIAL IMPLICATIONS

Funding for a grant to Tennis Canada is not currently included in the Parks & Recreation 2016-2017 operating budget. Should Regional Council approve entering into contribution agreement to provide funding, it is recommended that the first year grant of up to \$840,000 be proposed in the Parks & Recreation 2017/18 Operating Budget, with the additional 2 future years (up to \$840,000 and up to \$820,000) being considered through HRM's annual operating budget approval process. Adding this to the 2017/18 budget will potentially reduce funding for other goods and services or create upward pressure on the tax rate.

Tennis Canada has indicated that a three year timeline for disbursement of the proposed grant, starting within the 2017/18 fiscal year, would work within the proposed cash flow model.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this report. The risks considered rate Low.

To reach this conclusion, consideration was given to operational and financial risks. These are mitigated by the fact the contribution agreement would form a legal contract that would be able to ensure the grant funding is used only for the purpose outlined by Regional Council and HRM would achieve the public benefits as outlined.

COMMUNITY ENGAGEMENT

Not applicable

ENVIRONMENTAL IMPLICATIONS

None

ALTERNATIVES

- Alternative 1: Regional Council could choose not to approve provision of a grant to Tennis Canada towards the development of the Nova Scotia Regional Tennis Development Centre.
- Alternative 2: Regional Council could choose to approve the provision of the grant and make the first year payable within the 2016/17 fiscal year. This would require a subsequent report to Audit & Finance Standing Committee for approval of a funding source pursuant to the Committee's terms of reference since it would be an unbudgeted expense.
- Alternative 3: Regional Council could approve the provision of the grant in one or two installments. This would increase the amount required to be included in the respective Operating budgets, thereby reducing capacity for other priorities and depending on the timing, may require a subsequent report to Audit & Finance Standing Committee for approval of a funding source.

ATTACHMENTS

Attachment 1: Nova Scotia Regional Tennis Development Centre, Business Case

Attachment 2: Nova Scotia Regional Tennis Development Centre, Letters of Endorsement

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Nova Scotia Regional Tennis Development Centre

Business Case



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Executive Summary

Agreements are in place to purchase the Daniel Nestor Tennis Centre (a for-profit tennis club) and convert this facility into the Nova Scotia Regional Tennis Development Centre, a new not-for-profit facility to service the community, province and region. The new not-for-profit Tennis Development Centre will maintain the existing bubble covering six clay courts, construct four-to-six new permanent indoor international standard hard courts (two will be converted into temporary field turf for multi-use space), build two additional outdoor clay courts and children's mini-tennis courts. The new Regional Tennis Development Centre will build top calibre facility amenities to serve the continuum of tennis and multi-sport participants from child and youth, adult, seniors, persons with a disability and high performance.

The total cost to purchase, expand and convert the Daniel Nestor Tennis Centre is approximately \$7.5 million. Tennis Canada is contributing \$500,000 towards the capital expenses and will work in partnership with Tennis Nova Scotia and the new not-for-profit Centre to raise an additional \$2 million. The remaining \$5 million is proposed to be funded equally by the Province of Nova Scotia and the Halifax Regional Municipality (HRM). This funding will be phased in over three years. This facility will offer programs to the public starting in June of 2016 with expansion plans to be completed by 2018. The facility will be seeking favorable tax status to help ensure the facility is affordable and accessible to the community, fulfilling its not-for-profit mandate.



Tennis Canada and Tennis Nova Scotia will be the primary partners of the not-for-profit Centre. The Centre will help build a more physically active and engaged community and province. The new Centre will also increase recreation program options in HRM as well as develop enhanced partnerships with provincial groups such as, Sport Nova Scotia, Canadian Sport Centre-Atlantic, HRM recreation, schools and other community groups. The new Centre will increase economic opportunity for HRM and the province through tournament/event hosting and to youth employment hiring at the new Centre.

One of the primary mandates of the Centre will be to make tennis more accessible to people from all social and economic backgrounds. This will be achieved in a variety of ways includ-

ing the creation of a special accessibility fund that will support tennis programs for persons in underserved communities.

Lastly, the new Centre will serve as a hub for High Performance development for the region, hiring world-class coaches and offer world-class training and competitive programs. This is part of Tennis Canada's strategic plan to help develop regional depth and talent with hopes to have the next generation Olympic and/or Paralympic champion potentially developed in Nova Scotia as we strive to become a world-leading tennis nation.



Introduction

Tennis Canada and Tennis Nova Scotia have identified Halifax Regional Municipality (HRM) as a premier location for a not-for-profit Regional Tennis Development Centre that also has options for multi-sport turf surface use. HRM has a population base and a tennis participant base that needs, and can support, increased access to programs, coaching and development.

The indoor tennis facility allocation standard used by the United States Tennis Association and Tennis Canada is: one indoor tennis court is required to service every 10,000 people. According to Statistics Canada (2014) data, the HRM population is 417,800. The need for more affordable and accessible year-round tennis courts is evident for the City and region.



In addition, tennis in Canada grew by approximately 38% between 2008 and 2015. This is largely due to the success of our elite athletes coupled with new Canadians migrating to major cities in Canada and the overall safety, accessibility and affordability of our sport. National data indicates a high proportion of new Canadians have an interest in and/or play tennis; and of all the people who play, over 40% are from diverse cultural backgrounds. Unlike all other major sports in HRM, Halifax does not have an affordable, accessible, not-for-profit, year-round facility that can be used to promote the growth and development of tennis in the region. The annual cost for public tennis participation is less expensive than soccer, hockey and baseball, and tennis participants represent an almost equal split between males and females of all ages. Tennis is also one of the safest sports for children.

Tennis Canada and Tennis Nova Scotia believe that tennis is truly a sport for a lifetime, where participants start the game as early as four or five years old and play for their entire lives. This facility will ensure that tennis contributes to lifelong health and wellness, community engagement and volunteer development. This new facility in HRM and the Province of Nova Scotia includes plans to help increase programs for schools and underserved areas while at the same time help to ensure the next generation of young talent in the province has equal access to world-class training and the best coaches. Halifax will play a major role in the growth of future talent and generations of active participants.



Project Overview

Tennis Canada and Tennis Nova Scotia have been working with HRM, the Province of Nova Scotia and the owners of the Daniel Nestor Tennis Centre (an existing for-profit tennis club servicing the Dartmouth, HRM, Bedford and Lower Sackville market) to find a suitable site location for this facility. Recently, Tennis Canada was able to negotiate an agreement to purchase the existing capital assets of the Daniel Nestor Tennis Centre. This purchase is contingent on municipal and provincial government funding and support. The purchase of the Daniel Nestor Tennis Centre capital assets paves the way to convert this facility into a not-for-profit Tennis Development Centre that will be owned and operated by a new not-for-profit association which is closely affiliated with Tennis Canada and Tennis Nova Scotia.





The new not-for-profit facility will be upgraded and an expansion plan is in place to create a top calibre tennis facility that also has options for multi-sport turf surface use to help meet the recreational needs of the community and develop top athletes.

The not-for-profit Centre will have a mandate to ensure the facility is affordable, accessible and accountable, resulting in active participation and input to major decisions related to the facility by the key stakeholders, including Tennis Nova Scotia, HRM, the Province of Nova Scotia and Tennis Canada.

The facility operations will be self-sustaining. A detailed 5-year operational budget is included in Appendix A; demonstrating the facility will be sustainable through a combination of affordable memberships, user fees and programming. In addition, any surpluses will be re-invested directly back into tennis development in Nova Scotia.

Tennis Canada will be a key partner in this project. Tennis Canada has a winning track record for athlete development and successful facility operations models in existing strategic markets. Tennis Canada has years of experience delivering high-quality community programs, certifying coaches/officials and has the ability to access hosting rights for national and international sanctioned events.



Project Vision



The Nova Scotia Regional Tennis Development Centre will be a sport hub and epicentre for tennis development for the region. The new not-for-profit Centre will maintain the existing bubble covering four-to-six clay courts, construct four to six new indoor international standard hard courts (two will be converted into temporary field turf for multi-use space),

two additional outdoor clay courts, children's mini-tennis courts, as well as change-rooms, strength and conditioning space, Tennis Canada and Tennis Nova Scotia office space, viewing areas and a reception area. The facility will service the continuum of tennis participants from child and youth, adult, seniors, persons with a disability and high performance.



The adjacent image captures an exterior visual of the future Nova Scotia Regional Tennis Development Centre located at 50 Verdi Drive, Bedford, Nova Scotia.



Capital Cost

We estimate the total project cost for this facility will be \$7.5 million. The detailed capital cost estimates for the expansion are being completed by Ellis Don. The Nova Scotia Regional Tennis Development Centre will be constructed on land that will be owned by the not-for-profit Centre. The facility will ideally operate with favorable property tax status to help drive a sustainable operation model and not-for-profit mandate. The costs of this project in relation to the potential benefits are modest given the costs of current government funded facilities in HRM and Nova Scotia.





The capital purchase and construction timelines would be phased in as follows:

Capital Purchase and Construction Timelines

Date	Completion
June 2016	Final purchase and sale of the Daniel Nestor Tennis Centre and conversion into a not-for profit Centre owned and operated by a new not-for-profit organization.
December 2016	Expansion planning and design of additional outdoor clay courts, children's mini-tennis courts, 6 additional hard courts (4 tennis and 2 multi-sport), permanent building with change rooms, strength and conditioning space, Tennis Nova Scotia and Tennis Canada offices, viewing areas and a reception area.
December 2018	Expansion construction completed.



The following summarizes the estimated capital purchase and construction expenses, as well as revenue/cash-flow projected for 2016-2018, assuming a summer 2016 start date.

Capital Purchase and Construction

CAPITAL EXPENSES	2016	2017	2018	2016 - 2018
DNTC Purchase	\$2,100,000			\$2,100,000
Facility Upgrades	\$100,000	\$100,000		\$200,000
Design & Planning	\$350,000	\$350,000		\$700,000
Facility Construction		\$2,000,000	\$2,500,000	\$4,500,000
Total Expenses	\$2,550,000	\$2,450,000	\$2,500,000	\$7,500,000

CAPITAL FUNDING	2016	2017	2018	2016 - 2018
Tennis Canada	\$500,000			\$500,000
Naming Rights		\$500,000		\$500,000
Donors	\$1,000,000			\$1,000,000
Sponsors		\$500,000		\$500,000
Provincial Funding	\$840,000	\$840,000	\$820,000	\$2,500,000
Municipal Funding	\$840,000	\$840,000	\$820,000	\$2,500,000
Federal Funding	TBD	TBD	TBD	TBD
Total Funding	\$3,180,000	\$2,680,000	\$1,640,000	\$7,500,000



Funding Model

The funding model is based on three partners (Province of Nova Scotia, Halifax Regional Municipality and Tennis Canada) each contributing \$2.5 million toward the project. The new not-for-profit Centre will generate direct investment through Tennis Canada, donors, naming rights and sponsor support.

Tennis Canada has successfully implemented this model in other facilities and regions. Major donors have been secured for this project already, with many prospective donors indicating strong interest to invest.

Tennis Canada and Tennis Nova Scotia will also pursue federal support if a matching infrastructure program is announced.





The summary below captures proposed partner contributions.

Capital Funding Model

Total Project Cost
\$7,500,000

Halifax Regional Municipality	\$ 2,500,000
Province of Nova Scotia	\$ 2,500,000
Not-For-Profit Centre	\$ 2,500,000
Tennis Canada	\$ 500,000
Donors	\$ 1,000,000
Naming Rights	\$ 500,000
Sponsors	\$ 500,000



Project Benefits

Community Benefits

An increased prominence of tennis in Halifax will build a more physically active and engaged community and province. HRM and the province will have access to a top calibre recreational facility and be part of a national strategy to develop the next generation of athletes from the region. The Nova Scotia Regional Tennis Development Centre increases HRM's leisure, recreation and event options for the community. HRM will become a destination location for tennis development and excellence in the province. The new Centre will develop enhanced partnerships with community and provincial groups as noted earlier.

HRM will benefit from community outreach and in-school tennis programs that are affordable and accessible. Under-serviced areas will have access to inclusive and accessible

programs. HRM citizens will have increased opportunity to engage in life-long learning and develop new skills. The new Centre also aligns with the mission of HRM Recreation which is "to enrich the lives of HRM residents and communities by facilitating and/or providing quality inclusive services, facilities and programs". It will be a not-for-profit Centre actively delivering high-quality recreational programming for the city and the province, to all members of HRM, regardless of their age, ability, gender, culture or means to participate.



Economic Benefits

HRM and the province will become a national sports hub for tennis development and will benefit from the economic impact of event hosting and centralized training. Tennis events at the provincial, regional, national and international level will increase tourism. The success of the 2014 Davis Cup hosted in Halifax is a great example of international event hosting impact. The creation of this Centre will also impact local jobs by creating youth and adult employment opportunities for instructors, camp counsellors and facility operations.



Final Comments



This is an exciting opportunity...

...to leverage the strength and quality of the Tennis Canada and Tennis Nova Scotia brands and programs, in order to make a meaningful difference to the residents of the Halifax Regional Municipality and Province of Nova Scotia.



Appendix

Nova Scotia Regional Tennis Development Centre

Five-year
Operations Budget

REVENUES		YEAR "0"	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Membership Fees		\$ 119,750	\$ 70,300	\$ 80,000	\$ 82,000	\$ 89,250	\$ 103,500
Indoor Court Fees	Sub-total	\$ 214,750	\$ 369,878	\$ 400,378	\$ 512,640	\$ 563,472	\$ 614,304
	Prime	\$ 154,636	\$ 238,464	\$ 254,362	\$ 317,952	\$ 344,448	\$ 370,944
	Non-prime	\$ 76,164	\$ 131,414	\$ 146,016	\$ 194,688	\$ 219,024	\$ 243,360
	HP Training	-	-	-	-	-	-
Summer Camps		\$ 28,500	\$ 56,160	\$ 59,904	\$ 100,800	\$ 107,520	\$ 107,520
Programs and Lessons		\$ 65,000	\$ 80,000	\$ 85,000	\$ 90,000	\$ 95,000	\$ 100,000
Outdoor Court Fees		-	-	-	-	-	-
Other		\$ 134,840	\$ 8,000	\$ 8,500	\$ 9,000	\$ 9,500	\$ 10,000
Total Revenue		\$ 566,890	\$ 584,338	\$ 633,782	\$ 794,440	\$ 864,742	\$ 935,324



Nova Scotia Regional Tennis Development Centre

Five-year
Operations Budget

EXPENSES		YEAR "0"	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Staffing	Sub-total	\$ 237,853	\$ 323,793	\$ 333,507	\$ 384,255	\$ 395,783	\$ 407,656
	Facility Director	\$77,000	\$77,800	\$80,134	\$88,400	\$91,052	\$93,784
	Head Pro/Assitant Pro	-	\$80,000	\$82,400	\$80,000	\$82,400	\$84,872
	Accountant/Legal	\$27,000	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765
	Reception	\$50,000	\$72,501	\$74,676	\$80,132	\$82,536	\$85,012
	Maintenance	\$83,853	\$63,492	\$65,397	\$103,896	\$107,013	\$110,223
Administration	Sub-total	\$77,270	\$76,000	\$67,080	\$83,168	\$79,913	\$82,310
	Office Supplies	\$4,800	\$5,000	\$5,150	\$5,000	\$5,150	\$5,305
	Equipment	\$8,900	\$40,000	\$30,000	\$25,000	\$20,000	\$20,600
	Insurance	\$4,800	\$10,000	\$10,300	\$21,609	\$22,257	\$22,925
	Professional Fees	\$19,500	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255
	Phone / Cable	\$1 820	\$4 000	\$4 120	\$6 250	\$6 438	\$6 631
	Travel / Entertainment	\$1 850	\$2 000	\$2 060	\$6 300	\$6 489	\$6 684
	Miscellaneous	\$35 600	\$5 000	\$5 150	\$8 400	\$8 652	\$8 912



Nova Scotia Regional Tennis Development Centre

Five-year
Operations Budget

EXPENSES		YEAR "0"	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Maintenance	Sub-total	\$133,650	\$25,000	\$25,750	\$39,000	\$40,170	\$41,375
	Supplies	\$5,900	\$6,000	\$6,180	\$11,500	\$11,845	\$12,200
	Light Bulb Replacement	\$1,200	\$4,000	\$4,120	\$7,500	\$7,725	\$7,957
	Miscellaneous / Repairs	\$126,550	\$15,000	\$15,450	\$20,000	\$20,600	\$21,218
Facility Operations	Sub-total	\$97,800	\$82,000	\$84,460	\$160,609	\$165,427	\$170,390
	Utilities	\$59,300	\$72,000	\$74,160	\$150,000	\$154,500	\$159,135
	Taxes	\$38,500	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255
Advertising & Promotion		\$2,940	\$9,000	\$9,270	\$14,500	\$14,935	\$15,383
3 rd Party Payments	Sub-total	\$4,370	\$4,629	\$5,029	\$7,715	\$8,382	\$9,049
	Credit Card Fees	\$4,370	\$4,629	\$5,029	\$7,715	\$8,382	\$9,049
	Land Lease	-	-	-	-	-	-
Summer Camps		\$12,000	\$30,840	\$32,496	\$30,840	\$32,496	\$32,496
Total Expenses		\$553,883	\$551,262	\$557,592	\$720,087	\$737,106	\$758,660



Nova Scotia Regional Tennis Development Centre

Five-year
Operations Budget

NET REVENUE OVER EXPENSES	YEAR "0"	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Revenue	\$ 566,890	\$ 584,338	\$ 633,782	\$ 794,440	\$ 864,742	\$ 935,324
Total Expenses	\$553,883	\$551,262	\$557,592	\$720,087	\$737,106	\$758,660
Net Revenue Over Expenses	\$13,007	\$33,076	\$76,190	\$74,353	\$127,636	\$176,664



Thank you





ROGERS CUP



APPENDIX

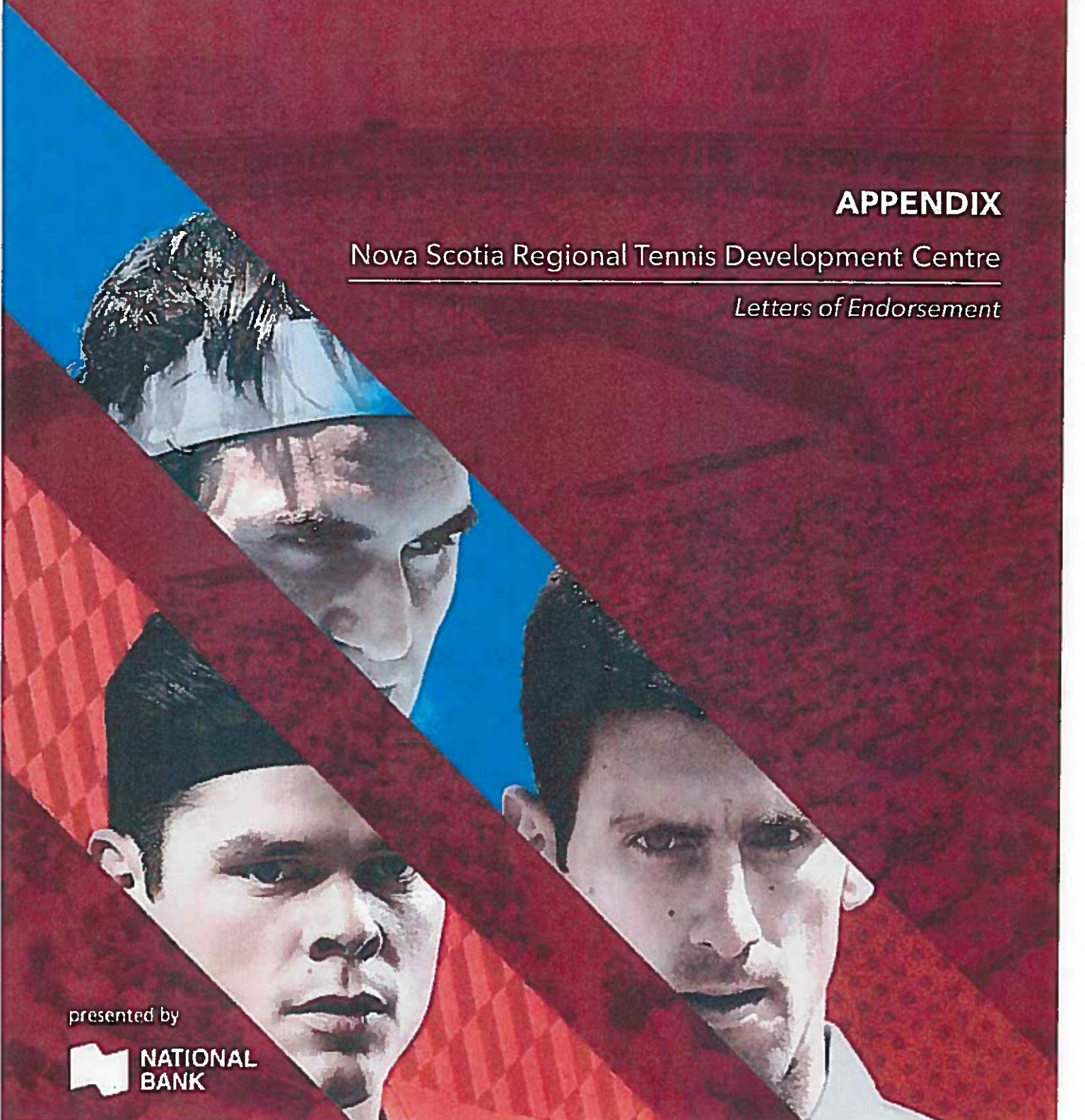
Nova Scotia Regional Tennis Development Centre

Letters of Endorsement

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June 9, 2016

To Whom It May Concern,

I am pleased to lend my support to Tennis Nova Scotia and Tennis Canada to develop the Nova Scotia Regional Tennis Development Centre, in partnership with the Province of Nova Scotia and the Halifax Regional Municipality.

For the past 35 years, I have been involved in developing tennis at the local, provincial, national and international levels. I have seen firsthand the impact that accessible and affordable tennis facilities can have on the development of healthy, active citizens, as well as the growth of tennis. Over the past few years, tennis has seen a resurgence in popularity in North America and indeed all around the world. Canada is no exception. The growth of our sport can be attributed to a number of factors, including the fitness and skill challenges of the sport, the fact that it is a sport of a lifetime that can be played by people from age 4 – 94, it is accessible for people with differing abilities, as well as the star power of many Canadian players, including Eugenie Bouchard, Daniel Nestor, Milos Raonic and Vasek Pospisil.

Recent data suggests that the biggest single impediment to growing tennis is the lack of accessible and affordable indoor facilities to play in. Nova Scotia has a proud sporting tradition, however, we lag far behind most other provinces in Canada when it comes to accessible year-round facilities.

I am confident that this facility can, and will, become a catalyst for the development of this sport in the Halifax Regional Municipality and throughout the Province of Nova Scotia. Tennis has become the year-round sport in all parts of the world. However, in areas with more challenging climates, including many parts of Europe, tennis is played indoors for greater than half the season. This is true not only in Europe, but in other parts of Canada, including Montreal, Toronto, Calgary, Regina, Winnipeg and Vancouver.

An increased prominence of tennis in Halifax will build a more physically active and engaged community and province. Under-served areas will have access to inclusive and accessible programs and the public will have access to a top

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caliber recreational facility that can serve diverse community needs while also developing the next generation of athletes from the region.

In addition to using the facility to develop programs for grassroots, intermediate and advanced players, I am confident that this facility could be used to showcase national, international and professional events.

I would encourage you to learn more about the wide array of community and provincial benefits for establishing the Nova Scotia Regional Tennis Development Centre in Halifax Regional Municipality.

Yours Sincerely,

Original signed


Jack Graham
Board Member
International Tennis Federation
Past Chair, Tennis Canada

May 11, 2016

To Whom it May Concern:

This letter is in regards to a proposed Tennis Nova Scotia Community Centre, a facility to be operated by Tennis Nova Scotia, the non-profit organization recognized as the governing body for tennis in Nova Scotia.

From a broad perspective, sport and recreation infrastructure plays a critical role in the development of vibrant communities, provinces and territories, and indeed nations. We know this is true because the benefits of participation in sport and physical activity are very broad, and lack of access to facilities is one of the most significant barriers to allowing people to take part. Studies and surveys show that the lack of suitable facilities is a problem across the country, and a problem that is even more significant in Nova Scotia. In the case of tennis, the lack of facilities is particularly noticeable in the Halifax Regional Municipality, and the partnership expressed in this proposal provides an excellent opportunity to address this issue in a positive manner.

Research illustrates the positive impact sport and physical activity has on those who take part. Not only do we know that people who are involved in sport and physical activity are more likely to live healthy lives, we also know that students who take part are more likely to do well in school, and youth are less likely to come into contact with the criminal justice system. In 2005, a United Nations task force published a report that spoke to the impact sport can have on development and peace, and right now in Canada sport is being used in programs to help new immigrants become more involved in their communities. These vital social benefits are in addition to the positive economic impact sport has on communities, with sport tourism recognized as one of the largest segments of the tourism industry in Canada and household spending on sport totaling more than one percent of Canada's GDP.

The case for sport is clear, it provides benefits in a number of different, and important areas. Tennis, as a single sport, also has a number of key benefits it can point to. Tennis participants can take part for a lifetime, they include both genders, and tennis can be played by both people with a physical disability and able-bodied people. Having a broad spectrum of participants allows for a broad population to reap the benefits of sport participation.

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sport
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However, in order for people and their communities to truly benefit from taking part in sport, there needs to be a place to play. That is why the proposal being put forward by Tennis Nova Scotia provides such a positive and important opportunity for the Halifax Regional Municipality. This would become a community facility that would truly be able to service all levels of participants.

In addition, it would be a partnership with a credible group who are able to provide expertise in programming in order to give the facility the best opportunity for success. Finally, it would fill a need that presently exists within the Halifax Regional Municipality, and by filling that need it would be enhancing our communities and the lives of the people in them.

Sincerely,

Original signed



Jamie Ferguson
CEO Sport Nova Scotia

May 10, 2016

Craig Bethune, President
Tennis Nova Scotia
5516 Spring Garden Road

Dear Craig,

On behalf of the Canadian Sport Centre Atlantic (CSCA), I would like to provide my support for the Tennis Nova Scotia Community Centre project which has been proposed for development in Halifax Regional Municipality (HRM). The development of community facilities that meet the broad range of user groups across the region is essential to ensure our citizens have opportunities to pursue a healthy lifestyle. Tennis in particular is a lifetime activity which is pursued by all segments of our population including youth, seniors and persons with a disability.

One of the main barriers to increasing number of participants is safe and appropriate facilities. This is especially true with indoor tennis for the winter months. Halifax currently has a limited number of indoor courts.

The partnership model developed by the provincial sport organization responsible for tennis is a critical element to making this venture successful. The mandate of a non-profit organization will be more conducive to the needs of the tennis community than a private sector operator. Tennis Nova Scotia understands the needs of all participants in the sport and has a responsibility to its membership that will provide the stability of programming, mandate and finance to ensure the long-term success of the facility. The innovative design elements for the project will also maximize court usage through the winter and summer months.

The CSCA is particularly interested in partnering with Tennis Canada through this facility in supporting the high performance athlete pathway for the athletes in Nova Scotia. We certainly will work with Tennis Nova Scotia to help create the conditions for athletes to realize their potential and feel our programs and services can complement these efforts. Our organization will fully support this project in any means required.

Please let me know if I can be of any future assistance to the project.

Yours in Sport
Original signed

Ken Bagnell, President
Canadian Sport Centre Atlantic

www.cscatlantic.ca



May 19, 2016

Attention: Craig Bethune, President, Tennis Nova Scotia

Dear Mr. Bethune,

Doctors Nova Scotia is the provincial medical association representing over 3,500 physicians. Membership includes practicing and retired physicians, medical students and residents.

As an association that works to improve the health of Nova Scotians and improve access to our health-care system, Doctors Nova Scotia supports and advocates for better access to physical activity opportunities for all Nova Scotians.

Government, businesses, associations and individuals all need to work together to develop supportive environments that foster physical activity. This can include developing more walkable communities, investing in infrastructure, and making sport more accessible for all ages, skills, and socio-economic backgrounds.

By creating more physical activity opportunities, we are helping our communities and health-care system. It is much easier to prevent illness than it is to treat it. People who are active are less likely to develop many chronic conditions and can recover from illness more effectively.

We can improve our health-care system, not only by investing in health care, but also through investing in our communities and providing physical activity opportunities.

Sincerely,

Original signed

Nancy MacCready-Williams, CEO
Doctors Nova Scotia