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Item No. 15.1.10
Halifax Regional Council
September 10, 2024

TO: Mayor Savage and Members of Halifax Regional Council

FROM: Cathie O'Toole, Chief Administrative Officer

DATE: July 24, 2024

SUBJECT: Operating Agreement – Mushaboom Community Hall

ORIGIN

This report originates from a requirement to cover the management of the Mushaboom Community Hall by the Mushaboom Community Centre Association with an operating agreement.

EXECUTIVE SUMMARY

- The Mushaboom Community Centre Association (MCCA), a registered society, has operated the Mushaboom Community Hall as a community centre since the community hall was built in 1995. It was previously thought that the MCCA were the owners of the building. However, it was recently determined that the Mushaboom Community Hall building, (annex to Fire Station #34 at 22 Powers Road) is owned by HRM. If the Mushaboom Community Centre Association is to continue operations in the building, HRM is required to enter into an agreement with the MCCA to govern their use and reduce risk to HRM.

RECOMMENDATION

It is recommended that Halifax Regional Council:

Approve an Operating Agreement with the Mushaboom Community Centre Association for the Mushaboom Community Hall facility (annex to Fire Station #34), at 22 Powers Road, Mushaboom, based on the terms and conditions included in this report, and authorize the Chief Administrative Officer (CAO) to execute the Operating Agreement.

BACKGROUND

The Mushaboom Community Hall is a 7,098 sq. ft facility comprised of a community hall, kitchen, washrooms, and storage spaces. It was constructed in 1995 by the Mushaboom Volunteer Fire Department Society (MVFDS), a community not-for-profit society. The building was constructed with permission of the former Halifax County, on land owned by the County, as an annex to the then Mushaboom Volunteer Fire Station.

The community hall was operated by the MVFDS as a community centre since its construction, providing services and programming to the Mushaboom community. The community hall acts as the primary events

space for the local area and, in addition to the operation of the community centre, the MVFDS uses proceeds of their community suppers and bingo nights to further community interests and support community members through bursaries, a holiday family sponsorship program, and serious illness support.

Upon amalgamation in 1996, ownership of the lands and fire station, now named Fire Station #34, were confirmed to have been vested in the new Halifax Regional Municipality. At that time, there was some confusion regarding the ownership of the community hall; MVFDS was mistakenly believed to be the owner, and the two buildings continued to operate substantially independent of each other. Fire Station #34 is currently listed as non-active due to a lack of staffing resources, while the community centre has remained vibrant and active. There is currently interest by some members in the community to join Halifax Regional Fire & Emergency (HRFE) as volunteer firefighters and it is hoped that the station may become staffed over the next year.

In October 2023, the MVFDS inquired into receiving an improvement grant from HRM for repairs to an aging and leaking roof and to replace the original generator. As part of evaluating the MVFDS's eligibility for the grants program, a title search was completed by HRM staff which determined HRM owned the building. Where it was a permanent structure affixed to land owned by the County (based on a 1991 expropriation), it was always legally owned by the County and then vested in HRM in 1996.

This determination means all capital and structural repairs for the building are the responsibility of HRM, and that an agreement of some kind with the community group will be necessary to ensure their operation of a community centre in the building is both legal and does not cause any additional risks for HRM.

DISCUSSION

In the winter of 2023/2024, staff began negotiations with the MVFDS on an agreement for their operation of the community hall as a community centre. The MVFDS was renamed to the Mushaboom Community Centre Association (MCCA) to reduce any confusion with Halifax Regional Fire & Emergency staff and services.

A standard lease agreement was first considered as an option to cover the use by the MCCA. Ultimately, where the MCCA did not require the exclusive property rights granted by a lease and where they operate primarily for the benefit of the community and keep the space open for community use, a standard lease was not the best option. It was determined that an operating agreement, where the MCCA operates and provides programming and services to the Mushaboom community on HRM's behalf would be the best fit for the society, the community and HRFE. This proposal aligns with HRM's robust Facility Operating Agreement program for Parks and Recreation facilities and follows the precedent set in 2018 for the Black Point Community Centre, which is operated under the same model at Fire Station #56 (8579 St. Margaret's Bay Road, Black Point).

As part of the Operating Agreement, the MCCA will assume all responsibility and costs for the operation of the community hall as a community centre and, as is the standard practice with HRFE, HRM will not provide an Operating Grant or subsidize MCCA programming. The MCCA will also take over their proportionate share of utilities for the property, the cost of which was previously paid solely by HRM, as the electrical and furnace oil supplies for the buildings are not separately metered. The MCCA's proportionate share of utilities is estimated to be \$0.90 per square foot, which shall be paid to HRM as Operating Costs. This estimate may be adjusted if actual usage changes or when Fire Station #34 resumes its active status.

A new roof and a replacement generator were installed on the community hall in the spring of 2024, fulfilling HRM's obligation to complete capital repairs.

Staff is recommending HRM enter into an Operating Agreement with the Mushaboom Community Centre Association based on the information in this report and the key terms and conditions outlined in Table 1.

Table 1: Operating Agreement Key Terms and Conditions

Property	22 Powers Road, Mushaboom
PID	00464396
Facility	~7,098 square foot building, comprised of the whole annex building commonly known as the “Mushaboom Community Hall”, a parking lot and adjacent lands, as shown on Attachment 1
Operating Society	Mushaboom Community Centre Association
Commencement Date	October 1, 2024 (estimated)
Term	Five (5) years
Renewal Term	One (1) Renewal Term of five (5) years
Early Termination	Either party shall have the option to terminate the agreement upon providing six (6) months written notice to the other party at any time, or for any reason.
Services to be Provided by Society	<ul style="list-style-type: none"> • Delivery of community programming • Proper, safe, effective, and cost-efficient operation of the facility • All labour and materials required to operate the facility and provide programming, including all personnel, equipment, supplies, and services
Operating Costs	<p>\$0.90 per square foot per annum, payable monthly as \$532.35 plus HST</p> <p>Operating Costs shall increase annually by 3%, unless otherwise annually reconciled and adjusted by HRM</p>
Society Responsibilities	<ul style="list-style-type: none"> • Insurance for the operation of the facility and its associated activities • All telecommunications and internet services • Intrusion/security alarm systems and contracts • All furniture, fixtures, and any other items required for the operation and programming of the facility • Life safety equipment (first aid kits, AEDs etc) • General maintenance and repairs of the facility • Heat Pump repair, maintenance, and replacement • Control and maintenance of the parking lot and lands including, snow and ice removal, groundskeeping, landscaping, walkways, paths, and stairs
HRM Responsibilities	<ul style="list-style-type: none"> • Well and water treatment system • Generator • Capital, structural, and building envelope • Fire safety systems (alarms, sprinklers, hoses) • Building systems replacements and major repairs, excepting to the heat pump • Snow and ice removal for the Fire Station apron and access • All work and costs for Fire Station #34 building

Other Key Conditions	<ul style="list-style-type: none">• Society may rent the facility in whole or in part on a short-term basis and may keep all proceeds of any such rentals• HRM may book and use the facility at any time with 1 week's notice to the Society. In the event of an emergency, HRM take full use and control of the facility
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FINANCIAL IMPLICATIONS

There are no direct additional costs to HRM associated with this report. HRM will maintain its existing service and maintenance contracts for the Fire Station and any Capital or structural repair items required in the future will be budgeted in future Capital budgets.

However, there is a cost saving to HRM as the Mushaboom Community Centre Association will be reimbursing HRM for their proportionate share of electricity and furnace oil costs. Such utilities shall be paid to HRM as Operating Costs.

Operating Costs for the facility are expected to be \$6,388.20 plus HST for the first year of the agreement which is payable monthly as \$532.35, plus HST into cost centre W202 – 5600.

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 for both HRM and the not-for-profit organization. The terms in the new agreement mitigate risks for both HRM and the community partner.

COMMUNITY ENGAGEMENT

No community engagement was required.

The Mushaboom Community Centre Association Board of Directors is comprised of volunteer members of the local community.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

Regional Council could choose to:

1. Direct the Chief Administrative Officer to negotiate a lease agreement with the Mushaboom Community Centre Association, however, this would come with significant additional costs to the Society which may not allow the continued operation of the community centre.
2. Direct the Chief Administrative Officer not to enter into this Operating Agreement with the Mushaboom Community Centre Association and have Halifax Regional Fire & Emergency take back control and operation of the Facility, however, this would result in a significant reduction in services to the community.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter SNS 2008, c 39:

Section 61 (3): “The property vested in the Municipality, absolutely, or in trust, is under the exclusive management and control of the Council, unless an Act of the Legislature provides otherwise.”

Section 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.”

(2): “An agreement made pursuant to subsection (1) may allow for the lease, operation or maintenance of the facility or provision of the service by a person...”

Section 79A (1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if

(a) the expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality.

ATTACHMENTS

Attachment 1 – Site Plan of the Property and Facility

Report Prepared by: Maria Lohnes, Leasing Officer, Leasing and Tenant Services, Corporate Real Estate
901-717-3368

Attachment 1

Site Plan of the Property and Facility



Facility known as the “Mushaboom Community Hall”
to be Operated by the Mushaboom Community Centre Association and shown in **Light Blue**