

HALIFAX

P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 11.1.10
Halifax Regional Council
August 31, 2021

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: August 6, 2021

SUBJECT: Tars Rugby Club Grant Increase

ORIGIN

May 18, 2021 Halifax Regional Council motion: Moved by Councillor Cuttell, seconded by Councillor Russell:

THAT Halifax Regional Council request a staff report on the request for an increase to the grant provided by HRM to the Halifax TARS Rugby Club for an additional \$150,000 due to the increased costs as outlined by the group. **MOTION PUT AND PASSED UNANIMOUSLY**

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter

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;

Section 75(1)

- (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.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Suspend the Rules of Procedure under Schedule 2, Audit and Finance Standing Committee Terms of Reference, of Administrative Order One, the Procedures of the Council Administrative Order;
2. Approve an additional \$150,000.00 grant contingent upon Halifax Tars Rugby Club securing additional funding of equal to or greater than \$150,000.00 from other sources; and
3. Authorize the Chief Administrative Officer to negotiate and execute an Amending Agreement to amend the Contribution Agreement with Halifax Tars Rugby Club to provide the additional \$150,000.00 grant.

BACKGROUND

On August 15, 2019, staff received a proposal from the Halifax Tars Rugby Club (a registered not for profit organization) for a request to enter into a long-term lease agreement with the Halifax Regional Municipality (HRM) to construct a fieldhouse at Graves-Oakley Memorial Park located on Leiblin Drive, in Halifax. The park has five sport fields (two baseball diamonds and three rugby fields), horseshoe pits, tennis court, pickleball court, basketball court and playground. This long-term lease proposed to include the construction of a fieldhouse at Graves-Oakley Memorial Park with funding requested from Municipal, Provincial, and Federal Governments, and privately raised sources. The fieldhouse is intended to serve the sport fields and provide accessible public washrooms.

The fieldhouse was proposed to be a two-story wood framed building constructed on a concrete slab (approximately 2,600 sq. Ft. on two-stories for a total of 5,200 sq. Ft, subject to final measurement). The fieldhouse is expected to be connected to the municipal water, wastewater systems and include washrooms which will be accessible to the public, (subject to time restrictions and access constraints related to safety and security concerns).

In November 2019, Halifax Regional Council directed and authorized the Mayor and Municipal Clerk to enter into a less than market value land lease agreement with the Halifax Tars Rugby Club and pending confirmation of Provincial cost sharing, approved the provision of a one-time contribution to the Halifax Tars Rugby Club for one-third funding towards the development of a fieldhouse in the amount of \$315,000 on the same terms and conditions as the Province of Nova Scotia (Communities, Culture & Heritage). Subsequently, the approved 2020/21 Operating Budget allocated a one-time contribution of \$315,000 to the Halifax Tars Rugby Club out of W702 – Parks Administration.

Staff were presented with a letter signed March 31, 2020 from Communities, Culture & Heritage confirming the Provincial contribution and stating, "The Halifax Tars Rugby Club will not seek additional financial support from the province for ongoing operations or capital cost overruns related to this project".

On September 15, 2020, a contribution agreement (Attachment 1) was signed by the Municipality and Halifax Tars Rugby Club outlining the terms of the contribution and stated, "The Contribution Amount represents the Municipality's complete financial commitment to the Club under this Contribution Agreement, and the Municipality will not be obligated to provide any supplemental or incremental funding to the Club for ongoing operations or capital costs overruns related to the Work."

On October 2, 2020, a less than market value lease agreement was executed between the Municipality and the Halifax Tars Rugby Club for a 20-year term. The agreement included the conditions that, "All costs associated with the design and construction of the Facility, including the installation and connection of utilities and the installation of driveway, will be the responsibility of the Club".

DISCUSSION

The Municipality executed the contribution agreement by providing the grant of \$315,000 and the project broke ground in May 2021. Originally budgeted at \$1.05 million, the project is now being estimated at \$1.65 million. Building materials, most notably lumber, increased substantially since the Covid-19 pandemic started and as a result, account for approximately \$400,000 of the increase cost estimate. Another \$165,000 of the overage is due to unsuitable soils and the need to drill pilings to stabilize the building. Halifax Tars Rugby Club had originally budgeted \$75,000 for "earthworks and site services" but once the geotechnical investigation was completed, costs increased to \$240,000.

In May of 2021, Halifax Tars Rugby Club requested an additional \$150,000 from the Municipality (Attachment 2) to partially cover the \$600,000 shortfall. To date, they have raised \$150,000 through private fundraising and are pursuing funding options with the Province of Nova Scotia, the Federal Government's Community Revitalization Fund, and corporate sponsors but have no additional funding confirmed at the

time of writing this report. If approved, the total grant amount provided from the Municipality towards this project would equal \$465,000, including the original grant.

Based on previous agreements, the Municipality is not obligated to provide additional funding to Halifax Tars Rugby Club for the project. If the Municipality does not provide any additional funds, it is likely that the project would be limited in scope and may not provide the same benefits to the public originally outlined to Council. Halifax Tars Rugby Club have identified possible cost savings as removing the viewing deck or not finishing the kitchen or dressing room area. Staff have confirmed that the public access washrooms would still be included.

While the washrooms would not be removed as a cost savings option regardless of whether HRM provides the additional requested grant, an increased grant to a total of \$465,000 to the Halifax Tars Rugby Club would still be less than the amount that would be required for the Municipality to build a standalone washroom at Graves-Oakley Memorial Park. Based on the most recent construction projects, the costs to build standalone washrooms are approximately \$500,000. Further, with the Halifax Tars Rugby Club being responsible for all maintenance and cleaning of the washrooms, there would be other operating savings for HRM when compared to a standalone washroom. Annual cleaning and daily maintenance costs are estimated to be between \$14,400 and \$18,000 plus an additional \$3000 annually for winterization, building maintenance, and plumbing. Therefore, in the first five years of a standalone washroom, the Municipality would be required to spend between \$87,000 and \$105,000 in maintenance on top of the initial investment. Therefore, the provision of the grant towards the Halifax Tars project can provide a public washroom in a cost-effective manner.

If the Municipality matched the current fundraising efforts of the club by approving an additional grant of \$150,000 as requested, the project could be completed as proposed. It is recommended that the grant be contingent upon the Halifax Tars Rugby Club confirming additional funds from other levels of government or other sources equal to or greater than \$150,000. Halifax Tars Rugby Club is actively exploring additional funding opportunities from other levels of government.

Community Grants Program

HRM's current Community Grants Program provides Project grants of \$5000 and Capital grants up to a maximum of \$25,000. Halifax Tars Rugby Club remains eligible for this program, but their current recapitalization projects require funding beyond the capacity of the Community Grants Program. Regional Council approved the original Contribution and Service Agreement because the Community Grants Program was not an option and, to date, there have been no changes to the program guidelines that would result in the Community Grants Program being considered for this request.

FINANCIAL IMPLICATIONS

Contingent upon the Halifax Tars Rugby Club confirming additional funds from other levels of government or sources equal to or greater than \$150,000, if Regional Council approved the additional grant, the \$150,000 would be provided as a grant and paid from Parks & Recreation Operating Account W702, Parks Administration, with funding provided from General Contingency Reserve Q421 as specified below in this budget year (2021/22);

Budget Summary: General Contingency Reserve Q421

Projected Net Available Balance as of June/21	\$ 19,190,406
Withdrawal as per recommendation #2	\$ <u>150,000</u>
Net Available Balance	\$ 19,040,406

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this report. To reach this decision, consideration was given to the grant amount being requested and the likelihood of the Municipality not receiving a return on investment. The amending contribution agreement would ensure risks are mitigated. Halifax Tars Rugby Club are fully responsible for the project and any budget overages.

The Municipality has already executed a land lease with the Halifax Tars Rugby Club mitigating any liability risks to the Municipality.

COMMUNITY ENGAGEMENT

No community engagement was required for the completion of this report.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

1. Halifax Regional Council could choose to not provide Halifax Tars Rugby Club with any additional funding.
2. Halifax Regional Council could amend the staff recommendation to approve the additional grant to Halifax Tars Rugby Club and provide an alternate amount.

ATTACHMENTS

1. Graves Oakley Contribution Agreement Signed
2. Halifax Tars Rugby Club Letter

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Sarah Coley, Partnership Coordinator, Community Partnerships, 902.292.8267

CONTRIBUTION AGREEMENT

Between

Halifax Regional Municipality

A municipal corporation in the Province of Nova Scotia (the "Municipality")

-and-

Halifax Tars Rugby Club

A society incorporated in Nova Scotia (the "Club")

RECITALS:

WHEREAS the Club intends to construct a fieldhouse and public washrooms at Graves Oakley Park (the "**Facility**") to support the operations of rugby club; and

WHEREAS the Club requested that the Municipality provide it with a grant to be used towards its construction; and

WHEREAS on November 26, 2019 Halifax Regional Council passed a resolution to provide a grant in the amount of three hundred and fifteen thousand dollars (\$315,000.00) to the Club for the purpose of the construction of the Facility.

Therefore, the parties hereto covenant and agree as follows:

SECTION ONE CONTRIBUTION OF FUNDS

Section 1.01 Amount of Contribution

- a) Subject to the terms and conditions of this Agreement, the Municipality shall make a one-time contribution to the Club in the amount of three hundred and fifteen thousand dollars [\$315,000.00] (the "**Contribution Amount**") to be used by the Club for the construction of the Facility at Graves Oakley Park (the "**Work**"), and for no other purpose.
- b) The Contribution Amount is a firm-fixed amount and the Municipality will not be liable for any losses incurred by the Club in relation to the leased premises or operation of the Facility.
- c) The Contribution Amount represents the Municipality's complete financial commitment to the Club under this Contribution Agreement, and the Municipality will not be obligated to provide any supplemental or incremental funding to the Club for ongoing operations or capital cost overruns related to the Work.

Section 1.02 Approvals

- (a) Prior to commencing the Work funded under this Contribution Agreement, the Club shall obtain any and all required approvals and permits from any government authority having

jurisdiction over the work, including the Municipality, the Nova Scotia Department of the Environment, and the Halifax Water Commission as applicable.

- (b) The Club will notify the Municipality of and changes to the start and end date of the Work.

Section 1.03 Payment Schedule

- (a) Subject to the terms and conditions of this agreement, the Municipality shall pay the Contribution Amount to the Club in one installment, which shall be payable to the Club on the execution of this Agreement.

Section 1.04 Scope of Work

- (a) The Work funded under this Contribution Agreement includes construction of the Facility at Graves Oakley Park and public access to washrooms at the Facility. The Municipality must be notified of major changes to the proposed Work, budget or timeline.

Section 1.05 Reporting

- (a) The Club shall submit written confirmation to the Municipality Finance & Asset Management that the scope of work identified in Section 1.04 has been completed within twenty-four (24) months of receipt of payment from the Municipality. This report shall include a detailed financial accounting of actual revenues and expenses related to the project.

Section 1.06 Restrictions

- a) The Contribution Amount is to be used by the Club solely towards the Work.
- b) No portion of the Contribution Amount is to be used for the payment of goods or services that are unrelated to the Work.
- c) No portion of the Contribution Amount shall be paid to employees, volunteers, officers or directors of the Club (i.e., salary, wage, stipend, honorarium, gift, or commission).
- d) Any unused portion of the Contribution Amount shall be returned by the Club to the Municipality within sixty (60) days of the Club's reporting to the Municipality as required by Section 1.05 of this Agreement.

SECTION TWO FINANCES, RECORDS AND INFORMATION SERVICES

Section 2.01 Registry of Joint Stocks

- a) The Club shall maintain active status as a Society pursuant to the Societies Act during the term of this agreement.

Section 2.02 Accounting Records

- a) The Club shall maintain a complete and proper set of accounting records regarding its operations.

Section 2.03 Municipal Audit

- a) The Municipality shall have the right, at its own expense, and with reasonable notice, to audit or examine the books of account and records maintained by the Club pursuant to this agreement and the right to make copies thereof and take extracts therefrom.

SECTION THREE LIABILITY AND INDEMNITY

Section 3.01 Risk

- a) The Club agrees that its activities, including undertaking the Work, shall be at its sole risk and expense.

Section 3.02 Limitation of Liability

- a) The Municipality is not a guarantor of the Club or the Facility and in no event will the Municipality be liable for any direct, indirect, consequential, exemplary or punitive damages in relation to the renovation or construction work undertaken by the Club, regardless of the form of action, whether in contract, tort or otherwise.

Section 3.03 Indemnification

- a) The Club will at all times indemnify and save harmless the Municipality, its Mayor and Councillors, officers, servants, employees or agents, from and against all actions, claims and demands whatsoever which may be brought against or made upon the Municipality and against all loss, liability, judgments, claims, costs, demands or expenses which the Municipality may sustain or suffer, resulting from or arising out the Club's operations or out of the Municipality's contribution of the Contribution Amount to the Club.

SECTION FOUR TERMINATION

Section 4.01 Events of Default

- a) Each of the following events constitute an event of default ("Event of Default") under this Agreement:
 - (i) the Club has not provided public access to washrooms at the Facility;
 - (ii) the Club has not complied with one or more of the terms and conditions of this Agreement; or
 - (iii) the Club has submitted false or misleading information to the Municipality or made a false or misleading representation in respect of the Work or in this Agreement,

except for an error in good faith, demonstration of which is incumbent on the Club, to the Municipality's reasonable satisfaction.

Section 4.02 Declaration of Default

- a) The Municipality may declare a default has occurred if:
- (i) one or more of the Events of Default occurs;
 - (ii) The Municipality gave written notice to the Club of the event which in the Municipality's opinion constitutes an Event of Default; and,
 - (iii) The Club has failed, within thirty (30) days of receipt of the above notice, either to remedy the Event of Default or to notify and demonstrate, to the satisfaction of the Municipality, that it has taken such steps as are necessary to remedy the Event of Default.

Section 4.03 The Municipality Remedies for Default

- a) In the event the Municipality declares a default under 4.02, the Municipality may exercise one or more of the following remedies, without limiting any remedy available to it at law:
- (i) suspend any obligation by the Municipality to make the Contribution Amount;
 - (ii) terminate any obligation of the Municipality to make the Contribution Amount;
 - (iii) require the Club to reimburse the Municipality all or part of the Contribution Amount paid by the Municipality to the Club; or
 - (iv) terminate this Agreement.

SECTION FIVE GENERAL PROVISIONS

Section 5.01 Notices

- a) All notices, demands, requests, approvals or other communication of any kind which the parties may be required or may desire to serve on each other in connection with this agreement shall be delivered by registered mail to:

Halifax Regional Municipality

Attention: Chief Administrative Officer
Halifax Regional Municipality
P.O. Box 1749
Halifax, NS B3J 3A5

Halifax Tars Rugby Club

Attention: John Gillis
Halifax Tars Rugby Club



- b) Except in the event of a postal service strike or lockout (in which event the parties hereto agree to temporarily utilize other reasonable methods of communicating any notices), service of any notice or demand so made by registered mail shall be deemed complete on the date of actual delivery as shown by the registry receipt or at the expiration of the seventh business day after the date of mailing, whichever is earlier in time. Either party may from time to time, by notice in writing served upon the other party as aforesaid, designate a different mailing address or different or additional persons to which all such notices or demand are thereafter to be addressed.

Section 5.02 Confidentiality

- a) The Club acknowledges that this agreement is a public document and that any information, document, or record, in any form, provided to the Municipality by the Club pursuant to this agreement may be subject to disclosure in accordance with Part XX of the *Municipal Government Act* ("Freedom of Information and Protection of Privacy").

Section 5.03 Governing Law

- a) This agreement shall be governed by and interpreted in accordance with the laws of Nova Scotia.
- b) The parties hereby attorn to the exclusive jurisdiction of the courts of Nova Scotia to resolve any disputes arising out of this agreement.

Section 5.04 Effective Date

- a) This agreement will become effective when both parties have signed it. The date of this agreement will be the date this agreement is signed by the last party to sign it (as indicated by the date associated with that party's signature).

Section 5.05 Representations and Warranties

- a) The Club represents and warrants that:
 - (i) All information submitted to the Municipality, including design plans and cost estimates, is true, accurate, and prepared in good faith to the best of the Club's ability, skill, and judgment; and
 - (ii) It has full power and authority to enter into and has taken all necessary measures to authorize the execution of, this agreement.

Section 5.06 Entire Agreement

- a) This agreement comprises the entire agreement between the parties in relation to the subject of the agreement. No prior documentation, negotiation, provision, undertaking or agreement has legal effect, unless incorporated by reference into this agreement. No representation or warranty express, implied or otherwise, is made by the Municipality to the Club except as expressly set out in this agreement.

Section 5.07 Assignment

- a) The Club will not transfer or assign its rights or obligations under this Agreement without the prior written consent of the Municipality. Any attempt by the Club to assign any of its rights, duties or obligations of this Agreement without the Municipality 's express written consent it void.

The parties have executed this agreement through authorized representatives on the date stated opposite each party's signature.

Jennifer D. Gillis

Witness

Jennifer D. Gillis

Witness

September 15, 2020

Date Signed

Sept 29, 2020

Date Signed

HALIFAX TARS RUGBY CLUB

Dr. John Gillis, Chairman

Name:

Title:

Mr. Elliott Kayser, President

Name:

Title:

HALIFAX REGIONAL MUNICIPALITY

Jacques Dubé, CAO



Building Rugby From the Ground Up

The Graves Oakley Club House Project- Halifax TARS RFC



Dr. John Gillis,
Chair,
Halifax TARS Rugby Football Club

June 18, 2021

[REDACTED]
[REDACTED]
[REDACTED]

Ms. Sarah Coley
Partnership Coordinator
Halifax Regional Municipality
PO Box 1749
Halifax, NS B3J 3A5

Ms. Coley,

As per our phone conversation, I am writing to update you on the status of our build of a community sports clubhouse at Graves-Oakley Field in Spryfield.

Simply, this project was budgeted for \$1.05 million, and costs have unexpectedly increased to \$1.65 million. I attached the original budget and the new one for your interest and review. The main increased costs are \$114 K to drill pilings, and the increased cost of all materials, but particularly lumber which is up 300 percent. The cost of drilling pilings relates to the fact that Graves-Oakley is a former dump, and the soil is not suitable for building as it is. This was clearly an unforeseen cost. The cost of supplies has been driven by a somewhat unexpected Covid building boom which is affecting many projects.

Thus, with our shortfall, we are left with a choice: significantly curtail our project and its sports and community impact, or try and raise the rest of the funds.

We have begun to do so in earnest with a three-part plan 1) personal donations from the Rugby and broader sport communities 2) Corporate support 3) Additional Government support.

In category 1, personal donations, we have worked hard to partner with Rugby Canada so that we may issue tax receipts. We have hard commitments already of just over \$100K and are confident of reaching \$150K just by our own efforts.

In category 2, we have reached out to several potential corporate partners but to this point have had no success.

In category 3, we have reached out to all three levels of Government. HRM has been kind to consider our request for an additional \$150,000 and we are hopeful this will proceed.



Building Rugby From the Ground Up

The Graves Oakley Club House Project- Halifax TARS RFC



The Government of Canada is limited in adding funds to existing infrastructure projects, so we are unable to receive any additional money through the previously approved ICIP pathway, without cancelling and reapplying. This is risky and we have been advised not to do so. There is a new fund, the Community Revitalization Fund, which is still working its way through budgetary processes, but we have been advised that if all goes well, we could qualify for \$100K in funding. The department involved in this process was pleased to hear of HRM's interest in providing additional funding as governments do appreciate sharing this need with other levels of Government.

The Provincial Government is aware of our shortfall, and is considering other options, but to date no commitment or suggested pathway has been forthcoming. The strain of directly managing Covid has certainly made reconsidering a project like this more difficult which we appreciate. We remain hopeful that an option may present itself.

Thus, we believe we are well on the way, but a hard commitment from HRM would give us great clarity and security regarding completing the project as it is designed. These funds would clearly help leverage the other levels of government to step up and will send a valuable message as we continue to approach personal and corporate donors.

What happens if we are short?

This clubhouse is designed to be fully accessible and provide viewing opportunities with a wrap-around deck for viewing all sports at Graves-Oakley and acting as a nice community gathering and meeting place. The deck is a key part of the facility but removing it would save about \$300,000. Doing so would have a big impact on the footprint and use of the facility. Other options might include not finishing the dressing rooms or the kitchen facility.

Our goals are to include as many sports and other groups as we can, pushing the inclusive use of the facility by people from all walks of life, and providing a safe and secure place for athletes of all ages to get changed and then allow their families to enjoy watching them play and compete.

Why is this project good value for HRM?

HRM provided funding from its washroom fund which was greatly appreciated and a cornerstone of our funding. This washroom itself is a big step forward and will be valuable to the community.

But by stepping up to help this project in general, HRM is getting a 5000-foot multi-use facility in an area of town with little infrastructure. Even with the top up from \$315K to potentially \$465K, we believe that this represents excellent value for a facility which will provide community value for many years and hopefully be the start of even greater growth and development of recreation at this facility. The field area has lots of room for growth of facilities



Building Rugby From the Ground Up



The Graves Oakley Club House Project- Halifax TARS RFC

and expanding our commitment to creating an inclusive, accessible, safe and active space for the broader community.

I reiterate from previous correspondence, that Rugby is a sport for everyone. Rugby represents our community. It welcomes and encompasses every demographic and every type of person. It is the most inclusive sport. In our club we have members from ages 3 to 70. We begin teaching kids as soon as they can hold a ball, and people remain in the rugby family for life. Rugby has a culture where you play hard, but you also support your teammates and celebrate with the other team. No other sport promotes togetherness and working together in this way. Rugby has a place for all shapes and sizes. You can be fast and skinny, or big and slower, and there is a position on the field for you. If you want to join a rugby club, you will be included, regardless of ability, and helped to improve and enjoy the game.

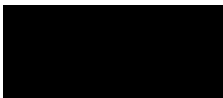
Rugby is one of the only sports where men and women participate equally and train together in a single club environment. This gender balance and support is a key hallmark of our sport and has seen a huge surge in the number of women joining the sports. Young women can aspire to scholarships at top universities like St. F.X. and Acadia and go on to win National U sports Championships as many of our members, like our Vice President Mary Giles, have done. Rugby encourages racial diversity and we for many years have been fortunate to have members from all backgrounds and ethnicities and maintaining and expanding this diversity continues to be a key focus of our growth. Rugby is also particularly inclusive of players with disabilities. We have been blessed for years by the presence of Lindsay (Hilton) Melanson, an athlete born with underdeveloped arms and legs who played for many years and went on to win a World Rugby Spirit Award for her amazing commitment and abilities.

In HRM, the home of the largest concentration of Nova Scotia's rugby clubs, there are some decent fields, but none of them has any washroom, changing room, officials' room, or gathering facility. This is a major detriment to recruiting athletes to the game and holding successful game and tournament events. Very simply, athletes of all ages and genders, shapes, and sizes, became used to changing in the car, the woods, or on the sideline. In 2021, this is no longer acceptable. The same applies to all the other sports and activities Graves-Oakley can serve.

I attach for your review a copy of our previous and updated budgets, showing the significant variance in cost broken down. I thank you for your time and consideration and respectfully reiterate our request for an additional \$150K in funding to fully and properly complete a wonderful and important community project.

Please advise if you have any questions,

Best regards,



John M. Gillis, MD, CCFP(EM)