



Staff Report

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Report To:	Joint Committees		
Date of Meeting:	October 25, 2021	Report Number:	FSD-049-21
Submitted By:	Trevor Pinn, Director of Financial Services/Treasurer		
Reviewed By:	Andrew C. Allison, CAO	Resolution#:	
File Number:	[If applicable, enter File Number]	By-law Number:	
Report Subject:	Roadmap for Community Board Sustainability		

Recommendations:

1. That Report FSD-049-21 and any related communication items, be received;
2. That Staff work with the hall and arena boards to determine the preferred structure of a Municipal Services Board or a Municipal Facility and bring back to Council the appropriate by-laws;
3. That Staff include in the 2022 budget for consideration the costs to fund, and if necessary, procure, winter control, grass-cutting/garden maintenance, pest control and waste management services at the hall and arena boards;
4. That Council approves in principle the four-step roadmap for Community Board Sustainability; and
5. That all interested parties listed in Report FSD-049-21 and any delegations be advised of Council's decision.

Report Overview

Community Hall and Arena Boards provide a valuable service to the communities in which they serve in the Municipality of Clarington. The volunteers at these facilities provide a social benefit to local residents through the organization of events, hall rentals and community outreach; however, the long-term sustainability of the boards has been impacted by COVID-19, changing demographics and increased operating costs.

This report provides a roadmap for continued sustainability recognizing that each board is in a different position and may have unique needs to address. The four-step roadmap provides clarity in direction, treatment and funding for the boards and is meant as a guide to the relationship between the Municipality and the community partners that work with the facilities.

1. Background

Request from Council for Sustainability Plan

- 1.1 At its meeting of March 29, 2021, General Government Committee passed Resolution GG-273-21 which directed Staff to report back on eligibility for hall boards to apply for one-time funding related to ongoing COVID-19 needs and that Staff report back on long-term funding options for hall boards with respect to ongoing snow removal, utilities, and maintenance, where the hall boards may be struggling financially, in order to ensure the long-term viability of the local boards.
- 1.2 At its meeting of May 10, 2021, General Government Committee approved Resolution GG-360-21 approving an in-take for the Community COVID-19 Support Program of \$60,000 in funding for hall and arena boards.
- 1.3 At its meeting of October 19, 2021, Council approved funding from the Province's COVID-19 Recovery Fund to be utilized to support the costs of screeners/vaccine verification at the hall and arena boards. Council also supported providing funding to the boards for the 2021/2022 winter season to pay for, or have the Municipality arrange, snow clearing at the facilities.
- 1.4 This report relates to the long-term sustainability of the local hall and arena boards in Clarington.

Current Relationship with Community Partners for Facilities

- 1.5 The current relationship with the hall and arena boards started with Report [TR-74-89](#) and the [addendum](#) that, in compliance with the Municipal Act in effect at the time,

dissolved the local recreation and community boards except for the Orono Arena, Newcastle Arena and the Newcastle Community Hall.

- 1.6 The boards which were dissolved were allowed to operate in a similar fashion to which they were historically; however, there was no longer a requirement to submit their records for consolidation with the Town of Newcastle (now Municipality of Clarington).
- 1.7 The Beech Centre was created as a community recreation centre in 2001 with Report [FND-011-01](#). There was an executed Memorandum of Understanding with the Clarington Older Adult Association and a surrender of the lease. Subsequently, in 2015, Report [LGL-009-15](#) recommended the designation of the Beech Centre as a municipal capital facility and an agreement with the Bowmanville Older Adults Association was approved.
- 1.8 In 2008, the Clerk's Department brought Report [CLD-010-08](#) regarding Municipal Services Boards. As a result of the report, five by-laws were passed by Council establishing separate Municipal Service Boards under section 196 of the Municipal Act, 2001.
- 1.9 By-law [2008-036](#) established a Municipal Service Board to operate the Orono Arena and repeal By-law 78-63. In 2017, the Orono Arena Board was dissolved, and operations taken over by the Orono Amateur Athletic Association (OAAA), see paragraph 1.13 below.
- 1.10 By-law [2008-037](#) established a Municipal Service Board to operate the Newcastle Arena and repealed By-law 79-13 (which as noted in paragraph 1.5, the Newcastle Arena Board had not been dissolved in 1989).
- 1.11 By-law [2008-038](#) established a Municipal Service Board to operate a Community Hall in Solina (the Solina Community Hall) and repeal By-law 83-28.
- 1.12 By-law [2008-039](#) established a Municipal Services Board to operate a Community Hall in Tyrone and repeal By-law 97-62.
- 1.13 In 2017, Report [LGL-007-17](#) recommended that the Orono Arena and Community Centre Board be dissolved, and the Municipality entered into a Municipal Capital Facility Agreement with the Orono Amateur Athletic Association. [By-law 2017-054](#) designated the Orono Arena and Community Centre as a municipal capital facility.

1.14 The following table outlines the hall boards and arena boards within the Municipality

Facility	Relationship to Council	2021 Base Municipal Funding	By-law or Agreement Reference
Bowmanville Memorial Park Clubhouse	Community Partner	\$ 0	
Bowmanville Older Adult Centre	Municipal Capital Facility	318,569	By-law 99-28
Brownsdale Community Centre	Community Partner	3,000	
Hampton Community Hall	Community Partner	5,000	
Haydon Community Hall	Community Partner	0	
Kendal Community Hall	Community Partner	3,000	
Newcastle Arena	Board of Council	0	2008-037 (CLD-010-08)

Facility	Relationship to Council	2021 Base Municipal Funding	By-law or Agreement Reference
Newcastle Village Community Hall	Board of Council	71,700	2014-094 (LGL-008-14)
Newtonville Hall	Community Partner	5,000	
Orono Arena	Municipal Capital Facility	0	2017-054 (LGL-007-17)
Orono Town Hall	Community Partner	3,000	
Solina Community Hall	Board of Council	3,000	2008-038
Tyrone Community Centre	Board of Council	3,000	2008-039
Visual Arts Centre	Community Partner	219,366	

1.15 The Municipality also provides grass-cutting services to Kendal Community Hall, Hampton Community Hall, Newcastle Village Community Hall, and Tyrone Community Centre. Waste removal and snow removal services are also provided to the Hampton Community Hall.

2. Operating Options Per the Legislation

Municipal Services Board

- 2.1 The *Municipal Act, 2001* section 198 states that a municipality may give a municipal service board the control and management of such services and activities as the municipality considers appropriate and shall do so by delegating the power and duties of the municipality to the board in accordance with the Act.
- 2.2 A municipal service board is considered a local board for the purposes of the Act and must follow the *Municipal Act, 2001*. The Municipality consolidates the activities (revenues and expenses), assets and liabilities of the board into its financial statements.
- 2.3 This option would result in a Board of Council, requiring council appointed members. The Boards are also subject to the requirements of the *Municipal Act, 2001* regarding meetings, minutes, and regulatory policies. The facilities would not be subject to property taxation.

Municipal Capital Facility

- 2.4 A municipality may enter into an agreement for the provision of municipal capital facilities by any person, including another municipality, if the agreement provides for one of the following:
 - a. Lease payments in foreign currencies
 - b. Assistance is provided by the municipality
 - c. Tax exemptions
 - d. Development Charges exemptions
- 2.5 Under an MCF, a municipality may provide financial or other assistance despite the “bonusing rules” in section 106, they may also exempt from property taxes or exempt from development charges.
- 2.6 [Ontario regulation 603/06](#) outlines which properties may be eligible for a municipal capital facility agreement. Under section 2 of the regulations, municipal community centres are an eligible facility as are municipal facilities used for cultural, recreation or tourist purposes. The hall boards and arena boards could be considered community centres, as well as recreation centres and are therefore eligible for this type of agreement.

- 2.7 The Municipality may enter into an agreement with an individual or an organization to provide the services that would be offered by Clarington, in these facilities. There would be no requirement for Council representation and the boards of directors of these organizations are independent of the Municipality.
- 2.8 In the existing cases, the Municipality of Clarington has agreements with established not-for-profit organizations that have been incorporated. While it is possible to enter into an agreement with an individual, it is more common to enter into agreements with an incorporated organization.
- 2.9 An example of this relationship is the BOAA. The Beech Centre is owned by the Municipality but the services, which are open to the public and are services otherwise offered by the Municipality, are organized by the BOAA in that location. The Beech Centre is considered tax exempt.

Municipal Operations

- 2.10 The Municipality could oversee the operations of the facilities as a municipal service. Given the facility and likely services offered, it would likely become part of the Community Services Department.
- 2.11 As the Municipality is property tax exempt, if the facilities were operated by the Municipality there would be no property tax charged by the Municipality, the Region of Durham, or the school boards, for example, the Diane Hamre Recreation Complex.

Tenant Relationship

- 2.12 It could be argued that any relationship other than those identified above is a lease agreement with an organization. These relationships are independent of Council and the Municipality.
- 2.13 As this type of relationship is a commercial activity, the properties could be subject to property tax. Property tax would be borne by the Municipality, which would include the payment to the Region and the School Boards (the local portion is net zero).
- 2.14 It is staff's recommendation that an independent tenant relationship should be avoided as these add additional costs to operate the facility and have the lowest level of integration with the Municipality.

3. Factors Impacting Financial Sustainability

COVID-19 Factors

- 3.1 During COVID-19, certain Federal and Provincial supports did not include local boards in their eligibility, including the Canada Emergency Wage Subsidy and several loan programs guaranteed by the Federal Government.
- 3.2 The inconsistency of treatment of the facility boards meant that some boards were eligible (the Orono Amateur Athletic Association) while others were not (the Newcastle Memorial Arena Board) because of the type of relationship with the Municipality. This is true of the hall boards as well.
- 3.3 Throughout 2020 and 2021, the public health actions taken by the Province of Ontario to restrict the spread of COVID-19 had a drastic impact on the ability of arena and hall boards to earn revenue. Facility rentals, such as weddings, ice rentals, meetings and community events were brought to a drastic halt. While revenues decreased, there are still fixed costs of operating a facility including utilities, insurance, repairs and maintenance, winter control, grass-cutting, and pest control. Not only does it impact the current year, but the shortage has an impact on long-term plans that the boards may have.
- 3.4 Financial impacts for COVID-19 are not just related to lost revenue during lockdowns. When facilities re-open there are additional costs for cleaning, screening/vaccine verification, and added costs overall, because of changes to the supply chain. Further, many hall boards are expecting decreased demand for bookings due to continued public hesitancy, capacity limitations and potentially added costs for COVID-19 cleaning.

Reliance on Volunteers

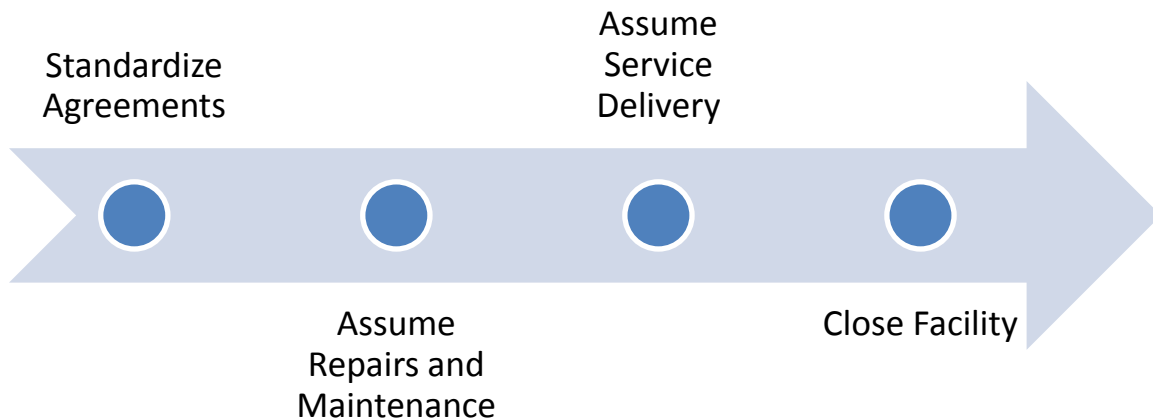
- 3.5 The Boards are dependent on volunteers for their operations and governance. The shape of volunteerism in Canada is changing. A Statistics Canada report in June 2020 (<https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00037-eng.htm>) indicated while the percentage of volunteerism is similar across the iGen to Baby Boomer generations (born after 1946) at approximately 77 per cent, the hours contributed by Baby Boomers (born 1946 to 1965) averaged 197 volunteer hours compared to 121 hours by Millennials (1981 to 1995) and 99 hours by iGen (1996 to present). This statistic shows the decreasing number of available hours for volunteers.
- 3.6 It should be noted that the same study indicated that while “Matures” (born 1918 to 1945) averaged 176 hours per year, approximately 20 hours less than Baby Boomers, only 58 per cent of that population was involved in volunteering. The decreasing hours, and the lower number of individuals volunteering in the older groups, will have an impact on the ability of hall boards to continue operating.

3.7 Without volunteers, the boards could see rising costs as part-time staff are added in order to maintain the facility or there could be decreased programming and events at the community halls. Eventually, lack of volunteers could result in the cessation of service.

4. Roadmap to Financial Sustainability

4.1 Staff are recommending that financial sustainability of the community facilities should be on a continuum based on the needs of the individual facility. This recognizes that some boards are in different positions and Staff do not want to negatively impact the current operations of hall boards that are functioning efficiently. Staff always want to respect the valuable work and service that the volunteers of these organizations have provided; therefore, rather than a simple “on/off” switch, it is proposed that sustainability occur over a period of time, as the situation evolves.

4.2 The proposed roadmap includes four steps moving towards the ultimate step of Municipal assumption of service delivery at the facilities.



Step 1 – Standardized Agreements and Treatment of Facilities

4.3 As noted above, the community facilities are established in multiple ways. The first step is to standardize the relationship with the community and hall boards. This first step may see the adoption of additional municipal service boards or the creation of additional municipal capital facilities. There are advantages and disadvantages to either of these

relationships. It is suggested that Staff work with the hall boards to determine an ideal relationship going forward. Council is required to pass by-laws to establish municipal service boards or designate municipal capital facilities, therefore Council will be involved in the determination of the relationship once Staff are able to work with the organizations to determine the best process for the future. It is possible that the Municipality is best served through a combination of the two relationships this is also possible; however, it is important that one or the other be established to avoid property taxation issues.

- 4.4 Within the current three classes of relationships (Municipal Service Board, Municipal Capital Facility, independent), there are inconsistencies as to what the terms of the agreement, if any exist, are. Staff are suggesting, standardizing the agreements for all the boards so that terms of operations are consistent.
- 4.5 The Municipality, in some cases has to pay for space at the hall boards, even though we own the building. The Municipality often pays rental fees for this space. It is suggested that part of the agreement will include a requirement to provide to the Municipality, an agreed to number of hours for our use at no cost to the Municipality. This will address a concern that some members of Council have expressed regarding community programming and events at the hall boards. Municipal events such as elections could also be held at the halls, we currently pay some boards to use the facility for these purposes. As most of this programming would be during the week, the impact on the wedding/party rentals should be minimal.
- 4.6 The agreements will also standardize the areas of responsibility between the board and the Municipality. This ensures that there is no confusion as to what parts of the building are repaired by the Municipality and what is looked after by the board. This also provides consistency, so that all the boards are treated equitably.
- 4.7 The recommendation would be that the Municipality is responsible for all items that form part of the building. If the building was turned upside-down, anything that stays in the building would be the responsibility of the Municipality. This clarifies that the Municipality is responsible for hot-water systems, doors, floors, plumbing. To clarify however, the Municipality would not be responsible for routine wear and tear, such as waxing the floor, touching up paint.

Step 2 – Assumption of Funding Certain Services Not Related to Building

- 4.8 Staff are recommending the Municipality assume the responsibility for certain services, which we may be able to obtain/provide in a more efficient and consistent manner. As well, because they are municipal buildings, there is risk management reasons for assuming the delivery of the services.

- 4.9 Staff are recommending that winter control, grass cutting, pest control, and waste removal be funded by the Municipality. This could take the form of reimbursement, or the coordination of service delivery at the facility.
- 4.10 Staff also believe it makes sense to assume the utilities, to ensure there are no issues with payments; Staff would recommend that the utilities are billed back to the user groups in proportion to the usage, given that some programming and hours would relate to the Municipality's usage of the facility. This would be outlined in the standardized agreements approved in Step 1.
- 4.11 By assuming certain responsibilities, the Municipality can alleviate these maintenance responsibilities from the volunteers and allow them to focus their time and resources on community programming and facility events.
- 4.12 Staff would recommend that the assumption of these services should be met by a decrease in the municipal funding level to the hall boards. It is recommended that the budget submissions from the hall boards will need to identify project specific requests, rather than general operating requests.

Step 3 – Assume Service Delivery

- 4.13 Eventually, if the hall boards determined they were unable to continue to operate the facilities, the Community Services Department could assume the booking and programming at these facilities. These services would include facility rentals, community fitness programming, recreation programming (camps) and community development events.
- 4.14 As the facilities provide services and programming, like what are offered in municipally operated facilities, there should be minimal impact to transition. The building could utilize the existing staff resources for booking, Community Services could hold additional programs and outreach at the facilities, and repairs and maintenance are already a responsibility of the Municipality.

Step 4 – Close Facility

- 4.15 As with all services and facilities that the Municipality provides, eventually the cost/benefit of providing that service or maintaining the facility could become unreasonable and a decision is made to close the facility.
- 4.16 It is not anticipated that any of these facilities will close in the foreseeable future; however, ultimately that is the final step on the roadmap. With changing demographics, service expectations, and finite resources, it is crucial that the Municipality regularly review its facilities and services, to ensure that they continue to be an efficient use of taxpayer resources.

Summary of Steps

- 4.17 This roadmap is a continuum, each hall and arena board will progress through these steps at different rates and to different degrees. It is expected that boards would move through Steps 1 and 2 relatively quickly. If or when a hall board transitioned to Step 3 would be through open communication with the hall board, Community Services Staff and Council. It is not expected at this time that boards would go to Step 4.
- 4.18 While there are two steps, Steps 1 and 2 may be done concurrently. It is possible to assume the funding for certain services while the determination of the relationship with the Municipality (Municipal Service Board vs Municipal Capital Facility) are completed. Any organization wishing to enter Step 3 right away, could avoid Steps 1 and 2.
- 4.19 In 2021, the Municipality provided the following funds to hall boards through the 2021 budget, this does not include the grant programs related to COVID-19:

Facility	2021 Budget Amount
Bowmanville Older Adults Association	\$ 318,569
Newcastle Community Hall	71,700
Solina Community Hall	3,000
Tyrone Hall Board	3,000
Kendall Community Centre	3,000
Newtonville Community Hall	5,000
Orono Town Hall	3,000
Hampton Community Association	5,000
Brownsdale Community Hall	3,000

- 4.20 It would be expected that the above funds could be reduced going forward upon the assumption of those costs, therefore the overall impact to the taxpayer would be reduced by the above amount.

5. Concurrence

This report has been reviewed by the Director of Community Services and the Director of Public Works who concur with the recommendations.

6. Conclusion

It is respectfully recommended that Council approve the principles included in the report to establish a four-step roadmap for the sustainability of the community hall and arena boards. It is also recommended that Council approve the assumption for the funding of winter control, waste management, pest control and grass cutting and work with the boards to procure those services if necessary.

Staff Contact: Trevor Pinn, CPA, CA, Director of Financial Services/Treasurer, 905-623-3379 ext.2602 or tpinn@clarington.net.

Attachments:

Not Applicable

Interested Parties:

List of Interested Parties available from Community Services Department.