

Presented To:	City Council
Presented:	Tuesday, Sep 24, 2019
Report Date	Monday, Sep 09, 2019
Type:	Managers' Reports

Request for Decision

Municipal Capital Facility Designation - Sudbury Winter Tennis Club

Resolution

THAT the City of Greater Sudbury directs staff to prepare a by-law pursuant to Section 110 of the Municipal Act providing authority to:

(a) Enter into a municipal capital facility agreement with Sudbury Winter Tennis Club, a tenant at the City owned property at 0 Cypress Street, for the purposes of providing a municipal capital facility related to the provision of cultural, recreational or tourist purposes; and

(b) Exempt the leased premises from taxation for municipal and school purposes, which tax exemption is to be effective from the latest of (i) the date the municipal capital facility agreement is signed and (ii) the date the tax exemption by-law is enacted;

AND FURTHER THAT the City Clerk be directed to give written notice of the by-law to the Minister of Finance, the Municipal Property Assessment Corporation, the Rainbow District School Board, Conseil scolaire public du Grand Nord de l'Ontario, Sudbury Catholic District School Board, Conseil scolaire catholique du Nouvel-Ontario;

AND THAT a grant to the Sudbury Winter Tennis Club to offset the property tax arrears in the approximate amount of \$61,000 be approved, and be funded from the Tax Rate Stabilization Reserve, all as outlined in the report entitled "Municipal Capital Facility Designation - Sudbury Winter Tennis Club" from the General Manager of Corporate Services, presented at City Council on September 24, 2019.

Signed By

Report Prepared By

Jim Lister
Manager of Financial Planning and
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Digitally Signed Sep 9, 19

Division Review

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Financial Implications

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Recommended by the Department

Kevin Fowke
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Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
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Relationship to the Strategic Plan / Health Impact Assessment

This report refers to operational matters.

Report Summary

The Sudbury Winter Tennis Club is located on lands forming part of Queen's Athletic Field. The Finance

and Administration Committee gave approval to the facility being designated as a Municipal Capital Facility making the property exempt from taxation on a go forward basis only. An alternate strategy is required to deal with the existing property tax arrears.

Financial Implications

The designation of municipal capital facility for the Sudbury Winter Tennis Club will result in the reduction of municipal property tax revenue in the approximate annual amount of \$13,500.

The approval of a grant to the Sudbury Winter Tennis Club to cover the cost of the property tax arrears for 2016 to 2019 is calculated at approximately \$61,000 (Municipal and Education) and would be funded from the Tax Rate Stabilization Reserve. The school board will not be sharing in the grant as this can't be treated as a tax write-off until the Municipal Property Assessment Corporation (MPAC) changes the tax class to exempt.

Purpose

This report deals with the designation of the Sudbury Winter Tennis Club as a municipal capital facility and the property tax arrears associated with the Sudbury Winter Tennis Club.

Background

The Sudbury Winter Tennis Club (SWTC), also known as the Sudbury Indoor Tennis Centre is a tenant on the municipally owned property located at 0 Cypress Street, which is utilized by the City as a public park and recreation area commonly known as Queen's Athletic Field. This property also includes a sports field, an outdoor track (summer), skating oval (winter), outdoor tennis courts, a parking lot, a field house with dressing rooms and common space. This field house is shared with the tenant (SWTC). The Roll number is 040.001.01900.0000.

In 1992 the City of Sudbury authorized a lease agreement with the Sudbury Winter Tennis Club by the passing of By-law 92-185. As per the lease, there was no rent payable and the club was responsible for property taxes, if assessed. Subsequent lease agreements had similar terms related to the need for the club to pay property taxes, if assessed.

In the fall of 2017, staff advised the SWTC that the facility was assessed by MPAC resulting in taxes owing back to 2016.

In March 2018, the Board of the SWTC informed the City of its inability to pay the outstanding taxes for 2016 and 2017 and they would not be in a position to pay future property taxes and requested that the City provide similar relief to that offered to the Northern Water Sports Centre. Without relief the Board felt the SWTC would close.

On June 4, 2019 the Finance and Administration committee gave approval to the Sudbury Winter Tennis Club being designated as a municipal capital facility.

Legislation Regarding Municipal Capital Facilities

Section 110 of the Municipal Act and Ontario Regulation 603-06 provides the authority for a municipality to designate a facility as a municipal capital facility under certain terms and conditions. With reference to the Sudbury Winter Tennis Club, a condition of the designation includes the execution of a lease between the Sudbury Winter Tennis Club and the City of Greater Sudbury. The current lease for the period January 2, 2012 to December 31, 2021 satisfies that requirement. Under provincial legislation, the facility appears to meet the criteria of a municipal capital facility since one of the eligibility requirements is noted as "municipal facility used for cultural, recreational or tourist purposes".

Property Tax Arrears

As a result of the addition of the Sudbury Winter Tennis Club to the tax roll, approximately \$61,000 in property taxes remain unpaid. The designation of a municipal

capital facility would make the facility exempt from property taxes on a go forward basis but does not deal with tax exemption retroactively. An alternate strategy is required to address the property tax arrears.

Legislation Regarding the Provision of Grants

Section 107 of the Municipal Act authorizes a municipality the general power to make grants to any person, group or body. Since there is no other applicable legislation to strike a tax liability from the tax roll, it would be appropriate for members of City Council to authorize a grant in the approximate amount of \$61,000 to cover to cost of the property tax arrears at the Sudbury Winter Tennis Club.

Summary

It is recommended that the City of Greater Sudbury designate the Sudbury Winter Tennis Club as a Municipal Capital Facility and that the appropriate by-law be passed.

It is further recommended that City Council authorize the provision of a grant to the Sudbury Winter Tennis Club to offset the property tax arrears in the approximate amount of \$61,000 to be funded from the Tax Rate Stabilization Reserve.

Relevant Links for Further Information:

1. Finance and Administration Committee meeting of June 4, 2019

Staff report: Sudbury Indoor Tennis Centre Request for Tax Relief

<http://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1368&itemid=16956&lang=en>