

Request for Decision

Northern Water Sports Centre - Request for Tax Relief

Presented To: Finance and Administration Committee

Presented: Wednesday, Apr 12, 2017

Report Date Tuesday, Mar 28, 2017

Type: Managers' Reports

Resolution

WHEREAS the Northern Water Sports Centre (NWSC) is occupied by the Canoe Club, Rowing Club and Dragon Boat Festival; and

WHEREAS the City of Greater Sudbury and the NWSC signed a Memorandum of Understanding that the NWSC would be responsible for all taxes for this facility; and

WHEREAS the Chair of the NWSC has requested property tax relief from the City;

THEREFORE be it resolved that the City of Greater Sudbury abide by the terms of the Memorandum of Understanding and not provide tax relief to the NWSC.

Finance Implications

If Option 1 is approved, the City will continue its collection efforts for taxes payable on this property.

If Option 2 is approved, Council would determine the amount of the grant to the Northern Water Sports Centre for the provision of paying property taxes.

If Option 3 is approved, the City would write off 2016 and 2017 property taxes totaling between \$60,000 and \$100,000 depending on the date of the passage of the bylaw. In addition, this lost assessment would reduce the tax base and the additional taxes would be passed on to all other tax payers.

Background

The Northern Water Sports Centre is located on City owned land, forming part of Bell Park. The facility is occupied by the Canoe Club, Rowing Club and Dragon Boat Festival as tenants in accordance with a Memorandum of Understanding dated September 13, 2013.

Signed By

Report Prepared By

Tony Derro
Manager of Taxation
Digitally Signed Mar 28, 17

Division Review

Ed Stankiewicz
Executive Director of Finance, Assets and Fleet
Digitally Signed Mar 28, 17

Recommended by the Department

Kevin Fowke
General Manager of Corporate Services
Digitally Signed Mar 28, 17

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Mar 28, 17

The construction of the NWSC, with a budget of \$4.6 million commenced in 2013. There were a number of parties that supported this initiative and they are as follows:

City of Greater Sudbury	\$516,000
Fednor	\$1,140,000
NOHFC	\$1,055,000
Xstrata	\$1,000,000
Community Fund Raising & NWSC Partners	\$441,000
Future Fund Raising	\$400,000
	\$4,552,000

Once constructed, the operating arrangement provided for 65% paid by NWSC and 35% by the City of Greater Sudbury. The City currently has a \$30,000 annual budget for the operation of this facility. This formula was identified in the Memorandum of Understanding and was to form part of the lease agreement.

Members of the Northern Water Sports Centre have notified the City of their inability to pay the property taxes. A letter dated January 16, 2017 from Mr. Ron Mulholland is appended to this report for the information of Council. The Northern Water Sports Centre is requesting a grant to offset the property tax bill.

Tax Implications

In the Memorandum of Understanding, the NWSC agreed to pay all taxes on the facility. In 2016, the Municipal Property Assessment Corporation reviewed the property and provided a Current Value Assessment. This property has received a supplementary tax bill of \$38,833 for 2016, which represented just over seven months of occupancy. An annualized tax bill would be approximately \$65,000.

As of this date, the NWSC has not met its obligation and has not paid the 2016 supplementary tax bill.

Options

Option 1

City Council may deny the request for a funding grant from the Northern Water Sports Centre and uphold the terms of the Memorandum of Understanding signed by the group on September 13, 2013. Should Council choose this option, the Finance Division will continue its collection efforts, via its Accounts Receivable Section.

Option 2

City Council may consider providing a grant or partial grant to the Northern Water Sports Centre, equivalent to or partially equivalent to the property tax liability generated by its occupation of the facility. City Council's authority to provide grants can be found in Section 107 of the Municipal Act. However, this action may encourage other groups occupying similar facilities to approach Council in an effort to be treated in the same fashion. The annual property taxes are estimated to be approximately \$65,000.

Option 3

Properties owned and occupied by a municipality are exempt from taxation pursuant to Section 3 of the Assessment Act. However, where a municipality leases property to an organization or group, the property becomes taxable. If such a tenanted property is designated as a Municipal Capital Facility, the property becomes exempt from taxation. City Council may, by by-law, designate the Northern Water Sports Centre

as a Municipal Capital Facility as authorized under Section 110 of the Municipal Act. Should Council choose this option, the Northern Water Sports Centre would be exempt from taxation and the lost revenue would be passed on to all other property owners in the City.

A previous report requesting that the Family Health Team's facilities be deemed Municipal Capital Facilities and therefore becoming tax exempt was presented for consideration to the Finance and Administration Committee and was denied.

Summary

It is recommended that the City of Greater Sudbury abide by the terms of the Memorandum of Understanding and not provide tax relief to the Northern Water Sports Centre.

Reference

[Northern Water Sports Centre Lease Agreement Report April 23, 2013](#)



Memorandum of Understanding

This document represents an Agreement between:

City of Greater
Sudbury
Ville du Grand
Sudbury

The City of Greater Sudbury

PO BOX 5000 STN A
200 BRADY STREET
SUDBURY ON P3A 5P3

and

The Northern Water Sports Centre

CP 5000 SUCC A
200 RUE BRADY
SUDBURY ON P3A 5P3

Description of Collaborating Organizations

705.674.4455

www.greatersudbury.ca
www.grandsudbury.ca

The City of Greater Sudbury (CGS) is a municipality upon whose lands the new water sports centre will be built and who will be the owner of said lands and associated buildings.

The Northern Water Sports Centre (NWSC) is a non-profit organization. The new water sports centre facilities will support the programs of the Sudbury Canoe Club, the Sudbury Rowing Club and the annual Sudbury Dragon Boat Festival. The water sports centre will include the construction of two fully accessible buildings on a fully accessible site with a courtyard and large, hard surfaced apron to facilitate wheelchair access to the docks and beach.

Objectives and Scope:

One of the two buildings to be constructed will be used exclusively for the storage of boats, and the other, which will be the main building, will be used for boat storage and year-round programming. The main building will include a 1,038 square foot training and gathering space with kitchen facilities, an adjoining outdoor deck, a 240 square foot meeting room and barrier-free washrooms. Community groups as well as the NWSC will be able to book space in these areas via the City's facility booking system, with fees based on the User Fee By-law. A minimum of 35% of the facility booking schedule will be available for community usage, after the NWSC has had an opportunity to book the space for its programming needs. There will also be public access to decks and exterior washroom facilities during regular municipal park hours and access to the internal change rooms, washrooms and public spaces of the building during regular facility hours, if open to the public. Should the city be opening the facility to the public or renting the space to a non-NWSC club member, then 48 hours notice will be given to the NWSC. A number of docks will be constructed to provide access to the water sports programs.

The Purpose and Terms of the Memorandum of Understanding (MOU)

The purpose of this MOU is to set out interim Terms and Conditions for construction of the Phase 1 project that, once completed, will be formalized and incorporated within the final lease document between the CGS and the NWSC.



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Ville du Grand Sudbury

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Terms and Conditions that will form part of the Lease:

1. The lease term will be for 5 years with the option of 3 extensions of 5 years each, to a maximum of 20 years.
2. There will be no annual lease fees payable to the CGS.
3. The operating costs will be split based upon the agreed formula in Appendix A: approximately 65% NWSC and 35% CGS.
4. Revenue generated will also be split 65/35 NWSC and CGS.
5. The Great Room will be available for rent by the public a minimum of 35% of the time. If the room is not booked 2 weeks prior, it can be booked by the clubs.
6. The CGS will be responsible for interior and exterior repairs unless damage was caused by the clubs' use of the facility.
7. NWSC will be responsible for any and all taxes should they become payable.
8. The CGS building on McNaughton (currently used by the Sudbury Canoe Club, Sudbury Rowing Club and Sudbury Dragon Boat Festival) will be fully vacated once the new buildings are completed and occupied. It is understood that the NWSC and its club partners will continue to use the dock facilities at the McNaughton site, for its on-water events involving the NWSC race course.
9. The NWSC must comply with all CGS by-laws, with some exceptions, pertaining to parks hours and usage (this may be subject to limitations depending on circumstances).
10. Insurance for the building and property is to be obtained by the City of Greater Sudbury. Insurance for the operations and contents will be the responsibility of each of the partners, NWSC, CGS, Sudbury Rowing Club, Sudbury Dragon Boat Festival and Sudbury Canoe Club.

Terms and Conditions during Construction:

1. The construction of the buildings will be managed by CGS staff; Frank Taylor of Parks Services will be the main contact and Bruce Drake of Quality, Administrative and Financial Services will be the contact for financial issues.
2. All contemplated Change Orders (and costs) are to be approved by Catherine Matheson, General Manager, Community Development. The NWSC Project Manager will be consulted on all contemplated changes that are initiated by the city or the contractor.
3. The NWSC Project Manager will be notified, in advance, of funds being released as Project Expenditures (all contracted amounts and possible extra costs), to facilitate the NWSC Board's tracking of project expenditures.
4. Funding collected to date for the NWSC's share of the estimated Phase 1 construction cost, will be turned over to the CGS for the administration of the construction contract.
5. Reconciliation of funds raised and expenses will be provided to City staff.
6. If there are any excess funds once the construction is complete and all levels of government funding have accepted the finalized and reconciled construction cost, the excess funds will be reviewed with the NWSC Board, held in trust by the City, and applied to the mutually agreed-upon, best use of those funds.
7. Construction costs cannot exceed funding currently available, ~~either~~ ^{CGS CB TJSU} in the bank or committed via ^{Acct CS TJSU} funding partners.

Effective as of August 26, 2013


Catherine Matheson, General Manager, Community Development
Signed on behalf of The City of Greater Sudbury

Date Sept. 13/13



Dr. Thomas Merritt, Chair, Northern Water Sports Centre
Signed on behalf of the Northern Water Sports Centre

Date August 27, 2013



Mike Jakubo, Chair
Finance and Administration Committee
City of Greater Sudbury Council
Sudbury, Ontario

16 January 2017

Dear Mr. Jakubo

I am writing to request a grant for tax relief for the Northern Water Sports Centre. Find attached a copy of the property tax bill for \$38,000. You may know that taxes at the Elizabeth Street building were nil; the previous NWSC board never contemplated this amount.

We are being treated as tenants by MPAC while we are presently operating under an MOU (attached) with no lease. Nevertheless, the MOU clearly states we will be responsible for any taxes payable. I am not sure the signers of the document understood that meant a tax bill in such a large amount, \$38,000.

We operate on a modest budget; this year it is less than \$30,000 if we don't count our NOHFC intern salary (\$31,500). Our ability to raise funds depends on our member clubs, the Canoe Club, Rowing Club and Dragon Boat festival, all who also have modest budgets.

The Canoe Club is well known in Sudbury for its strong volunteer base and many successful programs that introduce children and youth to experiences on the water.

The Rowing Club has volunteer coaches and a successful para rowing program that this year saw one of its participants (Curtis Halladay) win a Paralympics bronze medal. Additionally, Carling Zeeman, also coached by our volunteer Amanda Schweinbenz, rowed in Rio. Equipment, training and regatta expenses are high in this sport.

The Dragon Boat Festival has raised over \$1.5million for local charities. As a registered non-profit they operate on a minimal budget.

The point is, all three clubs as well as the NWSC itself, are run by volunteers on modest budgets and do good work for our community. It will be an unfair burden to shoulder this load in addition to the hard work, fundraising, and long hours already being contributed by volunteers. For this reason, we are requesting a grant from the city to offset this tax bill.

We are also requesting the City's assistance in addressing the appropriateness of a tax bill from MPAC. We are not tenants; as we do not have exclusive access to the building, particularly the hall but also the terrace, exterior washrooms internal washrooms, change rooms and public spaces. As you know, the City is responsible for hall scheduling. Further details regarding our partnership with the City are found in the attached MOU.

I am pleased to respond to further questions. I look forward to a response from your committee.

Sincerely

A handwritten signature in blue ink that reads "Ron Mulholland".

Ron Mulholland, Chair
c. Deb McIntosh, Fern Cormier
c. Tyler Campbell, Bruce Drake