



SUBJECT: Joint Venture review

TO: Committee of the Whole - Workshop

FROM: Parks & Recreation Department

Report Number: PR-07-17

Wards Affected: All

File Numbers: 900-04

Date to Committee: October 3, 2017

Date to Council: October 10, 2017

Recommendation:

Receive and file parks and recreation department report PR-07-17 regarding Joint Venture review.

Purpose:

A Healthy and Greener City

- Healthy Lifestyles

An Engaging City

- Good Governance
- Community Building through Arts and Culture via Community Activities

The purpose of this report is to provide background information for the Committee of the Whole Workshop on October 3rd, 2017, regarding Joint Venture (JV) relationships in the City of Burlington. This report provides an overview of the current status and issues surrounding JVs, including an overview of the Leisure Services Policy and decision framework for the provision of recreation services. The information in this report is to provide background and context and support the discussion at the pending workshop.

Background and Discussion:

The City has Joint Venture Agreements with twenty-one (21) not-for-profit organizations that offer programs and services to the community. The JV concept is a collaborative approach in the delivery of programs which is consistent with the Council approved

[Leisure Services Policy](#) and the [2009 Parks, Recreation and Cultural Assets Master Plan](#).

The Leisure Services Policy provides a framework to assess community needs and determine the most appropriate service delivery model. The JV model is one of several delivery options within this policy.

The City entered into its first JV agreement in 1954 with the Burlington Curling Club. The majority of subsequent agreements and JV facilities were developed in the 1970's and 1980's. The concept of the JV model was primarily developed based on community initiative and the efforts of volunteers. Volunteers continue to play a vital role in the operation and sustainability of JVs today.

While the development of most JV agreements pre-dates the Leisure Services Delivery Policy (2002), the City undertook a similar process to evaluate new service proposals that included:

- Community needs assessment
- Options analysis
- Organization assessment
- Business plan
- Feasibility study

Once the assessment was completed and the JV proposal was deemed viable, Council approved the initiative and an agreement was developed.

Arrangements with Joint Venture Organizations:

Joint Ventures have exclusive use of a facility on City owned or leased land, to provide services to Burlington residents. JVs do not pay rent nor do they pay property taxes given their operational classification. JVs are responsible for all costs associated with operating and maintaining their facility, as outlined in the [Joint Venture Policy](#). While the JV policy has existed for many years, a review in 2010 resulted in the re-affirmation of the key working principles of the policy.

Under the approved JV Policy, staff from Legal, Capital Works, Finance and Parks and Recreation developed a standardized rolling month to month agreement in order to extend expired JV Agreements until such time new formal agreements are executed. At this time most JVs are on a rolling month to month agreement.

In 2016, staff developed a new JV Agreement template, with the goal to move the JV from their interim month to month agreements to longer term agreements. The new agreement was established based on the principles already approved by Council which included the responsibility of JV organizations to fund their own capital. New agreements were issued to JV organizations in June 2016. Some JVs expressed

concern with the length and detail of the agreement and the requirement to fund all capital costs without the support of the City.

With aging infrastructure and a greater understanding of capital renewal needs through City condition assessments, some JVs continue to be concerned about their ability to fund future capital renewal.

Of the thirteen (13) JVs needing to move from a month to month agreement, only four (4) JVs have signed the new agreements for the reasons noted above. In addition, some JVs feel that the JV policy requirements around self-funded capital investment may be changing based on an upcoming report to Council.

Most recently, a number of JVs have expressed an interest in facility revitalization and expansions including the LaSalle Park Marina wave break, Burlington Gymnastics expansion, Aldershot Tennis Club revitalization, Rifle and Revolver Club new facility, and Drury Lane renovation. A number of challenges have come to light in recent years including:

- Some JVs are having challenges funding capital renewal, while others are self sustainable
- The scale of these types of projects is beyond the capacity and technical expertise of volunteer organizations and will require an investment of City staff and resources
- Some of the proposed expansion projects include encroachment into City park land
- Some JV organizations rely on government infrastructure funding (e.g. grants) for major projects which may compete or align with City interests and priorities

In consideration of the above, Council appropriately approved the following staff direction:

Direct the City Solicitor and the Director of Parks and Recreation to undertake a review of the Joint Venture Policy (JVP) particularly with respect to the undertaking of capital projects and report back on any recommended changes.

To support this review, a senior staff steering team has been meeting to discuss this topic. The steering team is comprised of the City Manager, Director of Parks and Recreation, City Solicitor, Director of Finance, Executive Director of Capital Works, Manager of Community Development Services, Manager of Recreation Services and Recreation Planners in Parks and Recreation. This team decided it would be prudent to bring Council into the conversation in the form of a Committee Workshop.

It is important to note that while all twenty-one (21) organizations are considered JVs, each organization has significant differences in their service delivery, customers, operating model and financial sustainability.

Strategy/process

The Committee Workshop will provide:

- A brief overview of the background related to JVs
 - Identification of the current state
 - A review of the Leisure Services Policy and process undertaken to arrive at the current state
 - Focused conversation on the challenges outlined regarding JVs
 - Discussion on options moving forward
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Financial Matters:

For the purposes of this workshop, financial matters will be discussed as related to the current state and proposed options moving forward.

Connections:

This discussion links Council's vision of a Healthier and Greener City and providing opportunities through a variety of community partners. In addition, discussion will be linked to the City's Asset Management Plan.

Public Engagement Matters:

Staff held a workshop with JVs on April 5, 2017 to discuss how JVs can better meet their asset management needs. There was a range of opinions from JVs varying from the City should be financially supporting all capital renewal of the buildings, since they are City owned, to the City should remain status quo as outlined in the policy and agreement. There was not a clear consensus amongst the JV group.

Conclusion:

Joint Ventures are one of a few service delivery arrangements that the City uses to offer Sport, Recreation and Culture Services to Burlington residents. It is a truly empowering partnership model where the Board of the Joint Venture manages the operational, programming and capital upkeep of the facility, in return for exclusive use of a facility on City land. Staff is looking forward to an engaging discussion with Council about this service delivery model.

Respectfully submitted,

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Report Approval:

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.