

Municipality of Chatham-Kent
Infrastructure and Engineering Services
Parks, Recreation and Cemeteries Division

To: Mayor and Members of Council
From: Scott Mailing
Acting Director, Parks, Recreation and Cemeteries
Date: May 20, 2021
Subject: Motion - Free Rental of Community Asset

This report is for the information of Council.

Background

The following Motion was approved by Chatham-Kent Council at the September 9, 2019 meeting:

Mayor Canniff – FREE RENTAL OF COMMUNITY ASSET – “Whereas, over the years there has been several community organizations and partners that have done significant fund-raising to develop community assets, Whereas, those community partners have given ownership of those community assets to the municipality of Chatham-Kent free of charge, Whereas, anytime those community stakeholders want to use the community asset they donated are charge for the use of that asset/facility. Therefore, it is recommended that any group that donates a community asset to the municipality be allowed use of said community asset free of rental charge and any other resulting charges from the use of that facility. Also, that administration come back to Council with a report showing the financial impact to the municipality. The report shall be returned to Council no later than the end of November and Council to then vote on a motion to provide a community partner use of any asset they donated to the municipal, free of rental or any other associated charges.”

The following friendly amendment was subsequently added:

Cl. Harrigan – Rental Fees for Community Asset Donors– to also include “that the report include the anticipated costs to introduce a not for profit rate for CK parks, recreation, arts and culture facilities.”

Comments

In October and November of 2019, Parks, Recreation and Cemeteries staff conducted a Divisional review of assets that community organizations and individuals contributed to

financially. This review further focused specifically on assets or items associated with facilities that the municipality currently rents (Appendix A).

The results determined that since 1981, the Municipality has received a wide range of donations with respect to donation value and items. Based on the date of the donation, its value and purpose, and the investment made by the Municipality since the date of the donation, it is very difficult to determine an equitable manner to propose a free rental of a municipal facility. At times, the municipal investment made in maintenance since the donation was received and the lifecycle upgrades at the time of the donation, far exceeds the original donation value. On-going municipal investments are provided by the general tax base.

In addition, there are significant direct costs associated with the rental of any facility. The fees charged serve to offset a portion of the cost of utilities, staffing, janitorial and other maintenance required to make the facility available for rental. Providing free use would require all taxpayers to pick up the incremental expenses.

Municipal rental facilities are already heavily subsidized by the taxpayer. User fees fund 6.2% of the annual budget or approximately \$21M. Any decrease in a user fee will result in a corresponding tax increase to balance the budget.

Existing “Not for Profit” Discounts

In 2009, the Municipality established “Not for Profit” rental rates that equate to a 40% discount off regular rental rates. Under the User Fee By-law as approved by Council annually, organizations must meet the following criteria to access the Not for Profit rental rates:

1. Must qualify as a Not-for-Profit or Charitable group/organization
2. Must be Chatham-Kent based group
3. Cannot sublet to other groups
4. Must complete and submit application form requesting the 40% discount off regular rental rate
5. In arena facilities, discounts apply only to arena halls and off-season ice surface

The Not for Profit/Charitable Discount Application Form must be submitted to ckrecfacilities@chatham-kent.ca for final review and approval.

Council Approved “Not For Profit” Rates

Rental Item	Regular Rental Rate (excludes HST)	Not for Profit Rate (excludes HST)
Daily Event – Off Season (Applies to multi-purpose rooms in arenas)	\$336.70	\$202.02
Daily Event – Season (Applies to multi-purpose rooms in arenas)	\$205.63	\$123.38
Daily Event – Tilbury/Dresden (Applies to the arena hall)	\$478.01	\$286.81

Rental Item	Regular Rental Rate (excludes HST)	Not for Profit Rate (excludes HST)
Hourly Event – Off Season (Applies to multi-purpose rooms in arenas)	\$43.33	\$26.00
Hourly Event – Tilbury/Dresden (Applies to the arena hall)	\$61.59	\$36.95
Arena Floor – Hourly Adult	\$71.39	\$42.83
Arena Floor - Daily	\$801.65	\$480.99
Bothwell Scout Hut – Event	\$51.71	\$31.03
Bothwell Scout Hut – Meeting	\$29.32	\$17.59
Brunner Centre – Daily/Alcohol	\$236.47	\$141.88
Brunner Centre – Hourly	\$37.06	\$22.23
Ridgetown Youth Centre – Daily	\$158.16	\$94.89
Ridgetown Youth Centre – Daily/Alcohol	\$236.47	\$141.88
Ridgetown Youth Centre – Hourly	\$37.06	\$22.23

The majority of donors indicated in Appendix A could either access the above “Not for Profit” rates or the minor rental rates.

In addition to the “Not for Profit” rental rates for halls and arena floor, the Municipality offers “Last Minute Ice” at \$100/hour + HST. Current trial reduced regular ice rates are:

- Prime Rate: \$173/hour + HST
- Minor and Non-prime Rate: \$152/hour + HST

This rate applies to unbooked ice time and is available from November to the end of season. ‘Last Minute Ice’ must be booked within one to four (1-4) days from the date of booking.

Donations to the municipality are appreciated and are a normal process in communities across Canada. However, it must be recognized that there is a significant on-going investment required by the general tax base to maintain the asset. In time, the municipal investment will exceed the original donation.

It is important to note that an exchange of free service for donations will effectively eliminate tax donation receipts to individuals and organizations. The Canada Revenue Agency (CRA) requires Chatham-Kent to determine the fair market value of any donation. The estimated value of receiving a free service in perpetuity will have to be

subtracted from the tax receipt. If this practice is considered retroactively, the CRA may require a retroactive payment for the original tax benefit received.

Based on the current level of subsidies and discounts in place, in addition to the potential elimination of a tax receipt and complex CRA considerations, Administration recommends the rental policies currently in place remain.

Consultation

The Chief Financial Officer was consulted on this report.

Financial Implications

There are no financial impacts associated with this report. There will be significant financial harm by implementing a free rental policy for community assets to the ability to attract donations and to issue donation receipts. The loss of user fees could be significant requiring new taxes to replace the loss.

Prepared by:

Reviewed by:

Scott Mailing
Acting Director
Parks, Recreation and Cemeteries

Thomas Kelly, P.Eng., MBA
General Manager
Infrastructure and Engineering Services

Consulted and confirmed the content of the consultation section of the report by:

Gord Quinton, MBA, CPA, CGA
Chief Financial Officer / Treasurer /
General Manager, Finance, Budget, Information Technology & Transformation

Attachment: Appendix A – Community Asset Donors

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Appendix A – Community Asset Donors

Community	Year	Donation Value	Donor	Donation Purpose
Blenheim	various	\$1,000-\$3,000	Blenheim Slo-pitch League	Benches at diamonds
Blenheim	2019	\$1,500	Blenheim Bee's Minor Baseball	Pitching mount on Centennial baseball diamond
Bothwell	unknown	\$150,000	Optimist	Arena, skate park, splash pad, Scout Hut
Chatham	2018	\$75,000	Chatham Youth Soccer	Donation toward new fieldhouse
Chatham	1990-2010	data unknown	Various	Wall of Fame/Thanks, Thames Campus Arena
Chatham	1990	data unknown	Chatham Minor Hockey; Loyal Order of the Moose; Chatham Lodge 1692; Union Gas Ltd.; Chatham Jaycees; Athletic Alley	Building of Thames Campus Arena
Chatham	unknown	data unknown	Brian Bennett; Chatham Maroons; Leeds Cabinets; Jim Wilcox Electric	Chatham Sports Hall of Fame
Dresden	unknown	\$5,000	Dresden Kinsmen	Zamboni
Dresden	1981-1982	data unknown	Various	Arena/hall building
Dresden	unknown	\$10,000	Dresden Sertoma	Arena - general improvements
Ridgetown	2016	\$40,000	Kiwanis Club	Shelter
Tilbury	2003	\$15,000	Tilbury Kinsmen	Skate sharpening machine
Tilbury	2015	\$5,000	Tilbury Action Team	Accessible lift chair for the Tilbury pool
Wallaceburg	2017	data unknown	Red Devils Jr B Lacrosse/Trillium Grow Grant	Upgrades to dressing room
Wallaceburg	2013	\$25,000	TSN Kraft - Red Devils/Minor Lacrosse	Glen Mickle Park lacrosse courts
Wallaceburg	2005	\$20,000	Sports Hall of Fame	Kinsmen - Scoreboard at Andy Johnston ball diamond
Wallaceburg	various	data unknown	Wallaceburg Minor Baseball	Kinsmen Park - ball diamond upgrade

Community	Year	Donation Value	Donor	Donation Purpose
Wheatley	2005	\$4,000	Wheatley Figure Skating Club	Sound system enhancements (has been replaced since)
Wheatley	unknown	\$15,000	Wheatley Soccer Organization	Assisted CK with soccer improvements (drainage, nets)
Wheatley	unknown	\$25,000	Wheatley District School Boards	Assisted CK with new playground equipment, track improvements, soccer nets
Wheatley	2016	\$2,500	Wheatley Adult Ball Leagues	Assisted CK with new baseball safety bases/storage