



# Corporate

NO: R180

# Report

COUNCIL DATE: \_\_ July 23, 2001

<b>REGULAR</b>			
<b>TO:</b>	<b>Mayor &amp; Council</b>	<b>DATE:</b>	<b>July 16, 2001</b>
<b>FROM:</b>	<b>General Manager of Parks, Recreation and Culture</b>	<b>FILE:</b>	<b>8072-003</b>
<b>SUBJECT:</b>	<b>Contract Renewal for Surrey Sport and Leisure Complex</b>		

## RECOMMENDATION

It is recommended that Council:

1. Approve in principle the amendments to the contract with Leisure Aquatics (1999) Incorporated and Black and McDonald Limited carrying on business in the partnership under the firm name and style of Leisure Aquatics/B&M Group (the Contractor) including the provision of a five-year extension.
2. Authorize the counter-petition process for the amendment to the contract.

## BACKGROUND

In September 1999, the Contractor began operating the Surrey Sport and Leisure Complex. The City entered into a three-year contract with a two-year option to renew. The existing contract expires March 31, 2002. The Contractor has requested that the City explore the option to amend the term of the extension from two to five years, so that the Contract would expire on March 31, 2007. An extension of the contract for an additional five-year term requires the City to initiate a counter-petition process to be in compliance with Section 334.1 of the *Local Government Act*, R.S.B.C. 1996, c.323, regarding the City not incurring any liabilities beyond five years.

## DISCUSSION

The primary reason for the Contractor to request a five-year extension is to allow them to make longer term commitments to key staff and to provide the City with additional capital investment. In exchange for the extended five-year renewal term, additional funding will be contributed by the Contractor for maintenance and fitness equipment capital that is not available with a two-year extension. Capital funding contributions will be made to the City by the Contractor while the compensation available (\$537,000) to the Contractor will not change, thus maintaining the lowest subsidy for a pool operation of its size in the Lower Mainland.

Legal Services has advised that authorization to proceed with a counter-petition is required to modify the

original two-year option to renew clause in the existing contract and extend the term for five years. If the counter-petition is unsuccessful, the contract would revert to its original status with a two-year option to renew.

### **Key Modifications of the amendment to the Contract**

**Term:** The term of the contract will expire on March 31, 2007.

**Leisure Access Program:** The Contractor agrees to participate and comply with the Leisure Access Program and amend the existing contract for the City to provide up to a maximum of \$25,000 subsidy each year to cover direct program costs. Previously, the City was responsible for payment of all Leisure Access Program clients at market value which sum could exceed \$25,000. This change was negotiated in September, 2000 and has saved the City over \$50,000 in the past year.

**Capital Contributions:** The Contractor will contribute a total of \$37,500 towards additional fitness equipment over the five-year period.

**Maintenance:** The Contractor will contribute an additional \$6,000 per year towards maintenance items under \$5,000 for every year of the extension.

### **CONCLUSION**

To date, the Contractor has provided quality aquatic and fitness services to the community in an economically viable manner. The year 2000 attracted over 570,000 participants to the new centre with increasing numbers expected for 2001. A customer service survey implemented last year produced results that confirmed the public's overall satisfaction with the facility, programs and staff. It is felt that it is in the City's best interest to pursue a five year extension with the Contractor. A five-year extension secures additional capital funding from the Contractor that will assist in maintaining the integrity of the building and its assets as well as provide stability for the Contractor's staff and operations.

Don Hunter, General Manager  
Parks, Recreation and Culture

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