



STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG

Community Services, Protection, and Economic Development Standing Committee

Report to: Mayor, Deputy Mayor, and Councillors
From: Brian Geerts, Director of Community Services
Standing Committee Date: February 7, 2024
Report Number: COMM-2024-003
Council Meeting Date: February 28, 2024
Subject: **Canadian Fire Fighters Museum Negotiations Update**

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1. Recommendation:

THAT Council receive this report for information purposes; and

FURTHER THAT Council commends the Canadian Fire Fighter's Museum volunteers for their diligent efforts and creativity thus far; and

FURTHER THAT Council recognizes the importance of public museums as an integral part of the cultural fabric of Cobourg.

2. Executive Summary:

The Memorial Arena has been an integral part of Cobourg for decades; the proposal and plan of the Canadian Fire Fighter's Museum could activate the building once again and provide a new cultural space for the citizens of Cobourg, Northumberland, and beyond.

3. Background

Previous Council Reports provide extensive background on the process to date:

June 5, 2023

Approval of Exploratory Works for Canadian Fire Fighter's Museum (177-23)
[eSCRIBE Agenda Package \(escribemeetings.com\)](https://cobourg.escribemeetings.com/)

September 26, 2022

Memorial Arena: New Use Recommendations Report to Council (130-22)
<https://cobourg.escribemeetings.com/layouts/escribe/pages/landing.aspx?action=report&id=775>

4. Discussion:

Following the approval of Report 177-23, the Canadian Fire Fighter's Museum (CFFM) proceeded to complete detailed site investigations and analysis to test the Memorial Arena facility against the concept of a public museum. At the site meeting with staff and CFFM board members on January 24, 2024, the CFFM notified the town that their preliminary investigations are complete and the Memorial Arena is their preferred site for a long-term lease for museum purposes. Staff are encouraged by the diligence, collaboration, and vision of the CFFM.

The boundaries of the negotiations thus far for a lease for the CFFM have been mirrored after the lease with the Curling Club at the Jack Heenan Arena. While the activities offered by the two organizations vary, a similar legal agreement and structure will ensure cooperative use, fair regulations, and comparable costs are applied to both groups for renting similar facilities.

The following list summarizes the primary elements and mechanisms discussed within the proposed lease negotiations to date:

- Parties (2): Town and Canadian Fire Fighters Museum (CFFM)
- Property Description: Interior Premises of Memorial Arena
- Term: July 1st, 2024 – June 30th, 2044: 20 years
- Use of Premises: Fire Fighter's Museum and ancillary uses open to the public.
- Maintenance and Repairs: Town building envelope (roof, walls, doors, windows, foundation); CFFM interior Premises
- Utilities and Services: CFFM
- Insurance: CFFM insures Premises, plus compensates Town for the overhead cost of Town insurance
- Rent: \$18,200/annum + HST (Utilities extra) (\$364,000 gross)
- Termination clause: 365 days' notice (generally; specific clauses vary)

- Assignment and subleasing: None
- Indemnification: Same as curling club lease
- Dispute Resolution: Same or better than curling club lease
- Improvements and Alterations: Interior (Premises) CFFM; Exterior (building envelope) Town
- Option To Purchase or Sell: similar to curling club lease
- Performance Metrics: detailed in the lease as days and frequency open to the public once operational

5. Financial Impact and Budget

As discussed in previous reports, it may be financially advantageous for the Town to find a purpose for the Memorial Arena at least until the end of the roof-top solar lease on September 17, 2035.

Until that date, the facility and common areas will require at least basic levels of maintenance to maintain the safety and appearance of the site. It is advantageous for the Town to find additional revenue to offset the ongoing expenses.

Operating revenue and expenses for the Memorial and Jack Heenan Arena sites can be found on pages 219 and 220 of the 2024 Budget:

[2024-Operating-Estimates.pdf \(cobourg.ca\)](https://www.cobourg.ca/2024-Operating-Estimates.pdf)

Understanding that the two arenas may be leased to community organizations, a common lease and funding structure has been drafted to ensure the Curling Club and the Canadian Fire Fighter's Museum operate and contribute fairly.

Considering that the Memorial Arena is substantially older and in a poorer state of repair, the rent amount is recommended to be slightly lower than Jack Heenan considering the substantial improvements that will be required to the Memorial Arena. However, it is not necessarily up to the Town to bear any of the significant conversion costs to make the Memorial Arena a modern museum.

As the zoning for the site is designated for municipal and institutional uses, it is difficult to compare the Memorial Arena lease rate to other leases for municipal, commercial, or industrial buildings. While the building is structurally sound, it has low utility for most purposes. Considering a generally usable space of 25,000 square feet, the draft unit cost is \$0.748 per square foot plus utilities. This low rate reflects the low utility of the facility.

2024 Current Furnace St Revenue:	\$	Notes:
Curling:	(20,200)	Plus utilities
Solar Rental:	(6,000)	
Revenue Subtotal:	(26,200)	
2024 Expenses:	77,248	
Current Net Cost To Town:	51,048	
<i>Potential</i> New Revenue from CFFM Lease:	(18,200)	Plus utilities*
Potential Net Cost To Town:	~32,848	

*The CFFM, as a tenant, would pay its own utility costs. As these savings are observed, the Town’s utility operating budget for Furnace St facilities will be forecasted down.

Should Council wish to consider alternatives, other revenue generation and funding options exist. For example, considering the substantial work and costs that the CFFM may incur in converting the Memorial Arena into a modern museum and considering that all physical improvements to the building will become Town property at any end to the lease, a deferral of rent could be considered by spreading the cost of the first two years of rent over the remaining term. This protects taxpayers from indirectly funding the expenses of a charitable organization while giving the CFFM enough time to fundraise and accumulate grants. In this scenario, rent would begin at the beginning of year three for 20,222.22 per annum. Utilities would continue to be paid by the tenant from day 1 of the lease. Other options exist, but this example provides the same cost recovery as the revenue table above.

Should any reduction in rents be considered, staff recommend considering the reduction a municipal grant and tracked as such in the Municipal Grants process.

Next Steps:

Staff will continue to negotiate in good faith with the Canadian Fire Fighters Museum representatives using the elements and mechanisms noted above in sections 4 and 5 unless otherwise directed by the Council.

As of June 30, 2024, the exploratory phase of the CFFM will end at the Memorial Arena. If a lease is not approved by that time or the CFFM determines their plans are not viable by that date, staff will come back to Council with a report including new options for other facility uses and recommended next steps.

6. Relationship to Council's Strategic Plan Priorities 2023 to 2027 and beyond:

Thriving Community

In addition to the Strategic Plan, Museum services align closely with the goals and purpose of the Culture Master Plan

Culture Master Plan – Defining Culture and Cultural Resources (Page 12)

Cultural Enterprises - This resource represents various cultural businesses engaged in creating and producing cultural goods or services. Assets include antique dealers, artistic representatives, public art galleries, bookstores, breweries, wineries, local radio stations, craft suppliers, dance studios and instruction, graphic design services, web design and production services, motion picture and video productions, libraries, history museums, musicians, music instruction and studios, photographers, newspaper publishers, and visual art studios.

Service Excellence

Sustainability

The solar lease on the Memorial Arena roof demonstrates the Town's fiscal and environmental sustainability commitment.

7. Public Engagement:

Significant public engagement occurred at earlier stages of this project; see previous reports noted under section 3. This report provides a summary of negotiations to date.

8. Attachments:

CFFM & Town Meeting Notes (11 documents)
CFFM Proof of Charitable Status

Report Approval Details

Document Title:	Canadian Fire Fighter Museum Update.docx
Attachments:	<ul style="list-style-type: none">- CFFM Memorial Arena Meeting Notes -22Nov22.pdf- CFFM Memorial Arena Meeting Notes - 09Jan2023.pdf- CFFM Memorial Arena Meeting Notes - 23Jan23.pdf- CFFM Memorial Arena Meeting Notes - 28Mar23.pdf- CFFM Memorial Arena Meeting Notes - 25Apr23.pdf- CFFM Memorial Arena Meeting Notes - 23May23.pdf- CFFM Memorial Arena Meeting Notes - 27June23.pdf- CFFM Memorial Arena Meeting Notes - 22Aug23.pdf- CFFM Memorial Arena Meeting Notes - 26Sep23.pdf- CFFM Memorial Arena Meeting Notes - 30Nov23.pdf- CFFM Memorial Arena Meeting Notes - 23Jan24.pdf- Proof of Charitable Status CFFM.pdf
Final Approval Date:	Jan 30, 2024

This report and all of its attachments were approved and signed as outlined below:

Tracey Vaughan, Chief Administrative Officer - Jan 30, 2024 - 2:09 PM