HALDIMAND COUNTY
For Consideration by Council in Committee on May 30, 2017

OBJECTIVE:
To provide information and recommendations regarding a request from the Dunnville Community Lifespan Centre Corporation/Board of Directors to apply for a permanent liquor license at the Community Hall.

RECOMMENDATIONS:
1. THAT Report PED-COM-13-2017 Community Halls–Dunnville Community Lifespan Centre Liquor Licensing Request be received;
2. AND THAT the request to license the Dunnville Community Lifespan Centre through the Alcohol and Gaming Commission of Ontario be approved;
3. AND THAT the existing Lease Agreement between the Dunnville Community Lifespan Centre Corporation and the Corporation of Haldimand County be amended as proposed to incorporate the principles outlined in Report PED-COM-13-2017;
4. AND THAT the Mayor and Clerk be authorized to sign the revised Lease Agreement between the County and the Dunnville Community Lifespan Centre Corporation;
5. AND THAT a by-law be presented to Council authorizing the revised Lease Agreement;
6. AND THAT the Dunnville Community Lifespan Centre Corporation be responsible for all applications, permits and costs related to the securing of a liquor license for the facility;
7. AND THAT proof of additional special event/party alcohol liability coverage in the amount of $5 (five) million by the Dunnville Community Lifespan Centre Corporation, related to the licensing of the facility, be provided to the Corporation of Haldimand County;
8. AND THAT the revised Rental Agreement/Contract form developed by Staff for any future rentals (paid or unpaid) at the newly-licensed facility be utilized by the Dunnville Community Lifespan Centre Corporation and its agents;
9. AND THAT the Dunnville Community Lifespan Centre Corporation semi-annually provide written confirmation of compliance with all federal and provincial reporting related to the licensing of the Dunnville Community Lifespan Centre Corporation;
10. AND THAT, in the event another Hall Board within the County’s Community Halls Program makes the same request related to the licensing of its facility and complies with the same County requirements for the Dunnville Community Lifespan Centre Corporation, the General Manager of Planning and Economic Development be authorized to approve entering into a revised Lease Agreement;
11. AND THAT in the event future Lease Agreements with other Hall Boards are approved, a related by-law for each Lease be presented to Council for authorization.
EXECUTIVE SUMMARY:

The Dunnville Community Lifespan Centre (DCLC) is one of 18 Community Halls operated by an incorporated, volunteer Hall Board on behalf of Haldimand County. In summer 2016, the DCLC Corporation made a formal request for County approval to apply for a permanent liquor license for the Centre. The term of the initial liquor license, if approved by the Alcohol and Gaming Commission of Ontario (AGCO), would be two years followed by three-year renewals thereafter. Currently, the DCLC’s existing Lease Agreement with the County requires that liquor licenses (through a Special Occasion Permit) be obtained by third parties renting the facility.

The DCLC Board of Directors shared its rationale related to the benefits of licensing the Centre with local Councillors Bernie Corbett and Rob Shirton as well as County Staff, including:

- Reduces the time and resources for potential third-party clients related to the securing of a Special Occasion Permit and occasion-based special events/party alcohol liability insurance;
- Allows the DCLC to present a more seamless, all-inclusive package of service to potential renters and the ability to compete with other venues in the region; and
- Provides the DCLC with greater control in terms of appropriately managing licensed events, including ensuring Smart Serve certified staff/volunteers are used.

This report outlines the implications of the requested change and the potential measures necessary to address or mitigate any issues. Ultimately, Staff are of the opinion the request can be approved, subject to certain parameters that should be met for any Hall in the County’s Halls Program wishing to pursue this alternative arrangement with respect to liquor licensing.

BACKGROUND:

Haldimand County Community Halls Program:

In 2003, Haldimand County introduced a Community Halls Program to provide a coordinated approach to the operations and maintenance of the new municipality’s community centres. The new Program resulted in the creation of incorporated volunteer Boards of Directors to operate and maintain the Halls. The Hall Board would be responsible for the day-to-day operations and general maintenance of the facility (including all rentals and bookings, potential community programming, all costs related to general upkeep of the property) while the municipality would be responsible for:

- Costs to incorporate the Community Hall Corporation;
- Provision of a commercial general liability insurance policy in the amount of $2 (two) million for all the Halls as well as property insurance;
- Provision of standardized Rental Agreements/Contracts (for paid/unpaid uses and including details regarding the serving of liquor on the premises);
- Overseeing all legislated life/health/safety inspections, maintenance and repairs (e.g. water testing, cistern maintenance, fire safety);
- Creation of a Capital Reserve Fund to address matters related to the structural integrity of the Community Hall and other legislated life/health/safety matters; and
Staff support as an ongoing resource related to the governance, operations and financial viability of the facility.

**Dunnville Community Lifespan Centre (DCLC):**

The Dunnville Community Lifespan Centre (DCLC) (Attachment 1) was built in 2011 as part of the new Dunnville Memorial Arena construction. The DCLC—while attached to the Arena—is separately operated and maintained by an incorporated Board of Directors through a Lease Agreement with Haldimand County (Attachment 2). Among the features of the Hall:

- Fully accessible;
- One large room which can be divided into two smaller spaces;
- Full commercial kitchen and A/V system; and
- Auditorium-style capacity of 425; dining with alcoholic beverage capacity is 290 to 335, depending upon room set-up.

The DCLC Board of Directors reports approximately 175 rentals per year—approximately half of which include alcohol service—with 10,500 visitors and an annual operating budget of $26,500. All renters—whether paying for use of the DCLC or not—must complete and sign a Rental Agreement/Contract (Attachment 3). These forms are provided by Haldimand County to all the Halls groups.

**DCLC Request to Apply for Liquor Licensing:**

In summer 2016, the Dunnville Community Lifespan Centre (DCLC) Board of Directors provided Haldimand County Councillors Bernie Corbett and Rob Shirton and Staff with a written request to apply to license the facility through the Alcohol and Gaming Commission of Ontario (AGCO) as a means to increase rentals and revenues given the challenges to operating and maintaining such a large facility. The DCLC proposes managing all aspects of liquor service at the Hall, including:

- Purchasing related special event/party alcohol liability insurance;
- Securing an inventory of liquor on the premises;
- Supplying alcohol for each licensed event as well as servicing and supervising the licensed event; and
- Providing all necessary documentation to the AGCO and other government agencies (e.g. Canada Revenue Agency, Public Health, etc.).

The DCLC’s rationale for licensing of the facility includes benefits such as:

- Reduces the time and resources related to the securing of a Special Occasion Permit for each licensed event and related occasion-based special events/party alcohol liability insurance;
- Allows the DCLC to present a more seamless, all-inclusive package of service to potential renters and the ability to compete with other privately-operated venues of a comparable size in Welland, Port Colborne and Hamilton; and
- Provides the DCLC with greater control in terms of appropriately managing licensed events, including ensuring Smart Serve certified staff/volunteers are used.

**ANALYSIS:**

**Current Approach for Licensed Rentals and Events:**

Licensed events and rentals are currently permitted at all the community centres in the County’s Halls Program. Thirteen of the Community Halls accept rentals for events with liquor service while five have opted not to accept rentals for events with liquor service. Through the current Lease arrangements with the Halls the County—as the owner of most of the Halls—requires that each licensed event and third-party rental obtain a Special Occasion Permit from the Alcohol and Gaming Commission of Ontario...
(AGCO) and additional party alcohol liability (PAL) insurance secured by the renter in the amount of $2 (two) million, with the requirement to use Smart Serve certified bar staff/volunteers to help address the increased risk associated with licensed activities. Requiring the third party renter to provide PAL insurance is a mechanism of transferring a degree of risk away from the municipality and onto the renter while also placing a level of responsibility onto the renter to host a safe and responsible event.

Implications of the Request:

Haldimand County Staff reviewed the proposal from the Dunnville Community Lifespan Centre (DCLC) through the Community Partnership Program’s Staff review process, which includes representation from all County Divisions. Feedback from that group was then forwarded to Senior Management for direction. Both groups were generally supportive of the request, recognizing the increased challenges and costs related to operating and maintaining a Community Hall. However, there are several key matters that need to be considered/mitigated:

1. Risk Management

   Through the current approach—where the third party is required to obtain a Special Occasion Permit and associated PAL insurance—the intent is to transfer risk to the renter in the event of a claim. In this situation the renter has responsibility for the sale and supervision of alcohol during the rental. The proposed change to license the DCLC moves the risk of an event with alcohol from the renter to the Hall Board volunteers (who are insured through the County) and requires a higher duty of care by the municipality. Since the third party liability coverage will be eliminated, and claims related to events with alcohol inherently carry the potential for higher damages compared to liability claims related to Hall use without alcohol, best practices in risk management would indicate that some additional risk mitigation and risk transfer measures should be put in place to protect the County, as the owner of the licensed facility.

   The second area of risk that changes as a result of the proposal is that it will likely result in the storage of alcohol on the premises on a permanent basis. Through the existing arrangement the alcohol is brought in for the event and removed when it is finished. Given the physical connection of the Hall to the Arena, and potential exposure to Arena patrons and/or increased vandalism, measures must be put in place to secure the storage of the alcohol.

Mitigation Measures:

In order to ensure that risk is appropriately managed, Staff recommend the following measures be put in place:

- Proof of additional host event/party alcohol liability insurance coverage in the amount of $5 (five) million must be secured by the DCLC Corporation to address its exposure to a claim. The amount being suggested is higher than the $2 (two) million required by third party rentals; however, given the more direct exposure the County is assuming under the proposed arrangement it is an appropriate threshold. Although the cost of this type of policy is dependent on the history of the policy holder and other circumstances, and is very difficult to predict, Staff would estimate the additional cost to the Hall Board would be $1,000-$2,000 annually.

- The DCLC Corporation will demonstrate to County Staff that processes and procedures are in place to ensure the following:
  - Smart Serve certified staff/volunteers are in place to operate the bar for all licensed events;
  - Any liquor on-site at the DCLC is secured and regularly inventoried;
  - Signage and processes are in place to ensure guests at licensed events do not access areas of the Dunnville Memorial Arena and/or areas of the DCLC which are not licensed; and
In accordance with AGCO requirements, all licensed events are required to include the serving of light meals along with alcohol. As such, the DCLC will also be responsible for meeting all Public Health requirements related to the serving of food;

- Once the DCLC is licensed, the Corporation is responsible for adhering to all AGCO requirements, as well as any other reporting or operating requirements of other government agencies (e.g. Canada Revenue Agency, Public Health Unit, etc.);
- The DCLC Corporation will meet with Haldimand County Staff semi-annually to provide any relevant paperwork and report on the status of activities; and,
- County Staff will continue with inspections of the Hall to ensure compliance with the Lease Agreement.

2. Maintaining the Intent/Use of the Hall as a Community Recreation Centre

The original intent of the County’s Community Halls Program was to provide a municipal service comprised of non-profit community recreation facilities for community-based events and services as well as rentals by constituents for their own activities. It is important to ensure that, with the change in the way the facility is licensed, this municipal service intent be maintained. The Lease Agreement will need to be amended to clarify the following:

- Events with alcohol service at the DCLC will be limited to third-party rentals and fund-raising events for the DCLC (including the Annual General Meeting). The license may not be used to operate a licensed event with no specific purpose (e.g. an open or ‘drop-in’ bar); and,
- If, in the unlikely event the change in liquor licensing of the DCLC results in property taxes becoming applicable, these become the responsibility of the DCLC Corporation.

3. To Ensure Other Halls Have the Same Opportunity

While the request made is specific to the DCLC, the change in licensing should be similarly available to any other County Community Hall Board that wishes it, subject to the same parameters. Since this request will require the existing Lease Agreement between the DCLC Corporation (and potentially other Halls) and Haldimand County as well as the standard Rental Agreement/Contract which is provided by the County to the Halls groups for use with all rentals (paid or unpaid) to be revised, it is recommended that future requests to license a facility be subject to the same revised Lease Agreement and Rental Contract.

Staff also researched the practices of other municipalities—neighbouring Haldimand County and in more rural communities—in hosting licensed events at municipally-owned Community Halls. In some cases the municipality has opted to use the Special Occasion Permit process consistent with the current practice of Haldimand County. In several other municipalities the decision has been to license facilities; however, in those communities the halls are operated directly by the municipality. While Staff did not find a direct parallel with the current request (where the municipality owns the facility, leases its operation to a non-profit group and licenses the facility), the mitigation measures outlined above are anticipated to manage identified implications.

**FINANCIAL/LEGAL IMPLICATIONS:**

By policy, Council is required to approve any changes in service at County facilities, including the Community Halls. In this case, there may be financial implications related to the County’s Commercial General Liability insurance policy for the Community Halls Program should a future claim be made related to this Hall.

Staff consulted with Haldimand County’s solicitors regarding the principles of the new approach to Community Halls operations and the related documentation, including the Lease Agreement between...
Haldimand County and the Community Halls groups and the related Rental Agreement/Contract. Should Council approve the request by the Dunnville Community Lifespan Centre, the County Solicitor will be assisting in developing the appropriate modifications to the current Lease Agreement and the County’s standard Rental Agreements/Contracts.

**STAKEHOLDER IMPACTS:**
Requests from Community Halls groups are received and assessed through the Community Development & Partnerships Division’s Community Partnership Program (CPP). The CPP includes review by a Staff Team comprised of members from all County Divisions including: Building Controls & By-law Enforcement, Economic Development & Tourism, Facilities & Parks Operations, Finance and Support Services. Further, this request was assessed by the Haldimand County’s Senior Management Team.

**REPORT IMPACTS:**
Agreement: Yes
By-law: Yes
Budget Amendment: No
Policy: No

**ATTACHMENTS:**
1. Dunnville Community Lifespan Centre–Location Photo.
2. Existing Dunnville Community Lifespan Centre Lease Agreement.
3. Existing Haldimand County–Standard Community Halls Rental Lease/Agreement.