



Report to: General Committee

Meeting Date: April 20, 2020

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<b>SUBJECT:</b>	York Region District School Board – Flato Markham Theatre Shared Facility Agreement
<b>PREPARED BY:</b>	Renée England, Sr. Manager, Sustainability and Asset Management, ext. 2674

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**RECOMMENDATION:**

1. That the report entitled, “York Region District School Board – Flato Markham Theatre Shared Facility Agreement” be received; and,
2. That the Mayor and Clerk be authorized to execute an agreement, including any amendments to the agreement, between the City and York Region District School Board (“**YRDSB**”) for the shared use, operation, maintenance and repair of portions of the Unionville High School site, the Flato Markham Theatre and the Markham Civic Centre site, provided the form of such agreement is satisfactory to the Commissioner of Corporate Services and the City Solicitor; and,
3. That Staff be authorized to increase the Operating Budget by \$44,000 to reimburse YRDSB for utility costs based on metered heating and cooling usage at the Theatre; and further,
4. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

The purpose of this report is to obtain Council approval for the execution of an agreement between the City and YRSDB for the shared use, operation, maintenance and repair of portions of the Unionville High School site, the Flato Markham Theatre and the Markham Civic Centre site.

**BACKGROUND:**

The Flato Markham Theatre and Unionville High School were constructed at the same time in 1985. Both buildings and surrounding property were constructed as a campus, see Attachment No. 2 for property ownership. The City of Markham owns and operates the Markham Flato Theatre. When the buildings were constructed, the original intent was for the theatre and school site to be connected through a joint heating and cooling system. The heating and cooling equipment was sized to heat and cool both the theatre and the school. The boiler, chillers and associated equipment are located in the school’s mechanical room. Similarly, a stage was not constructed in the school as the intent of the parties at the time was for the school to have use of the theatre.

Despite attempts to finalize an agreement for the shared use, operation and maintenance of the school and theatre in 1984 and in the late 90s, an agreement between YRDSB and the City was never finalized.

Notwithstanding the lack of an agreement, the theatre and the school have continued to share usage of the heating and cooling system, with the cost of utilities being borne by YRDSB. In exchange, the City has been providing grounds maintenance over a portion of the school property. The school has also enjoyed access to the theatre at agreed-upon times.

YRDSB approached Staff in 2015 to negotiate a shared use agreement because the heating equipment in the school was nearing end of life. In 2010 the school's existing cooling equipment was removed and Markham District Energy ("MDE") cooling energy service was installed. Additional pipes for heating from MDE were installed at the time to make conversion to district heating energy service easier when the school's boiler was due for replacement. The boiler is due for replacement in the summer of 2020.

### **OPTIONS/ DISCUSSION:**

Staff recommend that the City and YRDSB enter into a shared use agreement for the shared facility, repair and maintenance arrangements for Unionville High School site, the Flato Markham Theatre and the Markham Civic Centre site. A written agreement would clarify the roles and responsibilities of each party and would assist in long term planning.

The proposed agreement will address the following matters:

- Responsibility for certain grounds keeping on the school site (excluding sports fields which are covered under the Annual Sport Field Agreement)
- Shared access to certain driveways that serve both the school and Civic Centre
- Repair, maintenance and replacement of the heating and cooling system that services both the theatre and school
- Responsibility for heating and cooling costs for the theatre and the school ("**Utilities**")
- Usage of the theatre by YRDSB
- Usage of classrooms in the school by the Flato Markham Theatre

Both parties will pay for their share of the annual billed utility costs for both heating and cooling based on usage recorded by their respective building meters. The grounds keeping work carried out by the City for the YRDSB will be credited against the City's overall utility billing.

The parties would each be responsible for paying the capital costs of replacing the heating and cooling system that services both the school and theatre on a proportionate share basis.

YRDSB is planning to replace the heating system that services both the theatre and the school in 2020. The City's proportionate share of the cost, based on floor area is 36%.

The main terms of the agreement are set out in a Memorandum agreed to by Staff at the YRDSB and the City, a copy of which is attached as Attachment No. 1. These terms may be amended and refined during the drafting and finalization of the agreement.

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**FINANCIAL CONSIDERATIONS****Capital Budget**

The City's proportionate share of 36% for the replacement of the heating system (which heats both the Unionville High School and the Markham Theatre) is \$252,000. This amount was approved through the 2019 Capital Budget process.

In recognition of the cooling capital improvement by the YRDSB, which the City did not contribute to, the City will provide the following; access to the Theatre with full support at the base educational fee with a credit of \$5000/year to a maximum of \$60,000 total for the first 12 years from the signing of the Shared Use Agreement. This will be absorbed through the Theatre's Operating Budget.

**Operational Budget**

The proposed agreement will include a requirement for the City to reimburse YRDSB for utility costs based on metered heating and cooling usage at the Flato Markham Theatre. Additional operating costs are estimated at \$44,000 per year and will be addressed through the 2021 Operating Budget process.

Annual Utility Costs for Theatre (based on 2018 metered readings)	\$70,000	Paid by YRDSB
Less; Annual Grounds Keeping Costs for UHS	\$32,500	Value of Services by City
Operating Budget Shortfall	\$44,000	City to Reimburse YRDSB

**HUMAN RESOURCES CONSIDERATIONS**

Not applicable as no staffing impacts is anticipated for this project.

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

Supports the BMFT Safe and Sustainable priority, the Greenprint, Markham's Community Sustainability Plan and Municipal Energy Plan goal of Net Zero Energy Emissions by 2050. Heating and cooling energy supplied by Markham District Energy is lower in carbon emissions than the current case and MDE energy supply is more resilient to extreme weather.

**BUSINESS UNITS CONSULTED AND AFFECTED:**

The comments from the Legal Department, Finance and Culture, Recreation and Operations have been incorporated into this report.

**RECOMMENDED BY:**

Graham Seaman, P.Eng.

Director of Sustainability & Asset Management

Trinela Cane

Commissioner, Corporate Services

**ATTACHMENTS:**

Attachment No. 1 – YRDSB-City Memorandum

Attachment No. 2 – Property Boundaries