

### REPORT FROM THE DIRECTOR OF FINANCE & TREASURER

Re: Mt. Dufour Land Lease Agreement and Memorandum of Understanding

### RECOMMENDATION

That Council hereby authorize the entering into a Land Lease Agreement and Memorandum of Understanding with Mt. Dufour Ski Area for the purpose of operations of the Ski Area;

And that the financial consideration contained in the Memorandum of Understanding with Mt. Dufour Ski Area be preapproved for the 2024 Operational Budget

And that the appropriate By-Laws be passed.

### BACKGROUND

#### HISTORY

Incorporated in 1978, the Mt. Dufour Ski Area has operated as a downhill skiing facility. The land occupied by the operations of the ski hill is City owned. To this extent, lease agreements have historically been in place. The first was Bylaw 79-34 for the period of 1979-1984; with further five year extension, the second being Bylaw 89-13 for the period of 1989-1994. Since that time, a renewal has not been made, therefore the operations have continued in absence of a land lease agreement.

Although the land lease lapsed in 1994, the City's relationship with the the Mt. Dufour Ski Area has continued. In 2003 (Res.448/03) the City added the operations of the Ski Hill to our insurance policy under the agreement that the Mt. Dufour Ski Area paid the associated premiums, payments were received through until 2011.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Insurance Premium	\$7,721	\$12,558	\$15,403	\$17,058	\$6,910	\$15,143	\$9,744	\$10,322	\$10,736	\$6,125
Payments Received	\$0	\$20,279	\$10,568	\$4,835	\$7,000	\$5,400	\$0	\$0	\$10,736	
<b>Balance</b>	\$7,721	\$0	\$4,835	\$17,058	\$16,967	\$26,710	\$36,454	\$46,775	\$46,775	\$52,900

In 2013, Bylaw 13-86 absolved the Ski Hill from all past insurance costs in totaling \$52,900 and the 2013 insurance cost; estimated to be \$10,500. Since that time, no reconciliation or payment with respect to insurance costs has been paid to the City from Mt. Dufour Ski Area. Bylaw 13-86 expresses

the City's further commitment to enter in to a partnership agreement for capital expenditures, and marketing.

It was also in 2013 that the City committed to the creation of the "Ski Hill Reserve" as a means of supporting the TSSA required lift audits. From the operational budgets, the City has historically transferred \$25,000 annually to this reserve for the purposes of funding the lift audit; which occurs every five years.

In 2014, Council resolved to continue support for an additional two years (Res.258/14), at this time the City supported the expansion of the terrain park and was instrumental in achieving a successful Trillium Grant application.

In 2019 (Res.16/19), Council resolved to purchase a new groomer for the ski hill.

It is inherent in all of the documentation reviewed that the City is committed to the ongoing success and operation of the Mt. Dufour Ski Area.

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#### CURRENT DAY

Recently, the Mt. Dufour Ski Area applied for a grant through the Ontario Trillium Capital Grant, with a proposal for improvements to the chalet. This grant was denied, citing that the Mt. Dufour Ski Area did not have a land lease for the property.

Through the City's 2024 insurance renewal process, our insurer requested further detail with respect to the operations and the City's relationship with the Mt. Dufour Ski Area. Through this process, we discovered that the operations of the Mt. Dufour Ski Area and the board, did not qualify for inclusion on the City's policy.

On October 17, 2023, Mt. Dufour Ski Area wrote to A/Mayor and Council with a request that the City support the financing of an insurance policy in the name of the Mt. Dufour Ski Area. Attached as appendix A, this letter was forwarded to staff for review.

#### **ANALYSIS**

In consideration with the October request, staff have consulted extensively with legal and our risk advisors at BFL Canada to review the relationship and current issues at the Ski Hill. To that extent, a Land Lease Agreement and a Memorandum of Understanding (MOU) have been prepared to ensure that the ongoing operations of the Mt. Dufour Ski Area are not interrupted.

The Land Lease provides use of land for a period of five years. The consideration for rents due is in line with our land lease bylaw. The lease further provides detail on the requirements for insurance indemnity.

The MOU provides a clear relationship between the City and the Mt. Dufour Ski Area. In addition to acknowledgement of the ongoing commitment with respect to economic development and sports

tourism, the MOU provides the City’s financial commitment to the Mt. Dufour Ski Area with respect to the ongoing operations. The MOU details the responsibilities of the Mt. Dufour Ski Area and their board with respect to the use of the City owned groomer, the maintenance of insurance, and governance.

**FINANCIAL IMPACT**

The 2023 approved budget included \$59,945 for support of the Ski Hill. Of that amount, \$55,000 is a transfer to reserves for repayment of the 2019 groomer (\$30,000) and consideration for the lift audit (\$25,000).

The proposed MOU includes \$155,000 for support of the Ski Hill. This increased support would permit the Mt. Dufour Ski Area the ability to continue status quo operations for the 2023-2024 ski season, and allow the Board the ability to apply for grants for improvements to the facilities.

The September 2023 Unaudited Financial Statements detail in year surpluses due to reduced programming as a result of facility closures. Based on this analysis, the budgetary overage can be cash managed in 2023. The 2024 Operating Budget will see a net increase in the amount of \$51,536 to support the operations of the Mt. Dufour Ski Area.

Mount Dufour Ski Hill	2023 Approved Budget	2023 Forecast to Year End	2024 Proposed Budget
RENT REVENUE		(99,464)	(99,464)
EQUIPMENT REPAIRS			
ADVERTISING & PROMOTIONS	4,000	759	
CONTRACTED SERVICES		155,000	155,000
TRANSFER TO RESERVE	55,000	55,000	55,000
	<b>59,000</b>	<b>111,295</b>	<b>110,536</b>

**LINKS TO STRATEGIC PLAN**

This issue directly relates to the following key section of the strategic plan:

- Development of strong partnerships
- Health and community wellness

**SUMMARY**

It is respectfully recommended that Council enter into a land lease and memorandum of understanding with the Mt. Dufour Ski Area.