



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 14.6.1
Halifax Regional Council
September 20, 2016

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY: _____
Councillor Barry Dalrymple, Chair, Grants Committee

DATE: September 12, 2016

SUBJECT: Less than Market Value Lease: Dartmouth Lawn Bowls Club, 2 Mount Hope,
Dartmouth

ORIGIN

September 12, 2016 meeting of the Grants Committee - motion to approve Staff recommendation.

LEGISLATIVE AUTHORITY

From the HRM Grants Committee Terms of Reference: "The HRM Grants Committee shall review, evaluate and make recommendations to Regional Council regarding annual cash grants, rent subsidies, property tax exemptions, less than market value property sales and leases to registered non-profit organizations and charities managed by a duly appointed Grants Committee."

RECOMMENDATION

The Grants Committee recommends Halifax Regional Council authorize the Mayor and Municipal Clerk to enter into a less than market value lease agreement with Dartmouth Lawn Bowls Club for the leased premises located at Mount Hope Avenue, Dartmouth as per the key terms and conditions set out in Table 1 in the discussion section of this report.

BACKGROUND/DISCUSSION

The Grants Committee reviewed the staff report dated August 16, 2016 at their September 12, 2016 meeting and approved the staff recommendation.

FINANCIAL IMPLICATIONS

As outlined in the attached staff report dated August 16, 2016.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this Report. The risks considered

rate Low.

COMMUNITY ENGAGEMENT

The Grants Committee meetings are open to public attendance. The Grants Committee is comprised of one elected member from each Community Council, a Chair appointed from the membership of the Audit and Finance Standing Committee and six (6) members of the public. The agenda, minutes, and reports for the Grants Committee are posted on the HRM website.

ENVIRONMENTAL IMPLICATIONS

None identified.

ALTERNATIVES

The Grants Committee did not consider any alternatives.

ATTACHMENTS

Attachment 1 – Staff report dated August 16, 2016.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Cathy Collett, Legislative Assistant. 902.490.6517



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 10.1
HRM Grants Committee
September 12, 2016

TO: Chair and Members of the HRM Grants Committee

SUBMITTED BY: Original Signed
Peter Stickings, Acting Director, Operations Support

DATE: August 16, 2016

SUBJECT: Less than Market Value Lease: Dartmouth Lawn Bowls Club,
2 Mount Hope, Dartmouth

ORIGIN

This report originates with a request from the Tenant to enter into a new lease agreement with Halifax Regional Municipality (HRM) for the premises located at 2 Mount Hope Avenue, as their lease agreement has expired.

LEGISLATIVE AUTHORITY

HRM Charter Section 63(1), the Municipality may sell or lease property at a price less than market value to a non-profit organization that the Council considers to be carrying on an activity that is beneficial to the Municipality; and (2) A resolution to sell or lease property referred to in subsection (1) at less than market value shall be passed by at least a two thirds majority of the Council present and voting.

RECOMMENDATION

It is recommended that HRM Grants Committee:

Recommend that Halifax Regional Council authorize the Mayor and Municipal Clerk to enter into a less than market value lease agreement with Dartmouth Lawn Bowls Club for the leased premises located at 2 Mount Hope Avenue, Dartmouth as per the key terms and conditions set out in Table 1 in the discussion section of this report.

BACKGROUND

Dartmouth Lawn Bowls Club (DLBC) is a membership based non-profit organization, established in 1987. The club currently caters to 148 members and promotes healthy lifestyle through the sport of lawn bowls. Located at 2 Mount Hope Avenue, Dartmouth the club is comprised of a member's clubhouse and an eight (8) lane artificial turf. The lawn bowl season runs April 1 thru November 15 and there is daily access to the greens for members between June 1 and August 31.

The DLBC clubhouse and the artificial turf are both on provincially owned land which is leased to HRM, and whereas a portion of the land has been subleased to DLBC. HRM currently has a ten (10) year land lease agreement which will expire on April 30, 2017 for Lot M-1 and Lot M-4. The agreement contains an option to renew for an additional ten (10) year term and HRM has exercised its option to renew this lease. Under the agreement the land must be used for recreational purpose and the ballfields and the lawn bowls meet this requirement.

The original twenty (20) year agreement between Dartmouth Lawn Bowling Club and the City of Dartmouth expired on July 4, 2014. At the time of the original agreement the City provided permission for the DLBC to construct a clubhouse on condition that at the end of the agreement or any renewals the clubhouse would become the property of the City. The original agreement set out that all costs related to the DLBC clubhouse including the utilities, maintenance, capital repairs, and the snow removal of the parking lot were exclusively financed by the organization. The DLBC have completed several improvements to their clubhouse including a new commercial dishwasher, and they upgraded both the security and smoke alarm systems. The club remains responsible for the ongoing general maintenance and repairs to the building.

Approximately ten years ago, HRM replaced the lawn bowling green with a new artificial turf and the DLBC continue to take care of the regular maintenance, repairs and upkeep. HRM has continued to maintain and pay the electricity costs for the outdoor lights surrounding the turf. The winter maintenance and the seasonal gravel grading for the driveway and parking lot will remain HRM's responsibility as these areas are shared with the adjacent fire station and users of the ball fields.

Over the past several years, the DLBC have received 100% property tax exemption through the HRM tax relief program. With introduction of Administrative Order 2014-001-ADM Tax Relief to Non-Profit Organizations one of the requirements is that "the real property is leased or licensed, for a minimum of five (5) consecutive years with a minimum of three (3) years remaining at the time tax relief is initially applied for".

The Dartmouth Lawn Bowls Club has requested a five (5) year agreement with HRM which will satisfy this requirement of the Administrative Order and make them eligible to apply for tax relief. Once the terms and conditions of this lease are approved and the lease is executed, the DLBC may then apply to the program. The DLBC would be responsible for the payment of 2017/2018 taxes until such time as a decision is made by Regional Council on the group's tax relief application status.

DISCUSSION

In April 2016 staff met with the President and the Executive Board of Directors of the Dartmouth Lawn Bowls Club to begin lease discussions.

Since this property is not HRM owned and the term of the proposed agreement would extend past the current agreement between HRM and the Province, staff requested written permission from the province to enter into the proposed agreement with DLBC. On July 18, 2016 the province approved HRM's request to enter into a five (5) year agreement with the DLBC. The proposed agreement includes a mutual one month termination clause.

Current land lease rates in the area are between \$1.00 - \$2.00 per square foot plus property taxes. The subject property is considered in the mid- range at \$1.25 per square foot plus HST. Since the base rent for the term of this agreement is \$1.00 it is considered less than market value; therefore the opportunity cost of the property would be valued at \$32,665.00 per year of the term, which represents the equivalent of an 'operating grant' for the property's use. The term 'operating grant' represents the opportunity cost associated with HRM leasing the space at less than market value

DLBC aligns with HRMs objective of building healthy communities; therefore, staff recommends the terms and conditions illustrated in the table below.

The proposed Lease terms and conditions recommended by staff are outlined below in Table 1.

Recommended Key Lease Terms and Conditions	
Property Address	2 Mount Hope Avenue, Dartmouth (a portion of PIDs 00232801 & 00232819)
Landlord	Halifax Regional Municipality
Tenant	Dartmouth Lawn Bowls Club
Area (Land)	26,132 square feet (Approximately 188 sq. ft. by 139 sq. ft.)
Term	Five Year Agreement (September 1, 2016 - August 31, 2021)
Commencement Date	September 1, 2016
Use	Programs and activities to promote health and wellness through the sport of Lawn Bowls
Base Rent	The base rent for the term of this agreement is nominal amount of \$1.00 annually which is considered less than market value; therefore the opportunity cost of the property would be valued at \$1.25 per square foot or \$32,665.00 per year of the term, which represents the equivalent of an 'operating grant' for the property's use. The term 'operating grant' represents the opportunity cost associated with HRM leasing the space at less than market value
Additional Rent	The Tenant is responsible to pay the utilities and other associated costs related to the maintenance and operation of the clubhouse and the entire leased premises. The Tenant is responsible for the snow clearing & ice control for their walkways, entrances, stairs and emergency exits. The tenant shall landscape the area of the leased premises (inside the fence) including but not limited to mowing, trimming, raking, maintaining flower beds/gardens, litter removal and general maintenance and repairs.
Property Taxes	The tenant shall be responsible to pay the property taxes to HRM as a result of a taxable assessed value as a result of their lease plus the applicable HST. HRM shall issue an invoice to the group.
Insurance	Commercial General Liability in the amount no less than \$2,000,000 and any other insurance required by HRM as set forth in the agreement. If alcohol is served, stored or consumed on site then liquor liability must be included in the insurance which coverage must be satisfactory to HRM. HRM is to be on the policies as additional named insured.
Notice	Either party shall have the option to terminate this agreement upon providing one (1) month's written notice to the other party at any time and for any reason.

<i>Building</i>	The DLBC has improved the property by adding a clubhouse building. Upon the termination of the lease, at the discretion of either the HRM or the province may require the DLBC to remove the clubhouse building and all related materials and return the lands to their natural state. If the DLBC is required to remove the structure and any related materials they shall be responsible for all related costs. If HRM or the province chooses to retain the clubhouse at the termination of the agreement with DLBC the building shall be then owned by the respective government and there will be no financial compensation to the DLBC for such ownership.
<i>Parking</i>	The parking area is non-exclusive and shall be used in common with other users of the property.
<i>Condition</i>	The tenant accepts the premises on an “as is” basis.
<i>HRM Parks Continued Responsibilities</i>	<ul style="list-style-type: none"> • Litter pick-up and regular garbage removal from the site excluding the leased premises. • Winter maintenance and the seasonal gravel grading for shared driveway and parking lot • Maintain and pay the electricity costs for the outdoor lights surrounding the turf. • Lawn maintenance excluding the leased premises. • Site improvements excluding the leased premises, unless otherwise indicated. • Maintain, repair and replace, if required, the fence surrounding the lease premise. • Turf improvements, major repairs and replacements are subject to HRMs approval and budget • Repair asphalt walkways including those within the leased premises • Walkway & accessible ramp repairs and maintenance excluding leased premises

FINANCIAL IMPLICATIONS

The base rent for the term of this agreement is a nominal amount of \$1.00 which is considered less than market value, however the opportunity cost for this property is valued at \$32,665.00 per annum of the term, which represents the equivalent of an ‘operating grant’ for the property’s use.

The tenant will be responsible to pay their proportional share of the property taxes as they fall due and are invoiced by HRM.

Parks will continue to maintain the property as outlined in the key terms and conditions.

At the end of the HRM Head Lease with the province the land must be returned to the original condition with all improvements removed. The Dartmouth Lawn Bowls Club shall be solely responsible for the removal of the clubhouse and related improvements and all costs associated, if HRM requires the DLBC to remove the improvements. HRM shall be responsible for all other site improvements, unless otherwise indicated.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this Report. The risks considered rate Low.

COMMUNITY ENGAGEMENT

Community engagement was not completed as the Dartmouth Lawn Bowls Club has continually occupied the leased premises since 1994.

ENVIRONMENTAL IMPLICATIONS

There are no known environmental implications.

ALTERNATIVES

1. The HRM Grants Committee could recommend that Regional Council lease the property at market value to the Dartmouth Lawn Bowls.

ATTACHMENTS

1. Approval letter from Internal Services, Public Works Division, Real Property Services, Nova Scotia, dated July 18, 2016.

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Tara Legge, Leasing Officer, Corporate Real Estate, Operations Support, 902.490.8442
Jenny White, Partnership Coordinator, Program Support Services, Parks & Recreation, 902.490.1214

Report Reviewed by: Rob Mullane, Superintendent, Park (East) Parks & Recreation, 902.490.5819

Report Approved by: Original Signed
Mike Wile, Acting Manager Corporate Real Estate, Operations Support, 902.490.5521

Report Approved by: Original Signed
Marcia Connolly, Leasing & Tenant Services Manager, Corporate Real Estate, Operations Support 902.490.5935

Report Approved by: Original Signed
Michael Ryan, Acting Manager, Program Support Services, Parks & Recreation, 902.490.1585

Report Approved by: Original Signed

Angela Green, Acting Director, Parks & Recreation 902.490.3883

Original Signed

Financial Approval by:

Amanda Whitewood, Director of Finance and Information Technology/CFO, 902.490.6308



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July 18, 2016

Halifax Regional Municipality
c/o Ms. Tara Legge
PO Box 1749
Halifax, NS B3J 3A5

VIA EMAIL: legget@halifax.ca

Dear Ms. Legge;

**RE: PROPOSED RENEWAL OF SUBLEASE WITH DARTMOUTH LAWN BOWLS CLUB
MOUNT HOPE AVENUE, DARTMOUTH**

As per our previous conversations and your email of July 11, 2016, please accept this letter as this Department's approval to allow Halifax Regional Municipality to sublease the subject lands, located at PID 00232819, and a portion of PID 00232801, to the Dartmouth Lawn Bowls Club for the proposed 5 year term.

Sincerely,

Original Signed

Shona Poirier, CRA
Property Officer, Accommodations

SCP:
[Redacted]