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Item No. 9.1.3
Grants Committee
November 18, 2019

TO: Chair and Members of Grants Committee

SUBMITTED BY: Original Signed
Denise Schofield, Director, Parks and Recreation

Original Signed
Jacques Dubé, Chief Administrative Officer

DATE: October 22, 2019

SUBJECT: Less than Market Value Lease - Senobe Aquatic Club, 8 Nowlan Drive,
Dartmouth

ORIGIN

This report originates from staff and the requirement of the Halifax Regional Municipality to have a current lease agreement with any group or organization occupying or operating any portion of HRM Real Property.

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 the Grants Committee recommend that Halifax Regional Council authorize the Mayor and Municipal Clerk to execute a less than market value lease agreement with Senobe Aquatic Club for a portion of PID # 00636290 and PID # 00636308, lands adjacent to 8 Nowlan Drive, as per the key terms and conditions set out in Table 1 in the discussion section of this report.

BACKGROUND

Senobe Aquatic Club is a registered non-profit organization that was founded in 1964 and incorporated in 1965. The origins of the club arise from the need for three clubs to form a Maritime Division in 1960. Senobe's main hall has been available for rent since a 2001 fire forced a refurbishment. It is operated by a Board of Directors. The club offers a comprehensive program of recreational, pre-competitive and competitive canoe and kayak, paddling, swimming lessons and supervised recreational activities. Membership is open to all individuals and families in HRM. The Senobe facility includes a Clubhouse with a canteen, boathouse and docks, located on lands owned by the club. Adjacent HRM owned land provides a sandy beach with wading area and grassy open space for passive recreation use. Portions of HRM property have been used for passive recreation, swimming and general enjoyment by the club since at least 1983 when a lease agreement between the former City of Dartmouth and the club was executed.

Senobe Aquatic Club acts as the main organizer and supporter of the Clubhouse, beach area and water course. The club is responsible for all aspects of the facility. A less than market value lease is recommended as the club's programs and services align with HRM's council priority areas of fostering the growth of healthy and vibrant communities and specifically Healthy Livable Communities Council focus area. Without volunteers and clubs of this nature throughout the HRM providing this alternative service delivery, these types of offerings may not otherwise be provided. Therefore, a less than market value lease may be considered as it supports the provision of a service which benefits the community.

DISCUSSION

The current lease between HRM and Senobe Aquatic Club that allows the facility to operate on HRM owned property has expired and is in a hold-over period.

Senobe Aquatic Club have signed an Offer to Lease, subject to Municipal approvals. A map of the proposed leased area and existing property is attached (Attachment 1). The rent for the term of this agreement is a nominal amount of \$1.00 per annum which is less than market value. The potential market value rent for the land represents an opportunity cost to the Municipality of \$15,000 per annum.

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

Table 1

Recommended Key Lease Terms & Conditions	
<i>Property Address</i>	Nowlan Drive and Prince Albert Road (PID 00636308 and a portion of PID 00636290)
<i>Landlord</i>	Halifax Regional Municipality
<i>Tenant</i>	Senobe Aquatic Club
<i>Premises Area</i>	Approximately 14,000 square feet, actual area may be verified by survey
<i>Base Rent</i>	\$1.00 per annum plus additional charges as applicable
<i>Term</i>	Twenty (20) years (March 1, 2020 to the last day of February, 2040)
<i>Commencement Date</i>	March 1, 2020
<i>Permitted Use</i>	Senobe Aquatic Club activities, facility rentals, community events and other related activities
<i>Property Tax</i>	The Tenant shall be responsible for any applicable property taxes based on assessed value resulting from their lease, plus applicable HST. HRM shall issue an invoice to the Club.
<i>Specific Conditions</i>	The tenant shall be responsible for: <ul style="list-style-type: none"> • all utilities including heat and power • all maintenance and repairs to the building and docks, and all associated operating costs

	<ul style="list-style-type: none"> • alarm system related costs including monitoring and all false alarm charges • all landscaping maintenance including but not limited to mowing, trimming, raking, and litter removal for the leased area • regular garbage, recycling, compost, etc. removal from the site • snow clearing & ice control for the club parking lot, walkways, entrances, stairs and emergency exits • maintain registered non-profit status with the Nova Scotia Registry of Joint Stocks • obtain HRM's consent for any proposed change of use • maintain Commercial General Liability insurance in the amount no less than \$5,000,000. 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 named on the policies as additional insured <p>The Landlord shall:</p> <ul style="list-style-type: none"> • provide Senobe Aquatic Club with access to HRM-owned lands
Condition	The Tenant accepts the Premises on as "as is" basis
Access	HRM grants permission for the Tenant and their invitees to have access to a portion of beach area known as PID 00636290, and PID 00636308 lands adjacent to 8 Nowlan Street, Dartmouth. The public will also be permitted access to the beach area outside of the club's daycamp hours.
Notice	Either party shall have the option to terminate this agreement upon providing 120 days written notice to the other party at any time and for any reason

FINANCIAL IMPLICATIONS

The rent for the term of this agreement is a nominal amount of \$1.00 per annum which is less than market value. The potential market value rent for the land represents an opportunity cost to the Municipality in the amount of \$15,000 per annum.

The tenant shall be responsible to pay property taxes as they fall due and are invoiced by HRM. Should Regional Council approve the inclusion of Senobe Aquatic Club to Administrative Order 2014-001-ADM Tax Relief to Non-Profit Organizations, the amount offset will represent additional 'operating grant' from HRM.

RISK CONSIDERATION

The risks to HRM are considered low. By reducing the area of the lease to the area in immediate control of Senobe Aquatic Club, it provides clear lines of responsibility. The risk associated with the building and activities carried on inside will be the responsibility of Senobe Aquatic Club and they will be required to mitigate any risks to public use. There is a high probability that the opportunity cost to the municipality identified in the financial implications of the report will increase by leasing the property for a less than market value rent over the 20-year term of the lease.

COMMUNITY ENGAGEMENT

The Board of Directors for Senobe Aquatic Club is made up of members of the community.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

ALTERNATIVES

The Grants Committee could recommend that Halifax Regional Council amend the cost of the lease or not approve a less than market value lease. This would require additional negotiation with the group and may impact the future operation of the group.

ATTACHMENTS

Attachment 1: Site Map & Lease Area

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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HALIFAX

ATTACHMENT '1'
SITE MAP & LEASE AREA (inside black border)
Senobe Aquatic Club

