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Item No. 9.1.5
Grants Committee
November 18, 2019

TO: Chair and Members of HRM Grants Committee

SUBMITTED BY: Original Signed

Denise Schofield, Director, Parks and Recreation

Original Signed

Jacques Dubé, Chief Administrative Officer

DATE: October 23, 2019

SUBJECT: Less than Market Value Lease; Atlantic Division Association, Canoe Kayak
Canada, 34 Boathouse Lane, Dartmouth

ORIGIN

This report originates with a request from Atlantic Division Association, Canoe Kayak Canada to enter into a lease agreement with Halifax Regional Municipality for the premises at 34 Boathouse Lane, Dartmouth.

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 enter into a less than market value land lease agreement with Atlantic Division Association, Canoe Kayak Canada, for the premises at 34 Boathouse Lane, Dartmouth, a portion of PID #00094573, as per the key terms and conditions set out in Table 1 in the discussion section of this report.

BACKGROUND

Atlantic Division Association, Canoe Kayak Canada (ADCKC) is a registered non-profit organization that was founded in 1956 and is located on a 3-acre parcel of HRM parkland located on the shores of Lake Banook. The site is shared with the North Star Rowing Club and the grounds are also used by the public as an HRM park. ADCKC offers residents the opportunity to participate in a range of recreational and competitive paddling programs, including canoe, kayak, team and individual boats and stand-up paddling race opportunities for beginners to Olympians.

ADCKC acts as the main organizers and supporters of the Lake Banook race course and facilities management for on-water towers, lanes and other race course infrastructure. They support their member clubs and sport bodies with rowing, dragon boat and other ancillary events that require manpower and expertise.

Over the past 50 years, ADCKC has hosted many high-level paddling events, including:

- 1969 Canada Summer Games
- 1980, 1984, 1988 Canadian Canoe Championships
- 1989 World Junior Canoe Championships
- 2009 World Senior Canoe Championships
- 2018 Pan American Championships

The organization operates out of a two-storey building which was constructed by ADCKC. The facility is comprised of a gym, boardroom, office, washroom area and storage.

In 2008, the facility was renovated in advance of hosting the 2009 World Senior Canoe Championships. Another significant expansion project for the Clubhouse and judges tower is scheduled for completion prior to hosting the 2020 North American Indigenous Games and the 2022 World Senior Canoe Championships. The expansion and renovation will allow additional storage for equipment (including international start line equipment), additional change rooms, and additional meeting space for event personnel. The intent is for the facility to continue to service high performance training groups as well as full accessibility for athletes with accessibility restrictions or special needs. They have confirmed financial support to date of \$1.6M from the Province and various private sources for the facility upgrade.

DISCUSSION

The current license between HRM and ADCKC that allows the facility to operate on HRM owned property has expired and is in a hold-over period. In anticipation of upcoming high-profile events, including the 2020 North America Indigenous Games and 2022 World Canoe Championships, discussions regarding a new lease began in late 2018. Meetings followed in early 2019 to confirm areas of responsibility and the proposed lease area, and to review the Clubhouse expansion project.

ADCKC has signed an Offer to Lease, subject to Municipal approvals. The lease area (Attachment 1) includes the footprint of the existing building as well as the area required for the facility expansion. 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 \$1.08 per square foot, or \$10,800 per annum.

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 offers benefit to the community.

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

Table 1

Recommended Key Lease Terms & Conditions	
Property Address	34 Boathouse Lane, Dartmouth (a portion of PID 00094573)
Landlord	Halifax Regional Municipality
Tenant	Atlantic Division Association, Canoe Kayak Canada
Premises Area	Approximately 10,000 square feet, actual area may be verified by survey
Base Rent	\$1.00 per annum plus additional rent as applicable
Term	Twenty (20) years (March 1, 2020 to the last day of February 2040)
Commencement Date	March 1, 2020
Permitted Use	Atlantic Division Association, Canoe Kayak Canada activities, facility rentals, community events and other related activities
Property Tax	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.
Specific Conditions	<p>The tenant shall be responsible for:</p> <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 • 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 Atlantic District Canoe Kayak Canada with access across HRM-owned lands • provide repairs to the driveway and parking lots
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 the non-exclusive driveway and parking lot
Notice	Either party shall have the option to terminate this agreement upon providing three (3) months 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 \$10,800 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 ADCKC 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 Atlantic Division Association, it provides clear lines of responsibility. The risk associated with the building and activities carried on inside will be the responsibility of ADCKC 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 Atlantic Division Association, Canoe Kayak Canada, 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 Regional Council change the amount of the lease or not authorize a less than market value lease for the premises. 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 border)
Atlantic Division Association, Canoe Kayak Canada

