

HALIFAX

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

Item No. 9.1.1
Grants Committee
December 13, 2021

TO: Chair and Members of Halifax Regional Municipality Grants Committee

SUBMITTED BY: [REDACTED] (Original Signed)
Denise Schofield, Executive Director, Parks & Recreation
[REDACTED] (Original Signed)
Jacques Dubé, Chief Administrative Officer

DATE: November 8, 2021

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

ORIGIN

This report originates with the accepted letter of Offer to Lease from Dartmouth Lawn Bowls Club located at 2 Mount Hope Avenue, Dartmouth.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter
Section 10

(3) The Mayor and Clerk or the persons designated by the Council by policy may sign a deed or other document to which the Municipality is a party on behalf of the Municipality

Section 61

(3): The property vested in Municipality, absolutely or in trust, is under the exclusive management and control of the Council, unless an Act of the Legislature provides otherwise.

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 two thirds majority of the Council present and voting.

HRM Grants Committee – Terms of Reference

MANDATE

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 ON PAGE 2

RECOMMENDATION

It is recommended that the Grants Committee recommend that Halifax Regional Council authorize the Mayor and Municipal Clerk to negotiate the key terms and conditions set out in Table 1 in the discussion section of this report and execute the Municipality's standard, less than market value lease agreement with the Dartmouth Lawn Bowls Club for the premises located at 2 Mount Hope Avenue, Dartmouth.

BACKGROUND

Dartmouth Lawn Bowls Club (DLBC) is a membership based non-profit organization promoting a healthy lifestyle through the sport of lawn bowls and was established in 1987. DLBC averages 150 members and has a season which runs April to November providing the community with active and social opportunities. Located at 2 Mount Hope Avenue, Dartmouth, the premises are comprised of an artificial lawn bowl green and the land beneath and directly surrounding the Tenant's clubhouse and sheds. The clubhouse and two sheds are owned by the DLBC.

The premises are on provincially owned land leased to the Municipality and crosses over two parcels. PID 00232819 is leased to the Municipality for one dollar (\$1) for the term of the lease under an agreement that expires on April 30, 2027. PID 00232801 is leased to the Municipality for one dollar (\$1) per annum under an agreement that expires on September 30, 2025 with an option to renew for five (5) additional years. Staff intend to activate the renewal option which would extend the agreement to September 30, 2030. On April 6, 2021, staff were provided with a letter from the Province of Nova Scotia granting the Municipality approval to sub-lease the lands on PID 00232819 and PID 00232801 to DLBC for a five (5) year term (Attachment 1). Under the agreement with the Province of Nova Scotia, the lands must be used for recreational purpose and the use by DLBC meets this requirement.

The original twenty (20) year agreement between DLBC 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 the condition that at the end of the agreement or any renewals the clubhouse would become 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 most recent agreement between HRM and DLBC was for a five (5) year sub-lease ending on August 31, 2021 and kept many of the original terms of the agreement but shifted the winter maintenance of the parking lot to the Municipality. Snow removal and maintenance of walkways, entrances, stairs, and emergency exits remained the responsibility of DLBC.

DLBC is responsible for their proportionate share of the property tax plus HST, which will be billed by the Landlord. In the past number of years, the DLBC has received 100% property tax exemption through the Municipality's tax relief program. The proposed agreement will satisfy the requirements of this program for the DLBC to continue to apply under Administrative Order 2014-001-ADM Tax Relief to Non-Profit Organizations. The DLBC must apply annually to the program and their acceptance is contingent upon approval by Regional Council.

DISCUSSION

In the fall of 2020 staff reached out to the Dartmouth Lawn Bowls Club to engage in discussions on a new agreement to outline current uses and responsibilities for the premises and to Provincial staff to seek approval to enter into a sub-lease for the portion of PID 00232801 and a portion PID 00232819.(Attachment 2).

In April 2021, an Offer to Lease was sent to the DLBC for a Less than Market Value Lease Agreement. The proposed key terms and conditions set out in the offer were approved and accepted by the Society. The

term of the lease agreement is for five (5) years commencing September 1, 2021 and expiring October 31, 2026, at a nominal rate of one (\$1) dollar per year.

The lease agreement will be the Municipality's standard less than market value lease agreement. The terms and conditions to be included in this lease agreement are outlined below in Table 1.

Table 1: Recommended Key Lease Terms and Conditions

Property Addresses	2 Mount Hope Avenue, Dartmouth
Landlord	Halifax Regional Municipality
Tenant	Dartmouth Lawn Bowls Club
Premises	A portion of PID 00232801 and a portion PID 00232819 of approximately 26,132 square feet which shall include the lawn bowls green and the land beneath and directly surrounding the Tenant's clubhouse and sheds.
Term	Five (5) years (September 1, 2021 to October 31, 2026)
Commencement Date	September 1, 2021
Use	For programs and activities to promote health and wellness through the sport of lawn bowls.
Base Rent	Nominal \$1.00 per annum
Additional Rent	The tenant is responsible to pay all operating costs and other associated costs related to the Premises as outlined.
Property Taxes	The tenant shall be responsible for any applicable property taxes levied upon the property due to this agreement. The Tenants proportionate share of the property taxes plus HST and the tenant will be invoiced as they fall due.
Tenant Responsibilities	<p>The Tenant shall be responsible for:</p> <ul style="list-style-type: none"> • All maintenance and repairs to the clubhouse including capital repairs. • Building operating expenses. • Telephone, internet, and cable as needed. • Regular garbage, recycling, compost, etc. removal from the Premises. • Snow removal for walkways, entrances, stairs, and emergency exits on the premises. • Landscaping the premises (both inside and outside the fence) including but not limited to mowing, trimming, raking, maintaining flower beds, and litter removal. • Providing an annual report to The Municipality at the end of their fiscal year including membership, season dates, highlights, and financials for the previous year. • Maintaining registered non-profit active society status with the Nova Scotia Registry of Joint Stocks. • Obtaining the Municipality's written consent for any proposed change of use or alterations to the premises.

<p><i>The Municipality's Responsibilities</i></p>	<p>The Landlord shall be responsible for:</p> <ul style="list-style-type: none"> • General 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 common use parking lot. • The maintenance and 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 the fence surrounding the leased premises (if replacement is required it is subject to the Municipality's approval and budget). • Turf improvements, major repairs and replacements, subject to the Municipality's approval and budget. • Repair asphalt walkways including those within the leased premises. • Walkway and accessible ramp repairs and maintenance.
<p><i>Insurance</i></p>	<p>Commercial General Liability in the amount no less than \$2,000,000, Content Insurance, Directors and Officers Liability Insurance, Property Insurance, and any other insurance required by the Landlord as set forth in the agreement. If alcohol is served, stored or consumed on site at any time then Commercial General Liability in the amount of no less than \$5,000,000 is required with liquor not excluded. Property Insurance is required with all risk bases covered, no less than the value of the building, and boiler and machinery coverage as required. Sudden and Accidental Pollution Liability is required if there is an oil tank on site. Halifax Regional Municipality is to be on the policies as additional named insured.</p> <p>The Tenant's policy shall contain a waiver of subrogation rights.</p> <p>The Tenant will provide the Landlord with a Certificate of Insurance evidencing proof of all required coverage as outlined above upon the signing of the agreement.</p>
<p><i>Alterations</i></p>	<p>The Tenant shall not make any alterations to the Premises without the prior written consent of the Landlord.</p>
<p><i>Early Termination</i></p>	<p>Either party shall have the option to terminate this agreement upon providing six (6) months written notice to the other party at any time and for any reason.</p>
<p><i>Surrender Requirements</i></p>	<p>The Tenant has improved the property by adding a standalone clubhouse building and storage sheds.</p> <p>Upon the termination of the lease, and at the discretion of the Municipality, the Tenant may be required to remove the improvements/structures and all related materials and return the lands to their natural state. If the Tenant is required to remove the structure and any related materials, they shall be responsible for all related costs. At the termination of the agreement with the Tenant, if the Municipality chooses to retain the improvements/structure or any improvements, they shall then be owned by the municipality and there will be no financial compensation to the Tenant for such ownership.</p>
<p><i>Parking</i></p>	<p>The parking area is non-exclusive and shall be used in common with other users of the property. Parking arrangements are subject to change as per Landlord requirements.</p>
<p><i>Condition</i></p>	<p>The Tenant accepts the premises on an "as is" basis.</p>

FINANCIAL IMPLICATIONS

The market value Base Rent for the area of land including the clubhouse and bowling green is valued at \$6.00 per square foot. Over the term of the agreement approximately \$783,960 would be waived which represents the 'base rent grant' for use of the property. The term 'base rent grant' represents the opportunity cost associated with the Municipality sub-leasing the space at less than market value. The proposed rent for the term of this agreement is a nominal amount of \$1.00 per annum which is considered less than market value.

The Municipality will remain responsible for electrical for the outdoor lights surrounding the turf centre under cost centre W182. The winter maintenance and the seasonal gravel grading for the driveway and parking lot remain the Municipality's responsibility as these areas are shared with the adjacent fire station and ball field; they are estimated to cost between \$3500 and \$4550 annually. These costs also represent the equivalent of an 'operating grant' for the property's use.

The tenant will be responsible to pay the property taxes as they fall due and are invoiced by the Municipality and until such time that the Dartmouth Lawn Bowls Club apply to Administrative Order 2014-001-ADM Tax Relief to Non-Profit Organizations, a level of tax relief cannot be determined.

RISK CONSIDERATION

The property taxes associated with the lease produces a significant risk for the group given their limited revenue sources. The risk to the organization can be mitigated by their application to Administrative Order 2014-001-ADM Tax Relief to Non-Profit Organizations.

The risks to HRM associated with the recommendations in the Report are considered rate Low. The terms and conditions outlined in the standard lease agreement mitigate any risks.

COMMUNITY ENGAGEMENT

The Dartmouth Lawn Bowls Club's Board of Directors is made up of members of the community.

ENVIRONMENTAL IMPLICATIONS

There are no known environmental implications.

ALTERNATIVES

- Alternative 1: The Grants Committee could recommend that Regional Council sub-lease the premises at market value to the Dartmouth Lawn Bowls Club.
- Alternative 2: The Grants Committee could recommend that Regional Council sub-lease the property to the Dartmouth Lawn Bowls Club for a shorter term.
- Alternative 3: The Grants Committee could recommend that Regional Council not sub-lease the property to the Dartmouth Lawn Bowls Club.

ATTACHMENTS

- Attachment 1: Sublet Approval Letter from the Province of Nova Scotia
- Attachment 2: Dartmouth Lawn Bowls Club Site Map and 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.

Report Prepared by: Sarah Coley, Partnership Coordinator, Parks & Recreation 902.292.8267

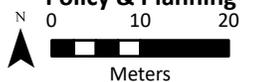


SITE MAP AND LEASE AREA DARTMOUTH LAWN BOWLS CLUB

-  HRM Park
-  Parcel Polygon
-  Dartmouth Lawn Bowls Club

HALIFAX

Parks & Recreation
Policy & Planning



Date: 7/28/2021



Transportation and
Active Transit
Public Works Division
Real Property Services

5th Floor
Johnston Building
1672 Granville Street
PO Box 186
Halifax, Nova Scotia
B3J 2N2

Bus.: [REDACTED]
Fax: [REDACTED]
E-mail: [REDACTED]

Our File Number: [REDACTED]

April 6, 2021

Halifax Regional Municipality
c/o Maria Lohnes
PO Box 1749
Halifax, NS B3J 3A5

Via Email: lohnesma@halifax.ca

Dear Ms. Lohnes:

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

As per our previous conversations and my email of March 31, 2021, 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.

Yours truly,

[REDACTED]

Roberta MacAskill
Infrastructure and Facilities Project Lead

[REDACTED]