

# HALIFAX

P.O. Box 1749  
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B3J 3A5 Canada

**Item No. 9.1.2**  
**Grants Committee**  
**March 28, 2022**

**TO:** Chair and Members of Grants Committee

**SUBMITTED BY:**  (Original Signed)  
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Jacques Dubé, Chief Administrative Officer

**DATE:** January 6, 2022

**SUBJECT:** Less Than Market Value Lease Agreement –  
Canoe to the Sea Society, 10 Nowlan Street, Dartmouth

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## **ORIGIN**

This report originates with the accepted letter of Offer to Lease from Canoe to the Sea Society located at 10 Nowlan Street, Dartmouth.

## **LEGISLATIVE AUTHORITY**

*Halifax Regional Municipality Charter, SNS 2008, c 39,*  
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.

*Halifax Regional Municipality Charter, NS 2008, c 39,*  
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.

## **RECOMMENDATION**

It is recommended that the Grants Committee recommend that Halifax Regional Council enter into a Less Than Market Value Lease Agreement with Canoe to the Sea Society for a portion of PID 00094318 at 10 Nowlan Street, Dartmouth, and authorize the Mayor and Municipal Clerk to execute the Lease, as per the key terms and conditions set out in Table 1 in the discussion section of this report.

## **BACKGROUND**

Canoe to the Sea Society (CSS), incorporated in 1989, is a membership based, non-profit organization supporting the sport of marathon paddling. CSS averages 60 members annually and organizes three annual paddling events and training. CSS also provides private boat storage for 10 members.

In 2006, CSS entered into a five (5) year lease with the Municipality for a 250 square foot boat storage shed on Lion's Beach, located at 10 Nowlan Ave in Dartmouth. This original lease expired on April 30, 2011 and the CSS have been operating in overholding, on a month-to-month basis, since that time.

During their occupancy, CSS has spent approximately \$5000 on the boat storage shed to restore the roof, remove the toilets, paint, and add new doors upon taking over the lease. There is currently no electrical or water service to the Premises. Access to the shed supports the club in its delivery of programs and services.

## **DISCUSSION**

The club's programs and services align with HRM's council priority area of communities and specifically priority outcomes related to involved and inclusive communities. Without volunteers and clubs of this nature providing this alternative service delivery, these types of offerings may not otherwise be provided or would be expected by the community to be provided by HRM. As such, a less than market value lease is recommended as it supports the provision of a service which benefits the community.

The term of the lease is for five (5) years with a six (6) month termination clause which allows an opportunity for HRM Recreation Programming to explore future programming opportunities at this site. Based on this review, it will enable staff to plan for and budget potential alternative utilization to serve the broader community.

The Club have signed an Offer to Lease, subject to municipal approvals. A map of the proposed lease 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 is \$8,250 per annum and as such represents an opportunity cost to the municipality of that amount under the proposed less than market value lease.

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

**Table 1**

<b>Recommended Key Lease Terms &amp; Conditions</b>	
<b>Property Addresses</b>	10 Nowlan Street, Dartmouth
<b>Landlord</b>	Halifax Regional Municipality
<b>Tenant</b>	Canoe to the Sea Society
<b>Premises</b>	A portion of PID 00094318 measuring approximately 275 square feet which shall include the shed and land beneath the shed.
<b>Term</b>	Five (5) years (April 1, 2022 to March 31, 2027)
<b>Commencement Date</b>	April 1, 2022
<b>Use</b>	For programs and activities to promote health and wellness through the sport of marathon canoeing.
<b>Base Rent</b>	The base rent for the term of this agreement is a nominal amount of \$1.00 plus HST per annum, which is considered less than market value.

<b>Recommended Key Lease Terms &amp; Conditions</b>	
<b>Base Rent Grant</b>	The opportunity cost for the Premises is valued at \$6.00 per square foot. Over the term of the agreement approximately \$8,250 shall be waived which represents the 'base rent grant' for use of the property. The term 'base rent grant' represents the opportunity cost associated with HRM leasing the space at less than market value.
<b>Additional Rent</b>	Tenant is responsible to pay all operating costs and other associated costs related to the Premises as outlined.
<b>Property Taxes</b>	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 will be invoiced as they fall due.
<b>Tenant Responsibilities</b>	<p>The Tenant shall be responsible for:</p> <ul style="list-style-type: none"> <li>• General building maintenance and repairs to the shed.</li> <li>• Building operating expenses.</li> <li>• Interior cleaning.</li> <li>• Regular garbage, recycling, compost, etc. removal from the Premises.</li> <li>• Snow removal for entrances and walkways as required by the Society for access.</li> <li>• Providing an annual report to HRM within 3 months of their end of fiscal year including membership, season dates, highlights, and financials for the previous year.</li> <li>• Providing HRM with an annual Operating Plan by May of each year, including a listing of all planned events prior to the start of each Operating Period.</li> <li>• Maintaining registered non-profit active status with the Nova Scotia Registry of Joint Stocks.</li> <li>• Adhere to all Public Health orders, guidelines, and any plans implemented by HRM or the Building, Facilities or Land's managers to meet the same.</li> <li>• Adhere to all Fire Safety Codes, including but not limited to: <ul style="list-style-type: none"> <li>○ Storage of gasoline, propane, or other fuels in appropriate containers in designated areas outside of the Building.</li> <li>○ Storage of any oils, sealants, shellacs and/or any other flammable or propellant materials in a locked fire cabinet when not in use.</li> <li>○ Appropriate storage and disposal of any rags used with any flammable or propellant materials.</li> </ul> </li> <li>• Ensure that all members, and any guests or invitees to the Premises, are abiding by all municipal rules for the Building, Facility or Lands.</li> </ul>
<b>The Municipality's Responsibilities</b>	<p>The Landlord shall be responsible for:</p> <ul style="list-style-type: none"> <li>• General litter pick up and regular garbage removal from the Property excluding the leased Premises.</li> <li>• Lawn and beach maintenance at Lion's Beach.</li> <li>• Installation and removal of docks at Lion's Beach.</li> <li>• Site improvements excluding the leased Premises, unless otherwise indicated.</li> <li>• Basic structural repairs and maintenance to the Premises.</li> <li>• Capital repairs to the building as may be required.</li> </ul>

<b>Recommended Key Lease Terms &amp; Conditions</b>	
<b><i>Insurance</i></b>	<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>The Tenant must also carry the appropriate Event Insurance to cover any events, tournaments or races occurring on or in Municipal lands.</p>
<b><i>Alterations</i></b>	The Tenant shall not make any alterations to the Premises without the prior written consent of the Landlord.
<b><i>Early Termination</i></b>	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.
<b><i>Assignment and Sub-Leasing</i></b>	<p>At no time shall the Tenant assign, sub-lease or rent out any portion of the Premises, including any watercraft berths or storage. Nor shall the Tenant place any portion of the Premises under any contract or agreement with any other party.</p> <p>Registered members of the Society, as listed in the membership rolls to be provided to HRM, may store, or berth their watercraft as part of the Society's Permitted Use; however, such use shall at no time constitute any assignment by the Tenant nor infer any agreement with HRM.</p>
<b><i>Premises Access Restrictions</i></b>	The Tenant acknowledges and agrees that the Premises will be "winterized" by the Landlord no later than November 30 each year and "de-winterized" by April 30 each year. During this period, the Tenant may only access the Premises for limited visitations to remove or add items to storage and to assess the Building conditions but shall not carry on any regular business at the Premises. HRM shall not be responsible for any snow removal or clearing made necessary by the Tenant's limited visitation during the "winterized" period.
<b><i>Condition</i></b>	The Tenant accepts the Premises on an "as is" basis.

**FINANCIAL IMPLICATIONS**

The market value base rent for the area of land, including the shed, is valued at \$6.00 per square foot. Over the term of the agreement approximately \$8,250 shall 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 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 tenant shall be responsible to pay property taxes as they fall due and are invoiced by HRM. With the execution of the new lease the Canoe to the Sea Society will be eligible to apply to Administrative Order 2014-001-ADM Tax Relief to Non-Profit Organizations.

### **RISK CONSIDERATION**

The risks to the municipality associated with the recommendations in the report are considered Low. Canoe to the Sea Society is an established organization, has occupied the premises since 2006, and holds the required insurance coverage.

### **COMMUNITY ENGAGEMENT**

Canoe to the Sea Society's Board of Directors is made up of members of the community.

### **ENVIRONMENTAL IMPLICATIONS**

No environmental implications were identified.

### **ALTERNATIVES**

1. The Grants Committee could recommend that Halifax Regional Council Lease the property at market value to the Canoe to the Sea Society.
2. The Grants Committee could recommend that Halifax Regional Council direct the Chief Administrative Officer to negotiate different terms for the agreement with the Canoe to the Sea Society. This would require additional negotiation with the group and a supplementary report.

### **ATTACHMENTS**

Attachment 1: Site Map and Lease Area

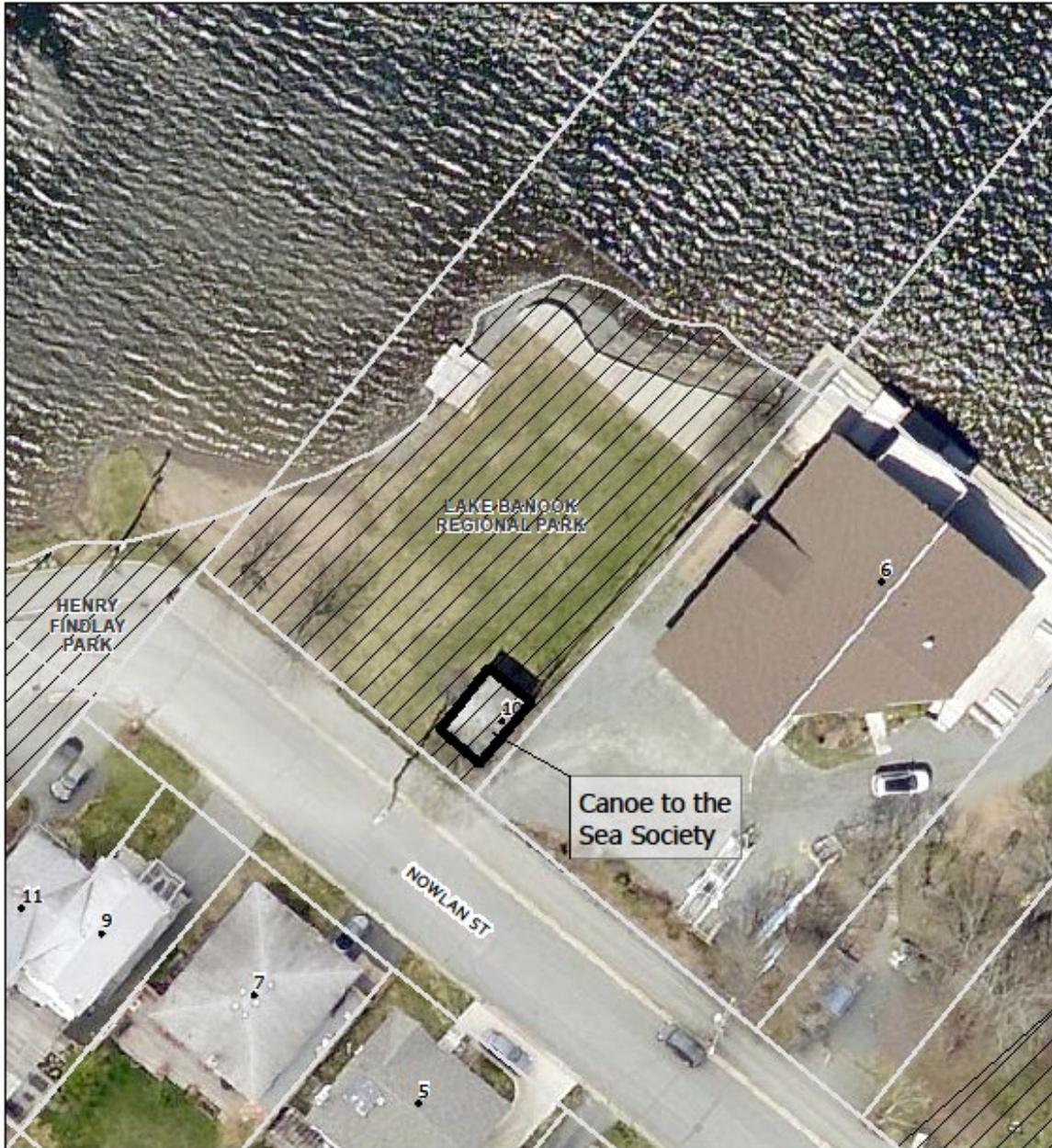
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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

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## ATTACHMENT '1' SITE MAP



SITE MAP - 10 NOWLAN STREET, DARTMOUTH

-  Canoe to the Sea Society
-  HRM Park

**HALIFAX**  
Parks & Recreation  
Business & Technical Services



Meters

Date: 10/18/2021