



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

Item No. 6
Halifax Regional Council
June 13, 2017

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by Director
SUBMITTED BY: Amanda Whitewood, Director/CFO, Finance and Asset Management

DATE: May 26, 2017

SUBJECT: Administrative Order 50 – Proposed Disposal of North Street Dartmouth Properties

INFORMATION REPORT

ORIGIN

- September 6, 2016 Regional Council Motion:
MOVED by Councillor McCluskey, seconded by Councillor Karsten that Halifax Regional Council request a staff report following the September 30th closing of the sale of Dartmouth City Hall building with information about the plans for the new museum in Dartmouth. **MOTION PUT AND PASSED UNANIMOUSLY**
- November 22, 2016 Regional Council Motion:
MOVED by Councillor Austin, seconded by Councillor Nicoll that Attachment B Ordinary Properties be further amended to remove PID 40506875 & PID 40938110, North Street at this time, and that staff be directed to prepare a report regarding the feasibility of the subject properties being a potential site for a municipal museum and to investigate whether transferring money realized from the potential sale from the subject properties should be deposited to Q606 Strategic Capital Reserve, and subsequently committed against Reserve Q526 to be contribute toward the establishment of a municipal museum in Dartmouth as part of a cultural cluster. Staff was asked to look at the implications of funding these types of projects in the future. **MOTION TO AMEND PUT AND PASSED UNANIMOUSLY**
- March 28, 2017 Regional Council Information Report:
Sale of 90 Alderney Drive / Regional Museum Update

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, Section 79 (1)

The Council may expend money required by the Municipality for

...

(k) recreational programs;

...

(x) lands and buildings required for a municipal purpose;

...

(ai) public grounds, squares, halls, museums, parks, tourist information centres and

Community centres;

BACKGROUND

On November 10, 2009, Regional Council passed a motion which directed that the Dartmouth Heritage Museum Society (DHMS) be given exclusive rights for the use of the former Dartmouth City Hall building (90 Alderney Drive) for the purpose of a permanent museum and the creation of a Cultural Cluster.

In January 2014, Regional Council declared that the building at 90 Alderney Drive was unsuitable for a museum, and directed 90 Alderney Drive be declared surplus to the needs of HRM under Administrative Order 50. Regional Council's motion further directed that an equivalent amount of money from the sale of the property was to be put aside to be used toward the establishment of a municipal museum in Dartmouth as part of a cultural cluster. Staff was further directed to consider HRM's support and investment in community museums, regional museums, and collection of heritage artifacts as part of the Cultural Heritage Priorities Plan (CHPP), and to return to Council with recommendations for an HRM regional museum consistent with the direction outlined in the CHPP.

Regional Council requested an update on the sale of 90 Alderney Drive and related plan for a regional museum at the September 6, 2016 meeting of Council.

In addition, on November 22, 2016, during its deliberation of proposed surplus properties, Regional Council approved the removal of two North Street Dartmouth properties (PID 40506875 and PID 40938110) from the surplus property list, so that they may be considered for the following museum purposes, namely:

“MOVED by Councillor Austin, seconded by Councillor Nicoll that Attachment B Ordinary Properties be further amended to remove PID 40506875 & PID 40938110, North Street at this time, and that staff be directed to prepare a report regarding the feasibility of the subject properties being a potential site for a municipal museum and to investigate whether transferring money realized from the potential sale from the subject properties should be deposited to Q606 Strategic Capital Reserve, and subsequently committed against Reserve Q526 to be contribute toward the establishment of a municipal museum in Dartmouth as part of a cultural cluster. Staff was asked to look at the implications of funding these types of projects in the future. MOTION TO AMEND PUT AND PASSED UNANIMOUSLY”

In response, an Information Report entitled, *Sale of 90 Alderney Drive / Regional Museum Update*, appeared on the agenda of the March 28, 2017 meeting of Regional Council. The information report addressed the above motion in terms of potential funding contribution toward a museum from the sale of 90 Alderney Drive, Dartmouth.

The March 28 Information Report proposed the need for a Regional Museum Strategy, which will be composed of several components, among which is a feasibility study. The feasibility study will inform, among other things, the analysis of potential museum sites. The Information Report also included reference to the North Street properties, specifically:

“Feasibility of PID 40506875 & PID 40938110, North Street as a potential site for a municipal museum

At the November 22, 2016 Council meeting, a staff recommendation report “Administrative Order 50 – Disposal of Surplus Real Property – Package 05.16” was presented. Included in that report were two parcels, PID 40506875 & PID 40938110, North Street, Dartmouth. These parcels of land are currently used for HRM fleet vehicle parking, generating net parking revenue of approximately \$29,000 annually. Council discussed the risks and benefits of retaining the parcels as a potential site for a regional museum. The parcels were removed from Attachment B, Ordinary Properties, and the matter was referred to staff for a report regarding “the feasibility of the subject properties being a potential site for a municipal museum and to investigate whether transferring money realized from the potential sale from the subject properties should be deposited to Q606 Strategic Capital Reserve, and subsequently committed against Reserve Q526 to contribute toward the establishment of a municipal museum in Dartmouth as part of a cultural cluster”.

“While there are social and accessible benefits in creating an enhanced “cultural cluster” of buildings adjacent to the Dartmouth Ferry Terminal and Alderney Landing, it is premature to commit a specific parcel of land as the location for the regional museum building until completion of the feasibility study. However, the land has been informally regarded as a potential location over the past few years since the 90 Alderney site was declared inappropriate. As noted, the work on the regional museum strategy will include assessment of various sites to determine their feasibility for hosting a municipal museum once the necessary scope and size of a facility is confirmed. Therefore, it is premature to be able to comment on the feasibility of the indicated sites for a museum at this time. However, retaining ownership of the land would be of benefit for consideration under the feasibility study when prospective sites are analysed. Should the site be determined inappropriate for the museum location, the properties could be relisted as surplus to municipal requirements for Council’s decision. A further report on the real estate considerations will follow this report and is expected before Regional Council in summer 2017.”

Allocating proceeds from the potential sale of the North Street subject properties to Q606 Strategic Capital Reserve had been approved by Regional Council on July 29, 2014 as part of the Strategic Capital Funding Strategy; this policy is also entrenched in the Reserve’s [Q606] business case. While Regional Council has directed that an equivalent value received from the sale of 90 Alderney Drive be allocated to the development of a regional municipal museum in Dartmouth, typically, funding realized from the sale of land is allocated to Q526 Capital Fund Reserve. The proposed ten-year capital budget has allocated \$12 million to the project. There are multiple options for funding projects in the capital budget, including use of reserves. With the project proposed in 2020, the best funding option will be determined as future capital budgets are refined. Allocating funding from a sale of property, at this time, would restrict HRM’s use of that funding, eliminating the flexibility to allocate funding to the necessary priorities in the short term. Therefore, should Council choose to sell the properties at this time, the revenue realized should be allocated to the Strategic Capital Reserve as previously approved by Council on July 29, 2014 with the presentation of the Strategic Capital Funding Strategy. Further funding for the regional museum would be allocated appropriately in future capital budgets.

DISCUSSION

The following discussion responds to the part of the November 22, 2016 motion regarding PID 40506875 and PID 40938110, North Street, requesting feasibility of the subject properties as a potential site for a municipal museum. The purpose of this report is to provide some advice from a real estate disposal and development perspective.

Corporate Real Estate will defer consideration of the subject properties under Administrative Order 50 until 2018. This will afford the Parks, Recreation and Communities business unit time to review the North Street location under a feasibility study whether the parcels have potential viability to host a municipal regional museum. The parcels’ functionality will continue as parking lots in support of Alderney Gate operations during this period of review.

Should the site be identified as a potential location for a regional municipal museum, it would not be an appropriate investment as a stand-alone use on the North Street properties, as this would fall short of the highest and best use of the property. From a real estate perspective, the property can support greater building mass and mixed use beyond solely a museum. If the subject property were considered for—or short-listed as a potential location for—the museum, then it would be most appropriate that the museum form a component of a mixed-use development on the property. This potential will be further considered as part of the aforesaid regional museum feasibility study.

FINANCIAL IMPLICATIONS

There are no immediate financial impacts of continuing to own and operate the North Street, Dartmouth properties as parking lots. There is, however, an opportunity cost implication to not approving the properties as surplus to municipal requirements, because it delays realization of proceeds of sale.

COMMUNITY ENGAGEMENT

Community engagement was as per Administrative Order 50, whereby the local area Councillor and Community Council were advised of the proposal to surplus the properties prior to appearing before Regional Council on November 22, 2016.

ATTACHMENTS

None

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: Rudy Vodicka, Project Manager, Corporate Real Estate, Finance and Asset Management, 902.476.8183

Report Reviewed by: Denise Schofield, Manager, Program Support Services, Parks Recreation and Communities, 902.490.6252
