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Item No. 12.1.1
Executive Standing Committee
May 16, 2016

TO: Chair and Members of the Executive Standing Committee

SUBMITTED BY:

ORIGINAL SIGNED

Maggie MacDonald, Managing Director of Government Relations and External Affairs

DATE: April 14, 2016

SUBJECT: **Battle of the Atlantic Place - Update**

ORIGIN

Item 12.1 of the September 9, 2014 Halifax Regional Council meeting, motion requested: That Halifax Regional Council request a staff report regarding possible capital investment and property tax relief for the proposed Battle of the Atlantic Place on Lower Water Street subject to Federal and Provincial participation and successful fundraising. The staff report should address alignment between Battle of the Atlantic objectives and outcomes with HRM priorities, including economic development, and should address HRM's ability to respond to this request.

LEGISLATIVE AUTHORITY

HRM Charter, Section 79 (1) (av) respecting grants and contributions.

RECOMMENDATION

It is recommended that the Executive Standing Committee request that the Mayor write a letter in support of the Battle of the Atlantic Society's application for federal funding.

BACKGROUND

In early 2010, the municipality received its first formal contact from the Canadian Naval Memorial Trust regarding potential support for Battle of the Atlantic Place, an interpretive facility proposed to be located on the Halifax waterfront. To date, two grants under the HRM Community Grants program have been awarded for development work on this project.

On March 20, 2012 Regional Council, via the Grants Committee, provided a grant of \$50,000 to the Canadian Naval Memorial Trust towards professional fees and marketing for an international design competition to advance the protection of the HMCS Sackville. In addition, Council approved assignment of an HRM representative to serve on the design competition committee.

On January 28, 2014 Regional Council, via the Grants Committee, approved a \$25,000 grant for Phase Two of the project, along with the recommendation that the Trust apply to the 2014-15 program for an additional \$25,000.

No formal application has been received for further phases of the project, although the proponent has made contact with staff and members of Council. It is anticipated that future financial requests to facilitate the completion of this multi-million dollar project will be some combination of capital, operating, and/or tax relief.

DISCUSSION

Project Description

The proposed development is an “experience centre” to convey, in an innovative manner, a sense of the sacrifice of the hundreds of thousands of Canadians who participated in the Battle of the Atlantic. The proposal is comprised of an architecturally unique building, including a permanent indoor dry dock facility to house the HMCS Sackville, a Maritime Command Museum, and a Naval Memorial Hall. The proposed site is adjacent to Sackville Landing, and has been allocated to the proponent by the Province of Nova Scotia.

The Design phase of the project is complete. The municipality contributed \$50,000 toward a \$900,000 detailed design concept competition. The other two levels of government and private contributions comprised the balance of the funding. Follow-up phases have included an economic impact study and project costing. Additional required work includes environmental assessment, geotechnical evaluation, land use, and planning approval requirements. The municipality was asked for an additional \$50,000 after the design phase and contributed \$25,000, with a further recommendation that the Trust apply in 2014-15 for an additional \$25,000 (Note: the Trust did not apply for the second \$25,000). The total cost of these post-design phases was estimated at \$400,000 for consulting fees and administration.

Proponent

The project was initiated by the Canadian Naval Memorial Trust, a non-profit society comprising trustees from across Canada and around the world. The Trust's primary purpose is the preservation and promotion of Canada's naval history, including the operation of an interpretation centre and the stewardship of the HMCS Sackville, which was designated as Canada's Naval Memorial in 1985. In 2015, management of the project was taken over by the Battle of the Atlantic Society (herein after referred to as “the Society”), a not-for-profit organization established with the sole purpose of creating the facility.

Estimated Project Cost

The Phase One cost was approximately \$900,000 and subsequent development phases were estimated at \$400,000. A cost summary prepared in October 2013 provided a draft “Class C” estimate of approximately \$180 - \$210 million for the total project.

Potential Municipal Role

The municipality has not received a specific monetary request to support completion of the project. In future, if the Society does request a financial contribution, the municipality does not have a grant program that can accommodate the funding request that is likely to support a project of this size. The Community Grants program, which allocated funding for the development phases of this project, provides program grants to a maximum of \$5,000 and capital grants to a maximum of \$25,000. Previously, Regional Council has received other requests for funding support in amounts that exceed the threshold of Community Grants and other program guidelines. Regional Council does have authority under the HRM Charter to consider requests for funding from charitable organizations, including community and recreational organizations, on a case by case basis. In this case, a similar approach could be employed as those used to assess recent requests for significant levels of funding. This approach would include a detailed assessment of the business plan or proposal submitted; evaluation of the project based on linkage to municipal objectives, mandate and priorities; and an exploration of potential funding options.

Another factor for consideration when receiving a proposal to fund a large capital project is the municipality's approach to strategic capital funding. A July 29, 2014 report approved by Regional Council contained a list of significant capital projects in various stages of development for which funding strategies have been identified. A response to any request for significant funding, such as this one, will have to account for this list of priorities and funding strategies. A contribution for a large scale project like Battle of the Atlantic Place would be funded solely from the operating budget, as the municipality would not own the asset. However, the potential impact of such a significant transfer from the operating budget on reserves being accumulated for strategic capital priorities would need to be closely considered. Additionally, any request to consider tax relief would need to be considered against the alignment of the project with municipal objectives, but in the context of any other similar requests. Pending revisions to grants and contributions policies may clarify the issue of responding to requests for tax relief.

Some information has been provided to the municipality by the proponent including a concept design document, economic impact study, and projected cost summary. As noted above, a specific monetary request, operations plan, or comprehensive proposal on which to evaluate this project have not been submitted to the municipality. Until such information is received, the feasibility of the project cannot be formally assessed from a funding perspective. If a specific request is made by the project proponents for a capital contribution, ongoing operating funding, and/or tax relief, staff will assess the request, seek to obtain additional information, and make recommendations based on municipal priorities, existing policy direction and budgetary considerations.

In the meantime, the Society has indicated that some degree of promotion from the municipality would be helpful in its pursuit of provincial and federal support for development of Battle of the Atlantic Place, as there is an expectation that significant participation from the other two levels of government will be required to further develop the project. At present, the Society is proceeding with an application to a federal program seeking a portion of project funding, and has requested a sign of municipal support for the application. Generally, this type of support is provided via a letter from the Mayor.

FINANCIAL IMPLICATIONS

There are no direct financial implications resulting from the material in this report.

RISK CONSIDERATION

There are no significant risks associated with the recommendation in this Report. The risks considered rate Low. In the event that the Society approaches the municipality with a detailed proposal and associated funding request, a more robust risk assessment will be conducted.

COMMUNITY ENGAGEMENT

N/A

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with the recommendation in this Report.

ALTERNATIVES

In the absence of a detailed proposal from the Society, the Standing Committee may determine that a letter of support is not warranted at this time.

The Standing Committee may opt to forward this report to Regional Council for further discussion.

ATTACHMENTS

None

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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