

HALIFAX

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Item No. 9.1.1
Grants Committee
April 9, 2018

TO: Chair and Members of HRM Grants Committee

SUBMITTED BY: Original Signed

Jerry Blackwood, Acting CFO/Director of Finance and Asset Management

DATE: January 25, 2018

SUBJECT: Less than Market Value Lease: Orenda Canoe Club, 3170 Highway No. 7, Lake Echo

ORIGIN

This report originates with a request from the Orenda Canoe Club to enter into a lease agreement with Halifax Regional Municipality (HRM) for the premises at 3170 Highway No. 7, Lake Echo.

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 organisation 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:

1. Recommend Halifax Regional Council authorize the Mayor and Municipal Clerk to enter into a less than market value lease agreement with the Orenda Canoe Club for the premises at 3170 Highway No. 7, Lake Echo, Nova Scotia, being a portion of PID #40164345, as per the key terms and conditions set out in Table 1 in the discussion section of this report.

BACKGROUND

The Orenda Canoe Club (OCC) is a registered non-profit organization that was founded in 1977. The OCC offers residents the opportunity to participate in a range of recreational and competitive canoe and kayak paddling programs, as well as providing an after-school program. OCC is situated on the shores of Lake Echo within the municipally owned 2.3-acre Lake Echo Community Centre (LECC) waterfront park. The park also contains the community centre, a lifeguarded public beach, a public boat launch, and a Canada Post community mail box facility.

The development of these lands for recreational use began in 1974 when the former Lake Echo Recreation Association leased the land from the Province of Nova Scotia. OCC's occupancy of a portion of the waterfront began in the late 1970's with the loan of equipment from local paddling clubs and construction of a small boat storage shed on what is now their current location. In the early 1990's, the former Municipality of Halifax County acquired the title from the Province for \$1.00 with the conveyance conditional upon the use of the property for recreational purposes.

In 2000, through a municipal grant and volunteer assistance, OCC added a 2-storey extension to the boathouse to accommodate equipment and provide a Clubhouse for members. An HRM Grant for \$15,000 was awarded to OCC in 2016 towards the purchase of a new heating system for the Clubhouse. In early 2017, the Club received \$608,500 in Provincial funding towards a full-scale expansion and revitalization of the facility. This expansion project is scheduled to commence in early 2018. Staff have endorsed entering into a Temporary Construction Easement with OCC. This will formally address the situation that has existed since the former lease expired in February 1995. The TCE will allow construction to promptly begin and will mitigate the impact of the construction on the OCC's summer programming.

DISCUSSION

Discussions with OCC and HRM began in the spring of 2017. Meetings followed in May and June to confirm areas of responsibility and discuss the Clubhouse expansion project.

In the fall, a planning meeting was held with local area interest groups, including the OCC, the LECC, the Lake Echo Boating Association, and the local Councillor, to solicit feedback. The groups made recommendations for HRM to consider, including a revised area for the OCC lease agreement (Attachment 1). The revised area would include an additional 6,500 square feet to provide more room for the facility expansion project, and extra recreation space requested by the OCC. The OCC is required to carry \$5M in Commercial Liability as alcohol is served on site.

The OCC has signed an Offer to Lease, subject to Municipal approvals, which includes the additional lease area. In addition to the lease for the premises, a separate agreement between the OCC and LECC will be prepared by HRM staff and presented to Regional Council at a future date that confirms the following areas of the property to be shared by the two groups:

- 1) a recreation area in front of the LECC; and
- 2) the parking lot located on the OCC leased area.

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

Table 1

Recommended Key Lease Terms & Conditions	
Property Address	3170 Highway No.7 (a portion of PID 40164345)
Landlord	Halifax Regional Municipality
Tenant	Orenda Canoe Club
Premise Area	Approximately 52,339 square feet, actual area may be verified by survey
Base Rent	\$1.00 per annum plus additional charges as applicable
Term	Twenty (20) years (April 15, 2018 to April 14, 2038)
Commencement Date	April 15, 2018
Permitted Use	Orenda Canoe Club activities, hall 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 OCC.
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 and 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 the Orenda Canoe Club with access across HRM-owned lands
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 six (6) months written notice to the other party at any time and for any reason. Upon lease termination or expiration, the Municipality retains the right to decide if building ownership is to be transferred to the Municipality at no cost or removed at the cost of the Tenant.

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 of \$6,300 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 the Society to Administrative Order 2014-001-ADM Tax Relief to Non-Profit Organizations, the amount offset will represent an additional operating grant from HRM.

RISK CONSIDERATION

Reducing the area of the lease to those items in immediate control of the Orenda Canoe Club provides clear lines of responsibility. The risk associated with the building and activities carried on inside will be the responsibility of the OCC and they will be required to mitigate any risks to public use.

COMMUNITY ENGAGEMENT

The Board of Directors for the Orenda Canoe Club is made up of members of the community.

A meeting was held in October with HRM staff, the local Councillor and local area interest groups including the OCC, LECC and the Lake Echo Boating Association. The purpose was to solicit feedback for HRM to use for future planning purposes for the three parcels on which the OCC, LECC, HRM beach and boat launch are located.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

ALTERNATIVES

1. The HRM Grants Committee could recommend that Regional Council lease the property at market value to the Orenda Canoe Club.
2. The HRM Grants Committee could recommend that Regional Council change the term of the lease with the Orenda Canoe Club.

ATTACHMENTS

Attachment 1 - Site Map & Area of Use

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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ATTACHMENT '1' AREA OF USE

