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Item No. 14.2.1
Halifax Regional Council
May 9, 2017

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY: _____
Councillor Lorelei Nicoll, Vice Chair, Audit and Finance Standing Committee

DATE: April 20, 2017

SUBJECT: Grant Request – Parking Lot Reconstruction Maritime Conservatory of
Performing Arts Society and Maritime Muslim Academy

ORIGIN

Staff report to the Audit and Finance Standing Committee meeting of April 19, 2017.

LEGISLATIVE AUTHORITY

Section 8 of the Audit and Finance Standing Committee's Terms of Reference:

The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including:

- (a) new programs or services not yet approved or funded;
- (b) programs or services that are being substantially altered;
- (c) proposed changes in any operating or project budget items;
- (d) the commitment of funds where there is insufficient approved budget;
- (e) new or increased capital projects not within the approved budget;
- (f) increases in project budget due to cost sharing; and
- (g) the creation or modification of reserves and withdrawals not approved in the approved budget.

RECOMMENDATION

The Audit and Finance Standing Committee recommends Halifax Regional Council decline the grant request for \$124,195.11 towards private parking lot upgrades.

BACKGROUND

September 6, 2016 Regional Council requested a staff report in response to the request from the Maritime Conservatory of Performing Arts Society and Maritime Muslim Academy for consideration of a special grant for reconstruction work of a parking lot. Council directed the staff report be forwarded to the Audit and Finance Standing Committee.

DISCUSSION

The staff report was submitted to the April 19, 2017 meeting of the Audit and Finance Standing Committee. The Committee discussed the report with members expressing both support for the staff recommendation to refuse the request, and support for finding some manner in which the Municipality could assist the community group. In response to questions regarding use and access of the parking lot by municipal staff, the municipal solicitor clarified that the parking lot is a private lot and that municipal staff do not use the lot but that there is a right of easement in order that staff can access the adjacent park. The Committee discussed requesting a staff report that would investigate whether there could be an arrangement, whereby, if the Municipality provided some assistance with the financial request, it could then, in turn, be provided public access and use of the parking lot after hours. It was noted that, ultimately Regional Council makes the final decision on this matter, therefore, the Standing Committee felt that, due to time constraints it would be more effective to send the matter to Regional Council as soon as possible, for consideration and debate. The Standing Committee passed the motion endorsing the staff recommendation.

FINANCIAL IMPLICATIONS

There are no financial implications if Council supports the staff recommendation.

RISK CONSIDERATION

The attached staff report addresses risk consideration.

COMMUNITY ENGAGEMENT

Not applicable

ENVIRONMENTAL IMPLICATIONS

Not applicable.

ALTERNATIVES

The attached staff report dated March 3, 2017 provides alternatives.

ATTACHMENTS

Attachment 1: Staff report dated March 3, 2017.

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: Sheilagh Edmonds, Legislative Assistant 902.490.6520

Item No.
Audit and Finance Standing Committee
April 19, 2017

TO: Chair and Members of Audit and Finance Standing Committee
Original Signed by

SUBMITTED BY:

~~Jacques Dube~~, Chief Administrative Officer

Original Signed by

Amanda Whitewood, Director of Finance and Information Technology/CFO

DATE: March 3, 2017

SUBJECT: Grant Request – Parking Lot Reconstruction Maritime Conservatory of Performing Arts Society and Maritime Muslim Academy

ORIGIN

September 6, 2016 – MOVED by Councillor Watts, seconded by Councillor Mason that Regional Council direct staff to prepare a report to the Audit and Finance Standing Committee in order to identify a funding source for a special grant for the parking lot reconstruction to the Maritime Conservatory of Performing Arts and Maritime Muslim Academy and make a recommendation to Regional Council.

September 20, 2016 – MOVED by Councillor Watts, seconded by Councillor Karsten that Regional Council authorize the release of the Buy-Back Agreements for 6199 Chebucto Road and 6225 Chebucto Road in support and acknowledgement of the Maritime Conservatory of Performing Arts and the Maritime Muslim Academy's commitment to their programs and the capital improvements by the property owners that have been implemented and planned to date. Motion put and passed unanimously.

LEGISLATIVE AUTHORITY

HRM Charter, S.N.S 2008 c.39. s.79

- (1) The Council may expend money required by the Municipality for:
 - (av) a grant or contribution to:
 - (v) any charitable, nursing, athletic, educational, environmental, cultural, community, fraternal, recreational, religious or social organization within the Province;

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee recommend Regional Council decline the grant request for \$124,195.11 towards private parking lot upgrades.

BACKGROUND

In a letter to Regional Council dated August 19, 2016, the Maritime Conservatory of Performing Arts Society ("the Conservatory") and the Maritime Muslim Academy ("the Muslim Academy") requested a grant in the amount of \$124,195.11 representing one-third of the total estimated cost of \$342,585.35 net HST¹ to repair and upgrade the parking lot at 6199 and 6225 Chebucto Road/2510 St. Matthias Street, Halifax. The project budget includes engineering design, drawings and tender documents costing \$18,006.25; construction and upgrades of \$314,769.70; and construction administration and inspection fees of \$9,809.40.

The engineering design and tender process was completed in 2015 but unforeseen building issues delayed completion of the project. The construction phase is expected to take six (6) weeks. Given the timing of the funding request temporary patching will be undertaken in the Fall and the construction project will probably commence in the Spring of 2017.

Municipal funding has been requested on the basis of:

- (i) public parking in relation to Chebucto Road Park;
- (ii) after-hours or off-road parking by neighbourhood residents under the winter parking ban;
- (iii) benefit to users of the Conservatory, Muslim Academy, the Ummah Masjid and Community Centre, facility tenants, and event attendees; and
- (iv) neighbourhood beautification.

The Conservatory was incorporated in 1921 pursuant to the Act to Incorporate the Governors of the Halifax Ladies' College and Conservatory of Music. In 1952, the Act was amended to establish the school (now Ambrae Academy) and the Halifax Conservatory of Music as a separate entities. In 2006, the organization changed its name to the Maritime Conservatory of Performing Arts. Operations are largely self-funded through tuition fees, facility rentals, sub-leasing, fundraising, performances and events.

Founded in 1984, the Halifax/Dartmouth Islamic School operated out of the Dartmouth Masjid. Due to growth in the local Muslim population the school re-located to Halifax in 1996 and leased a portion of 6225 Chebucto Road in collaboration with the Nova Scotia Islamic Association. The Muslim Academy is a non-profit society with the Nova Scotia Registry of Joint Stock Companies and a registered Canadian charity. Operations are largely self-sustaining through tuition fees, facility rentals, and fundraising.

In 1999, the Conservatory and Muslim Academy submitted a joint proposal to the Municipality to acquire the former Chebucto School site². At their meeting of September 14, 1999, Regional Council approved conveyance of 6199/6225 Chebucto Road³. The 3-acre parent parcel was subsequently sub-divided into three (3) parcels of which one, the former school field, was retained by HRM for a passive park (Chebucto Park). The Conservancy acquired the former Chebucto School, 6199 Chebucto Road, Halifax, a registered heritage property, and the Muslim Academy acquired the third parcel 6226 Chebucto Road/2510 St. Matthias Street, Halifax. A Buy-Back Agreement was applied to both transactions. The plan of subdivision indicates that HRM retained easements for drainage and guy wires and a 4,125 square foot driveway easement over Lot CR-2 for municipal maintenance vehicles to access the park. There is no easement for public parking.

The two applicant organizations are exempt real property taxes:

¹ As registered charities both property owners are eligible to apply for a partial HST rebate.

² The disposal process pre-dates Administrative Order 50 and consideration was limited to former tenancy.

³ Minutes, Regional Council, September 14, 1999, p.17.

- the Conservatory is exempt under an Act of incorporation (1921);
- as a place of worship the Ummah Masjid is exempt under Section 5(1)(b) of the Assessment Act; and
- the Muslim Academy and association school lands are exempt under Section 5(1)(d) and (f) of the Assessment Act.

In 2016, the assessed value of 6199 Chebucto Road, Halifax, is \$3,029,800 (Commercial Exempt) and the assessed value for 6225 Chebucto Road/2510 St. Matthias Street, Halifax is \$8,858,000 (Commercial Exempt).

DISCUSSION

HRM has no programs under which the owner of a private parking lot can apply for funding. Most such requests are evaluated under the Community Grants Program, which the applicant did not apply to.

In 2009, the Muslim Academy received a Community Grant of \$10,000 towards the purchase of large fixed equipment for the school's gymnasium conditional upon community access to the facility. The gymnasium is used by the Academy during weekdays and is booked in the evening by community groups during the week. The Muslim community centre activities generally take place on weekends. In 2012, the Conservatory received a grant of \$1,200 towards exterior graffiti removal.

Referral to the *Community Grants Program* is not recommended in relation to resurfacing and upgrades to the shared parking lot. As stated in the program guidelines, private parking lots are not a funding priority of the program. Consequently, requests to re-pave, expand or resurface parking lots have been declined: recent examples include the City of Halifax Non-Profit Housing Society (2013), Chezzetcook Recreation Society, Royal Canadian Legion Branch 147 (Upper Musquodoboit), and North Ship Harbour Community Hall Auxiliary (2014).

Other Funding Possibilities

Should the Audit & Finance Standing Committee wish to recommend that Regional Council consider full or partial funding under an alternate municipal funding source, a summary of HRM's authority, restrictions and options are outlined below:

- *HRM Capital Budget*

The parking lot is not owned by the Municipality and as such HRM's capital budget cannot be used towards funding the requested property repairs and upgrades.

- *Grants to Professional Arts Organizations*

The *Grants to Professional Arts Organizations Program* has two funding categories: operating assistance and project assistance. The operating assistance stream supports the general operations of professional arts organizations while the project assistance stream funds discrete productions and presentations offered by the same category of organization. Neither stream provides a mechanism to support discrete capital requests associated with facilities or cultural infrastructure. Therefore, referral to the *Grants to Professional Arts Organizations Program* is not recommended.

- *District Capital Fund*

Although the *District Capital Fund* was intended as a means to advance municipal projects too small or time-sensitive to be addressed through the annual capital budget process, grants to non-profit organizations are permitted in circumstances where a facility provides public benefit unrestricted by

membership or affiliation. The inclusion of a capital asset owned by a non-profit recognizes that in some areas of the municipality the local population is too small to sustain a government-owned and operated facility (Report to Regional Council, June 30, 2007). The joint funding request from the Conservatory and Muslim Academy would be eligible for consideration under the *District Capital Fund*. There is no stated application deadline or maximum funding threshold. Although the value of request exceeds the annual allocation by district, funds can be requested from more than one district and combined. In fiscal year 2016, the *Capital District Fund* allocation was \$94,000 per district. As such, a grant of \$108,193.03 (amended to deduct pre-paid expenses of \$18,006.25) exceeds an individual allocation and presumes either (i) funding in an amount lower than requested, (ii) funding from more than one district allocation, or (iii) partial funding in combination with another municipal source.

- *Postponement of Buy-Back Agreement*

In September, 2012, Regional Council approved a postponement of the Buy-Back Agreement for 6199 Chebucto Road, Halifax, to facilitate a loan from a financial lender for capital improvements⁴. In 2016, both the Conservatory and the Muslim Academy requested release from their respective Buy-Back Agreements. At their meeting of September 20, 2016, Regional Council approved discharging both Buy-Back Agreements. Notwithstanding that private sector financing may be limited by an applicant's credit history and cash flow, unencumbered title could leverage a capital campaign and provide both owners with increased financial flexibility as they proceed with their proposed renovations and upgrades.

- *Community & Events Reserve Q138*

Regional Council recently merged reserves, resulting in the creation of the Community & Events Reserve. That reserve now includes funding for event grants as well as cultural opportunities but no additional programs have been added from which a private parking lot might be funded. The reserve is classified as an "opportunity reserve" intended to capitalize upon opportunities to develop services or achieve efficiencies, including time-sensitive, cost-shared programs with other levels of government or the private sector. Although the criteria includes funding to non-profit organizations in support of major capital initiatives, the priority is on the *development* of significant community infrastructure to realize tangible cultural, sectoral and economic impact on a national, provincial, regional or sectoral scale. The refurbishment of an existing parking lot would not meet the reserve's criteria as intended. Therefore, funding under the new Community & Events Reserve is not recommended.

- *HRM Operating Budget*

Regional Council has received multiple requests for funding support in amounts that exceed and fall outside established grant program criteria and timelines. As part of the work on the Auditor General's report on grants and donations, staff is currently reviewing the overall granting policy framework. In the interim, the *HRM Charter* permits Regional Council to provide a grant or contribution to a variety of organizations, including cultural, religious or educational. Regional Council could direct staff re-allocate funding to a specific operating account but given that this is an un-budgeted expenditure there could be an impact on existing operational requirements in 2016.

Council could consider a funding request within the 2017 operating budget deliberations given the probable commencement of construction in the Spring of 2017. A referral does not imply approval or funding in the amount requested but could be considered in combination with funding from the *District Capital Fund* or another municipal source. Consideration within the context of the Municipality's overall budget enables Council's review within the broader context of municipal program and service priorities, funding precedence, the applicants' capital campaign, and does not impact current operational business plans/commitments.

⁴ Minutes, Regional Council, September 25, 2012, p.10.

Recommendation Rationale

The provision of funding from HRM's operating budget represents a potentially cost-prohibitive precedence: numerous properties including those owned by non-profit and charitable organizations may be subject to ad hoc or informal parking and/or benefit from "beautification". Numerous non-profit groups have applied to the Community Grants Program for similar funding for private parking lots and have been turned down as ineligible.

Further, municipal grant programs do not fund retroactive or pre-paid expenditures. The engineering design and tender portion of the project is completed. If this expenditure is deducted the revised total cost for construction and contract administration is \$324,579.25 of which a one-third cost-share would be \$108,193.03.

Although the deed for the Maritime Muslim Academy dated December 17, 1999, includes easements for drainage, guy wires, and a 4,125sf driveway easement over Lot CR-2 the extent to which HRM maintenance vehicles require access to the site is sporadic. There is no easement for public parking. Consequently, if the issue is one of parking congestion due to unauthorized public use, as private property, it is the responsibility of the owner(s) to address through controlled access, signage, and/or parking rentals.

FINANCIAL IMPLICATIONS

If the recommendation not to fund parking lot re-construction is upheld there are no financial implications.

RISK CONSIDERATION

Low. Repairs and re-surfacing the parking lot have been identified within the Conservatory's 8-year capital plan in relation to the postponement of a municipal Buy-Back Agreement approved by Regional Council September 20, 2016.

COMMUNITY ENGAGEMENT

Not applicable.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

ALTERNATIVES

1. The Audit and Finance Standing Committee could overturn the staff recommendation and recommend consideration in the 2017/18 fiscal year. This option is not recommended as the year-end operating surplus/deficit for fiscal year 2016/17 is unknown and the proposal does not fit into any existing municipal program.
2. The Conservatory could elect to make application to the 2017 *Community Grants Program* in accordance with the program's criteria and funding thresholds for other elements of their proposed capital plan that align with the program's funding priorities, for example, heritage restoration or enhancements to a performance venue. Staff can assist applicants identify eligible projects and expenditures prior to the program's submission deadline of March 31st.

The *Community Grants Program* funding threshold for capital grants is \$25,000 and as such does not correspond to the amount requested towards the parking lot refurbishment but grants of \$50,000 have been awarded upon referral by Council if budget capacity remains (for example, Maskwa Aquatic Club and the Naval Memorial Trust).

3. The Audit and Finance Standing Committee could recommend that the Conservatory and Muslim Academy be funded in 2017 using a one-time re-allocation of budget capacity from the 2017 *Community Grants Program* in an amount of \$50,000. An amount of \$50,000 reflects the program's 'baseline' allocation to the Neighbourhood Safety category which has been chronically under-subscribed in recent years.

The parking lot funding request would not be evaluated using the *Community Grants Program* funding priorities or standard evaluation criteria; the request remains stand-alone but would be funded from the existing municipal grant program's budget. The risk to this approach is that it sets precedence and may be perceived as providing preferential consideration.

ATTACHMENTS

1. Letter from Mr. Walter Thoth, Executive Director, Maritime Conservatory of Performing Arts to Halifax Regional Council dated August 19, 2016.
2. Plan of Sub-Division Lots CR-1, CR-2, CR-3 Chebucto Road, Matthias Street and Charles Street, Halifax dated March 2, 2000 [driveway access easement of 4,125 sf shown within dotted outline].

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.

Report Prepared by: Peta-Jane Temple, Team Lead Grants & Contributions, Finance & ICT 902.490.5469



Mr. Steve Higgins
Project Manager, Cogswell Re-Development Project
Halifax Regional Municipality
City Hall, 1841 Argyle Street
PO Box 1749
Halifax, NS, B3J 3A5

Re: Parking Lot Reconstruction Maritime Conservatory of Performing Arts and Maritime
Muslim Academy

Dear Mr. Higgins,

Please accept this joint submission by Maritime Conservatory of Performing Arts (the
"Conservatory") and Maritime Muslim Academy ("MMA") for consideration of a special grant.

We would like to take this opportunity to extend our sincere appreciation to you and Councilor
Watts for your assistance in raising attention to our circumstances and moving this project
forward within the City.

Attached you will find a document and supporting Appendices jointly prepared by the
Conservatory and the MMA. The document outlines the scope of work, associated costs, the
request amount, and the associated rationale.

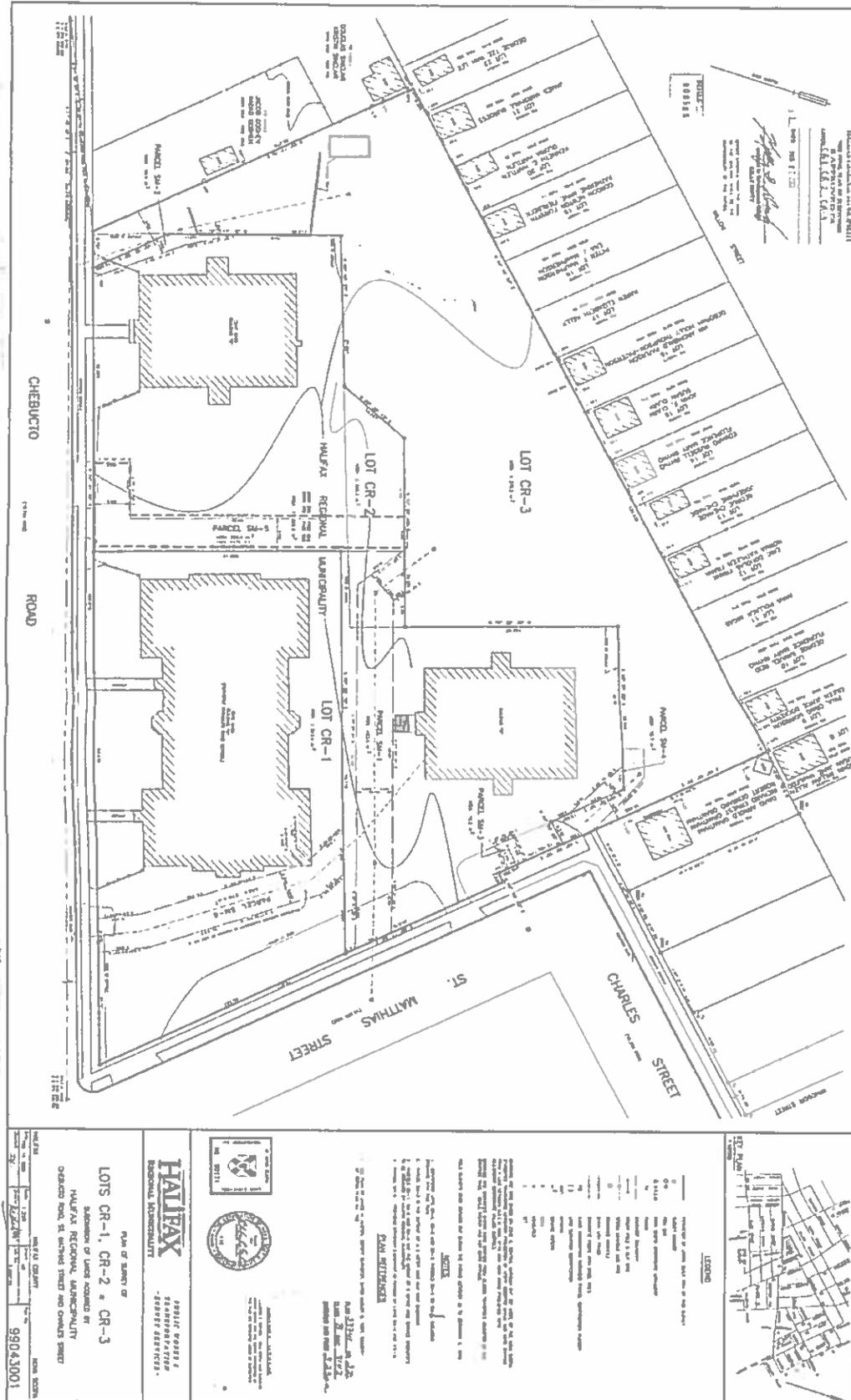
The communities of both the MMA and the Conservatory have been patiently waiting for the
completion of the works. To respect this, and to minimize both liability and the ongoing costs
associated with pothole mitigation, the respective management of both organizations has eagerly
worked toward the parking lot completion. We also look forward to increasing the visual profile
of the neighborhood. As yet another winter approaches, we have an urgency to undertake and
complete at least those components of the parking lot that will carry us through the winter and
avoid additional pothole mitigation costs and liability potential. Remaining contract works
would be undertaken in the spring. As such, your focused attention to this proposal is humbly
requested.

Thank you for your assistance with this project.

Sincerely,

Original Signed

Walter Toth, MBA, P.Eng.
Executive Director



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