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Item No. 12.1.3
Audit & Finance Standing Committee
December 3, 2018

TO: Mayor Savage and Members of Audit & Finance Standing Committee

Original Signed

SUBMITTED BY:

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

Original Signed

Jacques Dubé, Chief Administrative Officer

DATE: June 18, 2018

SUBJECT: Funding Request – YMCA of Greater Halifax/Dartmouth

ORIGIN

March 27, 2018 – Regional Council motion directing staff to provide a staff report to consider the YMCA of Greater Halifax/Dartmouth request for funding in the amount of \$1,500,000 towards the new John W. Lindsay YMCA as outlined in the presentation to the Audit & Finance Standing Committee meeting of February 21, 2018.

LEGISLATIVE AUTHORITY

Administrative Order 1 Respecting Procedures of the Council.

Schedule 2, Audit and Finance Standing Committee Terms of Reference. The Audit & Finance Standing Committee shall review and make recommendation on proposals coming to the Council outside of the annual budget or tender process...

Halifax Regional Municipality Charter (“HRM Charter”), S.N.S. 2008, c.39

79(1) The Council may expend money required by the Municipality for

...
(av) a grant or contribution to

...
(v) any charitable, nursing, medical, athletic, educational, environmental, cultural, community, fraternal, recreational, religious, sporting or social organization within the Province.

120(6) The Municipality may maintain other reserve funds for such purposes as Council may determine.

Administrative Order Number 2014-015 ADM Respecting Reserve Funding Strategies

Section 5, The Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserve; and

Section 6, the Chief Administrative Officer may recommend to the Council that Reserve funds be expended.

Reserve Business Case, Q421, General Contingency Reserve.

RECOMMENDATION

It is recommended that the Audit & Finance Committee recommend that Halifax Regional Council:

1. Refer a one-time capital contribution in the amount of \$1,000,000 to the YMCA of Greater Halifax/Dartmouth towards the purchase of a replacement YMCA facility located at the intersection of South Park and Sackville Street, Halifax, for consideration in the 2019-2020 budget deliberations during the Budget Adjustment List (BAL) review;
2. Subject to Council's decision as applicable, Authorize the Chief Administrative Officer to negotiate, enter into and execute a Contribution Agreement on behalf of the Municipality with the YMCA of Greater Halifax/Dartmouth based on the terms and conditions outlined in Table 1 of this report.

BACKGROUND

This report originates with a request for funding in the amount of \$1,500,000 from the YMCA of Greater Halifax/Dartmouth ("the YMCA"). The local Halifax chapter was founded in 1853 and provided accommodations for transient workers, recreation and support services with a focus on "the growth of all persons in spirit, mind and body". The Association has largely discontinued its hostel accommodations and programming has evolved to encompass family, immigration and employment support services in addition to health, fitness and recreational programs. The Association is a registered Canadian charity.

Precedence: The Municipality has made monetary contributions to non-profit organizations in support of major capital projects. Examples include \$2,000,000 to the Discovery Centre; \$1,500,000 to Soccer Nova Scotia for the expansion of an indoor soccer facility abutting HRM-owned soccer fields (2009) and \$2,500,000 to Tennis Canada towards expansion of an indoor tennis facility (2016). HRM also contributed \$80,000 towards renovations to Dalhousie University's swimming pool based on the limited availability of 50-metre competitive pools in the region (2015). These awards were recommended in relation to HRM's Community Facilities Master Plan, growth in demand, and HRM's inventory of public facilities/amenities.

Municipal Involvement: To date, the Municipality has facilitated the development of the new YMCA in the following ways:

- approval of planning amendments for re-development of the YMCA and former CBC properties which significantly increased their development potential; and
- the market-value sale of an abutting parcel of municipal land identified as Parcel BL-1 Briar Lane, Halifax, which allowed the YMCA and the Developer to avoid a re-design of the proposed residential/commercial development that could have adversely impacted the project's economic viability (2014)¹.

The YMCA has also made requests to HRM for additional assistance including access to federal infrastructure funding, cash contributions towards escalating construction costs (\$875,000), and "reimbursement" for costs associated with the purchase of a portion of the property identified as Briar Lane, Halifax. For context, a chronology of requests is included as **Attachment 1** of this report.

DISCUSSION

To enable an evaluation of the contribution request, the Association was asked to provide additional information with respect to an itemized capital budget for construction, a projected operating budget, an

¹ In Camera report to Regional Council meeting of April 15, 2014, Briar Lane Municipal Lands to YMCA Development. De-classified April 12, 2018.

update on the status of the capital fundraising campaign, and financial statements for the prior three (3) years. Questions of clarification were also communicated via email.

I. Project Overview

YMCA Facility Proposal

The replacement YMCA facility is integrated into the re-development and densification of the former YMCA and CBC properties located on South Park Street and Sackville Street, Halifax. The design for the new complex has two parts, each with a residential tower, that are to include:

- 6,500 square meters for a replacement YMCA facility;
- 530 square meters of retail and office space;
- 30,600 square meters of residential space;
- 300 parking spaces; and
- a pedestrian link.

The YMCA positions its funding request as a “partnership” affording benefits to the public that include new preventive health, wellness and recreation programs, affordability, and inclusivity that align with the Healthy, Livable Communities Regional Council priority. The replacement YMCA amenities include a gymnasium, aquatics centre, indoor walking track, weight training and cardiovascular equipment, multi-purpose exercise studios, changing rooms, a family room, meeting rooms and offices. On-site parking is provided below grade and the facility is on a public transit route.

Construction commenced in 2017 and the facility is expected to open in late 2019 with an official opening to the public by January 2020.

Proposed YMCA Programming

In addition to the YMCA’s conventional focus on self-directed fitness, including instructional classes and leisure activities², programming will include community-based health services modelled on the YMCA Hamilton *Live Well Program Partnership*. The latter is collaboration between the YMCA, Hamilton Health Sciences, and McMaster University Faculty of Health Sciences intended to enhance patient care in the transition from hospital to the community³. The program is referral-based or self-referral for children and adults with chronic disease or rehabilitation needs and delivered by certified YMCA staff and health practitioners. This approach is part of a larger trend for YMCA organizations across North America whereby local organizations are expanding hospital partnerships and facilities to deliver community-based health prevention and chronic disease self-management programming⁴.

The provision of specialized community-based health and out-patient programming could strengthen the YMCA’s operating revenues given the facility’s proximity to the Nova Scotia Rehabilitation Centre, Dalhousie University, and major provincial hospitals. Likewise, the facility’s location is conducive to attracting a downtown workforce, students and corporate members who appreciate the convenience and flexible hours of access that can be incorporated into a work/school schedule.

² For example, stationary bikes, cardiovascular and strength training equipment, yoga, dance, court sports, swimming, lifeguard training, and walking.

³ Briefing Note: *LiveWell Program Partnership*. September 11, 2015. YMCA of Hamilton. Supervised exercise, education and social support intended to encourage self-management and includes cancer, cardiovascular, arthritis, osteoporosis, joint replacement surgery, spinal cord injury/mobility deficit, diabetes.

⁴ For example, <https://ymcacentralflorida>

Of note, the YMCA’s Membership Business Plan aims to enlist approximately 6,000+ members within the first two years of operation of which 70% are expected to be adults. Pricing is unstated but will be “comparable to other full-service recreation centres in HRM” with subsidized rates ⁵. The YMCA nationally has a best practice of membership pre-sales approximately six months in advance of opening and the local facility’s proforma is just over 10% of the membership (650-900 members) but pre-sales are aided by an ability to tour the facility. Notwithstanding that some financial assistance may be made available to persons unable to afford a membership, the operating model and projected operating budget appears to prioritize adult memberships and community-based delivery of (non-medical) preventive health services.

Accessibility Model

In response to a request for additional information with respect to affordability, the YMCA’s annual philanthropic campaign generates funds to offset discounts or waivers for members who cannot afford the full membership fees or access to a designated program. There is no cap on the number of persons assisted or the corresponding dollar value. The YMCA anticipates that approximately one (1) in every 3 or 4 members will request financial assistance with a membership fee. There is no age restriction, but most requests are from/for youth. Membership assistance is provided primarily through community groups (schools, assisted living service providers, youth groups etc) or self-identified individuals which are processed through a private, non-invasive intake.

Proposed Financial Model

At its inception in 2011, the replacement YMCA facility was projected to cost \$31 million and would be nearly 40% funded by the YMCA through the sale of land and debt financing. Fundraising would be roughly 30% and federal/provincial government funding another 30%⁶. HRM has not made a direct financial contribution, but has helped to facilitate the development in other ways (planning amendments and the sale of Briar Lane). In a presentation to Regional Council on March 27, 2018, the cost was projected to have increased by \$5.5 million to a revised total of \$36.5 million. The increase is attributed to inflation, currency rates, and construction demand.

	Original Estimate	Additional Costs	Revised Total	%
Land Sale	8,000,000		8,000,000	22%
YMCA Debt Financing	4,000,000	3,000,000	7,000,000	19%
Capital Campaign	9,000,000	1,500,000	10,500,000	28%
Federal Funding	5,000,000		5,000,000	14%
Provincial Funding	5,000,000		5,000,000	14%
HRM Funding*	0	1,000,000	1,000,000	3%
Total	31,000,000	5,500,000	36,500,000	100%

An update provided by the YMCA as of May 1, 2018, indicates that \$6,173,294 has been received/committed in fundraising to date with total pledges of nearly \$10 million:

⁵ Email from YMCA CAO to HRM staff dated May 31, 2018.

⁶ Brochure. *Building a Healthier Halifax Together: The New John W. Lindsay YMCA.*

Total Pledges to Date	\$9,185,185
Additional Verbal Pledges	<u>\$ 487,000</u>
Total Pledges (as of May 1, 2018)	<u>\$9,672,185</u>

Albeit market factors beyond the control of the YMCA have impacted their cost projections, the prospect of phasing or amending specific elements or purchases appears unacceptable given the assertion that “The YMCA understands its role as the recreation centre for peninsula [sic] and is determined to maintain the full scale and scope of the centre. The project team felt it would be appropriate to make our ask of HRM at the same level as the other levels of government”⁷. Reference to funding from other levels of government is the \$10 million commitment in federal/provincial funding under the *New Building Canada Fund* (Infrastructure Canada) announced in 2017 and already included as funding. In January of 2018 the YMCA requested that HRM provide a \$1.5 million grant towards the completion and purchase of the new YMCA facility.

Briar Lane Reimbursement Request

In December 2013, the YMCA requested HRM sell a remnant land parcel (Briar Lane) to enable access to underground parking as envisaged by the development partner. The YMCA had leased this land since 1990. The request gave full disclosure of the Association’s intent to convey the property to the Developer as integral to the re-development of the YMCA and former CBC site. On April 15, 2014, Regional Council approved conveyance of a portion of Briar Lane to the YMCA “or assignee” for the appraised value of \$529,000. The sale closed May 26, 2014 and the property was conveyed to the Developer in June of 2014. Prior to their request for a \$1.5 million grant, the YMCA asked to be provided a grant for the purchase price of Briar Lane. Considering that the land was being re-sold to a private business, Briar Lane could not have been sold to the YMCA for less than market value. Providing a grant for its purchase price essentially circumvents the legal restrictions on selling properties at a below market value. While HRM has conveyed properties to non-profits for a nominal purchase price, these sales have been on the condition that the non-profit holds the property for its own use. As such, staff do not recommend any compensation for the purchase of Briar Lane.

Funding Rationale: Municipal Benefit

The replacement YMCA facility constitutes an important part of the recreational facility inventory for Peninsula Halifax. However, the facility is not considered a substitute for HRM-owned facilities and is not expected to significantly impact HRM’s plans in relation to the peninsula recreation facilities, such as Halifax Forum, Needham Community Centre, or Centennial Pool. Instead, the YMCA facility represents an *enhanced replacement* of their previous facility. Consistent with prior awards to sports-related facilities, an evaluation of the YMCA’s funding request has taken into consideration alignment with HRM’s Community Facilities Master Plan, specifically the Long-Term Aquatic Strategy, currently under development.

The replacement YMCA facility is considered an important venue for recreational and family programming as compared to other aquatic facilities on Peninsula Halifax. By comparison, both Centennial Pool and Dalhousie University (*Dalplex*) are 50-meter competition facilities. The Needham Community Centre swimming pool lacks accessibility and the small, single-tank design does not allow for multi-functional programming. Closure of the Stadacona swimming pool is not expected to have any critical impact on the overall delivery system given it served primarily military families with occasional aquatic club bookings. In contrast, the YMCA pool will be multi-functional and includes the following features:

- a fully-accessible 25-metre lap pool;
- a warm-water teaching and accessibility pool with movable floor; and
- a multi-person on-deck hydrotherapy whirlpool.

In summary, the replacement YMCA facility contributes in maintaining the *current* recreational swimming

⁷ Email from YMCA to HRM staff dated July 30, 2018.

pool inventory in Halifax. The aquatic centre's amenities and proposed scheduling accommodates a range of abilities and ages, including weekly/daily "open swim" for non-members. The YMCA has indicated that in addition to a Public Day Pass for access to the full facility for non-members, a Public Swim Pass will be able to be purchased according to age (eg. child/youth, adult, senior) or family/group rate. The facility pricing model is to be reviewed in 2019 prior to opening but the aim is to align swim rates to those publicly advertised by HRM facilities. The timing of the YMCA's price review aligns well in terms of HRM's Recreation Facility Fee Review currently underway.

Further, the construction of the new facility affords HRM the opportunity to initiate discussion with the YMCA with respect to establishing a working relationship regarding potential collaboration and program alignment or efficiencies.

In summary, staff reviewed the grant request and identified four key factors:

- **Public Benefit** - The expansion of the YMCA provides a strong public benefit to citizens in terms of health promotion and active recreation. Many, not all, of the services to be provided at this location might otherwise be municipal in nature and, if not provided by the YMCA, might eventually have to be provided through a comparable HRM facility. While the new facility is membership-based, its approach to fees and membership is comparable to that which might be expected of an HRM facility. Membership is not unduly restricted and individuals unable to pay are provided subsidies.
- **Leverages Private Funds** - The YMCA will invest considerable funds into the facility including significant debt financing. To date, the charity has raised \$6.1 million in fundraising and has an additional \$3.5 million in pledges.
- **Viability** – The YMCA has a strong track record of managing and sustaining its facilities. The proposed facility is supported by a strong business case and there appears to be sufficient public demand to support the facility without diverting users away from HRM's facilities.

Because the mortgage is held by a commercial bank, the YMCA was asked to confirm their options in the event of default. The response indicated an ability to leverage other assets, or restructure debt with potential recourse to the national YMCA and/or their donor base, or a combination thereof. As a registered charity, the YMCA would also be regulated with respect to the disposition of the net proceeds of any disposition of assets.

- **Incrementality** - Without HRM support there is a strong possibility that the full \$36.5 million facility would still be funded. The YMCA would have some potential to reduce costs, secure more debt funding, add fundraising or undertake some combination of these options. Each of these would, however, come with some consequences, including higher debt payments or increased pressure in relation to other non-profit fundraising in the region.

Proposed Contribution Agreement: Key Terms and Conditions

Typically, funding requests that originate outside an established municipal grant program are managed through a Contribution Agreement. This form of contract provides clear accountability on the part of the recipient for the use of public funds and ensures that HRM provides adequate and appropriate stewardship.

In accordance with precedence, a contribution in the amount of \$1,000,000 to the YMCA would be contingent on the key terms and conditions outlined in Table 1 shown below, including the successful negotiation of a Contribution Agreement.

Table 1. Proposed Contribution Agreement: Key Terms and Conditions

HRM's contribution to the YMCA will be one million dollars (\$1,000,000.00), to be used by the YMCA of Greater Halifax/Dartmouth ("YMCA") solely for the acquisition of the *John W. Lindsay YMCA* facility (the "Facility") at South Park and Sackville Streets, Halifax¹.

- a. the contribution amount is a fixed contribution made directly to the YMCA, and HRM is not liable for any of the YMCA's costs for the acquisition of the Facility, nor is it a guarantor of the YMCA or the Facility;
- b. the contribution amount represents HRM's complete financial commitment to the YMCA for the acquisition of the Facility;
- c. the YMCA will indemnify HRM.

In acknowledgement of HRM's contribution, the YMCA will provide the following public benefits to HRM, for a term of 5 years from the date of the Facility's opening:

- a. the YMCA will participate in the HRM/Halifax Public Libraries "Membership/Access Lending Program", providing a minimum of 100 passes to the program that provide access to Facility amenities (such as open swims, fitness facilities and track), but not to YMCA registered programming;
- b. the YMCA will provide to HRM access to 10 hours of meeting space per month at 50% of the standard rental rate, to be scheduled on weekdays between 8:00am and 4:00pm;
- c. the YMCA will provide HRM with use of the Facility's track at no cost for a free walking program to be offered by HRM.

Payment schedule to be negotiated with YMCA, but to occur on or after closing of the acquisition of the Facility by the YMCA. Proof satisfactory to HRM shall be provided by the YMCA to HRM evidencing the close of the transaction

HRM's contribution shall be contingent upon the execution of a signed Contribution Agreement and:

- a. the completion of construction of the YMCA facility;
- b. YMCA's ownership of the facility, as evidenced by the registration of the YMCA's condominium interest for the property in the Nova Scotia Land Registry; and
- c. possession of the YMCA facility by the YMCA.

Funding shall be contingent on Regional Council's approval of the expenditure in the applicable fiscal year budget process.

In return for HRM's contribution, the YMCA shall provide recognition commensurate with the level of investment at the *John W. Lindsay YMCA*.

1. Southwest Properties is constructing the facility and upon completion the YMCA will assume ownership through a condominium interest. As such, funds cannot be awarded to the YMCA for construction. Hence, funding is directed towards the acquisition of title (a capital purchase).

FINANCIAL IMPLICATIONS

HRM has a limited number of options for funding project of this size. Most of its ongoing grant programs, such as the Community Grants Program, are too small to accommodate such a request. The Community and Events Reserve Q621 might be a candidate for funding but does not have a sufficient balance.

Other options include re-directing funds away from the capital budget and using them for the YMCA (hence postponing expected capital projects); funding through the 2019-20 Operating Budget (hence putting greater pressure on the upcoming tax rate); or, using the General Contingency Reserve Q421. The General Contingency Reserve has a net available balance of approximately \$9 million, much of it attributed to the 2017-18 operating budget surplus. Some of these funds have been committed or expected to be required to offset a number of financial pressures. Staff believe it is realistic to release as much as \$1 million of these funds. Providing a grant of \$1 million, however, will take funds away from other opportunities that HRM may wish to pursue including capital budget initiatives.

Budget Summary - Risk Reserve-General Contingency Reserve, Q421

Budget Summary, General Contingency Reserve, Q421

Balance in reserve, October 31, 2018	\$11,677,539
Projected revenue to March 31, 2019	\$ 62,802
Commitments to March 31, 2018	<u>\$(4,267,922)*</u>
Projected net available balance to March 31, 2019, as at Oct 31	\$ 7,472,419

Pending reports to Audit & Finance/adjustments of commitments:

Reduce commitment for YMCA, included in above commitments to \$1m per recommendation of this report	\$ 500,000
The LINK Performing Arts	\$(1,000,000)
Senior snow & ice program	\$(200,000)
Purchase of fire boat	\$(1,300,000)
Purchase of land	<u>\$(4,275,000)</u>

Revised projected net available balance, March 31, 2019 \$ 1,197,419

*Commitments include \$500,000 for Hospice Grant request, pending approval, and \$1.5 million for this YMCA report which is being reduced to \$1million.

Risk Reserve – General Contingency Reserve, Q421 is to receive the annual operating surplus of the Municipality as prescribed by the Provincial Financial Accounting and Reporting Manual, and can be used to fund operating costs, offset deficits, or fund new operating and/or capital expenditures. This is an unbudgeted withdrawal from the reserve.

Property Tax Status

The YMCA is exempt real property tax under sub-clause 5(1)(v) of the Assessment Act. Exemption applies only to property ownership, not leasing. Hence, once condominium title is acquired by the YMCA their legislated exempt status will be maintained. There are no cost implications to HRM in terms of the municipal Tax Relief to Non-Profit Organizations Program.

RISK CONSIDERATION

There are no significant risks associated with the recommendation other than reputational. The latter refers to non-profit organizations denied or unaware of access to funding consideration outside an established municipal grant program.

To reach this conclusion, consideration was given to operational and financial risks. These are reduced or

mitigated through a Contribution Agreement that forms a legal contract to ensure that funding is used only for the purpose outlined in this report and as stated in the Agreement, including indemnification, and HRM achieves the public benefits as described, for example, access to the YMCA for non-members as detailed in the Agreement.

COMMUNITY ENGAGEMENT

Not applicable in relation to an unsolicited funding request.

April 21, 2011 - Public Information Meeting conducted by HRM Planning & Development to explain the proposed amendments to the existing planning policies and solicit public input.

March 20, 2012 – Public Hearing to consider Case 16655 Amendments to the Regional Municipal Planning Strategy, Halifax Municipal Planning Strategy, and Downtown Halifax Municipal Planning Strategy and Land-Use By-law for the YMC-CBC Project at Sackville and South Park Street, Halifax. Staff reports, the Design Review Committee report, and individual submissions were circulated to Regional Council.

ENVIRONMENTAL IMPLICATIONS

Not applicable.

ALTERNATIVES

1. Council could decline funding based on the value of considerations already granted to the joint private/non-profit development venture and a verbal assurance there would be no cost to the Municipality made at the time of Council's decision⁸.

The extent to which approval of substantive plan amendments was influenced by any perception that Council was granting *plan amendments in lieu of a direct financial contribution* cannot be substantiated but the staff recommendation in support of approval was predicated on both the public benefit of enhanced recreation amenities and *assistance to the YMCA in offsetting some of the development costs*. However, Council's decision did not explicitly link approval with a commitment not to request financial consideration. Approval was simply contingent upon completion of the YMCA facility. The latter established that the benefits indirectly afforded the Developer were inextricably linked to the construction of the YMCA facility.

2. Council could amend the amount of HRM's contribution or the terms and conditions attached thereto.

If the changes are considered substantive a Supplementary Report may be required to detail the implications to both HRM and the YMCA, including financial and human resources capacity.

ATTACHMENTS

1. Background: Chronology of Development-Related Requests.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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

⁸ Minutes, Regional Council meeting of March 20, 2012, pp. 13 and 14.

Background: Chronology of Requests

(1) 2011-2012 - Plan Amendments Request

In November of 2011, HRM Planning & Development staff made a presentation to the Design Review Committee with respect to an application from the YMCA to amend the Regional Municipal Planning Strategy, Halifax Municipal Planning Strategy, and Downtown Halifax Municipal Planning Strategy and Land Use By-law to increase the maximum height restrictions (from 23 meters to 49 meters) and set-backs. In addition to the YMCA's own property holding on South Park Street, the request applied to the former CBC property located at the intersection of Sackville Street and South Park Street, Halifax. The staff report to the Committee¹ noted that permitting an increase in the maximum height allowance would help the YMCA offset some of the development costs.

On March 20, 2012, Regional Council convened a public hearing to consider the request for plan amendments and subsequently approved re-zoning and increased height allowances. The additional height concessions had an impact on land values, marketability, and the profitability of the re-development. In response to questions of clarification the YMCA confirmed that their intent was to acquire a development partner, secure an equity interest (condominium) and the value created would be reinvested back into the building².

Following Regional Council's approval of site-specific plan amendments, the YMCA executed an agreement to convey their property (including Briar Lane) to the Developer who owned the CBC site. The YMCA's financial statement (2015) indicates a sale price of \$7,866,000 of which \$540,000 was paid in cash upon closing and an interest-bearing Vendor Take-Back Mortgage secured by the former YMCA lands to be applied to the purchase price for the new YMCA facility³. At the time, the cost of the new YMCA facility was estimated to be approximately \$23,200,000 and the Association anticipated financing the acquisition through a combination of the Vendor Take-Back Mortgage and accrued interest, donations and debt financing.

Subsequent application by the Developer⁴ for Substantive Site Plan Approval for assorted variances was approved by the Design Advisory Committee, against staff's recommendation.

(2) 2013-2014 – Land Sale Request (Briar Lane)

In a letter dated December 2, 2013, the YMCA requested HRM sell a remnant parcel of land identified as Parcel BL-1 Briar Lane, Halifax, located to the rear and abutting the YMCA premises to enable access to underground parking as envisaged by the development partner. Use of this land for surface parking and

¹ Report from Design Review Committee to Regional Council meeting of February 28, 2012, Case 16655: Amendments to the Regional MPS, the Halifax MPS, and the Downtown Halifax MPS and LUB for the YMCA-CBC Project at Sackville and South Park Streets, Halifax, dated October 31, 2011, pp.7-8.

² Minutes, Regional Council meeting of March 20,2012, Item 14.3, p.14.

³ Financial Statements of YMCA of Greater Halifax/Dartmouth Year ended December 31, 2015, Notes to Financial Statements, Item 3, p.9.

⁴ Southwest Properties incorporated a limited company identified as 3280926 Nova Scotia Limited in May of 2014.

building access had been secured by the YMCA from the former City of Halifax under a year-to-year less than market value lease agreement executed in 1990. The request gave full disclosure of the Association's intent to convey the property to the Developer as integral to the re-development of the YMCA and former CBC site.

On April 15, 2014, Regional Council approved conveyance of a portion of Briar Lane to the YMCA "or assignee" for the appraised value of \$529,000 plus closing costs up to a maximum of 15% and the YMCA was to self-remit HST. As a registered charity, would not be subject to Deed Transfer Tax pursuant to Section 109 of the Municipal Government Act provided that the property was not used for a commercial purpose or conveyed within three (3) years. HRM's Agreement of Purchase and Sale requires that the YMCA acquire a condominium interest in the new development where their operations will be delivered⁵. The conveyance of Briar Lane from HRM to the YMCA closed May 26, 2014 and in turn conveyed to the Developer in June of 2014. Therefore, deed transfer tax was payable.

(3) 2013 – Access to Federal Infrastructure Funding Request (\$5,000,000) and Cash Contribution Request (\$536,835)

Following Council's approval of plan amendments, the YMCA requested access to \$5,000,000 in federal infrastructure funding plus a municipal cash contribution of \$536,835⁶. At the time the YMCA identified a need for \$7,000,000 in government funding. In exchange for access to the municipal infrastructure funding stream, the YMCA indicated they would contribute the municipal portion of cost-sharing. The request did not advance.

(4) 2017 – Cash Contribution Request (\$875,000)

In a press release April 24, 2017, the YMCA announced it would receive \$10,000,000 in federal/provincial funding under the *New Building Canada Fund* (Infrastructure Canada): this award was independent of the Municipality.

In letter dated October 30, 2017, to the Mayor and CAO the YMCA requested \$875,000 in capital funding, citing factors beyond their control: "...largely due to mechanical and electrical expense escalation resulting from the fallen Canadian Dollar and increases in construction costs due to a shortage of trades people in Halifax as a result of the high volume of projects occurring at this time" ⁷. Evidently, the projected cost increased by \$6,000,000 since the preliminary design in 2011, from \$31,000,000 to approximately \$37,000,000.

(5) 2018 – Cash Contribution Request (\$1,500,000)

In 2018, the YMCA increased the amount requested from the Municipality by \$625,000, from \$875,000 to \$1,500,000. This increase is understood to be "reimbursement" for costs associated with acquiring Briar Lane. A breakdown of projected construction and associated costs as of May 31, 2018, was provided by the YMCA as shown below in Table A.

⁵ In Camera report to Regional Council meeting of April 15, 2014, Briar Lane Municipal Lands to YMCA Development, dated March 21, 2014. De-classified April 12, 2018.

⁶ An amount of \$536,835 was understood to offset the unforeseen cost of acquiring Briar Lane.

⁷ Letter from YMCA President & CEO/Chair YMCA Centre of Community Campaign to Mayor Savage and CAO, dated October 30, 2017.

Table A. Projected Capital Construction Budget

YMCA May 31, 2018

Item	Cost	Description
Construction Costs	\$36,006,720	All hard construction costs including parkade
Briar Lane	\$536,935*	Purchase of laneway from HRM
Equipment and Furnishings	\$1,326,935	Equipment, furnishings and fixtures including program-specific equipment
Pre-Development Costs	\$1,325,615	Approvals, preliminary design work, brokerage and sale of property [South Park Street]
YMCA Project Management	\$1,111,981	Project management services from pre-development to substantial completion of the facility.
YMCA Campaign Costs	\$1,300,874	Cost to complete YMCA Facility Capital Campaign.
Operational Readiness	\$300,000	Hire-train staff and volunteer management team for new facility opening.
Total	\$41,908,674	

*The sale price for Briar Lane was \$529,000. A difference of \$7,935 is assumed to be Purchaser's legal fees and/or closing costs and payment of deed transfer tax.

Based on the sale of 6,240 memberships, the estimated annual operating budget is projected to realize a net deficit in the first two years of operation but realizes a modest surplus in 2022 and increases thereafter. These projections include an annual debt service cost of \$500,000. Revenues could increase with diversification (including fee-for-service contracts) and/or expenditures may decrease based on the success of the fundraising campaign. Or, if the collateral mortgage is used in full, debt servicing costs could increase.