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PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
December 13th, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

A handwritten signature in cursive script, reading "S. Dale MacLennan", written over a horizontal line.

S. Dale MacLennan, Director HRM Financial Services

DATE: November 29, 2005

SUBJECT: Rocky Lake Development Association

INFORMATION REPORT

ORIGIN

This report originates with a request from Regional Council for a staff report concerning the proposed Rocky Lake Commons development, Bedford.

BACKGROUND

At the regular meeting of Regional Council October 18th, 2005, a presentation from the Rocky Lake Development Association prompted a request for a staff report to address specific questions of councillors.

DISCUSSION

This report has been prepared by staff of HRM Financial Services with assistance from staff of Recreation, Tourism & Culture. In the opinion of staff, HRM has a vested interest in the proposed project given the following:

1. Rocky Lake Development Association's stated intent to transfer the land to HRM and request a lease of the facility;
2. The Association's stated intent in raising capital funding from "various levels of government" and the prospect that HRM might be approached for a capital contribution in 2006-2007 fiscal year. Such a request would compete with municipal priorities for limited infrastructure funding. It is understood that the non-profit association would have title to the land and raise the capital and operating funds for an arena primarily from government sources (~70%).
3. The property tax implications of any full or partial tax exemption on a recurring annual basis.

A. Questions from Regional Council.

The following questions have been identified from the transcript of the October 18th, 2005, meeting of Regional Council:

1. Why the selection of the Duke Street location versus the HRM-owned property that was to be used for a blood fractionation plant?

Staff understand that the provision of infrastructure at the Duke Street site in Bedford are being provided by the private developer at no cost to the Association. The size of the site also allows for amenities in addition to the arena such as sports fields and courts, a children's safety village, motel etc.

2. What discussions have the group had with HRM staff to date and what indication has been provided regarding HRM's interest in the facility?

HRM staff have received updates on the project for the past three (3) years; the position of Recreation staff has been to encourage the development of an arena in partnership with HRM.

3. Has HRM indicated it would accept the arena or other facilities?

No, there is no formal partnership in place nor any formal indication of a need for HRM to assume ownership of the property. However, the Association's presentation to Regional Council stated: "Turn over land to HRM upon completion of project - enter into lease agreement".

It would seem prudent on HRM's part to establish if there is a need for a multi-surface arena in this location in preference to the one ice surface recommended in the Burke Oliver report at this or an alternate location in the area (for example on HRM-owned land). The suggested donation of land and any structure thereon carries significant financial implications in terms of (a) capital debt retirement, (b) operating subsidies, and (c) future re-capitalization. It has not been established by HRM how the Rocky Lake Development Association proposal would rank relative to other HRM indoor recreation facility capital priorities and the HRM Indoor Recreation Facilities Master Plan.

4. What, if any, impact will this Bedford facility have on Sackville Sports Stadium?

Staff of Community Recreation advise that presently Bedford users book approximately 4 hours at the Sackville Sports Stadium, from 6:30am-7:30am and 3 hours at the Lake District Recreation Association arena, from 6:00am-7am. Assuming such bookings transfer to a new arena in Bedford the estimated revenue

loss, at 2005-06 rates, would be ~\$8,000-\$10,000 at Sackville Sports Stadium. The potential revenue impact on the Lake District Association facility is unknown.

5. What specific amenities will be provided in the recreational facility?

The presentation to Regional Council noted the proposed development of “a multi-surface ice rink, soccer fields, gymnasiums, long term care facility, children’s safety village, tennis courts etc”. The proposed site plan indicates a “rink multi-plex”, 4 soccer fields, 2 basketball courts, a skate area, 2 gymnasias, and 6 tennis courts. At this time there is no indication of what, if any specific, amenities might be provided in association with these sports facilities (for example, a canteen, bar, retail sports equipment, professional services etc).

The initial project budget estimated the arena will cost \$7,000,000 to construct (one ice surface). The Association’s goal is to raise \$2,000,000 and to seek \$5,000,000 from various levels of government. To date, HRM has not received a formal request for capital funding.

6. Are Rocky Lake Development Association a partner in the proposed long term care facility?

Presently, Rocky Lake Development Association have included 25 acres of land for a long-term care facility in their negotiations to purchase a total of 75 acres from the current property owner. Northwood Care Inc have been approached to determine if they have an interest in developing and operating a seniors extended care facility. Decision pending. If a partner cannot be secured it seems likely that Rocky Lake Development Association would relinquish their option on the land.

7. What is the link to other facilities in Halifax Regional Municipality? Will there be any impact in terms of closing other facilities?

HRM Recreation staff have indicated that the development of a three-pad ice surface might create the need to rationalize municipally owned arena facilities. The Burke Oliver report suggested one additional ice surface was required in Bedford and this recommendation has been further supported through an HRM Arena Capacity Study (2001) to accommodate current and future population growth in the catchment area.

Presently, it is understood that the development of a new arena would take about 3 years to complete, depending upon private and government financial support. Therefore, any impact on existing facilities would be subject to a facility assessment on a case-by-case basis. Such an assessment would take into consideration the age of the arena, a lifecycle cost analysis, and community consultation. Options for alternate community use would be included as part of the community consultation process. Hence, should closure of an existing arena be recommended it would probably in 3 to 5 years (~2009 to 2011).

8. What is the current relationship of this group [Rocky Lake Development Association] and the facility?

HRM is not in receipt of details regarding the proposed bidding process for the construction of the site or specific amenities located thereon. From a financial perspective, a sole sourced development could raise concerns regarding competitive pricing especially if the municipality is expected to provide some level of capital funding or assume any liability for capital debt at a later date.

9. Who are the Board of Directors? How many members are there of the Association?

The Rocky Lake Development Association registered with the Nova Scotia Registry of Joint Stocks on May 22nd, 2005. Presently, the Board of Directors comprises six (6) persons. The by-laws indicate that any person over age 18 may join the association (article 6) and shall have a vote (article 20). As requested, a list of Directors is provided in **Attachment 1** of this report. According to the organization's Memorandum of Association the objects of the society are to:

“Work and consult with all levels of government and the public to promote, foster and develop certain real property located at or near Duke Street, Halifax Regional Municipality, Province of Nova Scotia”

To consult, negotiate, acquire and lease the property, or any portion thereof, with government and private parties with a view to develop the lands in order to provide services and facilities *deemed by the Association to be beneficial to the community*” (emphasis added).

According to the balance sheet dated March 31, 2005, the association's start-up finances comprise a bank overdraft, Dewolf loan, a modest private loan, and interest on bank deposits. The financial statement indicates \$59,526 in assets, \$68,031 in liabilities for a projected deficit of \$8,505. There is no indication of any direct HRM funding or provision of in-kind services.

The Dewolf Bedford Contribution is a donation account managed by HRM. This fund is the result of a \$100,000 donation from Mr. Harry DeWolf towards the provision of a facility that is open to the public, located in and primarily for the benefit of the community of Bedford. On September 24, 2002, Regional Council approved a loan of \$50,000 to Rocky Lake Development Association repayable in one year at 6% interest. In January, 2005, a deferral of the repayment was approved for one year.

10. What is the difference between the Rocky Lake Development Association proposal and that of the former private developer?

The initial development proposal was from a for-profit entity who proposed the construction of a three-pad arena surface. The developer's projected rental rate was \$230/hour for ice rental. HRM was asked to commit to a 20-year ice rental agreement, for 3,000 hours of prime ice time and 1,000 hours of non-prime ice time per season.

The latest proposal is from a registered non-profit organization who propose the construction of a single-pad arena surface. The association's projected rental rate is \$180/hour for cost-recovery (no profit). They have not asked HRM for any rental agreement to guarantee ice time usage. HRM's arena rental rates are, on average \$135-\$170.

B. Property Tax Status and Exemption Requests

The following is an update regarding the various forms of HRM property tax assistance requested to date and an indication of future tax obligations pending ownership of the property (or a specific facility located on the property).

1. Private Members Bill - Commercial Developer (Banc Developments)

At the regular meeting of Regional Council May 3rd, 2005, a motion to oppose Bill 172 Rocky Lake Commons Ice Rinks Act was deferred pending a staff report. The Bill sought tax exemption for a proposed three-pad ice surface to be constructed by Banc Development. The subsequent staff report of May 10th, 2005, recommended opposition to Bill 172 on the basis of (a) opposing limits imposed on HRM's revenue base (p.2), (b) precedence in providing a tax subsidy to a business enterprise, and (c) the absence of a formal public-private partnership. The recommendation was approved.

The report noted differences in the tax status of arenas in HRM (1) arenas operated by a university, (2) community-owned and operated, (3) HRM owned and operated, and (4) HRM owned and community operated. Some facilities are exempt by virtue of government ownership, legislation, or under HRM's By-law T-200.

2. Application to HRM Tax Exemption for Non-Profit Organizations (By-law T-200), Rocky Lake Development Association

In September, 2005, the HRM Grants Program received application from the Rocky Lake Development Association for consideration under HRM By-law T-200. Further, the HRM Grants Committee were asked to provide an initial response with respect to eligibility and a recommendation. At the September 12th, 2005 meeting of the Grants Committee it was determined that as with all applications no recommendation would be forthcoming prior to the approval of the 2006-07 budget and in accordance with due process. A letter advising the Rocky Lake Development Association was sent October 4th, 2005, requesting a meeting to confirm details of the proposed development. See: **Attachment 2**.

3. Current Property Tax Status

Presently, the 184 acre property, Lot G3, 100 Duke Street, Bedford, is owned by the St. Paul's Home for Boys & Girls. The assessed value of the entire property is \$1,054,000 and assessed at the Resource rate. The current owner is exempt tax under an Act of the Nova Scotia Legislature pursuant to Section 7, Act to Incorporate St. Paul's Alms House for Girls, R.R.N.S c., 1887, 97. Consequently, the present owner is exempt and pays only Fire Protection Tax on 50% of the land (billed for a total of \$168.64 in 2005-06). Rocky Lake Development Association will not be billed for property tax in 2005-06 unless there is an agreement between buyer and seller for a prorated portion of the fire tax.

4. Future Tax Status

Assuming that the Rocky Lake Development Association has title to the land and is the party billed by HRM for property tax, the application made under By-law T-200 will be reviewed. According to the preliminary site plan as shown in **Attachment 3: Draft Site Plan**, the proposal indicates an "Active Park" of 35 acres comprising a multi-surface arena, gymnasium, tennis courts, soccer fields, basketball courts, and "children's safety village; a "Natural Park" of 15 acres, and a "long term care facility" or "retirement village" located on 25 acres. Precedence has been established whereby recreation facilities that replace a service that might otherwise be a municipal expense usually receive exemption status, except for commercial activities (such as a sub-lease or concession). The long term care facility would not be exempt unless the building, or some portion thereof, met the criteria of affordable housing. Staff have requested a meeting with the proponent to confirm details.

Summary

Staff conclude that in the absence of any formal partnership negotiations, or agreement, the financial risk associated with the development of sports amenities or a long term care facility at the Duke Street location in Bedford are at the sole risk of the proponent(s).

BUDGET IMPLICATIONS

At this time there are no capital or operating obligations or commitments on the part of HRM in the 2006-2007 capital or operating budgets. However, in a report to Regional Council dated November 15, 2005 Municipal Rural Infrastructure Fund - Request for Council Direction, Attachment C, includes a listing of Community Initiatives (External) that notes Bedford Arena \$5,500,000. The project does not appear in the draft recommended projects for MRIF funding.

The application from Rocky Lake Development Association for 100% tax exemption under By-law T-200 will be reviewed for the 2006-2007 fiscal year. Any additional awards made under the current program are subject to budget approval.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

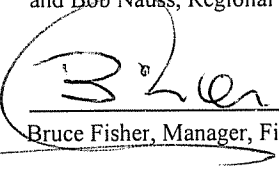
This is an information report only.

ATTACHMENTS

1. Rocky Lake Development Association, Board of Directors, 2005-06.
2. Letter dated October 4th, 2005, from Peta-Jane Temple, HRM, to Rocky Lake Development Association.
3. Draft site plan.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by : Peta-Jane Temple, Team Lead Tax, Grants and Special Projects, HRM Financial Services 490-5469 and Bob Nauss, Regional Coordinator, HRM Recreation, Tourism & Culture 490-4910

Financial Review : 
Bruce Fisher, Manager, Financial Planning, HRM Financial Services



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PROFILE - ROCKY LAKE DEVELOPMENT ASSOCIATION - as of 2005-10-18 10p.m.

Company/Society Name:	ROCKY LAKE DEVELOPMENT ASSOCIATION
Registry ID:	3067799
Type:	Society
Nature Of Business:	
Status:	Active
Jurisdiction:	Nova Scotia
Registered Office:	1475 BEDFORD HIGHWAY SUITE 210 BEDFORD NS B4A 3Z5
Mailing Address:	1475 BEDFORD HIGHWAY SUITE 210 BEDFORD NS B4A 3Z5

PEOPLE

Name	Position	Civic Address	Mailing Address
BERRY J. MASON	Recognized Agent	1475 BEDFORD HIGHWAY SUITE 210 BEDFORD NS B4A 3Z5	1475 BEDFORD HIGHWAY SUITE 210 BEDFORD NS B4A 3Z5
MIKE BARCLAY	Director	89 CONCORD AVE FALL RIVER NS B2T 1E7	
PEGGY DRAPER	Director	5 BAHAMOUNT COURT BEDFORD NS B4A 4G3	
DARLENE MAHYR-RICHARDSON	Director	65 ROBINSON DR FALL RIVER NS B2T 1E7	
BARRY J. MASON	Director	106 SHORE DRIVE BEDFORD NS B4A 2E1	
RENE MACEACHERN	Director	34 STONE TERRACE BEDFORD NS B4A 2G8	
DAN SANGSTER	Director	100 WIMBLEDON ROAD BEDFORD NS B4A 3Y5	

ACTIVITIES

Activity	Date
Incorporated	2002-05-22
Filed Document	2002-06-05
Change of Directors	2002-08-12
Default for Non-Payment	2003-07-01
Reactivated	2003-07-22
Filed Financial Statement	2003-07-22
Change of Directors	2003-07-22
Default for Non-Payment	2004-07-05
Reactivated	2005-05-16
Filed Financial Statement	2005-05-16
Filed Financial Statement	2005-05-16
Change of Directors	2005-05-16

RELATED REGISTRATIONS

There are no related registrations on file for this company.

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GRANTS PROGRAM

October 4, 2005

DRAFT ONLY

Mr Barry Mason
Rocky Lake Development Association
210-1475 Bedford Highway
Bedford, NS
B4A 3Z5

COPY

Dear Mr. Mason:

Re: Application to 2006-2007 Tax Exemption for Non-Profit Organizations Program

As requested your letter dated September 1, 2005 was forwarded to the HRM Grants Committee meeting of September 12, 2005. I am writing to confirm receipt of your formal application to the program but should advise of the following:

1. A final determination of eligibility and recommendation to Regional Council cannot be made by the committee at this time. Due process is such that all applications are reviewed by staff and forwarded to the committee in the form of a staff report. The report provides details of the organization, facility and programming (as applicable), tax status, and cost of any applicable public subsidy.
 2. The formal application deadline is November 30th, 2005. During the fall staff begin to assess the number of applications and the cost of requests. It will be necessary for a budget increase to be requested for the 2006-07 fiscal year because the program's budget is fully expended. Therefore, we will not be able to add further properties to By-law T-200 without (a) a budget increase, or (b) significant revisions to subsidy levels for some or all properties presently on the by-law.
 3. Staff can confirm that precedence has been set that a community-owned and operated facility is usually tax exempt if it replaces a service that HRM would otherwise provide. However, portions of the property sub-leased to third parties or business activities are not included.
 4. Staff anticipate that further information will be required from the Association for clarity. Specifically, your letter states you are requesting a public tax grant in support of recreational facilities
- The draft map shows the following recreational facilities: rink multi-plex; tennis courts, and basketball courts. Our review will require that the land area for these facilities be calculated so that the total tax bill for the land can be pro-rated.
 - The area identified as "natural park/institutional" (15 acres) is probably eligible if the area is for environmental conservation (passive park land). We would include this under environmental

GRANTS PROGRAM

protection or recreation depending on the nature of intended use

5. Because the land has not been sub-divided we will need an estimate of the square footage so as to deduct this amount from the total land area. HRM's program does not provide a tax subsidy for land-holdings for commercial or private residential development (areas identified on the map as retirement village, residential cluster, condominium, and retail).

6. The program has provided 100% tax subsidy during the construction period and the value of the award is then amended upon completion of the structure and a new assessment.

7. Legislation does not permit a retroactive award, so please be advised that HRM will not be in a position to provide assistance during this fiscal year (2005-06).

I would welcome an opportunity to meet with representatives of the Board and (at your discretion) your planner so that we can confirm the information required for our review and to make sure that staff have a full understanding of the nature of the development. Such a meeting would also be an opportunity for me to explain the decision-making timing and process so that you are able to plan and budget for 2006-07 taxes (tax bills will be issued until such time as a decision is made by Council and then any award is applied to the account and any applicable refund processed).

I look forward to meeting with you.

Sincerely,

Peta-Jane Temple
Team Lead, Tax, Grants & Special Projects

cc: HRM Grants Committee
File

