



P.O. Box 1749
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Item No. 9.1.5
Audit and Finance Standing Committee
June 17, 2015

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

SUBMITTED BY: Richard Butts, Chief Administrative Officer

Original Signed

Jane Fraser, Director of Operations Support

DATE: May 27, 2015

SUBJECT: Property Disposal – 90 Alderney Drive, Dartmouth

ORIGIN

- Regional Council's January 28, 2014, motion to: (1) Declare that 90 Alderney Drive is unsuitable for a museum, based on the CBCL structural assessment; (2) Refer 90 Alderney Drive for review in accordance with the process defined in Administrative Order 50; and (3) Declare 90 Alderney Drive surplus to the needs of HRM and that an equivalent amount of money as realized from the sale of the property be put aside within the Sale of Land reserve to be used toward the establishment of a municipal museum in Dartmouth as part of a cultural cluster;
- Regional Council's September 9, 2014, motion to declare 90 Alderney Drive, Dartmouth, surplus to municipal requirements as per Administrative Order 50, under the category "Ordinary Properties", for disposal at market value.

LEGISLATIVE AUTHORITY

This report complies with the Municipality's powers with regard to real property under Section 61 and Section 63 of the HRM Charter. The property was declared surplus and categorized as "Ordinary Properties" for disposal at market value by resolution of Regional Council on September 9, 2014.

RECOMMENDATION

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

1. authorize the Mayor and Municipal Clerk to enter into an Agreement of Purchase and Sale with Banner Developments Ltd., or assignee, for 90 Alderney Drive, Dartmouth, as per the terms and conditions outlined in this report and Table 1 in the Confidential Information Report dated May 27, 2015;
2. authorize the Mayor and Municipal Clerk to enter into an Easement Agreement with Heritage Gas, for rights to access, service and maintain an HRM natural gas lateral from Alderney Drive to service Alderney Gate over HRM property, as per the terms and conditions outlined in Table 2 of this report; and
3. approve an increase to the Capital Project Account #CBX01275 – Electrical (Category 7) in the amount of \$211,200 plus net HST, with no net increase, to be funded from the Sale of Land Account Q101 for property servicing costs as outlined in Table 2 in the Confidential Information Report dated May 27, 2015.

BACKGROUND

The building located at 90 Alderney Drive (see Attachment 'A') was originally used as Dartmouth City Hall and later was used by the Halifax Regional School Board for office space prior to their relocation. Since that time, it has been used primarily for office space for HRM staff. The building also includes the original City of Dartmouth council chambers which were used for standing committee and community council meetings.

On November 10, 2009, Regional Council passed a motion to give Dartmouth Heritage Museum Society (DHMS) exclusive right to 90 Alderney Drive in Dartmouth for the purpose of a permanent museum and creation of a cultural cluster.

On January 28, 2014, staff recommended and received approval from Regional Council for the following:

- 1.) Declare that 90 Alderney Drive is unsuitable for a museum, based on the CBCL structural assessment;
- 2.) Refer 90 Alderney Drive for review in accordance with the process defined in Administrative Order 50;
- 3.) Declare 90 Alderney Drive surplus to the needs of HRM and that an equivalent amount of money as realized from the sale of the property be put aside within the Sale of Land reserve to be used toward the establishment of a municipal museum in Dartmouth as part of a cultural cluster.

On September 9, 2014, Regional Council declared 90 Alderney Drive, Dartmouth, surplus to municipal requirements for disposal and categorized the property as "Ordinary" for sale at market value.

On November 18, 2014, Regional Council authorized the Mayor and Municipal Clerk to enter into an Agreement of Purchase and Sale with Fares & Co. Development Inc. or assignee, for 90 Alderney Drive, Dartmouth; however, on March 4, 2015, this Agreement was terminated by Fares & Co. Development Inc., citing that the risk and uncertainty associated with their prospective plans for redevelopment rendered the project financially unfeasible for them. The property was subsequently placed back on the open market.

DISCUSSION

The building at 90 Alderney Drive is a three-story, concrete office complex. The building was constructed circa 1966, and is formerly known as the Dartmouth City Hall. The total gross building area over three floors, including the basement, is 28,025 square feet (see Attachment 'A'). A number of building services are shared between 90 Alderney Drive and Alderney Gate; arrangements will be made with the purchaser depending on their anticipated use of the property. A small portion of the mechanical room, comprising approximately 270 square feet, will be within the street right-of-way beneath the sidewalk of Alderney Drive. An Encroachment Agreement will be entered into with the purchaser upon completion of the transaction.

The site is approximately 24,362 square feet subject to subdivision from the parent parcel as shown heavily outlined in Attachment 'B'. An easement will be retained, outlined red on Attachment 'B', to restrict above-grade development, thereby preserving a sightline from Alderney Drive to the Halifax Harbour. Additional easements and/or encroachments may be retained where necessary, prior to closing, for existing services/structures on and off site. According to the Downtown Dartmouth Land Use By-law, the land use classification of the subject property is DB – Downtown Business District and W - Waterfront Zone. The maximum allowable building height, subject to the existing land use classifications, is five storeys and three storeys, respectively.

The property was marketed by the brokerage firm CBRE through onsite signage, a listing brochure on their website and HRM's website, and online email distribution to their clients and local brokerages firms.

The process drew direct interest from approximately seven parties, each of which undertook several site and building tours. Staff received multiple offers; the details of the recommended offer and the details the other offers are generalized within the Confidential Information Report dated May 27, 2015.

During the due diligence period, a number of building and site challenges were discovered. In order to maximize value, it is recommended that this work be completed by HRM prior to closing as a means of controlling construction on HRM assets and further negating the likelihood of closing adjustments. HRM will be responsible to rectify the following capital items:

- The subject building provides power to the Peace Pavilion, surrounding park lighting, and the pathway light along the CN rail line. Prior to completing the sale, HRM will be responsible for disconnecting and separating the electrical service that the building provides to adjacent municipal uses.
- The property is presently bisected by a Heritage Gas line which services Alderney Gate, Alderney Landing, and the Ferry Terminal Building with natural gas from the Alderney Drive right-of-way. Prior to completing the sale, HRM will be responsible for relocating this gas line to HRM property being retained.

Details pertaining to the cost estimates for both the electrical service and gas line relocation are provided in Table 2 in the Confidential Information Report dated May 27, 2015.

In order to complete the relocation of the natural gas line and easement from 90 Alderney Drive to surrounding HRM owned property, Heritage Gas has a requirement for a service easement, shown as Parcel E-HG in Attachment 'B'. Table 1 outlines the general terms of the relocated service easement.

Table 1: Heritage Gas Easement Agreement

Grantee	Halifax Regional Municipality
Grantor	Heritage Gas
Property Addresses	N/A
PID's	40513632, 41416330, 4116348
Easement Area**	435.2 square metres
Special Terms	HRM will reserve the right to terminate the easement in the event natural gas is no longer a municipal requirement at Alderney Gate.

**Subject to change upon final submission of site survey and subdivision approval by HRM.*

FINANCIAL IMPLICATIONS

See Confidential Information Report dated May 27, 2015.

COMMUNITY ENGAGEMENT

No further community engagement is required under Administrative Order 50 in this instance.

ENVIRONMENTAL IMPLICATIONS

Three Environmental Reports have been completed; one in December 2005 for a suspected leak from the former Underground Storage Tank (UST); and another was completed at the time this UST was removed in 2009. Both reports indicated that there is no environmental contamination present at the site of the former UST.

ALTERNATIVES

Council may choose to not approve the disposal of 90 Alderney Drive and retain the property. This alternative is not recommended, as the property was deemed surplus to HRM requirements by Council on September 9, 2014. Council can also choose to not approve the disposal of 90 Alderney Drive and keep the property listed on the open market. This alternative is not recommended as HRM has received competitive offers on the second round of bidding for the property.

Council may choose to not approve the funds necessary to complete the capital work detailed in Table 2 of the Confidential Information Report. This alternative is not recommended as these items are required to create a marketable and saleable property.

ATTACHMENTS

Attachment A – CBRE Listing Brochure Excerpt
Attachment B – Survey Plan

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: Brad Bakke, Real Estate Officer, Corporate Real Estate, Operations Support
490-5332

Original Signed

Report Approved by: _____
Peter Stickings, Manager, Corporate Real Estate, Operations Support
902-490-7129

Original Signed

Financial Approval by: _____
Bruce Fisher, A/Director of Finance & ICT/CFO, 902-490-4493

HALIFAX

ATTACHMENT 'A' CBRE Ltd. Listing Brochure Excerpt

OPPORTUNITY

90 Alderney Drive is a unrivaled opportunity for business owners, investors and developers looking for a position on the Dartmouth waterfront. Downtown Dartmouth is continuing a revival marked by new residential developments, an explosion of local businesses and the development of Kings Wharf. 90 Alderney Drive offers an ideal location with unobstructed water views at the end of Portland Street near all the local amenities. The owner will provide, on Closing, a subdivided property of approximately 24,364 square feet as shown on Page 16.

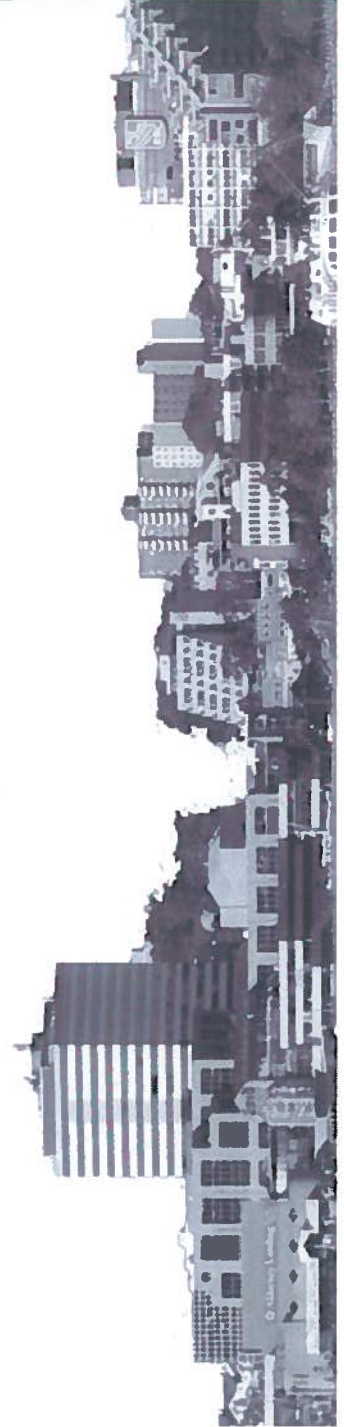
HIGHLIGHTS

ADDRESS 90 Alderney Drive, Dartmouth, NS
BUILDING SIZE ± 28,025 sq. ft.
SITE SIZE ± 24,364 sq. ft.
FRONTAGE ± 310 ft.
PID Portion of 00109090
ZONING DB - Downtown Business
W - Waterfront



- The Property is being offered for sale unpriced.
- Offers are to be received by CBRE Limited on the Vendor's form of APS no later than **4:00 p.m. on Thursday, May 21, 2015.**
- Refer to Page 6 for more details.

90 ALDERNEY DRIVE | DARTMOUTH, NS



OFFERING PROCESS

SUBMISSION

Based on the information contained in this CIM and other information that may be made available by CBRE, interested parties are invited to submit an offer on the Vendor's form of Agreement of Purchase and Sale (APS). Please speak with one of our agents to receive a copy of the Vendor's APS.

The Property is being offered for sale unpriced.

Offers are to be received by CBRE Limited on the Vendor's form of APS no later than:

4:00 p.m. on Thursday, May 21, 2015.

The Vendor is under no obligation to accept any offers submitted.

EXCLUSIVE AGENTS

All inquiries regarding the Property or any information contained in this CIM should be directed to CBRE as follows:

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PROPERTY OVERVIEW | NEIGHBOURHOOD AERIAL



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ATTACHMENT 'B' Survey Plan

Site Area = +/- 24,362

The area outlined in red is to be preserved with a legal instrument preventing above-grade development.

