

Item No. 9.4.1
Audit & Finance Standing Committee
December 20, 2013

TO: Chair and Members, Audit & Finance Standing Committee

Original Signed

SUBMITTED BY:

for: Councillor Walker, Chair, and Members of HRM Grants Committee

DATE: December 9, 2013

SUBJECT: **Canadian Naval Memorial Trust – Funding Request: Battle of the Atlantic Place**

ORIGIN

Staff report dated November 25, 2013 presented at the December 2, 2013 HRM Grants Committee meeting.

LEGISLATIVE AUTHORITY

The HRM Grants Committee Terms of Reference set a primary duty of the Committee as to:

- 4.1 Advise Regional Council on all matters related to the allocation of grants, as defined by Regional Council.

HRM Charter (2008) s.79 (1)(av) respecting grants and contributions.

RECOMMENDATION

That the HRM Grants Committee recommends to the Audit & Finance Standing Committee:

- 1. Approval of a grant in the amount of \$25,000 to the Canadian Memorial Trust from the *Community Grants Program* account as per the terms and conditions set out in the Discussion section of the November 25, 2013 staff report; and**
- 2. Encourage the Canadian Naval Memorial Trust to apply for the remaining \$25,000 grant through the 2014-15 *Community Grants Program*.**

BACKGROUND

Refer to the Background section of the November 25, 2013 staff report.

DISCUSSION

The Grants Committee reviewed and discussed the November 25, 2013 “Canadian Naval Memorial Trust – Funding Request: Battle of the Atlantic Place” report at the December 2, 2013 Grants Committee meeting.

Staff reviewed an addendum to the report (included as Attachment 2 of this report) that was circulated with a correction to page 3 of the report, that the total estimated costs of Phase II of the project are \$293,000. The addendum also includes additional information on the retention of the Economic Planning Group, Toronto, by the Canadian Naval Memorial Trust (assisted by a grant from ACOA), to undertake an economic impact study. An updated “Battle of the Atlantic Place – 2014 Project Operating Budget – 15 Nov 2013” from the Trust was also before the Committee (included as Attachment 3 of this report).

Staff responded to questions from Committee members, clarifying the following:

- There are no further intakes to the Community Grants Program for 2013/14, and there is currently \$35,000 left in the program budget.
- Should the Committee choose to recommend approval of the \$50,000 grant, Council can approve the over expenditure of the Community Grants Program budget by resolution.
- This request was put aside while staff processed appeals to the Community Grants Program, and no money was withheld from the program for this request.
- The Committee has previously recommended awarding over the \$25,000 maximum grant limit in the past.
- The Committee previously awarded \$50,000 (of a request for \$100,000) for Phase 1 (international design competition) for the Battle of the Atlantic Place in the 2012/13 fiscal year.
- This request is for the 2013/14 fiscal year, and will have no impact on the 2014/15 Community Grants Program.

The Committee discussed the request and their options at this time, with the following comments noted:

- When the previous \$50,000 grant was made in 2012, it was made clear at that time by the Committee that it was a one-time capital grant.
- Given the historical significance and the economic impact this project would have on the downtown, it is critical to have municipal participation in the project.
- Recommending approval of a grant over the \$25,000 maximum limit sets a precedent for future requests.

Staff reviewed options with the Committee, as set out in the Alternatives section of the November 25, 2013 staff report. The Committee approved Alternative No. 2 of the staff report.

Refer to the Discussion section of the November 25, 2013 staff report for further information.

FINANCIAL IMPLICATIONS

As outlined in the November 25, 2013 staff report.

COMMUNITY ENGAGEMENT

Membership composition of the HRM Grants Committee consists of five (5) members of Regional Council as well as five (5) members of the general public. Grant Committee meetings are open to the public. Agendas, reports and minutes are available on the HRM website.

ENVIRONMENTAL IMPLICATIONS

None.

ALTERNATIVES

The Audit & Finance Standing Committee could amend or overturn the proposed recommendation.

Refer to the Alternatives section of the November 25, 2013 staff report.

ATTACHMENTS

1. November 25, 2013 staff report "Canadian Naval Memorial Trust – Funding Request: Battle of the Atlantic Place"
2. Addendum to Report to Grants Committee: "Canadian [Naval] Memorial Trust – Funding Request Battle of the Atlantic Place", December 2013, page 3"
3. Battle of the Atlantic Place 2014 Project Operating Budget 15 Nov 2013

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.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: Jennifer Weagle, Legislative Assistant, 490 6517

**HRM Grants Committee
December 2, 2013**

TO: Chair and Members of HRM Grants Committee

SUBMITTED BY: Original signed

Greg Keefe, Director of Finance & ICT/CFO

DATE: November 25, 2013

SUBJECT: Canadian Naval Memorial Trust – Funding Request: Battle of the
Atlantic Place

ORIGIN

September 10, 2013 – Report submitted to Regional Council entitled “Canadian Naval Memorial Trust – Funding Request for Design Competition”. Council approved referral of the Trust’s request for a grant in the amount of \$50,000 to the HRM Grants Committee for consideration.

LEGISLATIVE AUTHORITY

HRM Charter (2008) s. 79 (1 (av) respecting grants and contributions.

RECOMMENDATION

It is recommended that the HRM Grants Committee recommend to the HRM Audit & Finance Standing Committee approval of a grant in the amount of \$50,000 to the Canadian Memorial Trust from the *Community Grants Program* account as per the terms and conditions set out in the Discussion section of this report.

BACKGROUND

In 2012, HRM provided a grant of \$50,000 towards professional fees and marketing for an international design competition to advance the protection of HMCS Sackville, Canada's naval memorial, and interpretation. The cost of the design phase was estimated to be \$900,000. This report provides an update on the status of the project and a grant request towards phase II of the project. Phase II has commenced and is expected to continue into fiscal year 2014-15.

Project Update: In April, 2012, after a competitive selection process, the Naval Memorial Trust retained Catalyst Engineering Consultants Limited, Dartmouth, to provide overall project management and prepare the technical specifications for an architectural design competition. The consultant is a project management firm specializing in building construction. Catalyst developed a detailed design brief for the project and a formal Request for Proposals was issued in January, 2013. Eighty (80) firms either expressed interest or requested the briefing document. In March, 2013, ten (10) proposals were received from consortia representing companies located in Canada, the United States of America, and Europe. A jury of stakeholders reviewed the proposals and selected five (5) finalists who presented their notional designs in April, 2013.

In June, 2013, the contract was awarded to Stantec Architecture Inc., Dartmouth, a multi-disciplinary consulting firm. Stantec retained BRC Imagination Arts, Burbank, California, to develop the conceptual design for the interpretation and display elements. BRC specializes in the design and production of visitor experiences and attractions including museum design, special effects theatres, theme parks, interactive media production, world expos, and branding. The consortia consulted with key stakeholders and presented a revised narrative and design concept to the project management team in October, 2013.

Grant Update: A final report with proof of payment in accordance with the terms and conditions of HRM's initial grant of \$50,000 towards the international design competition has been received. The Trust realized its fundraising goal of \$900,000 with contributions from all three levels of government, the private sector, and personal donations. A private party also donated office space in close proximity to the waterfront thereby reducing the Trust's cash flow requirements. A second grant of \$50,000 has been requested towards Phase II of the project.

DISCUSSION

Change in Scope of Project: Consultants have confirmed that HMCS Sackville can be removed from its saltwater berth and protected within an indoor environment. Consequently, the concept changed to a fully enclosed interpretation centre to house the ship integrated with static and interactive displays. The project's focus now places HMCS Sackville within the context of the Battle of the Atlantic and encompasses the role of the Merchant Navy and the Air Force. The proposed interpretation centre and its immediate environs are now referred to as the *Battle of the Atlantic Place* and is intended to be an architectural and experiential feature of the waterfront.

Change in Purpose of Funding: The Trust's initial funding request to support an international design competition was for \$100,000 or \$50,000 and office accommodations for at least 2 years. HRM was unable to accommodate the applicant's request for leased space in close proximity to

the waterfront. Instead, the Trust secured free office space from a private party and requested \$100,000 in cash. HRM's grant of \$50,000 represented ~ 5.5% of projected total costs for the design competition.

The Trust's request for an additional grant of \$50,000 is towards a new phase of the same project. This work includes an economic impact study, project costing, environmental assessment, geotechnical evaluation, land use and planning approval requirements. Total costs are estimated to be \$400,000 primarily in consulting fees and administration. A grant of \$50,000 would represent 12.5% of projected total costs for the feasibility assessment.

Funding Recommendation: In accordance with the *Community Grants Program* funding criteria, salaries and wages and recurring administrative costs are ineligible for consideration. Therefore, eligible expenses are limited to costs related directly to the technical elements of Phase II of the project that include professional fees for an environmental assessment and geothermal evaluation, architectural fees, and a cost-benefit analysis. A capital grant of \$50,000 exceeds the program's funding threshold, however this guideline can and has been overturned at Council's discretion.

The rationale for funding includes:

- The Trust raised \$900,040 for Phase I and fulfilled their funding commitment.
- *HRM Cultural Plan:* The plan supports investment in the region's built and social history and promotes multi-sector cooperation or collaboration. The proposed development of an iconic attraction has the potential to realize social and economic benefits to the region and is strengthened with the inclusion of the Canadian Merchant Navy and Air Force, and a stronger focus on interpretation.
- *HRM Regional Plan:* Halifax Harbour plays a key role as an international gateway to trade and tourism, as well as the local marine industry. Preserving the historic and cultural features of HRM's marine heritage is an important aspect of the Halifax Harbour Planning Initiative, a component of the Regional Plan (2008), and the Downtown Halifax Secondary Planning Strategy.

The proposed terms of funding are:

- A capital grant in the amount of \$50,000 to the Naval Memorial Trust towards Phase II of the *Battle of the Atlantic Project* for professional fees in relation to a determination of the project's financial feasibility and economic impact, and/or environmental due diligence studies.
- The Canadian Memorial Trust shall disclose any additional HRM assistance, financial or otherwise, solicited or received from a municipal source. Such assistance may include but is not limited to a cash donation, grant, or in-kind goods and services.
- A final report with proof of payment shall be submitted to HRM by March 31, 2014. If final reporting for a grant issued in 2013 is not received by March 31, 2014, the Naval Memorial Trust can request a carry-forward but would be ineligible to apply to the *Community Grants Program in 2014-15*.
- A designated staff representative has not been requested. Any land use planning or real

property guidance would be provided through HRM's standard operating procedures.

The proposed source of funding is the 2013-14 *Community Grants Program*.

- As of October 24, 2013 the balance remaining in the Program account is \$35,339. This amount could increase by March 31, 2014, if HRM were to revoke a conditional award or receive a refund of the unexpended balance remaining in a grant.
- This grant request was reviewed only after the appeals phase of the 2013-14 *Community Grants Program* had concluded. On-time, eligible applicants to the program have not been disadvantaged should Council elect to award a grant to the Naval Memorial Trust.

FINANCIAL IMPLICATIONS

If approved, an award of \$50,000 from *Community Grants Program* would realize an over-expenditure of up to* \$14,661. The funding shortage, if any, realized in the *Community Grants Program* account will be funded by the current projected surplus.

*The value of the balance remaining at year-end varies based on the number and value of awards withheld (the recipient cannot meet the terms of funding) or un-used funds returned to the program.

COMMUNITY ENGAGEMENT

None. This is an unsolicited request for funding.

ENVIRONMENTAL IMPLICATIONS

None. The project is in the conceptual/planning stage. Any environmental issues should be identified through an independent environmental assessment and/or geothermal evaluation.

ALTERNATIVES

1. Because the request originates outside a formal grant program the Grants Committee could overturn the recommendation to fund.
This action is not recommended. Council can grant financial assistance by resolution and has done so previously with respect to the Naval Memorial Trust and other unsolicited requests.
2. The Grants Committee could recommend a grant in the amount of \$25,000 to conform to the *Community Grants Program's* conventional funding threshold for capital grants. An award of \$25,000 would represent 6.25% of projected costs and is comparable to the first grant in terms of HRM's contribution to Phase I. The balance remaining in the 2013-14 *Community Grants Program* (M311-8004) would be reduced to \$10,339.

If final reporting for a grant issued in 2013 is received by March 31, 2014, the Naval Memorial Trust would be eligible to apply to the 2014-15 *Community Grants Program* for consideration.

3. The Grants Committee could recommend a grant in the amount of \$35,000. This value exceeds the *Community Grants Program* capital grant threshold but conforms to the balance of \$35,339 remaining in account M311-8005 as of October, 2013.

If final reporting for a grant issued in 2013 is received by March 31, 2014, the Naval Memorial Trust would be eligible to apply to the 2014-15 *Community Grants Program* for consideration.

ATTACHMENTS

1. Letter to Mayor Mike Savage from the Canadian Naval Memorial Trust dated December 6, 2012.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.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 Grants & Contributions, Finance & ICT 490-5469; Peter Greechan, Community Developer, Grants & Contributions, Finance & ICT.

Report Approved by: Original signed
Bruce Fisher, Manager of Finance Policy & Planning, 490-4493

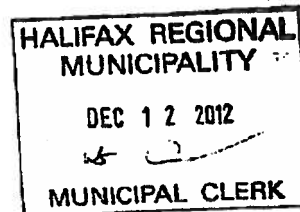
Attachment 1



Patron
His Excellency the Right Honourable David Johnston
C.C., CMM, COM, CD
Governor General of Canada

Présidente d'honneur
Son Excellence le très honorable David Johnston
C.C., CMM, COM, CD
Gouverneur général du Canada

His Worship Mayor Mike Savage,
Halifax Regional Municipality,
Halifax, N.S.,
B3J 3A5



December 6, 2012.

Your Worship,

Thank you for meeting with members of the Trust on 22 November, 2012. We were very pleased to present to you, and Councilors Watts and Outhit, our vision for the future of HMCS Sackville on the Halifax waterfront.

I hope you and your council colleagues came away from our presentation with the same sense of excitement we have for what "Battle of Atlantic Place" will mean for Canada, Nova Scotia and the Halifax Regional Municipality.

As was mentioned, we are just putting the finishing touches on the engineering studies which will comprise the Project Brief, the guidance document for prospective architects. We expect to issue the Request for Proposals (RFP) at a public event, early in 2013. The design concept is planned for completion nine months after the RFP is issued.

This public launch of the project will be the first event of a process, which when complete, will give a valuable lift, across Canada, to the image of our city and will lead to an architectural structure that will be defining. We will advise you as soon as the launch date is fixed in the expectation you will be able to attend.

To complete this concept will cost just over \$900,000. The \$50,000 financial contribution by HRM to date has been a great help in the early stages of the Project and is much appreciated. At our meeting we outlined the rationale behind our original request for \$100,000 contained in our letter to Mayor Kelly in November, 2010. It is our hope that Council will see fit to provide the remaining \$50,000 as we embark upon funding the remaining architectural studies that will produce the design concept.

HMCS SACKVILLE PO Box 99000 STN FORCES, Halifax, Nova Scotia, Canada B3K 5X5
Tel. 902.721.1206 (CNMT Office) • Tel. 902.427.2837 (Ship) • Fax. 902.427.1346

*Sent to
clerk of*

It is our understanding that public events are being planned to celebrate victory in the Battle of the Atlantic this Spring. May we suggest this would be a fitting time for the City to proclaim its support for "Battle of Atlantic Place".

In past years it had become the custom for the Council to take lunch on board Sackville following a Council Meeting. We hope that this welcome event can be continued and we look forward to meeting all of the Councilors at that time. We will contact you in the New Year to make the arrangements.

Sincerely,

Original signed

Hugh Macpherson, CD, P.Eng.,
The Canadian Naval Memorial Trust.

Cc Councilors Outhit and Watts

MUNICIPAL CLERKS OFFICE

Distributed to:

- Councillors Meeting Regional Council
- Mayor
- CAO
- DCAO
- Solicitor
- Communications
- Other Quentin Hill; Brad
Anguish; S. Mackenzie; CBryant;
Peter Greenham

Date: July 3rd, 2012

Item No. 10.3.4

Addendum to Report to Grants Committee: "Canadian Memorial Trust – Funding Request Battle of the Atlantic Place", December 2, 2013, page 3.

Correction

Total estimated costs of Phase II of the project are \$293,000. A grant of \$50,000 would represent 17% of total costs.

Added Information

The Canadian Memorial Trust, assisted by a grant from Atlantic Canada Opportunities Agency (ACOA) have retained Economic Planning Group, Toronto, to undertake an economic impact study. The company specializes in tourism planning and has undertaken numerous projects in Nova Scotia for the Government of Nova Scotia, municipalities, industry and trade associations, and non-profit groups. The consultant's report suggests that annual visits to the proposed interpretation centre will be 220,000 of which 40,000 are visitors to Halifax for the purpose of visiting *Battle of the Atlantic Place*.

Battle of the Atlantic Place
2014 Project Operating Budget
15 Nov 2013

Category

Office

Admin Staff	45,000
Office Rental	12,000
Shipping & Postage	5,000
Equipment & Supplies	3,000
Miscellaneous	3,000

Awareness & Communications

Promotional Material (Video, Brochures, Model)	65,000
Web Site	5,000
Events	15,000
Travel	20,000
Professional (writers, legal, etc) Services	20,000

Project Management

Consulting Services	<u>100,000</u>
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Total	\$293,000
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REVENUE

ACOA (Estimated)	60,000
HRM (Estimated)	50,000
Can Naval Memorial Trust	183,000

Total	293,000
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