

TO: Chair and Members of HRM Grants Committee

Original signed

SUBMITTED BY: _____
Greg Keefe, Director, Finance and ICT/CFO

DATE: October 11, 2013

SUBJECT: **Property Matter: Proposed Less Than Market Value Lease of a
Portion of PID#40619561, 22835 Highway #7, Sheet Harbour, to the
Sheet Harbour & Area Ground Search and Rescue**

ORIGIN

In April, 2012, HRM Fire & Emergency Services received an unsolicited request from the Sheet Harbour & Area Ground Search and Rescue to purchase or lease a portion of HRM-owned land located in Sheet Harbour to assist the organization with its operational requirements.

LEGISLATIVE AUTHORITY

HRM Charter s.63(1) respecting less than market value leasing of municipal property.

RECOMMENDATION

It is recommended that the HRM Grants Committee approve in principle the recommendation to enter into a less than market value lease agreement with the Sheet Harbour & Area Ground Search and Rescue as per the terms and conditions set out in the Discussion section of this report.

BACKGROUND

Legislative Authority: The Municipality may sell or lease property at a price less than market value to a non-profit organization that Regional Council considers to be carrying on an activity that is beneficial to the Municipality. Approval requires a two-thirds majority of Regional Council present and voting. A public hearing is not required.

Sheet Harbour & Area Ground Search and Rescue: Sheet Harbour & Area Ground Search and Rescue (SHAGSR) is a registered, non-profit society whose members provide volunteer support in emergency ground searches for lost or missing persons, an enhanced response to natural or man-made disasters, and evidence searches. SHAGRS is a member of the HRM-based Regional Search and Rescue Emergency Service Providers organization under the direction of HRM Fire Services Emergency Management Office (EMO) and a member of the Nova Scotia Ground Search and Rescue Association (NSGSRA) administered by the Provincial Emergency Management Organization. The society operates on a volunteer basis and receives a \$3,000 operating grant from EMO Nova Scotia. HRM contributes \$7,750 annually to further support their operations. Volunteers supplement annual operations through fundraising. Presently, the group lease space for storage of field equipment, vehicles, and small equipment at a cost of \$7,200 per annum.

Retention and Lease vs Land Sale: The organization's initial request was for the donation of a portion of the land associated with the Sheet Harbour Fire Station #28. The parent parcel comprises 3.7 acres. However, if the property were to be sub-divided and a portion sold to SHAGSR, the Nova Scotia Department of the Environment would require the lot be serviceable (i.e. new well and septic) with a minimum lot size of 30,000 sf. The group subsequently amended their request to a less than market value lease of 6,000 sf representing approximately 4.3% of the entire property. The organization intends to erect a 2,800 sf building that will act as storage facility; septic and well systems are not required for the intended use. HRM Fire & Emergency Services have formally endorsed the request.

Land Use By-law: The land is zoned MU-Mixed Use. Development Services has confirmed that a permit can be issued for more than one building on the parent parcel provided the use is not residential. Section 3.5(c) of the by-law permits "warehousing", a term that is not defined. If used solely for the storage of vehicles and equipment, the proposed garage could be considered comparable to a warehouse. However, future enhancement of the building with water and sewer infrastructure would not be permitted because the proposed lease area does not conform to the minimum lot size requirements of the Environment Act (1994-5).

Sole Source Consideration: The request is supported by HRM Fire & Emergency Services in direct relation to their local emergency response capacity in the Sheet Harbour area. The Sheet Harbour Fire Station #28 is an active station. The lease of excess land capacity has been considered on the basis of a volunteer-based enhancement to municipal service delivery, hence there has been no public solicitation of competing interests. The parcel of land will be un-serviced and market activity in the area is moderate to low.

DISCUSSION

A less than market value capital land lease¹ is recommended on the basis of the following:

- The volunteer group has a formal working relationship with HRM Fire & Emergency Services.
- The lease and construction of an equipment storage facility in close proximity to the volunteer fire station has been approved by HR Fire & Emergency Services, The intended use is considered compatible with the municipality’s role in emergency preparedness and response.
- The prospective tenant has demonstrated an ability to maintain operations. The market value rent they currently pay can be re-directed towards operating the equipment storage facility and grounds maintenance.
- Site preparation and the storage structure are expected to cost a total of ~\$85,000. The group has \$50,000 in confirmed provincial funding and an award has been granted under the *HRM Community Grants Program* conditional upon confirmation of a site. At a minimum, the provincial funding provides assurance that work can commence in a timely manner.

Summary of Key Terms and Conditions: Proposed	
Civic Address	Portion of PID # 40619561 – 22835 Highway #7, Sheet Harbour
Zoning	MU – Mixed Use Eastern Shore East Land Use By-law
Landlord	Halifax Regional Municipality
Tenant	Sheet Harbour & Area Ground Search and Rescue (SHAGSR)
Area	6,000 sf – land only with access
Rental Rate	\$1.00 per annum
Tax Status	The change in use will trigger a tax assessment
Specific Conditions	The tenant shall: <ul style="list-style-type: none"> • be granted unencumbered access to the property across the parent parcel of land and existing driveway conditional upon their agreement not to obstruct fire station access and other activities on the Landlord’s property; • maintain registered non-profit status with the Nova Scotia Registry of Joint Stocks; • be responsible for all operating and capital costs associated with the leased property. (e.g. property taxes, solid waste, snow removal, general property maintenance, etc.) • obtain permission from HRM for any change in the use of the property; • adhere to all municipal and provincial regulations in relation

¹ The term capital land lease is used to distinguish a land lease upon which the tenant constructs a building or fixture that is owned, operated and maintained by the non-profit party.

	to property use and any future development; <ul style="list-style-type: none"> • maintain \$2 million general liability insurance with HRM named as additionally insured on the insurance certificate; • pay any HRM expenses directly related to the execution of this lease agreement (survey, lease registration, fees etc); • not assign the lease without HRM's written consent; • indemnify HRM against any environmental or property-related claims; • pay the annual rent in one lump-sum upon the anniversary date of the initial lease agreement; • remove all fixtures (building and associated infrastructure) at their sole expense in the event of dissolution, termination or expiry of the lease agreement. • The enhancement of the building with water and/or sewer service is prohibited as per requirements under the Environment Act.
Term	10 years with an option to renew for an additional 10 years (Less one day) subject to the approval of Regional Council
Commencement Date	As soon as possible
Permitted Use	Storage of vehicles and equipment

FINANCIAL IMPLICATIONS

Based on a comparative market value of \$0.07 sf and low to modest market activity in the area, an annual rental rate for the subject property would be approximately \$420 per annum. The proposed less than market annual rental rate is \$1.00. Therefore, the lease would decrease HRM's potential revenue by \$419 per annum (\$4,190 over a 10-year term). The lease must be registered, including the applicable dimensions of the area leased, to effect an assessment and tax billing.

HRM Fire & Emergency Services could reduce the value of annual grant provided to SHAGSR and realize a modest annual saving or permit the group to re-direct funds to operating costs such as electrical service and insurance.

COMMUNITY ENGAGEMENT

The Grants Committee is comprised of six (6) Councillors and six (6) members of the public.

ENVIRONMENTAL IMPLICATIONS

None. Well and septic will not be included in the proposed non-residential structure to be located on-site. Electrical hook-up is anticipated.

ALTERNATIVES

1. The Grants Committee could overturn the less than market value lease recommendation and direct staff to pursue a market value lease. This option is not recommended because the service provided by the non-profit group supplement HRM's Fire & Emergency response capacity.
2. The Grants Committee could defer a decision pending further investigation of a less than market value sale. This option is not recommended because: approval of a capital land lease does not negate consideration of a future sale but is dependent upon the society's ability to fund well and septic systems, environmental standards, and higher taxes associated with a larger parcel of land and on-site infrastructure.

ATTACHMENTS

1. Site map and photograph.
2. Letter of Request from Sheet Harbour & Area Ground Search and Rescue to HRM Grants Program, no date.

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and 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 and ICT 490-5469; Chad Renouf, Real Estate Office, Planning & Infrastructure 490-6798;

Report Reviewed by: Tom Crouse, Manager Acquisitions & Disposals, Real Estate & Land Management, P&I

Report Reviewed by: Roy Hollett, Deputy Fire Chief, Operational Support, HR Fire & Emergency Services

Report Approved by: Original signed
Peter Stickings, Manager Real Estate & Land Management, Planning & Infrastructure.

Financial Approval by: Original signed
Bruce Fisher, Manager Financial Policy & Planning

Report Approved by: Original signed
Jane Fraser, Director Planning & Infrastructure

Report Approved by: Original signed
Doug Trussler, Chief, Fire & Emergency Services

Attachment 1



ATTACHMENT 'A'

Proposed Less Than Market Value Lease of a Portion of PID#40619561, 22835 Highway #7, Sheet Harbour, to the Sheet Harbour & Area Ground Search and Rescue

SITE PLAN



This map was produced for the internal use of Halifax Regional Municipality (HRM). HRM takes no responsibility for errors or omissions. Date of map is not indicative of the date of data creation.

Date: April 23, 2013
Prepared by: E. Wall

Attachment 2



Sheet Harbour and Area Ground Search and Rescue
PO Box 171
Sheet Harbour, NS
B0J 3B0

To: Mr. Peter Greechan
Community Developer
HRM Grants & Contributions
5th Floor Alderney Gate
P.O. Box 1749
Halifax, NS
B3J 3A5

Fr: Neil Parnell, President
Sheet Harbour & Area
Ground Search & Rescue

Re: Request to enter in to a less than market value lease with HRM

Mr. Greechan,

Our Ground Search & Rescue Team has been involved in ongoing discussions with members of HRM Fire Services Real Property Division and with Mr. Chad Renouf of HRM Planning & Infrastructure. Our discussions concerned a proposal from our GSAR Team to lease a small portion of land on existing site of the HRM Fire Services station located in Sheet Harbour. Purpose of this proposal was to look at erecting a 70' x 40' single storey building to be used as a storage facility for our Team vehicles and equipment. The actual land size being requested is 100' x 60'. I have met with Mr. Renouf who has looked at the land site in question and its location. The location provides existing access and does not impede other land usage.

The Sheet Harbour & Area Ground Search & Rescue Team has been in existence for over 30 years serving communities along the Eastern Shore and other locations of this Province as well. Our primary mandate is to provide a ground search & rescue service to lost or missing persons through the police agency of jurisdiction. We are a member of the Nova Scotia Ground Search & Rescue Association along with the other 22 teams in this Province. We fall under the Administrative direction of Emergency Management Organization for Nova Scotia as it relates to Lost or Missing Persons.

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More recently the four GSAR Teams located within HRM Jurisdiction formed a Regional Search & Rescue Emergency Service Provider group (RESAR) under the Direction of HRM Fire Services and coordinated by HRM Fire Services EMO coordinator Barry Manual. This provided a valuable resource that could be used within HRM at times of natural or man made disasters.

Financially our team has limited funding. GSAR Teams in this Province receive from EMO NS an annual operating grant of \$3,000. We also receive an annual operating grant from HRM for \$7,750. Our team has one annual fund raiser in the form of a Fish Derby that is now in to its 18th year. Funds obtained from our Derby assist in purchase of equipment, maintenance of our vehicles, capital purchases and rent for a building storage facility that we are in a position to have to re locate as soon as another option is obtained. It is a financial burden on volunteers of not only our team, but all teams in the Province to be able provide the level of service that is expected and required in order to tip the chances of success in our favor in locating lost or missing persons. It takes great commitment from these teams of volunteers who give of their time from family, work and other obligations.

I trust that this letter of request helps to explain our organization, and the purpose of our request for a piece of land at the HRM Fire Services Station in Sheet Harbour in order for our Team to be able to house our valued equipment and vehicles.

Should you have any questions, please do not hesitate to contact me at your conveyance.

Yours truly,

Neil Parnell, President
Sheet Harbour & Area GSAR

Personal contact information redacted

Cc: Mr. David Hendsbee
HRM Councilor