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PO Box 1749
Halifax, Nova Scotia
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Item No.

Western Region Community Council
November 26, 2007

TO: Chair and Members of Western Region Community Council

SUBMITTED BY: Cathie O'Toole
Cathie O'Toole, Director of Infrastructure & Asset Management

Dale MacLennan
Dale MacLennan, Director of Finance

DATE: November 9, 2007

SUBJECT: Area Rate for Prospect Road Community Centre

ORIGIN

Interim Area Rate Guidelines were adopted by Council in January 2000 to create a process to assist communities establish new area rates, ensure that all taxpayers have an opportunity to participate in setting a rate and ensure that rates are set only for valid municipal purposes and not for services already covered by the general rate.

The purpose of this report is to determine if the Interim Area Rate Guidelines have been satisfied thus far with regard to a proposed new area rate for construction of the Prospect Road Community Centre.

RECOMMENDATION

It is recommended that:

1. A new area rate of \$0.038 per \$100 of taxable residential, resource, commercial and business occupancy assessment be established effective with the 2008-09 fiscal year for the purpose of funding the construction of the Prospect Road Community Centre.
2. The catchment area for the new area rate correspond to the current catchment area for the Prospect Road and Area Recreation Association area rate.
3. The area rate for the Prospect Road and Area Recreation Association be reduced from \$0.023 to \$0.012 per \$100 of taxable residential and resource assessment effective with the 2008-09 fiscal year.

BACKGROUND

For several years, the Prospect Road & Area Recreation Association has supported community groups in the development of recreational opportunities for citizens residing in communities between Goodwood and West Dover. Each year, the association accepts funding applications from community groups seeking to develop, upgrade and maintain publicly-accessible recreation amenities on HRM-owned lands. The association's funding comes from an area property tax rate of \$0.023 per \$100 of taxable assessment. Examples of projects funded by the association include:

- * Upgrades to soccer, baseball and community fields
- * Tot lot equipment
- * Community beaches and parks
- * Water access
- * Bike park
- * Trail development

In 2005, the Prospect Road Community Centre Steering Committee was struck to oversee, in partnership with HRM, the development of a new community centre which would act as a focal point for the communities along Prospect Road from Goodwood to West Dover. A community needs assessment has been completed, a site selected, and the architectural design process is underway. The proposed facility will have a full sized gymnasium, multi-purpose programming space, fitness room, kitchen, and meeting rooms to accommodate a wide range of programs and activities.

The estimated cost to build this facility has increased significantly as compared to the original project budget presented in the Needs Assessment. It has been indicated by the construction industry that costs have risen approximately 15% per year over the past three years. The Class "D" project cost has been estimated at \$7.9 million. \$3.1 million in funding has been confirmed through the Municipal Rural Infrastructure (MRIF) Program. The Prospect Road and Area Recreation Association has been able to set aside \$266,000 to date from the existing area rate to assist with funding. Furnishings and equipment will be purchased through fundraising efforts. HRM and the Province will be approached to provide an additional \$1.0 million each. It was proposed that the remaining funding shortfall of approximately \$2.2 million be raised through an area rate over a 20 year period. A summary of the cost of the project and the various sources of funding is provided in Appendix A of this report.

An area rate of \$0.038 per \$100 of taxable assessment within the current catchment area for the Prospect Road and Area Recreation Association will generate about \$200,000 in revenue annually which is sufficient to cover the principle and interest payments on a 20 year debenture for \$2.2 million. In order to mitigate the impact on property tax bills, the area rate for the Association will be reduced by \$0.011 from \$0.023 to \$0.012 per \$100 of taxable assessment. Therefore, the net increase between the two area rates will be \$0.027 per \$100 of taxable assessment ($\$0.038 - \$0.011 = \$0.027$). For the average household in the catchment area, which is assessed at \$165,700, the annual property tax billing will increase by \$44.74.

DISCUSSION

The current status of this area rate in terms of the Interim Area Rate Guidelines is as follows:

- 1. Area rates can only be used for the provision of services within the municipal mandate;*

services traditionally provided by the municipality.

Section 65 (ag) of the Municipal Government Act states that “Council may expend money required by the municipality for playgrounds, trails, bicycle paths, swimming pools, ice arenas and other recreational facilities.” The Halifax Regional Municipality and its predecessor municipal units have traditionally funded, either entirely or partially through partnerships, the construction of recreation facilities.

- 2. Area rates are not to be used to provide different levels of a municipal service within urban and suburban areas where said service is covered by the general tax rate.*

The area to which the area rate would be applied is entirely within the rural area of HRM. Further, the proposed new community centre is not duplicating any services currently provided directly by HRM to the communities between Goodwood and West Dover.

- 3. In order for a proposed new area rate to move to the process as outlined in #4 below, it must have the support of the area's Councillor(s).*

The catchment area for this proposed area rate falls entirely within District 22. The Councillor for the District, Reg Rankin, conducted a vote by ballot at public meetings held on November 5 and 7, 2007 to determine if there was support for the area rate from a majority of the area property owners present at the meetings. A copy of the ballot is attached as Appendix B to this report. The results of the vote are indicated below. Having determined that sufficient support existed, he has requested staff prepare a report in compliance with Step 5 of the Interim Area Rate Guidelines for consideration at the next meeting of the Western Region Community Council.

- 4. Proposals for new area rates must be advertised publicly, clearly identifying affected areas, the purpose for the rate, rate information and the duration the rate is expected to be charged. A public meeting will be held and those attending the meeting will be informed of the rationale for the rate and consulted on its appropriateness.*

A letter and information insert was mailed to the owners of all 4,375 taxable properties identified within the catchment area. A copy of the letter and information insert are attached as Appendix C to this report. The letter included details of the purpose and amount of the area rate, and the date, time and location of the two public information meetings. The results of the vote are shown below.

Tabulation of Ballots

Total For Area Rate:	172
Total Against Area Rate:	49
Total Ballots:	221
% Respondents voting For:	77.8%
% Respondents voting Against:	22.2%
Response Rate:	5.0%

5. *With the concurrence of the Councillor, the request is forwarded to the Community Council for review and a recommendation to Halifax Regional Council. Where a Community Council does not exist, the request will go directly to Halifax Regional Council.*

The purpose of this report is to provide the Western Region Community Council with the necessary information required to consider making a recommendation to Halifax Regional Council for initiating this area rate within the proposed catchment area. The implications to the Municipality are identified under the Budget Implications section which follows.

6. *Any proposed new area rates recommended by a Community Council (or, in the absence of a Community Council, the Councillor for the area) will be submitted to Halifax Regional Council through a staff report with a recommendation from the Chief Administrative Officer. The staff report will identify the implications to the Municipality along with the results of any public meeting.*
7. *Halifax Regional Council is responsible for approving all area rates.*

Completion of steps 6 and 7 are contingent on the Western Region Community Council approving the Recommendation contained in this report.

BUDGET IMPLICATIONS

The area rate would take effect in the 2008/09 fiscal year. As all funding is from the area rate (ie. no transfers from the general tax rate), there would be no impact on the HRM General Operating Budget at any time in the future.

The area rate of \$0.038 per \$100 of taxable assessment within the current catchment area for the Prospect Road and Area Recreation Association is sufficient to cover the principle and interest payments on a 20 year debenture for \$2.2 million.

With regard to operating costs for the facility, HRM will enter into a facility management/lease agreement with a community volunteer group to operate and manage the facility. The community group will be responsible for facility operating and programming costs, and for developing a fee structure to recover those expenses. The group will also be eligible to access the Community Contributions Fund to assist with operating costs.

If the additional \$2.0 million in funding required is not secured from HRM and the Province, staff will re-evaluate the proposed design in consultation with the Steering Committee to determine what, if any, changes can be made to reduce the capital costs in order to proceed with construction. However, staff feel the proposed plan reflects the needs assessments and modifying the plan further could compromise the basic building program.

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

1. Community Council could decide not to implement the area rate. However, this is not recommended as 78% of those property owners who attended the public meetings voted in favour of the area rate.
2. Community Council could delay approval of this area rate until such time as a decision is made by HRM and the Province regarding the additional \$2.0 million requested.

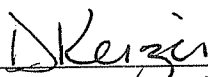
ATTACHMENTS

- Appendix A: Summary of Project Costs & Funding Sources
- Appendix B: Ballot
- Appendix C: Letter and Information Insert mailed to property owners

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 : Gordon Roussel, Financial Consultant, Finance 490-6468
 Margaret Soley, Manager of Facility Development 490-5591

Report Approved by:



Dawn Keizer, Manager, Budget & Financial Analysis 490-7203

Appendix A

Project Cost & Funding Sources

Project Costs

Construction Costs	\$7,074,000
Architectural & Engineering	424,000
Site Testing, Survey, etc	65,000
Furnishings, Equipment	343,000
	<u>\$7,906,000</u>

Confirmed Funding Sources

Halifax Regional Municipality (MRIF)	\$1,125,000
Province of Nova Scotia (MRIF)	1,000,000
Government of Canada (MRIF)	1,000,000
PR&ARA Area Rate Surplus Account	266,000
	<u>\$3,391,000</u>

Funding Sources To Be Confirmed

Halifax Regional Municipality	\$1,000,000
Province of Nova Scotia	1,000,000
Fundraising (for Furnishings & Equipment)	343,000
Area Rate	2,172,000
	<u>\$4,515,000</u>

Project costs include the unrefundable portion of the HST.

Appendix B

Ballot

AREA RATE BALLOT

- YES**, I am in favour of increasing the area rate for the Prospect Road and Area Recreation Association from 2.3¢ to 5.0¢ per \$100 of assessed value on my property tax bill for the purpose of providing funding for the construction of the Prospect Road Community Centre.
- NO**, I am not in favour of increasing the area rate for the Prospect Road and Area Recreation Association to provide funding for the construction of the Prospect Road Community Centre.
-

Appendix C - Mailout to Property Owners



PROPOSED NEW AREA TAX RATE

October 22, 2007

DOE SUSAN AND GEORGE
123 ANYWHERE ST
PROSPECT RD NS CA B3T 1A1

Assessment # 01234567
123 ANYWHERE ST
LOT 123 PROSPECT RD

Dear Resident:

For several years, the Prospect Road & Area Recreation Association has fulfilled its mandate of supporting community groups in the development of recreational opportunities for citizens residing in communities between Goodwood and West Dover. Each year, the association accepts funding applications from community groups seeking to develop, upgrade and maintain publicly-accessible recreation amenities on HRM-owned lands. Examples of projects funded by the association include:

- * Upgrades to soccer, baseball and community fields
- * Tot lot equipment
- * Community beaches and parks
- * Water access
- * Bike park
- * Trail development

The association's funding comes from an area property tax rate of 2.3 cents per \$100 of taxable assessment. This means that, for a property valued at \$100,000, the owner is billed \$23 each year on their property tax bill for this service.

As you may be aware, plans are well underway for a very significant community project. A facility that will serve as a focal point for recreation services and programs, social events and community meetings is being built in the Prospect Road community. To date, a community needs assessment has been conducted, the site has been selected and the preliminary architectural design is underway. The estimated cost of this facility is \$7.9 million. The three levels of government have committed \$3.1 million towards this project and requests for additional government funds have been submitted.

A \$2.4 million community contribution is required to complete the centre's development. To assist with the community contribution, the Prospect Road and Area Recreation Association will reduce its area rate to 1.2 cents. To date, \$266,000 has been set aside from this area rate for this project. To secure the remaining \$2.2 million of the community's portion, it is proposed that a new area rate of 3.8 cents per \$100 of taxable assessment be implemented for the next 20 years. For a property valued at \$100,000, this equals an additional \$27 per year on the owner's tax bill after considering the reduction in the area rate for the Prospect Road and Area Recreation Association.

Property owners in the catchment area intended to be serviced by the community centre (Goodwood to West Dover) are invited to attend one of two **public meeting and information sessions** at:

Brookside Junior High School (Cafeteria)
2239 Prospect Road, Hatchet Lake
Monday, November 5th at 7:00 pm

OR

Brookside Junior High School (Cafeteria)
2239 Prospect Road, Hatchet Lake
Wednesday, November 7th at 7:00 pm

A vote will be held to establish the area rate. There will also be up-to-date information provided about the community centre as well as an opportunity to ask questions. Attendees are required to register at the door to obtain a ballot to vote. Please take this letter with you to assist with locating your property on the register. If you have questions or wish to express your opinion and are unable to attend either meeting, please contact Councillor Reg Rankin at 876-0146 or by e-mail at rankinr@halifax.ca.

Just prior to the November 7th public meeting, the Prospect Road Community Centre Steering Committee will be holding its Annual General Meeting at 6:30 pm. This meeting is open to the public.

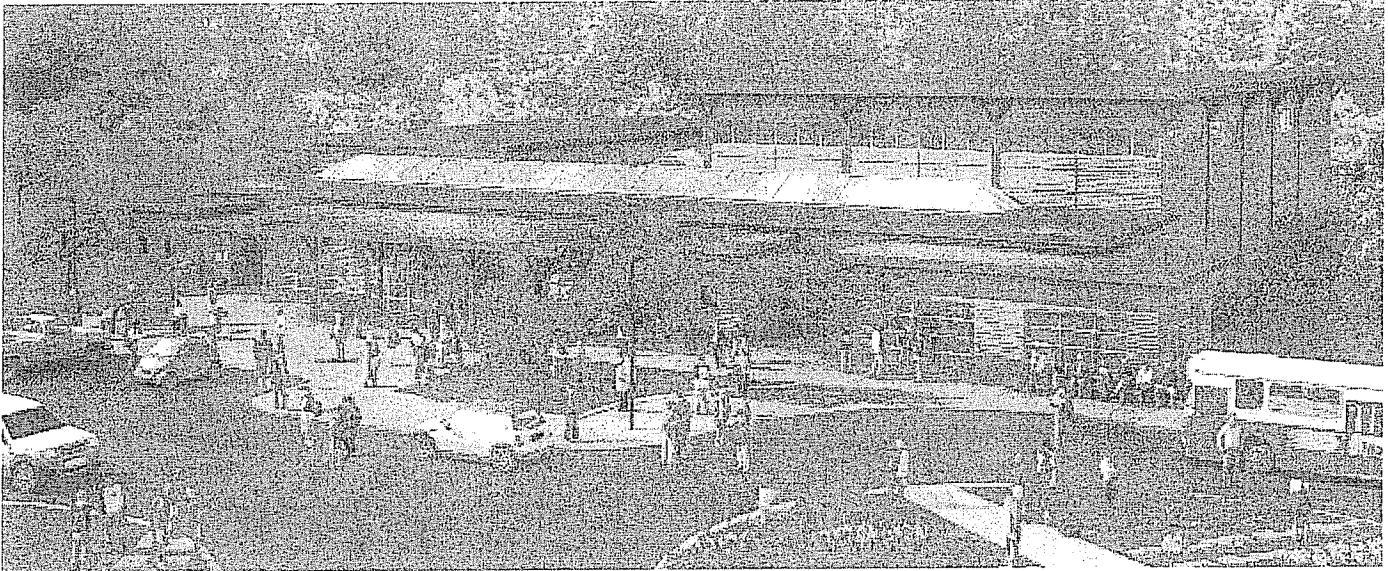
Prospect Road Community Centre
Our Communities 'Building' Together

Members - Prospect Road Community Centre Steering Committee

Please note that the **Annual General Meeting for the PRCCSC** will take place at **6:30pm**, prior to the public meeting and information session, on **Wednesday November 7th, 2007**.

Barb Allen – Chair – 852-2622 barb@prospectcommunities.com
Lorraine Barrett
Susan Batchilder – Co-secretary
Lisa Beddow – Treasurer
Doug Branscombe – HRM Advisor
Sylvia Carlton
Rhonda Dea
Gary Kenward
Kelly Morrissey
Mike MacDonald – HRM Project Manager
Lisa Mullin – Co-secretary - 852-2808
Wendy Purcell
Reg Rankin – HRM Councillor – 499-3744 - rankinr@halifax.ca
Lindsay Rice
Margaret Soley – HRM Advisor
Julia Watt – Communications – jwatt@eastlink.ca

“Working together to build a facility that meets the overall recreational needs of the communities from Goodwood to West Dover”



Prospect Road Community Centre

"Our Communities Building Together"

Designed based on survey results and consultation feedback from Prospect Road residents, the new Community Centre will serve as a focal point for recreation services and programs, social events and community meetings.

Once completed in 2009, the Community Centre will include such amenities as:

- A gymnasium and multi-purpose space
- HRM recreation programming
- A weight and fitness room
- Meeting/activity space for local clubs and other organized activities
- Administration space

For more information about the project or to get involved, call 852-2808 or visit www.halifax.ca/prospect

HALIFAX
REGIONAL MUNICIPALITY



Council Report Sign-Off Sheet

Subject: Area Rate for Prospect Road Community Centre

Meeting Date: November 26, 2007

Regular Council COW In Camera Information Report
 Community Council

Prepared by: Gordon Roussel, Financial Consultant, Finance
Name & Business Unit

November 9, 2007
Date

First Draft for Information Only Consultation Approval

√	Stakeholder -Internal	Approved By	Date & Time	Time spent on report (min)	Revised Date	Initial
	Not Required (unique to originating Business Unit)					
	By-Law Rationalization					
	BPIM					
√	CD					
	EMS					
√	Finance - FinTrack - Accounts - Financial Consultants - Procurement - Manager					
	Fire					
	H R					
	Legal					
	Police					
	TPW					
	Library					
	RCMP					
	Water Commission					
	Councillor (s)					
	Stakeholder - External					