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Halifax Regional Council
October 12, 2004

TO: Mayor Kelly and Members of Halifax Regional Council

A handwritten signature in black ink, appearing to read "Mike Labrecque".

SUBMITTED BY: _____
Mike Labrecque, Director, Real Property and Asset Management

DATE: October 6, 2004

SUBJECT: Application of Area Rates to High School Enhancements at QEH/ST. Pats
and Sir John A. MacDonald High School

SUPPLEMENTARY INFORMATION REPORT

ORIGIN

A supplementary report was requested by Regional Council on July 13, 2004 and is in addition to the previous report to Council entitled "Supplementary Report - Enhancements - New High School - Halifax Common.

BACKGROUND

The Queen Elizabeth (QEH) and St. Patrick's (St.Pat's) High Schools will be replaced by a single school to be constructed at the existing site of the Nova Scotia Community College (NSCC) - Bell Road Campus. Each of the two exiting high school have full auditoriums and each has a single gymnasium. The Department of Education's (DOEd) program for the new schools does not include an auditorium, but does include a double gymnasium. HRM received a request from the School Steering Team to consider financial contributions towards funding of an auditorium and to expand the gymnasium to a triple gym.

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The issue of funding an expanded gymnasium for Sir John A. MacDonald High in Tantallon was raised by Councillor Meade. Provision of area rate data as it pertains to that project was requested by Regional Council.

Halifax Regional Council, on July 13, 2004, Item 7.1,

“MOVED by Councillors Johns, seconded by Councillor Fougere that the motion (i.e., referring to the recommendations as set-out in Supplementary Report dated July 06, 2004) be deferred to the end of August pending a staff report on the effect of an area rate as well as any other financial options.”

Since that time staff has been working with the architects for the schools and the Department of Education to examine need, use, and funding options for these two projects. This has taken some time due to increasing refinement of the school design and associated construction costs. Full staff reports will follow shortly on the feasibility of HRM’s participation in these two high schools.

DISCUSSION

1. AREA RATE DATA

QEH / St.Pat’s Area

Area rates were calculated using the assessment base of the area currently feeding QEH and St. Pat’s high schools. The area includes all of Districts 11, 12, 13, and 14, and a portion of District 17. These numbers are based on latest assessment roles which are subject to change and therefore should be treated as indicative. The table below indicates the amounts raised per year by various levels of area rates.

Assessment Base		Area Rate of \$0.005 per \$100 of assessment per yr	Area Rate of \$0.01 per \$100 of assessment per yr	Area Rate of \$0.02 per \$100 of assessment per yr
Residential	\$3,575,865,100.00	\$178,793.26	\$357,586.51	\$715,173.02
Commercial	\$1,176,894,500.00	\$5,884.47	\$117,689.45	\$235,378.90
Resource	\$223,900.00	\$11.20	\$22.39	\$44.78
Business Occupancy	\$444,731,131.00	\$22,236.56	\$44,473.11	\$88,946.23
Total	\$5,197,714,631.00	\$259,885.48	\$519,771.47	\$1,039,542.95

Sir John A. MacDonald Area

Area rates were calculated using the assessment base of the area currently feeding Sir John A MacDonald High School. This includes the majority of Districts 22 and 23.

Assessment Base		Area Rate of \$0.005 per \$100 of assessment per yr	Area Rate of \$0.01 per \$100 of assessment per yr	Area Rate of \$0.02 per \$100 of assessment per yr
Residential	\$1,715,594,300.00	\$85,779.72	\$171,559.43	\$343,118.86
Commercial	\$90,331,300.00	\$4,516.57	\$9,033.13	\$18,066.26
Resource	\$41,950,900.00	\$2,097.55	\$4,195.09	\$8,390.18
Business Occupancy	\$14,109,700.00	\$705.49	\$1,410.97	\$2,821.94
Total	\$1,861,986,200.00	\$99,099.31	\$186,198.63	\$372,397.26

2. Applicability of Area Rates

Any application of an area rate for these projects would be subject to the Municipal Government Act and HRM's Interim Area Rate Guidelines. The HRM Area Rate Guidelines are set out to ensure that all taxpayers have an opportunity to participate in setting a rate, and to ensure that rates are only set for valid municipal purposes and for services not already covered by the general rate. They do not apply to area rates pertaining to local improvement charges. Of particular note are guidelines #1 and #2.

- 1) *Area rates can only be used for the provision of services within the municipal mandate; services traditionally provided by the municipality;*
- 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 application of these guidelines is open for debate in this particular situation. However, staff is comfortable putting forth the following interpretation.

In terms of the gymnasiums, the area rate would be partially allowable under certain circumstances. If the gyms have a high level of community access, they would represent a municipal function and qualify under the first guideline. If the gymnasiums are largely for school use then they would not

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qualify under the first guideline as building and upkeep of schools is a provincial responsibility. Under the second guideline, community gyms are funded from the general rate. As this proposal would create a different level of service within the Urban/Suburban area, it would not qualify under an area rate. An exception might be where an area rate was used as the community's contribution to an HRM sponsored project under a partnership arrangement with HRM.

In terms of the auditorium, HRM generally is not in the business of building these types of facilities. In this case the community need has not been proven. Based on present day use rates of the existing high school auditoriums, the proposed enhancement is predominantly for school use and is not a municipal service. Therefore, the auditorium would not qualify as an area rate project.

BUDGET IMPLICATIONS

The information found above is for information purposes. A full report is to follow which will detail budget implications pertaining to final recommendations and alternatives.

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.

ATTACHMENTS

None

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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