



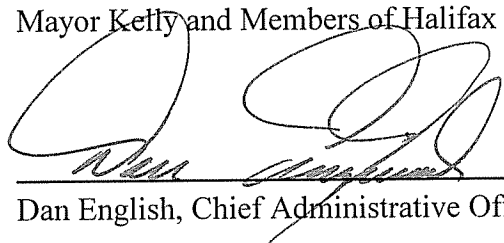
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Item No. 10.1.8

**Halifax Regional Council
September 18, 2007**

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer

DATE: September 13, 2007

SUBJECT: Seaport Farmers' Market, Halifax - PID #00483024

STAFF REPORT

ORIGIN

June 19, 2007 motion by Regional Council “that staff provide a report discussing opportunities for partnering with the Farmers’ Market to ensure its continued success in its new location” (on the Halifax waterfront).

RECOMMENDATION

It is recommended that Halifax Regional Council take no action on partnering opportunities in respect to the Farmers’ Market until Council has approved a priority-setting and fiscal framework for decision making in support of community and cultural infrastructure projects.

EXECUTIVE SUMMARY

The Halifax Farmers' Market has been seeking an alternative location for its operations for some time and has entered into a long term agreement with the Halifax Port Authority (HPA) to establish a 7-day-per-week operation at Pier 20 on the Halifax waterfront. The market is seeking financial support from private and public sources to develop the estimated \$9.75 million project. Council has requested that staff identify ways in which HRM can partner to support the project.

Development of the Farmers' Seaport Market is part of a broader initiative by the HPA and it aligns with HRM's Economic Strategy, Cultural Plan and Regional Plan policies aimed at making HRM's urban heart a vibrant, diverse and attractive focal point for citizens, business and visitors. Because the Farmers' Market is a private enterprise, the *Municipal Government Act (MGA)* does not enable HRM to provide a grant to the market to support the project. However, the *MGA* does enable HRM to provide a grant or cost share with the HPA in support of waterfront and port development.

HRM's capital and operating budgets currently do not have capacity to support the \$1 million requested by the Market. As per Council's June 19 motion, staff have identified ways in which HRM can partner to support the project while attempting to minimize impacts on existing capital and operating budgets. The approach with the most merit would be for HRM to share in the capital costs that HPA has incurred in making the Seaport lands accessible to the general public (or to cost-share in some future capital works) and to fund these costs through a future sale of land to the HPA.

However, given that a new Farmers' Market is not identified as a priority in HRM's Cultural Plan, there is no municipal budget to support the initiative, and as other groups have also requested municipal support in developing community-related infrastructure, it is recommended that Council take no action on this matter until such time as a priority-setting and fiscal framework for decision making in support of community and cultural infrastructure projects has been adopted.

BACKGROUND

The Halifax Farmers' Market plans to relocate from the Keith's Brewery Market to the Halifax waterfront near the cruise ship pavillion. The market has entered into a 40-year lease agreement with the Halifax Port Authority (HPA) to redevelop Pier 20 for a 7-day-per-week operation (see Attachment 1 for location and zoning). The market is seeking public and private investment in what will be branded as the "Farmers' Seaport Market".

The Farmers' Market is among several organizations that have approached HRM during the past year or so to request municipal funding assistance for what can be described as non-municipal, community-based infrastructure. Several of these, including NSCAD, Pier 21 and the market, are associated with an area of the waterfront owned by HPA known as the Halifax Seaport. The market believes that it is an important cultural facility for the entire municipality, an incubator of community-based businesses and should therefore receive funding assistance from a variety of public and private sources, including HRM.

The Farmers' Market has not submitted a formal letter of request to HRM, but has expressed a desire to present the details of the project to Regional Council. During the course of staff discussions with

representatives from the market, it has been suggested that approximately \$1 million would be an appropriate level of investment by HRM in the \$9.75 million project. HRM's investment would be used to leverage financing from other public sources and from private investors. Council's June 19 motion requests information on ways in which HRM can partner to support the project, but does not commit HRM to a financial contribution.

DISCUSSION

Project Background

The Farmers' Market has a longstanding association with the community, dating back to its founding in 1750. It is a private, for-profit co-operative owned by its 200 or so member vendors. Urban farm markets provide a venue for a diverse range of commercial, tourism and cultural interactions within a human scale environment, serving to enhance tourism, cultural and economic opportunities. Farm markets also provide opportunity for consumers to choose from a variety of locally-grown and organic products thereby supporting the local and regional economy while providing choice for consumers.

Due to their unique relationship with their communities, most farm markets enjoy financial or other direct support from their respective municipalities. For example, the Saint John, Moncton, Dieppe and Fredericton markets have all received various means of support in the form of land, buildings or other direct funding from their respective municipalities and from provincial and federal governments.

About 60% of the Halifax market's vendors are primary producers, meaning that most of the products sold there are produced in Nova Scotia. The market represents a good opportunity to link HRM's service-based urban economy with the rural agricultural sector. The Province of Nova Scotia recently committed up to \$2.25 Million towards the project announcing that "the market supports hundreds of businesses from dozens of communities across Nova Scotia. There are also 24 first-generation immigrant businesses in the existing market. The new market, once open, is expected to add hundreds of new jobs and remain open daily."¹

The market has grown in terms of popularity and its number of vendors, due in part to its current central location within the Brewery Market. However, the current location supports only weekend operations and has physical space limitations. The market has been seeking an alternative location for some time and HRM staff have worked to facilitate relocation to HRM land. However, the Seaport site is the location preferred by the market's ownership.

The market has retained the services of Lydon Lynch Architects to develop design plans for the new building and has prepared preliminary cost and financial analyses to support application for government funding and to secure private investment.² Particulars of the project entail:

¹ Premier's Office, June 21, 2007.

² Additional information about the project design, including a video and virtual tour of the proposed market is available on the Farmers' Market website at:

- A new, 4,740 sq. m. (51,000 sq ft) “green energy” building designed to meet LEED (Leadership in Energy and Environmental Design) standards and which would be in keeping with the physical character of the surrounding area (see Attachment 2 for conceptual design);
- Total estimated project cost of \$9.75 million, which includes \$1 million in land lease costs;
- A project schedule which would see construction occur between Oct ‘07 and April ‘08, with opening in June, 08; and
- Public funding of about \$6.5 million sought with the remainder to be raised through a combination of direct investment by the Co-op membership and a public offering through Community Economic Development Investment Funds (CEDIF’s) and Equity Tax Credits.

Status of Project Funding

The \$2.25 million in funding recently announced by the Province is intended to support capital costs associated with the green energy and environmental sustainability aspects of the building design such as wind turbines, solar panels, green roof design, water conservation measures, etc. This funding is contingent on the market obtaining funding from other public sources and from private investors. No additional public funding has been committed to date. The market is currently seeking N.S. Securities Commission’s “non objection” to its plans to generate investment through public offering.

Applicable Policies and Priorities

The Seaport Market is part of HPA’s strategy to develop a cluster of creative and cultural community facilities such as Pier 21, NSCAD and the Cunard Centre, near the cruise ship terminal. A vibrant gateway focal point where cruise ship passengers, other visitors and citizens can interact within a diverse urban setting is viewed as a means to enhance HRM’s persona as a major destination. Development of the cruise ship sector is a priority element of a strategic plan to grow the Halifax component of an Atlantic Gateway and development of the Gateway is a priority of HRM’s Economic Strategy. According to studies undertaken by the Port Authority, the cruise ship industry generates in excess of \$20 Million annually to HRM’s economy.

Establishment of a creative cluster and farmers’ market at the Seaport site aligns with other aspects of HRM’s Economic Strategy which calls on ways to fast-track public investment in community infrastructure, to bridge urban and rural aspects of HRM, and to leverage investment made in cultural and other community infrastructure as a means of retaining and attracting talented people and spurring economic growth.

The building design for the proposed market and other environmental sustainability themes associated with the project align with HRM’s environmental sustainability initiatives aimed at encouraging excellence in sustainability. It also links with HRM by Design and the Regional Plan as a potential demonstration project for excellence in design from a heritage and green building perspective.

HRM's Cultural Plan was adopted by Council in March, 2006 and sets policy direction for planning and investment in cultural facilities and infrastructure to support a healthy arts and culture sector. The development of a creative and cultural cluster at the Seaport site aligns with an objective of the Plan to encourage the establishment of such clusters. (In addition to NSCAD and Pier 21, there are a number of other arts and culture organizations located in the cruise pavilion and in the Annex building south of Garrison Brewery.)

Issues

Staff have met with representatives from the market on various occasions during the past year to ascertain how HRM could support a relocation to the waterfront. Notwithstanding the merits of the project, there are legislative and other challenges associated with HRM providing financial support to this venture. These are outlined below.

Municipal Government Act

The market is a for-profit co-operative and competes with other food retailers such as Pete's Frootique, Sobeys, Loblaws, etc. Section 57(2) of the *Municipal Government Act* (MGA) expressly prohibits municipalities from granting tax concessions; "or any other form of financial assistance to a business or industry". Consequently, HRM is not enabled to provide direct financial support to the market as a private venture.

However, HRM is enabled under Section 56 (1) of the MGA to "pay grants to a body corporate for the purpose of promoting or beautifying a business district and for airport, wharf or waterfront development". Given that the development of the Farmers' Market is part of an overall plan by the Port Authority to develop the Halifax Seaport, the provision of a municipal grant or other form of cost-sharing with the Port Authority would be consistent with the enabling legislation.

Fiscal Capacity and Competing Priorities

Although a creative cluster at the Seawall may be consistent with the Cultural Plan and Economic Strategy, and the MGA enables municipalities to provide financial support to waterfront development projects, HRM has not yet adopted a decision making framework and long term financing strategy referenced in Section 5 of the Cultural Plan and there is currently no capacity under HRM's current capital budget to provide a capital or other form of grant to support this project. Additionally, there are a number of other worthwhile initiatives that HRM has been approached to support such as the expansion of NSCAD, Pier 21, etc.. An offer by HRM to support one project in the absence of an overall policy framework may be perceived as unfair to other initiatives.

Cultural Plan Priorities

The Cultural Plan includes an implementation strategy that identifies specific projects and activities to be carried out over the short to longer term. Investment in a new Farmer's Market is not identified as a short term priority. The Plan recognizes that HRM's capacity to provide financial support to various projects is limited and that implementation "is dependent upon the resources available to the Municipality at any given time." (Policy 5.3). In order to provide a sound basis for decision making, the Plan calls for the preparation of a policy framework for priority setting and financial investment to be completed in the short term. This project is currently underway as part of a review of the

Community Grants program and is to be tabled with Council in late fall of this year. It will identify opportunities to generate revenues to support cultural infrastructure.

Municipal Planning Strategy & Services

The development of the Seawall as a creative and cultural community focal point is currently not anticipated by the Halifax Municipal Planning Strategy. The current land use policy and zoning for the subject area was adopted in 1978 and supports more traditional forms of marine-oriented development such as Halterm and similar uses. (Much of the development that has occurred to date at the Seaport site has proceeded under the HPA's exemption from local regulation as a Crown corporation.)

The HPA's current development concept for the Seaport site is being reviewed by HRM staff in order to determine what level of transit, transportation infrastructure, parking, traffic management and other services are required to support future land uses. These matters are the subject of a Memorandum of Understanding (MOU) being developed between HRM and the HPA. The MOU is intended to identify ways in which HRM can support HPA's landside operations and establish clear rules of engagement in respect to manner in which future development will occur on HPA lands such as the Seaport and Fairview Cove.

Other Farmers' Markets

There could also be concerns related to HRM providing support to a market that competes with another weekend market that operates at Alderney Landing. At the present time, both markets appear to co-exist as weekend markets but it is not known at this time what, if any, impacts a 7-day per week Halifax market may have on the Dartmouth or other farmers markets.

Partnering Approaches

In response to Council's request that staff identify ways to support relocation of the Farmers' Market, the following options were explored:

- 1 Lease/Sub-lease by HRM: The possibility of HRM leasing the site from the Port Authority and sub-leasing it at a lesser cost to the Farmers' Market was considered in the course of preparing this report. However, the MGA does not enable municipalities to sub-let land at less than market value for the same reasons it does not enable them to fund private enterprises. Additionally, the market has already entered into a lease agreement with HPA. Consequently this was ruled out as a viable option.
- 2 Credit for Land Acquired from HRM: The Port Authority has acquired land from HRM in the past to support its operations and has expressed interest in acquiring additional municipal land. The possibility of HRM conveying land to HPA in return for being credited in support of the Farmers' Market was explored by staff. Although this option has merit, particularly given the ongoing relationship between the two parties associated with land transactions, it may not be available as property sold by a municipality must be placed in a Capital Reserve which is governed by the requirements of the MGA in terms of its application.

3. Lease Space for HRM Operations: Another option might be for HRM to lease space within the new market for services such as visitor information and/or policing service as a means of supporting the project. HRM already has a visitor information booth in the cruise pavillion and provides policing services from a trailer near Halterm. The present locations for these services are considered optimal from an operational standpoint and HRM does not pay for their use. Leasing space in the new market would therefore have a negative impact on the budgets and possible operations for police and visitor information services. Consequently, this option does not appear to be in HRM's best interests. Additionally, it is unlikely any lease costs paid for visitor service and/policing would constitute a major contribution to the project.

1. Cost-share With HPA: HRM could agree to share in the costs of capital works carried out on HPA lands or associated with other joint projects. The HPA has made considerable investment in constructing a connection to the public boardwalk along the waterfront, the undergrounding of overhead services, construction of an events venue (Cunard Centre) and a walkway between Halterm and Point Pleasant Park. HPA has also expressed an interest in cost-sharing for servicing an area of Burnside Business Park to facilitate the growth of the transportation sector as a means of attracting business growth to the Port of Halifax. Subject to a Services Agreement with the HPA, HRM could potentially agree to contribute to the costs of this work in return for the HPA applying this towards the Farmers' Market project. However, as there is no funding currently identified for this initiative, a re-prioritization of previously approved projects would be required. If this approach were to be pursued, it would enable HRM to support the overall Seaport project, including Pier 21, NSCAD and the Farmers' Market, while being consistent with HRM's service mandate and legislative authority.

Conclusion

Based on discussions with HPA staff, there is interest in partnering with HRM along lines referenced in Options 2 and 4, above and this kind of approach is consistent with HRM's legislative mandate. However, the main issue is that HRM has no budget allocated to support such a commitment and has no subjective means to prioritize community and cultural projects like the Farmers' Market against competing priorities and projects. As it is staff's intention to table a policy setting and fiscal framework for decision-making in respect to cultural infrastructure this fall, the appropriate course of action at this time would be for Council to take no action on partnering in respect to the Farmers' Market until such time as an appropriate policy framework is adopted.

BUDGET IMPLICATIONS

There are no budget implications associated with the staff recommendation. Should Council choose to proceed with a partnering approach, an appropriate funding source would need to be identified.

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

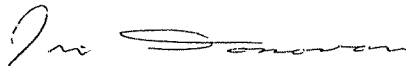
1. Council may disagree with the staff recommendation and direct staff to enter into discussions with the Halifax Port Authority on the subject of cost-sharing to support HPA's activities, including the Farmers' Market. This is not recommended for reasons identified in this report. If Council chooses this option, staff will work with the HPA to identify, via a Services Agreement, the specific capital costs for which HRM would be prepared to share and to identify a funding source.
2. As per Alternative 2, Council may choose to disagree with the recommendation, but allocate less than the \$1 million requested by the Farmers' Market. If Council chooses this option, staff will consult with the HPA and Farmers's Market on what impact a reduced commitment by HRM may have on the project and report back.
3. Council may choose to request additional information on any of the options identified in this report or on any specific approach which Council deems appropriate for further consideration. If this option is chosen, staff will provide additional report(s) and analysis as directed.

ATTACHMENTS

Attachment 1: Location and Zoning

Attachment 2: Conceptual Renderings - Seaport Farmers' Market

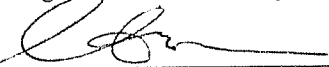
A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.



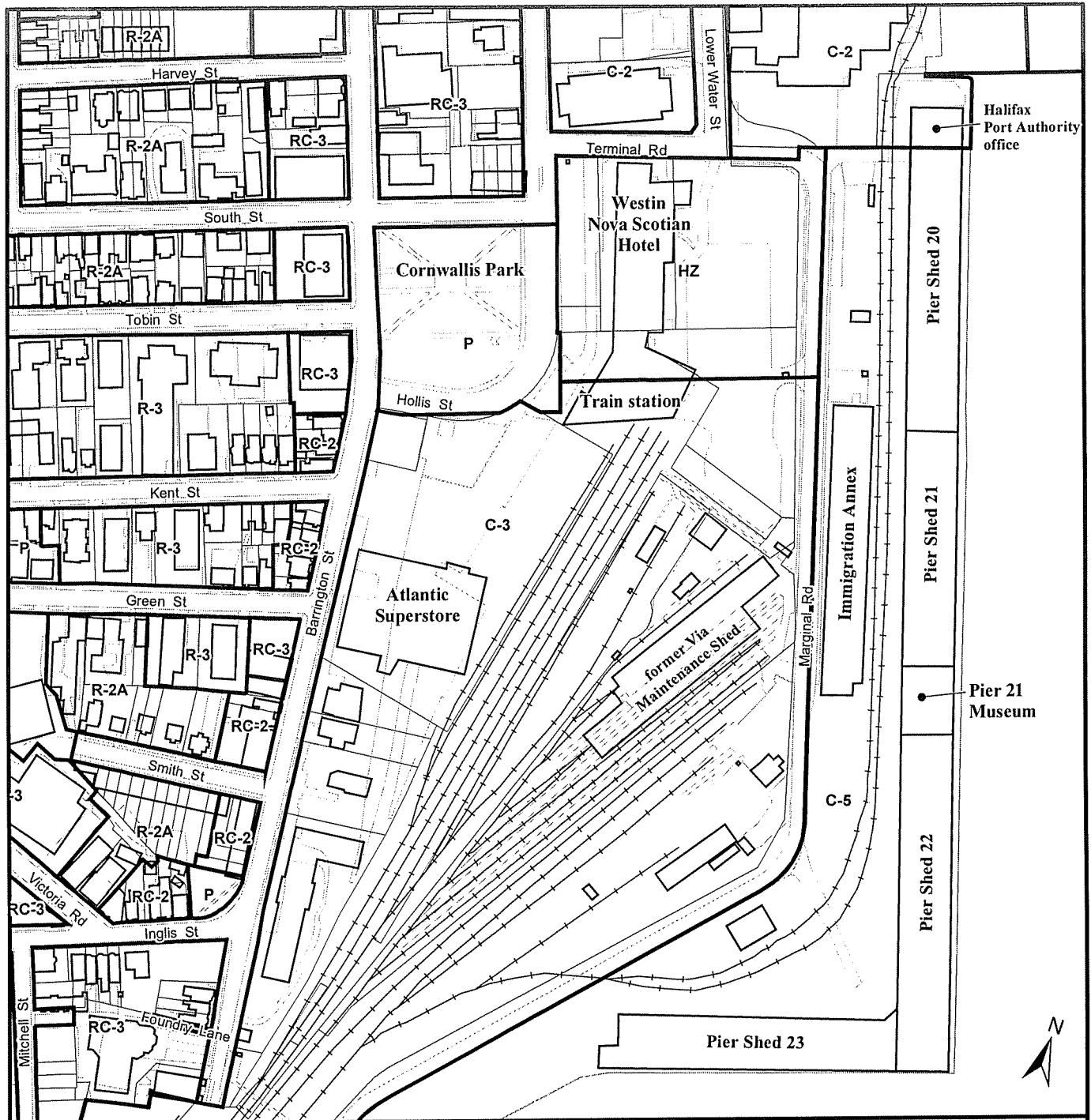
Report Prepared by:

Jim Donovan, Manager of Economic Development, 490-1742

Report Approved by:


Catherine Sanderson, Senior Manager, Financial Services, 490-1562

Attachment 1: Location and Zoning



Map 1 - Zoning

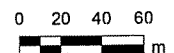
Marginal Road
Halifax

Halifax Peninsula
Land Use By-Law Area

Zone

- R-2A General Residential Conversion
- R-3 Multiple Dwelling
- RC-2 Residential Minor Commercial
- RC-3 High Density Residential Minor Commercial
- C-2 General Business
- C-3 Industrial
- C-5 Harbour-related Industrial
- HZ Hotel
- P Park and Institutional

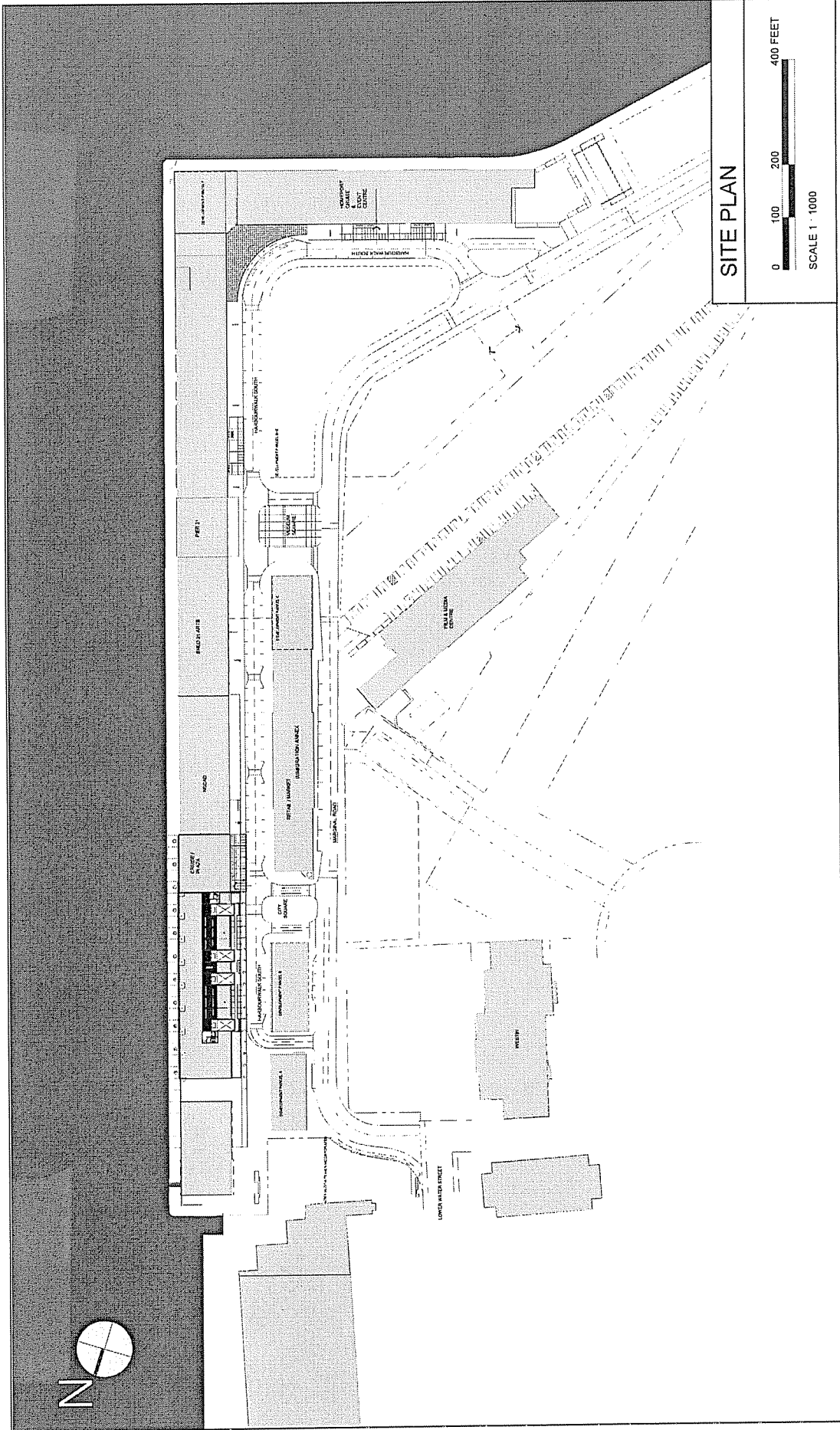
HALIFAX
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PLANNING AND
DEVELOPMENT SERVICES



This map is an unofficial reproduction of a portion of the Zoning Map for the Halifax Peninsula Land Use By-Law area.

HRM does not guarantee the accuracy of any representation on this plan.

Attachment 2: Conceptual Renderings - Seaport Farmers' Market



SITE PLAN

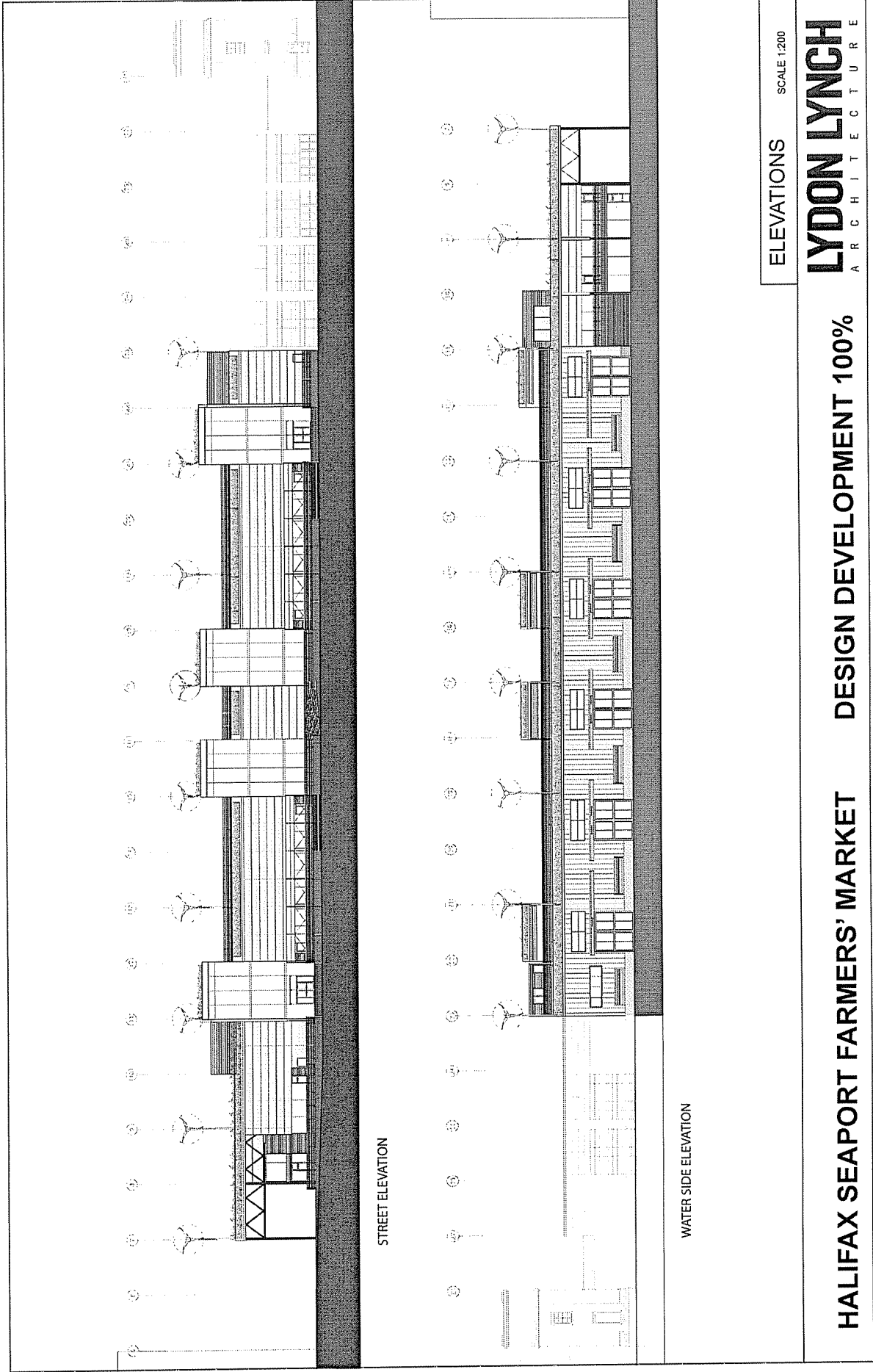
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LYDON LYNCH
ARCHITECTURE

HALIFAX SEAPORT FARMERS' MARKET DESIGN DEVELOPMENT 100%

HALIFAX SEAPORT FARMERS' MARKET

Attachment 2: Conceptual Renderings - Seaport Farmers' Market



ELEVATIONS

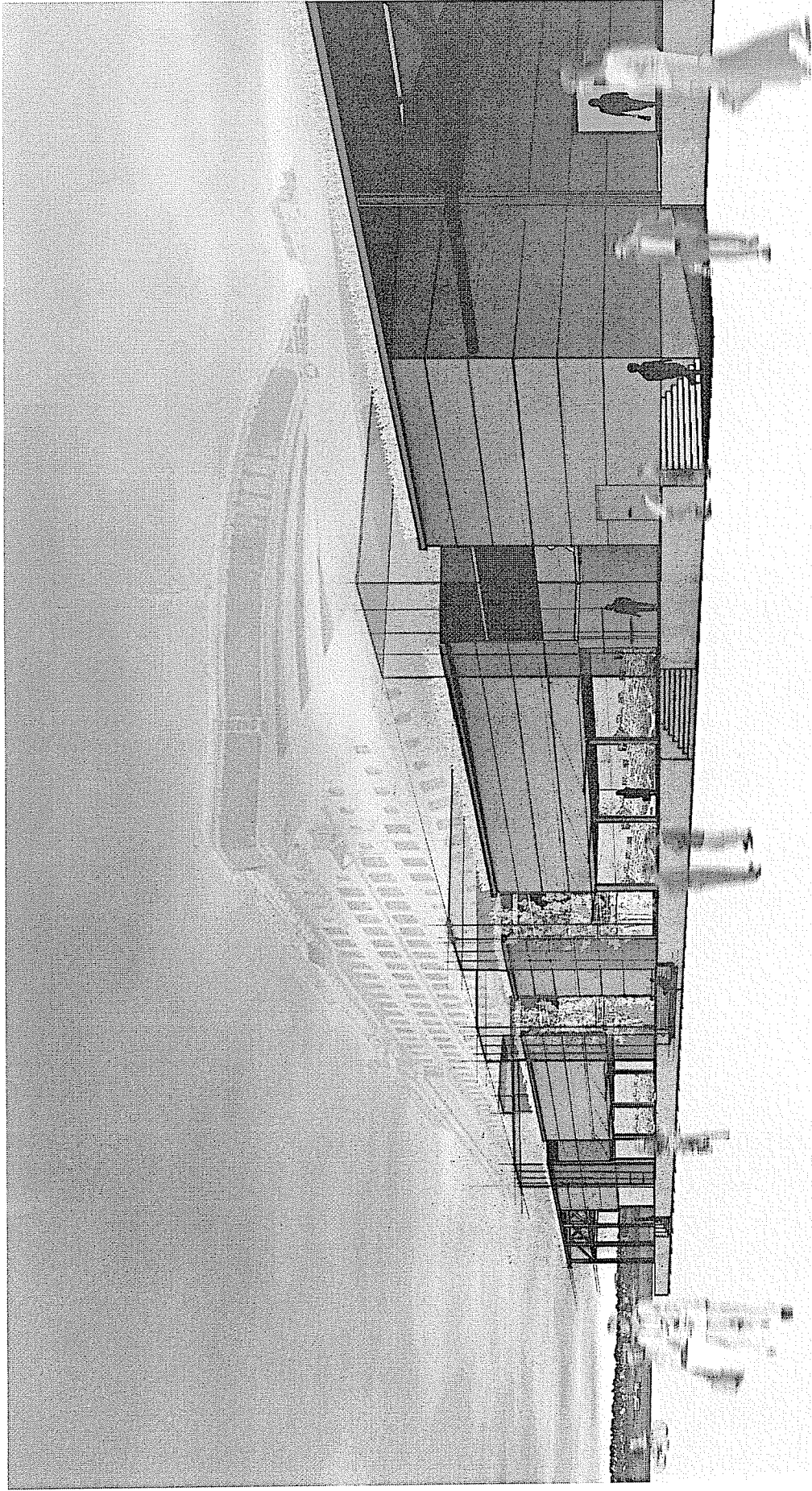
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LYDON LYNCH
ARCHITECTURE

HALIFAX SEAPORT FARMERS' MARKET DESIGN DEVELOPMENT 100%

HALIFAX SEAPORT FARMERS' MARKET

Attachment 2: Conceptual Renderings - Seaport Farmers' Market



MARKET PERSPECTIVE

LYDON LYNCH
A R C H I T E C T U R E

HALIFAX SEAPORT FARMERS' MARKET

Attachment 2: Conceptual Renderings - Seaport Farmers' Market



MARKET PERSPECTIVE

LYDON LYNCH
ARCHITECTURE

HALIFAX SEAPORT FARMERS' MARKET