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Item No. 11.1.12

**Halifax Regional Council
May 5, 2009**

TO: Mayor Kelly and Members of Halifax Regional Council

A handwritten signature in cursive script, appearing to read "Dan English".

SUBMITTED BY: _____
Dan English, Chief Administrative Officer

A handwritten signature in cursive script, appearing to read "Wayne Anstey".

Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: March 30, 2009

SUBJECT: 1247 Bedford Highway (Former Bedford Fire Hall); PID #00428342

ORIGIN

February 19, 2008 motion of Regional Council to consult with community on their concerns and issues with respect to the former fire hall and report back to In-Camera Council with further recommendations.

RECOMMENDATION

It is recommended Regional Council issue a request for Expression of Interest (EOI) from non-profit organizations for the purchase and redevelopment of the former Bedford Fire Hall, 1247 Bedford Highway (PID #00428342).

BACKGROUND:

The former Bedford Fire Hall at 1247 Bedford Highway functioned as an active fire station until 1997 and as a training and storage facility for an additional two years. The building was originally declared surplus to Fire Services' operation in 1999.

In May 2001, a facility management agreement was established with the Bedford Youth Development Society for a youth drop-in centre. The Bedford Youth Development Society vacated the property in 2006. An assessment of youth programming in Bedford was employed by Community Recreation Services and the results led to a declaration of the property as surplus to municipal programming and operational requirements.

Upon investigation, TPW found the building has reached the end of its useful life. In fact \$110,000 in capital repairs are required over the next one to three years to maintain the building. These repairs include replacement of two oil tanks, repairs to the chimney (or replacement), repairs to the foundation, and replacement of windows. The single largest capital repair is replacement of the building's original tar and gravel roof with modified bitumen at a cost of approximately \$60,000.

Due to these large capital costs involved in retaining the facility, TPW recommended the fire hall be de-commissioned. The property was placed on the market for sale in 2007 with Cushman & Wakefield Lepage.

At the February 19, 2008 Regional Council session, an offer to purchase the building at full list price of \$575,000 was rejected. Citing interest from community to keep the property for uses benefitting the community, Council directed staff to undertake further consultation on the future use of the building and property. Upon completion of the consultation staff were asked to come back to In-Camera Council with further recommendations.

DISCUSSION

A telephone survey was deemed an appropriate and effective way to reach a broad range of residents within Bedford and the surrounding area. A stratified random sample of 385 households provided statistical precision (plus or minus five percent, 19 times out of 20).

The survey was conducted during November 2008. **Attachment 1** contains an overview of the survey results. Essentially, the survey found that community supports the former fire hall for uses that benefits the community, including a multi-use community facility for seniors, children and youth, including meeting space which is currently lacking in Bedford.

However, beyond the survey results, Council should also consider the following factors in assessing the future use of the former Bedford Fire Hall:

Municipal Operational Requirement

An internal surplus property process has identified no municipal operational requirement for retaining the former fire hall and an external surplus property process produced an offer to purchase which was declined.

Community Facility Master Plan (CFMP)

The approved Plan focuses on new spaces, and does not support entering into a management agreement for older buildings, such as the former fire hall. In fact, as noted in the background, a management agreement approach has been tried and failed for this building. HRM has, as yet, been unable to recover approximately \$116,000 in payroll and utility costs related to this management agreement.

Existing Community Facility Capacity

Access to general meeting space in Bedford is limited. The approved Vision for the Bedford Waterfront (October 2007) indicates a need for community facilities to provide space, as confirmed by the recent community survey. It is anticipated that the new four-pad arena complex will potentially address some of the demand.

Less Than Market Sale

Recently, several non-profit groups have approached HRM with an interest in purchasing the property. HRM has a precedent of selling buildings to community groups for less than market value.

Proposed Process

Based on the results of the survey and the above consideration, staff recommends implementing the Disposal of Surplus School process. The key rationale for recommending this approach is that Council has already declined a for-market value sale. Further, this process is used effectively in the disposal of de-commissioned/surplus school properties. Like public schools, the former fire hall represents a significant social and historical investment, therefore, this modified version of a Request for Proposal process is appropriate. **Attachment 2** outlines the main steps in the disposal of surplus schools process.

In the case of the former fire hall, it is recommended the disposal process be aimed at non-profit proponents and allow for conditions to be attached to the sale. The proposed process would articulate the conditions of sale as they relate to the results of the community survey.

A non-profit organization responding to the Expression of Interest (EOI) would be required to include reference to the programming/amenities identified in the community survey. A less than market value sale to a non-profit organization could be considered; the value of discount commensurate with the scope and accessibility of public access, notably for children and youth, seniors, daycare services or public meeting space.

A non-profit organization(s) who responds would be reviewed by the Grants Committee to determine their viability, service to the community, and level of support required by the Municipality, if any. The purpose of the EOI procedure is to allow staff and Council the opportunity to evaluate proposals in order to seek the best overall value for the Municipality and the community.

BUDGET IMPLICATIONS

Should the EOI produce a sale price less than the \$575,000 previously rejected, this will reduce the contribution to the sale of land account. It is acknowledged the requirements identified in the community survey may decrease the market value. It is also recognized that further public subsidy may be sought through application under By-Law T-200 pending budget capacity.

Should the EOI process produce a suitable response(s) any agreement of Purchase and Sale would be subject to the approval of Regional Council.

Annual carrying costs for this facility are estimated at \$34,000. Since February of 2008 when the offer to purchase was rejected, therefore, HRM has incurred, over the last 14 months, approximately \$40,000 in operating costs.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budget, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

Alternative 1: Regional Council could list the property for sale with no conditions. This is not recommended.


ATTACHMENTS

Attachment 1: Survey Results

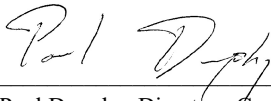
Attachment 2: Disposal of Surplus School Process

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.

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ATTACHMENT 1

SURVEY RESULTS

- The survey indicated 88% of respondents believe the former fire hall could be of benefit to the community for a variety of activities.
- The survey indicated 30% of respondents were very interested in the future use of the property and 53% were somewhat interested. Seventeen percent (17%) indicated no interest in the future use of the property.
- Respondents most favoured the use of the building for activities to meet the needs of residents. Figure 1 illustrates an average rating for each category of use (activity). Each rating is based on a scale of one (being very poor) to four (being very good). The percentage of respondents who provided a rating of good or very good is included in the figure.
- Activities for youth, seniors, all-ages, children and preschoolers received the highest average ratings in the survey. Seventy-one percent (71%) to 83% rated these activities as good or very good activities for the facility. Arts activities and meeting space was rated as good or very good activities by 68% of respondents.
- Eighty-two percent (82%) of respondents HRM maintaining building ownership and partnering with non-profit organizations for future use. Fifteen percent (15%) favoured selling the building for redevelopment.
- Of those who favoured HRM ownership/partnership with a non profit organization, 42% supported an area tax rate to defray the costs of maintaining the property. Forty-six percent (46%) were not in favour of an area tax rate to support costs. Twelve percent (12%) did not know if they would/not support an area rate.

Demographic breakdown of survey respondents:

- Gender: 37.6% male; 62.4% female
- Age: 8.1% (18 to 34 years), 44.2% (35 to 55 years); 25.4% (56 to 65 years); 22.3% over 65
- Children living at home: 33.9% (children under the age of 18 living at home); 66.1% (no children under the age of 18 living at home)
- Length of residence in Bedford area ranged from 3 weeks to 82 years; average length of residence was 17 years

Figure 1: Categories of Use by Average Rating and Percentage of Overall Response		
Category	Average Rating 1 (very poor) to 4 (very good)	Percentage of Respondents (rating the category as good or very good)
Activities for youth	3.1	83%
Activities for seniors	3	75%
Activities for all ages	3	74%
Activities for children and preschoolers	3	71%
Arts activities	2.8	68%
Meeting space	2.8	68%
Mixed uses	2.4	55%
Green space, trees, public art	1.9	25%
Private office/ commercial space	1.8	28%
Residential uses	1.4	11%
<i>144 additional suggestions were made by respondents. A verbatim list of suggestions is provided in the final survey report.</i>		

ATTACHMENT 2

PROCESS FOR DISPOSAL OF SURPLUS SCHOOLS

Process Steps	Status
1. Real Estate staff notify departments to confirm if the property is required for HRM service delivery or surplus.	COMPLETED
2. Staff prepare a technical document that includes property description, site map, survey, legal description, market value, zoning, and any site-specific conditions.	COMPLETED
3. Inter-departmental team formed and debriefed regarding the disposal process and develop evaluation and scoring criteria.	
4. Newspaper advertisement invites an Expression of Interest from for-profit and non-profit parties by a stated closing date. Proponents submit a letter of confirmation. <i>At this stage this is not a detailed proposal, simply a means for HRM to gauge the extent, if any, of interest.</i>	
5. An information package is sent only to those parties who submitted an Expression of Interest (letter). <i>If there are multiple inquiries from both the for-profit and non-profit sectors, and information package is sent to both. Each proponent is asked to submit a full proposal within 60 days. If only for-profit and private interests are received the property is advanced by Real property through a market sale process.</i>	
6. Inter-departmental review team evaluate proposals in accordance with project criteria. Staff develop an initial recommendation that might include a market sale or a less than market value sale.	
7. As required, staff convene a meeting with the elected official in whose district the property is located to confirm a public information meeting or a presentation to Community Council is required. <i>The purpose of such a meeting or presentation is to present the recommended proposal and debate any perceived positive or negative impact on the immediate neighbourhood.</i>	
8. A staff report is prepared for debate and approval by the Grants Committee. The committee develops its recommendation to approve, amend, or decline the staff recommendation.	
9. The Grants Committee recommendation is debated by Regional Council. Council may approve, amend, or decline the committee's recommendation.	
10. If the recommended action is to sell at less than market value a public hearing is held as required by the MGA.	
11. Real Estate staff execute the Agreement of Purchase and Sale. A Buy-back agreement might be added.	