



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 11.4.2

Halifax Regional Council
May 26, 2009

TO: Mayor Kelly and Members of the Halifax Regional Council

SUBMITTED BY: *Julia Houncastle*
for Councillor Russell Walker, Chair, HRM Grants Committee

DATE: May 19, 2009

SUBJECT: **Property Matter - Less Than Market Value Land Lease 1641
Fairfield Road, Halifax (PID #41020439) to Halifax Rowing Club**

ORIGIN

Grants Committee meeting of May 11, 2009.

RECOMMENDATION

It is recommended that the term be extended to five (5) years with no increase in rent for the first year. In year two (2) there would be an increase with a four year phase in as set out in the Budget Implications Section of this report.

BACKGROUND

The Grants Committee discussed the matter at their May 11, 2009 meeting. The staff report recommended that the HRM Grants Committee approve in principle entering into a less than market value lease agreement with Halifax Rowing Club as per the terms and conditions set out in the Discussion section of the April 23, 2009, staff report.

Following discussion at the May 11, 2009 meeting, the Committee passed an amended recommendation as presented in this report.

BUDGET IMPLICATIONS

The rental figures based on a five year spread as recommended by the Committee shows an increase of \$475 per year as follows:

Year 1 - \$1,100 status quo (rent will continue at current annual rate)
Year 2 - \$1, 575
Year 3 - \$2,050
Year 4 - \$2, 525
Year 5 - \$3,000

Real property tax shall be assessed. Any request for assistance shall be made under application to By-Law T-200.

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

None.

ATTACHMENTS

1. Staff report dated April 23, 2009.

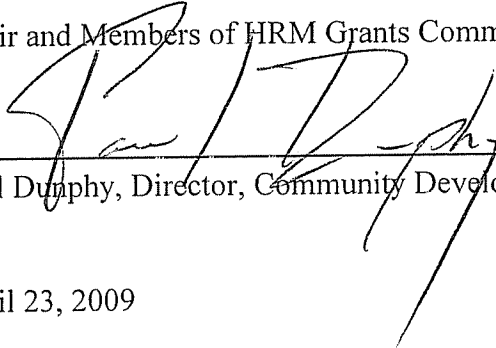
<p>Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210 or Fax 490-4208 Report Prepared By: Julia Horncastle, Acting Municipal Clerk</p>
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PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

HRM Grants Committee
May 11, 2009

TO: Chair and Members of HRM Grants Committee

SUBMITTED BY: 
Paul Dunphy, Director, Community Development

DATE: April 23, 2009

SUBJECT: **Property Matter: Less than Market Value Land Lease
1641 Fairfield Road, Halifax (PID 41020439)
to Halifax Rowing Club**

ORIGIN

Halifax Rowing Club has requested a new lease agreement with HRM.

RECOMMENDATION

It is recommended that the HRM Grants Committee approve in principle the staff recommendation to enter into a less than market value lease agreement with Halifax Rowing Club as per the terms and conditions set out in the Discussion section of this report.

BACKGROUND

Rowing has been a part of the City of Halifax since the late 1800's when rowing races were held in the Northwest Arm, the Harbour and in the Bedford Basin. Halifax Rowing Club (HRC) continues to be part of the rowing community and the rowing history in the Northwest Arm. The HRC is the home of the annual Cogswell Medal Harbour Championship Race and they host the annual Northwest Arm Regatta.

HRC offers both recreational and competitive programs in junior, senior and masters. They have purchased a special rowing shell to provide an adaptive rowing program for persons with disabilities. The Halifax Rowing Club also run Dynamic Opportunities programs which targets "youth-at-risk".

The Halifax Rowing Club provides the community with rowing opportunities which HRM may not otherwise be able to provide. HRC membership is open to the public. In 2008, the Halifax Rowing Club had 173 members with an increasing number of youth involvement.

Attachment #2 is a summary of any arrangements with other rowing and canoe clubs across HRM. The closest similarity would be the North Star Rowing Club. However, a unique situation with the Halifax Rowing Club is that it only rents two bays and does not have it's own clubhouse which it could use for market rental income. Therefore, it has a comparatively higher reliance on membership fees and instructional fees.

DISCUSSION

In April 2006, Halifax Regional Municipality entered into a three year Lease Agreement with the Halifax Rowing Club for space at the St. Mary's Boat Club. The annual rent was \$1,100.00 plus HST, however, the HRC could only utilize the space six to eight months a year. The remaining months the HRC used the space as boat and equipment storage. The HRC operational season is generally from May to October. On March 31, 2009, the Halifax Rowing Club's lease agreement expired and they requested to enter into a new lease agreement with HRM.

Halifax Rowing Club has exclusive use to approximately 2,040sf inside the building which includes the use of two bay doors. The HRC also use a 819sf (66'x13.5') dock and a 213sf (25'x8.5') ramp. The HRC replaced their dock on a lease to purchase and recently made their last annual payment of \$784.31. The HRC is investigating the possibility to increase their dock space to allow for additional boats and rowers at their expense. This increase of dock space would provide an additional benefit to HRM.

Non heated, dry storage space in Bayers Lake and West End Mall is at a rate of \$8.88 - \$12.00 psf. These values can be considered as a starting point to derive a lease value for the Halifax Rowing Club space. The rent on space that the HRC leases needs to be increased, however, HRM must take into account several considerations when looking to formulate a new rate. Such considerations

include but are not limited to:

1. The facilities in Bayers Lake & West End Mall are in business to provide storage space.
2. HRM is not in the storage space business, therefore, comparisons can be difficult.
3. The HRC space is unheated and is very wet year round from storm surge and rain.
4. Access to this building is limited during the winter months as there is no plowing.
5. Space is used to store and repair boats and equipment with a small desk area for office duties.
6. HRC members and customers have access to the outdoor washrooms and the parking lot.
7. HRC provides recreational opportunities that HRM may not otherwise provide.
8. Limited rental opportunities for this location.

HRM staff are collectively striving to attain a level of support which is consistent within the paddling and rowing sectors by using factors such as land and building ownership, grants received, other funds received, rent subsidies and property taxes.

The Nova Scotia Rowing Association is affiliated with three local rowing clubs including: Halifax Rowing Club, Mic Mac AAC-Rowing and North Star Rowing Club. The Halifax Rowing Club and the North Star Rowing Club are both located on HRM owned property and are leased from HRM. The table below is a snap shot comparison between the Halifax Rowing Club and the North Star Rowing Club.

	Halifax Rowing Club	North Star Rowing Club
Location	1641 Fairfield Road	20 & 24 Boathouse Lane
Rowing Location	Northwest Arm, Halifax	Lake Banook, Dartmouth
Approximate Area	2,040sf inside, two boat bays, ramp and dock	3,800sf facility, large boat garage, dock, including 27,300sf of land
Rental Rate	currently \$1,100 inclusive new rate year 1 \$1,800 +HST and property taxes Recently completed a 15 year payment on a replacement dock.	\$1.00 nominal, tenant pays all operational costs, including maintenance, renovations, taxes, etc
Lease Expiration	March 31, 2009	June 4, 2011
Facilities	The office space is included in the boat storage space which is not dry or heated.	The club have office space within Oakwood House. The club rents out the facility for weddings, birthdays, business meetings, offsite training, etc. This can both offset the operational costs as well as fundraise for the clubs events.

Property Matter: Less than Market Value Lease:
 Halifax Rowing Club (1641 Fairfield Road)
 Committee Report

May 11, 2009

Accessibility	Seasonal	Year round
Programs	Learn to Row, Level 1 and 2 Junior Program, Adaptive Rowing Program, Adult Novice, Adult Program, Enhanced Competitive Program	Learn to Row, Youth Rowing Recreational Rowing, Competitive Rowing, Family Rowing

The key terms and conditions are as follows:

Property- Civic Address	1641 Fairfield Road, Halifax
Landlord	Halifax Regional Municipality
Tenant	Halifax Rowing Club
Area	2,040 sf in the building and two boat bay doors, ramp and a dock
Rental Rate	Year 1 \$1,800 + HST Year 2 \$2,500 + HST Year 3 \$3,000 + HST
Specific Conditions and Considerations	<ul style="list-style-type: none"> * HRM pays for the electricity, water, maintenance, waste management, alarm service and the cost of installing and removing the docks (approximately \$1300 per dock). * HRC will be responsible for its proportionate share of property tax. * HRC are not to receive money to store non HRC boats in this facility without approval and written permission from HRM. * HRC is to maintain \$2 million insurance and HRM is to be named as additionally insured. * HRM requires the HRC to comply with all applicable boating & safety regulations, and keep all equipment in good condition. Any motorboat operator must be certified & carry a Pleasure Craft Operators Card. * HRC will provide, free of charge, space for two youth participants for a boating/ rowing program during each year of this lease agreement.
Term	3 years Seasonal (May - Oct operational) & (Nov - April storage)

<i>Commencement Date</i>	April 1, 2009
<i>Permitted Use</i>	Rowing lessons and club activities and any additional events have to be booked through the HRM booking coordinator

BUDGET IMPLICATIONS

The execution of this lease will increase revenue by \$700 in Year 1, \$1,400 in Year 2 and \$1,900 in Year 3. The HRC will be responsible to pay HRM a proportionate share of property tax. HRM will request an assessment for the leased portion only for the 2009-2010 tax roll. Application for tax assistance can be made under By-law T-200 for those who qualify.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

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

ALTERNATIVES

No alternative is recommended.

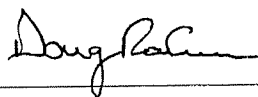
ATTACHMENTS

- Attachment #1 Halifax Rowing Club letter to Sherri Moffatt, dated January 11, 2009
- Attachment #2 Briefing Report: Canoe Clubs, report by Peta-Jane Temple, September 2008
- Attachment #3 Pictures of leased space

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.

Report Prepared by: Tara Legge, Community Facility Service Delivery Coordinator,
Community Development, 490-8442

Report Approved by:



Doug Rafuse, Manager, Service Delivery, Community Development, 490-6205

Attachment #1



P.O. Box 62, Founder's Square, Halifax, Nova Scotia, B3J 2L4

January 11, 2009

Sherri Moffatt, Program Coordinator

Saint Mary's Boat Club

Halifax Regional Municipality

Dear Sherri:

We are pleased to supply the information you requested about Halifax Rowing Club's 2007-8 budget. A summary is attached. Sorry for the delay. We greatly appreciate the support given to our club over the years by HRM and specifically our collaborative relationship with the Recreation department.

We understand that there have been questions asked about rental charges for our use of part of the Saint Mary's Boat Club. As well as providing our budget, we feel some additional information about the club may be helpful to you in answering questions about our operation.

Purpose

HRC is community-based. We offer recreational and competitive programs for all ages — junior (14-18), senior (19-27), and masters (27+). In addition we offer an adaptive rowing program for persons with disabilities and have purchased a special rowing shell (a double) for this purpose. Unfortunately the docks at SMBC are not fully accessible, so rowers in this program must be able to manage stairs. We have also run Dynamic Opportunities programs at the Club for inner city "youth-at-risk", collaborating with YouthNet at St George's.

Anyone can become a member of the Club upon completion of a membership form and payment of the Club fees. No prior rowing experience is required, but new rowers must complete a two-part learn-to-row course. At HRC we talk about our guiding purpose being "fun, fitness and friendship". Community rowing appeals to a very broad range of people, including those who may have been turned off by other organized sports.

Season

Rowing takes place from the beginning of May until the end of October, at which time HRM turns the water off (because we row on salt water we have to wash the boats and blades after every rowing session).

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Many of the club members then take part in winter dry-land training which involves joining a local gym for six months, as we have no space at SMBC for winter training. During the winter months, the boathouse is only used for storage of our equipment.

Equipment

Rowing can be an expensive sport because of the cost of purchasing and maintaining equipment. HRC is in the process of trying to update our inventory of aging wooden shells. New boat prices range from \$12,000 for a double to \$28,000 for an eight. A pair of sculling blades may cost \$500-600; a replacement seat \$100. Wherever possible we try to purchase used equipment, but capital expenditures are a huge commitment for the club.

Staff

Similarly, while many volunteer hours go into running the club, we have to make a considerable investment in paid staff every year, because of the specialized coaching requirements for the sport, safety considerations, and boat maintenance demands. Some years we are fortunate in being able to get grants to employ university students, but these can never be guaranteed and experienced coaching staff are not always eligible for these grants.

Membership Fees

Adult membership fees for the six-month season this year were \$295 plus a \$50 fundraising deposit for a total of \$345. Competitive rowers paid an additional \$100 for a total of \$445. Junior rowers paid a total of \$325. In addition, many rowers will pay between \$200-300 during the winter season for dry-land training (these costs are not shown in the HRC budget).

Premises

The boathouse space that we rent consists of two "bays" (boat racks with a walkway between them). We are able to shoehorn a workbench and small desk into the back, and a small counter at the front, but there are no other facilities. We have just completed paying for our floating dock which we purchased on a lease-to-purchase scheme from HRM and must now contemplate taking on a new capital commitment to increase the dock space to accommodate additional boats and rowers.

We certainly appreciate the fact that HRM has charged us a reasonable rent over the years, and we trust that, if it is deemed necessary to increase the rent, that it will only be by a modest amount. This will help us to keep offering our programs to people of all ages, backgrounds and varying abilities. Advance notice of a change would also assist us in planning.

If you have any further questions, please do not hesitate to contact us.

Sincerely,

Joan Backman

President, Halifax Rowing Club

Briefing Report: Canoe Clubs

Origin:

Request from Mayor Kelly's office for information regarding:

- Ownership of land upon which canoe club is located;
- Who financed construction of the club;
- HRM subsidies and grants to clubs;
- Property taxes paid by clubs.

1. Property Ownership

Table 1 shows property ownership only; readers are cautioned that leases vary significantly in terms of type of property, amenities, and cost. These differences are noted in the commentary on page 4.

Table 1. Property Ownership			
Organization	Address	Land Owner	Building Owner
Abenaki Canoe Club	20A Swanton Drive, Dartmouth	HRM	Abernkaki Canoe Club
Banook Canoe Club	17 Banook Avenue, Dartmouth	Banook Canoe Club	Banook Canoe Club
Banook Canoe Club	Lot xx, Crichton Avenue, Dartmouth	HRM	Vacant land
Canoe to the Sea Society	10 Nowlan Street, Dartmouth	HRM	HRM
Canoe Kayak Canada: Atlantic Division	88 Crichton Avenue, Dartmouth	HRM	Canoe Kayak Canada: Atlantic Division
Cheema Aquatic Club	1390 Cobequid Road, Waverley	NS Dept of Natural Resources	Cheema Aquatic Club
Dragon Boat East Management Ltd	Grahams Grove Park, Dartmouth	HRM	HRM
Halifax Rowing Club	1641 Fairfield Road, Halifax	HRM	HRM
Kinap Canoe Club	181 Greenough Drive, Porters Lake	HRM	Kinap Canoe Club
Maskwa Aquatic Club	91 Saskatoon Drive, Halifax	NS Dept of Natural Resources	Kinap Canoe Club
Mic Mac Amateur Athletic Club	192 Prince Albert Road, Dartmouth	Mic Mac Canoe Club	Mic Mac Canoe Club
North Star Rowing Club	88A Crichton Avenue, Dartmouth	HRM	HRM
Orenda Canoe Club	3168 Hwy#7, Lake Echo	HRM	Orenda Canoe Club
Sac-A-Wa Canoe Club	159 First Lake Drive, Sackville	Sac-A-Wa Canoe Club	Sac-A-Wa Canoe Club
Senobe Canoe Club	6 Nowlan Street, Dartmouth	HRM	Vacant land
Senobe Canoe Club	8 Nowlan Street, Dartmouth	HRM	Senobe Canoe Club
Senobe Canoe Club	xx Nowlan Street, Dartmouth	HRM	Vacant land

2. Capital Construction and Expansion

Data on property ownership suggests that organizations who own land also own their own building. Some of these groups might have received some financial assistance from former municipalities in terms of a capital grant and the majority appear to have been granted property tax assistance. To date, the only substantial cash grant issued after amalgamation, post 1996, has been to the Maskwa Aquatic Club (2007-08) in the amount of \$50,000 towards facility expansion ie. the sewage system for a new boathouse.

Typically, clubs who lease land from either HRM or the Province of Nova Scotia either (a) own the buildings located on the land, or (b) lease a building. In some cases the land is vacant and used for staging events or waterfront access. For example, Banook and Senobe. Other clubs lease a portion of an HRM building, for example North Star Rowing Club, Canoe to the Sea, and the Halifax Rowing Club.

In summary, based on available information, HRM has not made a substantial investment in the construction of properties owned and/or operated by membership-based paddling clubs. However, HRM has made a significant public investment in the Lake Banook area in relation to hosting major international canoe competitions; arguably all paddling clubs in the region benefit from the development of this venue, the technical legacy afforded by major events hosting, equipment upgrades, and public awareness.

Attachment #2

3. HRM Grants and Subsidies:

Table 2 shows that grants assistance to the paddling sector is primarily for building repairs, equipment purchases, and events hosting. The value of grants for events hosting and any events-related HRM infrastructure capital upgrades was unavailable at the time of this report but is likely to be significant in value.

Organization	Community Grants Program 1996-2008	Councillors' Discretionary 2007 and 2008	Other
Abenaki Canoe Club	\$0		
Banook Canoe Club	\$4,000	\$12,500	District 5
Canoe to the Sea Society	\$29,000	\$1,000	District 5
Canoe Kayak Canada: Atlantic Division	\$0	\$100 \$300	District 2 District 7
Cheema Aquatic Club	\$13,200		
Dragon Boat East Management Ltd	\$0		
Halifax Rowing Club	\$3,500		
Kinap Canoe Club	\$2,500		
Maskwa Aquatic Club	\$50,000	\$5,000 \$1,000	District 15 District 21
Mic Mac Amateur Athletic Club	\$21,822	\$12,500 \$150	District 5 District 2
North Star Rowing Club	\$5,500		
Nova Scotia Rowing Association	\$0	\$100	District 14
Orenda Canoe Club	\$11,613	\$3,000	District 3
Sac-A-Wa Canoe Club	\$28,500	\$1,000	District 20
Senobe Canoe Club	\$5,000	\$2,500	District 5
SUB-TOTAL	\$220,835	\$39,150	
Other			
Society for Canoe Championships	\$30,000		1997 event
World Junior Canoe Championships	\$40,000		1997 event
SUB-TOTAL	\$70,000		
TOTAL	\$290,835	\$39,150	

Notes:

With the exception of events grants to Canoe to the Sea Society and the 1997 Junior World Canoe Championships, grants issued under the *HRM Community Grants Program* have been primarily capital projects such as building/dock repairs, site development, or equipment purchases.

Financial assistance has also been provided to the Canoe to the Sea Society for an annual competition under *HRM Festivals & Events Grants Program* and the *HRM Regional Trails* capital grants in relation to

Attachment #2

the Lake Charles/Shubenacadie Canal Commission trail development)¹.

Table 3. HRM Rent Subsidies					
Organization	Market Value Rent	Less than Market Value Rent	HRM Subsidy	Department Subsidy	Notes
Abernaki Aquatic Club	Not available No staff report on file.	\$1/year		\$0	Land lease
Banook Canoe Club	Not available No staff report on file	\$1/year		\$0	Land lease
Canoe to the Sea Society	\$2,400/year Based on \$12,000 estimate of capital and operating costs over 5 year term	\$1/year	\$2,399	\$0	5 year lease expires 2011 Tenant to renovate building (300 sq ft) to value of \$12,000 Building (300 sq ft) for boat storage
Canoe Kayak Canada	\$6,732 Staff report on file	\$1/year	\$6,732	\$0	Land lease 5 year lease at \$1 2008-2013, next 5 year lease at 0.39 sq ft
Dragon Boat East Management	Not provided in lease Commercial tenant	\$892 (\$178.40/month)		\$0	5 month lease for land and storage building; service agreement Not renewed after 2 years Expired
Halifax Rowing Club	Not provided in lease No staff report on file	\$1,100/year		\$0	2 year lease 2006-2008 Unheated storage Service agreement
Kinap Canoe Club	Not provided in lease. No staff report on file	\$1/year		\$0	Land lease 5 year lease 1988-2003 Renewed
Mic Mac Amateur Athletic Club	Not available No staff report on file	\$1/year		\$0	Land lease (beach)
North Star Rowing Club	\$2,400/year Based on \$12,000 estimate of capital and operating costs over 5 years Staff report on file	\$1/year	\$2,399	\$0	5 year lease expired 2006 Renewed to 2011 Rent \$1 in lieu of capital costs assumed by tenant (\$12,000) Building former private residence Heritage
Orenda Canoe Club	Not available No staff report on file - sub-let	\$1/year		Facility Management Agreement	Lake Echo Lions Club lease
Senobe Aquatic Club		\$1/year		\$0	20 year land lease for three (3) lots 1983-2003 Expired
Senobe Aquatic Club		\$1/year		\$0	
Senobe Aquatic Club		\$1/year		\$0	

Note:

Municipal Land Leases:

Canoe-Kayak Canada: Atlantic Division: lease land from HRM and have an annual fee-for-service agreement (\$7,800) with Community Recreation for course marking/judges tower on Lake Banook. The

¹ Year-to-year data was not available at the time of this report.

Attachment #2

initial 5-year term is at \$1/year to recognize a capital intensive phase of development (ie. ~\$500,000) and increases to 50% of the market value for the second term of 5 years.

Senobe Canoe Club: lease three lots of land (one of which has their clubhouse). The 20 year term was for \$1/year. The lease expired in 2003; by default this lease reverts to a month-to-month holdover pending renewal negotiations.

Municipal Land/Building Leases:

Canoe to the Sea: lease a former washroom for boat storage. The annual rental rate has been based on the tenant assuming all capital and operating costs, initially estimated to be \$12,000/year. The closest market value rent comparison would probably be a self-storage unit but with the added value of waterfront location.

Halifax Rowing: lease an unheated portion of the HRM-owned St. Mary's Boat Club building for boat and equipment storage. The closest market value rent comparison would probably be a self-storage unit but with the added value of waterfront location. The club had an agreement with Community Recreation for instructional classes.

North Star Rowing Club: occupy a former private residence acquired by the former City of Dartmouth. The property is a registered heritage site. The club used to rent the carriage house for boat storage and a weight room; once the main house was vacated by the Victorian Order of Nurses the club leased the premises for a nominal fee in lieu of capital restoration. The annual rental rate has been based on the tenant assuming all capital and operating costs, initially estimated to be \$12,000/year. This rental rate should be reviewed upon expiry of the current term.

Dragon Boat East Management Ltd: leased a storage shed for boat storage and had a fee-for-service agreement with Community Recreation for children's canoe lessons and drop-in adult dragon boat program. The latter lease expired after two years and has not been renewed. As a for-profit private enterprise the tenant should pay market value.

Market Value

A less than market value, and thereby the \$-value of HRM's rent subsidy, is predicated on establishing a market value. The market value is the "benchmark" and will vary on a case-by-case basis due to market fluctuations, location, amenities, size, configuration etc. The most accurate and costly method would be to have an independent appraisal of each property; waterfront locations will be expensive lands due to their appeal in the open market. A less expensive alternative used by HRM staff has been to use assessment values (if the land has been assessed).

Market value must also be adjusted to reflect any constraints imposed by HRM (eg. mandatory free public access that could decrease revenues, zoning restrictions etc) this is referred to as "fair market value".

Given the absence of market value rental costs it is not possible to accurately gauge the combined cost of HRM's assistance to canoe clubs (or many other HRM tenants). Arguably, this lack of costing diminishes HRM's ability to use this form of municipal support to leverage assistance from other sources, or to fully reflect the scope and cost of HRM's support to the non-profit sector.

Draft policy has been developed to guide less than market value leasing and sales to non-profit organizations. The aim is to provide greater transparency in decision-making, accountability, and procedural consistency. The draft policies are to be reviewed by HRM Grants Committee and then approved by Regional Council.

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4. Property Tax

As shown in the table below, three (3) clubs who own their own land have been assessed by Assessment Services and are billed directly by HRM: Banook, Mic Mac and Senobe. Land leases issued by the NS Department of Natural Resources have also been assessed and the tenant is billed directly by HRM: Cheema and Maskwa.

There is an inconsistency in leases issued by HRM. Two (2) clubs, Abernacki and Senobe have been assessed and are billed directly by HRM but a further seven (7) clubs and one (1) business have not been assessed and do not appear on By-law T-200: Banook, Canoe to the Sea, Canoe Kayak Atlantic Division, Kinap, North Star Rowing, Halifax Rowing, Orenda, and Dragon Boat East Management. This omission is HRM's not the tenants. As a business enterprise, Dragon Boat East Management is not eligible for tax exemption.

Organization	Assessment Value	2008 Tax Bill	HRM Tax Grant	Notes
Abernaki Canoe Club	\$423,700	\$15,592	\$15,592	100% tax exempt (By-law T-200)
Banook Canoe Club	\$318,600	\$11,724	\$11,724	100% tax exempt (By-law T-200)
Banook Canoe Club	No tax account	\$0	n/a	No assessment
Canoe to the Sea Society	No tax account	\$0	n/a	No assessment
Canoe Kayak Canada: Atlantic Division	No tax account	\$0	n/a	No assessment
Cheema Aquatic Club	\$275,300	\$9,792	\$9,792	100% tax exempt (By-law T-200)
Dragon Boat East Management Ltd	No tax account	\$0	n/a	No assessment
Halifax Rowing Club	No tax account	\$0	n/a	No assessment
Kinap Canoe Club	No tax account	\$0	n/a	No assessment
Maskwa Aquatic Club	\$79,000	\$2,841	\$2,841	100% tax exempt (By-law T-200) New construction will increase annual tax costs
Mic Mac Amateur Athletic Club	\$346,200	\$12,740	\$12,740	100% tax exempt (By-law T-200)
North Star Rowing Club	No tax account	\$0	n/a	100% tax exempt (By-law T-200) Registered heritage property
Orenda Canoe Club	No tax account	\$0	n/a	No assessment
Sac-A-Wa Canoe Club	\$258,900	\$9,537	\$9,537	100% tax exempt (By-law T-200)
Senobe Canoe Club	\$34,600	\$1,273	\$1,273	100% tax exempt (By-law T-200)
Senobe Canoe Club	\$377,200	\$13,880	\$13,880	100% tax exempt (By-law T-200)
TOTAL	\$2,113,500	\$77,379	\$77,379	

Notes:

Typically, the value of property tax assistance exceeds the value of a cash grant awarded under the *Community Grants Program*. Yet, there is no quantitative measure of the benefit to the general public who

Attachment #2

are providing the subsidy. Overall, the program lacks detailed eligibility criteria and has simply continued past practice. These issues will be addressed under a review and re-design of the program as approved by the HRM Grants Committee.

Inconsistent Taxable Status

Of a total of 14 organizations, only 8 have been assessed for real property tax. This is a procedural inconsistency and is not unique to the sport/recreation sector. The absence of reporting the cost of not collecting real property tax is in effect a "hidden subsidy" and diminishes HRM's ability to demonstrate fully the scope and cost of financial assistance to the non-profit sector. As property owner, it is HRM's responsibility to request an assessment of all properties leased to third parties and, if applicable, to appeal any increase in assessment value.

Inconsistent Tax Exemption Status Between Sectors

It should also be noted that, to date, paddling clubs have been awarded 100% tax exemption. This is a substantially higher level of public subsidy as compared to other sports clubs such as tennis, sailing, and curling: these latter groups receive a Conversion from the Commercial to Residential tax rate. The reason for this difference in public subsidy appears to be simply past practice and is not based on any comparison of cost, public access etc. This issue will be reviewed under the proposed re-design of the *Tax Exemption for Non-Profit Organizations Program* (By-law T-200).

To illustrate this point, the following is a select sample for comparison:

- *Dartmouth Curling Club, Dartmouth*: 2008-09 assessment value is \$363,600 and taxes are \$14,798. The club receives a Conversion from the Commercial to Residential tax that results in an HRM subsidy of \$10,282 and the club pays \$4,515. Arguably, the year-round operation of this type of facility is more expensive than the seasonal operation of other types of sports facility.
- *Waegwoltic Club, Halifax*: 2008-09 assessment value is \$4,864,700 and taxes are \$177,192. The club receives a Conversion from the Commercial to Residential tax rate that results in an HRM subsidy of \$114,438 and the club pays \$62,754. It should be noted that this waterfront property's assessment increased by \$67,019 over the prior year.
- *Royal Nova Scotia Yacht Squadron, Halifax*: 2008-09 assessment value is \$2,263,400 and taxes are \$83,361. The club receives a Conversion from the Commercial to Residential tax rate that results in an HRM subsidy of \$54,163 and the club pays \$29,197. This property's assessment increased by \$44,949 over the prior year.
- *St. Margaret's Sailing Club, St. Margaret's Bay*: 2008-09 assessment value is \$654,100 and taxes are \$20,966. The club receives a Conversion from the Commercial to Residential tax rate that results in an HRM subsidy of \$13,500 and the club pays \$7,495.
- *Banook Canoe Club, Dartmouth*: 2008-09 assessment value is \$318,600 taxes are \$11,724. The club receives full exemption, therefore HRM pays \$11,724 and the club pays \$0.
- *Abenacki Canoe Club, Dartmouth*: 2008-09 assessment value is \$423,700 and taxes are 15,592. The club receives full exemption, HRM pays \$15,959 and the club pays \$0. This property's assessment increased by \$633 over prior year.

Attachment #2

- *Canoe to the Sea, Canoe-Kayak Canada: Atlantic Division, Halifax Rowing Club, Kinap Canoe Club, and North Star Rowing Club* have not been assessed and therefore pay \$0. The *Orenda Canoe Club* appear to receive 100% tax exemption by virtue of HRM's tax exemption to the Lake Echo Lions Club.

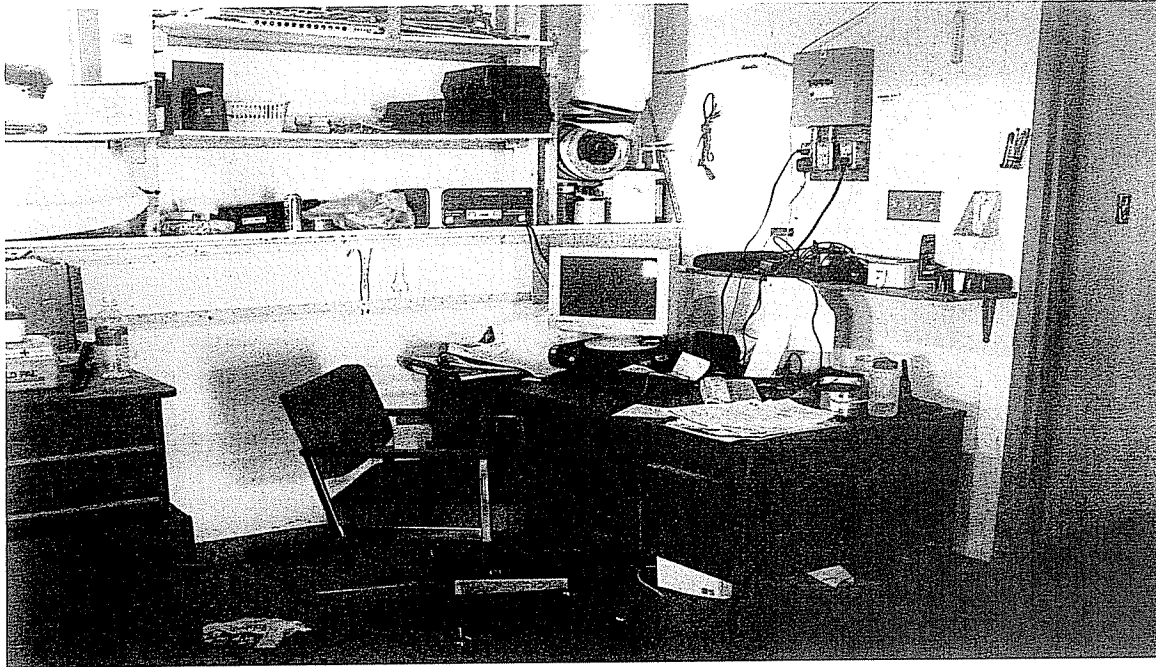
Variance Within the Paddling Sector

Arguably, there is inconsistency within the paddling sector itself. For example, vacant land used seasonally for events or for waterfront access has received the same level of subsidy as a clubhouse that offers year-round training amenities, or a bar or restaurant. In many cases access to a bar, restaurant or meeting room is not restricted to members only and creates revenue opportunities in the open market (private functions, "social" memberships etc). Facilities located in smaller communities might not have such market opportunities within the immediate area and have a comparatively greater reliance upon membership fees, instructional fees, or grants.

The proposed re-design of the *Tax Exemption for Non-Profit Organizations Program* (By-law T-200) will review could target public financial assistance. For example, a public tax subsidy could be linked to the scope and type of access for the general public, require that such availability be publicized, or exclude 'commercial' opportunities. The former City of Halifax Ordinance 150 excluded permanent bars and kitchens from eligibility and as such any public assistance was targeted to programming and/or financial need.

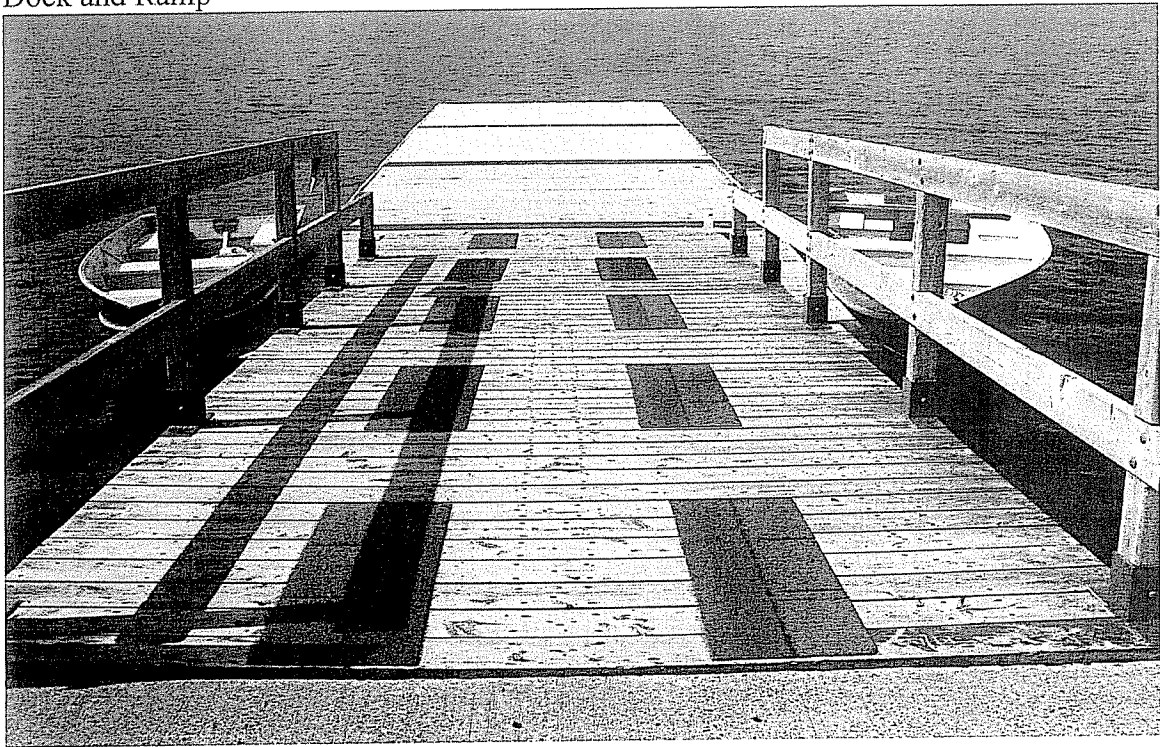
Under a program re-design higher levels of public subsidy could be linked to access in terms of affordability (eg. HRM Kids) or to create capital reserves to fund maintenance/repairs/new construction. Alternately, annual property tax assistance could be rationalized with municipal grants ie. the value of any tax subsidy (based on property ownership) could reduce or negate eligibility for capital funding.

Office Area



Inside Space

Dock and Ramp



Dock and Bays

