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**Item No. 5 (ii)**  
**Halifax Regional Council**  
**October 27, 2009**  
**Committee of the Whole**  
**November 10, 2009**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**   
Cathie O'Toole, CGA, Director of Finance

**DATE:** October 23, 2009

**SUBJECT:** Former Dartmouth City Hall - Museum

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### INFORMATION REPORT

#### ORIGIN

This report originates from staff and is intended to provide Council with additional financial and background information to assist in their debate of the decision making relative to the following items on Council's October 27, 2009 Agenda:

- Item #5, Committee of the Whole - Review of Social Heritage Programs and Services
- Item #11.1.2 - Council Agenda - Property Matter RFP 09-070 Leased Office Accommodation
- Item # 11.2.1(i) Harbour East Community Council - Former Dartmouth City Hall - Museum

### **BACKGROUND**

The report from Harbour East Community Council recommends that Halifax Regional Council give the Dartmouth Heritage Museum exclusive rights to the former Dartmouth City Hall building for the purpose of a permanent museum and creation of a Cultural Cluster. The report on Leased Office Accommodations is based on the premise that the former Dartmouth City Hall would be used as part of the Corporate Accommodations Strategy to consolidate municipal operations and move the municipality to more owned space. This strategy was shared with Council on January 29, 2009.

A museum/gallery has been included on Council's list of potential infrastructure projects. This project has not yet been funded and the potential cost of the project has not been studied and is therefore uncertain. In addition, Council has not yet had a discussion about the nature and scope of the municipality's Social Heritage Program which is required before any decisions are made about constructing a new museum/gallery or renovating an existing building for this purpose. This matter is before Council at Committee of the Whole on October 27, 2009 for their consideration.

### **DISCUSSION**

The decision on these three separate but related matters is in the hands of Council and staff want to ensure that although the issues are presented separately, that Council recognizes there is a strong connection and staff have purposefully structured the Agenda to ensure they are all before Council at the same time.

It is also important that Council be fully informed of the financial and service implications in order to make informed decisions. It is staff's opinion that the Harbour East Community Council report may not provide sufficient financial information for Council to engage in an informed debate and subsequent decision. That being the case, the budget and financial implications are outlined in those sections of this report.

### **BUDGET IMPLICATIONS**

There is insufficient information to determine the capital and operating budget implications of the Harbour East Community Council recommendations and it will require more analysis.

However, the following factors would need to be considered:

- a) The estimated capital cost to retrofit Dartmouth City Hall for this purpose is estimated at \$6-10 million. Although the Dartmouth Heritage Museum Society has committed to fund raising, it is unknown how much could be raised and over what period of time.
- b) The transfer of Dartmouth City Hall to the Museum Society precludes the opportunity for HRM to save money through the consolidation of HRM tenancies from leased space to HRM owned space. This savings is estimated to be \$700,000 on a net present value basis, or \$1,300,000 on a cash basis over a 15 year period.

- c) It is unclear if the Dartmouth Heritage Society will require an operating grant from HRM so full cost implications cannot be determined at this time. The current annual cost to operate the former Dartmouth City Hall building is \$200,000 per year for utilities and regular maintenance. This would change if use of the building changed.
- d) HRM currently pays \$55,000+ per year to lease space to house museum collection items.

**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.

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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