

Item No. 11.1.3
Halifax Regional Council
October 23, 2012

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Original signed by 

Richard Butts, Chief Administrative Officer

Original Signed by 

Mike Labrecque, Deputy Chief Administrative Officer

DATE: September 26, 2012

SUBJECT: **Budget Increase to Project No. CBX01273 -Renovations to the
Richmond Family Court - for Provincial Cost Sharing**

ORIGIN

This report is in accordance with the Policy for Changes to Cost Sharing for Capital Projects as approved by Council on April 24, 2007.

RECOMMENDATION

It is recommended that Halifax Regional Council approve an increase to Project No. CBX01273 – Architecture Interior (Category 5), with no change to the Net Budget, to reflect secured additional Provincial funding for renovations at the Richmond Family Court, as outlined in the Budget Implications section of this report.

BACKGROUND

The Richmond Family Court Building was originally designed as a school and was constructed immediately following the Halifax Explosion. Since 1985, the building and grounds have been leased at market value by the Municipality to the Supreme Court Family Court Division, Province of Nova Scotia. The property has generally been considered surplus to municipal requirements and has served as an investment property. The Province is the municipalities' largest tenant with 30,000 square feet and annual gross rental revenue of \$605,000. The current term expires February 1, 2013. It is the Province's intent to seek a lease renewal and discussions are underway. It is expected that the renewal will be for a further term of five (5) years.

The Province continues to review their long term court requirements, including consolidation, and as a result a continued lease arrangement versus interest in purchasing the subject property is preferred.

DISCUSSION

The building was renovated in 1985, 2002 and again in 2006, to address the evolving requirements of the Department of Justice, Supreme Court Family Court Division. Renovations to date have included improvements to the interior finishes, heating and ventilation systems. The Municipality was fully reimbursed for the work in the previous renovations and will be fully reimbursed for the current/proposed tenant leasehold renovations.

The current scope of work includes the construction of new Judges Chambers, storage rooms, compact shelving, washrooms, meeting rooms and the associated mechanical/electrical, consulting work. The budget for this work is \$350,000.

BUDGET IMPLICATIONS

The budget availability has been confirmed by Finance.

Budget Summary: Project No. CBX01273 – Architecture Interiors (Category 5)

Cumulative Unspent Budget	\$ 933,589.34
Plus: Provincial Cost Sharing	<u>\$ 350,000.00</u>
New Balance	\$1,283,589.34

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation. If approved, there will be an increase to the gross project budget but not the net.

COMMUNITY ENGAGEMENT

None

ENVIRONMENTAL IMPLICATIONS

Not applicable

ALTERNATIVES

Council could choose not to proceed with the accepting of funding, although this is not recommended as it would increase the cost to HRM of the recapitalization of this asset.

ATTACHMENTS

Appendix A – Letter of Commitment

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: Terry Gallagher, Manger Facility Development (476-4067)

Report Approved by: _____
Peter Stickings, Acting Director Planning and Infrastructure, (490-7129)

Financial Approval by: _____
Greg Keefe, Director of Finance & Information Technology/CFO, 490-6308



**Department of Justice
Corporate Services Unit
Financial Services Division**

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July 19, 2012

Department of Transportation & Infrastructure Renewal
Johnston Building
1672 Granville Street
P.O. Box 186
Halifax, Nova Scotia B3J 2N2

Attention: Stephen Gurnham - Property Officer

Re: Lease # 502 - Halifax Regional Municipality
Halifax Family Court (Devonshire)

Dear Steve -

As a follow-up to my letter of December 02, 2011 regarding a lease extension to the above noted property beyond it's expiry date of February 28, 2013. The Department is now able to confirm that we have Tangible Capital Asset (TCA) funding in the amount of \$ 350,000.00 to make renovations to the interior in order to accommodate program changes. This amount is representative of construction costs of approximately \$ 250,000.00 and the remaining \$ 100,000.00 for related soft costs such as consulting fees, transition and final moving costs as well as some furniture, fixtures and equipment.

We continue to work with Terry Gallagher of HRM on the management of the construction project. The project has advanced to a point where construction will begin July 21, 2012. The end date is not certain but should extend no longer than the expiry date of the lease noted above. At this early point it is anticipated that we will not exceed the capital funding available and therefore the new lease agreement does not have to account for the amortization of these costs.

I will keep you advised of progress and trust this is sufficient information for Real Property and HRM to begin to determine the requirements for the new lease.

Regards,

Original Signed

Bill Ungar, 
Manager, Capital Construction

- c. Ken Winch - Executive Director Courts
Greg Penny - Executive Director Finance
David Aikens - Director Courts
Ed Kirby - Director Finance