

**Item No. 11.2.1**  
**Halifax Regional Council**  
**May 12, 2015**

**TO:** Mayor Savage and Members of Halifax Regional Council  
Original Signed

**SUBMITTED BY:** \_\_\_\_\_  
Councillor Bill Karsten, Chair, Audit & Finance Standing Committee

**DATE:** May 4, 2015

**SUBJECT:** Shakespeare by the Sea, Point Pleasant Park

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## **ORIGIN**

May 4, 2015 Special Meeting of the Audit & Finance Standing Committee, Item No. 3

## **LEGISLATIVE AUTHORITY**

Audit & Finance Standing Committee Terms of Reference section 3.8, which states "to review and make recommendations on proposals coming to Halifax Regional Council outside of the annual budget or tender process including but not limited to:

- New Programs or services not yet approved
- Programs or services that are being substantially altered
- Proposed changes in operating or budget items
- Committing of funds where there is insufficient approved budget, or,
- New or increased capital projects not included in the approved budget
- Increases in project budget due to cost sharing
- Creation or modification of reserves and withdrawals not approved in the approved budget

## **RECOMMENDATION**

It is recommended by the Audit & Finance Standing Committee that Halifax Regional Council, as a result of the increased estimated costs, confirm direction to staff to complete minimal repairs to Park Place Theatre to allow ongoing use as office, storage and rehearsal space with funding being allocated as follows:

1. Approve a request to authorize expenditure to Project No. CBX01269— Mechanical in the amount of \$45,000 as outlined in the Financial Implications section of the staff report dated April 28, 2015.
2. Approve a request to authorize expenditure to Project No. CBX01270 — Structural in the amount of \$55,000 as outlined in the Financial Implications section of the staff report dated April 28, 2015.
3. Approve a request to authorize expenditure to Project No. CBX01272— Roof in the amount of \$10,000 as outlined in the Financial Implications section of the staff report dated April 28, 2015.

***Recommendations continued on page 2...***

4. Approve a request to authorize expenditure to Project No. CBX01275 — Electrical in the amount of \$15,000 as outlined in the Financial Implications section of the staff report dated April 28, 2015
5. Approve an increase to Project No. CBX01270 — Structural — in an amount equal to the lesser of the repair cost or \$100,000 representing the insurance policy deductible from M320 Insurance Claims cost centre with any additional amount being received from the property insurance companies above \$100,000 be directed to CBX01270— Structural to offset the costs of the project.

### **BACKGROUND**

A staff report dated April 28, 2015 pertaining to repair costs for the fire damaged Park Place Theater, Point Pleasant Park was before the Audit & Finance Standing Committee at its Special Meeting held on May 4, 2015.

For further information, please refer to the attached staff report dated April 28, 2015.

### **DISCUSSION**

Staff responded to questions from the committee in relation the additional cost associated with the \$100,000.00 insurance deductible for HRM assets. Staff noted that due to an administrative oversight the original estimate for renovations costs approved by Council for inclusion in the 2014-15 Budget did not include the \$100,000.00 Insurance deductible which is required on a per occurrence basis for HRM owned assets. The Audit & Finance Standing Committee, having reviewed this matter, forwarded the recommendation to Regional Council as outlined in this report.

### **FINANCIAL IMPLICATIONS**

As outlined in the Financial Implications section of the attached report dated April 28, 2015.

### **COMMUNITY ENGAGEMENT**

All meetings of the Audit & Finance Standing Committee are open to the public. The agenda and reports are available online in advance of the meeting.

### **ENVIRONMENTAL IMPLICATIONS**

Not applicable.

### **ALTERNATIVES**

The Audit & Finance Standing Committee did not discuss alternatives.

### **ATTACHMENTS**

1. Staff report dated April 28, 2015.

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Liam MacSween, Legislative Assistant, 902-490-6521

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**Item No. 3**  
**Audit & Finance Standing Committee**  
**May 4, 2015**

**TO:** Chair and Members of Audit & Finance Standing Committee

Original Signed

**SUBMITTED BY:**

Richard Butts, Chief Administrative Officer

Original Signed

Jane Fraser, Director Operations Support

**DATE:** April 28, 2015

**SUBJECT:** Shakespeare by the Sea, Point Pleasant Park

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**ORIGIN**

October 7, 2014 Regional Council Motion directing staff to:

1. Rescind their motion of Council made March 18, 2014, authorizing staff to enter into a less than market value lease agreement with Shakespeare by the Sea Theatre Society (SBTS) for the building located at 5480 Pleasant Drive, Halifax;
2. Complete minimal cost repairs to Park Place Theatre to allow ongoing use as office, storage and rehearsal space as a temporary solution while long term plans are developed for consideration of Council, subject to review and recommendation by Audit & Finance.
3. Enter into a month to month license agreement to allow ongoing use of 5480 Pleasant Drive, Halifax by SBTS subject to confirmation of any necessary approvals from the Federal Government;
4. Direct staff to provide information and work with staff of SBTS while SBTS explores cost effective, objective based solutions for a viable, code-compliant theatre at 5480 Pleasant Drive, subject to further consideration of Council;
5. Direct staff to include the consideration and planning for a new building consistent with the Point Pleasant Park Comprehensive Plan in the development of the Cultural Spaces Plan.

This report only responds to Item #2 of the above motion.

**LEGISLATIVE AUTHORITY**

Halifax Regional Municipality Council approved, Dec 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

*Halifax Regional Municipality Charter, section 93(1)* - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year;

*Halifax Regional Municipality Charter, section 79(1)(x) - Council may expend money required by the Municipality for lands and buildings required for a municipal purpose;*

*Halifax Regional Municipality Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy;*

*Halifax Regional Municipality Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine;*

*Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; and*

*Halifax Regional Municipality Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.*

### **RECOMMENDATION**

It is recommended that the Audit and Finance Committee recommend that Halifax Regional Council, as a result of the increased estimated costs, confirm direction to staff to complete minimal repairs to Park Place Theatre to allow ongoing use as office, storage and rehearsal space with funding being allocated as follows:

1. Approve a request to authorize expenditure to Project No. CBX01269 – Mechanical in the amount of \$45,000 as outlined in the Financial Implications section of this report.
2. Approve a request to authorize expenditure to Project No CBX01270 – Structural in the amount of 55,000 as outlined in the Financial Implications section of this report.
3. Approve a request to authorize expenditure to Project No. CBX01272 – Roof in the amount of \$10,000 as outlined in the Financial Implications section of this report.
4. Approve a request to authorize expenditure to Project No. CBX01275 – Electrical in the amount of \$15,000 as outlined in the Financial Implications section of this report
5. Approve an increase to Project No. CBX01270 – Structural – in an amount equal to the lesser of the repair cost or \$100,000 representing the insurance policy deductible from M320 Insurance Claims cost centre with any additional amount being received from the property insurance companies above \$100,000 be directed to CBX01270 – Structural to offset the costs of the project

### **BACKGROUND**

On June 1, 2014, the Park Place Theatre suffered a fire as a result of vandalism. The Park Place Theatre is located in Point Pleasant Park and has been used by Shakespeare by the Sea for a number of years. At the Regional Council meeting on October 7, 2014, direction was given to staff to complete minimal cost repairs to the building. In the August 14, 2014 Council report, staff advised that the estimated cost to renovate the building was \$125,000. It should be noted that the \$125,000 estimate did not include the insurance deductible costs of \$100,000. The building is an insured asset under Halifax's insurance policy and is subject to a \$100,000 deductible per occurrence.

Minimal repairs are being defined as those repairs that are required to secure an occupancy permit which allows for the facility to be occupied as an office, be used for storage, and function as a rehearsal space. The repairs are expected to extend the life of the building approximately 5 years. The proposed repairs will not enable a theatre function that provides for public attendance. The building is not assessed separately, as it is located in Point Pleasant Park and is federal property. Staff has looked for comparable properties to determine the value of the property and estimated it to be approximately \$400,000 or \$130/sq. ft. The estimate is based on other 3,000 sq. ft. retail buildings.

## DISCUSSION

The total amount of the repairs to the building is estimated at \$225,000. This represents the "minimal" repairs of \$125,000 and the insurance deductible to restore restoration of the fire damage at \$100,000. The net financial impact to HRM is \$225,000.

The repairs to the building are detailed as follows:

### State of good repair

- Mechanical - improvements to the heating, roof drainage and plumbing systems
- Structural – Improvements to fire separations, interior walls, interior finishes, building insulation
- Roof - replacement of the existing roofing system
- Electrical - improvements to the electrical panel, removal of noncompliant electrical wiring and fixtures, improvements to the electrical distribution system
- Consultants fees

HRM has received three quotes and the lowest cost to repair the fire damage was quoted to be \$107,000. This is based upon a Structural Assessment Report prepared by EFI Global dated June 10, 2014 and includes:

- Damage to gamble, siding, soffit and trim
- Damage to pre-engineered roof trusses and roof sheathing
- Damage to insulation

Negotiations with HRM's insurers are ongoing and in order to move ahead with the repair work, staff is recommending that this award proceed and that the claim be adjusted based upon the settlement.

The construction work is scheduled to commence within 3 weeks of approval by Regional Council. Upon completion of the work, HRM will enter into a license agreement for use of the building with Shakespeare by the Sea, as per Council's October 2014 direction. The license agreement will not permit Shakespeare by the Sea to use the building as a public theatre.

A letter has been received from Parks Canada dated March 26, 2015 authorizing the repairs to the building to be undertaken (Attachment A).

## FINANCIAL IMPLICATIONS

<b>Budget Summary:</b>	<b>Account CBX01269 – Mechanical (Category 6)</b>	
	Cumulative Unspent Budget	\$780,583.80
	Less:	\$ 45,000.00
	Balance	\$733,583.80
<b>Budget Summary:</b>	<b>Account CBX01270 – Structural (Category 4)</b>	
	Cumulative Unspent Budget	\$447,681.34
	Less:	\$ 55,000.00
	Balance	\$392,681.34
<b>Budget Summary:</b>	<b>Account CBX01272 – Roof (Category 3)</b>	
	Cumulative Unspent Budget	\$930,697.98
	Less:	\$ 10,000.00
	Balance	\$920,697.98

<b>Budget Summary:</b>	<b>Account CBX01275 – Electrical (Category 7)</b>	
	<b>Cumulative Unspent Budget</b>	<b>\$113,649.11</b>
	<b>Less:</b>	<b>\$ 15,000.00</b>
	<b>Balance</b>	<b>\$ 98,649.11</b>

Costs related to the fire damage, up to a maximum of \$100,000, incurred in Project Account No. CBX01270 – Structural, will be funded by the 2015/16 Operating budget from cost centre M320 – Insurance Claims.

**COMMUNITY ENGAGEMENT**

Not applicable.

**ENVIRONMENTAL IMPLICATIONS**

Not Applicable

**ALTERNATIVES**

As a result of the increased repair estimate, the Audit & Finance Standing Committee could recommend that Regional Council direct staff to initiate the process to remove the fire damaged building and offer space in the Point Pleasant Park Superintendents Cottage for interim office use by Shakespeare by the Sea Theatre Society, as was originally recommended by staff in the staff report presented to Council on October 7, 2014.

**ATTACHMENTS**

Attachment A – Letter from Parks Canada dated March 26, 2015

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A copy of this report can be obtained online at <http://www.halifax.ca/boardscom/SCfinance/index.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Terry Gallagher, Manager Corporate Facility Design and Construction, 902 476 4067

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Parks  
Canada

Parcs  
Canada

Attachment A

**Halifax Citadel National Historic Site  
P.O. Box 9080, Station A  
Halifax, Nova Scotia  
B3K 5M7**

**Mr. Brad Anguish  
Director, Parks & Recreation  
Halifax Regional Municipality  
PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5**

**March 26, 2015**

**Dear Mr. Anguish:**

**Thank you for your letter regarding the municipality's plans to make repairs to the building within Point Pleasant Park currently occupied by Shakespeare by the Sea. Since the proposed work is to the building and there are no plans to increase its footprint, I see no reason why the project cannot proceed. On behalf of the Government of Canada, please consider this letter authorization for the repairs to be undertaken.**

**Sincerely,**

Original Signed

**Linda Frank  
Field Unit Superintendent, Mainland Nova Scotia**

