

HALIFAX

P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 11.1.9
Halifax Regional Council
June 16, 2015

TO: Mayor Savage 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: May 19, 2015

SUBJECT: Dalhousie University Purchase Lot BCB Queen Street

ORIGIN

This report originates with:

1. Council's March 30, 2010, approval of the Central Library Funding Strategy aligning the net proceeds of the subject property to Central Library Reserve Account Q139.
2. Right of First Opportunity Agreement with Dalhousie University dated January 24, 2014 and approved by Regional Council on May 24, 2011, whereby Dalhousie was granted the first opportunity to purchase the subject property at market value.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, Chapter 39, and Section 61(5) The Municipality may (b) sell property at market value when the property is no longer required for the purposes of the Municipality. Administrative Order 50 excepted due to prior contract.

RECOMENDATION

It is recommended that Regional Council authorize the Mayor and Municipal Clerk to enter into an Agreement with Dalhousie University for the sale of Lot BCB Queen Street as per the terms and conditions outlined in Table 1 of the Confidential Information Report dated May 19, 2015.

BACKGROUND

Right of First Opportunity Agreement – Lot BCB Queen Street

On March 30, 2010, Council approved the Central Library Funding Strategy. A fundamental part of this strategy was committing the net sale proceeds of surplus municipal properties in the immediate area of the new Central Library to fund the Municipality's share of the Central Library's construction cost. The properties include the two surface parking lots on Clyde Street and the subject property on Queen Street.

In 2011 the Municipality and Dalhousie entered into a series of land transactions, approved by Regional Council, necessary to conclude the Municipality's land assembly for the new Central Library and to complete land transactions on University Avenue and Edward Street beneficial to Dalhousie's Campus Master Plan.

A component of this parent Agreement was a Right of First Purchase Opportunity respecting the municipal property, Lot BCB Queen Street, to Dalhousie University. The property is strategically located adjacent its Sexton campus. The University wishes to secure the property to meet its long-term needs and provide an important connection between the community and university.

Dalhousie Sexton Campus

The Dalhousie Sexton campus is at an important juncture and there is an immediate need for new and expanded facilities on the Campus. Dalhousie's Campus Master Plan includes plans for an Innovative Design in Engineering and Architecture (IDEA) Building, which would bring together the two Sexton Campus Faculties in a student-centered learning environment. The IDEA building is a signature building that will initiate the revitalization of the campus as an integral, vibrant and connected part of the downtown, the city and the economy of the province. The purchase of Lot BCB is the first step in a phased program for the Campus.

Conceptual Phasing Strategy:

- Purchase the Queen Street property (Lot BCB)
- Proceed with IDEA Phase One Building plan
- Implement campus-wide landscape/circulation plan
- Develop Morris Street site as residential with street level activity.
- Develop Queen/Gerard sites as mixed-use development with retail, anchor tenant office, academic and residential above.

Dalhousie has recently issued a RFP for Architectural Consulting services for the IDEA building.

DISCUSSION

Following the completion of the new Central Library, and the removal of the mobile construction offices from the subject property, staff began discussions with Dalhousie University respecting their Right of First Opportunity (ROFO) for the purchase of the property.

Under the ROFO Dalhousie was required to respond with a market purchase price and to meet all of the general terms and conditions that HRM would normally require of any other private purchaser, including construction intent and timeline, type of building and proposed use. The subject property is zoned DH1 and is subject to the HRM by Design process. There are no further development terms or conditions considered necessary.

On January 3, 2015, staff formally advised Dalhousie of its intent to market the property and invited Dalhousie to submit an offer to purchase. Under the terms of the Right of First Offer Agreement the purchase price is established through a market appraisal completed by a qualified appraiser agreed to

between the parties. Furthermore, the parties were required to reach the terms and conditions of the Agreement of Purchase and Sale within a defined period following the notice from the Municipality for Council's consideration.

The following is a summary of the recommended terms and conditions of the Agreement for Council's approval:

Table 1

Recommended Terms of the Agreement of Purchase and Sale	
Purchaser	Dalhousie University
Property	Lot BCB Queen Street PID 41353871
Area	6,141 m ²
Zoning	DH-1 Spring Garden Precinct DHSMPS and LUB
Est. Building Envelope	45,000 square feet ground floor Commercial, 147,000 square feet residential (6 stories) 170,000 square feet post bonus (8 stories)
Purchase Price	See Confidential Information Report dated May 19, 2015
Deposit	See Confidential Information Report dated May 19, 2015
Closing Date	On or before July 30, 2015
Conditions	<ul style="list-style-type: none">• Property to be conveyed "as is"• Property is subject to a 16 meter wide access and utility easement in favor of NSPI and Lot BXY (HRM) known as Parcel BCA• On or before Closing, Dalhousie shall provide a duly executed easement agreement to the Municipality and the current easement in favor of the Purchaser over Lot BCB may be released if requested by Dalhousie University on or after closing.

FINANCIAL IMPLICATIONS

The proceeds from the sale of the HRM Lands will be credited to the Central Library Repayment Reserve Q139 and Planned Strategic Project Reserve Q146 as outlined in the Confidential Information Report dated May 19, 2015.

COMMUNITY ENGAGEMENT

The objectives of the Dalhousie Master Plan, Queen and Spring Gardens Public Lands Plan and Central Library Design from which this land exchange has been developed were subject to extensive public engagement and consultation.

Dalhousie held a roundtable workshop in September 2014 to assist the university in determining how best to proceed, both with immediate needs and work toward its long-term aspirations. The Roundtable brought together members of Dalhousie's senior administration, Board of Governors, capital planning staff and Faculties of Architecture, Planning and Engineering; representatives from Halifax Regional Municipality and the Waterfront Development Corporation; and national experts from the fields of architecture, planning, urban design and real estate financing and development.

ENVIRONMENTAL IMPLICATIONS

See Confidential Information Report dated May 19, 2015.

ALTERNATIVES

Council could propose amendments to the terms and conditions of sale. This action is not recommended because the terms are as per the Right of First Opportunity Agreement and in compliance with applicable legislation.

ATTACHMENTS

Attachment 1 – Site Plan

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 490-4210, or Fax 490-4208.

Report Prepared by: Peter Stickings, Manager, Corporate Real Estate, Operations Support 490-7129
Report Reviewed by: Kirby Grant, Senior Solicitor, Legal and Risk Management Services 490-4831

Report Approved by: _____
Jane Fraser, Director, Operations Support, 490-7166

Financial Approval by: _____
Louis de Montbrun, Acting Director of Finance & ICT/CFO, 490-7222

