

10.1.3

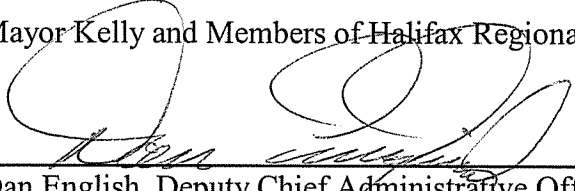


PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
August 26, 2003

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Deputy Chief Administrative Officer

DATE: August 19, 2003

SUBJECT: **Sackville Heights School Site Redevelopment**
Capital Project CB200415

ORIGIN

Approval by Council in September 2002 to retain the Sackville Heights Elementary School located at 45 Connelly Road, Sackville, for redevelopment as a community centre.

RECOMMENDATIONS

It is recommended that:

1. Council approve an increase of \$209,500 to Capital Project CB200415, with funding from the Sale of Capital Assets Reserve, Q101 in the amount of \$101,500, \$137,000 funding provided by a loan from the Sackville Landfill Compensation Fund and a reduction in the area rated loan in the amount of \$29,000 as detailed in the Budget Implications section of this Report.

BACKGROUND

At the meeting of Regional Council September 17th, 2002, the retention of the former Sackville Heights School was approved for re-development as a community centre conditional upon approval of an area rate for Districts 19 and 20. Area rate was passed at the Regional Council meeting of February 25, 2003 in accordance to the Interim Area Rate Guidelines.

The property has been retained and re-modelled to accommodate community-based recreation programs for seniors and youth; tenants displaced through the sale of HRM-owned surplus properties; local groups displaced from rental facilities. To date, the confirmed core tenants include: Sackville Area Boys & Girls Club, Sackville Seniors Council, Silver & Gold Seniors Club, 50 Plus Seniors Club, Sackville Rivers Association, Four Seasons Club and an adult literacy program. Sessional rental space is available to non-tenant interests on the lower floor and an HRM recreation program for youth has been confirmed.

Additional assistance to non-tenant groups will be provided through a designated volunteer centre which will provide a meeting room, postal drop boxes, photocopier and notice board. There are two CAP sites in the facility (seniors and youth), a commercial grade kitchen to allow for the expansion of programming (Meals-On-Wheels), and full accessibility for the disabled. Phase II of the development, the exterior enhancements and parking, playground, walking trail, and gardens will proceed next year subject to funding.

DISCUSSION

The project has incurred exceptional costs related to vandalism and site security in addition to modifications to secure long-term operating efficiencies (lighting), structural issues, and un-budgeted costs associated with telecommunications (2 CAP sites on site) and interim tenant re-location due to construction delays.

To contain capital costs for the project some of the work has been postponed: an ancillary kitchen, parking re-configuration, exterior lighting, landscaping enhancements, workshop, trail and garden. These future enhancements will proceed on a pay-as-you-go basis, subject to funding.

BUDGET IMPLICATIONS

The following table summarizes the approved and proposed capital funding for this project, to enable completion of the work required to accommodate the activities of the community-based tenants.

The budget availability has been approved by Financial Services.

Funding Source	Funding Approved Sept 24, 2002	Proposed Total Funding
1. Grant from Sackville Landfill Compensation Fund	75,000	75,000
2. Area Rated Loan	169,000	140,000
3. Loan from Sackville Landfill Compensation Fund	0	137,000
4. Net Proceeds of Sale: Maxwell School SOL Reserve	0	26,500
5. Net Proceeds of Sale: Middle Sackville School (estimate) SOL Reserve	0	75,000
Total Funding: Capital Project CB200415 - Sackville Heights School Site Redevelopment	\$244,000	\$453,500
6. Capital Project CCV00194 -District 19 Capital Funds (Councillor Johns)	10,000	10,000
7. Capital Project CCV00195 - District 20 Capital Funds (Councillor Harvey)	10,000	10,000
TOTAL FUNDING	\$264,000	\$473,500

The following provides further details regarding the nature of the funding for this capital project:

1. *Grant from Sackville Landfill Compensation Fund*

The grant of \$75,000 from the Sackville Landfill Compensation Fund was approved September 24, 2002 by Regional Council, as part of the original budget for this project, pending approval by the North West Community Council. This grant was approved by the North West Community Council on February 13, 2003.

2. *Area Rated Loan*

An Area Rated Loan was approved September 24, 2002 by Regional Council, as part of the original budget for this project. The area rated loan was approved at a maximum of \$200,000, to be repaid over 10 years from an area rate in Districts 19 and 20. The area rate was approved February 25, 2003 in accordance to the interim area rate guidelines.

Revised funding proposals would reduce the area rated loan requirement to a maximum of \$140,000, with repayment terms remaining at 10 years at an approximate interest rate of 5.5%.

3. *Loan from Sackville Landfill Compensation Fund*

Due to high costs incurred in relation to vandalism at the school site, North West Community

Council approved June 11, 2003 additional funding for this project in the form of a loan to a maximum of \$137,000 from the Sackville Landfill Compensation Fund. These funds are to be repaid over 20 years, with interest at an annual rate of 7.0%. Due to this additional funding requirement, it is proposed that the area rate for Districts 19 and 20 will remain at \$0.01 per \$100 of assessment until repayment of the area rated loan, and will reduce to \$0.0075 per \$100 of assessment until repayment of the loan to the Sackville Landfill Compensation Fund, rather than reducing to the previously proposed \$0.005 per \$100 of assessment.

4. *Net Proceeds of Sale - Maxwell School*

Sale of the Maxwell School surplus property yielded net proceeds of \$26,500 that have been deposited to the Sale of Capital Assets Reserve Q101. These funds are now available to fund this project which will contribute to a reduction in required area rated funding, as detailed above. This is consistent with the original project funding proposal approved by Council September 24, 2002.

5. *Net Proceeds of Sale - Middle Sackville School*

The Middle Sackville School has been identified as surplus property to HRM and will be proceeding to market in the near future. Net proceeds are currently estimated at \$75,000. Pending sale of this property, the net proceeds from the Sale of Capital Assets Reserve Q101 are available to fund Capital Project CB200415. This represents a shift from the original project funding proposal approved by Council September 24, 2002, that intended the full net proceeds of sale be applied to reduce the area rated principal.

6. *District 19 Capital Funds CCV00194*

Councillor Brad Johns has approved a commitment of \$10,000 from 2003-04 District 19 Capital Funds CCV00194, to be used for capital upgrades contributing to the redevelopment of the former Sackville Heights School for use as a community-based facility.

7. *District 20 Capital Funds CCV00195*

Councillor Bob Harvey has approved a commitment of \$10,000 from 2003-04 District 19 Capital Funds CCV00195, to be used for capital upgrades contributing to the redevelopment of the former Sackville Heights School for use as a community-based facility.

Operating Budget Implications

Estimated operating costs have been budgeted based on the nature of the facility and the tenant mix. Operating revenues will be provided from an area rate and from tenant lease payments to HRM to cover the following annual expenditures:

- area rated loan principal and interest payments for 10 years,
- principal and interest payments to the Sackville Landfill Compensation Fund for 20 years,
- contributions to building recapitalization fund, and
- operating expenses.

An area rate of \$0.01 per \$100 of assessment was approved February 13, 2003 by North West Community Council, and by Regional Council February 25th, 2003. The 2003/04 proceeds from the

area rate are projected to be approximately \$108,000. It is projected that the area rate may be reduced to \$0.075 per \$100 of assessment following debenture repayment.

Leases have been negotiated with the tenants and are currently being finalized (5-year term with renewal).

Incremental costs for Recreation Programming, when this facility comes on stream will be in the vicinity of \$20,000. This will be focussed on youth and is estimated at approximately 40 hours per week. Funds will be provided either through a reallocation of existing funds or an addition to the Recreation, Tourism & Culture 2004/05 operating budget. This will be debated during the standard Council Budget and Business Planning approval process.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN


This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating Budget and policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation. This report is recommending an increase to the Capital Budget and will also increase Reserve withdrawals, as outlined in the Budget Implications section of this report.

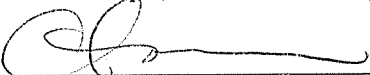
ALTERNATIVES

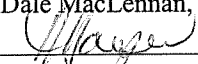
Council may choose to not approve the staff recommendation to increase the capital project. This action is not recommended as further delays to the project will result in additional expenses in terms of site security and temporary relocation of tenants whose current leases expire September/October, 2003. Lack of funding to complete the building redevelopment may result in an inability to permit tenants to occupy the building.

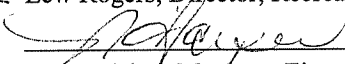
Additional copies of this report, and information on it's status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared By: Bruce Fisher, Manager, Financial Planning, 490-4493; Peta-Jane Temple, Team Leader Tax, Grants & Special Projects, Financial Services, 490-5469; Bogdan Hadlaw, Project Manager, Real Property & Asset Management, 490-6050; Diane Moulton, Coordinator Leased Properties, Real Property & Asset Management, 490-7359; Susan Lawrence, Financial Consultant, Financial Services, 490-6832

Report Approved by: 
Mike Labrecque, Director, Real Property & Asset Management, 490-4851


for Dale MacLennan, Director, Financial Services, 490-6308


for Lew Rogers, Director, Recreation, Tourism & Culture, 490-5978


for Bruce Fisher, Manager, Financial Planning, 490-4493