

The background features a large, stylized graphic of the letter 'H' in a dark blue color. The 'H' is composed of several overlapping geometric shapes, including triangles and rectangles, in various shades of blue. The word 'HALIFAX' is written in white, bold, uppercase letters across the top right portion of the 'H' shape.

**HALIFAX**

# **Strategic Capital**

Planning and Infrastructure

June 5, 2014

# Outline

- **Purpose of Discussion**
- **Set the Context**
  - City Vision
  - Council Priority Outcomes
  - Current Capital Budget
  - Current Capital Projects
- **Identify Projects**
- **Projects in the Planning Phase**
  - Funding
  - Timing
  - Summary – Planned projects
- **Discussion of Projects in the Concept Phase**
  - Funding
  - Priorities
- **Recommendations**

# Purpose of Discussion

- There are numerous large capital projects proposed or being discussed, the cost of which cannot be absorbed in the current funding level for Capital Projects
- HRM needs a plan for these projects that addresses:
  - **Links to Priorities**
    - Council Priority Outcomes, RP+5, Brand
  - **Spend for Impact**
    - Leverage investment in major infrastructure to advance other outcomes
  - **Funding models**
    - Sale of surplus properties, reserves, debt
    - Declare surplus and sell facilities made redundant by investment
  - **Partnerships**
    - Other Governments, Private Sector, Service Delivery Models
  - **Timing**
    - Dependencies, priorities, capacity

# City Vision

- **Does Halifax have a concrete vision for what the city will be in the long term?**
- **Major elements of a vision are in place:**
  - RP+5
  - Brand
  - Economic Development Strategy
  - Community Facilities Master Plan
  - Transit Asset and Service Plan – in Progress
  - Parking Strategy – in Progress
- **These should inform decisions for major infrastructure**

# Council Priority Outcomes

## Healthy Communities

- Public Safety
- Energy and Environment
- Recreation and Leisure
- Inclusive and Accessible Communities

## Transportation

- Transit Strategic Plan
- Transit Asset and Service Plan
- Integrated Transportation Plan

## Economic Development

- Regional Centre
- Economic Strategy
- Arts and Culture
- Regulatory and Service Culture
- Rural Economic Development
- Supply of Lands

# Current Capital Budget Overview

Gross Budget (in thousands)	13/14 Budget	14/15 Budget	15/16 Budget	16/17 Budget
State of Good Repair	72,526	86,285	107,045	94,570
Service Improvement	67,432	52,724	60,809	42,869
Growth	25,085	5,185	32,040	19,085
<b>Total</b>	<b>165,043</b>	<b>144,194</b>	<b>199,894</b>	<b>156,524</b>
Funding Status		Balanced	\$17.2M Deficit	Balanced

# Current Capital Budget

- The funding level for the current capital 3 year budget is committed.
- Transit requirements will decrease at the conclusion of the current technology investment. However Council committed to a decrease in the Transit Area Rate in 15/16 to account for this.
- There is some concern that our recapitalization numbers for roads and technology may be low, and will require additional funding
- Staff do not expect to be able to redirect any of this funding to the strategic projects

# The Large Projects – In the Planning Phase

- **Long Term Arena Strategy**
  - Halifax Multi-pad
  - Dartmouth Multi-pad
- **Dartmouth Sportsplex**
- **Cogswell Interchange**
- **\$50M, 5 Year Downtown Investment**
  - Includes Spring Garden Streetscape



# The Large Projects – Concept Phase

- **Police Station Renewal**
- **Fire Services Training Facility**
- **Stadium**
- **Library Facilities Plan**
- **Performing Arts Centre**
- **Commuter Rail / Fast Ferry**

# LTAS - Peninsula

## Idea

- Consolidate arenas with new multi-pad facilities on the Peninsula
- Close old arenas

## Rationale

- It is better to replace than refurbish very old arenas
- Multi-pad is the most efficient way to operate

## Council

- Part of LTAS approved August 14, 2012

## Cost

- Approximately \$33.8M
- Recovery sale of Forum site

## Impact

- RP+5 : Increase residential density on the peninsula by releasing forum land for development

## Opportunity

- Partnership with Canadian Forces Base Halifax and potentially Dal and SMU

# LTAS - Dartmouth

## Idea

- Consolidate arenas with new multi-pad facilities on Dartmouth
- Close old arenas

## Rationale

- It is better to replace than refurbish very old arenas
- Multi-pad is the most efficient way to operate

## Council

- Part of LTAS, approved by Council August 14, 2012

## Cost

- Approximately \$43M

## Impact

- RP+5 : Stadium, Transit, achieve walkable, complete communities and density

## Opportunity

- With a future stadium, seed development in Shannon Park, and seed creation of a Ferry Terminal at Shannon Park

# Dartmouth Sportsplex Upgrade

## Idea

- Modernization and expansion of the Dartmouth Sportsplex

## Rationale

- Improve impact for the community
- Improve revenue opportunities

## Council

- Approved as a strategic project for consideration by AFSC, April 15, 2014

## Cost

- Approximately \$22M

## Impact

- Ability to consolidate services and focus on the community

## Opportunity

- RP+5 complete communities, Transit
- Potential for facility rationalization

# Cogswell Interchange

## Idea

- Demolish the Cogswell Street Interchange repurpose the land for mixed-use development and public amenities

## Rationale

- Interchange is nearing end of useful life
- It is not needed, and the land can be put to better use

## Council

- Council approved issuing an RFP for developing Master Plan in 2009
- Cogswell Lands Plan endorsed by Executive Standing Committee, April 28, 2014 and Regional Council, May 13, 2014

## Cost

- NO net impact. Costs should be recovered from development

## Impact

- Centre Plan
- Downtown Development

## Opportunity

- Transit Hub and Parkland
- Integrate Downtown with North End Gateway/Halifax North
- Increased residential in the downtown

# \$50M, 5 year Downtown Investment

## Idea

- Leverage funds from the Provincial and Federal Governments to make needed investments in the downtown

## Rationale

- Help drive downtown development

## Council

- Project list endorsed by Council February 11, 2014
- Funds set aside in Project Budget, from Reserves, for 2014/2015 – 2018/2019

## Cost

- Approximately \$50M, although 2/3 share from other levels of Government

## Impact

- Centre Plan
- Downtown Development
- Convention Centre

## Opportunity

- To revitalize downtown through investing in key areas
- Partnerships with other levels of government as well as private developers

# Police Station Renewal /Lockups

## Idea

- Need identified for a new facility

## Rationale

- The current facility is old and not meeting needs
- If retained, will require an investment of \$15M to replace cells

## Council

- 2014/2015 budget accommodates a Strategic Plan that includes facilities review

## Cost

- Estimate \$60,000,000
- Suitable for Debt financing

## Impact

- Centre plan
- Safe Communities
- RCMP

## Opportunity

- Land at existing site will be made more valuable by Cogswell project
- Police structure / provincial force



# Fire Services Training Facility

## Idea

- Need identified for a training facility

## Rationale

- Existing facility (non-HRM) is at end of life

## Council

- Business Case is a deliverable of the 2014/2015 FES Business Plan
- \$1,000,000 in the Capital plan for land acquisition in 2015/2016

## Cost

- Estimate \$30,000,000

## Impact

- Safe Communities

## Opportunity

- This is a province wide need so there may be potential partners from the Province, other municipalities, Federal Government and HIAA



# Stadium

Idea	<ul style="list-style-type: none"><li>•There is a desire for a multi-use stadium.</li></ul>
Rationale	<ul style="list-style-type: none"><li>•Halifax is now large enough to support a stadium</li></ul>
Council	<ul style="list-style-type: none"><li>•Although Council rejected the idea in March 2012, they directed staff to monitor and potentially revisit</li></ul>
Cost	<ul style="list-style-type: none"><li>•Estimate \$60,000,000</li><li>•Suitable for Debt financing</li></ul>
Impact	<ul style="list-style-type: none"><li>•Centre Plan, Transit</li></ul>
Opportunity	<ul style="list-style-type: none"><li>•With a multi-pad arena, seed development in Shannon Park, and seed creation of a Ferry Terminal at Shannon Park</li><li>•Will need cost sharing from other levels of Government and the private sector</li></ul>

# Library Facilities Plan

## Idea

- The Library Board has submitted a multi-year plan for future facilities

## Rationale

- Modern libraries need a regional infrastructure

## Council

- Library Board developed multi-year facilities plan

## Cost

- Estimate \$60,000,000

## Impact

- Healthy Communities

## Opportunity

- Co-location with other facilities

# Performing Arts Centre

## Idea

- Halifax is now large enough to have a 2,500-3,000 seat performing arts centre

## Rationale

- There is no venue for attractions too large for the Cohn, but not appropriate for Metro Centre

## Council

- Approved a grant to performing arts society towards an arts venue feasibility study, June 25, 2013.

## Cost

- Estimate \$60,000,000
- Suitable for Debt financing

## Impact

- Arts and Culture

## Opportunity

- Partnership with Universities, NGOs and the private sector

# Commuter Rail / Fast Ferry

## Idea

- Halifax needs to more efficiently move people from the commuter shed to their workplace
- Establish commuter rail on existing rail corridors to downtown

## Rationale

- Rail is used elsewhere to achieve this.
- The Harbour is a resource that could be leveraged

## Council

- Approved funds in 2012 for Commuter Rail Feasibility Study

## Cost

- Rough estimate \$31 million from Feb 2011

## Impact

- Integrated Transportation Plan
- Transit
- Parking Strategy

## Opportunity

- Existing rail lines
- Harbour

# Links to Council Priorities

	RP+5	Healthy Communities	Economic Development	Transportation / Transit
Halifax Multipad	X	X		
Dartmouth Multipad	X	X		
Dartmouth Sportsplex Renewal	X	X		X
Cogswell Street Interchange	X		X	X
50 Million 5 Year Downtown Investment	X		X	
Police Station Renewal/Lock-ups	X	X		
Fire Services Training Facility		X		
Stadium	X			X
Library Facilities Plan		X		
Performing Arts Centre			X	
Commuter Rail / Fast Ferry				X

# Funding Sources - Reserves

- **Capital Reserves Have \$30,694,702 available**
  - Sale of Assets: -\$1,351,394
  - Strategic Growth: \$21,065,732
  - Central Library: -\$302,105
  - Regional Facility Expansion: \$11,282,375
- **The operating budget includes a \$5,000,000 annual contribution to Strategic Growth and a \$1,000,000 annual contribution to Regional Facility Reserve**

# Funding Sources – Sale of Properties

- **Planned for 14/15: \$33,296,000**
  - Bloomfield
  - 3<sup>rd</sup> Queen Street Site
  - Red Cross Building
  - Bayne Street
  - St. Pats Alexandra
- **Potential Sales: \$31,290,000**
  - St Pat's High
  - Alderney and Ochterloney lot
  - Lyle Street
  - Sale of 4 arenas in Halifax, Dartmouth, Bedford

# Partnerships

- **The Planned projects assume the following partnerships:**
  - Cost sharing with the Federal and Provincial governments on the \$50M, 5 year downtown investment
  - Canadian Forces Base Halifax for the peninsula multi-pad
- **Partnerships need to be considered and recruited for all projects of this magnitude**
  - Stadium
  - Performing Arts Centre
  - Fire Services Training Facility
  - Police Station Renewal



# Timing

Project	Total	14/15	15/16	16/17	17/18	18/19	19/20	20/21
<b>Funding</b>	141,030	70,605	95,967	60,626	36,105	19,310	(10,473)	(20,436)
Halifax Multipad	15,800	-	23,000	10,800	(18,000)	-	-	-
Dartmouth Multipad	43,000	-	-	-	23,000	20,000	-	-
Dartmouth Sportsplex Renewal	22,000	2,000	20,000	-	-	-	-	-
Cogswell Street Interchange	-	-	-	17,860	17,860	15,650	12,630	(64,000)
\$50M 5 Year Downtown Investment	16,667	-	3,333	3,333	3,333	3,333	3,333	-
<b>Closing Balance</b>	<b>43,563</b>	<b>68,605</b>	<b>49,633</b>	<b>28,633</b>	<b>9,912</b>	<b>(19,673)</b>	<b>(26,436)</b>	<b>43,563</b>

The recoveries shown for the Halifax Multi-pad and the Cogswell Street Interchange are conservative and subject to market at the time of sale.

# Summary of Planned Projects

Funding:	
Reserves	\$76,444,000
14/15 Land Sales	\$33,296,000
Potential Land Sales	\$31,290,000
Subtotal:	\$141,030,000
Planned Projects	-\$97,467,000
<b>Net</b>	<b>\$43,563,000</b>

Using funding from the sale of land, reserve balances and contributions to Capital reserves for 7 years, the planned projects can be funded without debt. The \$43 million balance remaining is available for projects in the conceptual stage.

There will be a need for interim financing to a maximum of \$25,000,000 until the Cogswell lands are sold.

# Discussion of Projects in Concept Phase

- **Have we missed any?**
- **For each of the projects in the conceptual stage:**
  - Is this something the city should consider in the next 10-15 years?
  - Rate in terms of priority
    - High, Medium, Low
  - Rate in terms of timing
    - 5 years, 10 years, 15 years

# 15 Year Funding Plan

- Available from Capital and Strategic Reserves: \$94M
- Available from proposed Strategic Capital Tax Surcharge: \$56M
  - 1 cent on the tax rate yields \$4M annually
- Available from proposed additional Debt: \$100M
  - Debt servicing Cost of \$5.74M annually will add 1.5 cents on tax rate.
  - Will increase Debt Servicing Percentage by approximately 0.8%
- This will create funding of \$250M for these potential projects
- There will also be an impact on operational costs for new assets, and potentially for replacement assets.
  - This will add a 1/4 cent pressure on the tax rate for every \$1 million in additional operating costs.
- Decommission facilities made redundant by new facilities

# Facilities in Other Select Cities

	Halifax	Ottawa	Montreal	Winnipeg	Boston	Cleveland	Austin
Aquarium					X	X	X
Convention Centre	X	X	X	X	X	X	X
Stadium		X	X	X	X	X	X
Art Gallery	X	X	X	X	X	X	
Parks & Activities	X	X	X	X	X	X	X
Ballet				X			X
Museums	X	X	X	X	X	X	X

# Priority Matrix

Project	Explore (Y/N)	Priority (H,M,L)	Time (5,10,15)
Police Station	Y	H	5
Fire Training	Y	M	10
Stadium	Y	M	10
Library Facilities	Y	M	15
Performing Arts	?	?	?
Commuter Rail/ Fast Ferry	Y	M	15

**NOTE: This is a decision to explore and develop a plan, not to proceed**

# Recommendations(1):

- Approve the use of the Capital Reserves Q101 Sale of Assets; Q126 Strategic Growth; Q139 Central Library Repayment Reserve; and Q145 Regional Facility Expansion Reserve to fund the Planned Strategic Projects and the Potential Strategic Projects should they proceed.
- Dedicate the net proceeds from the sale of Bloomfield, 3<sup>rd</sup> Queen Street Site, Red Cross Building, Bayne Street and St. Pat's Alexandra to fund the Planned Strategic Projects should they proceed.
- Dedicate the net proceeds from the potential sale of St. Pat's High, Alderney and Ochterloney lot, Lyle Street and the arenas made surplus by the Long Term Arena Strategy for interim financing of Planned Strategic Projects and funding of Potential Strategic Projects .
- Approve amending the Multi-Year Fiscal Plan to permit up to \$100,000,000 of debt financing above the limits set by that plan for the Potential Projects.
- Approve adding 1 cent to the general tax rate as determined by the 15/16 budget. The proceeds are to be placed in the Q126 Strategic Growth reserve to fund Potential Strategic Projects.

# Recommendations (2)

- Approve adding the Library Facilities Plan to the scope of work for the Community Facility Master Plan review so the timing and placement of these potential facilities can be considered in context with other HRM facilities.
- Direct staff to recommend funding in the 15/16 Capital Budget to:
  - Complete feasibility study, business case and Class C costing for the Police Station Renewal and Fire Services Training Facility
  - Develop business model and partnerships for a stadium and supporting infrastructure for presentation to the Executive Committee in June 2014
  - Perform a needs assessment, feasibility study and identify potential partners and service delivery model for a Performing Arts Centre
- Approve the Planned Strategic Projects referenced in these recommendations as Halifax Multi-pad; Dartmouth Multi-pad; Dartmouth Sportsplex; Cogswell and the \$50 million, 5 Year Downtown Investment.
- Approve the Potential Strategic Projects referenced in these recommendations as the Police Station Renewal; Fire Services Training Facility; Stadium; Library Facilities Plan; Performing Arts Centre or Commuter Rail / Fast Ferry.



# Thank You

Strategic Capital

June-5-2014

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**HALIFAX**