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PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

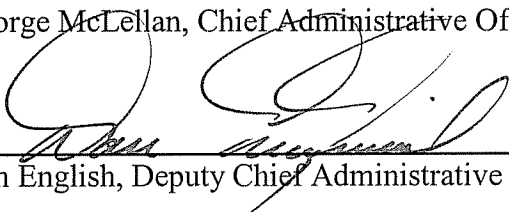
Halifax Regional Council
May 3, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



George McLellan, Chief Administrative Officer



Dan English, Deputy Chief Administrative Officer

DATE: April 26, 2005

SUBJECT: Debt Repayment Plan - Dartmouth Sportsplex

ORIGIN

Follow up to the July 5, 2004, Council Information Report entitled "Review of HRM Support to Major Facilities".

RECOMMENDATION

It is recommended that :

The annual debt repayment for Dartmouth Sportsplex be reduced to \$75,000 to enable them to meet operational requirements without incurring a deficit.

BACKGROUND

At the July 5, 2004, Council Session, staff provided an Information Report entitled "Review of HRM Support to Major Facilities". The review of the major facilities was a high level examination of financial operating results, current debt, and the future funding issues identified by the facilities. A follow-up Information Report also provided to Council on May 3, 2005, has updated the financial information for the facilities and that report indicates that at the current time the Dartmouth Sportsplex has identified that it will be unable to meet its scheduled annual debt payments for 2005/06 and beyond without incurring operating deficits. The Dartmouth Sportsplex currently has \$610,800 in principal remaining to be paid on its debt over the next four years.

DISCUSSION

The Dartmouth Sportsplex is projecting a deficit of \$139,600 for the 2004/05 year and a depletion of their reserves for repayment of the capital debt. HRM staff recently met with Board and Management representatives of the Dartmouth Sportsplex to discuss their request to renegotiate their debt repayment terms. To date the Sportsplex has repaid \$1.3M of the original \$1.97M loan, however is currently projecting a deficit for 2004/05 and has budgeted a reduction in revenues for 2005/06, primarily related to a drop in Bingo activity. This will make it difficult for the Sportsplex to meet both operational requirements and the annual debt commitment in future years. Staff is therefore recommending that the annual debt payments be reduced as requested by DSP to \$75K from the current amount payable annually (\$181,618 in 2005/06), thus increasing the repayment period from 4 years to 9.03 years.

BUDGET IMPLICATIONS

HRM will be making debt payments in advance of receiving reimbursement from the facility. The facility will, however, remain responsible for the debt and associated interest payments.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

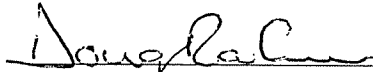
Not approving the restructured debt payments will contribute to an accumulated deficit for this facility.

ATTACHMENTS

None

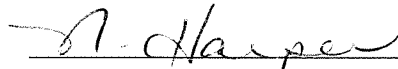
Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by:



Doug Rafuse, Manager Service Delivery, RPAM, 490-6205


Report Reviewed by:

for: 

Anna Emeno, Financial Consultant, Financial Services, 490-7222

Report Approved by:

Peter Stickings, Acting Director Real Property & Asset Management, 490-7129

for: 

Dale MacLennan, Director Financial Services, 490-6308