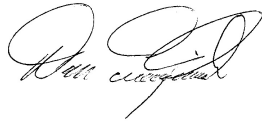


TO: Mayor Kelly and Members of Halifax Regional Council



SUBMITTED BY: _____
Dan English, Chief Administrative Officer



Wayne Anstey, Deputy Chief Administrative Officer

DATE: March 3, 2009

SUBJECT: Funding Request - 2011 Canada Winter Games

ORIGIN

December 12, 2006: Council approved Canada Games budget and authorized staff to submit bid.

January 16, 2007: Council approved Canada Games hosting standards.

February 2, 2007: Halifax awarded 2011 Canada Winter Games, Mayor signs Hosting Agreement.

November 18, 2008: Council authorized the Mayor and Municipal Clerk to execute the Multi-Party Agreement for the 2011 Canada Winter Games.

RECOMMENDATION

It is recommended that Halifax Regional Council approve advance funding for 2009-10 to Halifax 2011 Canada Games Host Society in the amount of \$1,000,000 as per the table contained in the discussion section of this report.

BACKGROUND

The Multi-Party Agreement, approved by Council on November 18, 2008 included a commitment from the Municipality to make contributions of \$6.85 million to the Host Society, to be spent on Capital Costs for the construction and upgrades to facilities required for the 2011 Canada Winter Games. These upgrades will be based on consultation and with prior agreement with the Host Society.

HRM's financial commitments described in the MPA are the same as those approved by Regional Council prior to the Bid being submitted. The levels of funding provided by the Provincial and Federal governments have been increased since the Bid was submitted and accepted. This increase reflects a new funding formula agreed upon by the two senior levels of government independent of any request for additional funding from the Host Society or HRM. The new Provincial/Federal funding formula does not require the Municipality to increase its level of funding.

DISCUSSION

Multi Party Agreement

There are five partners to the MPA. These are the Halifax Regional Municipality, the Federal Government, the Province, the Canada Games Council, and the community based 2011 Canada Games Host Society. The MPA is a legal contract that deals with games-related matters such as roles and responsibilities of the parties; financial matters; conditions relating to contributions; legacies; protocol; auditing/accounting practices; Host Society corporate policy development; official languages; and indemnification of the parties etc.

Non-Profit Canada Games Host Society

Typically a Games bid is led by community with support from a municipality. The Halifax 2011 Bid however was led by the Municipality with assistance from the community. Notwithstanding this, the Games must be organized and delivered by the community, under the leadership of a community based "Host Society." The Federal Government's Hosting program does not permit funding to be given directly to municipal governments for events such as the Canada Games. Funding is provided to nonprofit community-based host societies. In addition, as a condition of awarding the Games, the Canada Games Society specifically requires that a community based nonprofit host society be established to organize and deliver the Games. The Municipality agreed to these conditions and assisted in establishing and organizing the 2011 Canada Games Host Society. The Host Society's responsibilities are "To organize, manage, promote and conduct the Halifax 2011 Canada Winter Games."

Business Planning and Risk Assessment

The MPA mandates that at no time will the Host Society approve a budget which projects a deficit. However, any deficit that may occur as a result of hosting the 2011 Canada Winter Games is the responsibility of HRM. This is in accordance with the terms of the Hosting Standards approved by

Council before the submission of the bid. Through the MPA, HRM has ensured formal representation within the Host Society's risk assessment process related to the development of the budget and business plan and ongoing budget monitoring in an effort to mitigate this risk. In addition, a Host Society Executive Committee resolution is required prior to the award of any purchase order in the excess of \$100,000 as per the Purchasing Policy of the Halifax 2011 Canada Games Host Society approved June 19, 2008.

Financial Commitments

The three levels of government have agreed to the following levels of funding for the Games:

	Federal	Provincial	Municipal
Capital	\$3,000,000	\$3,000,000	\$6,850,000
Operating	\$8,120,000	\$8,120,000	\$2,054,000 (VIK)
Total Commitments	\$11,120,000	\$11,120,000	\$8,904,000

It should be noted that when HRM submitted its Bid, the two senior levels of government each committed \$6.75M (operating) and \$2M (capital). The increase in funding reflects a new funding formula agreed upon by the Province of Nova Scotia and the Government of Canada independent of any request for additional funding from HRM or the Host Society. With the exception of \$1M all of the capital funding is also over and above the \$24M which the Provincial and Federal governments provided for the Mainland Common Facility which will be a Canada Games venue. The new Provincial/Federal funding formula does not require the Municipality to increase its level of funding.

The Municipality committed to contributing \$6.85 million in capital to be spent on capital costs for the construction and upgrades to facilities required for the 2011 Canada Winter Games. Two million (\$2,000,000) is in the form of cash. It is being proposed that this amount be transferred to the Host Society in two disbursements of \$1M each. The second disbursement would occur in the 2009/10 fiscal year.

	Advance 09/10	09/10
Capital Contribution	\$1,000,000	\$1,000,000
Capital upgrades to HRM facilities	\$4,850,000 (approved through capital budget process)	
HRM's total capital contribution	\$6,850,000	

* Additionally HRM has committed to providing \$2,054,000 in operating VIK.

BUDGET IMPLICATIONS

Pre-approval of \$1M of the total 2009/10 capital budget will allow the Host Society to undertake capital work in 2009. The funds will come from Strategic Growth Reserve (Q126). The withdrawal of \$1M from the Strategic Growth Reserve will temporarily bring the balance to \$1M after all appropriations and commitments have been accounted for. This balance is below the minimum of \$2M as set out in the Strategic Growth Reserve business case. The reserve will be replenished as part of the 09/10 budget process. The application of funds complies with the strategic growth reserve business case. The business case states that the reserve may be used “..to take advantage of opportunities that may arise outside the normal operating and capital budget during the fiscal year, and to leverage funds from other levels of government and external agencies. “

Q126, Strategic Growth Reserve

Forecasted Balance	March 31, 2009	\$2,002,975
Less: Proposed spending		\$1,000,000
New Forecasted Balance	March 31, 2009	\$1,002,975

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report does not fully comply with the Municipality’s Multi-Year Financial Strategy. The balance of Strategic Growth Reserve will temporarily be below the \$2M minimum required in the Q126 business case. This report fits within the intended purpose of the Strategic Growth Reserve business case. A report to Council was required to approve this transaction because it is a) an unbudgeted reserve withdrawal, and b) does not fit within the revised Advanced Capital Approval Policy, as no Canada Games related reserve withdrawal was included in Year 2 of the capital budget last year. The 2009/2010 budget is expected to increase the balance of the Strategic Growth Reserve above the \$2M threshold. Replenishment of the reserve is required to support the balance of the Canada Games commitment.

ALTERNATIVES

Halifax Regional Council could choose to wait for the 09/10 budget approval process to take place before transferring funds to the Host Society . Waiting until May 2009 to proceed will delay the implementation of capital work required to host the 2011 Canada Games. Most of the capital upgrades at the venues will need to occur during off season i.e. ski hills and arenas.

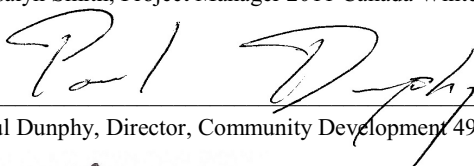
ATTACHMENTS

None

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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