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Item No. 7
Halifax Regional Council
September 8, 2009

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Paul Dunphy, Director of Community Development



Cathie O'Toole, CGA, Director of Finance

DATE: July 14, 2009

SUBJECT: Financial Performance of HRM's Major Facilities (2008/09)

INFORMATION REPORT

ORIGIN

This is the annual Information Report on the financial performance of HRM's Major Facilities. This report also serves to meet the budget approval obligations of HRM that form part of the various management agreements.

BACKGROUND

Over the past few years, staff have endeavoured to prepare a report at least annually on the financial performance of the Major Facilities. This originated with the performance failure of one of the facilities several years ago, and the increasing concern coming from the General Managers of the other facilities about their future financial outlooks. A number of factors have been contributing to the increased financial pressures on the facilities, including the aging condition of the facilities and increasing capital repair requirements, the reliance on bingo revenues at several facilities as a traditional revenue stream to subsidize other programs, increasing competition, legacy impacts of prior weak expansion plans and/or shortfalls in fundraising campaigns, and the significant rise in energy, insurance, wage and other expense items. The strong financial performance of the Metro Centre the past couple years has allowed some reallocation of HRM capital contributions to other facilities, helping to catch up on some outstanding repair and replacement work. In addition, several of the facilities are benefiting from additional capital upgrades as a result of being a host venue for the upcoming 2011 Canada Games. The following table summarizes the facilities included in this review, and their approximate size for comparison purposes.

Table 1

Facility	Category (As listed in IRF Master Plan)	Type of Agreement	Operating Subsidy from HRM	Other Subsidies	Facility Size (square feet)
Dartmouth Sportsplex	Category 2 Multi - District, Multi -Use Hub	Management Agreement	\$0		115,900
Halifax Forum	Category 4 Events	Management Agreement	\$96,000 ⁽¹⁾		71,500
Alderney Landing	Category 4 Cultural/Events	Management Agreement	\$175,000 ⁽²⁾	\$90,000 ⁽³⁾	32,000
St Margaret's Centre	Category 2 Multi - District, Multi -Use Hub	Management Agreement	\$0		100,000
Cole Harbour Place	Category 2 Multi - District, Multi -Use Hub	Lease Agreement	\$0 ⁽⁴⁾		200,000
Metro Centre	Category 4 Events	Tri-partite Operating Agreement	\$0 ⁽⁵⁾		205,000
Sackville Sports Stadium	Category 2 Multi - District, Multi -Use Hub	Operated by HRM on interim basis ⁽⁶⁾	\$200,000 ⁽⁷⁾		118,300
Eastern Shore Recreation Ctr	Category 3 Sports & Arenas	Management Agreement	\$0		27,000
East Dartmouth Community Ctr	Category 1 Community Centres	Management Agreement	\$50,000 ⁽⁸⁾		16,000

⁽¹⁾ Halifax Forum received an ad hoc subsidy of \$96,000 in 2008/09 to assist with collective agreement costs.

⁽²⁾ Alderney Landing receives an operating subsidy of \$175,000 of which \$40,000 covers heating energy costs.

⁽³⁾ Alderney Landing also retains the net parking revenues estimated at \$90,000 for a nearby parking lot.

⁽⁴⁾ HRM leases space within the facility.

⁽⁵⁾ Under the Tri-partite agreement between HRM, the Province and WTCC to operate the Metro Centre, HRM retained ownership of the Metro Centre and does not provide direct operating subsidies, however, any annual operating deficit/surplus accrues to HRM.

⁽⁶⁾ Operations at the Sackville Sports Stadium are currently being overseen by HRM directly, with the intent to eventually have a Management Agreement negotiated with a new community board.

⁽⁷⁾ The SSS had been receiving an operating subsidy of \$77,900. However, in May 2003 Council approved an increase to \$200,000 for a three year period as part of the operational review, extended to 2009/10.

⁽⁸⁾ HRM provides a \$50,000 annual operating subsidy as per Management Agreement with East Dartmouth Boys and Girls Club.

The East Dartmouth Community Centre is not a regular part of the semi-annual review as that operation is smaller. However, since it just recently began operation staff felt it was a good opportunity to review and ensure appropriate accounting systems are being set up at the outset. The Eastern Shore Arena & Community Centre is assigned as a Category 3 Sport & Arena facility. This category is visited less frequently, however, since this facility was last reviewed within the same time period as the other facilities, it was felt it may be useful to include it in this report. The Centennial Arena and Centennial Pool were reviewed last year.

Historically, HRM has entered into agreements with communities with the basic philosophy that the facilities would operate under a 100% cost recovery basis. Each facility was also expected to recover its portion of outstanding capital construction and expansion debt, after taking into account municipal and other government level contributions as well as any fundraising.

As additional background, a summary of the capital debt obligations for each facility is provided below.

Existing Capital Debt Outstanding to HRM (as of March 31, 2009):

Table 2

	Capital Debt - Outstanding Balance	Years Remaining	2009/10 Annual Facility Payments (P+I)
Dartmouth Sportsplex	\$ 377,129	5.03 years	\$ 75,000 ⁽¹⁾
Halifax Forum Community Association	\$ 1,400,000	15.5 years	\$ 159,731
Cole Harbour Place	\$ 150,000 \$ 315,000 ⁽²⁾	1.5 years 6.5 years	\$ 160,125 \$ 58,385
Sackville Sports Stadium	\$ 4,250,000 ⁽³⁾	17+ years	\$ 441,000 (avg)
Alderney Landing	\$ 1,051,000 ⁽⁴⁾	TBD	TBD
St Margaret's Centre	\$ 2,519,825 ⁽⁵⁾	16.5 years	\$ 259,238

⁽¹⁾ On May 3, 2005, Council agreed to reduce the annual debt repayment from \$181,618 to \$75,000 to enable the Dartmouth Sportsplex to meet its operational requirements without incurring a deficit. This would increase the debt repayment period from 4 years to 9.03 years. The Sportsplex has reinvested the difference into energy efficiency opportunities and other projects to improve overall operations.

⁽²⁾ On August 2, 2005, Council approved a loan of \$450,000 to Cole Harbour Place for leasehold improvements. The debt payments are expected to be recovered from the additional revenue generated from the new tenants.

⁽³⁾ The Sackville Sports Stadium is currently operating under an approved debt deferral arrangement, with the expectation that debt payments will begin again as soon as the facility is financially restabilized. In 2009/10, the Stadium was able to make a payment of \$200,000 towards the debt.

⁽⁴⁾ The outstanding debt for Alderney Landing became due April 1, 2005. The Board has not presented any repayment plan as part of annual budget preparations and this remains outstanding. Staff continue to explore options.

⁽⁵⁾ At the April 9, 2004 Council Session a loan to a maximum of \$2,964,500 was approved. The total was included in

the Spring 2006 debenture issue. The St. Margaret's Bay Centre Board indicated they do not have the operating capacity to make the full debt payments. Therefore, a new area rate of \$0.01/\$100 of taxable assessment was established to fund the debt payments. The area rate is applied to all residential, resource, commercial and business occupancy property in Districts 22 and 23 with the exception of the area that is charged the Prospect Road recreation area rate. The Centre is expected to make further contributions towards the debt payments in future years to ensure the area rate does not increase.

Most facilities are covering their share of capital debt repayment obligations. However, the Sackville Sports Stadium and Alderney Landing have capital debt payments due but they do not have a sufficient financial operating plan that allows them to meet their debt payment obligations. The Sackville Sports Stadium fully recovered from its accumulated deficit position in 2008/09 and began making partial capital repayment obligations but will remain short of being able to meet full obligations. Staff presented Council with an option that would have closed that gap and better aligned programming, however, it is being revisited and a new report will be coming back to Council in the Fall. Alderney Landing has not presented any repayment plan and the operation remains an area requiring staff attention.

The St. Margaret's Centre implemented an area rate to help meet it's repayment obligations as per the original Council approved business plan. The Dartmouth Sportsplex was nearly paid out and received permission to restructure the remaining repayment plan to allow other projects without incurring operating deficits. The Halifax Forum experienced some very costly capital repairs that caused some recent operating deficits, and staff have worked with them to reduce this, producing better results for 2008/09 and forecasted 2009/10. The Metro Centre is projecting operating surpluses that can be reinvested into capital repairs and upgrades.

DISCUSSION

Overall, the financial strains on the large multi-district hub facilities remain an area requiring attention. The Community Boards and their staff continue to do a terrific job at responding to challenges and pressure points while still delivering good quality programs and services. They implement program adjustments where needed and constantly explore new opportunities. However, there are limitations and therefore justification for extra attention. Energy costs continue to be a significant concern at these facilities. There are some recommendations in the 2008 Community Facility Master Plan that could help reposition some of these facilities that will be discussed with Council as the plans evolve, especially the Halifax Forum and Dartmouth Sportsplex.

The following information was gathered in meetings with each facility. Final audited statements for 2008-09 are not all available at this time and therefore the information is based on unaudited year-end results.

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Dartmouth Sportsplex

	2008/09 Budget	2008/09 Year End Results (Unaudited)	2009/10 Budget	Comments
Revenues	\$4,713,400	\$5,001,741	\$4,729,400	Bingo, memberships, personal training, and summer camps have declined. Other revenue areas such summer ice rentals and swimming programs were up.
Expenditures	\$4,863,400	\$5,284,960	\$4,804,400	Increase in minimum wage, heating and electricity costs has resulted in large operating loss
Net Operating Profit/(Loss)	(\$150,000)	(\$283,219)	(\$75,000)	Budgeted deficit includes annual debt repayment and impact of minimum wage.
Risks	<ol style="list-style-type: none"> 1. Sharply increasing costs for electricity and natural gas. 2. Increase to minimum wage requires the entire wage scale to increase to prevent compression issues and remain competitive in the labour market. 3. Maintenance staff complement is down because of difficulty recruiting. 4. Labour market competitiveness is making it difficult to recruit qualified part-timers. 5. Bingo revenues continue to decline. 6. Food and beverage revenues have declined. 7. There is little capacity to increase user fees to offset rising utility and salary costs and still remain competitive. 8. Membership revenue could decline if fitness centre is not refurbished. 9. Memberships, personal training, and summer camps have declined. 10. Could be drop in revenues during construction of proposed fieldhouse expansion. 11. Potential impact from four-pad ice arena on ice arena rentals. 12. Pool rentals to Crusaders swim team does not cover operating costs. 13. Aquatics revenue could be affected by new pool at Mainland Commons facility. 			
Opportunities	<ol style="list-style-type: none"> 1. Proposed fieldhouse expansion would fill a need currently not being met on the east side of the Harbour and generate additional revenue to financially stabilize the Sportsplex. Expansion could also allow opportunity to refurbish fitness centre. 2. Assuming control of concessions will provide more opportunity for pricing according to events. 3. Summer ice rentals have increased significantly because of the increased popularity of summer hockey leagues and camps. 4. Increased winter ice rentals filled in some of the losses due to a reduction in contract hockey. 5. Leaving the ice surface in year-round has resulted in a net increase of about \$32,000. 6. Swimming programs, public swims and pool rentals have increased. 			

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Halifax Forum Complex

	2008/09 Budget	2008/09 Year End Results (Unaudited)	2009/10 Budget	Comments
Revenues	\$3,314,900	\$3,565,923	\$3,333,311	Ice rentals, bingo, special events, and advertising higher than expected.
Expenditures	\$3,314,900	\$3,554,067	\$3,236,345	Salaries, benefits cost and maintenance were higher than budgeted.
Net Operating Profit/(Loss)	\$0	\$11,856	\$96,966	
Risks	<ol style="list-style-type: none"> 1. Bingo revenues are speculative and unstable. 2. Spectator events such as mixed martial arts are down considerably which has also impacted canteen, concessions, and bar sales. 3. Parking revenue is down due to loss of tenant. 4. Increases to heating fuel costs and minimum wage which causes salary compression. 5. Attendance at Junior A hockey games is very poor. 6. Trade, Industry and Retails shows are down substantially. 7. Potential impact from new four pad arena on ice rentals. 			
Opportunities	<ol style="list-style-type: none"> 1. Natural gas conversion and in-floor heating should result in substantial energy cost savings. 2. New Business Development Manager has been able to increase revenue from Special Events and Advertising. 3. Expanded Multi-purpose room has resulted in increased booking revenue. Audio visual capability has been expanded to attract new business. 4. Community Facilities Masterplan suggests converting the Forum to a major recreational/sport facility with amenities such as a fitness centre. 5. Summer ice rentals have increased significantly because of the increased popularity of summer hockey leagues, figure skating, and camps. 6. Canada Games 2011 will provide capital funding for ice deck, heating, dressing rooms, locker rooms, showers, wash rooms, concourse area, new concert stage and security cameras. 7. Capital improvements should reduce operating and maintenance costs. 8. May be able to offer event services such as electrical which was previously contracted out. 9. May be home for SMU hockey team for another one to two years. 			

Cole Harbour Place

	2008/09 Budget	2008/09 Year End Results (Unaudited)	2009/10 Budget	Comments
Revenues	\$3,499,250	\$3,596,355	\$3,632,698	Aquatics revenue is up.
Expenditures	\$3,499,250	\$3,596,355	\$3,632,698	Increased cost for utilities, building maintenance, minimum wage and depreciation.
Net Operating Profit/(Loss)	\$0	\$0	\$0	Any net operating profit is transferred to a Equipment Replacement Reserve.

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Risks	<ol style="list-style-type: none"> 1. Energy costs continue to increase. 2. Building maintenance costs are increasing as the facility ages. 3. Increases to minimum wage is putting upward pressure on the wage scale to prevent compression and remain competitive in the labour market. 4. As average age of the members increases, the proportion of senior's memberships is increasing resulting in a decrease in revenues. 5. Minor hockey cancelled a lot of ice time in the past year for practises because they neglected to schedule for it.
Opportunities	<ol style="list-style-type: none"> 1. All tenant space occupied and most committed for several years. 2. Substantial savings as the result of energy efficiency capital upgrades 3. Receiving funding for the 2011 Canada Games to upgrade the arena glass, boards, flooring, change rooms and score clock. 4. New program offerings such as intensive weight loss and baby classes have resulted in a significant increase in memberships. 5. May be able to increase fitness class revenue by converting squash courts to exercise studio. 6. Aquatics revenue is up because of increase in private lessons and two programs being offered in the Fall instead of one. 7. New control desk is inviting and encouraging members to stay.

Sackville Sports Stadium

	2008/09 Budget	2008/09 Year End Results (Unaudited)	2009/10 Budget	Comments
Revenues	\$3,399,330	\$3,448,530	\$3,551,093	Includes \$200,000 subsidy from HRM. Aquatics revenue, ice rentals and summer rentals for curling space have grown.
Expenditures	\$3,065,713	\$3,169,345	\$3,145,266	Includes \$200,000 payment on debt for expansion. 2008/09 is the first year that the facility has been able to resume debt payments. Increase in minimum wage has impacted the overall wage scale.
Net Operating Profit/(Loss)	\$333,617	\$279,185	\$405,827	Accumulated deficit now paid off providing capacity to begin paying down debt for expansion.

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Risks	<ol style="list-style-type: none"> 1. Curling space still generating less revenue than costs, when including capital debt, and less than a fair market value for space. Not able to take advantage of more profitable and inclusive uses for the space. 2. Because of curling space, unable to expand locker space for growing fitness membership. 3. Potential impact from four-pad ice arena on ice arena rentals, especially Spring and Summer. 4. New Mainland Commons facility could impact the aquatics program. 5. Competition from nearby fitness centre. 6. Increases to minimum wage is putting upward pressure on the wage scale to prevent compression and remain competitive in the labour market. 7. Competitive labour market is making it difficult to attract and retain aquatics staff. 8. One of the commercial tenants is continually behind in lease payments. Currently negotiating for payment of arrears over a period of time until financial stability is achieved. 9. Energy costs are higher than expected 10. Air exchange unit for pool is past its life expectancy and will cost about \$140,000 to replace.
Opportunities	<ol style="list-style-type: none"> 1. All commercial space currently leased. 2. Summer ice rentals are up substantially because of summer hockey and camps, with more capacity to grow. 3. Curling space summer rentals are up for indoor soccer and lacrosse. 4. Energy efficiency capital upgrades will substantially reduce energy costs. 5. Several new youth and fitness programs expected to generate more revenue. 6. Expect growth in special events and trade shows.

Metro Centre

	2008/09 Budget	2008/09 Year End Results (Unaudited)	2009/10 Budget	Comments
Revenues	\$8,148,020	\$7,336,750	\$7,534,000	Revenue budget for 2008/09 is up substantially because of the IIHF Men's Hockey Tournament and an increase in the number of concerts.
Expenditures	\$6,889,629	\$6,526,646	\$6,549,500	Expenditures are up because of higher facility utilization.
Net Operating Profit/(Loss)	\$1,258,391	\$810,104	\$984,500	Net operating profit is to be allocated to a reserve.
Risks	<ol style="list-style-type: none"> 1. Increased competition to host major events means many may not return because higher capacity is available elsewhere and event organizers are trying to squeeze out as much revenue as possible before awarding events. 2. 15,000 seat arena planned for Moncton may draw away events and conventions. 3. Aging facility requires \$4.0 million in capital in the next six years including new seating. 4. Regional geographic location makes it difficult to attract major events. 5. Insufficient hotel accommodation capacity at peak times. 6. Many events are not booked until the last minute making this revenue difficult to predict. It also impacts other revenue streams such as program, novelty and souvenir sales. 7. If Mooseheads do not do well this year and miss playoffs again, revenue will be impacted. 			

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Opportunities	<ol style="list-style-type: none"> 1. Natural Gas Conversion and energy retrofit will substantially reduce energy costs. 2. Revenue from Executive Suites, Skyboxes, advertising and concessions are up substantially. 3. Have begun partnering/ revenue sharing in events rather than just collecting rental revenue. 4. Future revenues from ice rentals, conventions, trade shows and the Nova Scotia Tattoo are predictable because they are usually booked a year or two in advance. 5. Gillette Entertainment has been very good at obtaining events for the Metro Centre. 6. Major events such as The Brier, Cirque de Soleil, and WWF are returning in 2009/10. 7. Once an event does make it to Halifax, the organizers are usually so impressed with the City that they try to bring the event back again. 8. Halifax Rainmakers basketball team has signed for another 10 games, and attendance is increasing. 9. Services such as cleaning and security which were contracted out are now being brought in-house with the potential for significant savings. 10. Compass Food to expand into more space. Their commission is a significant revenue source. 11. Concerts are increasing because bands must tour to make up for loss in record sales due to downloading of music for free.
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Alderney Landing

	2008/09 Budget	2008/09 Year End Results (Unaudited)	2009/10 Budget	Comments
Revenues	\$1,081,500	\$1,004,095	\$976,000	Events revenue is down (see Risks)
Expenditures	\$1,076,800	\$1,003,677	\$976,000	Increase in minimum wage has impacted the overall wage scale.
Net Operating Profit/(Loss)	\$4,700	\$418	\$0	Net profit does not include any debt repayments. See Risk #5 below.
Risks	<ol style="list-style-type: none"> 1. Increases to minimum wage is putting upward pressure on the wage scale to prevent compression and remain competitive in the labour market. 2. Farmer's Market has been steady but may decline in the long-term as farmers retire. There is also potential competition from a new market at the former Value Village site on Canal Street. 3. Keith's Brewery did not re-sign to develop programming for the Events Plaza resulting in \$50,000 in lost income this past year. 4. Because of a significant number of large shows in HRM this summer, having difficulty booking events. 5. Currently unable to meet property tax and debt obligations to HRM. 6. Lost the Atlantic Blues Festival which had been successful in the past. 7. Sponsorship for Canada Day and Natal Day down about 40%. 8. Does not have the same revenue potential or costs as a sports facility. 9. Loss of Daily News has reduced advertising because the Chronicle Herald is too expensive. 10. Art Gallery space underperforms with regard to generating revenue. 11. Eastern Front Theatre has left. 12. More dependent upon HRM for operating subsidies than any other facility reviewed in this report. 13. Most leases are at less than market value and long-term with little opportunity to re-negotiate. 			

Opportunities	<ol style="list-style-type: none"> 1. All commercial space fully leased for the next 8 to 10 years, and no current leasees are in arrears. 2. NSLC is planning to expand their space. 3. Visual Arts revenue has been steady because of fine arts summer camps which generate corporate sponsorship. 4. New geo-thermal system and energy retrofit will substantially reduce energy costs. HRM is capping heating costs for Alderney Landing. 5. Kiwanis Mother Goose event to replace Pirate's Landing during Tall Ships. 6. Revenue from Art Camps makes up for the losses from the Art Gallery. 7. Bar sales are up because of Christmas parties. Will open bar for 2009 Christmas Dinner Theatre. 8. Negotiating with Sonic Entertainment which brings in entertainment year-round.
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St. Margaret's Centre

	2008/09 Budget (excluding Bay Ducks hockey team)	2008/09 Year End Results (Unaudited)	2009/10 Budget (excluding Bay Ducks hockey team)	Comments
Revenues	\$1,382,850	\$1,388,090	\$1,355,950	Ice rentals will be down because of arena closure for 3 months in Summer 2009.
Expenditures	\$1,373,491	\$1,396,165	\$1,415,184	\$25,000 to repair boiler in 2008/09 was an extraordinary expense not anticipated.
Net Operating Profit/(Loss)	\$ 9,359	(\$8,075)	(\$59,234)	
Risks	<ol style="list-style-type: none"> 1. The Bay Ducks Junior B hockey team ended 2008/09 with a net loss of \$27,690 which is attributed to continued poor attendance. The operating revenues and expenses of the team are not included in the figures shown above. 2. One of the ice surfaces is closed down for 3 months this summer for renovations related to the 2011 Canada Winter Games. This will result in a substantial loss in revenue. Financial assistance from HRM was required to meet payroll and important payables such as utilities and Canada Revenue Agency remittances. A report will be submitted to Council in September regarding this issue. 3. Older section of facility was built in 1988 and will require repairs. 4. Outdoor pool is insufficient to meet growing demand. 5. Parking lot is in poor condition and not large enough. 6. Have lost advertising for six back-lite signs. 			

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Opportunities	<ol style="list-style-type: none"> 1. Summer hockey and camps have increased to the point where the ice will be in year-round . 2. Energy efficiency audit and capital improvements expected to generate substantial savings. 3. Might be able to partner with Metro Transit to upgrade parking lot for Rural Express Transit. 4. Early morning ice rentals are up considerably. 5. One arena is receiving extensive renovations as the result of hosting figure skating and short track speed skating for the 2011 Canada Winter Games including an International ice surface. This will give the Centre a competitive advantage in the market for hosting international hockey. It will also be the only regulation speed skating venue in the Maritimes. 6. Secured the Don Johnston Cup hockey tournament for April 2010. This may also attract players to Bay Ducks thereby increasing the opportunity for the team to make a profit. 7. Grant has been received to install a new liner for the outdoor pool. May expand the pool because of its popularity. 8. Overall participation is growing as the community grows.
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Eastern Shore Recreation Centre

	2008/09 Budget	2008/09 Year End Results (Unaudited)	2009/10 Budget	Comments
Revenues	\$629,500	\$601,064	\$644,500	Large drop in revenues is because bingo was reduced from 2 nights to 1 night per week.
Expenditures	\$615,000	\$605,555	\$615,000	Large drop in expenditures is because bingo reduced from 2 nights to 1 night per week.
Net Operating Profit/(Loss)	\$14,500	(\$4,491)	\$29,500	
Risks	<ol style="list-style-type: none"> 1. Because Bingo was losing money, it was cut back from two nights to one night per week. However, there has been some improvement since new games were introduced. 2. Event attendance is more sensitive to weather conditions because the facility is located in a rural area. 3. Rural location makes it difficult to rent ice in the early morning before school. 4. Increases to minimum wage is putting upward pressure on the wage scale to prevent compression and remain competitive in the labour market. 5. Because of decrease in AAA hockey, early morning ice rentals for practise have decreased. 6. Increase in electricity rates. 			
Opportunities	<ol style="list-style-type: none"> 1. Energy efficiency upgrades have generated significant operating savings. 2. New Junior C team has helped generate more revenue including bar and canteen sales. 3. Will have two hockey tournaments in 2009/10 instead of one. 			

Dartmouth East Community Centre

	2008/09 Budget	2008/09 Year End Results (Unaudited)	2009/10 Budget	Comments
Revenues	No Budget; Opened October 2008	\$39,824	\$120,500	HRM subsidy is \$50,000 for 2009/10. Most other revenue is from rentals.

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Expenditures	No Budget; Opened October 2008	\$15,068	\$120,500	Only operated 5 months in 2008/09. 1.5 FTEs on staff.
Net Operating Profit/(Loss)	No Budget; Opened October 2008	\$24,756	\$0	
Risks	1. Some building deficiencies still need to be addressed such as the ventilation system and the plumbing and electrical in the kitchen. 2. The rubberized floor in the gym is easily pierced which restricts events rentals. 3. Lack of outdoor lighting creates safety and security risks. 4. Rentals are the largest revenue source and have been sporadic.			
Opportunities	1. Capital Health wants to lease space and will pay for the leasehold improvements.			

BUDGET IMPLICATIONS

There are no budget implications at this time.

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

N/A

ATTACHMENTS

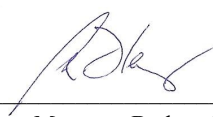
None

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.

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