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Item No. 7
Halifax Regional Council
September 22, 2009

TO: Mayor Kelly and Members of Halifax Regional Council

A handwritten signature in cursive script that reads "Cathie O'Toole".

SUBMITTED BY: _____
Cathie O'Toole, CGA - Director of Finance/CFO

DATE: September 9, 2009

SUBJECT: Halifax Metro Centre 2009/10 Capital Budget

INFORMATION REPORT

ORIGIN

September 16, 2008 Council Report - Q319 Major Events Facilities Reserve

BACKGROUND

The tripartite agreement between the three levels of government dated May 14, 1982 states under Section 4 that "Upon the execution of this Agreement Metro Centre shall be managed and operated by Trade Centre and the City shall continue to finance the operation of Metro Centre, and all profits from the Metro Centre shall accrue to the account of the City."

Regional Council approved temporary borrowing resolutions for \$3.5 million in 2000 for the construction of sky boxes at the Metro Centre and to remedy several deficiencies, and another \$2 million in 2002 for a new centre ice clock and scoreboard. With this debt projected to be retired by the end of the 2009/10 fiscal year, substantial capacity will be available within the Metro Centre operating budget this year and in future years. With this in mind, on September 16, 2008, Council approved the allocation of future year's surplus to the Major Events Facilities Reserve (Q319) so that it could be accumulated to fund major repairs, maintenance, renovations and upgrades to the Metro Centre.

DISCUSSION

During 2008/09, \$712,000 was charged directly to the Metro Centre operating budget for new capital. Table 1 below is a summary of the capital projects that were completed. For the fiscal year ending March 31, 2009, the Metro Centre posted a year-end surplus of \$667,293. It is Staff's intention to use this surplus to satisfy outstanding debt payments rather than transferring it to the Major Events Facilities Reserve.

Table 1: Halifax Metro Centre Capital Requests for 2008/09
Funding Source: 2008/09 Operating Budget

Video production room	340,000
Natural Gas conversion	200,000
Overruns related to the above two projects	72,000
North & South podium decks	100,000

Total Spent: \$712,000

For 2009/10, the Metro Centre intends to spend an additional \$520,000 of its operating budget on new capital. Table 2 below provides a list of those capital projects along with the estimated cost of each. Staff from Finance and Infrastructure and Asset Management reviewed the proposed capital projects for 2009/10 and are satisfied that the work proposed is necessary and prudent.

Table 2: Halifax Metro Centre Capital Requests for 2009/10
Funding Source: 2009/10 Metro Centre Operating Budget

Exterior Masonry	Replace deteriorating brick, mortar & concrete in phases as recommended by BMR Structural Eng	\$ 75,000
Air Handling Unit # 21	Level 97- air conditioning commissioned 1977	\$ 85,000
Replace older forklift	Service life ended	\$ 50,000
Air Handling Unit # 3	Concourse - air conditioning commissioned 1977 well beyond normal service life	\$ 250,000
Security Desk	Carmichael Street entrance security for events	\$ 60,000

Total Requested: \$ 520,000

The 2009/10 year end surplus is projected to be \$764,500. Of this amount, \$513,100 is required to retire the remaining capital debt obligations. The surplus remaining after these debt obligations are satisfied will be transferred to the Major Events Facilities Reserve. Commencing in 2010/11, it is anticipated that any surplus' in future years will be entirely allocated to the Reserve to fund Metro Centre Capital projects.

BUDGET IMPLICATIONS

Funds required for new capital, to retire the Metro Centre's outstanding capital debt obligations, and to fund the Major Events Facilities Reserve for future capital are entirely from the Operating Budget for the Metro Centre. Therefore, there is no impact on the HRM Operating, Capital or Reserve Budgets.

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

Council could direct that the entire 2008/09 Operating Surplus of \$667,293 be allocated to the Major Events Facilities Reserve as approved by Council on September 16, 2008. However, Staff is not recommending this because of outstanding capital debt which Trade Centre Ltd committed to paying off in its entirety as a condition for the approval of the temporary borrowing resolutions in 2000 and 2002.

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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