

Halifax Regional Municipality 4-Pad Arena Financing



Council Presentation
November 17, 2009

- Background
- Decision Required
- Options
- Recommendation



Agenda



- Regional Council motion Jan 27, 2009

- Negotiate contract to design/build/operate new 4 pad arena with Halifax Sports Complex Partners
- Assume 100% HRM financing – to be determined later
- Contract to be brought back to Council for approval
- Approve Hammonds Plains as site for project - extend purchase option on site



Background

- Regional Council motion May 5, 2009

- Authorize the Mayor and Municipal Clerk to complete the Purchase and Sale Agreement for the purchase of land for the 4Pad ice facility.
- Authorize the Mayor and Municipal Clerk to enter into the Design and Build contract with amendments that specify Phase 1 making the site pad ready; and further, not commit to the further phases until the funding is approved from the other levels of government and is brought back to Council.



Background

- Regional Council motion July 7, 2009
- Reaffirm its unanimous commitment to the existing economic stimulus application for the 4-pad, **and that the 4-pad project will continue with budgeted funding via a temporary borrowing resolution to cover cash flow requirements**
- Directs Mayor and staff to continue with an intensive government relations and communications strategy to secure funding for the 4-pad arena
- Project direct staff to return in early August with a revised capital funding strategy to adjust long-term funding as appropriate
- Approve HRM concurrently submitting an additional economic stimulus application



Background

What is the right balance?



Decision Required

| | |
|---|--------------|
| Total Project costs | \$38,000,000 |
| Already funded - reserves, etc. (08/09, 09/10, 10/11) | \$12,666,000 |
| Stimulus Impact | \$4,797,000 |
| Provincial Funding | \$2,000,000 |
| Funding gap | \$18,537,000 |

Funding Needed



| | 2/3 Debt Financing |
|--|--------------------|
| Total Project Cost | \$38,000,000 |
| Net Stimulus Impact | \$4,797,000 |
| Already Approved Reserve (Strategic Growth), Etc. | \$12,666,000 |
| Provincial Funding | \$2,000,000 |
| Debt | \$18,537,000 |

* Assumption based on 25 year term for debt, 6% interest, and dedication of any operating surplus to debt repayment

** Some operating surplus may be available toward debt repayments

Recommendation



| The BALANCING Act | |
|---|---------------|
| Total Gross Capacity -5 Year Plan | \$752,954,000 |
| Net Capacity created by Economic Stimulus | \$4,797,000 |
| Capacity created by revised Debt | \$18,900,000 |
| Completed Projects that can be closed | \$200,000 |
| Provincial Funding | \$2,000,000 |
| 4 Pad Funding Gap | -\$18,537,000 |
| Additional Capacity | \$7,360,000 |
| Revised projected Gross Capacity | \$760,314,000 |

Gross Capacity (Before and After)



The revised 5 Year Capital Plan reflecting this direction would be brought to Council during the 2010/11 budget process

Finance Recommendation

