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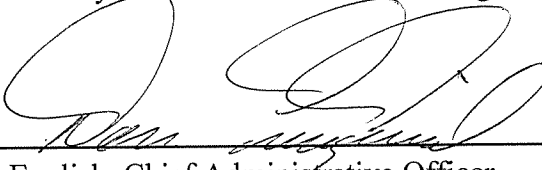


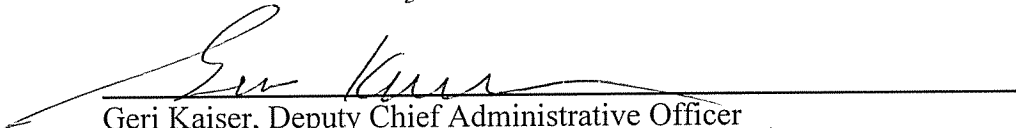
PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

Halifax Regional Council  
May 30, 2006

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

  
\_\_\_\_\_  
Dan English, Chief Administrative Officer

  
\_\_\_\_\_  
Geri Kaiser, Deputy Chief Administrative Officer

**DATE:** May 16, 2006

**SUBJECT:** HRM Share of 2014 Games International Bid Budget

**ORIGIN**

- May 9, 2006 HRM Council motion to approve the International Bid Budget and direction to staff to bring forward a report identifying funding sources for the HRM share.

**RECOMMENDATION**

It is recommended that Regional Council:

1. Approve the Strategic Growth Reserve Q126 as the funding source for HRM's share of the 2014 Commonwealth Games International Bid Budget, as per the Budget Implications section of this report; and
2. Approve an interim contribution of \$1.5 million to be paid to 2014 Halifax (the 2014 Commonwealth Games Bid Society) towards the said Bid Budget. In recognition that the Bid Society has approved the release of the bid budget amount pending agreement on cost-sharing by the funding partners, HRM's full contribution will be made public at that time as well.

## **BACKGROUND**

The Commonwealth Games presents a unique opportunity for infrastructure investment, community, human and economic development for HRM. Every dollar invested in the Commonwealth Games, should be viewed as a dollar with the potential of a 75% (or better) return. The 2014 Bid Committee has informed Council that the lasting legacy of the Commonwealth Games if the bid is successful, will be:

- Economic benefits
- New tax revenues (Federal, Provincial, Municipal)
- Job creation
- Sustainable infrastructure
- Additional leveraging opportunities
- Community benefits such as health promotion, and new affordable housing
- Event planning and staging expertise gained
- Knowledge transfer
- Community spirit
- International branding

Independent economic analysis will be done to assess the potential impact of the Games on HRM, and this information will be used to support the business case, support the final Games bid, and negotiations with the Federal government on cost sharing. The cost of the independent economic analysis will be paid through partnerships with organizations such as the Atlantic Canada Opportunities Agency.

Even if the international bid is unsuccessful, the region will still benefit from:

- Prolonged international media/marketing exposure for the region
- International visits to and from various Commonwealth countries to market the region
- Facility condition studies that will be useful for future upgrades
- Venue plans that will reduce future development costs
- Regional transportation plans
- Potential economic development spin-offs
- Knowledge base that will enhance likelihood of success attracting other national and international events
- Enhanced community spirit and feeling of pride in HRM
- Enhanced name recognition
- Cumulative effect of 18 month focus on health promotion (behaviour shift)
- Present and future benefits from partnership development
- Economic benefit from the percentage of International Bid cost spent locally

## DISCUSSION

Halifax Regional Council has been working hard to develop strategies that will lift the municipality to a new level.

- It's ***Economic Strategy*** aims to build a prosperous, dynamic, globally competitive economy where creativity and risk taking flourishes alongside a quality of life that is the envy of the world. The Commonwealth Games will demonstrate our ability to compete, to take a risk and succeed, to build a global reputation and a "gung ho" business climate, spurring job creation and investment.
- The ***Regional Plan*** aims to reinforce and promote the region as an economic and cultural force within Atlantic Canada and beyond, to encourage healthy lifestyles, and to build well designed, mixed use communities that support active transportation and accessible public transit. The Commonwealth Games provides an opportunity to build required transportation infrastructure, to demonstrate excellence in neighbourhood design through the Shannonpark village, and to launch a healthy lifestyle campaign with facilities and community initiatives building on the legacy of the Games.
- The ***Cultural Plan*** aims to build our reputation and capacity as a place of learning opportunities, creativity, with a sense of community and character. The Commonwealth Games provides an opportunity to grow our community facilities and networks, to educate ourselves and the world about healthy lifestyles and our own sense of culture and values.
- The ***Immigration Strategy*** aims to help us be a welcoming community. The Commonwealth Games provides an opportunity to celebrate cultures, to develop support networks for immigrants and international visitors, to attract and retain immigrants to the region.

Financing HRM's share of the International Bid can be accommodated within the Strategic Growth Reserve, over fiscal years 2006/07 and 2007/08. In the event the International Bid is successful, HRM will be well positioned with a long term funding strategy for the 2014 Commonwealth Games.

The current best estimate to stage the 2014 Commonwealth Games is \$785 million. This estimate is based on a detailed analysis of the Commonwealth Games Canada required components of the Halifax domestic bid made in December 2005. HRM is only one funding partner, and traditionally local government contributions do not exceed 25% of Games costs.

HRM's options to finance its portion of the 2014 Games budget include various combinations of the following:

- maintaining current debt level, but borrowing within that capacity
- shifting funds within the existing capital and operating budgets
- utilizing future capacity from reduced principal and interest payments as debt is paid off
- utilizing the Strategic Growth and other reserves, and starting to save early
- utilizing a portion of any savings resulting from Fair and Equitable Funding implementation
- tax increases (this option exists, but would not be recommended by staff)

On May 4, 2006 Federal Sports Minister Michael Chong stated publicly that the Halifax Commonwealth Games budget would see a level of support similar to that of Hamilton's Games bid in 2010. The Hamilton bid was cost shared 35% by the federal government. Minister Chong also indicated that "the Government of Canada will step up with support both for the cash and in-kind contributions that the Games will require". (Attachment B - Halifax Herald Article, May 4, 2006)

HRM's share of the total Games budget cannot be estimated with certainty until key decisions around the sports to be included, required venues, and partnership funding are made. Prior to filing of the International Bid budget in May of 2007, HRM Council and the other two funding partners will examine the Games plan and budget, and will conclude negotiations regarding cost-sharing. No bid can be filed in May of 2007 without the approval of the three funding partners. Once HRM's share of the Commonwealth Games cost is determined, staff will return to Council with a recommendation on a financing alternative, keeping in mind the long term financial health of the municipality; the impact on existing services and capital projects; and the financial impact on residents. Staff will present a number of options for Council's consideration. Additionally, it is important to bear in mind that the Commonwealth Games will include some items that would otherwise have been funded through HRM's normal course of operations. Commonwealth Games activities would accelerate some other initiatives under the Regional Plan which will hopefully enable more synergies and leveraging of additional funds from other public and private partners.

### **BUDGET IMPLICATIONS**

HRM's share of the international bid budget can be accommodated within the Strategic Growth Reserve (Q126). An advance of \$1,500,000 is to be paid during fiscal year 2006/07. On May 5, 2006 the Provincial Government provided a letter of commitment for their portion of the international bid budget to the 2014 Bid Committee and the municipality. The Halifax 2014 Bid Committee is currently in discussion with the Federal government regarding its portion of funding towards the International Bid. Therefore, it is essential not to publicly divulge the total cost of the Province's and HRM's portions until a successful cost-sharing agreement is reached with the Federal government. At that time, it is envisioned that a joint public announcement will be made.

### **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.

**ATTACHMENTS**

Attachment A - Halifax Chronicle Herald clipping from May 4, 2006

Attachment B - Strategic Growth Reserve Projection

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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Financial Review by:



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# Games bid gets promise of support

By PAUL EVEREST

The Harper government couldn't attach a dollar amount in its federal budget but promises to stand behind Halifax's bid for the 2014 Commonwealth Games.

The Conservative budget released Tuesday does include a Policy on Hosting International Sports Events, meant to give support to bids for international sports spectacles.

"When that policy gets implemented, the money provided for within that policy will fund the bid for the Halifax Games," Sports Minister Michael Chong said by phone from Ottawa. "We are fully in support of this bid process."

Mr. Chong could not provide an exact figure for how much the government would spend but said it would be in the same range as contributions given to Hamilton when that city sought the 2010 Games three years ago.

According to Hamilton's 2010 Games bid, the federal government and province of Ontario were each paying for 35 per cent of the bid and the City of Hamilton was to cover \$80 million, or 11.2 per cent of the total.

Halifax is now putting togeth-

er a detailed bid proposal that the government expects to be done by late summer or early fall, the minister said. Halifax 2014 organizers intend to present the international bid budget — which will cover the cost of preparing a proposal for the Commonwealth Games Federation — at a closed-door meeting at city hall next Tuesday.

"We will do our due diligence on it to make sure the numbers are tight," Mr. Chong said, adding that cabinet will consider what size contribution is appropriate based on Ottawa's policy guidelines.

He also said it's too early to speculate on how much the government would be willing to spend on the Games if Halifax's bid is successful.

"If Halifax wins those Games, the government of Canada will step up with support both for the cash and in-kind contributions that the Games will require," he said.

The early estimate of the cost of the Games proposed for Halifax is \$785 million. It's expected to take several months for the three levels of government to negotiate an agreement to bankroll the event.

(peverest@herald.ca)

## Strategic Growth Reserve

The purpose of the Strategic Growth Reserve is to enable the municipality to respond to challenges posed to our service and infrastructure capability caused by population growth, rapid urban and suburban development expansion, changing demographics and rapid technological advancement.

The Strategic Growth Reserve is meant to allow the municipality 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 partners.

"Strategic" is defined to mean initiatives which will enable HRM to provide new services or an improved level of service in response to the challenges listed above, and are consistent with long term policies and plans such as the Regional Plan, and the Corporate Scorecard.

### **Contributions**

(2002/03 to 2005/06)	17,000,000
2006/07 Planned contribution	5,000,000
Cost Reimbursement for Bayne Street (50% of HRM's Cost)	3,995,072
Interest Revenue (Inception - March 31, 2007)	<u>850,000</u>
	26,845,072

### **Approved Expenditures**

Bus Rapid Transit Showcase	-971,000
Capital District Buried Wire Implementation	-29,100
Capital Region - Streetscaping in hubs & corridors	-1,000,000
Underground Wiring in Capital District	-725,000
AVL, Go Time & Non-emergency Voice	-250,000
E-Commerce & Web Services	-210,000
Fiber Optics Network	-200,000
Regional Park Corridors - land acquisition	-150,000
Trails, active transportation	-532,000
Park & Ride Acquisition	-500,000
Automated Vehicle Location	-250,000
Rotary Conversion	-525,000
Metro Transit EPC	-180,000
Bus Rapid Transit Showcase	-1,700,000
Irving Lands - Bayne Street	-7,990,143
Transfer to Operating (M317)	<u>-210,000</u>
	-15,422,243

### **Proposed Expenditure**

Advance - 2014 Commonwealth Games International Bid	<u>-1,500,000</u>
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Projected Balance at March 31, 2007 **\$9,922,829**