

**Item No. 10.1.1**  
**Halifax Regional Council**  
**March 27, 2012**

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

Original signed

**SUBMITTED BY:**

Richard Butts, Chief Administrative Officer

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Mike Labrecque, Deputy Chief Administrative Officer

**DATE:** March 12, 2012

**SUBJECT:** Stadium Phase 2 – Funding and Land Assembly

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### ORIGIN

At the December 6, 2011 Regional Council meeting, staff were directed to finalize the necessary recommendations for “*final site, design, and capital scope approvals, along with the confirmation of potential funding partners*” for a multi-use stadium, and to do so within the necessary Canadian Soccer Association timeline. This timeline is directly associated with the potential hosting of the FIFA 2014 and 2015 Women’s World Cup events.

### RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Not proceed to Stadium Analysis Phase 3 – Construction, at this time;
2. Direct the Mayor, on behalf of Halifax Regional Municipality, to thank the Canadian Soccer Association for their ongoing interest in Halifax Regional Municipality as a candidate and potential host city, and to notify the CSA of Council’s decision to decline further discussions related to the 2014 and 2015 FIFA Women’s World Cup events;
3. Approve the Phase 2 Stadium Analysis report as the basis of the requirement for a stadium and include the project on the Capital Plan as a future consideration; and
4. Identify Shannon Park as the preferred site for the future Multi-use Stadium project, and direct staff to work with Canada Lands Company for the future siting of a recreation/sport facility campus (up to 40 acres).

**BACKGROUND**

Regional Council instructed staff to complete the Phase 2 Stadium Analysis by December of 2011. The resulting report, presented on December 6, 2011, consisted of a final business plan, site selection, preliminary design process, and a Class C capital cost estimate which was based on a series of criteria already developed in Phase 1.

**Phase 2 “Class C” Capital Cost Summary**

The estimated project cost remains unchanged from the December 6<sup>th</sup> review with Regional Council, and is represented by the following chart:

| <b>Project Category</b>                  | <b>Cost</b>         |
|--|---------------------|
| <b>Facility Construction</b>             | \$36,847,000        |
| <b>Site Works / Site Servicing</b>       | \$11,476,000        |
| <b>Parking</b>                           | \$1,650,000         |
| <b>FF&amp;E</b>                          | \$1,050,000         |
| <b>Soft Cost Allowance</b>               | \$6,930,000         |
| <b>Total estimated capital “Class C”</b> | <b>\$57,953,325</b> |

Identification of potential funding partners was also required as a result of the Phase 2 work, however this was not completed by December 6th, 2011. As a result staff asked Regional Council to request an additional six months from the Canadian Soccer Association (CSA), to allow for the finalization of discussions with potential funding partners, and with land owners to complete a site purchase recommendation. The CSA granted an additional three months, and required the Municipality to complete their analysis and funding approvals no later than March 31, 2012.

**DISCUSSION**

Staff undertook a series of tasks in order to complete the work as outlined by Regional Council. In order to provide evidence-based information for discussion and decision making, staff communicated with potential land owners related to optimal site for the Stadium project, and communicated with potential funding partners in order to bring forward a proposed funding formula for consideration. Both of these tasks have been completed. What follows is a summary of the work carried out in these areas.

***Partnership Discussions and Requests***

The following detail will outline tasks completed related to the development of potential funding partners:

**Government Sector**

Staff prepared detailed packages of Project information and sent this information to each provincial MLA in December, 2011. In addition, the Mayor and staff met with each of the

Provincial Party Leaders, and offered to meet with all interested MLA's. All project clarifications requested from the Premier's office were answered.

The packages included:

- Council approved (Dec. 6/11) Stadium Phase 2 Analysis and Business Plan (include link);
- Economic Impact Analysis for 2014 and 2015 events, as well as the construction of the proposed facility (STEAM Report)
- December 6<sup>th</sup> Report and Presentation to Regional Council

In addition, several letters, conversations, and meetings have taken place related to this task. In each case, the Mayor, representing the direction of Regional Council, proceeded to inform, clarify where necessary, and request support for the project. Each of these events has provided staff with important information, to be outlined later in the OUTCOME section below.

Following is an overview of those activities:

| <b>Date</b>           | <b>Event</b>   |
|-----------------------|--|
| <b>November 23 11</b> | Meeting with Premier Dexter  |
| <b>November 30 11</b> | Meeting with Scott Armstrong, MP Cumberland Colchester   |
| <b>November 30 11</b> | Meeting with Minister Peter MacKay   |
| <b>December 1 11</b>  | Meeting with Bol Gosal, Minister of State (Sport)  |
| <b>December 2011</b>  | Letters and packages to all MLA's and MP's representing HRM                                    |
| <b>December 2011</b>  | Letter to Bernard Valcourt, Minister Responsible for ACOA                                      |
| <b>December 21 11</b> | Meeting with Jamie Baillie, Leader Provincial Progressive Conservative Party                   |
| <b>January 5 12</b>   | Meeting with Stephen MacNeil, Leader Provincial Liberal Party                                  |
| <b>January 11 12</b>  | Meeting with Bernard Valcourt, Minister Responsible for ACOA                                   |
| <b>Ongoing</b>        | Various follow-up letters as required following meetings or to provide additional information. |
| <b>February 2011</b>  | Meetings and Correspondence with Department of National Defence                                |
| <b>March 9 2012</b>   | Meeting with Premier Dexter  |

### **Private Sector**

A comprehensive schedule of communication and discussion was established with the Private Sector in order to educate as many potential funders as possible about the facts of the project, the opportunities, and the timeline. In addition, a Request for Expression of Interest (REOI) was initiated in order to solicit offers from interested parties.

Following is an overview of that schedule of events:

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| <b>Date</b>          | <b>Event</b>  |
|----------------------|---|
| <b>December 2011</b> | HRM CAO Presentation to Chamber of Commerce   |
| <b>December 2011</b> | HRM CAO Presentation to Sport Nova Scotia Stakeholders  |
| <b>January 2012</b>  | Correspondence from Mayor Kelly to the business community – requesting participation, and notifying them about the upcoming Request for Expressions of Interest v organizations including: Halifax Chamber of Commerce, Greater Halifax Partnership, Destination Halifax, Sport Nova Scotia |
| <b>January 2012</b>  | Presentation by Mayor Kelly to Greater Halifax Partnership Investor group   |
| <b>January 2012</b>  | HRM CAO Presentation to Strategic Urban Partnership   |
| <b>January 2012</b>  | Post for Public – Request for Expressions of Interest: PARTNERSHIP OPPORTUNITIES HRM MULTI-USE STADIUM  |
| <b>February 2012</b> | Request for Expressions of Interest closed.   |

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### **Private Sector Request for Expression of Interest (REOI)**

The REOI was initiated in order to measure Private Sector interest in the proposed stadium project.

Over the course of the Phase 2 analysis, the Mayor and project staff received several suggested solutions related to the project from individuals and businesses. Staff felt it would be helpful to create a process to formally encourage and evaluate suggestions of this nature, and so the REOI was developed.

As Council is aware, staff initiated this REOI as a means of generating project expertise, interest and funding contributions from private sector individuals, groups, or businesses who may have wished to be a partner in bringing the stadium project to fruition. The partnership concept as envisioned was not necessarily confined to traditional partnership models, nor was it intended to be necessarily comprehensive in scope. Partnership options could have been narrow in scope particularly suited to the partner's area of expertise. As well, it was hoped that the REOI would bring forward multiple partners with varied interests that when combined, could benefit the project. The REOI is the mechanism through which partnership offers will be evaluated and measured prior to seeking approval of the final funding formula from Regional Council.

It should be noted that the REOI identified the possibility that several Partnership offers may be grouped together in order to form an appropriate accumulated dollar value to leverage other funding partners.

The REOI process resulted in seven (7) submissions. **Please see the Private and Confidential**

**Information Report dated March 22, 2012 for the REOI submission summary.** Three (3) of these submissions represent potential design, build, or operate partnership opportunities and four (4) of the submissions do not, and are of a lesser value in scope and size. None of the submissions included any cash value relative to contribution to the capital funding formula for the project, and therefore have not been presented to Regional Council for partnership consideration at this time.

## ***Outcomes***

### **Provincial Government**

The Provincial Government, through staff members in both Health and Wellness and Economic Development, participated in the Phase 1 Steering Committee. As such, Provincial staff had the opportunity for full discovery related to the planning and development of the business plan for the facility, and was involved in the setting of direction, clarification of items in the analysis, and subsequent finalization of the final Phase 1 report.

The following correspondence was received from the Province:

|               |  |
|---------------|--|
| December 2011 | The Honourable Darrell Dexter, Premier   |
| January 2012  | The Honourable Percy Paris<br>Minister of Economic and Rural Development and Tourism<br>Minister of African Nova Scotian Affairs<br>Minister responsible for Nova Scotia Business Incorporated |
| February 2012 | The Honourable Maureen MacDonald<br>Minister of Health and Wellness<br>Minister of Gaelic Affairs  |

Notwithstanding the comprehensive nature of the Phase 2 Analysis letters received suggested that a business case for the stadium had not been prepared in a manner to support a Provincial investment.

On two separate occasions, November 23, 2011 and March 9, 2012, the Mayor, CAO, and project Chair Kim Mason, representing the senior business community in the region, met with the Premier and his Chief of Staff one final time. The Provincial Government's position has been consistent, and does not support the proposed stadium project at this time.

### **Federal Government**

The Honorable Peter MacKay, Minister National Defence along with members of his staff, have worked diligently regarding the project. Minister MacKay provided ongoing support and availability in an effort to identify various opportunities for the Federal government to participate. As it became apparent that we would be unable to confirm other necessary funding partners, it became less practical to pursue these opportunities.

Discussions with the Federal Government were ongoing over the course of the full extension of the project timeline. In January 2012, correspondence was received from The Honourable Bernard Valcourt Minister of State (Atlantic Canada Opportunities Agency) the Federal Government, through the Atlantic Canada Opportunities Agency, is not able to fund the project at this time.

### **Private Sector**

As per the terms and conditions of the REOI process, the submissions will remain confidential, and there is no requirement for staff to deliver a recommendation to proceed to Regional Council.

No material funding opportunities arose from the REOI process.

### ***Conclusion***

Staff is confident that every appropriate opportunity for cost sharing and partnership development for the proposed facility has been explored. Although there is anecdotal interest from the private sector, there has been no evidence of financial support.

Given the lack of funding for the project from the senior levels of government and the private sector staff is recommending that Council not proceed to Phase 3 – Construction.

### ***Proposed Next Steps***

#### **Site Options**

A site analysis of Shannon Park is attached as Attachment 1.

Staff presented Regional Council with feedback from citizens in the Phase 2 Stadium Report indicating a high degree of public support (over 70% of the participants in empirical survey) for the Shannon Park site. It also scored second in the complex “site selection” scoring matrix. In addition, as a result of technical analysis on the site that took place over the past three months, staff suggest that the Shannon Park site be identified as the optimal site for a future multi-use stadium, and that staff work in partnership with Canada Lands Company to develop an area on that site for a future sport / recreation “hub” of facilities.

Staff is providing the following information in order to fulfill the request by Regional Council for the optimal site. Staff initiated a technical review of the Shannon Park site as one of the potential optimum location for the Stadium, and in particular, focused on a 40 acre parcel fronting onto Windmill Road. This piece of property provides adequate space to accommodate a multi-use stadium along with other potential sport / recreation infrastructure in order to develop a “hub” or complex of facilities. The concept of a “hub” or complex of facilities was illustrated in the Phase 2 Stadium Analysis report as a key aspect to the long term fiscal and social benefit to

the development of the infrastructure, as well as a linkage to the facility development principles in the Community Facility Master Plan. Further, it was determined that in order to accommodate a “hub” as described, a site minimum of 40 acres would be a required.

As outlined in the Phase 2 Stadium Report, the synergies and opportunities associated with the co-location of sport and recreation facilities is significant, and would be a catalyst for further development on the Shannon Park site.

Shannon Park site falls within the Regional Centre, and upon redevelopment, would play a key and interesting catalyst to promote the priorities of Regional Council related to urban re-densification.

Staff recommends therefore that Council identify Shannon Park as the preferred site for a Multi-Use Stadium and campus and that staff work with CLC (eventual owners) as the site becomes available and is developed.

### **BUDGET IMPLICATIONS**

N/A

### **FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN**

This report complies with the Municipality’s Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

### **COMMUNITY ENGAGEMENT**

N/A

### **ALTERNATIVES**

Regional Council may wish to proceed with the construction of a stadium at this time without funding assistance from other sectors. If Council chooses this alternative HRM would have to be prepared to accept all project risk and would be required to finance up to \$60M. **This is not a recommended course of action.**

The following payment and interest schedule illustrates costs associated with borrowing various amounts:

| Principal  | Term (yrs) | Annual P&I | Total Interest |
|------------|------------|------------|----------------|
|            | 20         | 2,156,931  | 13,138,618     |
| 30,000,000 | 25         | 1,886,008  | 17,150,198     |
|            | 30         | 1,711,807  | 21,354,195     |
|            | 20         | 2,875,908  | 17,518,158     |
| 40,000,000 | 25         | 2,514,677  | 22,866,931     |
|            | 30         | 2,738,890  | 34,166,712     |
|            | 20         | 3,594,885  | 21,897,697     |
| 50,000,000 | 25         | 3,143,347  | 28,583,664     |
|            | 30         | 2,853,011  | 35,590,325     |
|            | 20         | 4,313,862  | 26,277,237     |
| 60,000,000 | 25         | 3,772,016  | 34,300,397     |
|            | 30         | 3,423,613  | 42,708,390     |

**ATTACHMENTS**

Attachment 1 SHANNON PARK SITE ANALYSIS

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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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## **Attachment 1 SHANNON PARK SITE ANALYSIS**

There is potential to use a portion of the DND Shannon Park site for a stadium concept as part of HRM capital plan. HRM would wait for the property to be disposed of under the Directive on the Sale or Transfer of Surplus Peal Property. Shannon Park has been identified as a strategic disposal and under that process there is potential for Canada Lands Company (CLC) Limited to become the purchaser of 33.24 ha. During/throughout the planning and development process HRM would work with CLC to determine if a stadium would be a good fit for the overall development. CLC requires HRM zoning approvals etc, and would therefore allow for the process to unfold as such.

Phase 2 technical and additional staff technical analysis of the site has determined that Shannon Park offers the following clear benefits to the region:

- Brownfield redevelopment opportunity
- Optimum access and exposure to the facility for citizens
- Cost sharing synergies for commuter traffic i.e. park and ride, ferry access
- Public sector and technical consistent high scores
- Site development costs for approximately 40 acres lowest cost possible
- Closest linkage to Council priority for urban re-densification

Indicative site development costs (pending formal class c estimates):

Traffic Impact Upgrades: \$1.4 million

On Site Sewer and Water Upgrades: \$2 million - \$4 million

Total: \$5.4 million

### **Regional Opportunities**

The siting of a stadium on a portion of the Shannon Park site offers an excellent opportunity with respect to community building and community integration. As a region-wide recreational/cultural facility, the stadium would form part of a comprehensively planned mixed use growth centre for the whole of the site and its adjacent areas as envisioned by the Regional Plan.

An added advantage is that Shannon Park is a prime opportunity site situated within the Regional Centre (inside the Circumferential Highway). With Council's recent approval of the Regional Plan's RP+5 Review and the Centre Plan, it has endorsed a direction and work plan that will see a concerted new effort in attracting well designed, high quality growth to the Regional Centre. The stadium would represent an early deliverable in this regard, and act as an important catalyst in attracting new economic development in the form of residential and commercial development to this area of the Regional Centre.

A comprehensive master planning process would be initiated. The following is a list of potential development opportunities that may be considered as part of the future comprehensive planning process:

- Recreational Campus including multi use stadium, arenas, etc
- Transit (Bus) Terminal
- Ferry Terminal on Harbour under MacKay Bridge
- Park and Ride (for Bus/Ferry/AT)
- Shared Parking Opportunities for Stadium and above uses
- Improvements to Vehicular Access to/from MacKay Bridge
- Mixed Use Medium/High Density Residential Development on Shannon Park, with associated Commercial Development
- Integrated Planning Opportunities with Millbrook Band
- Harbourfront Park with Multi-Use Trail links to BIO/Ocean Breeze Estates/Burnside and to the MacDonald Bridge and Downtown Dartmouth
- Redeveloped Medium/High Density Residential Use on Ocean Breeze Estates
- Redeveloped Windmill Road Frontage for Commercial/Residential Uses

Shannon Park, however, scored significantly higher than all other sites in the following areas:

- Relationship to growth areas in the HRM
- Appropriateness of land use
- Ability to leverage multiple sources of public funding
- Relative likelihood to maximize long term economic impacts
- Ability to generate community support

A technical analysis of the site took place in order to prepare for possible acquisition. The analysis included traffic impact analysis, site remediation and servicing, and preliminary site design.

#### **Traffic Impact Analysis Conclusions:**

Development of the Shannon Park stadium site will require upgrades to Princess Margaret Boulevard. The road will have to be widened to accommodate turning lanes and traffic signals installed to prevent traffic from backing up onto the Mackay Bridge toll plaza. The main stadium access road will need to be four-lanes wide with additional turning lanes at the intersection with Princess Margaret Boulevard. The access road will also need to align with the Mackay Bridge ramps to create a four-way intersection. The proposed changes will be able to accommodate the day-to-day operations of the stadium site and future development of the remaining Shannon Park lands. During large events, designated transit shuttles and changes to the tolling operations of the Bridge will be required.

- The existing transportation network can accommodate the daily operation of the Shannon Park Stadium and Recreation Campus Site during the 2012 and 2032 PM peak hour.

- The existing transportation network can accommodate a 5000 spectator event at the site during the 2012 and 2032 off peak periods.
- The existing transportation network cannot accommodate a 5000 spectator event held at the site during the 2012 and 2032 Saturday peak periods. This can be mitigated by making improvements to Princess Margaret Boulevard, the south ramp, and the stadium entrance approaches.
- The site cannot accommodate an 8000 spectator event even with the improvements to Princess Margaret Boulevard, the south ramps, and the stadium approaches. Roadway capacity is limited by the Princess Margaret Boulevard ramps. Changes would be required to the westbound ramp approach to the Mackay Bridge to accommodate the increased traffic

Indicative Cost: \$1.4million pending formal development of formal Class C capital cost estimate

**On and Off-Site Servicing Analysis Conclusions:**

Until the detailed design is completed for the stadium project, the following assumptions were used in conducting a high level evaluation of the existing infrastructure. The average daily water usage is estimated to be 20 gpm and fire flow requirements are estimated to be 500gpm.

- The anticipated wastewater generation from the site is 150 m<sup>3</sup>/day.
- The Shannon Park site is currently capable of being serviced with water and wastewater as there are existing mains abutting the properties.
- There is currently no localized storm system to connect to at this site, and may require additional approvals to discharge to the Harbour.
- Detailed design work will be required to illustrate the connection methods and exact locations on the respective mains.

On site servicing will be required at Shannon Park, and is projected to be a cost consistent with the other high scoring sites:

Indicative Cost: \$ 2 – 4 million, pending formal development of formal Class C estimate