



# Halifax 2014 Bid Society Board of Directors

## Proposed Games Budget Presentation

January 26, 2007

# The Purpose

- Games Budget and Business Plan should ensure, then and now:
  - Win the Bid – Win-ability
  - Due diligence – reliability
  - Partners can successfully execute MPA and approve required contributions – Affordability
  - Our Task – Find the Balance



# Decision Making Criteria - The Basics

- Leave lasting legacy for community, Province & Country
- World-Class view (TV images) of Halifax, NS & Canada
- Quality but relevant athlete, media & spectator experience (level of service)
- Basic risk management – health, safety, financial



# Action Since Dec 21, 2006

- Direction to SA on Capital budget
- Detailed finance review of work packages
- Technical briefing and risk review (Jan 9-11, 2007)
- Risk assessment undertaken
- Business plan completed, modified to match budget changes
- Budget reductions made and options developed



# Where Did We Begin?

- “Melbourne” Games
- Very low risk
- Budget too high
- Games not consistent with Halifax 2014 goals



# Where Are We Now?

- Preserving the “Basics”
- Risk is higher but acceptable
- More than \$500m lower than starting point
- Need to understand what can and cannot be done within this (or any) budget



# Goals

- Sport development
- Social responsibility
- Economic opportunity
- Responsible management
- Positioning for success



# Guiding Principles

- Distinct & world class
- Optimal conditions for sporting excellence
- Sport as a catalyst for positive change
- Fiscally & environmentally responsible
- Honour our promises
- Physically, socially & economically accessible
- Promote & value partnerships
- Community involvement
- Sport, social, cultural & economic legacies



# Capital Budget Preparation

- Developed through SA with local team and Games experts
- Class C (with only few exceptions)
- Assumes a separate entity from OC to manage Capital scope, risk and minimize taxation



# Games Operations Budget Preparation

- Developed with Games consultants and local Bid team including partners
- Contingency 8.5%
- Tax assumed at non-profit rate
- Security excluded to allow decisions on lead



# Reductions to Date -Operations

- Reduced delegations for trips
- Decrease SMT travel
- Reduce Transfer of Knowledge program
- Decrease space & equip. (workforce reduction)



# Reductions to Date - Operations

- Decrease communications & advertising
- Decrease overlay, look and pageantry
- Decrease workforce – delay start; more volunteer reliance; total down from over 800 to under 500.
- Opening & Closing ceremonies & festivals



# Reductions to Date - Operations

- Revise exchange rates for fees (USD & BPS)
- CGC Obligations
- Contingency – minor adjustments
- Legacy



# Reductions to Date --Capital

- Outdoor velodrome
- Reduced size of Multi-plex almost 40%
- Decreased work rooms under grand stand
- Delete North Building



# Reductions to Date --Capital

- Reduce contingency 15% to 10%
- Road race



# Funding Parameters

- Federal Hosting Policy
  - 35% of operating and capital
  - 15% Other revenue
  - $\leq 50\%$  of public financing
- Provincial Municipal
  - Capacity
  - Benefit
  - Displacement
  - Cost-sharing %





## Proposed Capital Budget

Capital (including contingency of 10%)	Cash	VIK	Total
Base	\$485,624	\$57,726	\$543,350
Construction Management	11,474	0	11,474
Taxes	16,404	0	16,404
Total	\$513,502	\$57,726	\$571,228



## Proposed Operating Budget

Operations	Cash	VIK	Total
Base	\$463,687	\$39,220	\$502,907
Taxes	22,620	0	22,620
Contingency	35,244	0	35,244
Legacy	75,000	0	75,000
<b>Total</b>	<b>\$596,551</b>	<b>39,220</b>	<b>\$635,771</b>



# Security, Essential Services and VIK

Security Essential Services & NBR VIK	Cash	VIK	Total
Security	\$67,617	\$0	\$67,617
NBR VIK- PNS	0	26,366	26,366
NBR VIK-HRM	0	26,908	26,908
Fed'l ES * marker	20,000	0	20,000
Sub-total	\$20,000	\$53,274	\$73,274
Total	\$87,617	\$53,274	\$140,891



## Total all Games related costs

All	Cash	VIK	Total
Capital	\$513,502	\$57,726	\$571,228
Operations	\$596,551	\$39,220	\$635,771
Security	\$67,617	\$0	\$67,617
NBR* VIK(PNS, HRM)& Fed'l ES	20,000	53,274	73,274
<b>Sub-total Operations &amp; ES / Security</b>	\$684,168	\$92,494	\$776,662
Total all costs	\$1,197,670	\$150,220	\$1,347,890

# Risk Assessment

Preliminary internal review undertaken by Bid team  
Assessed during Technical Briefing Jan 9-11





## Recommendation

**Motion:** That the Board of Directors approve, for the purpose of detailed review and assessment by all partners and to support MPA negotiations:

- The proposed capital and operating budgets and business plan, prepared for the Halifax 2014 Commonwealth Games bid, that will;
- Enable the partners to provide feedback to the Society, which will allow the budget to be brought to the Board for inclusion in the candidature file (bid book) at a later date.

# Questions

