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HALIFAX



**Final Sheet Harbour Community Centre
Business Case Assessment
and
Functional Space Plan
Sheet Harbour, Halifax Nova Scotia
September 2018**

CMEL Project Number 1801017

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Executive Summary

Capital Management Engineering Limited (CMEL) was retained by Mr. Darren Young, Corporate Facility Design & Construction / Corporate & Customer Services Halifax Regional Municipality to complete a business case assessment and develop a functional space plan with respect to the proposed new Sheet Harbour Community Centre. The engagement was in response to a directive from HRM's council.

The community of Sheet Harbour is supported by a local community Centre owned by HRM and run on a volunteer basis by the Sheet Harbour Lions Club. During a roof replacement in the summer of 2016, structural issues were identified with the building's roof. The building was assessed and it was determined that the roof did not meet snow loading requirements resulting in HRM instituting seasonal closure from November through May. This has been in effect since 2016.

In 2016 HRM estimated the cost to repair to the existing Sheet Harbour Community Centre to be \$2,515,000, which amounts to a cost of \$202.51 per square foot. Due to the high estimated cost, assessment of the possibility and opportunity of constructing a new facility for the same dollar value was proposed. This value has been earmarked in the 2018/2019 budget for either repair or replacement of the Sheet Harbour Community Centre.

A citizen group, the Eastern Shore Lifestyle Centre Society (ESLCS) has approached HRM with a proposal to develop a facility to replace the current Sheet Harbour Lions Community Centre and incorporate other HRM services into the one facility; specifically the library and recreation services both of which currently lease space in the community. The concept presented to HRM within attachment B of the ESLCS's submission to Council included a net square footage of approximately 16,565. This would gross up¹ to approximately 19,900 square feet which would provide a substantial building intended to serve as a hub to the community.

As a result of the proposal Halifax Regional Council directed staff to "Return to Regional Council with recommendations regarding a conceptual design and a business case that achieves a cost neutral operation of the proposed Centre"². Eastern Shore Lifestyle Centre Society has proposed as a parameter of the

¹ Net square footage references the area associated to specific room requirements and gross square footage includes the net area and common area such as hallways, washrooms etc.

² Halifax Regional Council Item Number 14.1.7 January 30, 2018 Recommendation

project that the “facility components beyond current expenditures on recreation and library services in the community would be cost-neutral to HRM”.

A detailed assessment of the proposed building requirements was undertaken through consultation with the various stakeholders, historical usage analysis, demographic analysis and the evaluation of local facility / service providers. This resulted in the development of a Functional Space Plan which then allowed for the development of a construction estimate. The Functional Space Analysis has been completed to assess the requirements of a new community Centre and compare it to the ESLCS request.

The gross area requirement has been estimated to be 7,140 square feet which is less than the current building; however the current building was not initially designed as a community Centre as it is a repurposed pool. The community has a high priority on providing ongoing access to a large gathering space for the community which is accommodated in the 7,140 area.

HRM Parks and Recreation, and Halifax Public Libraries, who have facilities within Sheet Harbour, have not identified the need or interest to relocate. They do not need additional space to fulfill their current or projected services delivery needs. Consideration to relocating the two HRM services was analyzed to see if there were any advantages in relocation.

Three options were developed to effectively evaluate the business case associated with the ESLCS's request, i) Status Quo, ESLCS proposed multi tenant community centre complex, and a general use New Sheet Harbour community centre. The option to provide a standalone new Sheet Harbour Lions Community Centre limited only to the requirements of the Lions Club was identified by HRM as not aligning to their current policy, specifically HRM would not develop a building for the sole use of a sole community group. A third option was assessed under the direction of HRM for a building that would house Halifax Libraries, Halifax Parks and Recreation, with similar facilities as currently exist in the Sheet Harbour, inclusive of an equal amount of additional rentable space for the Sheet Harbour Lions Club aligning to the developed Functional Space Program, however managed by HRM.

Option 1: The Status Quo

The status quo option (also known as the base case) acts as the baseline for comparison of all other options. It is comprised of renovation to the Sheet Harbour Lions Community Centre with the Library and Seaside Fitness Centre remaining in their current location, the Bluewater Building. A true Status Quo would be to have the facility remain closed seasonally however HRM has

identified that repair or replacement of the Sheet Harbour Lions Community Centre will be undertaken.

Option 2: The New Multi-tenant Community Centre Complex

The second option is a New Community Lifestyle Centre incorporating Halifax Parks and Recreation, and Halifax Public Libraries as well as developing the space identified by ESLCS for other partners with an estimated 15,300 sq ft on the proposed site. This is the proposed option identified by the ESLCS. Management of the building is proposed to be by a third party society with HRM both owning the building and paying the society rent for its use of the space for the library and recreation services. The proposed site is not currently owned by HRM.

Option 3: New Sheet Harbour Community Centre

HRM has requested, for comparison purposes, an option where HRM would be the facility owner and the building manager. This option houses Halifax Parks and Recreation and Halifax Public Libraries and space identified in the functional space analysis required to support the activities of the Sheet Harbour Lions Club. At this time it has not been determined if the building's community rentable space would have any specific rights for the Lions Club or other community groups. The facility would be designed in a way to maximize multi-purpose space with a total of 12,564 square feet. Also it should be noted that the site for this facility has not been selected or secured by HRM.

Options Analysis

The three options were assessed and it was determined that:

- There is a very high cost to maintain the current facility due to the current building deferred maintenance, required structural repairs and anticipated future capital requirement during the term of the evaluation.
- Both new construction options are anticipated exceed the current HRM funding commitment of \$2,515,000.
- Without additional funding to defer the capital investment, both new construction options do not generate sufficient revenue to offset the initial capital costs, neither option 2 or 3 will be cost neutral.
- The lack of acquired land remains a high risk to the project regardless of the option.
- Although ESLCS had identified potential partners (future tenants), all of the identified potential partners at this time are not committed to the ESLCS's new building proposal, managed by the ESLCS on the selected site.
- In all but the status quo option, the Sheet Harbour Lions Club is not the primary building manager or a primary rent paying tenant. This may result

in a direct impact to the community as the Lions Club provides a significant economic and cultural benefit to the area.

The table below illustrates the financial summary associated to each option:

		Option 1 Status Quo (Base Case)	Option 2 Multi-tenant Community Centre Complex	Option 3 New Sheet Harbour Community Centre
	Building Size (sq ft)	12,419	15,300	12,564
	Building Occupants	Lions Club Community Centre	Community Centre, Libraries, Recreation, + additional un leased	Community Centre, Libraries & Recreation
Capital Costs				
	Total Capital Cost	\$2,515,000	\$7,037,895	\$5,792,789
	HRM Allocated capital	\$2,515,000	\$2,515,000	\$2,515,000
	Additional capital requirement beyond current allocation	\$0	(\$4,522,895)	(\$3,277,789)
	Annual cost of additional capital (4% interest rate, 20 year amortization)	\$0	\$328,894	\$238,353
	Subtotal; Cost of Additional Capital	\$0	\$328,894	\$238,353
Operations and Maintenance Costs				
	Subtotal; Operations and Maintenance	\$115,687	\$174,736	\$143,489
	Total Annual Cost; Capital, Operations and Maintenance	\$115,687	\$503,630	\$381,842
Operational Revenue				
	Total Facility Revenue	\$80,082	\$157,450	\$80,082
	Annual Facility Profit / (Loss)	(\$35,605)	(\$346,180)	(\$301,760)
Additional HRM Costs				
	Blue water Building: Seaside Fitness Ctr	\$39,249	\$0	\$0
	Bluewater Building: Library Rent	\$42,000	\$0	\$0
	ESLCS: Seaside Fitness Ctr Rent	\$0	\$35,368	\$0
	ESLCS: Library Rent	\$0	\$42,000	\$0
	Total Additional Annual Costs	\$81,249	\$77,368	\$0
	Total Annual Cost attributed to HRM	\$116,854	\$423,548	\$301,760
	Variance to Base Case (net zero difference)	\$0	(\$306,695)	(\$184,906)

Recommendation

CMEL’s recommended option based on the current information and the parameter associated with “Net Neutral” identified by Council is the Status Quo.

However if three key risk factors are addressed; land acquisition, the requirement for additional capital investment, and the lack of continuity of the rental income information associated to the current Sheet Harbour Community Centre, the net neutral calculation and resulting recommendation may change. It is therefore recommended that the ESLCS is provided with the opportunity to further the negotiations associated with the land transaction, and be provided with an opportunity to source additional capital. In the event that ESLCS is unable to secure enough additional capital to support Option 2, Option 3 may provide a viable collaborative option for both ESLCS and HRM.

CMEL recommends that prior to HRM approval of the project, the financial information from the Sheet Harbour Lions Club is provided in support of the ongoing rental income. This is required to address the risk associated to the anticipated income in all options.

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Introduction

Capital Management Engineering Limited (CMEL) was retained by Mr. Darren Young, Corporate Facility Design & Construction/ Corporate & Customer Services Halifax Regional Municipality to complete a business case assessment and develop a functional space plan with respect to the proposed new Sheet Harbour Community Centre.

Following Halifax Regional Council's decision to further the possibility of building a new community centre in Sheet Harbour (January 30, 2018), the intent of the Project and the subject of this report, is to provide an opinion of the best value for the Municipality taking into account the Stakeholders' requirements.

Objective

Halifax Regional Council has directed staff to obtain a business case and prepare concept architectural and site plans complete with capital and operating cost estimates for the proposed new Sheet Harbour Community Centre. Capital Management Engineering (CMEL) has been requested by Halifax Regional Municipality (HRM) staff to complete the business case, capital and operating cost estimates. Pending approval of one or more of the recommended options, CMEL is also expected to coordinate an architectural sub-consultant who will be responsible for the development of concept architectural and site plan drawings.

An expansion of recreational amenities in Sheet Harbour was originally considered by HRM between 2014 and 2017 as part of a proposed new school construction whereby additional facilities that could service the local community would be incorporated into the new school. During the same period, repair and renewal requirements associated with the current community facility resulted in seasonal closure and an evaluation of the program delivery. It was identified that there may be an opportunity to develop a new building instead of incorporating space into the new school. A new building could provide a new location for the current Halifax Libraries, Sheet Harbour Branch and the services provided by the Halifax Parks and Recreation located in the Bluewater Building, and not only these programs, but could house potentially other community based services.

Concurrent to the HRM's evaluation, a community based committee was established, the Eastern Shore Lifestyles Centre Society (ESLCS). They independently evaluated through various sub-committees the specific community needs of a new facility including identifying a potential new site for development.

HRM has an "earmarked" budget of \$2.515 million for the 2018/19 fiscal year for either major repair or replacement of the existing Sheet Harbour Lions Community Centre. With an earmarked budget and taking into consideration the ESLCS proposal, Regional

Council directed staff to “Return to Regional Council with recommendations regarding a conceptual design and a business case that achieves a cost neutral operation of the proposed Centre”³. The Eastern Shore Lifestyle Centre Society has stated as a parameter of the project that the “facility components beyond current expenditures on recreation and library services in the community would be cost-neutral to HRM”⁴. The purpose of the report is to provide the business case, and pending approval of an option, develop with an architect a conceptual design.

Scope and Methodology

This business case report follows the business case report template produced by Her Majesty the Queen in Right of Canada[®], represented by the President of the Treasury Board, 2009.

The analysis was broken down as follows:

- Project Kick-off and background information gathering
- Development of Functional Space Plan
- Report and budget development
- Presentation of the draft findings
- Coordination of the conceptual design of an approved option
- Delivery of the final report

The initial work included project kick-off meetings and gathering of background information. We initially met with HRM to discuss the purpose and required service delivery associated with the facility. HRM also provided a list of the various stakeholders and contacts that should be involved in the development of the functional space plan. We also took this opportunity to review the current facilities and gather any recent information on current concerns, expected expenditures and or other information that would be pertinent to the business analysis. We also discussed the project time line and progress reporting frequency to ensure HRM was kept up to date throughout the Project.

The second task was a series of meetings with the identified stakeholders. The intent of the meetings was to develop an understanding the service and building requirements including the supporting site. We provided the stakeholders with an opportunity to meet with us and in a second series of meetings make comment on the initial space plan prior the start of the conceptual design.

Concurrently with the stakeholder meetings CMEL reviewed HRM’s Community Facility Master Plan Update (CFMP II) and the Eastern Shore Needs Assessment, both

³ Halifax Regional Council Item Number 14.1.7 January 30, 2018 Recommendation

⁴ Halifax Regional Council Item Number 14.1.7 January 30, 2018 Discussion, Eastern Shore Lifestyle Center Society Proposal

supporting documents provided by HRM staff. The reports were reviewed, to the extent that we discussed the adherence of the current and proposed new design with the documented assessments / policies.

We had two meetings in Sheet Harbour to meet with the Society. During one of these trips we took the opportunity to review the current facilities in Sheet Harbour to better understand the limitations and general condition of the current facilities of the Sheet Harbour Lions Club, the Halifax Public Libraries' Sheet Harbour Branch, and Halifax Parks and Recreation areas in the Bluewater Building. Other stakeholder meetings and facility tours of Libraries and Recreation facilities were held in Halifax, Musquodoboit, and Prospect. Following the various meetings and development of the building's operational requirements CMEL developed a Functional Space Plan (FSP). The FSP was used to develop the costing associated with the various options to allow for a comparison and development of the draft report. The draft report was submitted to HRM for review and comment.

The third stage and upon direction from HRM, following the development and approval of the functional space plan and review of the draft report, CMEL is expected to coordinate the activities with an architectural sub-consultant, chosen and engaged directly by HRM. Working with the Architect, CMEL will develop a capital budget and operational budget projected over a twenty year term while the architect completes conceptual design drawings.

With each of the scenarios we have discussed where applicable the following criteria to provide a qualitative and quantitative analysis:

- Assumptions
- Included services
- Service limitations
- Stakeholder limitations
- Initial capital cost
- Ongoing capital cost projection
- Cost with borrowing costs over a twenty year period of the capital
- Benefits
- Recommendation on the most beneficial option for HRM
- Report limitations

The final stage will include a presentation to HRM of our findings. The presentation is anticipated to be in Halifax and will include a high level discussion and summary of the findings along with the presentation of the conceptual design.

Phase 1: The Strategic Context

1 Business Needs and Desired Outcomes

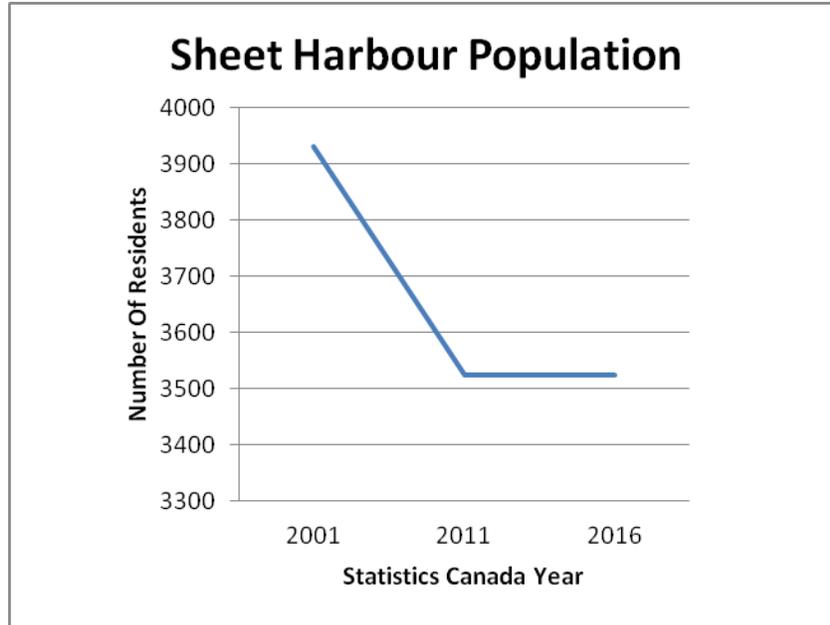
1.1 Strategic Environment

▶ 1.1.1 Organizational Overview

Halifax Regional Municipality (HRM) covers an area of 5,490.35 km². In 2016, the Canadian Census reported that the Halifax Regional Municipality had a population of 403,131 people living inside its boundaries. Sheet Harbour was amalgamated into the Halifax Regional Municipality on April 1st 1996 by the *Act to Incorporate the Halifax Regional Municipality*. Sheet Harbour is located in HRM district 2, the largest region of HRM geographically. Sheet Harbour is noted as being the most populous community in district 2. The area defined as the Sheet Harbour service area is understood to be 2,173 km² which is generally bound from East Ship Harbour to Ecum Secum with a population of approximately 3,524 residents (including Caribou Mines and Cameron Settlement). The map below illustrates this service area.



The Population of the Sheet Harbour area as reported by Statistics Canada from year 2001 through 2016 is inset below. Although the chart illustrates only three data points, census information dating from the 1800's supports ongoing decline in population in the Sheet Harbour area.



Note that the 2016 population number includes two additional communities Caribou Mines and Cameron Settlement (which is located in the Municipality of the District of Saint Mary's in Guysborough County) which do not appear to have been included in the 2001 and 2011 data.

► 1.1.2 Business Need

In June 25, 2014, Halifax Regional Council requested a Recreation Needs Assessment for the community of Sheet Harbour. The Recreation Needs Assessment, carried out between July and November 2014 included: developing a community profile, data research and analysis, community consultations and interviews with stakeholders. The resultant Eastern Shore Recreation Needs Assessment was issued on January 12th 2015. This report identified that the Sheet Harbour Lions Community Centre is centrally located in the Eastern Shore and has existing indoor and outdoor infrastructure that would allow HRM to deliver recreation services as identified by the residents in the needs analysis.⁵ However, subsequent to this report, during a roof replacement in the summer of 2016, structural issues were identified with roof of the Facility resulting in the facilities' seasonal closure from November through May annually.

Sheet Harbour Lions Club Community Centre is a 12,419 square foot building which is comprised of a large hall with two kitchens, bar, washrooms, storage, office space and

⁵ Eastern Shore Recreation Needs Assessment, partnership opportunities, page 17

three other meeting/ multi-purpose areas supporting a variety of activities including recreation programming run both privately and through Halifax Parks and Recreation. The Centre also houses weekly gathering activities including Bingo and dinners for the community as well as private functions. It was originally designed as a pool and was subsequently repurposed as the community centre following the pool closure.

The Sheet Harbour Community Centre, from November through April in the years 2012-13 to and 2013-14⁶ supported a monthly average of 26 events and 1060 patrons. The space within the community provided almost daily activities, and a patron usage numbers that translate into 1/3 of the total area population monthly. The information provided supports the requirement for community access to year round flexible community event space.

▶ 1.1.3 Drivers for Change

The community of Sheet Harbour is supported by a local Community Centre owned by HRM and run on a volunteer basis by the Sheet Harbour Lions Club.

During a roof replacement in the summer of 2016, structural issues were identified with building's roof. The building was assessed and it was determined that the roof did not meet snow loading requirements resulting in HRM instituting the facilities' seasonal closure from November through May to project public safety. This has been in effect since 2016.

In 2016 HRM estimated the cost to repair to the existing Sheet Harbour Community Centre to be \$2,515,000, which amounts to a cost of \$202.51 per square foot. Due to the high estimated cost, assessment of the possibility and opportunity of constructing a new facility for the same dollar value was proposed.

The Eastern Shore Lifestyle Committee has been actively generating support and coordinating efforts to bring their vision of a new Sheet Harbour Community Centre to reality.

Their vision for a new Community Centre is intended to be managed by an independent society and run by a full time coordinator who can improve programming and facilitate the coordination of the facility with the multiple stakeholders which may include the Sheet Harbour Lions Club, Halifax Parks and Recreation, Halifax Public Libraries and other potential future partners.

▶ 1.1.4 Business Outcomes

The desired business outcome is to provide an economically viable, year round fully accessible community space to support the area of Sheet Harbour. This may replace

⁶ From Activity Reports Supplied by HRM from 2012 through 2014 and partial information from 2015.

the current community Centre or involve a renovation of the current facility and also include recreation and library services.

1.2 Strategic Fit

The Halifax Regional Municipality Charter notes in the Purpose of Act, 2 section, that “the purpose of this Act is to (a) give broad authority to the Council, including broad authority to pass by-laws, and respect its right to govern the Municipality in whatever ways the Council considers appropriate within the jurisdiction given to it; (c) recognize that the functions of the Municipality are to (ii) provide services, facilities and other things that, in the opinion of the Council, are necessary or desirable for all or part of the Municipality”,⁷

The provision of community services in the form of infrastructure benefits citizens of the Municipality by providing a local gathering space and contributing to the vibrancy of a community. This provides access to services which aligns with the defined vision and mission of the Halifax Regional Municipality as a whole.

Halifax Regional Municipalities’ Mission as described in the 2017-2021 Strategic Plan is “We take pride in providing high-quality public service to benefit our citizens. We make a difference.” Inset Below is portion of the Strategic Plan located on Halifax.ca.

Strategic Plan 2017 - 21



⁷Halifax Regional Municipality Charter 2008, c. 39, s. 1. Purpose of Act 2

The Municipalities “vision for the future is to enhance our quality of life by fostering the growth of healthy and vibrant communities, a strong and diverse economy, and sustainable environment.”⁸ The provision of community services including facilities in support of the services is aligned with the Mission and Vision of HRM.

In order to dedicate municipal budget to a project, the project is required to be identified formally within a Council Priority Outcome Area which supports the vision, mission and values of the Municipality. The Sheet Harbour Recreation Centre project is identified as falling within the Council Priority of healthy, liveable communities. A healthy livable community as defined by HRM is “a safe, livable and sustainable community that encourages public engagement and participation in civic life.” *Recreation and Leisure* is an identified outcome within the umbrella of *Healthy Liveable Communities*. The defined outcome is that HRM citizens have access to facilities and natural assets that enable a range of choices for structured and unstructured leisure and recreation activities.

The provision of a Sheet Harbour Community Centre and the possible construction of a new Sheet Harbour Community Centre may also align with several other identified council priority areas including, *Economic Development* with the priority outcome of rural economic development, *Promote & Maximize Growth, Service Delivery* by aligning with the desired outcome service to our people, *Social Development* by aligning with the desired outcomes of social infrastructure and *Accessible Community* with the priority of *Governance & Engagement* by aligning with the outcome of fiscal responsibility.

The complete table of Council Priority Outcomes is inset below.

⁸ Halifax Regional Municipality Strategic Plan 2017-21 from Halifax.CA

COUNCIL PRIORITY OUTCOMES

ECONOMIC DEVELOPMENT

ATTRACT & RETAIN TALENT

HRM is a welcoming community where the world's talent can find great opportunities.

PROMOTE & MAXIMIZE GROWTH

HRM promotes a business climate that drives and sustains growth by improving competitiveness, minimizing barriers and leveraging our strengths.

RURAL ECONOMIC DEVELOPMENT

The economic viability of rural communities is included as an integral aim of regional economic growth strategies and their implementation.

FOCUS ON THE REGIONAL CENTRE

HRM has a vibrant, animated and economically healthy Regional Centre that is a cultural, business and education hub with a growing population.

SUPPLY OF INDUSTRIAL, COMMERCIAL & INSTITUTIONAL LANDS

Ensure that there are sufficient industrial, commercial and institutional lands available to provide economic opportunities.

MAKE HALIFAX A BETTER PLACE TO LIVE AND WORK

Recognize and support heritage, cultural activities, and arts to bolster the creative economy and the vitality of the region.

SERVICE DELIVERY

SERVICE TO OUR BUSINESS

HRM simplifies processes and delivers service to promote and encourage a vibrant business environment.

SERVICE TO OUR PEOPLE

HRM understands the needs and perspectives of the people they serve, and provides quality service through a person focused approach.

INNOVATION

HRM will foster a corporate culture that values innovation and bold ideas and supports the rapid deployment of experimental pilot projects and civic innovation project teams.

HEALTHY, LIVEABLE COMMUNITIES

PUBLIC SAFETY

HRM citizens and visitors are safe where they live, work, and play.

ENERGY & ENVIRONMENT

HRM builds resiliency by providing leadership in energy management, sustainability and environmental risk management both as an organization and in the community we serve.

RECREATION & LEISURE

HRM citizens have access to facilities and natural assets that enable a range of choices for structured and unstructured leisure and recreation activities.

COMMUNITY HEALTH

HRM shall be an active partner in supporting community health program such as food security initiatives.

SOCIAL DEVELOPMENT

SOCIAL INFRASTRUCTURE

HRM communities, families, youth and seniors have access to social infrastructure that enables them to participate fully in their community.

ACCESSIBLE COMMUNITY

HRM is a leader in building an accessible community where everyone can participate fully in life, including persons with disabilities and seniors.

HOUSING & NEIGHBOURHOOD

HRM is a leader in fostering partnerships that provide access to a full range of quality, affordable housing options in safe and vibrant neighborhoods.

EQUITY & INCLUSION

HRM is a diverse and inclusive community that supports everybody.

GOVERNANCE & ENGAGEMENT

MUNICIPAL GOVERNANCE

HRM citizens have confidence in the governance structures of the municipality.

COMMUNICATIONS

HRM citizens and communities participate in open and transparent communication with the municipality.

PUBLIC ENGAGEMENT

HRM citizens and communities are engaged in the development of public policy and plans.

FISCAL RESPONSIBILITY

HRM manages municipal resources with integrity and considers the impact on taxpayers when making decisions.

TRANSPORTATION

INTERCONNECTED & STRATEGIC GROWTH

HRM will implement an integrated mobility strategy that supports growth, development and the transportation of goods and people of all ages and abilities, using all modes including walking, cycling, transit, and motor vehicles, consistent with the Regional Plan.

A WELL MAINTAINED TRANSPORTATION NETWORK

The Halifax Transportation Network is comprised of well-maintained assets.

A SAFE & ACCESSIBLE TRANSPORTATION NETWORK

The Halifax Transportation Network is designed to be operated to be safe, accessible and supportive of enhanced user experience and focused on service improvements.

PEDESTRIAN SAFETY

Drivers, cyclists and pedestrians all-share responsibility for travelling safely together. Through education, enforcement, and improved infrastructure (engineering), engagement and evaluation, pedestrians in Halifax are provided with a safe environment in which to walk.

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1.3 Detailed Description of the Business Need

▶ 1.3.1 Problem/Opportunity

The Sheet Harbour Lions Community Centre is centrally located in the Eastern Shore area and has existing indoor and outdoor infrastructure that would allow HRM to deliver recreation services as identified by the residents in the needs analysis; however, to protect public safety, the building had been closed seasonally from November through May since 2016.

Recapitalization of the facilities was identified in 2016 to have an estimated cost of \$2,515,000 or \$202.51 per square foot with additional recapitalization over the twenty year term. Recapitalization of an older facility at this premium was not considered to bring the municipality a high return on investment with respect to quality of building infrastructure obtained for the cost of the expenditure. The recapitalization premium presented the opportunity to reallocate the funding to construct a new purpose build custom designed Community Centre which meets the current and anticipated future needs of the Sheet Harbour Community.

In addition to replacement of the existing facility, the possibility of a multi tenant facility which may include Halifax Parks and Recreation and Halifax Public Library is being considered. The collocation of library and recreation services is recommended within the Eastern Shore Recreation Needs Assessment, and has been successfully implemented in other locations in HRM, most notably in the adjacent community of Musquodoboit.

▶ 1.3.2 Functional Requirements

The project's core requirement is to replace the Sheet Harbour Lions Club Community Centre. Expansion to include additional Halifax Parks and Recreation, Halifax Public Libraries, and other potential partners is beyond the initial requirement. The business case will assess the potential for this expansion within the defined parameter of net neutral HRM expenditure.

▶ Sheet Harbour Lions Club Community Centre

The existing Sheet Harbour Lions Club Community Centre has a total of 12,419 gross square feet over two floors with a partial basement consistent of a mechanical service room.

1. Building Totals	
Building Net	9,600 ft sq
Building Gross	12,419 ft sq

However the current community Centre occupies a repurposed pool constructed in approximately 1970. The configuration and layout suffers from the challenges typical of repurposed facilities where spaces are inserted into available space, not designed to meet the identified requirements. At a high level, there appears to be an excess of space relative to the current usage of the building. The existing functional space program is as follows:

Existing Sheet Harbour Community Centre Functional Space Program			
Main Floor Functional Spaces			
Number	Room Name	Net Area ft2	Notes
101	Entry	171	
101A	Vestibule	33	Vestibule to entry
101B	Closet	31	Closet off of entry
102	Corridor	711	
103	Reception	110	
104	Office Space	241	
105	Storage	17	Under staircase to 2nd floor
106	Storage	64	
107	Storage	89	
108	Storage	37	
109	Storage	109	
110	Storage	199	
111	Spare	-	Spare placeholder in case of future ammendments
112	Storage	16	Access to storage 112 is off of bar storage room
113	Bar Storage	127	Bar storage 113 is open to bar
114	Bar	127	
115	Kitchen	385	
116	Community Hall	4499	
117	Storage	111	Storage attached to community hall
118	Bingo Caller Station	73	Enclosed area for bingo caller
Main Floor Washrooms			
Number	Room Name	Net Area ft2	Notes
150	Unisex Washroom	102	Washroom 150 access from corridor 102
151	Male Washroom	187	Also a changing room, access is from entry 101
152	Female Washroom	329	Also a s a changing room, access is from entry 101
Main Floor Mechanical/Electrical			
170	Electrical	45	Access is from furnace room 171
171	Furnace Room/Mechanical	169	Access is from building exterior
Second Floor			
201	Corridor	397	Hall way on meeting room side
202	Kitchen	238	
203	Storage	81	
204	Storage	28	Access to 204 is through storage room 203
205	Storage	257	Has exit to outside using exterior staircase
206	Meeting Room	1442	Lion's Club meeting room

As a repurposed building, the existing facilities are not the ideal primary model. A new building brings the opportunity to assess the existing services, critically evaluate what is needed and what is not needed. The description below summarises the core community services adapted to the current and projected future community needs. It results in a net reduction in space from the existing facility, yet brings greater flexibility and usability.

The general requirements of a new building are to have barrier free access and natural light. The ESLCS has proposed that a requirement of 150 paved parking spaces would be required, which would amount to 51,000 square feet of asphalt paving; however, the analysis identified that parking for 50-100 vehicles is anticipated. It is recommended that only 25-50% of that area is paved and the remainder would be acceptable as gravel. Parking area expansion can be accommodated with a phased plan should the future building usage establish the need for additional parking.

A detailed review of the buildings usage and anticipated future operational requirements has provided a consolidated Functional Space Program. The primary components of the Community Centre are identified as follows: note that the reference numbers align with the New Sheet Harbour Functional Space Plan found below the descriptive text.

C1.1 Great Hall (3,200 ft sq) Of primary importance to the community in a new facility is a large multipurpose space to replace the function of the current community hall (the existing facilities have an area of 4,500 sq ft including a permanent stage) Based on the area, originally the pool and pool deck of the existing room would have the capacity to accommodate 500 guests for a buffet serviced event utilizing rectangular tables. The initial request was for 300 persons however the supplied building usage information indicates that the maximum number of users was 300 on only two occasions and it was reported that although the events were planned for 300, 250 or less attended. Through the process of review, the functional requirement for the Great Hall has been established to be a function room with a capacity of 250 persons seated at rectangular tables which results in a space requirement of 3,200 sq ft. In a buffet setting the requirement for space is less and this is anticipated to provide the flexibility to accommodate the area for a stage.

The hall is required be able to support events such as community meetings, bingo, weddings and dinners. The current building has a stage area which is reported to be used regularly. A stage no larger than the current stage should to be accommodated. A stage that is retractile may be beneficial to maintain flexibility. Air-conditioning was requested and would be considered to be in keeping with today's standards. Maximum flexibility was prioritized with storage space off of the hall to accommodate furniture and temporary usage or seasonal items as well as club/ organization specific lockers. It was reported that the current arrangement of having the bar and kitchen off of the hall is advantageous for program delivery and would be desirable in a new facility. Currently there is direct access to the exterior from the hall for exiting purposes; however, it was

requested that this functionality is expanded in the new facility to include an integrated outdoor area designed to accommodate weddings, BBQs and activities.

There is currently a bingo caller booth off the hall with dedicated secure storage area. These are associated to the hall, however, can be located adjacent to the hall.

The building occupants currently utilized temporary screens to section off areas of the main hall for smaller events which use the space. This approach is beneficial and supports the construction of a large hall to ensure maximum usage and functionality. At this stage of project development, the hall is proposed to have operable walls to divide the space into three rooms; one at 1,600 sq ft and two smaller rooms that would accommodate smaller groups at 800 sq ft. This approach has effectively reduced the requirement for two larger rooms in addition to the Hall.

C1.2 Kitchen To support the functionality of community dinners and weddings, a kitchen is required. It was reported that the remote location means that cooking is often done on site. Due to the existing facilities, cooking community dinners is completed over an entire day and on two floors using the second floor and first floor kitchens. Notably the kitchen is most often used by large groups of up to ten volunteers cooking together to support the community events. This style of kitchen is different than a typical commercial setup. It requires significant counter space with a more dispersed layout. The current kitchen has direct access to the hall via a pass through and door these are functional requirements of a new kitchen. The net area requirement for a new kitchen was established at 365 sq ft. which is slightly smaller than the current kitchen area however this does not include additional storage space which is currently in the kitchen. It was requested that the kitchen be industrial in style with durable and sanitary stainless steel surfaces. The current kitchen is provided with air-conditioning via a mini split.

Specific equipment required includes:

- refrigeration capacity equal to three upright refrigerators which can be operated separately to accommodate drink refrigeration for events
- 1 freezer estimated to have a capacity of 22-27 cubic feet
- 1 pass through commercial dishwasher with pot wash sink
- Two 36 inch residential style ovens
- a minimum of 6 burners
- 1, 5 pan hot food table
- 1 microwave

The freezer and ice machine are located in separate areas. Their future location may be outside the kitchen.

Within the umbrella of the kitchen requirements is the need for dedicated storage. This is currently located in the kitchen however could be accomplished in a dedicated room with shelving directly off the kitchen. The kitchen currently stores all cooking implements, glassware's, plates and cutlery to support hall dinners.

Linens are stored on site and rented for events providing a source of income. Linens are located in a storage room which also stores seasonal items and decorations. There is no onsite capacity to wash laundry resulting in dirty linens being transported to the homes of volunteers and washed. The addition of a dedicated laundry room with a single washer and dryer has been established as a functional requirement.

C1.3 Bar To support the functionality of community dinners, weddings, bingo and as a primary source of income, a bar is required. This is comprised of two components, the main bar service area and secure liquor storage area. The bar area is currently two rooms however would be better accomplished with a well planned single space which includes canteen items for sale. The area has been established as 160 sq ft. Separate liquor storage has been identified as 64 sq ft, equal to the current facilities.

Currently glassware's are washed in the kitchen. This prevents duplication of dishwashing equipment in the bar and kitchen and has not been reported to interrupt the business operations. The ice machine is located in the bar area. This is viewed as beneficial and to remain. Canteen sales are undertaken through the bar and a small storage closet the items accessible within the bar space.

C1.4 Reception and Lobby To support access to the facility and provide an area for visitors to gather. This area has been established at 200 sq ft. Although this area may be included in the building gross up factor, as a specific program requirement to have a designated space for people to go when entering the building, it has been included as program area. In a building which may house multiple stakeholders a common area for orientation will provide a benefit to the facility.

C1.5 Administrative Office To support the management of the multi use facility it is anticipated that a staff position will be required which will result in local office space with area for storage and printing. This has been established at 110 sq ft. This space should be located close to the reception and lobby.

C1.6 Board Room To support the management of the multi use facility it is anticipated that a dedicated boardroom to accommodate 10-15 persons will be required. This has been established at 300 sq ft. Larger meetings are anticipated to be accommodated in the sub-dividable great hall.

C1.7 Public Street A wider than average main common corridor has been requested. This area is intended to double as function space and to include a small kitchenette with small refrigerator, and sink located in a millwork unit with an estimated depth of 2 ft and

length of 4 ft. The kitchenette will support meetings and eliminate small scale usage of the large main kitchen for coffee which enables better control of the kitchen. It is intended to be integral to the common entrance and an area for visitors to the building. The area of this requirement would be tied to the building design and at this stage it has been estimated to be 10 ft wide and to have the length of 50 ft. with an area of 500 sq ft. Although this area may be partially included in the building gross up factor, as a specific program requirement or desirable design feature it has been included in the functional space program. In a building which may house multiple stakeholders and potentially concurrent events a common entrance and corridor area for can provide a benefit to the facilities overall cohesion.

C1.8 Building Storage Rooms The building currently has storage located sporadically throughout the building. Sufficient dedicated storage for both the interior and exterior requirements to support the community Centres multiuse function is required. Dedicated storage of 250 sq ft for interior storage and 250 sq ft accessible from outside for exterior storage for shovels and equipment is anticipated.

C1.9 Washrooms To support the building occupancy in accordance with the building code washroom area is typically accommodated in the buildings gross up. It is estimated that this will require 350 sq ft of space however this will be determined through detailed design. No area has been included in the Functional Space Program.

C1.10 & C1.11 Janitorial, Mechanical and Electrical Rooms To support the building these areas are typically accommodated in the buildings gross up. No area has been included in the Functional Space Program.

The areas above have been identified as net building area in square feet. Net area is defined generally as the programmed space within the walls of the room. Gross building area is the total area which includes the net area and additional space which is required to make the programmed net building areas work. This includes hallways, washrooms, janitor's rooms as well as building service rooms including mechanical electrical and communications rooms. Prior to concept design a percentage increase is used to allocate additional square footage in the cost estimates to insure that building can function. As the building design process moves from the current functional planning stage to the concept and detailed design, the room areas and total facility area will supersede the preliminary gross up area that is presented in this report.

CMEL has elected to use a factor of 20% for gross up which is on the lower side of a range of between 15 and 45%. This is taking into consideration that a primary corridor has been included in the building program which would typically be included at least partially in gross up values.

The compiled Functional Space Program is included below with the primary functions in addition to ancillary and dependant spaces.

Sheet Harbour Community Centre Functional Space Program			
serial	name	sq ft	functional requirement
C1.1	Great Hall	3200	250 persons divisible into 2 or 3 rooms 1@ 1600, 2@800
C1.1.1	Stage	0	not larger than current stage 225 part of the great hall area
C1.1.2	Meeting Room Lockers	120	close too or off of the hall spaces which are 4'x6' for community groups storage assume 5 of them 3 groups named
C1.1.3	Bingo Caller	80	bingo equipment includes 2 extended desks 3'x6' & 2'x6'
C1.2	Kitchen	365	off of the hall with pass through, 10 persons cooking volunteers, minimum 3 standard size fringes, two are beverage refrigerator, two standard size ovens, minimum of 6 elements, commercial dishwasher
C1.2.1	Kitchen Equipment Storage	100	currently integrated into cabinets in the kitchen, can be in or in a room off the kitchen, no dry food storage
C1.2.2	Kitchen Cold Storage	50	one freezer possibly an additional fridge
C1.2.3	Linen Storage Room	50	storage of rentable linens currently shelved in laundry baskets on plastic shelving
C1.2.4	Laundry Room	150	linen cleaning and ironing one washer and dryer
C1.3	Bar	160	off of the hall (window style) to include lock up of snacks area 3 refrigerator
C1.3.1	Liquor Storage	50	liquor lock up separate from bar area assume 5 ft by 10 ft
C1.3.2	Canteen Storage	15	closet with shelves for boxes 3ft x5 ft
C1.4	Reception and Lobby	200	
C1.5	Office	110	one office with ability to have a person in office and printing
C1.6	Boardroom	300	small board room temporary office or meetings for 10-15
C1.7	Public Street	500	assume a hallway that is 50 ft long by 10 ft wide
C1.7.1	Kitchenette	0	sink, mw, counter for coffee, and small fridge lunch or milk ' long by 2 ft counter and a 4 ft corridor , can be part of public street
C1.8	Storage	250	general material storage display and seasonal materials
C1.8.1	Exterior Equipment Storage	250	exterior access for storage of exterior equipment bbq, snow blower
C1.9	Washrooms	0	as required by NBCC. 350 ft sq estimate
C1.10	Janitors Room	0	gross up number as required to support building needs
C1.11	Mechanical Electrical	0	gross up number as required to support building needs
Net Building Area		5950	
Gross Building Area		7140	

► **Halifax Parks and Recreation Sheet Harbour Facilities**

Recreation services are provided at multiple locations throughout the Sheet Harbour area. The Eastern Shore Lifestyle Centre Committee have proposed that the existing Sheet Harbour Recreation facility located Bluewater Building located at 22756 Highway 7, comprised of the Seaside Fitness Centre could be relocated into the new Community Centre. Halifax Parks and Recreation is not actively seeking new accommodations however to enable the business case assessment they have provided a Functional Space Program.

The space is intended to be comprised of a combined cardio and weigh room with supporting office and storage and lockers. Halifax Parks and Recreation would like to have access to program rooms and meeting rooms. The total net area for the

recreation requirements is estimated to be 2,580 sq ft with a gross estimated area of 3,096 sq ft.

An area for interior walking was requested which is to fit into the circulation of the building, and therefore additional required building area is not required to support this function. The functional space program is inset below:

Sheet Harbour Recreation Functional Space Program			
serial	name	sq ft	functional requirement
Administration			
R1.1	Enclosed office	200	two workstations in a room no requirement for space for meeting space in office
R1.2	Administrative support	50	storage and printing assume to be located close to office but not off of the office.
Athletics			
R2.1	Cardio / Weight Room	1500	Cardio and weight are in the same room
R2.2	Walking track	0	integrated into the functioning of the building "Mall walking" no length or material requirement identified at this time
R2.3	Storage	300	
R2.4	Lockers/ Cubbies	30	assume in open area 3'x 10'
Common Assets			
R3.1	Program Room 1	0	It needs to be confirmed if the program rooms could also be accommodated by the great hall assuming one at initial discussion
R3.2	Program Room 2	500	Recreation assumes that these rooms would be a common assets
R1.3	Kitchenette	0	2'x4' possible common usage asset 40
	Meeting Room Small	0	6-10 assumed persons Included in Community center FSP 300
	Meeting Room Large	0	15-20 persons assumed Included in Community center FSP 800
	Individual washrooms	0	Included in Building Gross Up factor
	Net Building Area	2580	
	Gross Building Area	3096	

► **Halifax Public Libraries Sheet Harbour Branch**

Halifax Public Libraries currently leases space in the Bluewater Building, at 22756 Highway 7, for the Sheet Harbour Branch. The Library occupies 2,964 Gross square feet (GSF) of space, of which 485 GSF is programming space.

The Halifax Public Libraries Facilities Master Plan background report completed by DmA (2015) classifies the Sheet Harbour Public Library as a Rural/Neighbourhood branch, serving a population up to 10,000. The general guidelines for libraries in this category suggest that rural libraries should be a minimum of 3,000 GSF up to 6,000

GSF, operating for a minimum of 25 hours per week, with 300-500 GSF of programming space.

▶ **Other Potential Partners**

The Eastern Shore Lifestyle Centre Society has presented the possibility of other smaller scale partnerships. Two additional organizations include Department of Natural Resources who currently have offices in the Sheet Harbour Fire Station and The YMCA – employment service, which is located the Bluewater building. At this time there are no firm commitments and any analysis of area requirement is premature and would be anticipated by be provided by the respective stakeholders. CMEL has not independently contacted these groups.

For the purposes of the report CMEL will continue to use the areas provided by ESLCS for the two potential stakeholders, specifically DNR and the YMCA.

▶ **1.3.3 Assumptions**

It is assumed that the Halifax Regional Municipality's commitment to fund the renovation or replacement of the Sheet Harbour Community Centre is indicative of their interpretation that there is a continued need for a Community Centre in the area. Should this not be accurate it would fundamentally change the business case and potentially undermine the Project in its entirety. The risk of this could be that there is sufficient capacity in the community without renovation. The risk to the projects is considered high.

It is assumed for the purposes of this report that the site selected by ESLCS is the site which will be used. A detailed analysis of the site and potential selection of alternate sites is beyond the scope of this Project. ESLCS has identified that the current site may be acquired for \$1 and as a result no additional costs associated with site acquisition have been considered. Should the site not be available or should the site costs be at market rate this fundamentally changes the existing information as site acquisition would be required. The risks to the project are financial and time related as there may be an extended period of site procurement for the existing site or selection and acquisition of a new site. However a potential benefit to an alternate site is that it may align with Halifax Public Libraries priorities which are currently not met with the selected site. The risk to the project overall related to the site procurement is considered high.

It is assumed for the purposes of this report that the site selected by ESLCS is a viable site. Should the site not be viable, at the extreme end of the spectrum, a new site would be required, or additional costs may be required to address potential issues with the selected site. This could delay the project and add cost to the project not currently included in the estimate. The site has not been assessed by CMEL or a third party to confirm its suitability or its viability or if it is the most cost effective site to develop. The

risks to the project are financial and time related. The risks to the project overall related to the site suitability are considered low due to the site prior development.

The information provided related to the historical usage of the Sheet Harbour Lions Centre although from 2012 to 2015 is assumed to be correct and reliable. The information is sporadic and the most recent years, 2016-current have not been provided. Should the information not be indicative or misrepresentative of the building future usage, the potential income, facilities required and the need for the Centre could be in question. The risk to the project is considered moderate as the initial assumption is that HRM supports repair or replacement. The risk to the net neutral HRM expenditure requirement, if the building generates less income than identified for the years provided is considered high.

The Eastern Shore Needs Assessment written by HRM in 2015 is assumed to be correct and valid to apply to the current condition. Should the information no longer be valid due to the time since the report was written, some of the fundamental information surrounding the business case and needs similar to above, could be in question. The risk to the project is considered moderate.

► 1.3.4 Constraints

The project is currently limited by the predetermined budget allocated by HRM which was generated in 2016 from the cost required to renovate the existing community Centre building. Additional funds are not currently in place from other levels of government or private partners. Community fundraising efforts are inspirational and very positive to date. It was reported that the ESCLSC and mostly through the Lions efforts have raised in excess of \$70,000, however unfortunately their value at this time are not material related to the construction costs of a new building.

The program associated with the space is not fully defined as identified potential partners have not committed or are not currently interested in relocating. Therefore the building has an estimated range of 7,140 to 17,140 square feet. Assumptions related to area usage where appropriate have been used and are in field in the report.

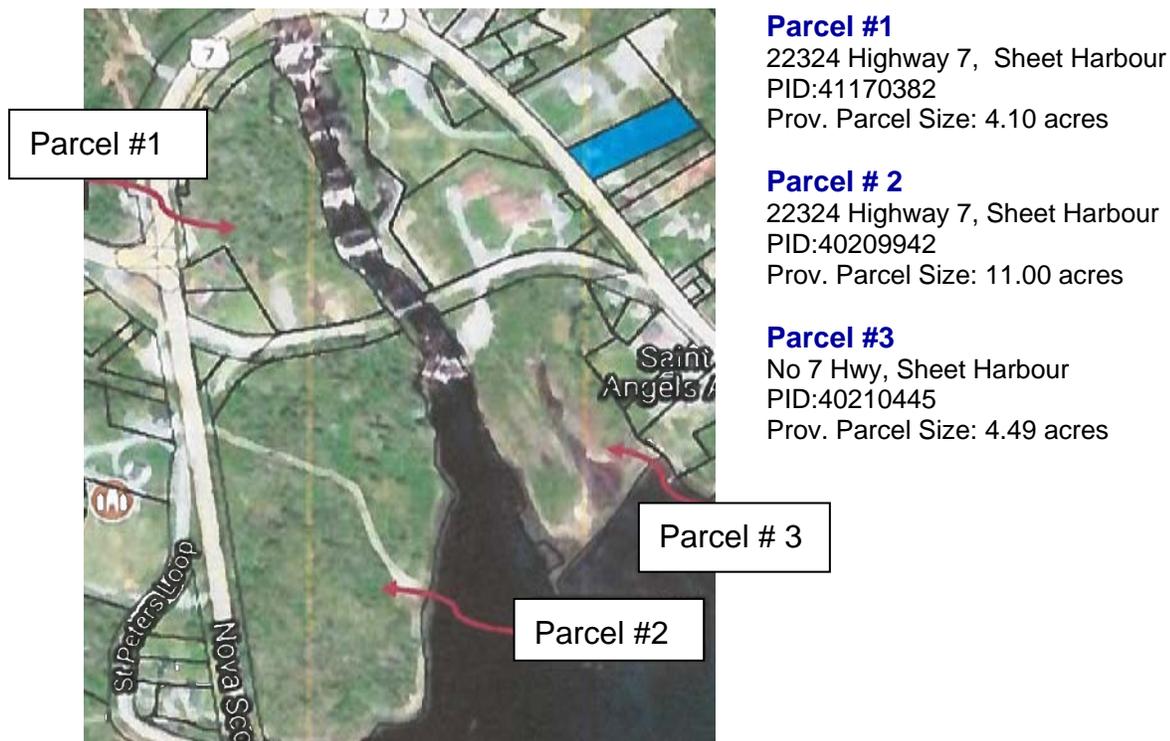
The project governance structure is currently proposed to be a third party society which has no prior experience in managing a multi tenant Municipally owned facility. There are no current contracts in place for the relationship between the proposed third party managing group and the stakeholders including HRM, Halifax Public Libraries or Parks and Recreation, nor are there any formal policy statements related to rental costs of the facility by the Sheet Harbour Lions Club.

► 1.3.5 Dependencies

The project is dependent on ongoing funding from HRM. The project's proposed governance structure requires that HRM be the owner of the building. The building is intended to lease space to HRM and that HRM will provide the rent to the third party managing group. The current proposed governance structure also assumes that in the event of default and or operational shortfalls HRM would be responsible for costs.

A new facility is dependent on obtaining additional funding. Based on the current budget and the proposed scope of the project, additional funding or reduced scope will be required to achieve a net neutral result.

The project is dependent on land currently owned by the Department of Natural Resources being transferred or sold to the ESLCS. At this time the proposed cost of one dollar has been used however one of the greatest risks to the project remains the status of land to construct the proposed building. The site is currently proposed to be comprised of three parcels with a total area of 19.59 acres. This scale of site is not required to support the proposed scale of project. A viable solution could be to reuse of the current Sheet Harbour Community Centre site or to procure a smaller site.



Similar property on the water without buildings in the area is valued at an average of \$8,600, per acre for tax purposes. With this base calculation extrapolated the land could be valued at upwards of \$168,000 dollars. There is no current provision for funds in

support of land acquisition and therefore without the \$1 land transfer, the project will need to obtain more funding and or return to site selection phase.

The site is comprised of three parcels of land and their current selected site of the three to build on is Parcel 2. However it appears that the project could be reasonably located solely on Parcel 3. Parcels 1 and 2 could provide overflow parking across the foot bridge. At this time any agreement regarding the site acquisition has not been made.

The rent is supported primarily by HRM. Further the ESLCS has said that “every occupant of the facility must contribute, not just fair market rent, but rent comparable to sustaining the overall cost of operations”⁹ Rent is therefore anticipated to be higher than fair market value. It is noteworthy that should any partner move from their existing space in the Bluewater Building, there will be space available which could produce an overabundance of leasable space in Sheet Harbour whereby reducing the competitive rental value of the Community Centre Space. Partners and potential partners may choose to (re)negotiate financially more favorable leases in the Bluewater Building.

1.4 Scope

▶ 1.4.1 Boundaries

The project will include the construction of a new building to replace the Sheet Harbour Community Centre with an estimated area of 7,140 gross square feet. Should other partners commit to joining the project it is estimated that up to 10,000 additional square feet of building will be required.

Dependant on the site, site servicing will be required including provision of a well, septic system and power supply.

The ESLCS has applied to obtain a plot of land adjacent to the river from the Department of Natural Resources with the proposed cost of one dollar. The site is comprised of three parcels of land and their current selected site of the three to build on is Parcel 2. At this time site acquisition has not been finalized. Site acquisition costs are not currently included in the project.

▶ 1.4.2 Stakeholder Analysis

The primary Stakeholder within the group of stakeholders is Halifax Regional Municipality and its service delivery groups. The project’s primarily requirement is to replace or repair the Sheet Harbour Lions Club Community Centre. Expansion to include additional Halifax Parks and Recreation services, Halifax Public Libraries and other potential partners are not essential or integral to the initial HRM identified requirement.

⁹ ESLCS letter to Mr. Anguish, dated November 24, 2017.

► **Halifax Regional Municipality**

As identified in The Community Facility Master Plan 2 (CFMP2), Dated May 2016 Halifax has an average of one community hall for every 19,505 residents. This is lowest rate of the identified benchmarked cities of Edmonton, Winnipeg, and Hamilton.

Additionally the CFMP2 provides draft criteria for evaluating proposed locations for Community (Recreation) Centres. It applies a point system to be used as criteria for HRM.

FACILITY-SPECIFIC CRITERIA

Facility-specific criteria are recommended considering:

- The current rate at which Facilities are provided;
- The range of rate of Facilities in benchmark municipalities;
- Feedback from the public and sports organization on the sufficiency of current Facilities;
- An allowance for generally a higher density of facilities on a population basis for rural areas because otherwise the long travel times would make Facilities less accessible.
- A high-level analysis of the implications of establishing a standard for development in rural areas.

Facility	Criteria	Benchmark Range	Current Rate	Regional Core	Urban Community	Rural
Community (Recreation) Centre/Site	Population per facility	12,000-45,000	30,000	35,000	30,000	20,000
	Drive time			10 min	15 min	30 min*
	Includes: gym, multi-purpose rooms, fitness room, skate park, playground structure, tennis courts or multi-sport court, small skate park. May include pool, arena or outdoor ice facility. Where required re-investment is greater than cost of new facility, consider replacement and potential re-location to optimize distribution and effectiveness of clusters.					
Community Hall	Population per facility	7,000-20,000	20,000	N/A	TBD	5,000
	Drive time			N/A	N/A	20 min
	Includes: reception hall, kitchen, playground structure. May include multi-purpose room, outdoor ice facility. Where required re-investment is greater than cost of new facility, consider replacement and potential re-location to optimize distribution and effectiveness of clusters.					

* Note that for rural target travel times (marked with an asterisk), it is not expected that every person will be within the target travel time. The target should be to have 90% or more of the population of the catchment area to be within the target travel time. Travel times assume good weather and normal road conditions.

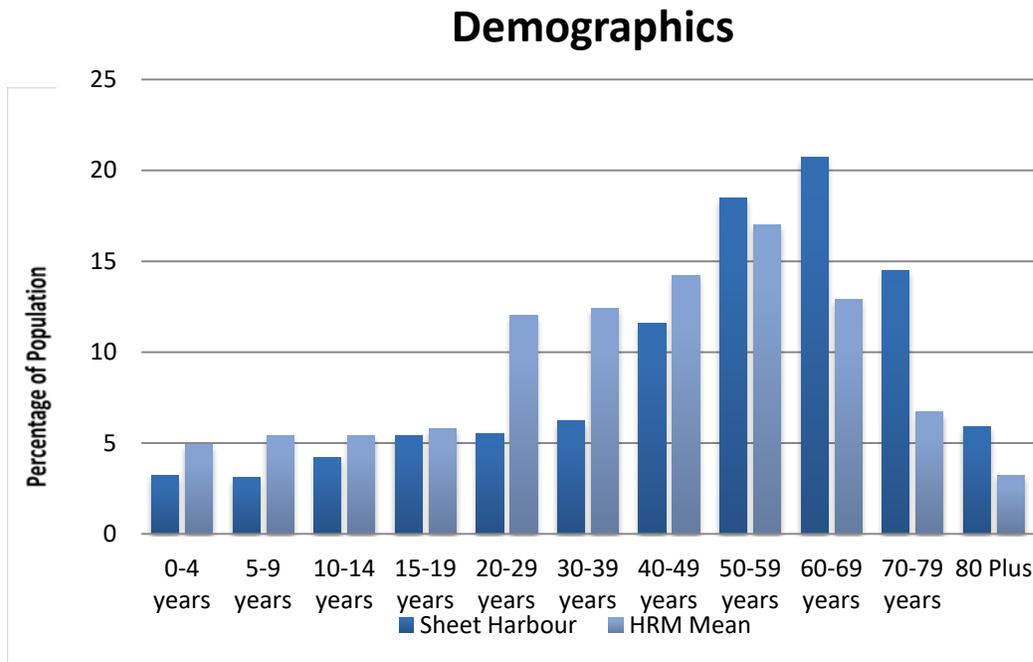
Based on the above listed criteria for a community recreation Centre, the Sheet Harbour area is below the potential threshold for a rural community. The Sheet Harbour area is also below the identified threshold for a rural Community Hall having a population of 5000 within a 20 minute radius. The status quo includes a population of 3524 in an area serviced by two community halls on a full time basis and one on a seasonal basis that are all within a thirty minute drive.

The below image shows the proposed new site, and the three sites servicing the area; the existing Sheet Harbour Community Centre, Mosher River Community Centre and the Balcom Centre with a 20 minute estimated driving distance from the new site overlain in red.



The current Demographic for the Sheet Harbour Area are heavily weighted to the age range of 60 to 80 +. With respect to a new facility it is important to assess the needs of an aging population. Service delivery is required which can support the aging population while acknowledging that population decline is anticipated over the next ten to fifteen years without a dramatic shift in the area demographics.

The below demographic chart illustrates the percentage of the sheet harbour area population compared to the HRM mean within the age ranges of zero to over eighty years.



HRM is currently responsible for the capital funding of the existing facility. The HRM funding includes Contributions Funds based on the size of the facility as well as funding in the form of expenses incurred for services such as building inspections, water tests and boiler cleaning. Funding for the facility was identified in 2013/2014 to be \$16,225. To align with the income costs this value has been assumed to be the annual cost to HRM.

► **Sheet Harbour Lions Club**

The current Community Centre is run on a volunteer basis by the Sheet Harbour Lions Club. The Facility Lease Agreement outlines the expectation for the community group to align with HRM Parks and Recreation Services’ mandate in that they provide, promote and encourage community recreation and cultural opportunities while collaborating and building relationships to promote public use of a municipal asset. The facility is responsible for expenditures such as licenses, permits, utilities, insurance, supplies for events and other operational requirements. The Community group supports their annual costs through a combination of fundraising, bar sales and rental fees.

The Sheet Harbour Lions Club has representation on the ESLCS and has been a vocal supporter of the New Sheet Harbour Community Centre Project with members of the ESLCS also active in the Local Lions Club.

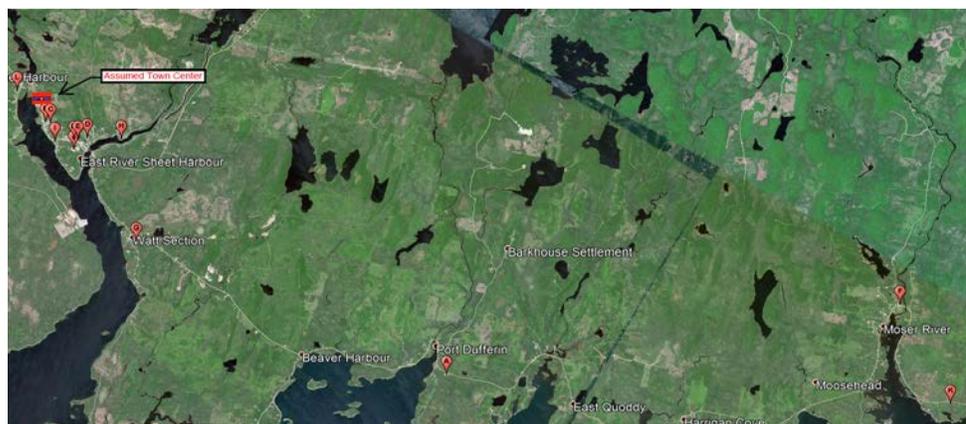
The governance model proposed by the ESLCS for the New Sheet Harbour Community Centre is for a third party group to manage the building. It was reported that a local facility management society will be formed. Additionally it was reported that the Lions Club will be considered a tenant and as such is anticipated to be required to pay rent to the new facility management society for their access to the building in support of their events. The income from the building and other events will no longer be directed to the Sheet Harbour Lions Club however they will no longer have the burden of paying for all of the building costs.

Costs for the facility in the year of 2013/2014 were reported at \$79,864 with revenue from the facility from rentals identified as \$80,082. Complete data for subsequent years has not been provided. The 2013 /2014 year has been identified as peak year.

► **Halifax Parks and Recreation**

Services currently proposed to be relocated to the New Sheet Harbour Community Centre are limited to continued use of the space which was available through the existing Sheet Harbour Lions Club Community Centre and the services associated to the Seaside Fitness Centre. However, Halifax parks and Recreation has not identified a specific lack of space in the area and is not currently actively seeking new accommodations for the Seaside Fitness Centre. Additionally Halifax Parks and Recreation has identified that it is their policy in rural locations to be collocated with the library, which they currently are in the Bluewater building. Currently, there is no fee being paid by Halifax Parks and Recreation to the Lions Club for use of the Existing facility. It is proposed that all tenants will pay a fee to the third party managing society for the new facility.

Halifax Parks and Recreation provides services through a variety of facilities both owned and rented through the Sheet Harbour area. Inset below is a table of locations currently used to deliver recreational services through the expansive region.



Recreational Spaces	
Tangier & Surrounding Area	Lakefront Consolidated School (after 5)
	Lakefront Consolidated Playground
	Billy Bollong Memorial Ball Field- Spry Harbour
	St. James Church Hall-Spry Bay
	St. Peters Church Hall- Murphy Cove
	St. Dennis Parish Centre-East Ship Harbour
Sheet Harbour	Sheet Harbour Wildlife
	St. Peters Catholic Church Basement
	Masonic Hall
	Duncan MacMillan High School
	Bluewater Building
	Public Library
	Lion's Centre
	Legion
	Skate Park (outside at Lion's Centre)
	Seaside Fitness Centre
	Outdoor Rink / Lily's Hill
	Sheet Harbour Rockets Field
	Malay Falls – Aquatics
	Lion's Playground
	Eastern Shore Memorial Hospital
Sheet Harbour Consolidated Playground	
Mushaboom Fire Hall	
Moser River & Surrounding Areas	Lochaber Mines Church Hall
	Samuel R. Balcolm Centre
	Eastern Consolidated School
	Moser River Community Centre
	Moser River Park and Playground
	Moser River Ballfield

In section N.5 of the CFMP II Appendices, there is a Facility Evaluation Decision Aid. The following table illustrates a potential tool for evaluating proposed locations for Community (Recreation) Centres which applies points to the criteria that have been identified as relevant for the justification of facilities locations and need. The below table has been highlighted in orange showing a Sheet Harbour Recreation Centre's applicable points. In every category, the lowest possible points would be identified for the Sheet Harbour Community Recreation or Community Centre which indicates that a recreation Centre is not a requirement.

Table N.5 - Community (Recreation) Centre Decision Aid

Evaluation Criteria for proposed Community (Recreation) Centres (either new or potential upgrade) & to evaluate existing:	1 Point	3 Point	5 Point
Population Density	100/km ² - 500/km ² within a 5km radius. (7,850 – 39,250 persons within an 5km radius)	500/km ² -1,000/km ² within a 5km radius. (>39,250 & <78,500 persons within an 5km radius)	>1,000/km ² within a 5km radius. (>78,500 persons within an 5km radius)
Proximity to Another Similar Facility (drive time)	Rural <30 minutes	Rural 30-40 minutes	Rural >40 minutes
	1 Point	3 Point	5 Point
Connectivity	Not Connected to active transportation routes such as sidewalks or trails.	Connected from 1 direction to active transportation routes and or transit routes.	Connected from 2+ directions to active transportation routes and or transit routes.
Adjacent Amenities	Adjacent (within 200m) to 0-1 additional recreation amenities (school, courts, fields, diamonds, etc.).	Adjacent (within 200m) to 2-3 additional recreation amenities (school, courts, fields, diamonds, etc.).	Adjacent (within 200m) to 3+ additional recreation amenities (school, courts, fields, diamonds, etc.).
Additional Evaluation Criteria for proposed (either new or potential upgrade) only:	1 Point	3 Point	5 Point
Capital Cost Sharing (Provincial, Community, etc.)	<50% Cost Shared	50-75% Cost shared	>75% Cost Shared
Additional Evaluation Criteria for Existing only:	1 Point	3 Point	5 Point
Utilization	< 50% of peak hours are utilized	50-75% of peak hours are fully utilized	>75% of peak hours are utilized.
Condition	The FCI index is greater than .25	The FCI Index is between .10 and .25	The FCI index is less than .10

A Sheet Harbour recreation building is in the single point range for each category for either the Community Recreation Centre or the Community Hall. The CFMP II proposed criteria for facility criteria cannot be applied to the Sheet Harbour Community Centre indicates that the status quo exceeds the service delivery standards for the two potential service delivery areas.

Halifax Parks and Recreation has reported the following annual usage of the Seaside Fitness indicating that usage of the facility is in not at optimal levels and has remained relatively steady over the last three years. Although not an accurate interpretation of the usage, as typically usage is by a limited amount of people regularly, it amounts to approximately one visit a year per resident by population. The usage numbers associated to the Seaside Fitness Centre are significantly lower than the usage of the Sheet Harbour Lions Club Community Centre:

Recreation Usage Numbers		
Year	Seaside Fitness Centre Visits	Sheet Harbour Lions Club Community Centre Visits
2009	5157	Not available
2010	4642	Not available
2011	3777	Not available
2012	3369	3650 Oct - Dec
2013	2798	16948
2014	2753	13093 January -September
2015	3431	14579 April -September
2016	3167	Not available
2017	3416	Not available

The current gross rent for the recreation services in the Bluewater building with additional storage is reported to be \$39,249.12 + HST per annum to utilize 3,936 sq ft over two levels.

► **Halifax Public Libraries Sheet Harbour Branch**

Following consultation with Libraries, the Halifax Public Libraries Chief Librarian & CEO Åsa Kachan has provided the information below. It provides the background on the principles Halifax Public Libraries considers in the delivery of library services to rural communities and the possibility of the Library participating in the proposed Sheet Harbour Community Centre.

The socio-economic impact of rural libraries is best measured in terms of human and social outcome; how the life of the individual is enhanced by lifelong participation in the library, and how the networks that bond and bridge a community improve the overall function of the community.

The Sheet Harbour Public Library has been an excellent example of rural library service. The library supports access to information and entertainment in a variety of formats. It provides free public access to WiFi, computers, and other technology. It provides opportunities for lifelong learning, including digital literacy, and it builds community connections by providing a warm and welcoming space for all.

Public libraries have an important role to play in creating thriving communities in both urban and rural settings. Regular library use has a significant impact on literacy, employability, digital literacy, personal growth and social connections; all of which are critical to good health and community life.

Current Sheet Harbour Public Library

Halifax Public Libraries currently leases space in the Bluewater Building, at 22756 Highway 7, for the Sheet Harbour Public Library. The Library occupies 2,964 GSF of space, of which 485 GSF is programming space. The space is bright and welcoming with views of the water. It is currently open to the public for 25 hours per week, the Library's current location is near the intersection of Highway 7 (Marine Drive) and Church Point Road, which provides good visibility for those approaching the Library. The location is in close proximity to the school, providing access to students and families. There is adequate parking both in front and behind the building. The Library provides a collection of materials for all ages, programming, access to technology and technology learning, and public WiFi. All services of the Library are provided free of charge.

The Halifax Public Libraries Facilities Master Plan background report completed by DmA (2015) classifies the Sheet Harbour Public Library as a Rural/Neighbourhood branch, serving a population up to 10,000. The general guidelines for libraries in this category suggest that rural libraries should be a minimum of 3000 GSF up to 6000 GSF, operating for a minimum of 25 hours per week, with 300-500 GSF of programming space. The square footage of the Sheet Harbour Public Library falls at the lower end of this guideline; however, the population served currently sits at just over 3,000 and is predicted to decline to 2,500 by 2036. Therefore, the current space is considered sufficient for provision of library service to the population in Sheet Harbour and surrounding area. The current lease cost for the Sheet Harbour Public Library is \$3,750 per month; \$45,000 per year.

While the current Library space in Sheet Harbour is suitable in its size and configuration and location and the operating costs are affordable, the Bluewater Building (current

building) poses some difficulties with respect to accessibility and state of good repair. This raises the question of whether the Library should either seek leasehold improvements to the current location to meet accessibility requirements or consider relocating the Library.

Optimal Location for the Public Library within Sheet Harbour

Ideally, a rural public library should be located in the center of the community in a location that is clearly visible to passersby both on foot and by car. There is strong evidence that the “transparency” of a library is critical in drawing the community effectively into the space on an ongoing basis; thereby allowing the Library to have the greatest impact on the quality of life of individuals in the community. The visibility of activity and light within the space signals to the community that the Library is open and welcoming. The impact of good visibility on Library participation has been notable both in larger locations such as Halifax Central Library and Keshen Goodman Public Library, as well our smaller and newly renovated Musquodoboit Harbour Public Library.

Co-location with community recreation services on a balanced, small scale is also beneficial. Since the renovation of the Musquodoboit Harbour Library and Recreation Centre, there has been increased activity within both service areas. Individuals who may have visited the library regularly, but never participated in fitness programming, now have an easy opportunity to become aware of what’s on offer, become comfortable, and participate. There are a number of locations along Marine Drive (Highway 7) that could be worth investigating for this type and size of facility, particularly given the recent streetscape project has improved this street appeal on this section of the highway.

The scale of the overall facility, and the resulting proportion of the building dedicated to the library is important. If the balance is right, as it is in Musquodoboit Harbour, the library thrives within the common spaces. If the common space, or adjacent tenants have little traffic, the sense of community and the warm energy of the library as a public space is negatively affected. The suitability of other tenants and organizations for co-location is also an important consideration. Libraries draw individuals of all ages and all backgrounds. Some organizations or possible tenants may not be suitable for co-location with a public library.

The Eastern Shore Lifestyles Society selected a preferred site for the proposed Sheet Harbour Community Centre in late 2017. Our understanding based on meetings with representatives of the Society is that the site was selected with consideration of a number of criteria including the requirement that the site be a minimum of 10 acres to allow for possible future expansion. We understand that the criteria were determined in consultation with the general community, however without consultation with the Library. The resulting location that was identified by the Eastern Shore Lifestyles Society as

preferred is on a large parcel of land at the entrance to Sheet Harbour adjacent to the intersection of Highway 7 and Highway 224, across a bridge from the area closest to the center of Sheet Harbour.

Any decision to relocate the Sheet Harbour Public Library to the Sheet Harbour Community Centre or any another location within Sheet Harbour will be made by the Halifax Regional Library Board upon consideration of the recommendation of library staff. Criteria for the Library's Board consideration for relocation of services include:

- suitability of the location for the purposes of delivering library service;
- visibility of the Library to the community;
- proximity to other community amenities including schools and recreation services;
- the proposed tenants of the facility and their suitability for collocation with the Library;
- the governance model of the shared facility; and,
- long-term affordability for the Library.

Any decision the Library makes related to relocating the Sheet Harbour Library must not only be financially viable in the short term, but must remain affordable into the future. Funding of Halifax Public Libraries has remained relatively flat, and the Library has broad responsibility to use its resources to provide library services to all residents of HRM. The Library is cognizant that there are several areas within HRM with populations greater than Sheet Harbour's which have limited access to current library branch locations, these include North Preston, East Preston and Cherrybrook; Eastern Passage; Fall River; and Prospect, all of which also require the Library's consideration and attention.

► **Other Potential Partners**

The Eastern Shore Lifestyle Centre Committee has presented the possibility of other smaller scale partnerships. Two additional organizations referenced as potential tenants were Department of Natural Resources who currently have offices in Sheet Harbour Fire Station and The YMCA – employment service, which is located in Sheet Harbour also in the Bluewater Building. At this time there are no firm commitments or letters of intent from either party.

These two potential partners are not considered critical to the project however their participation has the potential to generate rental income in support of the facility. Additional area would be required to support their usages, and at this time without their formal commitment, the space requirements are undetermined. It is estimated that a standard rental rate on a per square foot basis would be applied to any potential future tenant in addition to fee per use of the common meeting rooms.

Phase 2: Analysis and Recommendation

2 Preliminary Options Analysis

2.1 Evaluation Criteria

The Halifax Regional Council directed staff to “Return to Regional Council with recommendations regarding a conceptual design and a business case that achieves a cost neutral operation of the proposed Centre”¹⁰. Eastern Shore Lifestyle Centre Society has proposed as a parameter of the project that the “facility components beyond current expenditures on recreation and library services in the community would be cost-neutral to HRM”.

HRM Parks and Recreation, and Public Libraries have not identified the need for additional space or new locations to fulfill their current or projected services delivery needs. The status quo has been identified as acceptable by the two primary potential partners.

As directed by HRM, and as an identified project parameter by the ESLCS, additional costs or risk exceeding the status quo forms the primary project screening criterion or more commonly described as a “deal breaker”. Any option which fails to achieve this requirement, will be identified as a not viable. By extension, the potential for the provision of additional services is not a requirement.

The evaluation criteria as used for screening and analysis of options to limit the list to viable options and will ultimately determine an overall recommendation. The following proposed screening criteria have been identified by CMEL reviewed by HRM within the Draft Business Case Analysis.

Screening Criteria	Description
Strategic Fit and Need	Is aligned with the Municipal mandate and priorities
	Meets the identified needs
Potential Achievability	Is likely to be achievable given the organizational constraints and the requirement for change to achieve the option
	Meets all stakeholders objectives
Potential Affordability	Meets the requirement of a Net Zero HRM funding increase
	Meets the available funding

¹⁰ Halifax Regional Council Item Number 14.1.7 January 30, 2018 Recommendation

2.2 Possible Options

The below list identifies three options. Options one and two addresses the business need, to provide an economically viable, year round fully accessible community space to support the area of Sheet Harbour by utilizing the functional space requirements indentified by The Sheet Harbour Lions Club, Halifax Parks and Recreation and Halifax Libraries. Option three was requested by HRM and utilizes limited aspects of the functional space plan, reducing the additional community space which would have been associated to the Sheet Harbour Lions Community Center Another significant departure in option three is that HRM proposes to not only own but also operate the facility.

▶ 2.2.1 The Status Quo (Option 1)

The status quo option (also known as the base case) acts as the baseline for review of all other options. In this analysis the Status Quo has the additional parameter of having been identified as acceptable to two of the project stakeholders, Halifax Parks and Recreation and Halifax Public Libraries. It is comprised of renovation to the Sheet Harbour Lions Community Centre with the Library and Seaside Fitness Centre remaining in their current location, the Bluewater Building. Note that a true status quo would have the facility remain closed seasonally however HRM has identified that repair or replacement of the Sheet Harbour Lions Community Centre will be undertaken.

▶ 2.2.2 The New Multi-Tenant Community Centre Complex (Option 2)

The second option is a New Community Centre with Halifax Parks and Recreation and Halifax Public Libraries as well as the space identified by ESLCS for other tenants with an estimated 15,300 sq ft on the proposed site. This is the proposed option identified by the ESLCS. Management of the building is proposed to be by a third party society with HRM both owning the building and paying the society rent for its use of the space for the library and recreation services.

▶ 2.2.3 New Sheet Harbour Community Centre (Option 3)

The third option is a New Community Centre with Halifax Parks and Recreation and Halifax Public Libraries. The new 12,564 sq ft building is intended to house the facilities as defined by The Sheet Harbour Lions Club, Halifax Parks and Recreation, and an allowance equal to the two prior options for the Library. The site at this time is not determined. The both ownership and management of the building are proposed to be by HRM.

2.3 Screening of Options

A high level analysis of the identified options reveals that there is potential to address delivery of services in the Sheet Harbour area in a variety of ways.

	Option 1	Option 2	Option 3
Strategic Fit and Need	Maybe	Yes	Yes
Potential Achievability	Yes	Maybe	Maybe
Potential Affordability	Yes	Maybe	Maybe
Viability	Viable	Viable	Viable
Rationale	Provides the Baseline	Mandatory analysis which may meet the criteria	Alternative delivery solution which meets the criteria

The study has been limited to the analysis of Option 1, Option 2 and Option 3.

2.4 Viability of the Selected Site Parcels

A preferred site has been selected by the ESLCS. Additional analysis of the site has been limited at this time by the parameters of the report as outlined by HRM.

Commentary provided by project stakeholders, who were not involved in site selection, has been included in their respective stakeholder analysis sections.

The following are a list of criteria provided by Halifax Parks and Recreation for a new HRM Community Centre against which the three parcels of the selected site were compared:

- a) Water
- b) Sewer
- c) Power
- d) Sidewalk proximity
- e) Reasonable walking distance to the New Sheet Harbour School. This has been defined as not greater than the HRCE distance a child must walk prior to qualifying for bussing for a school age child which is a distance of 2.4 km.
- f) Proximity to the Eastern Shore Memorial Hospital and Harbourview Lodge Continuing Care Center
- g) Halifax Public Libraries site criteria includes visibility to the street
- h) A minimum site size to accommodate the building, and parking.

(Note that the area allocated to well and septic services are regulated by the Nova Scotia Department of Environment and Labour Well Construction Regulations and On-site Sewage Disposal Systems Standard which cannot be applied without a site plan.) None of the parcels align to the preliminary list of requirement of a future site identified by Halifax Parks and Recreation.

The three parcels which make up the ESLSC's selected site vary little when compared to the proposed criteria with the numbers noted above.



	Criteria	Parcel 1	Parcel 2	Parcel 3
a	Water	Note 1	Note 1	Note 1
b	Sewer	Note 2	Note 2	Note 2
c	Power	Note 3	Note 3	Note 3
d	Sidewalk proximity	No (950 or 1,620 ft)	No (1,200 ft or 1,900 ft)	No (450 ft)
e	Walking distance to school	No (2.61 km)	No (2.73 km)	No (2.56 km)
f	Proximity to Hospital and Harbourview Lodge			
g	Visible to Street	No	No	No
h	Size of parcel estimated minimum	Meets requirement	Meets requirement	Meets requirement

Note 1 Halifax Water indicates that the area is not serviced by water services. Testing is required to confirm ground water availability and suitability

Note 2 Halifax Water indicates that the area is not serviced by sewer services. Testing is required to confirm suitability of septic system

Note 3 The parcel was previously developed and it is anticipated that sufficient power capacity is at the Nova Scotia Trunk Highway 7

3 Options Analysis

3.1 Alignment

The objective of the following analysis is to identify the preferred options of the following three options. All options answer the investment need and the case for change. All options meet at least partially the defined business outcome, to provide an economically viable, year round multi functional fully accessible community space to support the area of Sheet Harbour. The primary project parameter is that the project will be net neutral to HRM.

Option 1 The Status Quo

The status quo option (also known as the base case) acts as the baseline for review of all other options. In this analysis the Status Quo has the additional parameter of having been identified as acceptable to two of the project stakeholders, Halifax Parks and Recreation and Halifax Public Libraries. It is comprised of continued seasonal usage of the Sheet Harbour Lions Centre Community Centre with the Library and Seaside Fitness Centre remaining in the Blue water Building.

Option 2 The New Community Centre Complex

The second option is a New Community Centre with Halifax Parks and Recreation and Halifax Public Libraries as well as the space identified by ESLCS for other partners with an estimated 15,300 sq ft on the proposed site. This is the proposed option identified by the ESLCS. Management of the building is proposed to be by a third party society with HRM both owning the building and paying the society rent for its use of the space for the library and recreation services.

Option 3 The New Community Centre

The third option is a New Community Centre with Halifax Parks and Recreation and Halifax Public Libraries. The new 12,564 sq ft building is intended to house the facilities as defined by function space plan derived from The Sheet Harbour Lions Club, Halifax Parks and Recreation, and the Library. The site at this time is not determined. The both ownership and management of the building are proposed to be by HRM. No additional potential partners are included.

▶ 3.1.1 Strategic Alignment

The strategic alignment section will assess the three options with respect to how they align to the municipal priorities as well as the individual stakeholder's priorities, and program delivery.

Alignment to the Municipalities' Vision and Mission

The Halifax Regional Municipalities' Strategic Plan for 2017-21 identifies the following vision and mission:

VISION, HRM's vision for the future is to enhance our quality of life by fostering the growth of healthy and vibrant communities, a strong and diverse economy, and sustainable environment.

MISSION, We take pride in providing high-quality public service to benefit our citizens. We make a difference.

It is of critical importance that any selected option aligns with these overriding Municipal priorities. Although the options provide different quality of services related to the provision of services, all options align to a greater or lesser degree. It does not appear that any of the three options is in conflict with HRM's Vision or Mission.

Option 1 The Status Quo

In Option 1, to renovate the existing Sheet Harbour Lions Centre and maintain the current Sheet Harbour Recreation and Library services in the Bluewater building, the Municipal priority outcomes are met. The current facilities contribute to healthy livable communities augmenting community health and providing recreation and leisure facilities. Other priority outcomes include alignment to continuing to make Halifax a better place to live and work, providing accessible community and social infrastructure. Accessible facilities will be met as currently facilities are outfitted with exterior ramps to access to the facilities. Moving between levels using the exterior is not ideal and may be prohibitive in Nova Scotia's climate. In comparing the three options, the ease and desirability of barrier free access to the facilities in Option 1 renovation, are not qualitatively equal to the new construction of the community Centre in options 2 and 3.

In Option 1, both recreation's Seaside Fitness Centre and the Sheet Harbour Library remain in their current locations. The current facilities are identified as aligning to their priorities and both stakeholders have independently assessed through community consultation and internal assessment that their current location and facilities are acceptable. As Option 1 has both groups in their current quarters, Option 1 will remain acceptable. Halifax Parks and Recreation has identified that it is a priority to remain collocated with the Library and in their current location they are collocated with the Sheet Harbour Branch of the Halifax Library.

It is noteworthy that the usage of the Seaside Fitness Centre is currently low resulting in a cost of approximately \$100 per visit in building rent alone. The total annual cost of supporting the Seaside Fitness Centre has not been requested as it is anticipated at this stage that staffing and programming are equal related to the net zero primary requirement. At a high level the potential for realignment to the community's needs was identified in the Eastern Shore Needs Assessment from 2015 in the *Summary of Current Recreations Needs* section as well as an identified theme within the *Eastern Shore Community Meetings* section of the same report. Halifax Parks and Recreation

has not identified any material change to the situation since the writing of the report in 2015.

The functional space program provided by Halifax Parks and Recreation does supply additional access to program rooms in option 2, which are not available in Option 1 or 3.

Similar to the current Sheet Harbour Community Centre, there is an exterior ramp and interior lift in the Bluewater Building. It has been reported that clients are choosing to not use the facilities over using the stairs and ramp system at the building. Additionally there have been ongoing issues with the lift malfunctioning. Halifax library procured a study of their facilities compliance to barrier free standards, however this has not been requested by CMEL as their commentary includes this information. In comparing the three options, the quality, ease and desirability of barrier free access to the recreation and library facilities in Option 1 and 3 are not equal to Option 2 which is new build option. It is recommended that should Options 1 or 3 be selected as the Municipality's favored option, an additional allowance be added to assess and address the existing Bluewater Building's accessibility. It has been reported that there are alternative current municipal funding streams independently available to assist in addressing compliance to barrier free standards. Given the current and projected demographics of the client base in the Sheet Harbour area, it is important to allow clients comfortably access the facility to ensure the aging population can continue to access the facility.

Although Halifax Public Library, and Halifax Parks and Recreation have identified that status quo as acceptable, it is apparent that there are the opportunity's to improve current facilities. Although Option 1 will meet the requirement for a fully accessible year round facility for the community Centre, it is apparent that qualitatively, Option 2 provides the best accessibility, and that Option 3 better meets the requirement for a fully accessible year round facility for the community Centre, though not for the existing Sheet Harbour Library and the Seaside Fitness Centre.

Option 2 The New Community Centre Complex

In Option 2 to construct a New Sheet Harbour Community Centre Complex with approximately 15,300 square feet on the proposed site that accommodates all potential partners. The Municipal priority outcomes are met in a similar fashion to Option 1 by providing facilities that contribute to healthy livable communities augmenting community health and providing recreation and leisure faculties. Other priority outcomes include continuing to make Halifax a better place to live and work, providing an accessible community and social infrastructure. In comparing the three options, the ease and desirability of barrier free access to the facilities in Option 2 are superior qualitatively to the facilities provided in Option 1

Option 2 also presents offsetting drawbacks and benefits that are unique to this option. There is the potential benefit of encouraging rural economic development within the

area of Sheet Harbour by providing additional employment, via long term facilities operation and management and in the short term by significant local construction. However, several additional components are provided and as such the cost of the project is increased as are the ongoing building operating costs. These benefits could be seen as offsetting the higher cost of the project when viewed against the municipalities' vision and mission. Should other governmental or private partners choose to participate in the potential project, this would alter the balance to the good of Option 2 as the costs lessen and benefits remain.

Option 2 includes the Municipality constructing space for other groups. There is no Municipal priority to construct municipally owned rental properties for other private or governmental organizations and as such, developing a building that relies on tenants to be net neutral ultimately poses a risk to the Municipality with respect to operational shortfalls.

The proposal to relocate the Sheet Harbour Library into new accommodations is not aligned with the Libraries' current organizational priorities as outlined in the stakeholder analysis section.

Halifax Parks and Recreation's current development priority is to collocate with Libraries, where appropriate. And therefore independently relocating their services from the Bluewater Building while Libraries remains is not aligned to their organizational priorities.

Option 2, to build a new community Centre complex, although in alignment generally with municipal mission and vision, does not appear to align with the primary stakeholders' identified organizational priorities or policies.

Option 3 The New Community Centre

In Option 3 Construct a New Sheet Harbour Community Centre with an estimated area of 12,564 sq ft; the Municipal priority outcomes are met in a similar fashion to options 1 and 2 by providing facilities that contribute to healthy livable communities augmenting community health and providing recreation and leisure facilities. Other priority outcomes include continuing to make Halifax a better place to live and work, providing an accessible community and social infrastructure. In comparing the three options, the ease and desirability of barrier free access to the facilities in Option 3 are superior qualitatively to Option 1. In Option 1 the status quo as discussed above results in the current situation which does not have an optimal setup at both the current Sheet Harbour Community Centre and to the facilities of the library and recreation areas in the Bluewater Building.

Similar to Option 2, but to a lesser extent due to the reduced building size and associated lesser construction cost, Option 3 presents offsetting drawbacks and benefits. There is the potential benefit of encouraging rural economic development

within the area of Sheet Harbour by providing additional employment, via long term facilities operation and management and in the short term by local construction. These benefits could be seen as offsetting the higher cost of the project over Option 1 when viewed against the municipalities' vision and mission.

In Option 3, HRM is the owner and manager of the new facility. Similar to Option 2, the Sheet Harbour Lions Club is a potential renter of facilities in competition with any other interested party. As all revenue created by the Sheet Harbour Lions Club are reinvested in the area to support the community, their capacity to do so may be lessened by municipal management of the space provided by Option 3. Sheet Harbour Lion's has reported both significant positive impacts to the local community through financial as well as social means. Options 2 & 3 may lessen the Lion's ability to continue to contribute to the same level to the local community, should this occur, this may contradict HRM's Vision and Mission.

► **3.1.2 Alignment with Desired Business Outcomes**

Alignment with an accessible year round facility are assessed in the below section. The project requirement of a net zero effect on HRM expenditures will be addressed in the Cost section.

Option 1 The Status Quo

The primary Municipal strategic outcome is to provide an economically viable, year round multi functional fully accessible community space to support the area of Sheet Harbour. In Option 1, to renovate the existing Sheet Harbour Lions Centre, a year round accessible facility will be met by renovation of the existing building structure enabling year round operation. Accessibility has been discussed in above.

In Option 1, both Parks and Recreation's Seaside Fitness Centre and Halifax Public Libraries Sheet Harbour branch remain in their current locations. The desired business outcome does not directly relate to the library or recreation facility at the Seaside Fitness Centre.

Option 2 The New Community Centre Complex

The primary strategic outcome is to provide an economically viable, year round multi functional fully accessible community space to support the area of Sheet Harbour. In Option 2 to construct a New Sheet Harbour Community Centre with approximately 15,300 square feet on the proposed site to accommodate all potential partners this parameter is met. By providing new space for the community Centre, the year round and accessible space requirement is met. However, several additional components are provided which are not directly aligned with the identified business need and as such the cost of the project is increased as are the ongoing building operating costs. There is no current identified Municipal priority to construct municipally owned rental properties

for other private or governmental organizations. This will be discussed in detail in the cost section below.

It would potentially, allow for barrier free for all tenants, additional parking and potentially provide an opportunity for modern day design including energy efficiency which are generally aligned with the objective to support the community.

Option 3 The New Community Centre

The primary strategic outcome is to provide an economically viable, year round multi functional fully accessible community space to support the area of Sheet Harbour. In Option 3, construct a New Sheet Harbour Community Centre with approximately 12,564 square feet, by providing new space for the Community Centre, the year round and accessible space requirement is met.

With respect the Seaside Fitness Centre and the Sheet Harbour Library, Option 3 is similar to Option 2 however as recreation is now the facility manager, they have removed a large program room and as such the recreation area has been reduced.

Option three differs most significantly for HRM in that the Municipality is not renting facilities from a third party. The Municipality is the owner and manager of the facility.

3.2 Costs

Halifax Regional Council has directed staff to “return to Regional Council with recommendations regarding ...a business case that achieves a cost neutral operation of the proposed Centre”¹¹ As a primary project parameter that the project provide a net neutral to budgetary affect on HRM, each option’s analysis of cost is of more limited than a typical cost analysis and forms the sole identified “deal breaker”. Option 1 defines the baseline for HRM expenditure which must be matched or lowered by the two other options. Costs for each option will be described in detail below.

Option 1 The Status Quo

Option 1 Status Quo, is to renovate the existing Sheet Harbour Lions Centre with the Sheet Harbour Library and Seaside Fitness Centre remaining in their current locations. The status quo option is traditionally the option which represents the costs of “doing nothing”, however unlike in a typical status quo the pre-existing HRM commitment to replace or renovate the community Centre with an anticipated cost of \$2,515,000 has been included.

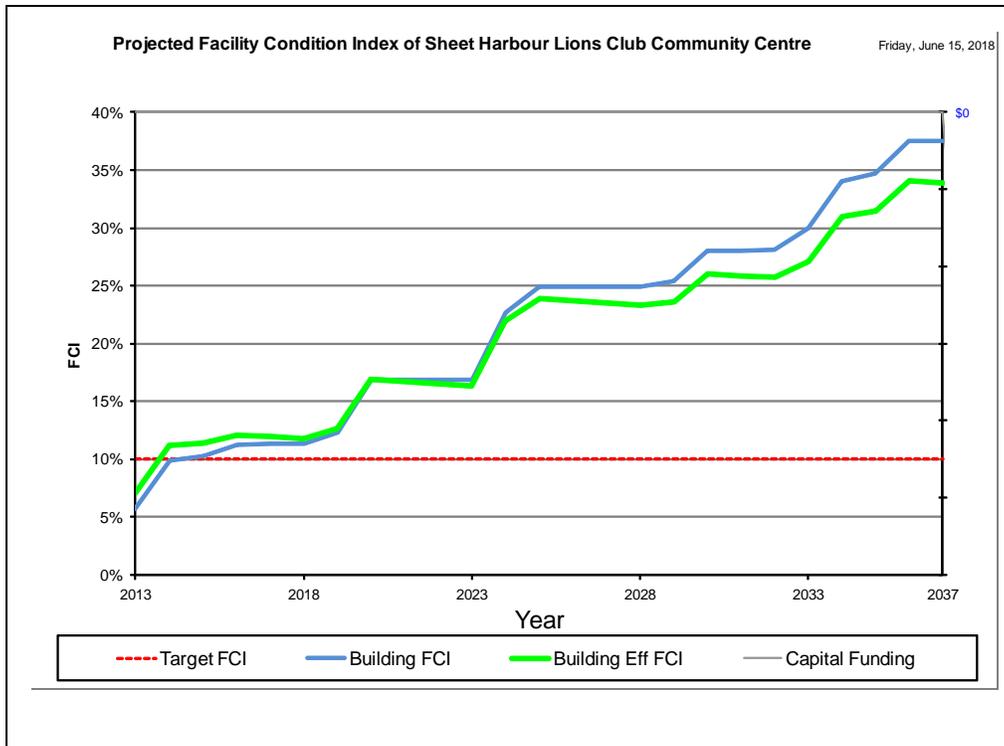
There are no known site costs identified for Option 1 beyond the costs included in ongoing property recapitalization.

¹¹ Halifax Regional Council Item Number 14.1.7 January 30, 2018 Recommendation

The costs associated to Option 1 are generally reported costs dating from 2013-2014. Unfortunately, there is not consistent information specifically as it relates to the annual rental revenue of the existing facility in recent years and this forms a risk to the project related to the quality of provided information.

Option 1 current capital costs have been identified to include the repair of the roof structure which forms the primary cost associated to Option 1. The estimated cost, which is assumed to be in 2016 year dollars, was reported by HRM at a total value of \$2,515,000. This value has been used as the source of the current budgetary funding envelope to accommodate either repair or replacement of the facilities in the 2018 2019 HRM budget. It was reported that this value may include addressing other deferred maintenance projects however as this was not able to be confirmed by CMEL and acting conservative, it has been assumed to only include the structural remediation costs.

In 2012 CMEL completed a building condition assessment and produced a capital plan of the current Sheet Harbour Lions Community Centre. The identified requirement from 2012 to 2037 was a total of \$782,441 in 2012 year dollars. This did not include the full scope of the structural roof costing as the report predates the identification of the issue. Based on removing the concrete structural work which was in the report and the completed asphalt shingle roof work it is estimated that the twenty year recapitalization cost is **\$716,451**. This results in a FCI 40% by year 2037 if the current maintenance items are not addressed. The table updated as noted shows the building FCI and recapitalization costs by year with the base year to remain at 2013.



To complete the capital renewal work which would be the responsibility of HRM over the next twenty years is estimated to cost **\$35,823** annually. It is assumed that the annual HRM contribution identified in the 2013 2014 year of \$16,225 is to remain. It is apparent that the cost currently allocated by HRM does not fully address the building’s capital requirement. It is assumed that this cost is partially deferred by the annual capital funding of the facility. Therefore the ongoing recapitalization required over the twenty year term has been included as the current annual \$16,225 with an additional \$19,598 this is increased over the current funding as it represents the cost to maintain the facility.

Option 1 cost to HRM, though not to the building, also includes the consideration of the two leased spaces in the Bluewater Building supporting the Sheet Harbour Halifax Library and the Seaside Fitness Centre. The annual costs have been reported by Halifax Public Libraries and The Realty group for Halifax for the recreation facilities. The two leased spaces do not have ongoing capital cost requirements. With Option 1, the continued use of the Community Centre Space on an as needed program space for Halifax Parks and Recreation is assumed to continue with no additional cost. The below table provides the rent reported by the Stakeholders.

Current Annual Rent Seaside Fitness Centre	\$39,249	3,936 sq ft
Current Annual Rent Sheet Harbour Library	\$42,000	2,964 sq ft

In Option 1, the current operational and maintenance expenditures levels are anticipated to remain consistent.

Annual building costs from the year 2013 /2014 were reported to be **\$79,864**. With only one reported year of costs, we have had to assume the 2013/14 year as a normal year and have used the costs in the analysis for comparison purposes. Further efforts will be undertaken to obtain this information from the sheet Harbour Lions Club by way of HRM in the intervening period between the draft and Final report to attempt to improve the accuracy and reduce the risk associated to current lack of multiyear reporting.

Similarly the annual rental income for all options has been assessed based on the 2013/14 period to be **\$80,082**. This represents a full year of income however does not address the potential for year over irregularities, similar to the single reported year of costs. It was also reported that this period was a peak year for income at the facility and therefore not the ideal value to base the future annual income. However, pending further information this has been used to continue the analysis.

With the current information the annual benchmark HRM expenditure is has been set at **\$116,854**. The below summary table tabulates the detailed information described above:

		Option 1 Status Quo (Base Case)	
	Building Size (sq ft)	12,419	
	Building Occupants	Lions Club Community Centre	
	Available square footage for leasing (sq ft)	0	
	Functional Space Plan Requirement (sq ft)	12,419	
	Area Used for Calculations / Comparison	12,419	
Capital Costs			
	Current capital commitment to address structural issues	\$2,515,000	
	Reported Land Cost	\$0	
	Well and Septic Allowance	\$0	
	Asphalt parking	\$0	
	Estimated Cost of Demolition SHLCC	\$0	
	Estimated Cost of New Construction	\$0	
	Total Capital Cost	\$2,515,000	
	HRM Allocated capital	\$2,515,000	
	Additional capital requirement beyond current allocation	\$0	
	Annual cost of additional capital (4% interest rate, 20 year amortization)	\$0	
	Subtotal; Cost of Additional Capital	\$0	
Operations and Maintenance Costs			
	Estimated Annual O&M costs	\$79,864	4
	O&M cost per sq ft	\$6.43	5
	Estimated Annual Re-capitalization Costs	\$35,823	6, 12
	Subtotal; Operations and Maintenance	\$115,687	
	Total Annual Cost; Capital, Operations and Maintenance	\$115,687	
Operational Revenue			
	Community Centre Rental Revenue	\$80,082	9
	Tenant Revenue: Library	\$0	
	Tenant Revenue: Seaside Fitness Centre	\$0	
	Additional Tenant Revenue	\$0	
	Total Facility Revenue	\$80,082	
	Annual Facility Profit / (Loss)	(\$35,605)	
Additional HRM Costs			
	Blue water Building: Seaside Fitness Ctr	\$39,249	
	Bluewater Building: Library Rent	\$42,000	
	ESLCS: Seaside Fitness Ctr Rent	\$0	
	ESLCS: Library Rent	\$0	
	Total Additional Annual Costs	\$81,249	
	Total Annual Cost attributed to HRM	\$116,854	
	Variance to Base Case (net zero difference)	\$0	

Notes:

- 1 If HRM Library's were to move, they have to complete their own functional space plan to determine the exact space requirement
- 2 Based on the functional space plan through interview process
- 3 Reported acquisition cost by ESLCS
- 4 Historical costs, (2013/14)
- 5 The lower O & M cost per square foot attributed to the significant volunteer contribution provided by the Lions Club.
- 6 Estimated O&M costs, Whitestone Facility Operations Cost Reference Guide, inclusive of paid building manager/operator
- 7 Annual cost based on Capital Management Engineering 2012 Capital Plan
- 8 Estimated costs, Whitestone Facility Operations Cost Reference Guide, Major Repair and Replacement Costs
- 9 Historical Revenue corrected for 12 month operations, 2013/14
- 10 Cost equal to current rent based on equal square feet. Should library require more square feet, this would result in higher building cost and higher rent burden.
- 11 Recreation annual rent has decreased to recognize the reduction in required square footage.
- 12 Lions Community Centre currently receives \$16,000 annually from HRM to offset expenditures as per the lease agreement.

Option 2 The New Multi-Tenant Complex

Option 2 Construct a New Sheet Harbour Community Centre with approximately 15,300 square feet to accommodate partners on the selected site. The costs associated to the construction of a new 15,300 square foot building have been identified and include:

Land, The ESLCS's site selected is not currently owned by HRM. It is the property of the Department of Natural Resources. The land has been applied for by the Eastern Shore Lifestyle Centre Society with the proposed cost of \$1. At the time of writing the Draft report, it was reported by the ESLCS that there is no change in the status of the application; no decision has been made and land acquisition has not been finalised. Land acquisition remains a project risk and until completed the costs of the project cannot accurately be reported. Pending further information the land cost has been included as \$1.

Site Costs For the purposes of the report, several allowances have been included to address the current lack of detailed site information. It is assumed that regardless of the parcel used, there will be a need to provide water and sanitary services to the new building. An allowance of **\$100,000** has been used in both options 2 and 3 to address the level of unknown information.

The ESCLS has requested parking for 150 cars within Option 2. Based on current parking design standards it has been estimated that an allowance of 51,000 square feet will be required to accommodate this at a unit rate of \$4.50 per square foot. This results in a parking cost estimate of **\$229,500**. Additional costs for concrete curbing and sidewalks or access roads or rock removal and regarding have not been included at this time. The actual site costs are identified as a project risk until such time as the actual site is determined, and a concept design completed.

Demolition, For the purposes of the report it has been assumed that existing Sheet Harbour Lions Community Centre will be demolished and landscaping reinstated. A demolition allowance has been included on a cost per square foot basis. The below table provides the calculations supporting the estimate of **\$393,500** which has been included in the project capital costs. This capital cost will be identical in options 2 and 3. As both options decommission and subsequently demolish the current Sheet Harbour Lions Community Centre. The ESLCS has expressed the desire to reinstate the pool, however this is a separate issue and beyond the scope of the analysis of the current report and project. Demolition costs have been developed with the assumption that there are no hazardous materials that will require special demolition techniques or material handling / disposal requirements. In the absence of a hazardous material assessment it is recommended that one be completed to confirm the assumption of clean materials.

Demolition Costs

	12419 building square foot			
	1800 clear area sq yard			
		unit	Unit Price	Total
Building Demolition	Mixture	CF	\$ 0.35	\$ 118,533.15
Demolition Disposal	Steel/Masonry	CY	\$ 12.27	\$ 152,399.76
Landscaping	grading top soil and hydro seeding			
	hydro seeding	SY	2.18	\$ 3,916.44
	topsoil 4" deep	SY	4.74	\$ 8,527.16
Total Demolition				\$ 283,376.50
Total per SQFT				\$ 22.82
Sheet Harbour Location Factor			1.01	
total demo and reinstatement				\$ 286,210
OH & Profit		25%		\$ 71,553
Contingency		10%		\$ 35,776
	Total Demolition Allowance			\$ 393,539

New Construction RSMeans has been used and subsequently benchmarked against a selection of HRM projects to obtain the new construction cost estimate for a new 15,300 square foot building. The below summary table includes the RSMeans Model and adjustments.

	RSMeans	Option 2
Model Number	M.170	
Model Name	Community Center	
Location	New Glasgow	Sheet Harbour
Location Factor	1.01	1.01
Square Foot Area	10000	15300
Linear Foot Perimeter	453	tbd (concept)
Exterior Wall	Face Brick and Concrete Block, Rigid steel	tbd (concept)
perimeter adjustment add or deduct	per 100 Linear Foot	
Storey height add or deduct	per 1 Foot(12')	na assume 12' high
Basement	add \$34.80 per square foot	na

Below inset is the level D construction cost estimate which produces an estimated total cost of **\$6,314,894** when a contingency of 10 % is added to construct a new building.

#	Component	Notes	Unit	%of total by line	escalation cost per sq ft	Option2 Benchmark Cost	% of sub-total
A. SUBSTRUCTURE							
A1010	Standard Foundations	Poured concrete; strip and spread footings; 4' foundation wall	S.F. Ground	6.185%	\$ 15.72	\$ 240,510.03	11.6%
A1020	Special Foundations	N/A	-	0.000%	\$ -	\$ -	
A1030	Slab on Grade	4" reinforced concrete with vapour barrier and granular base	S.F. Slab	5.099%	\$ 12.96	\$ 198,291.00	
A2010	Basement Excavation	Site preparation for slab and trench for foundation wall and footing	S.F. Ground	0.311%	\$ 0.79	\$ 12,112.02	
A2020	Basement Walls	N/A	-	0.000%	\$ -	\$ -	
B. SHELL							
B10 Superstructure							
B1010	Floor Construction	N/A	-	0.000%	\$ -	\$ -	7.5%
B1020	Roof Construction	Metal deck on open web steel joists	S.F. Roof	7.493%	\$ 19.04	\$ 291,380.50	
B20 Exterior Enclosure							
B2010	Exterior Walls	Face brick with concrete block backup	S.F. Wall	13.429%	\$ 34.13	\$ 522,200.91	16.3%
B2020	Exterior Windows	Aluminum sliding	Each	1.922%	\$ 4.89	\$ 74,748.44	
B2030	Exterior Doors	Double aluminum and glass and hollow metal	Each	0.952%	\$ 2.42	\$ 37,028.16	
B30 Roofing							
B3010	Roof Covering	Built-up Tar and gravel with flashing; perlite/EPS composite insulation	S.F. Roof	6.487%	\$ 16.49	\$ 252,275.99	6.6%
B3020	Roof Openings	Roof hatches	S.F. Roof	0.098%	\$ 0.25	\$ 3,806.63	
C. INTERIORS							
C1010	Partitions	Gypsum board on metal studs	S.F. Partition	5.713%	\$ 14.52	\$ 222,168.98	20.1%
C1020	Interior Doors	single leaf hollow metal	Each	1.077%	\$ 2.74	\$ 41,872.97	
C1030	Fittings	Toilet partitions, directory board, mailboxes	S.F. Floor	1.575%	\$ 4.00	\$ 61,252.19	
C2010	Stair Construction	N/A	-	0.000%	\$ -	\$ -	
C3010	Wall Finishes	Paint	S.F. Surface	2.438%	\$ 6.20	\$ 94,819.78	
C3020	Floor Finishes	50% carpet, 50% Vinyl tile	S.F. Floor	4.031%	\$ 10.25	\$ 156,764.09	
C3030	Ceiling Finishes	mineral fiber tile on concealed zee bars	S.F. Ceiling	5.242%	\$ 13.32	\$ 203,827.92	
D. SERVICES							
D10 Conveying							
D1010	Elevators & Lifts	N/A	-	0.000%	\$ -	\$ -	0.0%
D1020	Escalators & Moving Walks	N/A	-	0.000%	\$ -	\$ -	
D20 Plumbing							
D2010	Plumbing Fixtures	Kitchen, toilet and service fixtures supply and drainage	Each	3.266%	\$ 8.30	\$ 127,003.14	14.1%
D2020	Domestic Water Distribution	Electric water heater	S.F. Floor	10.323%	\$ 26.24	\$ 401,426.81	
D2040	Rain Water Drainage	Roof drains	S.F. Roof	0.561%	\$ 1.42	\$ 21,801.63	
D30 HVAC							
D3010	Energy Supply	N/A	-	0.000%	\$ -	\$ -	10.1%
D3020	Heat Generating Systems	Included in D3050	-	0.000%	\$ -	\$ -	
D3030	Cooling Generating Systems	N/A	-	0.000%	\$ -	\$ -	
D3050	Terminal & Package Units	Single zone rooftop unit, gas heating, electric cooling	S.F. Floor	10.056%	\$ 25.56	\$ 391,045.08	
D3090	Other HVAC Sys. & Equipment	N/A	-	0.000%	\$ -	\$ -	
D40 Fire Protection							
D4010	Sprinklers	Wet pipe sprinkler system	S.F. Floor	3.408%	\$ 8.66	\$ 132,540.06	3.4%
D4020	Standpipes	N/A	-	0.000%	\$ -	\$ -	
D50 Electrical							
D5010	Electrical Service/Distribution	200 ampere service, panel board and feeders	S.F. Floor	1.015%	\$ 2.58	\$ 39,450.57	8.3%
D5020	Lighting & Branch Wiring	Height efficiency fluorescent fixtures, receptacles, switches A.C. and misc. power	S.F. Floor	5.704%	\$ 14.50	\$ 221,822.92	
D5030	Communications & Security	Addressable alarm systems and emergency lighting	S.F. Floor	1.397%	\$ 3.55	\$ 54,331.04	
D5090	Other Electrical Systems	Emergency generator, 15kW	S.F. Floor	0.169%	\$ 0.43	\$ 6,575.09	
E. EQUIPMENT & FURNISHINGS							
E1010	Commercial Equipment	freezer chest type	S.F. Floor	0.810%	\$ 2.06	\$ 31,491.24	2.0%
E1020	Institutional Equipment	N/A	-	0.000%	\$ -	\$ -	
E1030	Vehicular Equipment	N/A	-	0.000%	\$ -	\$ -	
E1090	Other Equipment	kitchen equipment, built-in coat racks	S.F. Floor	1.237%	\$ 3.14	\$ 48,102.01	
F. SPECIAL CONSTRUCTION							
F1020	Integrated Construction	N/A	-	0.000%	\$ -	\$ -	0.0%
F1040	Special Facilities	N/A	-	0.000%	\$ -	\$ -	
G. BUILDING SITEWORK							
		allowance included separately		0%	\$ -	\$ -	0.0%
		Sub-total			\$254.16	\$3,888,649	100%
	CONTRACTOR FEES	General requirements:10% Overhead:5% Profit 10%		25%	\$28.14	\$972,162	
	ARCHITECT FEES			8%	\$11.24	\$311,092	
		add on for green upgrade			\$16.60	\$568,909	
		Sub-total				\$5,740,813	
		contingency		10%		\$574,081	
		Total Building Cost With Contingency				\$6,314,894	

The below summary table included the above described initial capital costs:

		Option 2 Multi-tenant Community Centre Complex	
	Building Occupants	Community Centre, Libraries, Recreation, + additional un leased	
	Available square footage for leasing (sq ft)	2,100	
	Functional Space Plan Requirement (sq ft)	15,300 to 18,336	1
	Area Used for Calculations / Comparison	15,300	2
Capital Costs			
	Current capital commitment to address structural issues	\$0.00	
	Reported Land Cost	\$1	3
	Well and Septic Allowance	\$100,000	
	Asphalt parking	\$229,500	
	Estimated Cost of Demolition SHLCC	\$393,500	
	Estimated Cost of New Construction	\$6,314,894	
	Total Capital Cost	\$7,037,895	
	HRM Allocated capital	\$2,515,000	
	Additional capital requirement beyond current allocation	(\$4,522,895)	
	Annual cost of additional capital (4% interest rate, 20 year amortization)	\$328,894	
	Subtotal; Cost of Additional Capital	\$328,894	

See notes on page 60

The major capital requirement has been identified at \$7,037,895. However HRM has a current capital commitment to fund the project of \$2,515,000 which results in a major capital expenditure in excess of the current budget of \$4,522,895. Despite suggestions from ELSCS that additional sources of capital funding may be forthcoming at this time the additional capital has not secured. As such the capital shortfall has been annualized for comparative basis including lending rate of 4% over the twenty year amortization. The additional annual cost to address the initial capital shortfall equates to **\$328,894**. This represents the largest single cost associated to annual cost of Option 2.

Operations and Maintenance The annual cost associated to maintaining and operating the facility have been generated using Whitestone estimating guide and

amount to \$174,736 per annum. Note that the estimated costs of recapitalization are included in the original estimate and have been relocated to a line item. The resultant O&M costs are estimated to be **\$125,505**. It is assumed that HRM will continue to cover the costs of recapitalization. These costs have been attributed to the HRM costs for the building.

For the purposes of this report, facility operations and maintenances is understood to include:

Custodial services include the cleaning of offices, work areas, restrooms and common areas. Trash removal is not included.

Energy includes all expenses related to the purchase, generation, distribution, and conservation of energy and source fuels necessary to operate an asset and its typical programmatic equipment. Not included are utilities maintenance or supervision.

Grounds include the maintenance of exterior landscaped areas. It does not include street sweeping or snow removal, the maintenance of parking lots or roadways or the maintenance of signage. Also not included is the maintenance of semi-improved and unimproved areas.

Maintenance and repair (M&R) includes all activities required to keeping asset in good working order. Preventative maintenance, unscheduled maintenance, and component repair and replacement costs are considered M&R activities, while restoration and modernization are not maintenance and repair costs for programmatic equipment is not included.

Management includes management services common to a large commercial facility or campus: project management, material procurement, facility IT support, business services, planning and engineering. It does not include leasing commissions or direct supervision of M&R, grounds, or utilities.

Pest Control includes rodent control and insect abatement procedures and inspections, both indoors and outdoors.

Refuse service includes trash collection -and disposal, pick-up services, fees, recycling operations and administration. Not included are the handling and disposal of hazardous materials and investment in recycling programs or facilities.

Road Clearance includes sweeping sand and debris and removing snow and ice from paved areas including roads; sidewalks, walkways, and parking lots.

Security services insure the physical security of assets and occupants, and include monitoring equipment, personnel, and patrol services.

Telecommunications (Telecom) includes voice and data equipment and service.

Water and Sewer includes potable water, irrigation water, and sewage service.

Whitestone Facility Operations

Option 2	Muilt-tenant Community Centre Complex
Gross Squre feet	15300
Pavement	51000
grpounds	6000
Floors	1

Categories	Cost Index Adjustment (Halifax)	Level of Service Note	Whitestone Costing
Custodial	\$ 2.19	M-Clean Floors& remove trash 3x/week, clean furnitureand seating area every 2 week, clean restrooms 3x/week	\$ 33,568.51
Energy	\$ 1.44	M 91.4 k Bbtu persq ft / year	\$ 21,957.03
Grounds	\$ 0.16	L-Mow every 2 weeks, fertilize 26 weeks, clean and trim every 2 weeks	\$ 2,372.88
M+R	\$ 3.22	L-Utilization less than40Hours /week	\$ 49,230.50
Management	\$ 3.45	M-Commercial Management management	\$ 52,719.36
Pest Control	\$ 0.06	L-Rodent control performed 1x/YR	\$ 892.30
Refuse	\$ 0.05	L- Annual refuse production 0.2lbs/SFT	\$ 770.36
Road Clearance	\$ 0.14	M- Sweeping every 2 weeks, Snow clearance 1x/snow day	\$ 2,166.02
Security	\$ 0.23	L-Access Control	\$ 3,556.79
Telecom	\$ 0.43	M-Local Phone & Data	\$ 6,631.63
Water/Sewer	\$ 0.06	L-12 Gallons of water/SFT/YR	\$ 870.57
			\$ -
Total Operation	✓ \$ 11.42		\$ 174,735.95
		\$/SFT	\$ 11.42

Revenue sources

Option 2 also includes accommodating the Sheet Harbour Halifax Library and the Seaside Fitness Centre into the project. The annual costs have been reported by Halifax Public Libraries and The Realty group for Halifax for the recreation facilities. The two leased properties do not have capital cost requirements. Based on the current functional program Halifax Parks and Recreation’s base rent is anticipated to be lower, however it was reported that they will now be expected to pay per usage rates for the common assets which would have been available at no additional cost in the existing

Sheet Harbour Lions Community Centre. There is not sufficient information to provide an estimate of cost at this time and it will remain an un-quantified project risk.

The current library gross lease rate is \$14.17 resulting in an annual cost of **\$42,000**. The current annual Seaside Fitness Centre lease cost is reported to be **\$39,249**. In Option 2 the lease costs are internal and funding their own asset although paid to the third party society management group.

With Option 2, there is a potential to reduce the annual leasing costs associated to the provision of recreation services to **\$35,368**. It was identified that Halifax Parks and Recreation may not require as much square footage and therefore could theoretically reduce their annual rental rate. However, in discussions with ELSCS, it was their intent to charge tenants for the multi-tenant event rooms on an event by event basis. This could result in overall increased costs depending on Halifax Parks and Recreation's need for additional program space.

For the purposes of the comparison, we have assumed that the costs for housing the Halifax Public Library, and Halifax Parks and Recreation services will remain a constant for all three options (with the exception of recreation in option 2). However Option 2, as previously stated, HRM is a tenant in their own building and in effect defraying the costs associated with their building.

With the current information the annual benchmark HRM expenditure is has been set at \$116,854. In Option 2 HRM's annual rental cost has dropped to \$77,368 however as the buildings annual revenue is -\$346,180, therefore HRMs cost will be an additional **\$306,695** over the base case to make up the building loss.

The below summary table tabulates the detailed information described above:

		Option 2 Multi-tenant Community Centre Complex	
	Building Size (sq ft)	15,300	
	Building Occupants	Community Centre, Libraries, Recreation, + additional un leased	
	Available square footage for leasing (sq ft)	2,100	
	Functional Space Plan Requirement (sq ft)	15,300 to 18,336	1
	Area Used for Calculations / Comparison	15,300	2
Capital Costs			
	Current capital commitment to address structural issues	\$0.00	
	Reported Land Cost	\$1	3
	Well and Septic Allowance	\$100,000	
	Asphalt parking	\$229,500	
	Estimated Cost of Demolition SHLCC	\$393,500	
	Estimated Cost of New Construction	\$6,314,894	
	Total Capital Cost	\$7,037,895	
	HRM Allocated capital	\$2,515,000	
	Additional capital requirement beyond current allocation	(\$4,522,895)	
	Annual cost of additional capital (4% interest rate, 20 year amortization)	\$328,894	
	Subtotal; Cost of Additional Capital	\$328,894	
Operations and Maintenance Costs			
	Estimated Annual O&M costs	\$125,505	6
	O&M cost per sq ft	\$8.20	
	Estimated Annual Re-capitalization Costs	\$49,231	8
	Subtotal; Operations and Maintenance	\$174,736	
	Total Annual Cost; Capital, Operations and Maintenance	\$503,630	
Operational Revenue			
	Community Centre Rental Revenue	\$80,082	9
	Tenant Revenue: Library	\$42,000	10
	Tenant Revenue: Seaside Fitness Centre	\$35,368	11
	Additional Tenant Revenue	\$0	
	Total Facility Revenue	\$157,450	
	Annual Facility Profit / (Loss)	(\$346,180)	
Additional HRM Costs			
	Blue water Building: Seaside Fitness Ctr	\$0	
	Bluewater Building: Library Rent	\$0	
	ESLCS: Seaside Fitness Ctr Rent	\$35,368	11
	ESLCS: Library Rent	\$42,000	10
	Total Additional Annual Costs	\$77,368	
	Total Annual Cost attributed to HRM	\$423,548	
	Variance to Base Case (net zero difference)	(\$306,695)	

Notes:

- 1 If HRM Library's were to move, they have to complete their own functional space plan to determine the exact space requirement
- 2 Based on the functional space plan through interview process
- 3 Reported acquisition cost by ESLCS
- 4 Historical costs, (2013/14)
- 5 The lower O & M cost per square foot attributed to the significant volunteer contribution provided by the Lions Club.
- 6 Estimated O&M costs, Whitestone Facility Operations Cost Reference Guide, inclusive of paid building manager/operator
- 7 Annual cost based on Capital Management Engineering 2012 Capital Plan
- 8 Estimated costs, Whitestone Facility Operations Cost Reference Guide, Major Repair and Replacement Costs
- 9 Historical Revenue corrected for 12 month operations, 2013/14
- 10 Cost equal to current rent based on equal square feet. Should library require more square feet, this would result in higher building cost and higher rent burden.
- 11 Recreation annual rent has decreased to recognize the reduction in required square footage.
- 12 Lions Community Centre currently receives \$16,000 annually from HRM to offset expenditures as per the lease agreement.

Option 3 The New Sheet Harbour Community Centre

Option 3 Construct a New Sheet Harbour Community Centre with approximately 12,654 square feet. The costs associated to the construction of a new 12,654 square foot building have been identified and include:

Land, Similar to Option 2, in Option 3 a site is not currently owned by HRM. Site section process needs to be completed and may include the requirement for land acquisition. Land acquisition remains a project risk and until completed the costs of the project cannot accurately be reported. Pending further information the land cost has been included as \$0.

Site Costs For the purposes of the report, and acting conservatively several allowances have been included to address the current lack of detailed site information. It is assumed that regardless of the site, there will be a need to provide water and sanitary services to the new building. An allowance of **\$100,000** has been used in both options 2 and 3 to address the level of unknown information. This also insures that one Option is not skewed in preference prematurely. Untimely site costs are anticipated to escalate significantly and can only be determined with confirmed site and more site investigation.

The Halifax Park and Recreation has requested paved parking for 50 cars within Option 3 with access to overflow gravel parking. Based on current parking design standards it has been estimated that an allowance of 17,000 square feet will be required to accommodate this at a unit rate of \$4.50 per square foot. This results in a parking cost estimate of **\$76,500**. Additional costs for concrete curbing and sidewalks or access roads or rock removal and regarding have not been included at this time. The actual site costs are identified as a project risk until such time as the actual site is determined, and a concept design completed.

Demolition, For the purposes of the report it has been assumed that existing Sheet Harbour Lions Community Centre will be demolished and landscaping reinstated. A demolition allowance has been included on a cost per square foot basis. The below table provides the calculations supporting the estimate of **\$393,500** which has been included in the project capital costs. This capital cost will be identical in options 2 and 3. As both options, decommission and subsequently demolish the current Sheet Harbour Lions Community Centre. The ESLCS has expressed the desire to reinstate the pool, however this is a separate issue and beyond the scope of the analysis of the current report and project. Demolition costs have been developed with the assumption that there are no hazardous materials that will require special demolition techniques or material handling / disposal requirements. In the absence of a hazardous material assessment it is recommended that one be completed to confirm the assumption of clean materials.

Demolition Costs

	12419 building square foot			
	1800 clear area sq yard			
		unit	Unit Price	Total
Building Demolition	Mixture	CF	\$ 0.35	\$ 118,533.15
Demolition Disposal	Steel/Masonry	CY	\$ 12.27	\$ 152,399.76
Landscaping	grading top soil and hydro seeding			
	hydro seeding	SY	2.18	\$ 3,916.44
	topsoil 4" deep	SY	4.74	\$ 8,527.16
Total Demolition				\$ 283,376.50
Total per SQFT				\$ 22.82
Sheet Harbour Location Factor			1.01	
total demo and reinstatement				\$ 286,210
OH & Profit		25%		\$ 71,553
Contingency		10%		\$ 35,776
	Total Demolition Allowance			\$ 393,539

New Construction, RSMeans has been used and subsequently benchmarked against a selection of HRM projects to obtain the new construction cost estimate for a new 12,654 square foot building. The below summary table includes the RSMeans Model and adjustments.

	RS means	Option 3
Model Number	M.170	
Model Name	Community Center	
Location	New Glasgow	Sheet Harbour
Location Factor	1.01	1.01
Square Foot Area	10000	12564
Linear Foot Perimeter	453	tbd (concept)
Exterior Wall	Face Brick and Concrete Block, Rigid steel	tbd (concept)
perimeter adjustment add or deduct	per 100 Linear Foot	
Storey height add or deduct	per 1 Foot(12')	na assume 12' high
Basement	add \$34.80 per square foot	na

Below inset is the level D construction cost estimate which produces an estimated total cost of **\$5,222,789** when a contingency of 10 % is added to construct a new building.

#	Component	Notes	Unit	%of total by line	escalation cost per sq ft	Option 3 Benchmarked Cost	% of sub- total	
A. SUBSTRUCTURE								
A1010	Standard Foundations	Poured concrete; strip and spread footings; 4' foundation wall	S.F. Ground	6.185%	\$ 15.72	\$ 198,915.94	11.6%	
A1020	Special Foundations	N/A	-	0.000%	\$ -	\$ -		
A1030	Slab on Grade	4" reinforced concrete with vapour barrier and granular base	S.F. Slab	5.099%	\$ 12.96	\$ 163,998.32		
A2010	Basement Excavation	Site preparation for slab and trench for foundation wall and footing	S.F. Ground	0.311%	\$ 0.79	\$ 10,017.35		
A2020	Basement Walls	N/A	-	0.000%	\$ -	\$ -		
B. SHELL								
B10 Superstructure								
B1010	Floor Construction	N/A	-	0.000%	\$ -	\$ -	7.5%	
B1020	Roof Construction	Metal deck on open web steel joists	S.F. Roof	7.493%	\$ 19.04	\$ 240,988.81		
B20 Exterior Enclosure								
B2010	Exterior Walls	Face brick with concrete block backup	S.F. Wall	13.429%	\$ 34.13	\$ 431,890.87	16.3%	
B2020	Exterior Windows	Aluminum sliding	Each	1.922%	\$ 4.89	\$ 61,821.36		
B2030	Exterior Doors	Double aluminum and glass and hollow metal	Each	0.952%	\$ 2.42	\$ 30,624.47		
B30 Roofing								
B3010	Roof Covering	Built-up Tar and gravel with flashing; perlite/EPS composite insulation	S.F. Roof	6.487%	\$ 16.49	\$ 208,647.08	6.6%	
B3020	Roof Openings	Roof hatches	S.F. Roof	0.098%	\$ 0.25	\$ 3,148.31		
C. INTERIORS								
C100 Partitions								
C1010	Partitions	Gypsum board on metal studs	S.F. Partition	5.713%	\$ 14.52	\$ 183,746.81	20.1%	
C1020	Interior Doors	single leaf hollow metal	Each	1.077%	\$ 2.74	\$ 34,631.41		
C1030	Fittings	Toilet partitions, directory board, mailboxes	S.F. Floor	1.575%	\$ 4.00	\$ 50,659.17		
C2010	Stair Construction	N/A	-	0.000%	\$ -	\$ -		
C3010	Wall Finishes	Paint	S.F. Surface	2.438%	\$ 6.20	\$ 78,421.54		
C3020	Floor Finishes	50% carpet, 50% Vinyl tile	S.F. Floor	4.031%	\$ 10.25	\$ 129,653.12		
C3030	Ceiling Finishes	mineral fiber tile on concealed zee bars	S.F. Ceiling	5.242%	\$ 13.32	\$ 168,577.68		
D. SERVICES								
D10 Conveying								
D1010	Elevators & Lifts	N/A	-	0.000%	\$ -	\$ -	0.0%	
D1020	Escalators & Moving Walks	N/A	-	0.000%	\$ -	\$ -		
D20 Plumbing								
D2010	Plumbing Fixtures	Kitchen, toilet and service fixtures supply and drainage	Each	3.266%	\$ 8.30	\$ 105,039.07	14.1%	
D2020	Domestic Water Distribution	Electric water heater	S.F. Floor	10.323%	\$ 26.24	\$ 332,003.59		
D2040	Rain Water Drainage	Roof drains	S.F. Roof	0.561%	\$ 1.42	\$ 18,031.23		
D30 HVAC								
D3010	Energy Supply	N/A	-	0.000%	\$ -	\$ -	10.1%	
D3020	Heat Generating Systems	Included in D3050	-	0.000%	\$ -	\$ -		
D3030	Cooling Generating Systems	N/A	-	0.000%	\$ -	\$ -		
D3050	Terminal & Package Units	Single zone rooftop unit, gas heating, electric cooling	S.F. Floor	10.056%	\$ 25.56	\$ 323,417.29		
D3090	Other HVAC Sys. & Equipment	N/A	-	0.000%	\$ -	\$ -		
D40 Fire Protection								
D4010	Sprinklers	Wet pipe sprinkler system	S.F. Floor	3.408%	\$ 8.66	\$ 109,618.43	3.4%	
D4020	Standpipes	N/A	-	0.000%	\$ -	\$ -		
D50 Electrical								
D5010	Electrical Service/Distribution	200 ampere service, panel board and feeders	S.F. Floor	1.015%	\$ 2.58	\$ 32,627.94	8.3%	
D5020	Lighting & Branch Wiring	Height efficiency fluorescent fixtures, receptacles, switches A.C. and misc. power	S.F. Floor	5.704%	\$ 14.50	\$ 183,460.60		
D5030	Communications & Security	Addressable alarm systems and emergency lighting	S.F. Floor	1.397%	\$ 3.55	\$ 44,934.97		
D5090	Other Electrical Systems	Emergency generator, 15kW	S.F. Floor	0.169%	\$ 0.43	\$ 5,437.99		
E. EQUIPMENT & FURNISHINGS								
E1010	Commercial Equipment	freezer chest type	S.F. Floor	0.810%	\$ 2.06	\$ 26,045.11	2.0%	
E1020	Institutional Equipment	N/A	-	0.000%	\$ -	\$ -		
E1030	Vehicular Equipment	N/A	-	0.000%	\$ -	\$ -		
E1090	Other Equipment	kitchen equipment, built-in coat racks	S.F. Floor	1.237%	\$ 3.14	\$ 39,783.19		
F. SPECIAL CONSTRUCTION								
F1020	Integrated Construction	N/A	-	0.000%	\$ -	\$ -	0.0%	
F1040	Special Facilities	N/A	-	0.000%	\$ -	\$ -		
G. BUILDING SITEWORK								
		allowance included separately		0%	\$ -	\$ -	0.0%	
Sub-total						\$254.16	\$3,216,141.64	100%
	CONTRACTOR FEES	General requirements:10% Overhead:5% Profit 10%		25%	\$28.14	\$804,035		
	ARCHITECT FEES			8%	\$11.24	\$257,291		
		add on for green upgrade			\$16.60	\$470,522		
Sub-total							\$4,747,990	
		contingency		10%		\$474,799		
Total Building Cost With Contingency							\$5,222,789	

The below summary table included the above described initial capital costs:

		Option 3 New Sheet Harbour Community Centre	
	Building Occupants	Community Centre, Libraries & Recreation	
	Available square footage for leasing (sq ft)	0	
	Functional Space Plan Requirement (sq ft)	12,564-15,564	1
	Area Used for Calculations / Comparison	12,564	2
Capital Costs			
	Current capital commitment to address structural issues	\$0.00	
	Reported Land Cost	no site identified	
	Well and Septic Allowance	\$100,000	
	Asphalt parking	\$76,500	
	Estimated Cost of Demolition SHLCC	\$393,500	
	Estimated Cost of New Construction	\$5,222,789	
	Total Capital Cost	\$5,792,789	
	HRM Allocated capital	\$2,515,000	
	Additional capital requirement beyond current allocation	(\$3,277,789)	
	Annual cost of additional capital (4% interest rate, 20 year amortization)	\$238,353	
	Subtotal; Cost of Additional Capital	\$238,353	

This results in a major capital expenditure in excess of the current budget by \$3,277,789. At this time the additional capital required beyond HRM's already committed \$2,515,000 has not been offset by any additional governmental or private partner capital funding commitment. Similar to Option 2 the capital shortfall annualized rate using the same terms has been calculated, (4% interest and a 20 year amortization). And equates to an annual cost of is **\$238,353**. This represents the largest single cost associated to annual cost of Option 3.

Operations and Maintenance The annual cost associated to maintaining and operating the facility have been generated using Whitestone estimating guide and amount to **\$143,489** per annum. Note that the estimated costs of recapitalization are

included in the benchmarked estimate and have been relocated into a separate line item. The resultant O&M cost is **\$103,062**. As the building is owned and managed by HRM, the Municipality will continue to cover the costs of recapitalization. These costs have been attributed to the HRM costs for the building. A detailed description of what makes up the operations and maintenance cost has been included in Option 2. The summary table of Operations and Maintenance costs associated to Option 3 is below:

Whitestone Facility Operations			
Option 3	New Sheet Harbour Community Centre		
Gross Sqare feet	12564		
Pavement	17000		
Grounds	6000		
Floors	1		
Categories	Cost Index Adjustment (Halifax)	Level of Service Note	Whitestone Costing
Custodial	\$ 2.19	M-Clean Floors& remove trash 3x/week, clean furniture and seating area every 2 week, clean restrooms 3x/week	\$ 27,565.67
Energy	\$ 1.44	M 91.4 k Bbtu per sq ft / year	\$ 18,030.60
Grounds	\$ 0.16	L-Mow every 2 weeks, fertilize 26 weeks, clean and trim every 2 weeks	\$ 1,948.55
M+R	\$ 3.22	L-Utilization less than 40 Hours /week	\$ 40,426.93
Management	\$ 3.45	M-Commercial Management	\$ 43,291.90
Pest Control	\$ 0.06	L-Rodent control performed 1x/YR	\$ 732.73
Refuse	\$ 0.05	L- Annual refuse production 0.2lbs/SFT	\$ 632.60
Road Clearance	\$ 0.14	M- Sweeping every 2 weeks, Snow clearance 1x/snow day	\$ 1,778.69
Security	\$ 0.23	L-Access Control	\$ 2,920.75
Telecom	\$ 0.43	M-Local Phone & Data	\$ 5,445.74
Water/Sewer	\$ 0.06	L-12 Gallons of water/SFT/YR	\$ 714.89
			\$ -
Total Operation	\$ 11.42		\$ 143,489.05
		\$/SFT	\$ 11.42

Revenue sources

Option 3 recognises the two leased spaces in the Bluewater Building supporting the Sheet Harbour Halifax Library and the Seaside Fitness Centre would no longer be required. As previously mention this equates to an annual burden of \$81,249 which in option three are no longer required.

Similar to Option 1 and 2 the rental income produced by the building by the activities of the Sheet Harbour Lions Club has been included, as the area required to continue to run their activities has been included and is equal in quantity to Option 2.

With the current information the annual benchmark HRM expenditure is has been set at **\$116,854**. In Option 3 HRM's annual cost has increased as the **\$381,489** annual cost of operations and maintenance replaces the much lower rent costs. Despite this additional \$80,082 income, the he buildings annual cost to HRM is anticipated to be **\$301,760** a variance to the base case cost to HRM and net increase of **\$184,906**. It is apparent that the current cost borne by HRM would increase in Option 3 as costs to run and maintain the new building exceed the current tenant rents. However it is expected that the current tenant space and new tenant space are not considered qualitatively equal. The below summary table tabulates the detailed information described above associated to Option 3:

		Option 3 New Sheet Harbour Community Centre	
	Building Size (sq ft)	12,564	
	Building Occupants	Community Centre, Libraries & Recreation	
	Available square footage for leasing (sq ft)	0	
	Functional Space Plan Requirement (sq ft)	12,564-15,564	1
	Area Used for Calculations / Comparison	12,564	2
Capital Costs			
	Current capital commitment to address structural issues	\$0.00	
	Reported Land Cost	no site identified	
	Well and Septic Allowance	\$100,000	
	Asphalt parking	\$76,500	
	Estimated Cost of Demolition SHLCC	\$393,500	
	Estimated Cost of New Construction	\$5,222,789	
	Total Capital Cost	\$5,792,789	
	HRM Allocated capital	\$2,515,000	
	Additional capital requirement beyond current allocation	(\$3,277,789)	
	Annual cost of additional capital (4% interest rate, 20 year amortization)	\$238,353	
	Subtotal; Cost of Additional Capital	\$238,353	
Operations and Maintenance Costs			
	Estimated Annual O&M costs	\$103,062	6
	O&M cost per sq ft	\$8.20	
	Estimated Annual Re-capitalization Costs	\$40,427	8
	Subtotal; Operations and Maintenance	\$143,489	
	Total Annual Cost; Capital, Operations and Maintenance	\$381,842	
Operational Revenue			
	Community Centre Rental Revenue	\$80,082	9
	Tenant Revenue: Library	\$0	
	Tenant Revenue: Seaside Fitness Centre	\$0	
	Additional Tenant Revenue	\$0	
	Total Facility Revenue	\$80,082	
	Annual Facility Profit / (Loss)	(\$301,760)	
Additional HRM Costs			
	Blue water Building: Seaside Fitness Ctr	\$0	
	Bluewater Building: Library Rent	\$0	
	ESLCS: Seaside Fitness Ctr Rent	\$0	
	ESLCS: Library Rent	\$0	
	Total Additional Annual Costs	\$0	
	Total Annual Cost attributed to HRM	\$301,760	
	Variance to Base Case (net zero difference)	(\$184,906)	

Notes

- 1 If HRM Library's were to move, they have to complete their own functional space plan to determine the exact space requirement
- 2 Based on the functional space plan through interview process
- 3 Reported acquisition cost by ESLCS
- 4 Historical costs, (2013/14)
- 5 The lower O & M cost per square foot attributed to the significant volunteer contribution provided by the Lions Club.
- 6 Estimated O&M costs, Whitestone Facility Operations Cost Reference Guide, inclusive of paid building manager/operator
- 7 Annual cost based on Capital Management Engineering 2012 Capital Plan
- 8 Estimated costs, Whitestone Facility Operations Cost Reference Guide, Major Repair and Replacement Costs
- 9 Historical Revenue corrected for 12 month operations, 2013/14
- 10 Cost equal to current rent based on equal square feet. Should library require more square feet, this would result in higher building cost and higher rent burden.
- 11 Recreation annual rent has decreased to recognize the reduction in required square footage.
- 12 Lions Community Centre currently receives \$16,000 annually from HRM to offset expenditures as per the lease agreement.

3.3 Cost-Benefit Analysis

A traditional cost benefit analysis would take the costs established for each option, and describe how those costs are weighed against the benefits taking into account costs, benefits, and risks. However, this business case had the prerequisite of a net zero performance. Based on the current information the only net zero option is Option 1, the status quo.

Although net zero for HRM can be achieved in Option 2, (IE the costs directly for HRM can be made to remain as the same or less,) it relies on third party tenants and resultant revenue of which there is not a current commitment. Notwithstanding any future tenants and corresponding rental revenue, HRM would still remain responsible for any outstanding building operational or capital requirements which is considered a high risk and would challenge the net zero requirement even with tenant revenue. Net Zero could also be achieved in the event the ESLCS can provide the initial capital requirement beyond the HRM commitment of \$2.515 million.

In Option 3, all costs to operate and maintain the building are the direct burden of HRM. This cost is anticipated to be significantly more that the current cost of rents they pay as a tenant.

3.4 Implementation and Capacity Considerations of Viable Options

▶ 3.4.1 Contracting and Procurement

HRM has confirmed that their desired project delivery method for procurement of design and construction services for any of the three options will be through their existing procurement system managed by their in house Corporate Facility Design and Construction Department.

Design/Bid/Build

This method usually starts with the Owner selecting and entering into a contract with an Architect or other design professional. The Architect fully develops the design and creates “bid documents” that are then made available to general contractors for competitive bids. The municipal bid process is by open bid. Once a suitable Contractor is selected, the Owner and Contractor execute a separate contract to build. The Contractor, in turn, engages subcontractors and suppliers to perform the work.

The Design Bid Build method is suitable for an experienced owner such as HRM who is actively involved in the design process. The process of separately hiring consultants and contractors traditionally provides sufficient time to permit the design to be fully completed before construction bids are obtained. This method provides for a design that is fully developed, an “apples to apples” comparison of multiple bids and ultimately provides a fixed cost before commencement of construction.

The primary disadvantage of the Design/Bid/Build process is the Architect’s limited ability to establish an accurate cost estimate; consequently, the Owner may not know the cost of his project until the bids are received. If the bids are higher than the budget, costly redesign is often required. Other disadvantages include:

- Owner is responsible for the completeness and accuracy of the Architect drawings
- Contractor has no input regarding more cost-efficient materials or construction methods
- Adversarial relationships can occur between the Architect and the Contractor
- Contractor is forced to use the least cost approach to be low bidder

▶ 3.4.2 Schedule and Approach

HRM has identified that a traditional methodology to design and tendering will be used. This includes standard expectations of for design and construction. There is currently no expectation that the project will align to a specific opening date or require fast tracked processes.

▶ 3.4.3 Capacity

In Option 1, the status quo, each organization continues to independently manage their operations. This includes an existing agreement with HRM to own the Sheet Harbour Lions Community Centre with management by the Sheet Harbour Lions Club. The annual reported building cost, are lower than the projected building cost of the smaller Option 3. From this it is apparent that the current operation relies heavily on a significant quantity of volunteer hours to program, open, perform minor maintenance and clean the facility. Although the Sheet Harbour Library and Seaside Fitness Centre area located in the same building, there was no reported shared or overlapping staffing or management of the two services.

In Option 2, it was reported that a full time position will be created to manage the facility. The manager will be employed by a third party society would run the facility. At this time there is no information about the capacity of this group to manage a facility.

In Option 3, it has been assumed that full time management would be employed for the Sheet Harbour Community Centre. HRM has directed that they would manage and run the Community Centre. HRM has an extensive portfolio of urban and rural community centres with proven capacity, this is not considered a risk to the project.

3.5 Risk and Limitations

The following project risks are associated to Option 1

- The costs associated to Option 1 are generally reported costs dating from 2013-2014. Unfortunately, there is not consistent information specifically as it relates to the annual rental revenue of the existing facility in recent years and this forms a risk to the project related to the quality of provided information.

The following risks have been associated to Option 2

- The project is dependent on land currently owned by the Department of Natural Resourced being transferred to the ESLCS for one dollar. At this time the proposed cost of \$1 has been used however one of the greatest risks to the project remains the status of land to construct the proposed building. The site is currently proposed to be comprised of three parcels with a total area of 19.59 acres. This scale of site is not required to support the proposed scale of project. A viable solution could be reuse of the current Sheet Harbour Community Centre site.
- It is assumed for the purposes of this report that the site selected by ESLCS is the site which will be used. Should the site not be available or viable, this fundamentally changes the existing information as site acquisition would be required. The risks to the project are financial and time related as there may be an extended period of site procurement for the existing site or a new site.

However a potential benefit may be to align with Halifax Public Libraries priorities which are currently not met with the selected site. The risk to the project overall related to the site procurement is considered high.

- The information provided related to the Sheet Harbour Lions Centre although from 2012 to 2015 is assumed to be correct and usable. The information is sporadic and following years of 2016-current have not been provided. Should the information not be usable or misrepresentative of the building usage, the potential income, facilities required and indeed the need for the Centre could be in question. The risk to the project is considered moderate as the initial assumption is that HRM supports repair or replacement. The risk to net neutral HRM expenditure if the building generates less income than identified for the years provided is considered high.
- It is assumed that the Halifax Regional Municipality's commitment to fund the renovation or replacement of the Sheet Harbour Community Centre is indicative of their interpretation of the facilities continued need in the area. The effect of this is to support the potential investment. Should this not be accurate it would fundamentally change the business need and potentially undermine the project. The risk to the projects is considered high.
- The Eastern Shore Needs Assessment written by HRM in 2015 is assumed to be correct and valid to apply to the current condition. Should the information no longer be valid due to the time since the report was written, some of the fundamental information surrounding the business case and needs similar to above, could be in question. The risk to the project is considered moderate.
- The project is dependent on ongoing funding from HRM. The project's proposed governance structure requires that HRM be the owner of the building. The building is intended to lease space to HRM and that HRM will provide the rent to the third party managing group. The governance structure also assumes that in the event of default HRM would be responsible for the building.
- The project is dependent on obtaining additional funding. Based on the current budget envelope and the proposed scope of the project, additional funding or reduced scope will be require.
- The costs associated to Option 1 are generally reported costs dating from 2013-2014. Unfortunately, there is not consistent information specifically as it relates to the annual rental revenue of the existing facility in recent years and this forms a risk to the project related to the quality of provided information. Option 1 has been used as the source for the projected potential income as facilities are generally similar for the community Centre.
- The actual site costs are identified as a project risk until such time as the actual site is determined, and a concept design completed.
- Based on the current functional program Halifax Parks and Recreation's base rent is anticipated to be lower in Option 2, however it was reported that they will in Option 2 be expected to pay per usage rates for the common assets which would have been available at no additional cost in the existing Sheet Harbour Lions Community Centre. There is not sufficient information to provide an estimate of cost at this time and it will remain an un-quantified project risk.

- ESLSC identified *two* additional potential tenants for consideration with respect to Option 2. There are no firm commitments from these groups and the risk is that additional building space will remain vacant and will not generate any revenue.
- It is a risk to the project that in Option 2 a society with no prior history will be managing a large multi tenant Building.

The following risks have been associated to Option 3

- The project currently has no identified site, and therefore site selection, and procurement if required which can bring additional costs, and the potential for delay as the process has not been formally initiated is a significant project risk.
- The actual site costs are identified as a project risk until such time as the actual site is determined, and a concept design completed. This has been identified as equal in Options 2 and 3 to ensure equal comparison of options. The risk to the project is considered moderate to high.
- The information provided related to the Sheet Harbour Lions Centre although from 2012 to 2015 is assumed to be correct and usable. The information is sporadic and following years of 2016-current have not been provided. Should the information not be usable or misrepresentative of the building usage, the potential income, facilities required and indeed the need for the Centre could be in question. The risk to the project is considered moderate as the initial assumption is that HRM supports option three regardless of the cost. The risk to net neutral HRM expenditure if the building generates less income than identified for the years provided is considered low, as option three is the mostly costly option to HRM.
- It is assumed that the Halifax Regional Municipality's commitment to fund the renovation or replacement of the Sheet Harbour Community Centre is indicative of their interpretation of the facilities continued need in the area. The effect of this is to support the potential investment. Should this not be accurate it would fundamentally change the business need and potentially undermine the project. The risk to the projects is considered high.
- The Eastern Shore Needs Assessment written by HRM in 2015 is assumed to be correct and valid to apply to the current condition. Should the information no longer be valid due to the time since the report was written, some of the fundamental information surrounding the business case and needs similar to above, could be in question. The risk to the project is considered moderate.
- The project is dependent on obtaining additional funding. Based on the current budget envelope and the proposed scope of the project, additional funding or reduced scope will be require.
- The costs associated to Option 1 are generally reported costs dating from 2013-2014. Unfortunately, there is not consistent information specifically as it relates to the annual rental revenue of the existing facility in recent years and this forms a risk to the project related to the quality of provided information. Option 1 has been used as the source for the projected potential income as facilities are generally similar for the community Centre.

► **3.5.1 Option Risk Summary**

The below table summarizes the risks identified with Option 1.

Risk	Probability	Impact	mitigation
Limited cost reporting	Moderate	Costs are actually higher than reported	Obtain multiyear building costs
Limited income reporting	Moderate	Income could be less than the model year reported	Obtain multiyear building income
The repair may be more costly than currently anticipated	High	The project costs will be higher and options 3 may have been more viable	Reevaluate the costs associated to option 1 compared to recent structural projects undertaken by HRM by a Structural engineer,

The below table summarizes the risks identified with Option 2.

Risk	Probability	Impact	mitigation
Base year is not correct	Moderate	If the base year is not representative it is possible that options 2 or 3 are less viable	Obtain broad based financial reporting over wider period. Or include an increased contingency to allow for lower accuracy of financial information available
Land not purchased for \$1	Moderate to High	There are additional project costs, or a new site is required	Value the site and include the additional cost in the option Locate a back up site which is currently municipally owned.

Site costs are not finalized	High	Until the site issue is addressed, site costs cannot accurately be estimated	Carry a high contingency on the estimate proportional to the lack of information,
A society with no prior history is propose to run a facility	Moderate	The project management may have a negative effect on the project's success following construction	HRM could chose to run the facility
Other partners may not choose to rent within the new facility	Moderate to High	The building will have excess unused space requiring maintaining	Do not building the additional space without signed commitments
Recreation will be required to pay usage fees for the space in the community Centre that they would have used at no cost in the existing facility.	High	The cost to HRM may increase beyond the estimate.	Create a predetermined allowance of usage and cost per year for access to the common elements
Additional funding may not be realized	High	The Project may not have the funds to proceed	No viable mitigation measure

The below table summarizes the risks identified with Option 3.

Risk	Probability	Impact	mitigation
Base year is not correct	Low	If the base year is not representative it is possible that Option 3 is less viable	Obtain broad based financial reporting over wider period. Or include an increased contingency to allow for lower accuracy of financial information available

No Site Identified	Moderate to High	There are additional project costs, for site accusation and to analysis potential sites	Complete site analysis with all project stakeholders and acquire a site
Site costs are not finalized	High	Until the site issue is addressed, site costs cannot accurately be estimated	Carry a high contingency on the estimate proportional to the lack of information,
The Sheet Harbour Lions Club may be required to pay usage fees for the space in the Community Centre that they would have used at no cost in the existing facility.	High	The Lions may be reduced in viability in the area.	Create a predetermined allowance of usage and cost per year for access to the building for the Lions
Additional funding may not be realized	High	The Project may not have the funds to proceed	No viable mitigation measure Additional funding may need to be committed by HRM in alignment with their commitment to replace the current building or repair it.

4 Justification and Recommendation

4.1 Comparison Summary

The following table summarizes the three options financial evaluation.

		Option 1 Status Quo (Base Case)	Option 2 Multi-tenant Community Centre Complex	Option 3 New Sheet Harbour Community Centre
Building Size (sq ft)		12,419	15,300	12,564
Building Occupants		Lions Club Community Centre	Community Centre, Libraries, Recreation, + additional un leased	Community Centre, Libraries & Recreation
Available square footage for leasing (sq ft)		0	2,100	0
Functional Space Plan Requirement (sq ft)		12,419	15,300 to 18,336	12,564-15,564
Area Used for Calculations / Comparison		12,419	15,300	12,564
Capital Costs				
Current capital commitment to address structural issues		\$2,515,000	\$0.00	\$0.00
Reported Land Cost		\$0	\$1	no site identified
Well and Septic Allowance		\$0	\$100,000	\$100,000
Asphalt parking		\$0	\$229,500	\$76,500
Estimated Cost of Demolition SHLCC		\$0	\$393,500	\$393,500
Estimated Cost of New Construction		\$0	\$6,314,894	\$5,222,789
Total Capital Cost		\$2,515,000	\$7,037,895	\$5,792,789
HRM Allocated capital		\$2,515,000	\$2,515,000	\$2,515,000
Additional capital requirement beyond current allocation		\$0	(\$4,522,895)	(\$3,277,789)
Annual cost of additional capital (4% interest rate, 20 year amortization)		\$0	\$328,894	\$238,353
Subtotal; Cost of Additional Capital		\$0	\$328,894	\$238,353
Operations and Maintenance Costs				
Estimated Annual O&M costs		\$79,864	\$125,505	\$103,062
O&M cost per sq ft		\$6.43	\$8.20	\$8.20
Estimated Annual Re-capitalization Costs		\$35,823	\$49,231	\$40,427
Subtotal; Operations and Maintenance		\$115,687	\$174,736	\$143,489
Total Annual Cost; Capital, Operations and Maintenance		\$115,687	\$503,630	\$381,842
Operational Revenue				
Community Centre Rental Revenue		\$80,082	\$80,082	\$80,082
Tenant Revenue: Library		\$0	\$42,000	\$0
Tenant Revenue: Seaside Fitness Centre		\$0	\$35,368	\$0
Additional Tenant Revenue		\$0	\$0	\$0
Total Facility Revenue		\$80,082	\$157,450	\$80,082
Annual Facility Profit / (Loss)		(\$35,605)	(\$346,180)	(\$301,760)
Additional HRM Costs				
Blue water Building: Seaside Fitness Ctr		\$39,249	\$0	\$0
Bluewater Building: Library Rent		\$42,000	\$0	\$0
ESLCS: Seaside Fitness Ctr Rent		\$0	\$35,368	\$0
ESLCS: Library Rent		\$0	\$42,000	\$0
Total Additional Annual Costs		\$81,249	\$77,368	\$0
Total Annual Cost attributed to HRM		\$116,854	\$423,548	\$301,760
Variance to Base Case (net zero difference)		\$0	(\$306,695)	(\$184,906)

Notes:

- 1 If HRM Library's were to move, they have to complete their own functional space plan to determine the exact space requirement
- 2 Based on the functional space plan through interview process
- 3 Reported acquisition cost by ESLCS
- 4 Historical costs, (2013/14)
- 5 The lower O & M cost per square foot attributed to the significant volunteer contribution provided by the Lions Club.
- 6 Estimated O&M costs, Whitestone Facility Operations Cost Reference Guide, inclusive of paid building manager/operator
- 7 Annual cost based on Capital Management Engineering 2012 Capital Plan
- 8 Estimated costs, Whitestone Facility Operations Cost Reference Guide, Major Repair and Replacement Costs
- 9 Historical Revenue corrected for 12 month operations, 2013/14
- 10 Cost equal to current rent based on equal square feet. Should library require more square feet, this would result in higher building cost and higher rent burden.
- 11 Recreation annual rent has decreased to recognize the reduction in required square footage.
- 12 Lions Community Centre currently receives \$16,000 annually from HRM to offset expenditures as per the lease agreement.

4.2 The Preferred Option

▶ 4.2.1 Recommendation

CMEL's recommended option based on the current information and the parameter associated with "Net Neutral" identified by Council is the Status Quo.

However if three key risk factors are addressed; land acquisition, the requirement for additional capital investment, and the lack of continuity of the rental income information associated to the current Sheet Harbour Community Centre, the net neutral calculation and resulting recommendation may change. It is therefore recommended that the ESLCS is provided with the opportunity to further the negotiations associated with the land transaction, and be provided with an opportunity to source additional capital. In the event that ESLCS is unable to secure enough additional capital to support Option 2, Option 3 may provide a viable collaborative option for both ESLCS and HRM.

CMEL recommends that prior to HRM approval of the project the financial information from the Sheet Harbour Lions Club is provided in support of the ongoing rental income. This is required to address the risk associated to the anticipated income in all options.

▶ 4.2.2 Deciding Factors

The status quo is the only option that meets the project's primary parameter; it is because of the capital costs associated with the new building in Option 2 or 3 which exceed and are therefore not covered by the existing HRM Capital commitment. If additional funding could be obtained then the HRM burden can be reduced and potentially removed from the current calculations.

Option 2 and 3 have been assessed to be cost prohibitive at this time as these options would require a significant capital contribution to be Net Neutral. Both options rely on several potential partners, that have either identified that this solution is not aligned to their organizational priorities or have not provided firm commitments in the form of letters of undertaking or signed pre-leases. However in the event that additional capital can be sourced to offset HRM capital requirements both options could result in a net neutral cost to HRM. Option 3 provides the advantage of a lesser capital requirement and does not rely on additional tenant commitments beyond current HRM services.

Similar to Option 2, Option 3 is not Net Neutral however requires a reduced level of addition capital to become net neutral.

Appendices

1801017 Documents Referenced

Supporting Document	Category	Date Issued	Issuing Party
Population Numbers for Sheet Harbour	Other	26/04/2018	HRM
Sheet Harbour Area Map	Other	26/04/2018	HRM
Prospect Community Centre floor plans Plan	Drawings	unknown	unknown
Sheet Harbour Library Floor Plan	Drawings	unknown	unknown
Sheet Harbour Recreation Floor Plans	Drawings	20/03/2017	Smarter Spaces
Musquodobit Harbour Library /recreation plans	Drawings	unknown	unknown
2014 activity reports	Other	unknown	HRM
2015 activity reports	Other	unknown	HRM
Recreation Usage of Facilities in the SH area	Other	unknown	HRM
Sheet Harbour CC proposed schedule	Schedule	28/02/2018	SH Society (assumed)
Scope of work deliverables	Other	unknown	unknown
ED p-12 Issued for PH-02	Drawings	19/01/2018	TIR
Council Minutes Item 14.1.7	Meeting Minutes	30/01/2018	Halifax Regional Council
Attachment A to Meeting Minutes Sheet Harbour Context Map	Meeting Minutes	unknown	unknown
Attachment B to meeting minutes eastern shore lifestyle centre society	Meeting Minutes	24/11/2017	Eastern Shore Lifestyles Centre
Facilities Inventory Halifax Regional Library	Report	27/01/2003	HRM
Eastern Shore Needs Assessment and Council report	Report	24/01/2017	HRM
Halifax Regional Municipality Charter CHAPTER 39 OF THE ACTS OF	Other	30/06/1905	HRM
Council Minutes Item 11.1.12	Meeting Minutes	22/06/2010	HRM
Community Facility Master Plan 2	Report	05/01/2016	Colliers International
Presidents report	Report	03/02/2016	Sheet Harbour Chamber of
Proposed 2018-19 Multi-year Parks and Recreation Budget and	Report	17/01/2018	HRM
Business Case Guide	Other	01/07/1905	Treasury board of Canada
Strategic Plan 2017 - 21	Report	?	HRM
Council Minutes Item 14.1.11	Meeting Minutes	18/06/2017	HRM
Council Minutes Item 9.1(i)	Meeting Minutes	07/02/2017	HRM
Halifax Public Libraries item 12.3	Meeting Minutes	01/11/2017	Halifax Libraries

Glossary of Acronyms and Terms

Acronym	In Full
ESLCS	Eastern Shore Lifestyle Centre Society
FSP	Functional Space Plan
GSF	Gross Square Feet
HRM	Halifax Regional Municipality
Term	Definition
Gross Square Feet	Area of a building taken from the inside of the outside walls, including all of the net area in addition to the corridors, walls washrooms an mechanical electrical.
Net Square Feet	Function based area. This typically does not included corridors, walls, building services.