



P.O. Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

**Item No. 17.1**  
**Halifax Regional Council**  
**July 18, 2017**

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

Original Signed

**SUBMITTED BY:** \_\_\_\_\_  
Councillor Bill Karsten, Chair, Audit and Finance Standing Committee

**DATE:** July 17, 2017

**SUBJECT:** Increase to Project Number CB000045 – Cole Harbour Place

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**ORIGIN**

Motion from the special meeting of the Audit and Finance Standing Committee held on July 17, 2017.

**LEGISLATIVE AUTHORITY**

Section 8 of the Audit and Finance Standing Committee's Terms of Reference:

The Audit and Finance Standing Committee shall review and make recommendations on proposals coming to the Council outside of the annual budget or tender process including:

- (a) new programs or services not yet approved or funded;
- (b) programs or services that are being substantially altered;
- (c) proposed changes in any operating or project budget items;
- (d) the commitment of funds where there is insufficient approved budget;
- (e) new or increased capital projects not within the approved budget;
- (f) increases in project budget due to cost sharing; and
- (g) the creation or modification of reserves and withdrawals not approved in the approved budget.

**RECOMMENDATION**

The Audit and Finance Standing Committee recommends Halifax Regional Council:

1. Approve an unbudgeted withdrawal in the amount of \$625,000 net HST included, from the Capital Fund Reserve, Q526;
2. Increase 2017/18 Capital Budget, Project Number CB000045 – Cole Harbour Place (CHP) by \$550,000, net HST Included, as outlined in the Financial section of the June 12, 2017 staff report;
3. Increase PO # 2070766432 for Blunden Construction Limited in the amount of \$500,000, net HST included;
4. Approve advanced funding in the amount of \$75,000 from the 2018/19 capital budget for Project Number CB000045 for design consultant work for the ice floor replacement project, and;
5. Direct staff to complete the work on both the roof and ice slab in one phase and authorize staff to enter into an agreement with Cole Harbour Place to transfer the user group rentals of Scotia One Arena to the Gray Arena during the construction closure.

## **BACKGROUND**

A staff report regarding this matter was submitted to a special meeting of the Audit and Finance Standing Committee on July 17, 2018.

## **DISCUSSION**

Staff responded to question of clarification from the Committee in relation to the scope of work and the associated timelines for the completion of the project. The Committee, having reviewed the July 12, 2017 staff report, forwarded the motion to Halifax Regional Council as outlined in this report. The Committee passed an additional motion to forward this matter to Halifax Regional Council for consideration at its July 18, 2017 meeting.

## **FINANCIAL IMPLICATIONS**

Financial implications are outlined in the attached staff report, dated June 12, 2017.

## **RISK CONSIDERATION**

Risk considerations are discussed in the attached staff report dated June 12, 2017.

## **COMMUNITY ENGAGEMENT**

All meetings of the Audit & Finance Standing Committee are open to the public. The agenda and reports are provided online in advance of the meeting, and minutes are posted online once approved.

## **ENVIRONMENTAL IMPLICATIONS**

None.

## **ALTERNATIVES**

The Standing Committee did not provide alternatives. The June 12, 2017 staff report presents the alternative.

## **ATTACHMENTS**

Attachment 1: Staff report dated June 12, 2017

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Sheilagh Edmonds, Legislative Assistant, Municipal Clerk's Office 902.490.6520

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P.O. Box 1749  
Halifax, Nova Scotia  
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**Item No.**  
**Audit & Finance Standing Committee**  
**July 17, 2017**

**TO:** Chair and Members of Audit & Finance Standing Committee

Original Signed

**SUBMITTED BY:**

\_\_\_\_\_  
Jacques Dubé, Chief Administrative Officer

Original Signed

\_\_\_\_\_  
Jane Fraser, Director, Corporate and Customer Services

**DATE:** June 12, 2017

**SUBJECT:** Increase to Project Number CB000045 – Cole Harbour Place

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**ORIGIN**

Approved CAO Award Report – Tender 17-161; Structural Repairs to Scotia One Roof - Cole Harbour Place dated April 24, 2017 recommendation #2.

**LEGISLATIVE AUTHORITY**

Halifax Regional Municipality Council approved, Dec 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; and the Halifax Regional Municipality Reserve Administrative Order (5), The Audit and Finance Standing Committee shall review and recommend to the Council for its consideration all impacts to the Reserves.

**RECOMMENDATION**

It is recommended that the Audit and Finance Standing Committee:

1. Recommend that Regional Council approve an unbudgeted withdrawal in the amount of \$625,000 net HST included, from the Capital Fund Reserve, Q526;
2. Recommend that Regional Council increase 2017/18 Capital Budget, Project Number CB000045 –

Cole Harbour Place (CHP) by \$550,000, net HST Included, as outlined in the Financial section of this report;

3. Recommend that Regional Council increases PO # 2070766432 for Blunden Construction Limited in the amount of \$500,000, net HST included;
4. Recommend that Regional Council approve advanced funding in the amount of \$75,000 from the 2018/19 capital budget for Project Number CB000045 for design consultant work for the ice floor replacement project, and;
5. Recommend that Regional Council direct staff to complete the work on both the roof and ice slab in one phase and authorize staff to enter into an agreement with Cole Harbour Place to transfer the user group rentals of Scotia One Arena to the Gray Arena during the construction closure.

## **BACKGROUND**

The winter of 2014/15 in HRM was extremely hard on facility roofs due to massive amounts of snow and ice accumulation. HRM staff hired structural engineers to investigate and report on the structural integrity of the roofs. As a result of the severe winter weather, several of the roofs were deemed overstressed and mitigation plans were put in place to remove snow and ice.

One of the roofs that was of concern was over the Scotia One arena in Cole Harbour Place (CHP). Scotia One was constructed in 1975 as a stand-alone building with a pre-engineered steel frame structure. The frames are located 24 feet apart on centre and span 120 feet. The steel frames support purlins that in turn support the metal deck and the roofing assembly. In recent years, a low emissivity ceiling systems has been installed under the structure to reduce the heat loss of the roof assembly and reduce the operating costs of the facility. The low emissivity ceiling system is a visual inspection barrier.

The arena roof of Scotia One exhibited deflection, approximately 5" at the worst case, caused by the snow loading. After the snow melted in the spring, the roof structure did not return as was expected to its original elevation and a depression was evident from the exterior. Due to concern over the safety of Scotia One, structural engineers were engaged in September 2015 to investigate why the roof had deflected. Field investigations concluded that the roof purlins had twisted. The resultant report recommended immediate corrective action or closing the rink under snow load. This resulted in emergency repairs to a localized section.

After the completion of the emergency repairs, the consultant began the structural design work for the permanent structure reinforcement to bring the roof structure to current snow load standards.

Tender #17-161 Structural Repairs to Scotia One Roof- Cole Harbour Place was awarded to Blunden Construction Limited on April 28, 2017 in the amount of \$1,155,739, net HST included.

## **DISCUSSION**

During tendering it was determined that additional scope was required for constructability reasons. This resulted in a higher than planned tender price.

These increases were beyond the budgeted amount for 2017/18 to complete the full scope of work. The tender was evaluated based on the total tender price which included the entire scope of work, however the Form of Tender indicated that award would be based on available budget and reserved the right to include or exclude any combination of items. Components of work were then selected based on highest priority first followed by available funding to maximum budget value. To accommodate the additional funding requirements, some planned recapitalization work was postponed to future years.

Approval of these fast track recommendations by Regional Council would allow Corporate Facility Design & Construction to complete all the work within an extended shutdown including the new ice floor slab. Replacement of the ice floor slab was originally planned for the 2018/19 fiscal year as required

recapitalization work. Shifting the scope of some of the roof work to 2018 would delay the slab replacement at Scotia One until 2019, and would require the snow load protocol that has been in place for the last two years to be followed for winter 2017/18. These changes would be very disruptive to operating Cole Harbour Place and could result in emergency shut down of the arena, should either the roof or the ice slab fail prior to the work being able to be completed. Therefore, as part of the recommendations for the reserve withdrawal, \$75,000 is advanced funding of the 2018/19 budget allocation. If approved, the 18/19 budget allocation will be reduced in correspondence to this advanced funding in 2017/18 for design consultant work for the ice floor replacement project.

To date, change orders have been approved totalling \$157,928.63, net HST included, or 13.66% increase to contract. The additional \$500,000, net HST included, requested in this report is to allow work originally planned for future years to occur during the extended shutdown.

The total increase to contract would be \$657,928.63, net HST included, or 56.93%.

The remaining \$50,000, net HST included, is for completing work outside of Blunden Construction Limited's scope of work, but required to complete the total project.

#### Fast Track Project

Staff have received a business case from Cole Harbour Place that outlines revenue impacts, risks and benefits of the potential extended shutdown project for the ice slab and roof work as compared to the currently planned multi-year phased approach.

In both cases, CHP has indicated a requirement for a subsidy from HRM to offset lost revenue caused by the shutdown of Scotia 1 rink. The net lost revenue for the three-year phased approach is \$186k with the net lost revenue of the fast track extended shutdown approach of \$322k, resulting in a premium associated with the fast track approach of approximately \$136k.

However, there is no need for a subsidy if CHP is able to retain the revenue realized by bookings. Therefore, it is recommended that the contracts between CHP and user groups be maintained, with only the location of the booking moving to the Gray Arena. Ice rental contracts are currently being finalized between arenas and user groups. Retaining the contracts between CHP and their user groups would minimize the need to cancel existing contracts, reschedule ice time and negotiate new contracts, all of which would be an added burden to user groups and facilities. In addition, with the contracts being retained between CHP and user groups, CHP revenue would not be reduced as expected, negating the requirement for a subsidy. There would be some minimal cost savings realized by CHP as a result of one ice surface being removed, but those are not expected to be significant and only utility costs due to the fact that one ice surface would remain and the staff are tasked with other duties within the facility. Some reduction in bookings could be expected, due to the need for two sheets of ice for tournaments and games requiring seating. The utility savings would help to offset the lost revenue.

As outlined in the financial implications section, Corporate and Customer Services business unit has allocated funding in the 2017/18 Operating budget for the surplus arenas while the disposal process is completed. Costs to operate the Gray Arena on an annual basis are estimated to be \$172,000 higher than the costs to hold the vacant building. Therefore, the costs to operate the Gray Arena as a replacement for Scotia One for the 2017/18 season are expected to be able to be absorbed.

As a result, it is recommended that the work be completed using the fast track approach during the 2017/18 fiscal year, and ready for opening September 2018. The additional funding would enable both the roof and ice slab work to be completed during one extended closure of Scotia One arena rather than three seasonal closures. Further, it is recommended that staff be authorized to enter into an agreement with CHP to transfer Scotia One bookings to the Gray Arena during the closure.

**FINANCIAL IMPLICATIONS**

To fund the remaining planned recapitalization work, the balance of purlin reinforcement and to begin the design work for the ice floor replacement, staff is requesting an unbudgeted withdrawal of funds from the Capital Fund Reserve, Q526 to fund Project CB000045. The budget availability has been confirmed by Finance.

**Budget Summary: Project No. CB000045 – Cole Harbour Place**

Cumulative Unspent Budget	\$1,543,102*
Plus: Budget increase	<u>\$ 550,000</u>
Balance	\$2,093,102

\*As this is a multi-year project, the cumulative unspent budget includes 2018/19 project budget of \$1.3m for the ice slab replacement project. Per the recommendation, \$75,000 of this would be made available to be spent during 2017/18.

**Budget Summary: Capital Fund Reserve, Q526**

Balance in reserve at May 31, 2017	\$ 14,954,187
Projected revenue to March 31, 2018	\$ 4,460,661
Commitments to March 31, 2018	<u>\$(11,969,697)</u>
Projected balance, March 31, 2018	\$ 7,445,151
Withdrawal per recommendation	<u>\$ (625,000)</u>
Revised projected balance March 31, 2018	\$ 6,820,151

**Obligation Reserve - Capital Fund Reserve, Q526**

The reserve is funded by the sale of land in HRM, other than Business/Industrial Parks or sale of land conveyed to HRM for parks, playgrounds or similar public purposes. Several other large properties are now excluded from deposit to this reserve and are being redirected to the Strategic Capital Reserve, Q606. The Capital Reserve Fund Reserve is governed by the Halifax Regional Municipality Charter Section 120 (1), (3), and (4). Withdrawals from the reserve are for capital expenses for which the Municipality may borrow.

The recommendation has a negative effect on the projected balance as this is an unbudgeted withdrawal. In reviewing a five-year capital budget plan in relation to withdrawals from this reserve, there are sufficient funds to accommodate this unbudgeted withdrawal, without impacting the current five year planned withdrawals for this reserve.

**Budget Summary: Gray Arena Annual Operation**

Estimated operations costs	\$ 272,000
Building holding costs (currently budgeted)	<u>\$ 100,000</u>
Total additional annual costs	\$ 172,000

The additional operating costs will be offset by other facility savings.

**RISK CONSIDERATION**

Without reserve funding there will be insufficient project funds to complete the balance of the roof structure and planned recapitalization work. This will impact service delivery.

There are risks associated with both the multi-year phased approach and the fast track construction. The primary risks associated with the multi-year approach include challenges getting the work completed each year in time to open the arena for the season, potential for increased costs due to the extended construction and the capacity to resolve any issues that arise at other arenas over the three years while the focus is on completing the work at Scotia One.

The fast track approach helps to mitigate those risks. Risks associated with the fast track approach are more customer service and reputational in nature, such as user groups not wanting to relocate to the Gray arena and the ability for CHP to host tournaments due to the need for two ice sheets, those risks are easier managed than those associated with completing the work over multiple years.

**COMMUNITY ENGAGEMENT**

N/A

**ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications.

**ALTERNATIVES**

The Audit and Finance Standing Committee could overturn the staff recommendation and recommend that the work be staged over the next three years and add the financial request to the 2018/19 budget cycle. This option is not recommended as there are safety and operational risks in delaying the floor replacement an additional year.

**ATTACHMENTS**

Attachment 1: Cole Harbour Place Business Plan

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A copy of this report can be obtained online at <http://www.halifax.ca/boardscom/SCfinance/index.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Darren Young, A/Senior Project Manager, CFDC 902.476.9295

Original Signed

Report Approved by:

\_\_\_\_\_  
John W. MacPherson, Manager, CFDC 902.209.0763

Financial Approval by:

Original Signed

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Louis de Montbrun, Acting Director of Finance & Asset Management, 902.476.0585

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# Business Case

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**Project Name: Cole Harbour Place – Scotia 1 Roof/floor**

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**Project Manager: HRM**

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Community Builders Inc. is a not-for-profit organization who operate Cole Harbour Place through an Agreement with Halifax Regional Municipality (HRM). Cole Harbour Place (CHP) works in cooperation with HRM to deliver quality services to the region and, in particular, to the residents of Cole Harbour and surrounding areas. Our facility contains ice rinks, pools, weight/cardio rooms, squash courts, dance studios and multiple meeting rooms to provide programming and services for our members and community users / stakeholders.

Scotia 1, originally Scotia Stadium, was constructed in 1975 and is currently in need of substantial repairs to remain safe and dependable for our users. The two projects that are currently underway are; 1. Reinforcement to the Scotia 1 (and dance studio) roof to meet current building codes and, 2. Replacement of the Scotia 1 ice pad to have a dependable surface to play on. HRM is aware of both projects and have committed to completing the necessary work on a timely basis with as little disruption to the users of CHP as possible.

Per HRM Project Managers and as confirmed with external general contractors, the scope of work requires a substantial amount of time (roughly 60 weeks) for our rink to be out of service, which will have a significant impact on our users. There will also be a substantial financial impact to CHP as our rinks are one of our greatest sources of revenue to cover the facility's ongoing operating costs. The magnitude of a closure of Scotia 1 of this duration will result in CHP not being in a position to cover its budgeted operating costs during the period of the closure. As a result, CHP will incur a substantial operating deficit in particular in the fiscal 2018 year (if the repairs and closure commence immediately) and to a lesser extent in the fiscal 2019 year.

The current plan as previously tabled by HRM representatives is to complete the work over a three year period with stoppages, but after being approached by HRM to explore a one year fast-track, the CHP Board of Directors (BOD) are recommending the latter, fast-track option. Both options will require substantial financial support from HRM to cover expected operating deficits.

## 1.0 Background

The issues in Scotia 1 have been known for over three years, but have yet to be fully resolved. There are real risks associated with operating in the current state and an expedited resolution to the problems is highly recommended.

### **ROOF:**

During the winter of 2014/2015, Scotia 1 fell victim to issues of snow/ice loading which resulted in a four day closure of the rink. The deflection of the roof was noticed in the sprinkler lines as well as twisted purlins, and was then assessed by a structural engineer. The impact on the roof required a closure of the rink and adjacent dance studio until a team was able to clear snow from the roof. During the 2014/15 ice

season, 1 bay of purlins (of 16) was strengthened and CHP was required to be on a snow watch plan, which continues to this day.

**FLOOR:**

Upon the removal of the ice in the summer of 2015 a 'heave' in the concrete slab was noticed. It was substantial enough to be seen with the naked eye and was measured at approximately 5 inches. This heave, caused by frost build up below the slab, carries the risk of damage to the embedded brine system. If the pipes of the brine system bend and split as a result of the heave, the rink will need to remain closed until the ice pad is repaired or replaced.

## **1.1 Current Business Overview**

Currently, HRM has started work on the roof/floor project under a 3 year plan as follows:

### **PROJECT TIMELINE**

#### **Multiple Work Shutdown (Option 1)**

Work commenced – October 3, 2017

- Light steel work in Dance Studio and washrooms
- Lead Abatement
- Move sprinkler line and re-enforcements
- Complete three (of six) box beams
- Make Ice

April 4, 2018 – October 3, 2018

- Complete remaining box beams
- Complete cross supports
- Complete remaining light steel work
- Install low emissivity ceiling
- Make ice

April 4, 2019 – Oct 3, 2019

- Replace ice slab and boards
- Make ice

A second option being considered and preferred by CHP is:

### **PROJECT TIMELINE**

#### **Fast track – (Option 2) PREFERRED**

Current – September 1, 2018

- Complete all steel work (37 weeks)
- Install low emissivity ceiling
- Complete ice slab replacement and boards (20 weeks)
- Make Ice
- Includes 4 week contingency

## 2.0 Strategy

The decision made at the June 20<sup>th</sup> regional council meeting to keep the Gray Arena as an option for next season has provided us with an incredible opportunity. It allows us an ability to explore the feasibility of selecting the fast-track option. This new option would allow us to;

1. Accommodate all users with their regular ice, using Scotia 2 and the Gray Arena
2. Expedite the capital work in Scotia 1, removing all work stoppages (and likely resulting project delays) from the current timeline
3. Remove the major safety issues we are currently experiencing with respect to snow loading and the risk of continued operation of Scotia 1 under Option 1
4. Remove any risk of failure to the ice slab of Scotia 1

## 2.1 Overview

For the fast track option to successfully occur, the timeline of events would be as follows:

1. July 6<sup>th</sup> – HRM to confirm an acceptance of the fast track recommendations as detailed in section 4.0 below.
2. July 10<sup>th</sup> – CHP, in conjunction with HRM, to schedule ice bookings for the 2017/2018 season to accommodate all CHP users in Scotia 2 and the Gray Arena.
3. July 17<sup>th</sup> – send all ice contracts out to users
4. July 17<sup>th</sup> – HRM to ensure necessary staffing and maintenance for the Gray will be ready for a September 1<sup>st</sup> opening
5. July 24<sup>th</sup> – HRM to work on tender package for the capital work of the Scotia 1 ice slab project with the deadline for tender issuance of September 1, 2017 and tender award by October 15, 2017 to allow for project commencement by February 1, 2018 to ensure the September 1, 2018 for reopening of Scotia 1 can be achieved.

## 2.2 Issues

The issues associated with both project timelines are as follows:

### 3 Year – Multiple Work Shutdown

1. Safety – The risk of snow load failure with occupants using the rink is extended through two more winters
2. Work Stoppages – Contractors will be required to set-up and take down multiple times throughout the course of work, creating issues with workflow and efficiency and possibly extending the work stoppage through a portion of or all of a 4<sup>th</sup> winter season
3. Financial Implication – requires financial support to CHP from HRM for lost revenue over the 3 year duration of the project (specifics outlined below)
4. User Displacement – Associations, rec leagues and tournaments will be displaced through scheduling constraints and lost ice in September and April until the completion of the project (subject to availability of alternative ice surfaces such as the Gray Arena, if any)

5. Ice Quality – Scotia 1 had many issues with the ice during the 2016/2017 season due to:
  - a. Missing low-emissivity insulation in the ceiling. This causes issues with humidity and temperature control (while also leading to increased operating costs for CHP as a result)
  - b. A mixture of sand and concrete in the ice slab itself. Approximately 20 feet of our rink is sand which freezes at different rates than the rest of the rink

We will be required to offer our user groups inadequate ice with these two issues for the duration of the project.

### **1 Year – Fast Track**

1. Gray Arena – HRM would need to keep and maintain the Gray arena during the duration of the project
2. User Displacement – Associations, rec leagues and tournaments would need to travel to the Gray Arena on a frequent basis
3. Ice Contracts – Users won't be able to see an ice contract until decisions are made, creating uncertainty and frustration for the groups we serve.
4. Financial Implications – requires financial support to CHP from HRM over the duration of the project (specifics outlined below)

### **2.3 Strengths**

The strengths associated with both project timelines are as follows:

#### **3 Year – Multiple Work Shutdown**

1. Ice contracts – Contracts could be sent out immediately and all users could start planning for their upcoming season
2. Financials – Less total financial burden for HRM to subsidize as compared to the fast track option (assuming the project is completed by Oct/19 as planned). Any further delays into the 2019/2020 winter season will significantly increase the financial burden to HRM and assumes the Scotia 1 roof does not suffer any further structural issues during the 3-year period.

#### **1 Year – Fast Track**

1. Safety – eliminates all safety risks pertaining to the roof
2. Work Flow – Contractors will be more efficient by not having to deal with work stoppages, potentially resulting in cost savings
3. Ice Quality – Users will not have to experience another season of inadequate ice

### **2.4 Risks**

Safety is paramount. For every year that Scotia 1 is left as is, we increase the likelihood of catastrophic failure. This alone, is the main driver for why the 1 year, fast-track option is recommended.

## 2.5 Assumptions

1. The Gray arena would be kept available to Cole Harbour Place users for the duration of the capital work, not just the 2017/2018 season.
2. The Gray arena ice rental rates would coincide with the stated ice rental rates at CHP for the 2017/2018 season as well as the anticipated rates for the 2018/2019 season in the event the Scotia 1 project is not completed by Sept 1<sup>st</sup>, 2018.

## 3.0 Financial Implications

As stated, both options being explored will have financial implications on the regular revenue streams for CHP. In either case, HRM will need to commit financial support to CHP to ensure regular operations move ahead as normal and we finish each fiscal year with a net balance of \$0.00. As HRM would be aware, this is very important to the BOD of CHP to ensure continued provision of programming and facility services that our members and community members have become accustomed to. CHP has only experienced one operating deficit in the facility's 28 year history (due in this one case to an exceptional circumstance related to the treatment of HST on ice rental).

The total revenue generated by both rinks (Scotia 1 and Scotia 2) during the last three fiscal years was;

March 31<sup>st</sup>, 2015: \$929,168.00  
March 31<sup>st</sup>, 2016: \$974,485.00  
March 31<sup>st</sup>, 2017: \$958,021.00

\*Figures taken from year-end Audited financial statements

The estimated subsidies required from HRM for both timelines are as follows;

<b>ESTIMATED LOSS</b>	<b>1 Year Fast Track</b>	<b>Three Year</b>	<b>Notes</b>
Lost Ice Revenue	-\$427,783.78	-\$261,198.02	1
Lost Advertising	-\$5,638.70	\$0.00	2
Lost Room Rentals	-\$3,750.00	-\$3,000.00	3
<b>ESTIMATED SAVINGS</b>			
Propane/Zamboni Maint.	\$10,000.00	\$6,000.00	4
Cleaning	\$12,000.00	\$6,000.00	5
Payroll Dollars	\$0.00	\$0.00	6
Electric	\$75,000.00*	\$53,571.45*	7
Water	\$18,000.00	\$12,857.15	8
<b>TOTAL SUBSIDY NEEDED:</b>	<b>-\$322,172.48</b>	<b>-\$185,769.42</b>	<b>9</b>

Notes:

1. Revenue taken directly from booking reports of previous year and compared to the months that the rink would be out of operation.

2. Scotia 1 has six permanent signs fixed into the wall that can't be changed over to Scotia 2. Our standard rink boards can be brought over.
3. CHP would lose some tournaments who require 2 rinks. We would also lose the additional room rental revenue associated with those tournaments.
4. Invoices reviewed to determine that dollar value of savings.
5. Invoices reviewed to determine that dollar value of savings.
6. Our staff who maintain both rinks are also responsible for pools, HVAC, room set-ups and all other general maintenance. We would not schedule differently being down one rink.
7. Dollar value taken from the actuals of the Spryfield Arena (single pad) as provided by HRM.
  - a. \*HRM to determine electrical costs of project. Welding, lights needed etc.
8. Dollar value taken from the actuals of the Spryfield Arena (single pad) as provided by HRM.
9. Total dollar value is for the entire length of each project. In the three year example it would be a loss of that amount over 3 years (roughly \$84,000 per annum).

## 4.0 Recommendations

The BOD and GM of Cole Harbour Place recommends going forward with the 1 year, Fast-track option under the following criteria:

1. Subject to a subsidy of lost revenue from HRM to CHP for the duration of the project on a monthly basis. Such amount to be agreed in advance with sufficient contingency allowance in the event the project is not completed within the agreed project timelines.
  - a. Average monthly cash flow needs are \$293,009.00 per month
  - b. Fast track option would require a monthly subsidy from HRM to CHP of an estimated \$30,000.00 per month.
2. Subject to the Gray Arena remaining open and available for the sole purpose of accommodating the displaced users of CHP for the duration of the project.
3. Subject to the ice rental rates at the Gray Arena matching that of CHP for the duration of the project.
4. Subject to a decision being made to move forward with a commitment to the fast track option no later than Friday, July 7<sup>th</sup>.
5. Subject to commitment from the General contractor that they are able to execute the new timelines.

## 4.1 Next Steps

HRM, along with Halifax regional council to come to terms with the most appropriate resolution for timelines in the Scotia 1 capital work. Should the fast track option be approved, CHP would require a written agreement with HRM containing the criteria outlined in the recommendations section (4.0) above.

## Document Control

Version #	Change Description	Date	Author
1.3	<b>ELECTRICITY/WATER ESTIMATES</b>	<b>06/22/17</b>	<b>MIKE COGDON</b>