

HALIFAX

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Item No. 15.1.5
Halifax Regional Council
March 5, 2019

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by 
Jacques Dubé, Chief Administrative Officer

DATE: February 28, 2019

SUBJECT: **Sheet Harbour Lions Club / Eastern Shore Lifestyles Centre**

ORIGIN

February 7, 2017 motion of Regional Council Meeting Motion moved by Councillor Hendsbee, seconded by Councillor Mason that Halifax Regional Council direct staff to:

Decline the request from the Province of Nova Scotia Department of Education and Early Childhood Development, and Halifax Regional School Board to fund a HRM enhancement or addition to the new Primary-12 Eastern Shore School. **MOTION PUT AND PASSED.**

January 30, 2018 motion of Regional Council Meeting Motion moved by Councillor Hendsbee, seconded by Councillor Karsten that Halifax Regional Council direct staff to:

1. Allocate a maximum of \$100,000 (inclusive of HST) from capital account CB000080, Sheet Harbour Rec Centre, to procure consultant services to develop a business case and prepare concept architectural and site plans along with preliminary capital and operating cost estimates for the proposed Eastern Shore Lifestyles Centre;
2. Seek input from the Eastern Shore Lifestyles Centre Society on the conceptual design and business case; and
3. Return to Regional Council with recommendations regarding the conceptual design and business case that achieves a cost neutral operation of the proposed centre. **MOTION PUT AND PASSED UNANIMOUSLY**

LEGISLATIVE AUTHORITY

Halifax Reginal Municipality Charter, Section 79(1) The Council may expend money required by the Municipality for (x) lands and buildings required for a municipal purpose

RECOMMENDATION

It is recommended that Halifax Regional Council direct the Chief Administrative Officer to:

1. Address the matters identified in the Alternative Proposal (Option 3) section of this report as follows:
 - a. confirm that the Halifax Public Library will locate its branch in the new facility;
 - b. confirm that the land identified for the new facility is suitable and is available;

Recommendation continued on page 2

- c. develop a more detailed plan for the multi-purpose (community hall) component of the facility;
 - d. confirm availability of funding from other levels of government; and
 - e. develop an operating model for the new facility;
2. Develop conceptual plans for the new facility in accordance with the Alternative Proposal (Option 3); and
3. Return to Council with recommendations regarding conceptual design and a funding plan for a multi-year capital project and ongoing operating funding based on the Alternative Proposal (Option 3).

BACKGROUND

In 2016, roof and structural issues were uncovered with the Sheet Harbour Lions Community Centre, which is owned by HRM but managed by the Sheet Harbour Lions Club (Attachment A Context Map). The building contains recreation and community meeting and function space. As a result, as part of a February 7, 2017 report to Regional Council, staff identified that it was going to consider a scope of work for the repair, replacement, or relocation of the Sheet Harbour Lions Community Centre. It was further noted that a repaired or new facility could include a consolidation of HRM's recreation centre and the Sheet Harbour Public Library that are currently jointly located within the Bluewater Building in Sheet Harbour. Subsequently, \$2.514 million was earmarked for facility repair or replacement through the anticipated 2021/22 and 2022/23 capital budget.

The Sheet Harbour Lions Centre is a 12,000sq ft. community facility comprised of a large hall space, offices, storage and a kitchen, which hosts a variety of events and programs including: suppers, dances, bingo, recreation programs, and private events. The varied uses are based on the hall space being available to users at a low cost. Since seasonal closure has been in place, some users have been accommodated at the Royal Canadian Legion in Watt Section, 4 kilometers east of the Lions Centre.

Shortly following Regional Council's consideration of the February 7, 2017 staff report, a community group, the Eastern Shore Lifestyles Centre Society (ESLCS), was formed in Sheet Harbour. Through a series of committee and community meetings, the ESLCS developed a plan for a more substantial community facility compared to what was envisioned in the HRM staff report. The ESLCS submitted a proposal for HRM to assist it in procuring architectural and planning services for the development of concept plans that would be used to illustrate an enhanced community facility, which would also be used to obtain capital funding commitments from other levels of government and other sources.

The facility that has been envisioned by the ESLCS is comprised of the following;

- Great Hall (4,000 sq. ft.)
- Kitchen (1,250 sq. ft.)
- Bar (200 sq. ft.)
- Storage (400 sq. ft.)
- Reception space (400 sq. ft.)
- Offices (200 sq. ft.)
- Boardroom/visitors office (450 sq. ft.)
- Meeting room (720 sq. ft.)
- Gathering room (1,300 sq. ft.)
- Halifax Recreation and Halifax Public Libraries space (7,000 sq. ft.)

The submission of the ESLCS indicated that this facility would be a cost neutral opportunity for HRM, with HRM investing the \$2,514,000 that would have been allocated to fixing the Lions Centre, as well as the transfer of existing rental costs incurred by Halifax Recreation and Halifax Public Libraries to the new facility. The prospective ownership of the entire facility was unclear at the time of review and was to be determined.

Based on the submission of the ESLCS and accompanying staff report, on January 30, 2018, Regional Council directed staff to allocate funding from the Sheet Harbour Lions Centre (Capital Budget CB000080)

to procure a consultant to review the ESLCS business case for the cost neutral operation as proposed by the ESLCS and subsequently prepare a concept design. The consultant procured for this work was Capital Management Engineering Limited (CMEL), who engaged with HRM staff and the ESLCS, as well as other stakeholders in the review of the project.

Pursuant to the January 2018 staff report, the review of the business case has been completed as the first deliverable, prior to procuring an architect for a concept design. That was intended to enable an update on the review of the business case and assessment of potential of cost neutrality, as well as the ownership and governance of the proposed facility, to be provided to Regional Council. Staff is now seeking updated direction from Regional Council to ensure the applicable concept design is pursued.

Since Regional Council's direction, staff have worked with ESLCS and the consultant, CMEL, on the preparation and review of a business case as well as additional work on the facility concept. At this time, the nature of the proposed facility continues to evolve as a result of ongoing discussions by ESLCS with stakeholders and potential tenants. However, with the completion of the business case review, there are project components that Regional Council should consider and determine how to best proceed with the project. These are with regards to the prospective operating model and the inclusion of other tenants, along with the proposed scale of the community hall component.

DISCUSSION

Business Case Analysis

CMEL reviewed three options in order to complete their assessment of the ESLCS business case. An excerpt from the business case assessment is included as Attachment B; the link to the full report is [here](#) and a summary of the options is as follows:

- Option One: Status Quo
 - Repair of Lions Centre roof structure
 - Continued lease of Bluewater Building for recreation and library
 - Total capital cost \$2,500,000
 - Capital cost to HRM \$2,500,000
 - Cost of Bluewater lease to HRM/year \$81,249

- Option Two: Multi-tenant Community Centre Complex (based on ESLCS proposal)
 - 15,300 square foot multi-tenant facility
 - Operated by ESLCS
 - Total capital cost \$7,000,000
 - Capital cost to HRM \$2,500,000
 - Cost of ESLCS lease to HRM/year \$77,368

- Option Three: New Sheet Harbour Community Centre
 - 12,564 square foot community centre (recreation, library, community space)
 - Total capital cost \$5,800,000
 - Capital cost to HRM dependent on potential cost sharing
 - Operating cost to HRM – dependent on operating model

The Business Case Assessment determined that the most cost neutral option for HRM would be “status quo”, which includes fixing the roof structure and continued maintenance of the Lions Centre, as well as continuing to lease space in the Bluewater Building for Halifax Recreation and Halifax Public Libraries. This determination is because this option anticipates the repairs would be estimated at a cost of \$2,514,000, which is already proposed in a future HRM capital budget. Further, with the existing lease space being maintained under this option, the current operating costs incurred by HRM and Halifax Libraries would remain consistent.

Option Two is an assessment of a multi-tenant building, based on the ESLCS proposal. It proposed the relocation of both the library and recreation offices to the new facility, with slightly reduced amount of square footage included in a functional space plan. The proposed increased facility size would result in additional capital cost, unless full funding was able to be offset by cost sharing from all levels of government. As well, a larger facility would incur increased operating costs. Therefore, option two could result in additional annual costs of approximately \$300,000 for HRM, if additional capital funding was not obtained.

A third scenario was reviewed which considered a purpose-built building to house the recreation office, library and community room space. Based on those parameters, the size of the building would be similar to the existing Lions Club facility and anticipated annual operating costs would be closer to the current costs incurred by HRM.

While the status quo/Option One scenario was found to be most cost neutral to HRM, pursuant to the ESLCS proposal of cost neutrality for HRM, it does not necessarily account for what might be an opportunity for an improvement of community facilities to meet the full needs of the community. Nor does it consider the possibility of capital funding from other levels of government. However, the multi-tenant facility, based on the ESLCS proposal has a number of factors which would need to be considered in the assessment of the proposal by Regional Council.

Operating Model

As the project has progressed, the ownership/management model preferred by ESLCS is one in which HRM would own and maintain the facility, and the ESLCS would operate it as a board under a management agreement. Arrangements under which HRM owns a facility and has an agreement with a Board to operate a facility are common. However, the ESLCS model also has HRM paying rent within the facility, which is both a legal and pragmatic problem. It is noted that until a final design is approved and a determination is made on the potential occupants within the facility, it is premature to make a determination on the governance of the proposed facility, but this particular matter impacts the business case for the ESLCS proposal (option 2).

Tenancy

It is not uncommon for HRM owned facilities to contain space which is leased by other tenants. However, those situations tend to be ones in which the tenants are often accessory uses such as a canteen; in other large multi-purpose complexes (e.g. Alderney Landing) with multiple uses; or buildings that have been converted from other former uses (e.g. a former school) where not all the spaces are capable or required for municipal purposes. That said, in those cases, HRM has many community partnership models which have been developed to accommodate the specific community requirements, but these are typically closely aligned with municipal mandates. For example, the Beaver Bank Community Centre is a joint facility with a community component, shared with Halifax Regional Fire. The East Dartmouth Community Centre is a community operated facility which also contains Halifax Regional Police. The Musquodoboit Valley Recreation Centre and Library has been newly renovated to convert the facility to shared space. Each of these models contain specific agreements or models related to use, leasing and building facility costs, but are largely limited to uses with a municipal mandate.

For the ESLCS facility, the emerging proposition is for HRM to develop a new purpose-built facility for uses that are outside the municipality's mandate, which, depending on the funding and governance models, may conflict with the requirement for HRM to expend funds for municipal purposes. It also introduces a liability for the municipality in that even if there is an initial commitment on the part of other tenants, HRM would conceivably face an issue in leasing spaces to outside entities that would be compatible to the municipal use of a facility. Further, should full tenancy not be able to be maintained, HRM would incur additional costs associated with the extra space. For this reason, the inclusion of non-municipal mandate tenants is not advised.

Community Hall Component

The existing hall space of the Lions Community Centre is approximately 4,500sq ft. in size, which is larger than typical community rooms in HRM facilities and stems from the building being a former pool. The ESLCS currently proposes a smaller space for the community hall component of the proposed facility at 4,000sq ft., with an additional 1,250sq ft. for a commercial kitchen, but that may still be of a size that exceeds typical program and event needs for the community. Multi-purpose spaces exist in many HRM facilities. For example, the Prospect Road Community Centre (PRCC) operates 150 to 200 events annually, most of which are accommodated in the 3,000sq ft. multi purpose space with an adjacent kitchen. Events hosted at the PRCC include:

- Weddings
- Parties
- Community meals
- Dances
- Farmers markets
- Banquets
- Church services

These events are in addition to regularly scheduled programs held in the multi-purpose space which can be divided into two studios for a range of recreation and leisure programs. Therefore, a similar size and configuration may also be an appropriate replacement to the existing Sheet Harbour Lions Community Centre to meet the community needs.

The determination of a community hall component to meet the community needs also should consider the broader community area, which includes facilities such as the Royal Canadian Legion and Samuel R. Balcom Centre within a 15-minute drive of Sheet Harbour. Duplication of those services could result in an overall adverse impact to the community as it would result in competition between the facilities.

Proposed Location

The site proposed by ESLCS is at the mouth of the West River of Sheet Harbour. It is a largely wooded area, believed to have a Mi'kmaq burial site to the south. Preliminary assessments of the land identify some challenges related to grade, and like many construction projects in the area, access to potable water could prove to be difficult. Due to the historic burial site within close proximity, this could prove to be another challenge with the site due to archaeological investigation.

ESLCS have indicated that there have been preliminary discussions with the province regarding the possible transfer of the property for this facility. While concerns have been raised regarding the location of the site in relation to the core of the community, locating a community centre at this site could result in it acting as a gateway into the community of Sheet Harbour. As well, the large size of the site provides options for siting a building in order to maximize its visibility and access from the road and to address any site challenges. Details regarding the ownership of the property should the province decide to transfer the site would need to be confirmed as it would also impact the operating model. Acquiring this site to house a new community centre would also impact the future use and ownership of the existing site upon which the current Sheet Harbour Lions Community Centre is located.

Alternative Proposal (Option 3)

While the preferred proposal that has emerged from the ESLCS (option 2) is not recommended, there are opportunities to progress with the consideration of a new facility that may be more closely aligned with HRM's mandate. With some refinements, this would be largely consistent with option 3, that would be comprised of a recreation facility, library, and a multi-purpose space that can be used for community events. The Business Case analysis identifies that the estimated costs that might be associated with such a facility would be approximately \$5.8M based on the large-scale community hall component pursuant to the ESLCS proposal. This, by far, exceeds the \$2.514M that was originally anticipated to address the facility issue in Sheet Harbour. However, there is merit in further considering this option in order to suitably address the provision of recreation and library services and the community needs for multi-purpose space. The ability to obtain funding from other levels of government would be an important component in advancing such a

proposal.

The alternative proposal would need to incorporate existing municipal services and community programs into one facility, while supporting the initiative of residents of the Eastern Shore. The facility would be comparable to the renovated community centre in Musquodoboit Harbour, combined with the level of community engagement of the Prospect Road Community Centre. While this would be an HRM facility, the support of the ESLCS would be instrumental in the planning process, considering the extent of the work they have completed to date.

There is still considerable work that needs to be done in support of the proposal, including:

- confirmation that the Halifax Public Library is interested in being part of such a facility;
- confirmation that the lands identified by the ESLCS are able to be obtained from the province;
- a more detailed determination of the multi-purpose (community hall) component of the overall facility;
- final determination over the proposed operating model; and
- budget planning and inquiries about the possibility of funding commitments from other levels of government.

FINANCIAL IMPLICATIONS

Funding for the concept plan work has been allocated and is available in capital account CB000080. Current project funding is \$2.15M. A funding model will be designed to identify funding options this may result in. Shifting Council priorities in 2021/22 and 2022/23 in order to provide adequate funding for Option 3. As outlined in the business plan assessment, operating funding for Option 3 is estimated at approximately \$150,000 but will need to be confirmed as the design and operating model are finalized. A subsequent staff report would outline those details for Regional Council's consideration.

RISK CONSIDERATION

The risk association with the recommendation rate medium. To make this determination, consideration was given to financial, safety, intergovernmental and operational matters. These risks are mitigated by the recommendation of proceeding with a facility that focusses on municipal operations and mandate as well as conditions for support from other agencies and other levels of government.

The risk associated with not proceeding with the recommendation in this report, or its alternatives, is that the condition of the Sheet Harbour Lions Community Centre will continue to deteriorate without a determination about its future use.

COMMUNITY ENGAGEMENT

The Eastern Shore Lifestyles Centre Society has undertaken considerable community engagement. To date, they have hosted several town hall meetings, engaged with community stakeholders, established subcommittees, added board members, and met with Millbrook First Nation, Municipal, Provincial, and Federal representatives. In addition, community consultation was undertaken by HRM during the completion of the Eastern Shore Recreation Needs Assessment.

ENVIRONMENTAL IMPLICATIONS

There are no immediate environmental implications to this staff report. If Regional Council directs staff to further consider the facility proposal that is being recommended, the lands being recommended for location of the proposed future facility would need to be assessed to determine any environmental challenges on the site.

ALTERNATIVES

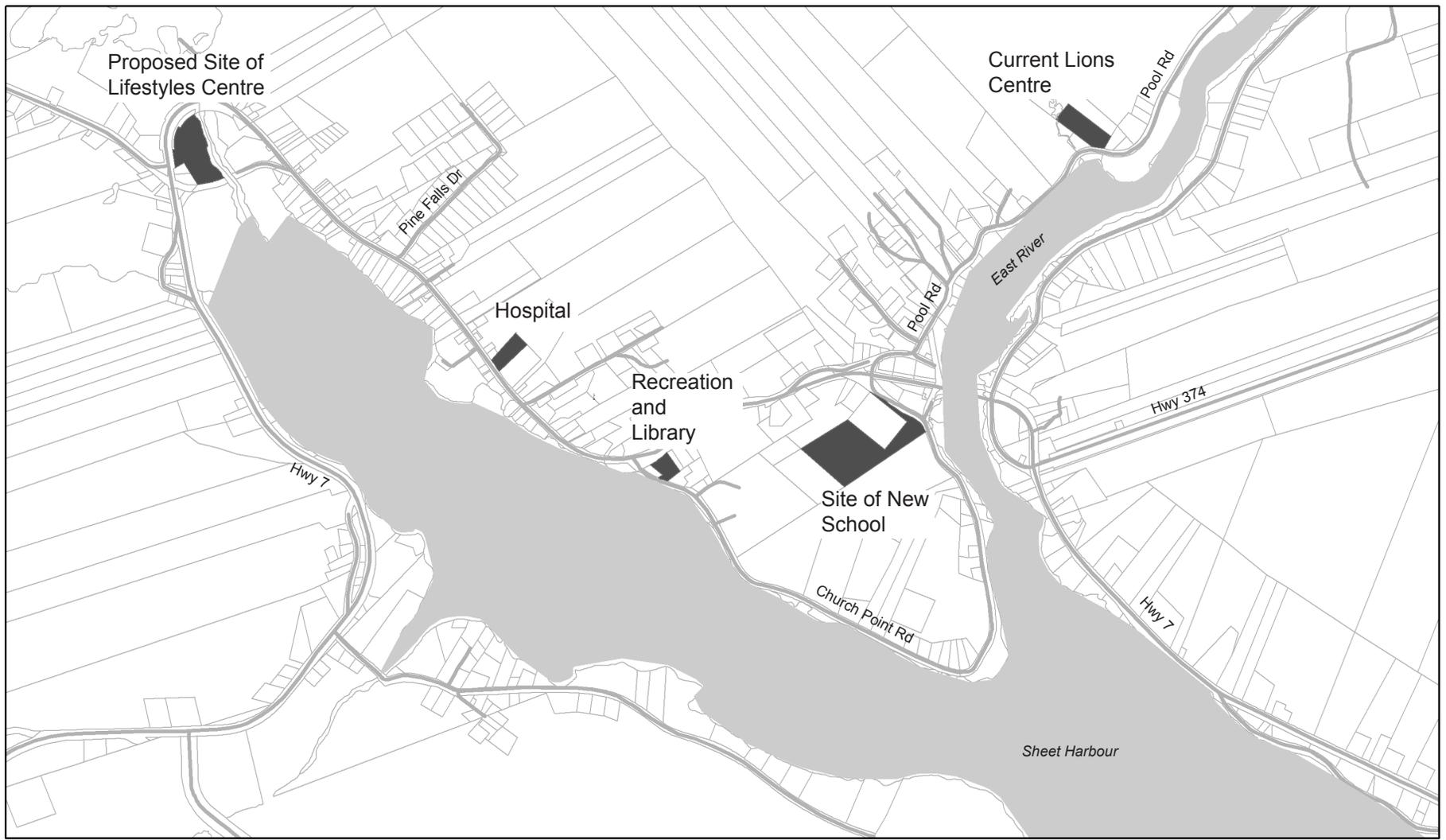
- Alternative 1. Regional Council could direct the Chief Administrative Officer to maintain the status quo. This would include fixing the roof structure of the Sheet Harbour Lions Centre, as well as continuing to lease space in the Bluewater Building.
- Alternative 2. Regional Council could direct the Chief Administrative Officer to continue to work with the Eastern Shore Lifestyles Centre Society to develop a multi-tenant facility based on their proposal.

ATTACHMENTS

- Attachment A: Context Map of Sheet Harbour
Attachment B: CMEL Business Case Assessment

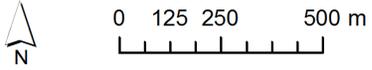
A copy of this report can be obtained online at or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Gareth Evans, Recreation Planning Specialist 902.292.1264



Attachment A - Context Map of Sheet Harbour

Produced by Parks and Recreation
Policy and Planning



HALIFAX

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.

Table of Contents

Executive Summary.....	i
Option 1: The Status Quo.....	ii
Option 2: The New Multi-tenant Community Centre Complex.....	iii
Option 3: New Sheet Harbour Community Centre.....	iii
Options Analysis.....	iii
Recommendation	iv
Table of Contents	vi
Introduction	1
Objective	1
Scope and Methodology	2
Phase 1: The Strategic Context	4
1 Business Needs and Desired Outcomes	4
1.1 ...Strategic Environment.....	4
▶ 1.1.1 Organizational Overview	4
▶ 1.1.2 Business Need	5
▶ 1.1.3 Drivers for Change	6
▶ 1.1.4 Business Outcomes	6
1.2 Strategic Fit	7
1.3 Detailed Description of the Business Need.....	10
▶ 1.3.1 Problem/Opportunity	10
▶ 1.3.2 Functional Requirements	10
▶ Sheet Harbour Lions Club Community Centre	10
▶ Halifax Parks and Recreation Sheet Harbour Facilities.....	16
▶ Halifax Public Libraries Sheet Harbour Branch	17
▶ Other Potential Partners.....	18
▶ 1.3.3 Assumptions.....	18
▶ 1.3.4 Constraints	19
▶ 1.3.5 Dependencies	20
1.4 Scope.....	21
▶ 1.4.1 Boundaries	21
▶ 1.4.2 Stakeholder Analysis.....	21
▶ Halifax Regional Municipality	22
▶ Sheet Harbour Lions Club	24
▶ Halifax Parks and Recreation.....	25
▶ Halifax Public Libraries Sheet Harbour Branch	28
▶ Other Potential Partners.....	31

Phase 2: Analysis and Recommendation	32
2 Preliminary Options Analysis	32
2.1 Evaluation Criteria	32
2.2 Possible Options.....	33
▶2.2.1 The Status Quo (Option 1)	33
▶2.2.2 The New Multi-Tenant Community Centre Complex (Option 2)	33
▶2.2.3 New Sheet Harbour Community Centre (Option 3)	33
2.3 Screening of Options	33
2.4 Viability of the Selected Site Parcels.....	34
3 Options Analysis	36
3.1 Alignment.....	36
▶3.1.1 Strategic Alignment	36
▶3.1.2 Alignment with Desired Business Outcomes	40
3.2 Costs.....	41
3.3 Cost-Benefit Analysis	63
3.4 Implementation and Capacity Considerations of Viable Options	64
▶3.4.1 Contracting and Procurement.....	64
▶3.4.2 Schedule and Approach	64
▶3.4.3 Capacity	65
3.5...Risk and Limitations	65
▶3.5.1 Option Risk Summary	68
4 Justification and Recommendation	71
4.1 Comparison Summary.....	71
4.2 The Preferred Option.....	72
▶4.2.1 Recommendation	72
▶4.2.2 Deciding Factors	72
Appendices	74
Glossary of Acronyms and Terms.....	76