



CITY OF
ST. CATHARINES

Corporate Report

Report from Financial Management Services, Accounting and Payroll

Date of Report: January 3, 2013

Date of Meeting: January 21, 2013

Report Number: FMS-016-2013

File: 68.45.109

Subject: Spectator Facility – Estimated Project Budgets and Operating Budget Impact Update

Recommendation

That Council receive the report for information purposes. FORTHWITH

Summary

Council requested that updated financial information be presented regarding the Spectator Facility and its impact to the City's annual operating budget.

Background

At the December 17, 2012 Council meeting, Councillor Washuta requested that staff prepare a report to Council by January 21, 2013, providing an updated table, similar to the one in Appendix "Y" of the December 5, 2011 General Committee minutes, showing estimated project and operating budgets and their impacts on the City's annual operating budget and include reference to the land purchase made along St. Paul Street in early 2012 for an access to the lower level parking lot and the ring road around the arena together with the sources of funding for these items.

Report

Project Budget

The Spectator Facility team, the project design-build consultant (CBRE), the facility operator (SMG Canada, U.L.C.), and the successful proponent (Ball-Rankin Construction Inc.) are working together to ensure that the \$50 million Council approved limit will not be exceeded. The projected completion date has not changed from the Fall 2014 target.

At its meeting on December 5, 2011, Council approved the inclusion of a maximum of \$50 million in the 2012 Capital Budget with \$27 million to be funded through the issuance of Debentures, \$17 million from the Civic Project Fund, \$5 million from Fundraising/Naming Rights and \$1 million from Federal Gas Tax funds. Since that date, changes have been made to the funding of the Spectator Facility. The Province of Ontario announced a \$1 million contribution to the Spectator Facility. The \$1 million of Federal Gas Tax funds, which was initially included as a source of funding for the

Spectator Facility, was reallocated to provide funding for the City's contribution to the Burgoyne Bridge. The net result of these changes is that the \$27 million in Debentures has not changed. Appendix 1 (attached) provides an updated cost schedule with an estimated Operating Budget impact.

Value Added Contributions

At its meeting on October 29, 2012, Council authorized the allocation of the \$1 million contribution from SMG Canada, U.L.C. to be used for additional purchases to support and enhance the operation of the facility. These funds are contingent upon the successful negotiation of a long-term management contract. Staff is currently working with SMG Canada, U.L.C. to finalize the contract and will report to Council with further updates as required.

As disclosed at the October 29, 2012 Council meeting, Ball-Rankin Construction Inc. has offered to donate a physical connection to St. Paul Street as a value-added option. The connection is currently in the design stage.

Land Purchases

The acquisition of the property at 40 St. Paul Street West has been funded through the Parkland Dedication Fund. Costs including land acquisition, surveys and other incidental expenditures total \$271,296.

The Parkway

At its meeting on October 29, 2012, Council granted early budget approval from the 2013 Capital Budget for the reconstruction of The Parkway from McGuire Street to its west limit in the amount of \$526,000 plus applicable taxes.

The Spectator Facility team, CBRE and Ball-Rankin Construction Inc. are working to finalize the design of the Parkway and will report back to Council with further updates as required.

Financial Implications

As the financial information as presented does not materially differ from the Council approved Spectator Facility budget, there are no additional financial implications.

Conclusion

At this time, the Spectator Facility is projected to be built within the Council approved \$50 million limit. Staff will continue to monitor and track actual and projected expenditures in conjunction with Ball-Rankin Construction Inc., SMG Canada, U.L.C. and CBRE to ensure the successful delivery of the Spectator Facility project on time and on budget.

Submitted by:

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Prepared by:

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Approved by:

Shelley Chemnitz

City of St. Catharines**Estimated Project Budgets and Operating Budget Impact**

	Current Approved Budget (as amended)	Original Approved Budget - Note 1.	Appendix Y Estimate - Dec 5, 2011
Estimated Project Budget			
Construction Budget	\$ 45,000,000	\$ 43,000,000	\$ 44,400,000
Professional Fees	1,300,000	3,200,000	3,700,000
Furniture Fixtures and Equipment	2,500,000	2,400,000	2,400,000
Other Costs: Site Development, Commissioning and Contingency	1,200,000	1,400,000	2,024,000
Estimated Total Project Budget	<u>50,000,000</u>	<u>50,000,000</u>	<u>52,524,000</u>
Source of Funding			
Fundraising	5,000,000	5,000,000	5,000,000
Federal Gas Tax allocation for LEED design	-	1,000,000	1,000,000
Civic Project Fund	17,000,000	17,000,000	17,000,000
Provincial Grant - Ministry of Infrastructure	1,000,000	-	-
Debenture	27,000,000	27,000,000	29,524,000
Total Funding Line Equal to Project Budget	<u>50,000,000</u>	<u>50,000,000</u>	<u>52,524,000</u>
Additional Items			
Land Acquisition (Funded by Parkland Dedication Fund)	271,296		-
The Parkway (Funded by 2013 Capital Budget)	526,000	-	-
Total Ancillary Items	<u>797,296</u>	<u>-</u>	<u>-</u>
Operating Budget Impact - Note 2.			
Debenture - 30 year @ 4%	1,546,825	1,546,825	1,691,425
2012 Budget - Garden City Arena Operations	(933,310)	(933,310)	
2011 Budget - Garden City Arena Operations			(1,007,225)
Net Cash (Year 5) - pg. 54 Deloitte Study	464,000	464,000	464,000
Operating Budget Impact	<u>1,077,515</u>	<u>1,077,515</u>	<u>1,148,200</u>
Operating Budget Debenture Impact (%)	1.34%	1.34%	1.49%
Operating Budget Impact of using Civic Project Fund	0.75%	0.75%	0.74%
Operating Budget Impact	<u>2.09%</u>	<u>2.09%</u>	<u>2.22%</u>
Impact on Median House (with Current Value Assessment of \$205,000 and City taxes of \$1,194.02 - 2012)	<u>\$ 24.91</u>	<u>\$ 24.91</u>	
Impact on Median House (with Current Value Assessment of \$196,750 and City taxes of \$1,165.98 - 2011)			<u>\$ 25.92</u>

Notes:

- The financial information shown under the Original Approved Budget column has been revised from the Appendix Y presented to Council on December 5, 2011. Council approved building a Spectator Facility with an upset limit of \$50 million using \$17 million from the Civic Project fund for a Debentured amount of \$27 million. The pricing approved by Council was for a U shaped bowl which provided an economical alternative to the fixed seating options presented under Appendix Y. Therefore, the Original Approved Budget column was revised from the Original Appendix Y Estimate column to reflect the financial impact of Council's motion.
- The financial information shown under the Operating Budget Impact for the Current Approved Budget and the Original Approved Budget columns have been revised from the Appendix Y presented to Council on December 5, 2011. The budget figures from 2012 have been used to illustrate the impact to taxpayers using current information.

The Original Appendix Y Estimate column is shown as presented to Council on December 5, 2011 for comparative purposes.