

**CITY OF HAMILTON**

**CITY MANAGER'S OFFICE**  
*City Manager*

<b>TO:</b> Mayor and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> CITY WIDE
<b>COMMITTEE DATE:</b> September 25, 2012	
<b>SUBJECT/REPORT NO:</b> Independent External Review of HECFI Operations - Phase II (Request For Proposals) - Staff Report (CM11013d) (City Wide)	
<b>SUBMITTED BY:</b> Chris Murray City Manager	<b>PREPARED BY:</b> Tony Tollis (905) 546-2424 ext. 4549
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the City Manager be directed to negotiate an Operating Agreement with Global Spectrum / Live Nation for the operation of Copps Coliseum and Hamilton Place;
- (b) That the City Manager be directed to negotiate an Operating Agreement with The Carmen's Group for the operation of the Hamilton Convention Centre;
- (c) That the Operating agreements negotiated in Recommendation a) and b) of Report CM11013d be in a form acceptable to the City Solicitor and be subject to Council approval;
- (d) That all transitional costs incurred for the transfer of management of the HECFI facilities be charged to the Corporate Contingency Account to be funded from future Operating Surpluses or Tax Stabilization Reserve;
- (e) That the City Manager prepares a HECFI Facilities transition plan for Council approval;
- (f) That the budget reductions outlined in Report CM11013d be forwarded to the 2013 Budget process for consideration.

**EXECUTIVE SUMMARY**

On July 18, 2012, Council directed staff to review four possible options for the operation of the HECFI facilities. Based on the submission of three proponents, SMG / Forum Equity / Sonic Unyon, Global Spectrum / Live Nation and The Carmen's Group, along with a revised HECFI operating model, staff, together with the assistance of KPMG LLP, prepared a detailed quantitative analysis of all four options. The following table summarizes the results of this analysis:

<b>Criteria</b>	<b>Option 2 CITY</b>	<b>Option 3 SMG/FE</b>	<b>Option 4 GS/LN/CAR</b>	<b>Option 5 City/CAR</b>
Net City Operating Levy	3	4	1	2
Capital Costs - City	4	4	1	4
Total Five Year Savings	3	4	1	2
Transition Cost Payback	1	4	3	2
Annual Operating Loss Guarantee	4	1	2	3
Allocation of Annual Operating Profits	1	4	3	2
Capital Contributions - Manager	4	4	1	1

Option 1 is not included as this was the baseline Option for comparative purposes only. A ranking of "1" indicates the best cost implication to the City. A ranking of "4" indicates the worst cost implication for the City. Under the Capital Cost-City criteria, you will note that there are three ratings of 4. This is as a result of the fact that only one option contained contributions from the proponent, all others contained no contribution. Under the Capital Contribution-Manager criteria, Options 2 and 3 have no direct Manager Capital contributions and Options 4 and 5 both have a \$650K Manager Capital Contribution.

Tables 1, 2 and 3 of report CM11013d provide details in support of these rankings and Appendix "A" of report CM11013d provides details of the numbers reported in the tables.

In summary, Option 4 (Global Spectrum / Live Nation and the Carmen's Group) has the lowest operating and Capital Costs to the City. If chosen, this option will generate \$6.84M in projected operating savings over a five year period (or a \$1.6M annualized operating savings in 2013) together with a reduction of \$500K in capital expenditures in 2013. Additionally, this option includes \$650K of direct proponent investment into the

Hamilton Convention Centre over five years by way of proponent funded capital improvements.

Based on this information, Option 4, which is comprised of two proponents, (Global Spectrum / Live Nation and The Carmen's Group) is being recommended by staff as the successful proponents for the management/operation of the three facilities. This option is expected to generate between \$1.6M and \$2.2M in annual savings over the next five years. Associated with the preferred option are approximately \$1.8M in one-time transition costs related to anticipated legal, severance and other associated costs. An in camera discussion will be required to discuss these issues as they will identify staff and contain solicitor-client privileged information.

***Alternatives for Consideration – are detailed throughout report CM11013d.***

<b>FINANCIAL / STAFFING / LEGAL IMPLICATIONS</b> (for Recommendation(s) only)
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**Financial:**

The following is an update on the Project consulting costs to date. These costs are being funded through the HECFI Capital Reserves.

**PROJECT COSTS TO DATE:**

DESCRIPTION	REPORT #	AMOUNT
Operational Review	CM11002	91,584
Expressions of Interest – Stage One – Pre-Marketing	CM11013a	132,288
- Stage Two – Evaluation of Offers	CM11013a	54,684
Negotiations to Date -Paid	CM11013a	108,900
- estimate remaining	CM11013a	20,000
<b>TOTAL</b>		<b>407,456</b>

Financial implications are outlined, in detail, in the Analysis section of report CM11013d.

Based on the recommended option (i.e. Option 4), the following table outlines the Annualized Operating Budget implications to the City over the next five years:

**ANNUALIZED BUDGET IMPACTS (\$000's)**

<b>Description</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
Initial Levy	5,921	4,736	4,632	4,572	4,487	4,342
Less Profit Sharing		(449)	(529)	(605)	(645)	(687)
Potential Levy	5,921	4,287	4,103	3,967	3,842	3,655
Est. Annual Savings		1,634	1,818	1,954	2,079	2,266

**Staffing:**

Whenever a change in a service delivery model is contemplated, staff may be impacted. For unionized staff, all terms and conditions of employment, as prescribed within the collective agreements, will remain in effect for at least the term of the collective agreements, regardless of who owns, manages or operates the facilities.

Non-union employees may or may not continue employment, depending on whether or not Global Spectrum/Live Nation or The Carmen's Group wish to retain their employment. In the event that these employees are not retained by the new operators, employees will receive Notice that their employment with the City is ending.

Details of the staffing implications are confidential and will be discussed in camera.

Regardless of which option is selected, the issue of governance will need to be addressed. There will be transition staffing as well as ongoing contract management required for the administration of these contracts. It is recommended that the necessary funding for the FTE required for this purpose be funded through the savings generated from the changes in the governance of the HECFI Facilities. This will be dealt with in the future transition report outlined in the recommendations.

**Legal:**

There will be legal implications to the City as detailed Operating Agreements must be negotiated. This process will be facilitated through the Acting City Solicitor who is part of the Staff Advisory Team. The proposed Memorandum of Understanding is intended to form the basis for a future Operating Agreement with successful proponent(s), and Council approval of the final Operating Agreement will be required.

**HISTORICAL BACKGROUND** (Chronology of events)

At its meeting of **June 29, 2011**, Council approved the following recommendations pertaining to the HECFI Review:

- (h) *That the City Manager be authorized and directed to proceed with Phase 2 of the HECFI Review Terms of Reference, utilizing the services of KPMG, as follows:*
  - (i) *Prepare and issue a Request for interest (RFI) or Expression of interest for the purchase, lease, or management, of all or parts of HECFI facilities;*
  - (ii) *Summarize options in a report to GIC;*
- (i) *That the City Manager be authorized and directed to negotiate the scope and cost of the Review with KPMG;*
- (j) *That the City Manager report back to the General Issues Committee with the results of Phase 2 by December 31, 2011;*
- (k) *That the cost of Phase 2 be funded from the HECFI Reserve.*

Further to the above, on **October 11, 2011**, the General Issues Committee received Report CM11013a which outlined the process and costs for Phase II of the review.

On December 14, 2011, Council made the following amendment to Item (j) above:

*That sub-section (j) of Item 7 of General Issues Committee Report 11-021, approved by City Council on **June 29, 2011**, respecting the Independent External Review of HECFI Operations, be amended by deleting the date of December 31, 2011, and replacing it with February 15, 2012, to read as follows:*

*7(j) That the City Manager report back to the General Issues Committee with the results of Phase 2 by February 15, 2012.*

On **February 15, 2012**, the General Issues Committee approved the following:

*That the City Manager (through KPMG) be authorized to meet with all proponents as outlined in report CM11013b to further explore the proposals and report back to GIC on March 21<sup>st</sup> with recommendations to proceed to the negotiations stage with one or more of the proponents.*

On **May 9, 2012**, Council approved the following:

- a) That the City Manager, together with KPMG, be authorized and directed to enter into negotiations with Global Spectrum/Live Nation, SMG/Forum Equity, AEG / Katz Group, Carmen's and Sonic Unyon, and negotiate and finalize one or more proposed Memorandum(s) of Understanding subject to further approval of the City, with one or more of the aforementioned groups that permits hybrid options and that achieves the objectives of Council with respect to the operations of the HECFI facilities;
- b) That the proposed Memorandum(s) of Understanding achieved in Recommendation (a) above, together with the details of the HECFI business plan as presented to their Board, be presented to the General Issues Committee for their consideration to provide staff with directions or recommend Council approval necessary for entering into the preferred Memorandum(s) of Understanding and providing for an operating agreement(s) between the City and the preferred group(s).

On **July 18, 2012**, presentations were made to GIC by Global Spectrum / Live Nation, SMG / Forum Equity, Carmen's Group and HECFI regarding their submissions. Following these presentations, staff was directed to prepare detailed analysis of the four options outlined in this report.

#### **POLICY IMPLICATIONS**

N/A.

#### **RELEVANT CONSULTATION**

The Staff Advisory Team assigned to the review is as follows:

Lora Fontana, Director of Employee and Labour Relations, Human Resources Dept.  
Geoff Lupton, Director, Energy, Fleet, Facilities and Traffic, Public Works Dept.  
Rob Sabo, Acting City Solicitor, Legal Services Division, City Manager's Office  
Don Fisher, Acting City Solicitor, Legal Services Division, City Manager's Office  
Tony Tollis, City Treasurer, Corporate Services Dept.

KPMG was retained for proposal costing and continuity of process:

John Rockx, Partner, KPMG LLP  
Vince Raso, Senior Manager KPMG LLP

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

(include Performance Measurement/Benchmarking Data, if applicable)

**PROJECT METHODOLOGY:**

Council approved the use of a consultant for the solicitation of interest in the sale, lease or operation of the HECFI Facilities. This was done in order to ensure that the City received the best possible bids from the private sector by ensuring confidentiality and industry expertise.

**PROJECT OBJECTIVES:**

The objective is to substantially reduce or completely eliminate the subsidization of the HECFI Facilities while ideally delivering on the original objectives, which include the following:

- Enhancing the quality of life of Hamiltonians;
- Maintaining the current core use of each Facility; namely, a performing arts venue (Hamilton Place), a convention centre (Hamilton Convention Centre) and a professional sports and entertainment venue (Copps Coliseum). However, the City will entertain changes in use to these Facilities which are shown to be advantageous to other City objectives;
- Attracting a larger mix of high calibre sports and entertainment events, ideally including a National Hockey League team for Copps Coliseum; and,
- Fostering “spin-off” private investment in the downtown core of Hamilton.

**OPTIONS FOR CONSIDERATION:**

As directed by Council the following table outlines the Options that will be assessed in this report:

	<b>COPPS COLISEUM</b>	<b>HAMILTON PLACE</b>	<b>CONVENTION CENTER</b>
<b>OPTION 1 -Status Quo (Baseline)</b>	City	City	City
<b>OPTION 2 - City Managed Solution</b>	City	City	City
<b>OPTION 3 - One Private</b>	SMG / Forum Equity	SMG / Forum Equity	SMG / Forum Equity
<b>OPTION 4 - Multiple Private</b>	Global Spectrum / Live Nation	Global Spectrum / Live Nation	Carmens Group
<b>OPTION 5 - City / Private</b>	City	City	Carmens Group

## **FIVE YEAR COST ANALYSIS**

The following Table 1 outlines the five year costs associated with each of the five options above. This is in summary format. A more detailed presentation of this financial analysis can be found on the attached Appendix "A" to report CM11013d. Option 1 is the Status Quo Budget. This represents the 2012 budget continued over the five year period. This is being provided as the baseline in order to depict the future impact on the Operating Budget. The costs in the table are based on submissions made by proponents, as well as, clarifications made by them in response to staff questions.

**The total savings for each option is different than what was presented by the proponents to GIC on July 18, 2012, as their savings were calculated using the gross HECFI Budget and did not factor in overhead costs that are allocated to HECFI by the City that will have to be absorbed by the City. The calculation of projected savings in Tables 1 and 2 below, uses the proponents submissions as well as City transitional costs, overhead and capital costs.**

The Net City Operating Levy includes all costs associated with the operation of HECFI including (for the 2012 Budget), the regular operating subsidy (\$3.2M), utility costs (\$2.5M) and the Bulldog's subsidy (\$220K).

The five year Capital Costs represent the costs depicted in the revised 10 year Capital Plan. Unlike the Operating Levy, Capital Costs are funded on a year-to-year basis and, as a result, most of the Capital Expenditures outlined below have not been funded and do not form part of the approved 2012 Budget.

The transition costs outlined in Table 1 are made up of one-time costs resulting from the wind-up of the HECFI Corporation. These costs include, but are not limited to, Legal Costs associated with wind-up, operational agreement negotiation, employee severance costs and other transition costs. Details of these costs are not being presented as they are confidential, in nature, and should be discussed in camera.

In summary, Option 4 (Global Spectrum / Live Nation and the Carmen's Group) has the lowest operating and Capital Costs to the City. If chosen, this option will generate \$6.84M in projected operating savings over a five year period (or a \$1.6M annualized operating savings in 2013) together with a reduction of \$500K in capital expenditures in 2013. Additionally, this option includes \$650K of direct proponent investment into the Hamilton Convention Centre over five years by way of proponent funded capital improvements

It is important to note, however, that only the savings in Option 3 (SMG / Forum Equity / Sonic Unyon) are fully guaranteed as this proponent has proposed to absorb any losses above its annual operating subsidy request. This fact should not be considered in isolation of the "Other Significant Considerations" noted on the following page.



**TABLE 1 - TOTAL FIVE YEAR COSTS (\$ 000's)**

<b>Description</b>	<b>Option 1 Baseline</b>	<b>Option 2 City</b>	<b>Option 3 SMG/FE</b>	<b>Option 4 GS/LN/CAR</b>	<b>Option 5 City/CAR</b>
Net City Operating Levy	29,610	26,690	27,620	22,768	22,777
Capital Costs - City	14,570	14,570	14,570	14,070	14,570
<b>Total Five Year Costs</b>	<b>44,180</b>	<b>41,260</b>	<b>42,190</b>	<b>36,838</b>	<b>37,347</b>
Estimated Transition Costs	-	50	1,435	1,825	1,212

Table 2 below outlines the savings for each option over the first 5 years:

**TABLE 2 - TOTAL FIVE YEAR SAVINGS FROM BASELINE (\$ 000's)**

<b>Description</b>	<b>Option 2 City</b>	<b>Option 3 SMG/FE</b>	<b>Option 4 GS/LN/CAR</b>	<b>Option 5 City/CAR</b>
Net City Operating Levy	2,920	1,990	6,842	6,832
Capital - City			500	
<b>Total Five Year Savings</b>	<b>2,920</b>	<b>1,990</b>	<b>7,342</b>	<b>6,832</b>
Average Annual Savings	584	398	1,468	1,366
Estimated Transition Cost payback (in years)	-	3.6	1.2	0.9

**OTHER SIGNIFICANT CONSIDERATIONS:**

A significant consideration in the analysis is the sharing of financial risk by the proponents. As outlined in Table 3 of report CM11013d, all options carry with them differing levels of risk. Each must be assessed in conjunction with the projected reductions in operating subsidy. With respect to risk, both the sharing of operating profits and losses must be considered.

Sharing of Operating Losses:

Option 3 is the only option that completely eliminates any downside risk with respect to operating losses to the City. The proponent (SMG-Forum Equity) has committed to an annual operating subsidy requirement of \$2.2M for the three HECFI facilities. Any further operating shortfalls would be completely absorbed by the proponent. Option 4 offers a partial guarantee whereby the Carmen's Group has committed to a fixed subsidy level that would result in any operating losses associated with the Convention Centre being funded by the Carmen's Group, however, Global Spectrum – Live Nation has offered only a partial guarantee whereby the first \$500K in operating losses over the \$1.4M required operating subsidy would be funded by Global Spectrum – Live Nation and any operating losses beyond \$500K would be the responsibility of the City. Options 2 and 5 shift all of the financial risk to the City with the exception of the Convention Centre in Option 5 (The Carmen's Group offers no revenue or loss sharing and eliminates the City's subsidy after year 4).

Sharing of Operating Profits:

Option 3 offers operating surplus sharing of 50% to the City after the first \$750K in profits over the annual subsidy of \$2.2 million (on all three facilities). Option 4 offers operating surplus sharing of 70% to the City after the first \$450K in profits over the annual subsidy of \$1.4M (on Copps Coliseum and Hamilton Place only) and the Convention Centre proponent offers no revenue or loss sharing but eliminates the City operating subsidy after year four. In Options 2 and 5, all operating profits accrue to the City with the exception of the Convention Centre in Option 5 (again, the HCC proponent offers no revenue or loss sharing but eliminates the City operating subsidy after year four).

Capital Cost Contributions:

Only Option 4 offers a Capital cost contribution to the City. This is a one-time amount of \$500K that will be given to the City for its sole use on any of the Facilities. Options 4 and 5 also contain proposed capital enhancements totalling \$650K over a five-year period that will be made directly by the proponent to the Convention Centre at its discretion. This amount is not reflected in any of the tables as it does not affect City operating or capital costs, but may increase the value of the Convention Centre and the operators ability to attract business

Venue Naming Rights:

All parties have indicated that they would pursue venue naming rights subject to the City's approval. The amount of naming rights revenue varies between proponents and as a result is not included in the financial analysis outlined in this report. Any venue naming rights revenue generated by the proponents would enhance the operating results and result in additional operating profit sharing with the City under options 3 and 4. Under options 2 and 5, venue naming rights revenue would result in a direct reduction in the required amount of City operating subsidy.

Utilities:

All parties indicated that they would work with the City to reduce Utility Costs. Only Carmen’s has offered to make annual contributions to the Utility Costs in the amount of \$685K over the five-year period. Some matters with respect to utility costs (eg. Growth through higher usage) will be addressed through the negotiation of the operating agreement.

**TABLE 3 – OTHER SIGNIFICANT CONSIDERATIONS**

<b>Description</b>	<b>Option 2 CITY</b>	<b>Option 3 SMG/FE</b>	<b>Option 4 GS/LN/CAR</b>	<b>Option 5 City/CAR</b>
Responsibility for Annual Operating Losses	City	Manager	<b>Copps &amp; HP –</b> First \$500K - Manager; Losses Beyond \$500K-City <b>HCC- Manager</b>	<b>Copps &amp; HP</b> – City  <b>HCC -</b> Manager
Allocation of Annual Operating Profits	City	First \$750K Manager; Beyond \$750K- 50% City, 50% Manager	<b>Copps &amp; HP –</b> First \$450K Manager; Beyond \$450K- 70% City, 30% Manager <b>HCC- Manager</b>	<b>Copps &amp; HP</b> – City  <b>HCC -</b> Manager
Responsibility for Capital Costs	City	City	City – after one- time Proponent contribution in first year of \$500K	City
Venue Naming Rights	Not included in analysis	Not included in analysis	Not Included in analysis	Not included in analysis
Utilities	No Direct Reduction	No Direct Reduction	Annual contribution (\$685K over 5 years)	Annual contribution (\$685K over 5 years)

**CONCLUSIONS:**

On July 18, 2012, GIC heard presentations from all proponents. These presentations were largely qualitative presentations where proponents were allowed to demonstrate their experience and ability to operate the HECFI Facilities. As these presentations focused on the proponents' capabilities and experience, staff focused their efforts on the quantitative aspect of the proponents' submissions.

Table 4 below attempts to summarize the relevant quantitative variables. The seven variables in this table are ranked based on best impact to the City, with "1" being the best cost implication to the City and 4 being the worst cost implication to the City. Based on this summary analysis, Option 4 (Global Spectrum / Live Nation / The Carmen's Group) is the preferred option. As depicted in Table 4 of report CM11013d, Option 5 is the second preferred option.

Based on this quantitative analysis, staff are recommending Option 4 as the preferred option in the management and operation of Copps Coliseum, Hamilton Place and the Convention Centre

**TABLE 4 – SUMMARY (RANKINGS)**

<b>Criteria</b>	<b>Option 2 City</b>	<b>Option 3 SMG/FE</b>	<b>Option 4 GS/LN/CAR</b>	<b>Option 5 City/CAR</b>
Net City Operating Levy	3	4	1	2
Capital Costs - City	4	4	1	4
Total Five Year Savings	3	4	1	2
Transition Cost Payback	1	4	3	2
Annual Operating Loss Guarantee	4	1	2	3
Allocation of Annual Operating Profits	1	4	3	2
Capital Contributions by Manager	4	4	1	1

**ALTERNATIVES FOR CONSIDERATION** (include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

All alternatives are outlined in the Analysis section of this report.

**CORPORATE STRATEGIC PLAN** (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

***Skilled, Innovative & Respectful Organization***

- ◆ A culture of excellence

***Financial Sustainability***

- ◆ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

***Intergovernmental Relationships***

- ◆ N/A

***Growing Our Economy***

- ◆ A skilled and creative labour pool that supports new employers
- ◆ A visitor and convention destination

***Social Development***

- ◆ N/A

***Environmental Stewardship***

- ◆ N/A

***Healthy Community***

- ◆ N/A

**APPENDICES / SCHEDULES**

Appendix "A" – Summary of Proposals for Management of all Facilities Five Calendar Years 2013 to 2017

**APPENDIX A  
SUMMARY OF PROPOSALS  
FOR MANAGEMENT OF ALL FACILITIES  
FIVE CALENDAR YEARS 2013 TO 2017  
(\$ CAD)**

	Budget 2012	-----FIVE YEAR IMPACT-----				
		Option 1 STATUS QUO SCHEDULE 1	Option 2 HECFI REVISED SCHEDULE 2	Option 3 SMG SCHEDULE 3	Option 4 GLOBAL / CARMEN'S SCHEDULE 4	Option 5 HECFI / CARMEN'S SCHEDULE 5
<b>A</b> Net City operating levy ( <b>Note 1</b> )	\$ 5,921,140	29,609,750	26,690,000	27,620,000	22,767,884	22,777,454
<b>B</b> City capital cost contributions ( <b>Note 2</b> )	1,702,000	14,570,000	14,570,000	14,570,000	14,070,000	14,570,000
<b>Total City contribution</b>	<b>\$ 7,623,140</b>	<b>44,179,750</b>	<b>41,260,000</b>	<b>42,190,000</b>	<b>36,837,884</b>	<b>37,347,454</b>
Savings over status quo - operating	\$ -	-	2,919,750	1,989,750	6,841,866	6,832,296
Savings over status quo - capital	\$ -	-	-	-	500,000	-
<b>Savings over status quo - total</b>	<b>\$ -</b>	<b>-</b>	<b>2,919,750</b>	<b>1,989,750</b>	<b>7,341,866</b>	<b>6,832,296</b>
<b>C</b> Contractor capital improvements ( <b>Note 3</b> )	\$ -	-	-	-	650,000	650,000
<b>D</b> Transitional costs ( <b>Note 4</b> )	\$ -	-	50,000	1,434,783	1,825,069	1,212,392
<b>Maximum 5-Year General Operating Subsidy from City</b>	<b>Unlimited</b>	<b>Unlimited</b>	<b>Unlimited</b>	<b>Full Guarantee</b>	<b>Partial Guarantee</b>	<b>Partial Guarantee</b>
<b>Budgeted 5-year share of profits to City (non-guaranteed)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>743,467</b>	<b>2,915,792</b>	<b>-</b>

**NOTES:**

- 1 - Net operating levy includes the budgeted general operating contribution, utility costs, the required Bulldogs contribution and ongoing City overhead charges. Netted against operating levies are any Contractor utility cost contributions. **Excluded from this analysis are any potential naming rights revenues earned by the Proponents.**
- 2 - City capital cost contributions include the budgeted annual transfer to the HECFI directed capital budget and budgeted City paid HECFI capital costs. Netted against capital costs are any Contractor capital contributions to the City.
- 3 - Contactor capital improvements represent capital expense commitments made by the Contractor.
- 4 - Transitional costs represent various one-time costs associated with the proposed option. These costs include one-time termination payments to certain employees, legal and other professional fees.
- 5 - Includes a partial guarantee from Global Spectrum guaranteeing the first \$500,000 of losses annually. Operating losses in excess of \$500,000 annually for Copps Coliseum and Hamilton Place are the responsibility of the City. \$7.013 million of subsidies are required under the Global Spectrum proposal assuming losses do not exceed \$500,000 annually. The Convention Centre subsidy requirement is guaranteed by Carmen's. Over the first five years, the Carmen's required subsidy totals \$919,500.
- 6 - The Convention Centre subsidy requirement is guaranteed by Carmen's. Over the first five years, the Carmen's required subsidy totals \$919,500. HECFI is unable to provide any form of guarantee with respect to Copps Coliseum or Hamilton Place. Accordingly, the maximum 5-year operating subsidy from the City is unlimited.









**SCHEDULE 4  
OPTION FOUR  
GLOBAL SPECTRUM - LIVE NATION & CARMEN'S PROPOSAL FOR MANAGEMENT OF ALL FACILITIES  
FIVE CALENDAR YEARS 2013 TO 2017**

	Budget 2012	Calendar 2013	Calendar 2014	Calendar 2015	Calendar 2016	Calendar 2017	2013 - 2017 Total
<b>A Operating Levy</b>							
<b>(i) General Operating Costs</b>							
Budgeted general operating contribution from the City	\$ 2,797,950	1,747,140	1,652,686	1,602,686	1,527,686	1,402,686	7,932,884
City overhead charges	449,190	-	-	-	-	-	-
<b>Budgeted general operating subsidy from the City</b>	<b>\$ 3,247,140</b>	<b>1,747,140</b>	<b>1,652,686</b>	<b>1,602,686</b>	<b>1,527,686</b>	<b>1,402,686</b>	<b>7,932,884</b>
Maximum general operating subsidy from the City	Unlimited	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1
Additional operating losses - responsibility	City	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1
Sharing of operating profits - City participation %	% 100%	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1
Budgeted share of profits to City	\$ -	448,957	528,914	605,391	645,249	687,281	2,915,792
<b>(ii) Utility costs</b>	2011 Actual						
Utilities - Hamilton Convention Centre	\$ 390,968	390,968	390,968	390,968	390,968	390,968	1,954,840
Utilities - Hamilton Place	401,474	401,474	401,474	401,474	401,474	401,474	2,007,370
Utilities - Copps Coliseum	809,554	809,554	809,554	809,554	809,554	809,554	4,047,770
Utility costs paid directly by City - Total HECFI	1,601,996	1,601,996	1,601,996	1,601,996	1,601,996	1,601,996	8,009,980
Add: CUP personnel and overhead costs paid by City	852,004	852,004	852,004	852,004	852,004	852,004	4,260,020
Total Utility Costs - City Funded	2,454,000	2,454,000	2,454,000	2,454,000	2,454,000	2,454,000	12,270,000
Contractor contribution towards utility/CUP costs	-	115,000	125,000	135,000	145,000	165,000	685,000
<b>Net City Contribution after Contractor Contribution</b>	<b>\$ 2,454,000</b>	<b>2,339,000</b>	<b>2,329,000</b>	<b>2,319,000</b>	<b>2,309,000</b>	<b>2,289,000</b>	<b>11,585,000</b>
<b>(iii) Bulldogs Contribution</b>							
Required Hamilton Bulldogs contribution	\$ 220,000	-	-	-	-	-	-
<b>(iv) Ongoing City Overhead Costs</b>							
City chargeback's (IT, Finance, Legal)	\$ -	450,000	450,000	450,000	450,000	450,000	2,250,000
Insurance	-	100,000	100,000	100,000	100,000	100,000	500,000
Governance	-	100,000	100,000	100,000	100,000	100,000	500,000
<b>Total</b>	<b>\$ -</b>	<b>650,000</b>	<b>650,000</b>	<b>650,000</b>	<b>650,000</b>	<b>650,000</b>	<b>3,250,000</b>
<b>Net Operating Levy (sum of i - iv)</b>	<b>\$ 5,921,140</b>	<b>4,736,140</b>	<b>4,631,686</b>	<b>4,571,686</b>	<b>4,486,686</b>	<b>4,341,686</b>	<b>22,767,884</b>
<b>B Capital Costs - City Paid</b>							
Transfer to HECFI capital budget by City	\$ 800,000	800,000	800,000	800,000	800,000	800,000	4,000,000
City capital budget - Hamilton Convention Centre	422,000	837,000	610,000	721,000	287,000	220,000	2,675,000
City capital budget - Hamilton Place	298,000	780,000	565,000	-	305,000	535,000	2,185,000
City capital budget - Copps Coliseum	182,000	650,000	1,560,000	2,000,000	750,000	750,000	5,710,000
<b>City capital costs before Contractor contribution</b>	<b>1,702,000</b>	<b>3,067,000</b>	<b>3,535,000</b>	<b>3,521,000</b>	<b>2,142,000</b>	<b>2,305,000</b>	<b>14,570,000</b>
less: capital contributions from Contractor	-	500,000	-	-	-	-	500,000
<b>Total City funded Capital</b>	<b>\$ 1,702,000</b>	<b>2,567,000</b>	<b>3,535,000</b>	<b>3,521,000</b>	<b>2,142,000</b>	<b>2,305,000</b>	<b>14,070,000</b>
<b>C Capital Costs - Contractor Paid</b>							
Contractor proposed improvements	\$ -	250,000	100,000	100,000	100,000	100,000	650,000
<b>D Transitional Costs</b>							
Termination and severance costs	\$ -	1,675,069	-	-	-	-	1,675,069
Other transitional costs - contingency	-	150,000	-	-	-	-	150,000
<b>Total transition costs</b>	<b>\$ -</b>	<b>1,825,069</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,825,069</b>
<b>Total Required Subsidy</b>							
<b>A Net City operating levy</b>	<b>\$ 5,921,140</b>	<b>4,736,140</b>	<b>4,631,686</b>	<b>4,571,686</b>	<b>4,486,686</b>	<b>4,341,686</b>	<b>22,767,884</b>
<b>B City capital cost contributions</b>	<b>1,702,000</b>	<b>2,567,000</b>	<b>3,535,000</b>	<b>3,521,000</b>	<b>2,142,000</b>	<b>2,305,000</b>	<b>14,070,000</b>
<b>Total City contributions</b>	<b>\$ 7,623,140</b>	<b>7,303,140</b>	<b>8,166,686</b>	<b>8,092,686</b>	<b>6,628,686</b>	<b>6,646,686</b>	<b>36,837,884</b>
<b>C Contractor capital improvements</b>	<b>\$ -</b>	<b>250,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>650,000</b>
<b>D Transitional costs</b>	<b>\$ -</b>	<b>1,825,069</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,825,069</b>
<b>Budgeted share of profits to City</b>	<b>-</b>	<b>448,957</b>	<b>528,914</b>	<b>605,391</b>	<b>645,249</b>	<b>687,281</b>	<b>2,915,792</b>
<b>Maximum general operating subsidy from the City</b>	<b>Unlimited</b>	<b>Note 1</b>	<b>Note 1</b>	<b>Note 1</b>	<b>Note 1</b>	<b>Note 1</b>	<b>Note 1</b>

**Note 1 -** Includes a partial guarantee from Global Spectrum guaranteeing the first \$500,000 of losses annually. Operating losses in excess of \$500,000 annually for Copps Coliseum and Hamilton Place are the responsibility of the City. \$7.013 million of subsidies are required under the Global Spectrum proposal assuming losses do not exceed \$500,000 annually. The Convention Centre subsidy requirement is guaranteed by Carmen's. Over the first five years, the Carmen's required subsidy totals \$919,500.



**SCHEDULE 4B  
SUMMARY OF CARMEN'S PROPOSAL  
FOR MANAGEMENT OF CONVENTION CENTRE  
FIVE CALENDAR YEARS 2013 TO 2017**

	Budget 2012	Calendar 2013	Calendar 2014	Calendar 2015	Calendar 2016	Calendar 2017	2013 - 2017 Total
<b>A Operating Levy</b>							
<b>(i) General Operating Costs</b>							
Budgeted general operating contribution from the City	\$ 1,194,724	344,454	250,000	200,000	125,000	-	919,454
City overhead charges	149,730	-	-	-	-	-	-
<b>Budgeted general operating subsidy from the City</b>	<b>\$ 1,344,454</b>	<b>344,454</b>	<b>250,000</b>	<b>200,000</b>	<b>125,000</b>	<b>-</b>	<b>919,454</b>
Maximum general operating subsidy from the City	Unlimited	344,454	250,000	200,000	125,000	-	-
Additional operating losses - responsibility	City	Carmen's	Carmen's	Carmen's	Carmen's	Carmen's	Carmen's
Sharing of operating profits - City participation %	% 100%	0%	0%	0%	0%	0%	0%
Budgeted share of profits to City	\$ -	-	-	-	-	-	-
<b>(ii) Utility costs</b>	2011 Actual						
Utilities - Hamilton Convention Centre	\$ 390,968	390,968	390,968	390,968	390,968	390,968	1,954,840
Utilities - Hamilton Place	-	-	-	-	-	-	-
Utilities - Copps Coliseum	-	-	-	-	-	-	-
Utility costs paid directly by City - Total HECFI	390,968	390,968	390,968	390,968	390,968	390,968	1,954,840
Add: CUP personnel and overhead costs paid by City	192,529	192,529	192,529	192,529	192,529	192,529	962,645
Total Utility Costs - City Funded	583,497	583,497	583,497	583,497	583,497	583,497	2,917,485
Contractor contribution towards utility/CUP costs	-	115,000	125,000	135,000	145,000	165,000	685,000
<b>Net City Contribution after Contractor Contribution</b>	<b>\$ 583,497</b>	<b>468,497</b>	<b>458,497</b>	<b>448,497</b>	<b>438,497</b>	<b>418,497</b>	<b>2,232,485</b>
<b>(iii) Bulldogs Contribution</b>							
Required Hamilton Bulldogs contribution	\$ -	-	-	-	-	-	-
<b>(iv) Ongoing City Overhead Costs</b>							
City chargeback's (IT, Finance, Legal)	\$ -	150,000	150,000	150,000	150,000	150,000	750,000
Insurance	-	33,000	33,000	33,000	33,000	33,000	165,000
Governance	-	33,000	33,000	33,000	33,000	33,000	165,000
<b>Total</b>	<b>\$ -</b>	<b>216,000</b>	<b>216,000</b>	<b>216,000</b>	<b>216,000</b>	<b>216,000</b>	<b>1,080,000</b>
<b>Net Operating Levy (sum of i - iv)</b>	<b>\$ 1,927,951</b>	<b>1,028,951</b>	<b>924,497</b>	<b>864,497</b>	<b>779,497</b>	<b>634,497</b>	<b>4,231,939</b>
<b>B Capital Costs - City Paid</b>							
Transfer to HECFI capital budget by City	\$ 266,667	266,667	266,667	266,667	266,667	266,667	1,333,333
City capital budget - Hamilton Convention Centre	422,000	837,000	610,000	721,000	287,000	220,000	2,675,000
City capital budget - Hamilton Place	-	-	-	-	-	-	-
City capital budget - Copps Coliseum	-	-	-	-	-	-	-
<b>City capital costs before Contractor contribution</b>	<b>688,667</b>	<b>1,103,667</b>	<b>876,667</b>	<b>987,667</b>	<b>553,667</b>	<b>486,667</b>	<b>4,008,333</b>
less: capital contributions from Contractor	-	-	-	-	-	-	-
<b>Total City funded Capital</b>	<b>\$ 688,667</b>	<b>1,103,667</b>	<b>876,667</b>	<b>987,667</b>	<b>553,667</b>	<b>486,667</b>	<b>4,008,333</b>
<b>C Capital Costs - Contractor Paid</b>							
Contractor proposed improvements	\$ -	250,000	100,000	100,000	100,000	100,000	650,000
<b>D Transitional Costs</b>							
Termination and severance costs	\$ -	583,240	-	-	-	-	583,240
Other transitional costs	-	50,000	-	-	-	-	50,000
<b>Total transition costs</b>	<b>\$ -</b>	<b>633,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>633,240</b>
<b>Total Required Subsidy</b>							
<b>A Net City operating levy</b>	<b>\$ 1,927,951</b>	<b>1,028,951</b>	<b>924,497</b>	<b>864,497</b>	<b>779,497</b>	<b>634,497</b>	<b>4,231,939</b>
<b>B City capital cost contributions</b>	<b>688,667</b>	<b>1,103,667</b>	<b>876,667</b>	<b>987,667</b>	<b>553,667</b>	<b>486,667</b>	<b>4,008,333</b>
<b>Total City contributions</b>	<b>\$ 2,616,618</b>	<b>2,132,618</b>	<b>1,801,164</b>	<b>1,852,164</b>	<b>1,333,164</b>	<b>1,121,164</b>	<b>8,240,272</b>
<b>C Contractor capital improvements</b>	<b>\$ -</b>	<b>250,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>650,000</b>
<b>D Transitional costs</b>	<b>\$ -</b>	<b>633,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>633,240</b>
<b>Budgeted share of profits to City</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Maximum general operating subsidy from the City</b>	<b>Unlimited</b>	<b>344,454</b>	<b>250,000</b>	<b>200,000</b>	<b>125,000</b>	<b>-</b>	<b>919,454</b>

**SCHEDULE 5  
OPTION FIVE  
HECFI & CARMEN'S PROPOSAL FOR MANAGEMENT OF ALL FACILITIES  
FIVE CALENDAR YEARS 2013 TO 2017**

	Budget 2012	Calendar 2013	Calendar 2014	Calendar 2015	Calendar 2016	Calendar 2017	2013 - 2017 Total
<b>A Operating Levy</b>							
<b>(i) General Operating Costs</b>							
Budgeted general operating contribution from the City	\$ 2,797,950	1,938,454	1,649,000	1,470,000	1,328,000	1,127,000	7,512,454
City overhead charges	449,190	300,000	300,000	300,000	300,000	300,000	1,500,000
<b>Budgeted general operating subsidy from the City</b>	<b>\$ 3,247,140</b>	<b>2,238,454</b>	<b>1,949,000</b>	<b>1,770,000</b>	<b>1,628,000</b>	<b>1,427,000</b>	<b>9,012,454</b>
Maximum general operating subsidy from the City	Unlimited	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1
Additional operating losses - responsibility	City	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1
Sharing of operating profits - City participation %	% 100%	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1
Budgeted share of profits to City	\$ -	-	-	-	-	-	-
<b>(ii) Utility costs</b>	2011 Actual						
Utilities - Hamilton Convention Centre	\$ 390,968	390,968	390,968	390,968	390,968	390,968	1,954,840
Utilities - Hamilton Place	401,474	401,474	401,474	401,474	401,474	401,474	2,007,370
Utilities - Copps Coliseum	809,554	809,554	809,554	809,554	809,554	809,554	4,047,770
Utility costs paid directly by City - Total HECFI	1,601,996	1,601,996	1,601,996	1,601,996	1,601,996	1,601,996	8,009,980
Add: CUP personnel and overhead costs paid by City	852,004	852,004	852,004	852,004	852,004	852,004	4,260,020
Total Utility Costs - City Funded	2,454,000	2,454,000	2,454,000	2,454,000	2,454,000	2,454,000	12,270,000
Contractor contribution towards utility/CUP costs	-	115,000	125,000	135,000	145,000	165,000	685,000
<b>Net City Contribution after Contractor Contribution</b>	<b>\$ 2,454,000</b>	<b>2,339,000</b>	<b>2,329,000</b>	<b>2,319,000</b>	<b>2,309,000</b>	<b>2,289,000</b>	<b>11,585,000</b>
<b>(iii) Bulldogs Contribution</b>							
Required Hamilton Bulldogs contribution	\$ 220,000	220,000	220,000	220,000	220,000	220,000	1,100,000
<b>(iv) Ongoing City Overhead Costs</b>							
City chargeback's (IT, Finance, Legal)	\$ -	150,000	150,000	150,000	150,000	150,000	750,000
Insurance	-	33,000	33,000	33,000	33,000	33,000	165,000
Governance	-	33,000	33,000	33,000	33,000	33,000	165,000
<b>Total</b>	<b>\$ -</b>	<b>216,000</b>	<b>216,000</b>	<b>216,000</b>	<b>216,000</b>	<b>216,000</b>	<b>1,080,000</b>
<b>Net Operating Levy (sum of i - iv)</b>	<b>\$ 5,921,140</b>	<b>5,013,454</b>	<b>4,714,000</b>	<b>4,525,000</b>	<b>4,373,000</b>	<b>4,152,000</b>	<b>22,777,454</b>
<b>B Capital Costs - City Paid</b>							
Transfer to HECFI capital budget by City	\$ 800,000	800,000	800,000	800,000	800,000	800,000	4,000,000
City capital budget - Hamilton Convention Centre	422,000	837,000	610,000	721,000	287,000	220,000	2,675,000
City capital budget - Hamilton Place	298,000	780,000	565,000	-	305,000	535,000	2,185,000
City capital budget - Copps Coliseum	182,000	650,000	1,560,000	2,000,000	750,000	750,000	5,710,000
<b>City capital costs before Contractor contribution</b>	<b>1,702,000</b>	<b>3,067,000</b>	<b>3,535,000</b>	<b>3,521,000</b>	<b>2,142,000</b>	<b>2,305,000</b>	<b>14,570,000</b>
less: capital contributions from Contractor	-	-	-	-	-	-	-
<b>Total City funded Capital</b>	<b>\$ 1,702,000</b>	<b>3,067,000</b>	<b>3,535,000</b>	<b>3,521,000</b>	<b>2,142,000</b>	<b>2,305,000</b>	<b>14,570,000</b>
<b>C Capital Costs - Contractor Paid</b>							
Contractor proposed improvements	\$ -	250,000	100,000	100,000	100,000	100,000	650,000
<b>D Transitional Costs</b>							
Termination and severance costs	\$ -	1,112,392	-	-	-	-	1,112,392
Other transitional costs - contingency	-	100,000	-	-	-	-	100,000
<b>Total transition costs</b>	<b>\$ -</b>	<b>1,212,392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,212,392</b>
<b>Total Required Subsidy</b>							
A Net City operating levy	\$ 5,921,140	5,013,454	4,714,000	4,525,000	4,373,000	4,152,000	22,777,454
B City capital cost contributions	1,702,000	3,067,000	3,535,000	3,521,000	2,142,000	2,305,000	14,570,000
<b>Total City contributions</b>	<b>\$ 7,623,140</b>	<b>8,080,454</b>	<b>8,249,000</b>	<b>8,046,000</b>	<b>6,515,000</b>	<b>6,457,000</b>	<b>37,347,454</b>
C Contractor capital improvements	\$ -	250,000	100,000	100,000	100,000	100,000	650,000
D Transitional costs	\$ -	1,212,392	-	-	-	-	1,212,392
Budgeted share of profits to City	-	-	-	-	-	-	-
Maximum general operating subsidy from the City	Unlimited	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1

**Note 1 -** The Convention Centre subsidy requirement is guaranteed by Carmen's. Over the first five years, the Carmen's required subsidy totals \$919,500. HECFI is unable to provide any form of guarantee with respect to Copps Coliseum or Hamilton Place. Accordingly, the maximum 5-year operating subsidy from the City is unlimited.



**SCHEDULE 5B  
SUMMARY OF CARMEN'S PROPOSAL  
FOR MANAGEMENT OF CONVENTION CENTRE  
FIVE CALENDAR YEARS 2013 TO 2017**

	Budget 2012	Calendar 2013	Calendar 2014	Calendar 2015	Calendar 2016	Calendar 2017	2013 - 2017 Total
<b>A Operating Levy</b>							
<b>(i) General Operating Costs</b>							
Budgeted general operating contribution from the City	\$ 1,194,724	344,454	250,000	200,000	125,000	-	919,454
City overhead charges	149,730	-	-	-	-	-	-
<b>Budgeted general operating subsidy from the City</b>	<b>\$ 1,344,454</b>	<b>344,454</b>	<b>250,000</b>	<b>200,000</b>	<b>125,000</b>	<b>-</b>	<b>919,454</b>
Maximum general operating subsidy from the City	Unlimited	344,454	250,000	200,000	125,000	-	-
Additional operating losses - responsibility	City	Carmen's	Carmen's	Carmen's	Carmen's	Carmen's	Carmen's
Sharing of operating profits - City participation %	% 100%	0%	0%	0%	0%	0%	0%
Budgeted share of profits to City	\$ -	-	-	-	-	-	-
<b>(ii) Utility costs</b>	2011 Actual						
Utilities - Hamilton Convention Centre	\$ 390,968	390,968	390,968	390,968	390,968	390,968	1,954,840
Utilities - Hamilton Place	-	-	-	-	-	-	-
Utilities - Copps Coliseum	-	-	-	-	-	-	-
Utility costs paid directly by City - Total HECFI	390,968	390,968	390,968	390,968	390,968	390,968	1,954,840
Add: CUP personnel and overhead costs paid by City	192,529	192,529	192,529	192,529	192,529	192,529	962,645
Total Utility Costs - City Funded	583,497	583,497	583,497	583,497	583,497	583,497	2,917,485
Contractor contribution towards utility/CUP costs	-	115,000	125,000	135,000	145,000	165,000	685,000
<b>Net City Contribution after Contractor Contribution</b>	<b>\$ 583,497</b>	<b>468,497</b>	<b>458,497</b>	<b>448,497</b>	<b>438,497</b>	<b>418,497</b>	<b>2,232,485</b>
<b>(iii) Bulldogs Contribution</b>							
Required Hamilton Bulldogs contribution	\$ -	-	-	-	-	-	-
<b>(iv) Ongoing City Overhead Costs</b>							
City chargeback's (IT, Finance, Legal)	\$ -	150,000	150,000	150,000	150,000	150,000	750,000
Insurance	-	33,000	33,000	33,000	33,000	33,000	165,000
Governance	-	33,000	33,000	33,000	33,000	33,000	165,000
<b>Total</b>	<b>\$ -</b>	<b>216,000</b>	<b>216,000</b>	<b>216,000</b>	<b>216,000</b>	<b>216,000</b>	<b>1,080,000</b>
<b>Net Operating Levy (sum of i - iv)</b>	<b>\$ 1,927,951</b>	<b>1,028,951</b>	<b>924,497</b>	<b>864,497</b>	<b>779,497</b>	<b>634,497</b>	<b>4,231,939</b>
<b>B Capital Costs - City Paid</b>							
Transfer to HECFI capital budget by City	\$ 266,667	266,667	266,667	266,667	266,667	266,667	1,333,333
City capital budget - Hamilton Convention Centre	422,000	837,000	610,000	721,000	287,000	220,000	2,675,000
City capital budget - Hamilton Place	-	-	-	-	-	-	-
City capital budget - Copps Coliseum	-	-	-	-	-	-	-
<b>City capital costs before Contractor contribution</b>	<b>688,667</b>	<b>1,103,667</b>	<b>876,667</b>	<b>987,667</b>	<b>553,667</b>	<b>486,667</b>	<b>4,008,333</b>
less: capital contributions from Contractor	-	-	-	-	-	-	-
<b>Total City funded Capital</b>	<b>\$ 688,667</b>	<b>1,103,667</b>	<b>876,667</b>	<b>987,667</b>	<b>553,667</b>	<b>486,667</b>	<b>4,008,333</b>
<b>C Capital Costs - Contractor Paid</b>							
Contractor proposed improvements	\$ -	250,000	100,000	100,000	100,000	100,000	650,000
<b>D Transitional Costs</b>							
Termination and severance costs	\$ -	583,240	-	-	-	-	583,240
Other transitional costs	-	50,000	-	-	-	-	50,000
<b>Total transition costs</b>	<b>\$ -</b>	<b>633,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>633,240</b>
<b>Total Required Subsidy</b>							
<b>A Net City operating levy</b>	<b>\$ 1,927,951</b>	<b>1,028,951</b>	<b>924,497</b>	<b>864,497</b>	<b>779,497</b>	<b>634,497</b>	<b>4,231,939</b>
<b>B City capital cost contributions</b>	<b>688,667</b>	<b>1,103,667</b>	<b>876,667</b>	<b>987,667</b>	<b>553,667</b>	<b>486,667</b>	<b>4,008,333</b>
<b>Total City contributions</b>	<b>\$ 2,616,618</b>	<b>2,132,618</b>	<b>1,801,164</b>	<b>1,852,164</b>	<b>1,333,164</b>	<b>1,121,164</b>	<b>8,240,272</b>
<b>C Contractor capital improvements</b>	<b>\$ -</b>	<b>250,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>650,000</b>
<b>D Transitional costs</b>	<b>\$ -</b>	<b>633,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>633,240</b>
Budgeted share of profits to City	-	-	-	-	-	-	-
<b>Maximum general operating subsidy from the City</b>	<b>Unlimited</b>	<b>344,454</b>	<b>250,000</b>	<b>200,000</b>	<b>125,000</b>	<b>-</b>	<b>919,454</b>