

**Meredith Centre Business Plan
Version 5.4 – Feb 10, 2009**

For Executive Summary of Business Plan, see Municipality of Chelsea or Chelsea Foundation websites.

Acknowledgements: We wish to thank the following professionals for their generous sharing of operational numbers and advice on how to manage cultural and recreational centres as a good community business:

Robert Bussière (La Pêche Arena), Mario Piché (Val des Monts Arena), Luc Poulin (Ottawa French Catholic School Board), Colin O’Shea (Western Quebec School Board), Daniel Berubé (St. Laurent Complex, City of Ottawa), and Pam Adams (Anne Murray Community Centre, Springhill, Nova Scotia).

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Purpose of Business Plan

The Meredith Centre will provide services to all age and socio-economic groups in Chelsea, create a central gathering location as the “heart and soul” of Chelsea, and enlarge the horizon for the many sports organizations in the community. The Centre will increase the “attractiveness” of Chelsea as a destination and as a place to live with resulting positive benefits for local businesses and property values.

Underlying the business plan, some of the objectives for the Meredith Centre are:

- First impression* – uniquely Chelsea feeling, service-ethic business model, comfortable, inviting
- Quality facilities* – for community gathering, networking and regional events (including high-quality acoustics and meeting technology)
- Economic sustainability* – provides catering business for several Chelsea restaurants, provides local employment
- Footprint* – lowest possible footprint (i.e. partial basement), lowest visual profile (i.e. consider excavating to height of rink)

Exterior expansion – allows space of outdoor patios, walkways, artwork, play facilities

Entrances – provides two separate entrances (one for rink / gym, one for culture / meeting / gathering) as requested by community

Green technology – demonstrates sustainable “7 generations” construction principles and operating practices.

The purpose of this business plan is to provide good confidence that the Meredith Centre will operate profitably and not place a financial burden on the community.

Introduction to the Business Plan

Although the details of a business plan are important, there are higher-level assumptions and issues that are more important yet. Such assumptions are highlighted here.

1. *Annual Operations – Surplus / Loss.* A key focus of the business plan is financial sustainability over the lifetime of the Meredith Centre. A prime factor here is the *operating model* of the centre. Through our research, we identified models of not-for-profits, outsourced management and community-based ventures (sometimes in a co-op model) that have more success than pure municipal models. We believe that a not-for-profit corporation that (1) marries the strengths of the Municipality, the Chelsea Foundation and private sector participants and (2) which *out-sources to experienced operational management*, has the best chance of achieving an operating surplus faster than any other model. An operating model closer to a pure entrepreneurial formula but directed by a community-based board can achieve operating surpluses and this has been proven in our region. The two facilities nearest and most similar to ours – La Pêche and Val des Monts – are both run entrepreneurially. Both posted operating surpluses (independent of financing costs) in 2008. Both expect to post higher surpluses in 2009. These centres offer subsidized occupancy and usage rates to the community and still generate operating surpluses.

In our case, a not-for-profit corporation will run the Meredith Centre in a business-like fashion – recognizing the need for an operating surplus and the programming needs of the community. The corporation will hire an entrepreneurial executive director who will look at every means to provide service and value to the community while generating revenue to cover operations and produce a surplus. Our assumption is that we can do just as well as our successful neighbours and potentially better. We have a better geographic location and a more valuable asset (thanks to \$6.1 million in federal and provincial grants).

The next biggest factor driving financial sustainability is the *executive director* hired to manage the centre. The spreadsheets in a marketing plan are not nearly as important as the individual who knows how to generate money running a community centre. This choice is critical, and several high-quality, experienced candidates have already been identified for the job.

2. *Operating Cost – Salaries.* The biggest line-item cost for a community centre is *salaries*. The cost of salaries varies widely across the community centres. Managing salary expense is the critical element for containing costs.

Meredith Centre management will work on fixed term contracts with incentive compensation based on business performance (revenue and operating surplus). They will not be municipal employees and they will not have formal benefit packages. Support staff will include students. Employees will multi-task, doing whatever needs to be done next, rather than restricting themselves to a single job function.

3. *Operating Cost – Maintenance.* Annual maintenance costs including support contracts for mechanical systems are included in the operating budget starting in Year 1 of operation. Our cost-estimates for maintenance have been crosschecked against operating budgets of facilities of similar complexity (specifically La Pêche and Val des Monts).

4. *Operating Cost – Taxes.* The not-for-profit organization is only the operator of the Meredith Centre. Since the centre is municipally owned, it will not be required to pay municipal taxes. We will minimize the requirement for GST and PST payments by making major purchases in cooperation with the Municipality when appropriate.

5. *Start-up Costs.* The business plan assumes operating losses of up to \$200,000 prior to achieving a surplus in the third full year of the Meredith Centre's operation. This loss is greater than experienced in La Pêche, for example; however, in this plan we consistently adopt conservative revenue forecasts.

To cover these start-up costs, the Meredith Centre will establish a line of credit, backed by the Municipality. The line-of-credit will be paid back to the Municipality out of future operating surpluses. To provide cash for this line-of-credit, the Municipality has undertaken an operational review of the cultural and recreational budget. We expect this review will result in reductions of up to \$75,000 a year commencing in 2010. Part of that review includes the analysis already completed of the cost savings arising once the Municipality divests itself of the current community centre. These savings will act as a back up should operating surpluses not be sufficient to fully restore the line of credit to its opening balance of zero. At the same time, these savings – which over time amount to many times more than the anticipated-up costs – will be used to reduce the interest component of debt payments. There will be *no reduction* in services to the Farm Point or Hollow Glen community centres or sports fields resulting from this review.

6. *Post-Start-Up Operating Deficits.* The business plan assumes that the Meredith Centre will have operating surpluses in its third year of operation and continue to break even or generate a surplus throughout its life. The Municipality of Chelsea is ultimately responsible for operating deficits; however, we believe it is highly unlikely that any deficits will be greater than the anticipated savings in the culture and recreation budget, which will continue to have effect through the life of the Meredith Centre.

7. *Capital reserve.* A capital reserve of 1.5% of original construction cost is built into the operating plan as soon as operating surpluses are generated. The purpose of this capital reserve is to provide for all renovations to the centre over its lifetime.

8. *Capital Cost.* The borrowing bylaw commits the Municipality of Chelsea to a capital contribution to the project of approximately \$2.4 to \$2.8 million. The assumptions of this business plan are:

- . *sale of the existing community centre will contribute \$400,000 to the project*
- . *the Chelsea Foundation fundraising campaign will contribute \$600,000 to the project*
- . *an additional \$100,000 in grants will be located**
- *as an example, Hydro Quebec contributed \$274,000 to the arena in La Pêche*
- . *overruns on the project will be protected by a fixed-price Design and Build contract*
- . *proposals for the project will come in at or under the \$9.8 million budget*

9. *Overruns.* The exact cost of the project will not be known until proposals are received. If proposals force the \$9.8 million budget to be revised, we will look at a combination of the following options:

- . *scope back to an affordable project*
- . *raise money beyond the \$600,000 Chelsea Foundation contribution*
- . *seek additional money from the recent stimulus initiatives in the federal budget*
- . *potentially raise the additional money through sales of shares using a model similar to the successful LaPêche example*
- . *the project will not proceed*

10. *Capital Cost – Sewage Plant.* The business plan assumes that the Meredith Centre will be hooking up to a new sewer line along Chelsea Road and will not have to build its own sewage system (saving an estimated \$750,000).

The issue of how to treat septic waste is controversial and open for debate. The entire Municipality awaits resolution of two major concerns: 1) will a central septic treatment be required for the remaining Leda-clay development lands in the centre village area and 2) will the old village receive a grant to proceed with the long-planned sewage system for the 80-odd units in the Old Chelsea village? Even then, will it lead to a central treatment facility at the Gatineau River? These questions will be resolved over the next 12 months with preliminary findings this summer as the design process of the Meredith Centre ends and construction begins.

Design-build proponents will be asked to price the project two ways: 1) with a full septic system included and 2) with only a hook-up pipe and a temporary holding and pumping facility. The Municipality has indicated it could support an application for temporary pumping if it is apparent that new monies need to be committed by the province for the Old Chelsea sewage system and if that system is to be at the river with a pipe in the Old Chelsea road.

If only a septic system on site is permitted, then the scope of the project will have to be reduced by the amount of that system. We do note that construction price increases have stopped and there may be savings in materials that offset the cost of the septic system

11. *Capital Cost – Geothermal System.* The business plan assumes we will contract a private company acting as a utility to install a geothermal system estimated at \$300,000 and recover that

cost at an estimated \$32,000 per year over 10 years. Annual energy savings from a geothermal system in this situation are estimated to be between \$70,000 and \$100,000 a year.

12. *Interest.* Interest on borrowing to cover the \$6.1 million federal / provincial grant will be paid by the federal and provincial governments.

The Municipality will pay interest on approximately \$2.4 to \$2.8 million over the 25-year course of its repayment. Assuming the Meredith Centre operates with annual operating surpluses as planned, the interest on this municipal component will be significantly reduced by the annual reduction in cultural and recreational spending by the Municipality.

On the remaining capital costs (approximately \$1.1 million), interest will only be paid while that money is being raised. The business plan assumes a one-time cost of that interest over one year at 4% of \$44,000.

13. *Distribution of Operating Surpluses.* The initial operating surpluses will go to pay back any outstanding line-of-credit balances. Subsequent operating surpluses, after rent for the land on which the Meredith Centre is built, will be used to set aside a capital reserve of 1.5% of the hard capital costs per year to be invested (similar to the Ontario Condominium Act requirement for lifecycle reserves). Only after 1.5% every year has been paid to a lifecycle account will the remaining operating surpluses be used at the Meredith Centre for upgrades, subsidies, programs and repayment of municipal debt.

14. *Subsidized rates for Chelsea residents and community groups.* We have established that the location and market for all elements of the project are strong enough to achieve an operating surplus within three years while still ensuring that key prime hours are available to the community of Chelsea. Chelsea residents will always receive favourable rates based on a resident's card, membership card or some other mechanism. Ongoing use and success of the centre will result in subsidized rates for community groups. Current groups that receive free rooms and usage will be grandfathered for the first three years with fees phased in over time. New community groups will receive subsidies but must pay some element of the usage costs

15. *Cost per Household.* The business plan estimates the cost of debt repayment for the Meredith Centre will be approximately \$60 per year over 25 years, reducing every year as more households move in.

16. *Broad Community Support.* The business plan will be open to full public commentary over the course of the project. All suggestions for improvement and business perspectives are welcome on an ongoing basis. The project is subject to referendum if a sufficiently large segment of the population is not behind the project and all persons on the municipal electoral list are allowed to vote in a referendum, if one is held.

17. *Research.* The business plan is built around in depth research of several sports or sports and cultural facilities of similar size to the Meredith Centre and with similar mandates.

Base Facts – Ownership, Governance, Process

Here is a summary of the base facts related to ownership of assets, governance of the facility and construction process for the project:

- Chelsea Foundation (CF) owns the land.
- Municipality of Chelsea (MUNI) can borrow money to build a building that it owns (ownership can include owning by way of long-term land lease).
- Jointly CF and MUNI have an offer from the provincial and federal governments for approximately \$6,100,000 of funding for a double gym, indoors rink and community centre (still not in writing in a signed agreement but the agreement will be signed with MUNI as soon as it is received from the province).
- The funding was based on a one-third two-thirds model of anticipated costs that are eligible for this funding of approximately \$9.3 million but a total project cost (including ineligible costs) of \$9.8 million dollars.
- MUNI will borrow money (up to \$2,800,000 maximum) and carry out with CF a procurement process to determine the cost and design of a new recreation and cultural complex (using a Design-Build risk transfer model – see below).
- MUNI is also prepared to sell its current community centre on Old Chelsea Road and contribute the proceeds to reduce the amount of debt and/or fundraising required (timing can be adjusted over the next 24 months to take advantage of better market conditions).
- CF will raise funds to assist in lowering the cost to tax payers and the amount of borrowing to achieve the maximum municipal debt of approximately \$2,800,000.
- CF with MUNI, through a joint construction committee, will participate in the procurement Design-Build and price process.
- At the end of the procurement process, MUNI will decide if the project is affordable within the envelope of money available (grants, borrowing and fundraising). If so, it will present a design and proposal to CF and say that it is prepared to lease CF's land on a long-term basis. It will also give the construction committee authority to proceed with construction (by terms of the anticipated provincial funding agreement all contracts must be municipal contracts and municipal procurement rules must apply).
- A long-term land lease will be signed between CF and MUNI.
- Construction will begin.
- CF and MUNI agree to hand over operations and management of the new facility – the Meredith Centre (MC) – over to a not-for-profit corporation (NFP). The board of NFP will have

equal representation from CF and MUNI and will be chaired by an independent representative of the community.

Construction Procurement Process - Design Build Stipulated Price Contract

The "Owner" (the community represented by the Municipality) deals with one single administrative entity, the Design – Builder who provides design services and construction of the project. The relationship is governed by a contract that shifts risks to the Design – Builder:

- risk of cost overruns: it is a fixed price contract;
- risk of design: the Design – Builder actually does the design so any errors or flaws must be corrected by that entity;
- risk of schedule: the Design – Builder must deliver by a fixed date that they set or pay penalties.

The Design – Builder is selected in a Request for Proposals (RFP) process where prospective proponents are given the Owner's Requirements. The Owner's Requirements include performance standards, functional program, room data sheets and a range of information completed by the users, the Municipality, the operating management entity and a specialist project manager hired by the Municipality. The project manager assists in establishing the owner's requirements, preparing and evaluating the RFP and RFP responses and is the direct liaison and supervisor during design and construction.

This entire process is being supervised by a construction committee with community-based expertise and direct links back to the Municipal Council and Staff and to the Chelsea Foundation.

Meredith Centre Description

The Meredith Centre will have three components:

- . Rink (recreation)
- . Gym and Fitness (recreation)
- . Community Centre (culture)

The two recreational components will have a separate entrance and be used primarily for sports and exercise. The gymnasium will have a multi-purpose floor, allowing it to be used for large group meetings up to 400 people. The Fitness Centre will be located in close proximity to the gym. The rink will be in close proximity to the gym and Fitness Centre so all three can share a common check-in point, washrooms and showers. Although a large percentage of rink usage will be minor hockey, the washrooms and locker rooms will be of a quality to also attract higher paying market segments. Shared space will be allocated to Chelsea Nordiq (waxing room) and Soccer Chelsea with access to showers and washrooms.

The Community Centre component will have its own entrance suitable for participants in cultural events, meetings, films, training rooms, seminars, conferences and weddings. The component will be designed with a uniquely Chelsea character overlooking the soccer fields and visible from Chelsea road.

SPORTS FACILITIES

Rink

The rink will be an indoor NHL ice surface 85' x 200', with seating for 100-200, four change rooms (8' x 20') with shared toilet and shower rooms (8' x 10'), two unisex change rooms (8' x 10'), one referee room (8' x 10'), two storage rooms (8' x 10'), one Zamboni room, space for the mechanical plant, and an ice melt pit. The rink will also have a glassed area for viewing from within the building. On the second floor, the rink also has a walking track, which would be of special interest to seniors and people with medical conditions.

Multi-purpose Gymnasium

The double gymnasium – 9,500 sq.ft. in size – can be split into two smaller ones. It has a rubber floor with quality absorbent cushion, glass basketball backboards for the full-size court, variable height backboards for the side baskets, professional lines for regulation courts (basketball, volleyball, badminton) and seating capacity of 75-90 spectators on rollout bleachers. The floor will not be professional or university grade, but rather multi-purpose. It will also have some natural lighting from the outside. As such, the gym can function as a large hall for gatherings up to 400 people. The gym will also have a glassed area for viewing from within the building.

Fitness Centre

The Fitness Centre consists of four rooms (2,550 sq.ft.): a multi-purpose room, an aerobics room, an equipment storage room, and a small office, which also doubles as reception. The Fitness Centre will share change/wash/shower rooms with the multi-purpose gym.

Separate Entrance for Sports Facilities

The three components above will have their own entrance. The gym and Fitness Centre will be in close proximity to each other. The office for the Fitness Centre will be positioned near the entrance. Since the Fitness Centre is open and staffed for long hours, the fitness office will double as the overall check-in point for the sports entrance.

Chelsea Nordiq and Chelsea Soccer

A multi-purpose room (i.e. waxing room) with minimal finishing and storage space will be provided for the use of Chelsea Nordiq and Chelsea Soccer. It will have access from the sports entrance.

COMMUNITY CENTRE

Entrance and Lounge

The community centre has its own entrance, separate from the sports entrance, as requested in the community consultation process. The overall feeling of the entrance way is “chez nous”: friendly, inviting, and homey. There is extra height, good external lighting, the reception area is masked or minimized from view. The furniture is non-institutional and may be contributed by Chelsea craftspeople. Hallways and wall space feature work of Chelsea artists. There may be a special work by a Chelsea artist suspended in the air above the lounging area. A small office and admin area attached to main entrance area acts as reception and main check-in point for community centre users.

Mini-conference Centre

The mini-conference centre is a two-floor facility. The 65' x 45' conference hall on the first hall has outstanding acoustics. It has capacity for 300 people and can sit 160 people comfortably for dinner. There is an open area of 50' x 45' with a two-storey ceiling. A screen can descend for movies, sports events, high-speed Internet or distance video conferencing. Images from any computer or notebook in the room can also be displayed on the screen. One end of the room has removable risers for musical events, speakers or dinner theatre. Attached to the conference hall is 900 sq. ft. of storage space to allow for rapid reconfiguration of the hall. The three main configurations are: tables and chairs to seat up to 160 people for dinner or for various seminar configurations, chairs only for movies, musical events, etc., and relaxed lounge seating for general use by the community. Also attached is a 900 sq.ft. kitchen with fridges and stove. The conference hall has good natural lighting with views of the soccer fields, wetlands and hills behind the centre. It gives onto an outdoor patio with seating and sunshade.

On the 2nd floor, overhanging the hall, is a projection booth with sound and lighting control of the room and two 15' x 15' meeting rooms. Upstairs also is a 20' x 30' multi-purpose boardroom/training room, also fitted for video/distance conferencing and high speed Internet.

The mini-conference centre can be sealed off for revenue-generating events. Other days, weekends and evenings are available to Chelsea residents for meeting, gathering or relaxing.

Architectural Treatment

The sports components will be hidden from view when looking from Chelsea Road and accessed from the back the building. The Community Centre will be visible from Chelsea Road, overlook the soccer fields and will have a uniquely Chelsea look-and-feel that honours Chelsea's rural tradition.

Meredith Centre Financials

Revenue Assumptions

The revenue side of the operating plan is based on the following marketing assumptions:

The **Rink** market in Chelsea has been sized as follow:

- . *800 youth participants in minor hockey.* A reliable marketing proxy for the minor hockey participants in a community is the number of youth playing soccer. That match up is pretty consistent across communities. In Chelsea, about 800 kids are enrolled in Soccer Chelsea. The same number of youth are enrolled in the rapidly growing Chelsea Nordiq club.
- . *100 adult hockey players.* Between 50 and 75 adult players use rinks outside Chelsea currently. We see that number increasing to 100, and including more women players.
- . *100 participants in Chelsea curling programs.* Curling is a sport for all ages, but in particular we see a big daytime opportunity for the recently retired and active seniors.
- . *50 participants in figure skating programs.* With parent coaches and others involved in hockey operations, plus After-four recreational programs on ice, we expect annual usage of the facility to exceed 1,500 residents of Chelsea by Year 3 of Operation.

The balance of the rink market is the adult market in the high-density adjacent populations of Gatineau and Ottawa. Our research shows all existing rinks maxed out at prime hours in these markets. The draw for the Meredith Centre will be a combination of price (\$170 an hour versus \$200-220 an hour in Ottawa), short travel distance, and the availability of prime hours.

Usage of the rink by Chelsea residents will be **50-60%** of total usage.

The forecast **Gymnasium** revenue of \$30,000 is largely in place currently. The Municipality generated \$20,000 from basketball revenue in Chelsea in 2008. That revenue will transfer to the Meredith Centre. In addition, local residents have committed to form Basketball Chelsea, a new not-for-profit organization to promote this sport in Chelsea and support the gym. We are expecting additional annual revenue of \$10,000 from this group. Those two sources of revenue together match the forecast and we expect to see that revenue in Year 1 of Operations.

We expect usage of the facility by Chelsea residents will be **100%** of total usage.

The revenue forecast for Specialized Summer Camps is based on a well-understood business model that runs successfully in many parts of the region. The business model we've selected is

entirely different from summer camps run in Chelsea in the past. The Meredith Centre specialized camps will target skill development by expert instructors in specific sports: soccer, triathlon, basketball, rugby, volleyball and baseball are obvious choices as well as early dry-land training for winter sports at the end of August. The courses are offered in one-week segments for \$200 per participant. The most popular sports – like soccer – will have more than one segment, for participants who want to further advance their skills.

Forty participants per week (for nine weeks of the summer) in Year 3 of Operation will generate the \$72,000 forecast for this component of the business. The 360 participants are expected to break out per sport as follows:

Soccer	180
Rugby	80
Basketball	40
Other	60

Assuming one in six participants take a second week during the summer, the number of unique individuals required to generate the forecast is about 300.

We expect participation by Chelsea residents in specialized camps will be **80%** of total participation: roughly 275 participants. The balance will come from communities immediately north of Chelsea. Parents from these communities find it easy to drop off their children on their way to work in the city. Some participants may come from the Hautes Plaines area, immediately south of Chelsea.

The **Community Centre** forecast of \$170,000 by Year 3 of Operation has four main elements.

1. The first element represents 45% of revenue and is essentially fixed. It involves rental of a Fitness Centre, rental of space to the Chelsea Cooperative Nursery School and a transfer of operational costs from the existing community centre. We have verbal undertakings or letters of intent in hand for these three transactions. We expect this revenue on stream in Year 1 of Operations.

We expect usage of the Chelsea Cooperative Nursery School by Chelsea residents to be **100%** of total usage. We expect usage of the Fitness Centre to be close to **100%** of total usage.

2. The second element of the centre represents cultural activities or events targetted almost exclusively at the Chelsea community. These include cultural programming, weddings, musical events, film festivals and movies. Cultural programming includes music lessons, dancing, art lessons, arts, crafts, film editing, after school programs, and so on. It also includes subsidized space for home schooling, disadvantaged groups and other social programs. The forecast in Year 3 of Operations for these elements is 17% of component revenue as shown below:

	<i>% of Component Revenue</i>	
Cultural programming	\$15,000	9%
Weddings	\$8,000	5%

Musical events, film festivals, movies \$5,000 3%

The numbers are well within the comparatives for similar facilities; however we will have higher quality acoustics and presentation technology than those facilities.

We expect usage of this component of the community centre by Chelsea residents will be **100%** of total usage.

3. The third element is the use of the community centre facilities for conferences, seminars, off-sites and training sessions. The forecast in Year 3 of Operations for this component is 12% as shown below:

	<i>% of Component Revenue</i>
Conference, seminars, training	20,000 12%

The purpose of this component is to leverage Meredith Centre assets that would otherwise stand empty. The current Chelsea community centre is empty almost all weekdays and three quarters of all weekends. While unused, it still needs to be heated and maintained. The same hours that are low demand from a community standpoint are prime hours for conferences, seminars, off-sites and training sessions from a business standpoint. Obviously we want to maximize utilization of our “plant.”

The approach selected is not a full swing conference facility business – although that option is always open to us. Instead, the business model is a lower investment that doesn’t require heavy marketing or staffing investment but does contribute to the stand-alone viability of the centre. There are three general categories in the forecast:

Christmas parties (Oct / Nov / Dec – 10 @ \$500)	5,000
Local rentals (20 rentals @ \$125*)	2,500
Conferences, seminars, training (25 rentals @ \$500*)	12,500

*average for forecasting purposes; not a price list

For Christmas parties, the Meredith Centre will be competitive with the Congress Centre, the Casino and the large hotels due to price and intimacy. The big operators hold multiple parties at the same time in spaces that, for the most part, lack any individuality. The Meredith Centre offers a special and memorable experience devoted to one party at a time. The marketing plan will develop exclusive relationships with five well-known catering firms or restaurants that also cater – three in Ottawa and two in Chelsea. One of the Ottawa caterers will be Thyme & Again, one of Ottawa’s most respected caterers. Each caterer will average two Christmas parties. The revenue we need will be generated by liquor sales alone. Revenue beyond liquor – as negotiated with the caterers – is upside.

For conferences, seminars and off-site training, the Meredith Centre will be competitive with other venues in the region due to price, the number of break out rooms, the acoustic quality of the conference hall and the distance-video technology to which we have access through our

partnership with the West Quebec School Board. For the first two or three years, this element of the business will focus on two market segments: federal government off-sites (target: 15 per year) and subject-matter seminars (target: 10 per year). For the seminars, we will choose three or four subject-matters that have popular appeal and are in keeping with the Chelsea brand: green building and other environmental subjects, for example. We may decide to host and promote some of these ourselves. The marketing objective is to associate the venue of the Meredith Centre with these subjects to piggyback on the popularity of the subjects.

While we are not designing the commercial side of this element for local business, Chelsea residents are welcome to invite their businesses to the Meredith Centre for their Christmas parties, annual sales conference or strategic planning off-site meetings.

We expect usage of this element by Chelsea residents to be **10%** of total usage. On the other hand, the 35 commercial rentals required to generate the forecast represent only **10%** of the availability of these capabilities. Chelsea residents will have access to these facilities the balance of the time.

4. The fourth element of the community centre plan is revenue from the bar (independent of weddings), canteen, vending machines and any percentage of catering revenue negotiated with our suppliers. The \$47,700 forecast for this element represents 27% of the community centre business plan, as shown below:

Forecast % of Total Component (La Pêche Arena 2008)

Bar & canteen	\$36,000 21%	\$200,000 ¹
Vending and % Catering	\$9,700 6%	\$17,000 ²

¹the La Pêche restaurant/canteen is only open on weekends

²vending machines only

Our forecast is based on volume, which we assume will be similar to the La Pêche experience, although with an additional Gym and Fitness Centre, the volume should be higher. We expect to outperform this forecast but are using this area as a contingency to balance unexpected shortfalls elsewhere.

Overall Profit and Loss (P&L) for Meredith Centre

The overall P&L for the Meredith Centre in Year 3 of Operation is shown below. Each of the three line items in this P&L is supported by a Schedule with the business plan for that line item.

The overall P&L for the Meredith Centre has been revised since the Executive Summary of this business plan was posted on the Municipal of Chelsea and the Chelsea Foundation websites. The revisions are noted in the yellow highlights on the spreadsheet. The net impact is an increase in forecast operating surplus from \$34,175 to \$73,271.

These revisions are reflected in the Four-Year Cash Flow forecast that follows.

Four-year Cash Flow

The Meredith Centre will take one preliminary and three operating years to break even. Forecast revenues for Year 1 are \$486,400 in Year 1 increasing to \$723,000 in Year 3. The most important line – ice-rink revenue – is highlighted in blue below. The first-year forecast of \$290,000 is \$10,000 less than first-year results at the Val des Monts arena.

Four Year Cash Flow				
	Preparation	Year 1	Year 2	Year 3
	Year	Operation	Operation	Operation
	Starting	Starting	Starting	Starting
	1-Sep-09	1-Sep-10	1-Sep-11	1-Sep-12
Cash generated by:				
Rink + Learn to Skate		290,000	350,000	450,000
Gym		30,000	30,000	30,000
Fitness Centre		36,000	36,000	36,000
Specialized Camps		35,000	50,000	72,000
Conferences, seminars, training		10,000	15,000	20,000
CCNS		15,400	15,400	15,400
Weddings		4,000	6,000	8,000
Culture, music, film		10,000	15,000	20,000
Bar/Vending/% Catering		25,000	35,000	45,700
Municipal usage		25,900	25,900	25,900
Grant	60,000			
TOTAL CASH GENERATED	60,000	481,300	578,300	723,000
Four Year Cash Flow				
Cash used for:				
Base operating costs		285,000	300,000	323,014
Cleaning & Maintenance		73,500	73,500	73,515
Salaries*	44,000	185,000	185,000	185,000
Program costs		20,000	25,000	27,200
Administration / promotion	20,000	30,000	32,000	33,000
Accounting Auditing		8,000	8,000	8,000
TOTAL CASH USED	64,000	601,500	623,500	649,729
Cash Flow:				
Surplus / loss	-4,000	-120,200	-45,200	73,271
Cash, beginning balance**	200,000	196,000	75,800	30,600
Capital Reserve	0	0	0	-20,000
Line of credit repayment				-25,000
Debt repayment contribution				-5,000
Cash, ending balance	196,000	75,800	30,600	53,871

* Prep year is Executive Director for nine months

** \$200K line of credit financed by municipal budget operating savings

Updates to the Four-Year Cash Flow, reflecting revisions in the Overall Meredith Centre P&L on the previous page, are highlighted in yellow.

Capital Cost – MRIF application

The capital budget was prepared by M. Luc Fortin, architect, and submitted to the Federal and Provincial governments in the MRIF application.

During the MRIF process, the Municipality of Chelsea requested some adjustments to the budget. The final budget accepted for the MRIF grant was for \$9,792,060.

Budget d"taill" soumis par Luc Fortin		
Centre communautaire		
Infrastructure, fondation	155,660.00 \$	
Superstructure et enveloppe, structure	294,000.00 \$	
Superstructure et enveloppe, enveloppe ext"rieure	358,000.00 \$	
Superstructure et enveloppe, toiture	135,769.00 \$	
Am"nagement int"rieur, construction int"rieure	350,000.00 \$	
Am"nagement int"rieur, finitions int"rieures	279,900.00 \$	
Service, plomberie	203,703.00 \$	
Service, chauffage, ventilation et conditionnement de l'air	450,000.00 \$	
Service, "lectricit"	387,719.00 \$	
□quipement et ameublement, "quipement	80,000.00 \$	
□quipement et ameublement, ameublement et d"coration	55,249.00 \$	
Sous-total		2,750,000.00 \$
Gymnase		
Infrastructure, fondation	80,795.00 \$	
Superstructure et enveloppe, structure	132,079.00 \$	
Superstructure et enveloppe, enveloppe ext"rieure	169,444.00 \$	
Infrastructure, fondation	98,809.00 \$	
Am"nagement int"rieur, construction int"rieure	132,272.00 \$	
Am"nagement int"rieur, finitions int"rieures	91,481.00 \$	
Service, plomberie	101,972.00 \$	
Service, chauffage, ventilation et conditionnement de l'air	208,389.00 \$	
Service, "lectricit"	150,000.00 \$	
□quipement et ameublement, "quipement de gymnase	57,500.00 \$	
□quipement et ameublement, ameublement et d"coration	22,259.00 \$	
Sous-total		1,245,000.00 \$
Ar"na		
Infrastructure, fondation	inclus	
Superstructure et enveloppe, structure, b"timent pr"fabriqu" de type Honco	676,000.00 \$	
Superstructure et enveloppe, enveloppe ext"rieure, isolation et fini, ext"rieur en fonction des exigences municipale, option	475,000.00 \$	
Superstructure et enveloppe, toiture	inclus	
Am"nagement int"rieur, construction int"rieure, bureau, d"p"t et vestiaire, option	240,000.00 \$	
Am"nagement int"rieur, finitions int"rieures	inclus	
Service, plomberie, d"shumificateur et contr"le, options	180,000.00 \$	
Service, chauffage, ventilation et conditionnement de l'air, "quipements non fournis par Honco, lien avec le r"seau g"othermique	150,000.00 \$	
□quipement et ameublement, bandes, Zamboni, plancher patinoire, panneau de pointage "lectronique mural, options	485,000.00 \$	
□quipement et ameublement, ameublement et d"coration	0.00 \$	
Sous-total		2,206,000.00 \$
Am"nagement stationnements et ext"rieurs pour l'ensemble du complexe		
Stationnements et voie d'acc"s	240,000.00 \$	
Am"nagement paysag"	125,000.00 \$	
Sous-total		365,000.00 \$
Autres frais		
contingence de design (5%)		217,500.00 \$
Frais g"n"raux, administration et profit (12 %)		549,360.00 \$
honoraires prof (10%)		656,600.00 \$
co"t d'inflation (2%)		131,320.00 \$
Salle polyvalentes, tables, chaises, bureaux (incluant autres frais)Z		113,822.00 \$
Total		8,234,602.00 \$
TPS	494,076.12 \$	
TVQ		654,650.86 \$
Total		8,889,252.86 \$
frais de financement temporaire (6 mois, 6%)		267,408.21 \$
frais d"missions d'obligations 2%		183,133.22 \$
Grand total excluant la TPS		9,339,794.29 \$
co"t non admissible (en caract"re gras)	564,363.43 \$	
co"t admissible excluant la TPS	8,775,430.86 \$	
montant estim" de la subvention	5,850,287.24 \$	
montant □ financer par la communaut"	3,489,507.05 \$	

Financing

The \$9.8 million required for the project will be raised as follows:

Federal and provincial grant	6,100,000
Sale of existing community centre	400,000

Chelsea Foundation capital campaign	600,000
Other Grants (GMF, Hydro Quebec)	200,000
Borrowing Bylaw*	<u>2,500,000</u>
	9,800,000

*Borrowing Bylaw may be up to \$2,800,000

BUSINESS PLAN SCHEDULES

Rink Business Plan

See Schedule A.

Gymnasium Business Plan

See Schedule B.

This business plan includes Specialized Summer Camps.

Community Centre Business Plan

See Schedule C.

This schedule includes Mini-conference Centre revenue and expenses plus the Fitness Centre. Although the Fitness Centre is co-located with the Gymnasium, it is being included in the Community Centre business plan as per the original MRIF application.

----- End of Business Plan -----