

## CAP PROPOSAL

The CAP committee along with the assistance of St. Paul Minor Hockey is embarking on another major project. The reasons we have to review our plant situation is: our Chiller has outgrown its life by 3 years and could quit working anytime. Life span of a Chiller normally is 20 years and we are on our 23 rd. year of service. The second reason is the use of ammonia which could lead to a safety issue with our staff and maintenance people.

We did proceed with a Tender process to get 4 quotes on a separate building which would have all brand new equipment and the lowest bid received was \$839,925. We would connect this building which is 18' wide x 25' long and 13' high to our existing building. We will need a concrete pad built for this exterior building and depending on time and manpower, we were going to ask the town for Work In Kind.

Our committee reviewed the quotes and we decided that this would be too expensive for us to repay over the years, therefore, we went back to the lowest bidder Cimco who is also our plant maintenance company that has done the startup and shutdown for the past 33 years and asked them to see if they could do the exterior building with the use of our existing equipment. They came back with 3 options using our existing compressor, our committee reviewed the 3 options and we discussed the positives and negatives of each option as follows:

Option #1: Direct Shell and Tube Replacement-Quote was \$169,795

Positive: Cheaper to fix internally than with the exterior building. It includes a relief system upgrade.

Negatives: We are still dealing with the Ammonia, which is a major safety issue. Temporary band-aide. We have to fix the interior room and it has to be brought up to code which will cost us an extra \$100,000 approximately. The provincial government may pass a bill indicating that within a time limit, all arenas have to upgrade their facilities and eliminate the ammonia.

Option #2-Upgrade to Plate and Frame Chiller-Quote was \$234,865

Positive: Lower Ammonia charge. Higher efficiency. Cheaper to fix than the exterior building.

Negatives: We still have ammonia in our system which creates a safety factor. We have to fix the interior room which is costly and has to be brought up to code. The provincial government could pass a bill indicating that within a time limit, all arenas have to upgrade their facilities and eliminate the ammonia.

Option #3-Full New Building-Quote is \$699,968

Positives: All new equipment with the exception of our compressor, our compressor is 10 years old and the life of a compressor is 20 to 25 years. We don't have to change our existing room to code. This building will last a minimum of 20 years and will just require regular maintenance. Easier to change parts if required.

Negatives: Higher costs. We will have to build a concrete pad for the separate building and we will also require an electrician to hook up the new equipment to the existing building which will be additional costs.

The CAP committee is recommending Option #3, our payments with CIMCO will be : 30% of the original amount once the contract is signed and the building material is ordered, this amount will be \$210,000 plus GST which we will get back the GST. The next 30% will occur once the equipment comes in to the Cimco yard which usually takes 2 to 3 months after it is ordered. The next 30% will occur once it is delivered to the site and installed. The final 10% will occur 60 days after installation.

Total costs of the project: exterior building and equipment= \$699,000

Cement pad and electrical = \$ 60,000 (work in Kind-Town availability)

Total costs = \$759,000 in Canadian dollars

Scenario #1: CAP arena injects capital funds = \$105,000

St. Paul Minor Hockey donation = \$105,000

Debenture thru the Town = \$ 549,000

The debenture would have payments of \$17,498 semi-annual, 20 years @2.464%-total Int. \$149,920,

The payment of the debenture would be thru fund raising events, casino, bingo's, ball tournaments, etc.

Scenario#2: CAP injects capital funds =\$105,000

St. Paul Minor Hockey =\$105,000

Town of St. Paul donation = \$ 50,000 (2020 Budget)

County of St. Paul donation = \$ 50,000 (2020 Budget)

Debenture thru the Town = \$449,000

The debenture would have payments of \$14,316 semi-annual, 20 years @2.464%-total int. \$122,661

The best scenario would occur if we were to be successful in a CFEP application. We will be trying for the maximum allowable amount depending on regulations. For example if we were successful in getting \$250,000, the debenture would be \$199,000 and the payments would be \$11,083 semi-annual for a reduced term of 10 years @ 2% and the total interest would be \$21,662.

Action Plan: make a presentation to the Town of St. Paul on Monday Sept. 23/19 at the Council meeting

Make a presentation to the County on Tuesday Oct. 8 at 11:30 a.m.

Prepare a CFEP application and submit by Oct. 15-Kim Heyman has offered to assist Ron with App.

Once approved by the Town, we will apply for the required debenture depending on the Alberta Finance Authority regulations and once we know the required amount.

Both the CAP committee and the St. Paul Minor Hockey are planning various fund raising activities, some jointly to cover the debenture payments.