



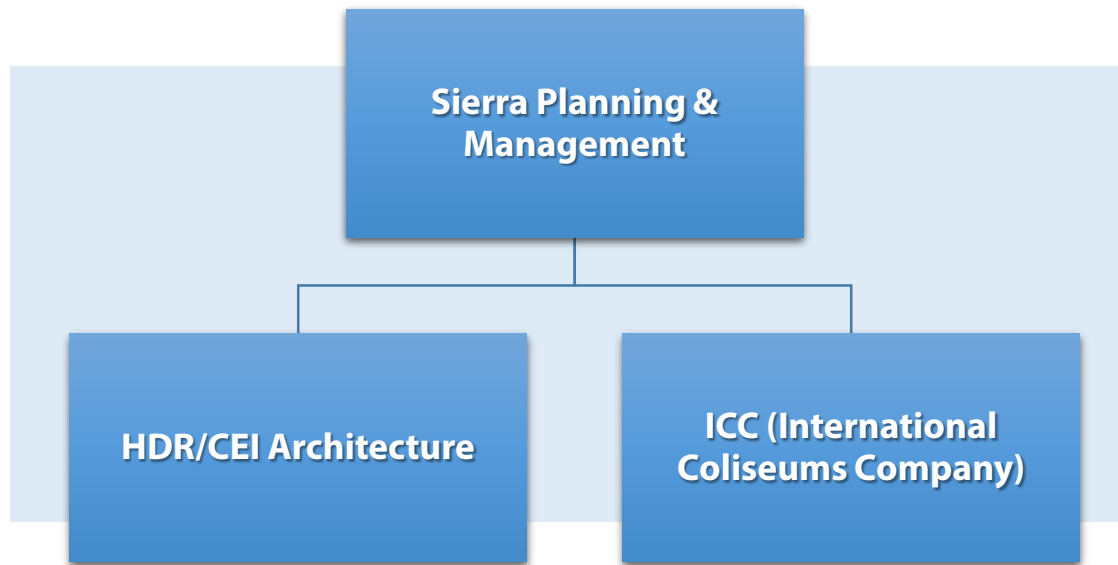
PROPOSED MULTI-USE SPORT AND EVENT CENTRE

Presentation to:

City of Spruce Grove

April 3, 2017

Project Team and Process

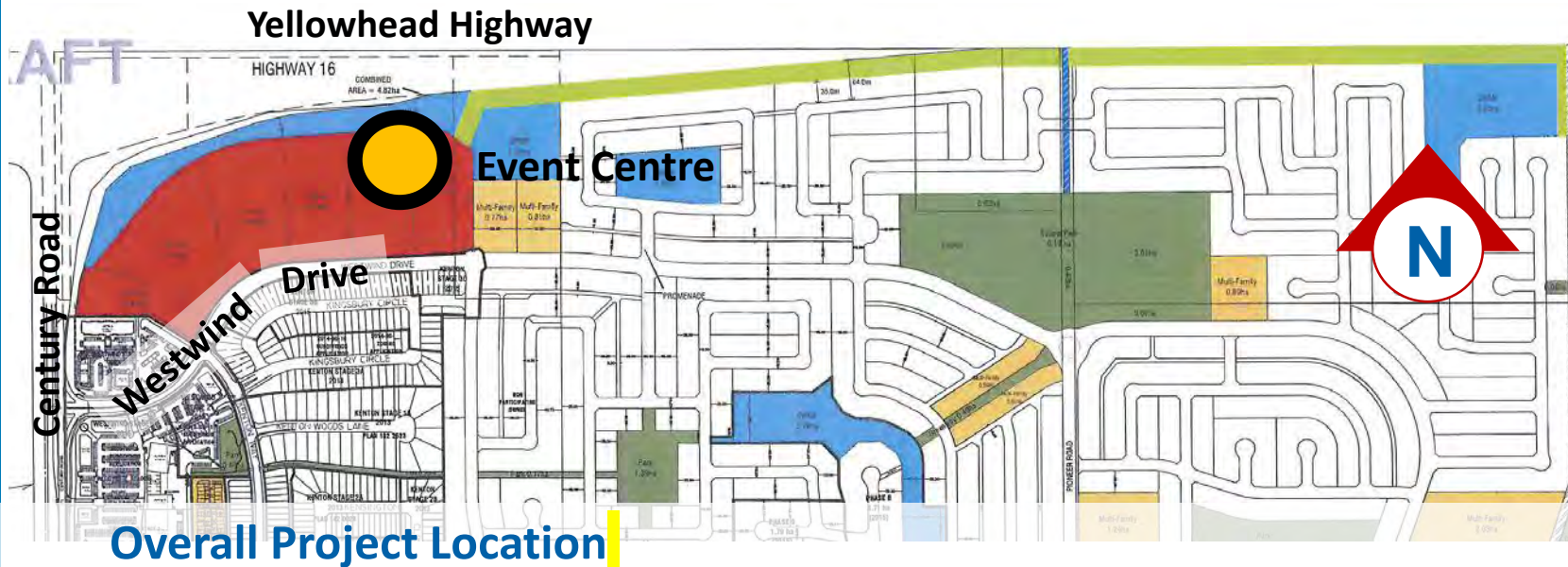


Work to date has been completed in 3 phases:

- Phase 1: Market Feasibility for a Multi-Use Sport and Event Centre
 - Phase 2: Concept Design for the facility
 - Phase 3: Economic Impact Analysis of the Sport and Event Centre

Westwind Centre Vision

- Began with assembling 120 acres in the Pioneer Lands, brought into municipal boundaries in 2008;
- Major regional commercial, hospitality and entertainment destination to be called Westwind Centre;



Westwind Centre Vision

- Integration:
 - Residential (440 units),
 - Commercial,
 - Hotel,
 - Entertainment; and
 - public transit;
- A major, Multi-Use Sport and Event Centre
- Hosting events in the Edmonton Metropolitan Region.
- Total Built GFA (Gross Floor Area) – 613,729 sq. ft.



Westwind Centre Vision



Westwind Centre Site	Gross Site Area	Gross Site Area	Building Area
Category of Use	in Acres	in Sq.Ft.	in Sq.Ft.
Total Retail Site Area	21.54	938,282	190,733
Total Entertainment Site Area	4.88	212,573	31,500
Total Office Site Area	3.00	130,680	57,432
Total Hotel Site Area	3.84	167,270	160,064
Total Residential Site Area	13.61	592,852	-
Total	46.87	2,041,657	439,729

Investing in a Multi-Use Sport and Event Centre

- Multi-Use Sport and Event Centre to meet community needs and creates a regional commercial destination;
- Opportunity in the Metropolitan Edmonton market for a venue that captures the mid-size concert/event market (3,000-6,000 attendees);
- Comprises 2 ice surfaces: One to host events, the second for year-round community ice use;
- Significant tax assessment uplift in the Westwind Centre development;
- Reduced build-out time (from 15 years to 7 years).



Investing in a Multi-Use Sport and Event Centre

- Multi-Use Sport and Event Centre – 174,000 square feet;
- Total investment of \$310 million including \$79 million for the Multi-Use Sport and Event Centre;
- Site Integration is key: hotels, restaurants, other entertainment, retail & the Sport and Event Centre.

What needs are being addressed

The Multi-Use Sport and Event Centre will address community ice needs

- Rapid population growth;
- City existing arenas nearing 100% prime-time ice utilization – demonstrates current need for more ice;
- Growth and existing demand warrant the need to plan for additional ice.

Need for community and commercial event space

- New multi-use spectator facility that addresses an infrastructure gap in the region;
- Gatherings, special community events, commercial events hosting;
- Supports other commercial services, hotels and provides regional meeting event capacity;
- Clear economic development benefits.

The Multi-Use Sport and Event Centre will create a regional destination

- Regional market draw for concerts, theatrical and family entertainment, trade shows and conferences suitable for mid-size venues;
- Opportunity for a “destination location” and a “quality of life statement” for residents of Spruce Grove, Stony Plain and Parkland County.



Community Ice Reconciliation

- **Main spectator bowl:** Primarily Event Centre Use;
- **Second ice pad:** 100% community use (in season);
- Potentially frees up ice time for community use at Grant Fuhr;
- Development estimated to provide an equivalent of 1.5 pads of ice for exclusive use by community users;
- Additional capacity for dry pad sport and non-sport use by the community.



Market Feasibility

- The concept for a 3,500 seat spectator events centre (with 5,300 seats in an end-stage configuration) based on market opportunity and capacity for a range of events including tournaments, tradeshow and concerts;
- The economic impacts of visitor spending will be regional;
- The facility is projected to host 66 events per year with room to attract more.

Total Event Schedule for the SEC (Projected)

SPORTING EVENTS

Spruce Grove Saints	30
Other Sporting Events	8

NON-SPORTING EVENTS

Concerts / Family Shows / Theatre	21
Trade Show and Community Events	7

Total Number of Events per annum	66
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Total Number of Event Days per annum	95
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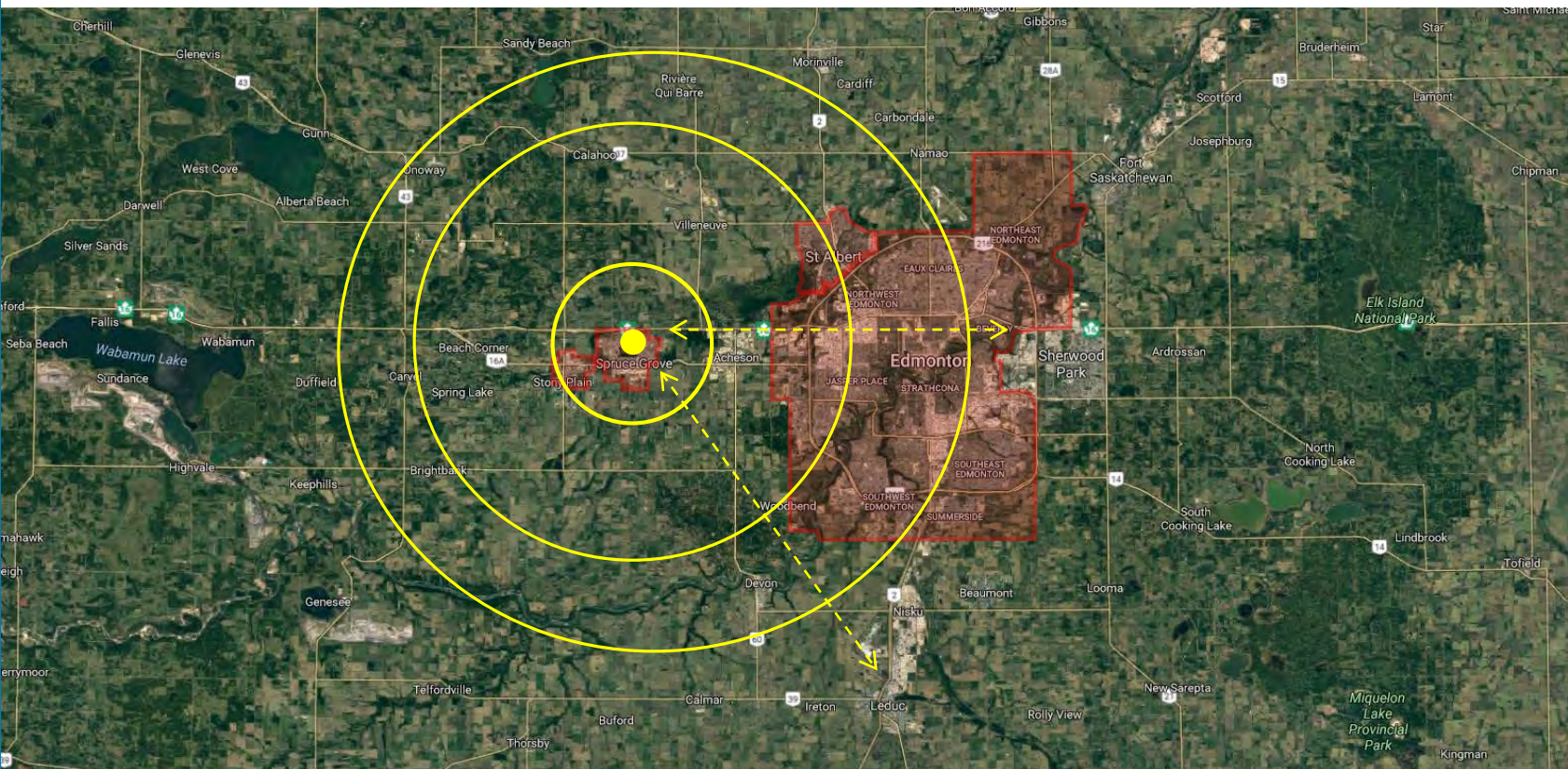
Note: Figures exclude daily community use of the facility (for ice rental, programs and other program uses).

Note: a new license agreement will be required between the city of spruce grove and the spruce grove saints with associated performance obligations.

Regional Market Potential



Regional draw of 800,000 population within a 30 minute drive-time of Spruce Grove





Description of Facility and Multi-Use Design

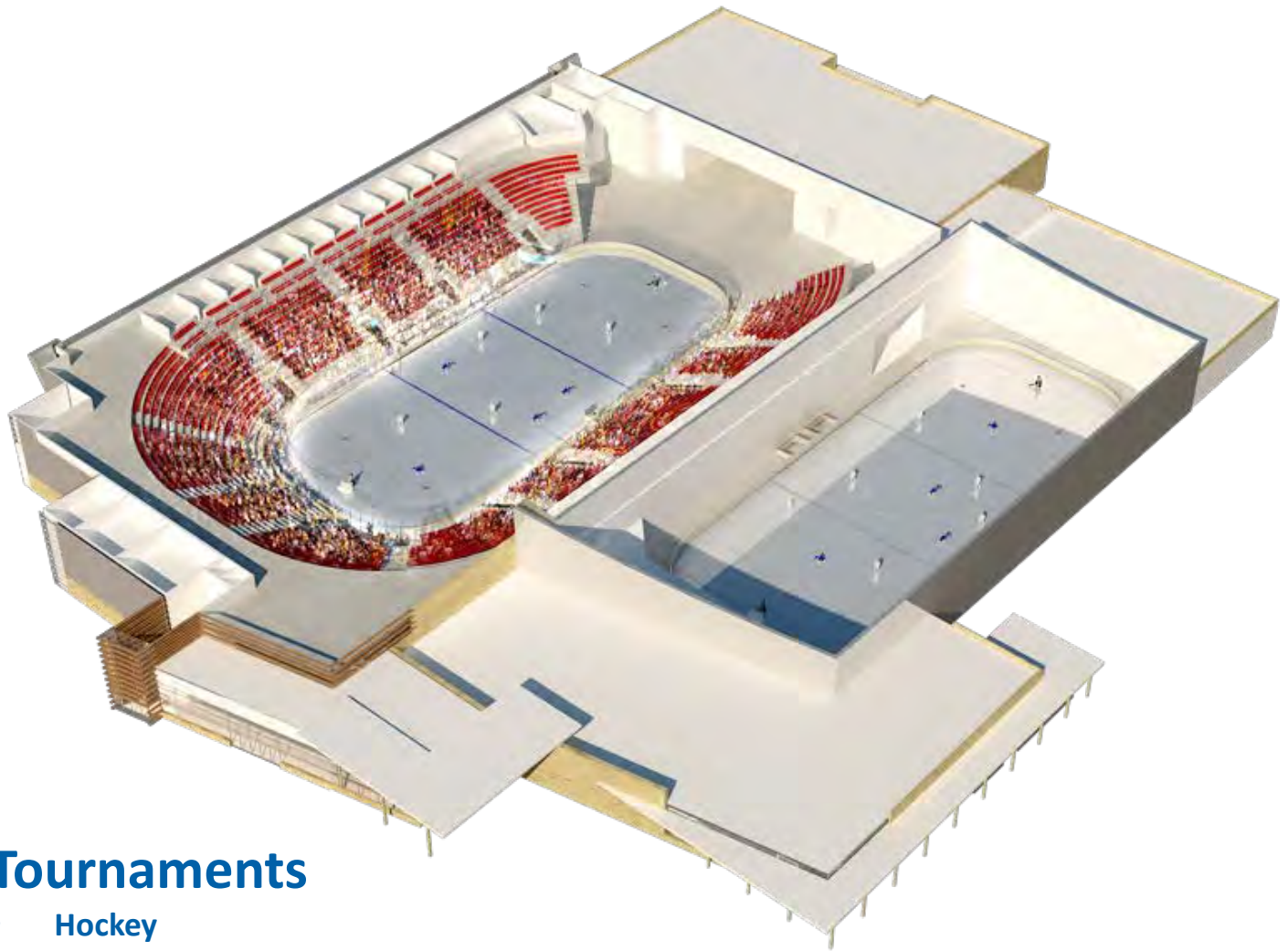
Principal elements of the Event Centre are:

- Main entry lobby with a direct connection to the lobby of the Community pad;
- Community pad with good warm side viewing, seating and standing room;
- Main Concourse with access to seating, washrooms and concessions;
- 3,500-seat seating bowl designed in a horseshoe configuration (5,300 seats in an end-stage configuration);
- 12 suites and other seating options;
- Ancillary space for community use (i.e. meeting rooms for non-sports events);
- Back-of-house area includes 4 community dressing rooms plus official's dressing room, significant open storage (rink boards, portable stage, folding seats for concerts, ice resurfacing room).

Building Concept Core Elements

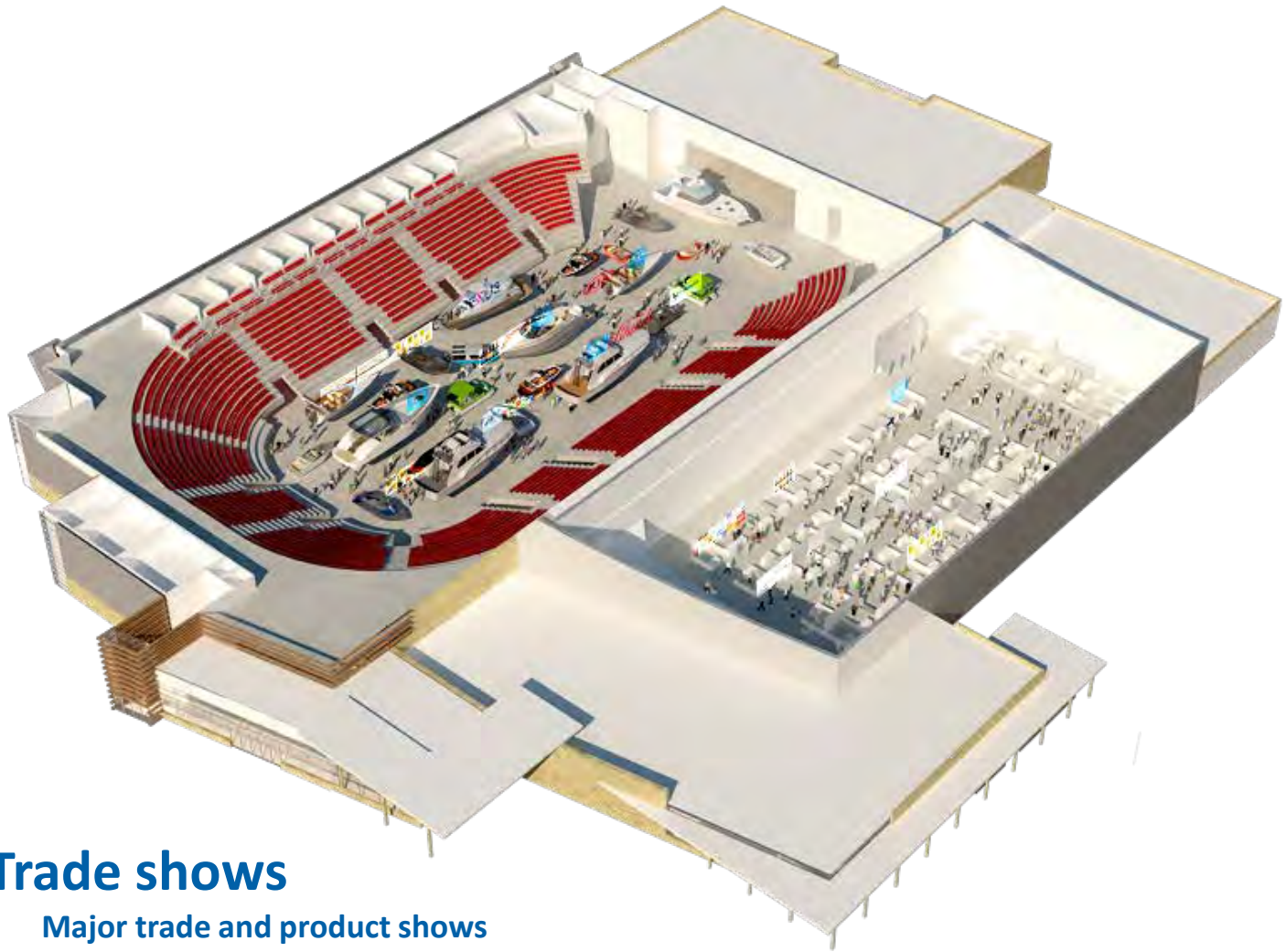
- The Event Centre would have a major impact on defining/molding Westwind Development, creating a major destination around which commercial and hospitality activity would thrive;
- The adjacency of a Community Arena would enhance the recreational, commercial and destination aspect of the two integrated facilities and potentially increase revenues;
- The focus towards ice programming provides a more efficient use of operational staff;
- Optional third ice surface with upper level viewing.





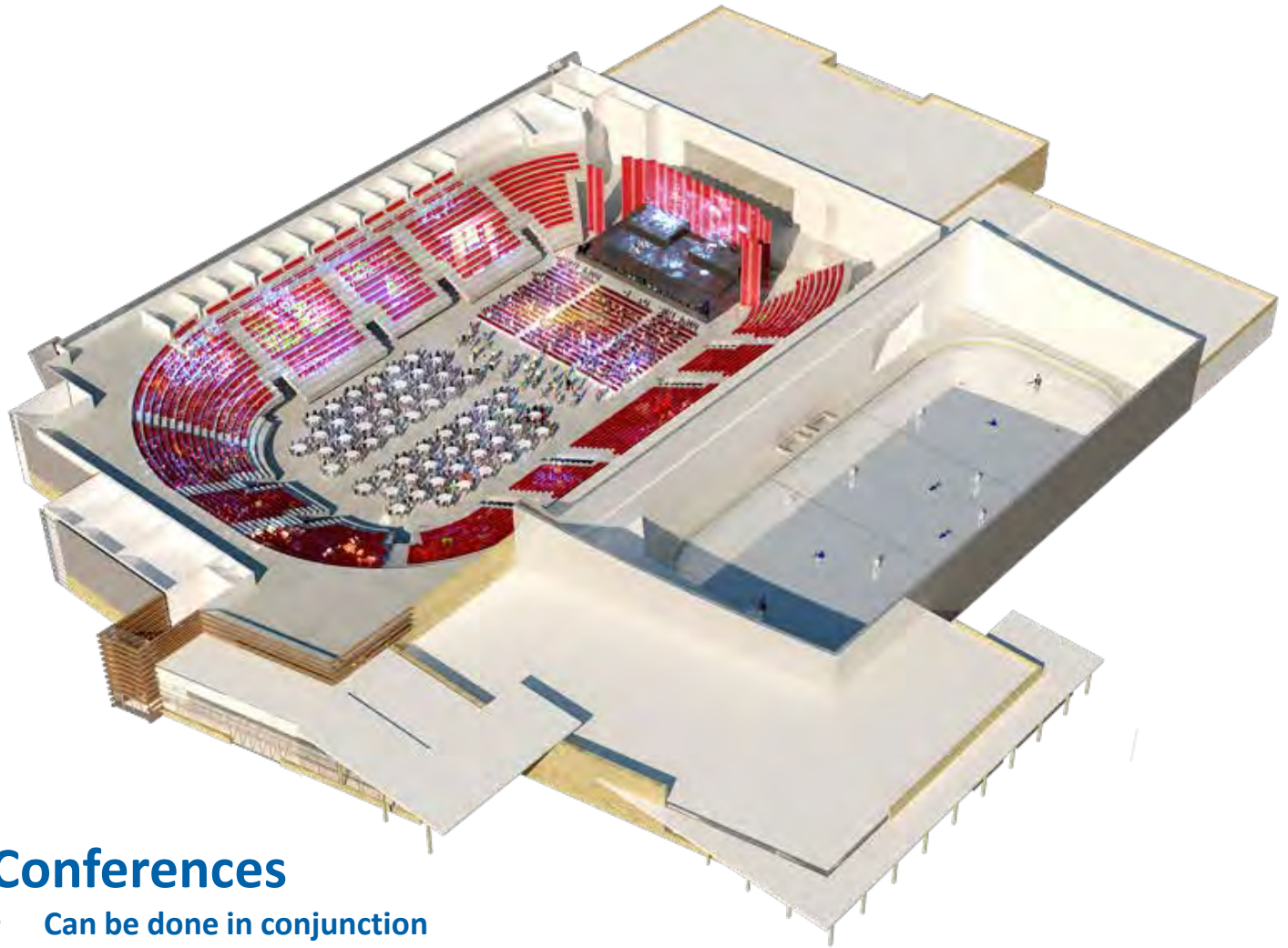
Tournaments

- Hockey
- Ringette
- Figure skating
- Curling
- Lacrosse
- Basketball
- Volleyball



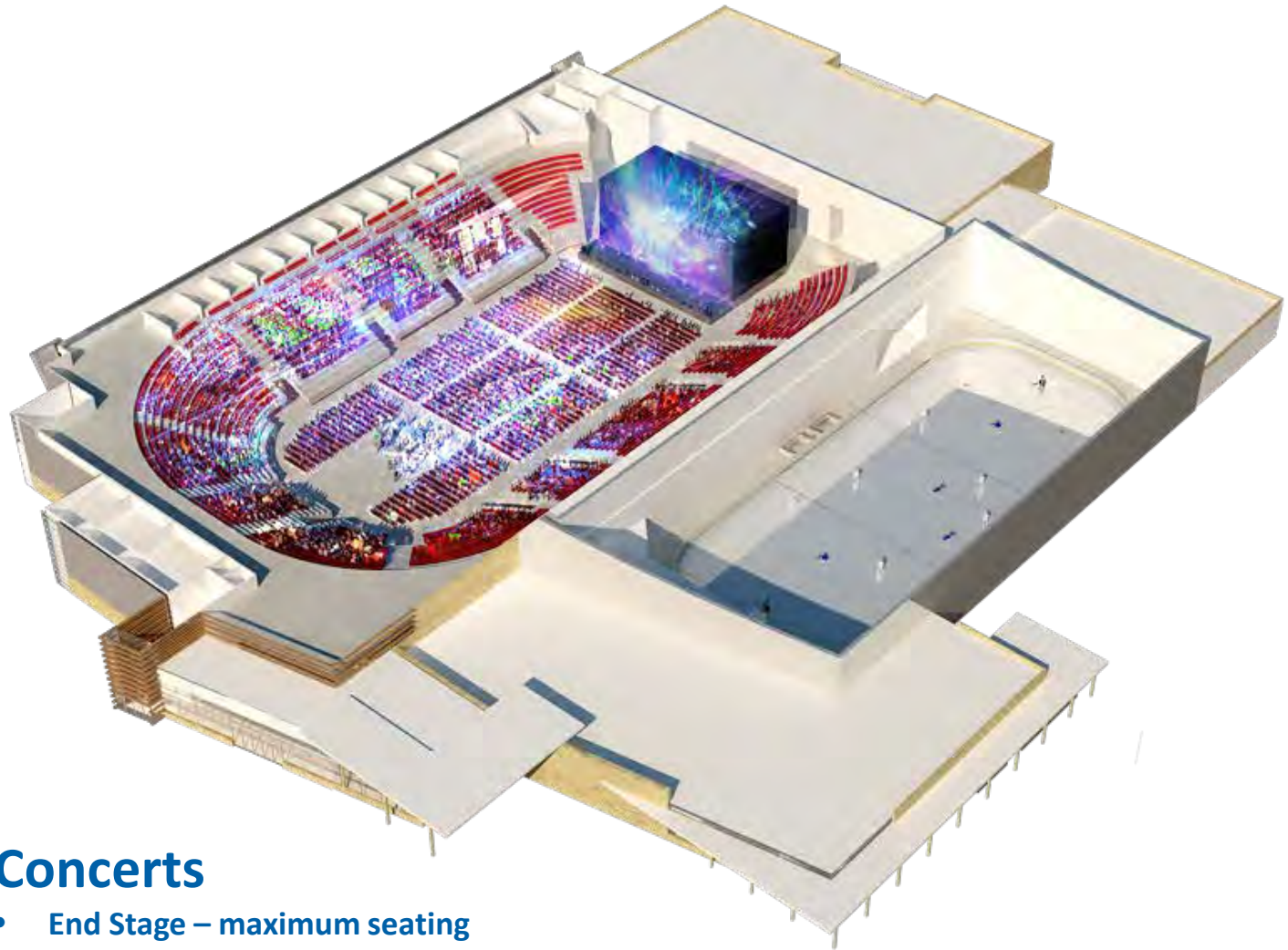
Trade shows

- Major trade and product shows
- Heavy equipment shows
- Single or double arena floors



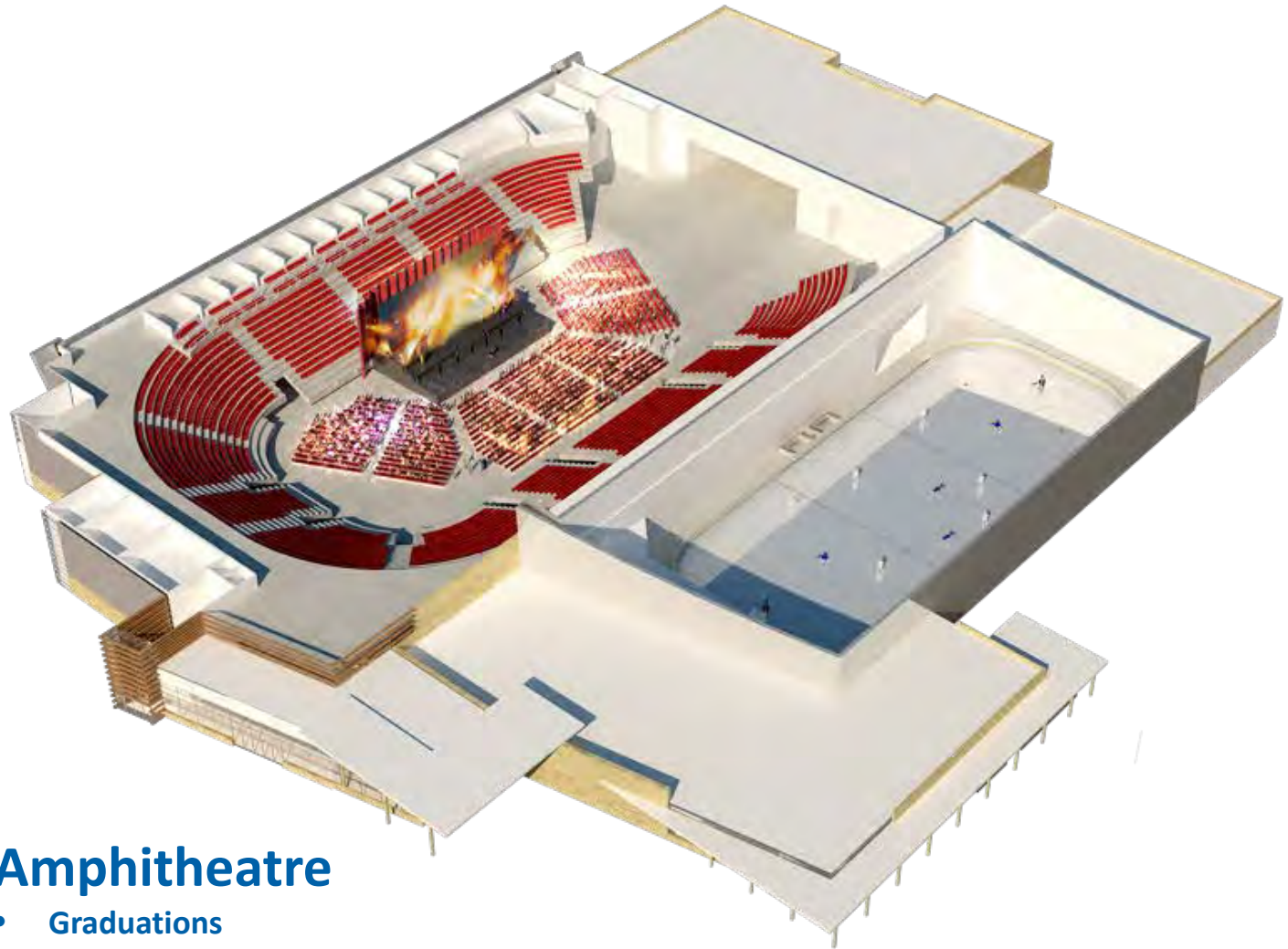
Conferences

- Can be done in conjunction with trade shows
- Full or half-banquet
- Plenary sessions



Concerts

- End Stage – maximum seating
- 5,300 seats



Amphitheatre

- Graduations
- Family Shows
- Memorials/Remembrance Day
- Rallies
- Award ceremonies
- Lectures/presentations

Order of Magnitude Capital Cost



Construction

Multi-Use Sport and Event Centre	
	\$61,733,750
Site Servicing	\$7,194,300
Total Construction Costs	\$68,928,050

Project Cost Review

Construction	\$68,928,050
Soft Costs (at 15%)	\$10,339,208
Architectural and Engineering/Design	\$3,446,403
Architectural and Engineering/Construction Phase	\$2,067,842
Specialty Consulting	\$1,033,921
Project Management and Overhead	\$1,723,201
Permitting and Regulatory Sign-off	\$1,378,561
Legal and Accounting	\$689,281
Total PROJECT Cost	\$79,267,258

Funding Model Elements

- Capital funding comprised as follows:
 - Upfront capital grants;
 - Future development off-site levies for recreation facilities; and
 - Debenture financing.
- Debenture repaid by dedicating the municipal portion of property tax revenues generated from the build-out of the 60-acre Westwind Centre development;
- The City applied to the Alberta Government for a Community Revitalization Levy (CRL);
- A Community Revitalization Levy (CRL) can redirect 100% of taxes generated in a defined area for repayment of identified capital costs;



Funding Model Elements (Cont'd)

- Specifically, a CRL allows the education portion of property taxes within a designated area to be used support a major project that has the potential to trigger larger scale investments which increase assessment values and tax revenues substantially beyond what would happen otherwise;
- Capital funding model for the Multi-Use Sport and Event Centre is designed so there is no tax increase on ratepayers in Spruce Grove;
- Funding model includes 2 scenarios – with and without the CRL.

Funding Model without CRL/EDL*

Funding Model for an Event Centre and Community Ice Arena in Spruce Grove
Impact of Tax Escalation at 2% per annum

ASSUMES ZERO CAPITAL COST ESCALATION	Event Centre + 1 Community Pad	MUNICIPAL PORTION OF TAXATION ONLY					
	Year 5 Build-Out	Year 10	Year 15	Year 20	Year 25	Year 30	
A - Capital costs (Per Phase 2 Report Costing Exercise)	(\$79,267,258)						
Includes site development and landscaping, building hard and soft construction costs and contingency.							
B - Direct Capital Funding Available to Project							
1 - MSI Municipal Sustainability Initiative	\$35,000,000						
2 - Approved Green Trip Funding (Park & Ride on Event Centre Site)	\$3,000,000						
3 - Net Proceeds from Land Sale to Developer (net of City Share of off-site servicing costs and transfer to surplus)	\$1,050,000						
C - Net Capital Costs	(\$40,217,258)						
D - Long-Term Debt - Annual P&I Payment							
Based on ACFA 30 year term at 3.546% p.a.	(\$2,188,531)	(\$2,188,531)	(\$2,188,531)	(\$2,188,531)	(\$2,188,531)	(\$2,188,531)	
E - Annual Funding Sources to Address Long-Term Debt							
	\$2,066,828	\$2,281,945	\$2,519,452	\$2,781,679	\$3,071,198	\$3,390,851	
1-Incremental Property Taxation at Build-Out (Includes Municipal Portion of Property Tax Only) ¹							
2 - Possible Future Off-Site Levies for Recreation (Estimated for Illustration based on 5% of existing projected levy for roads, wastewater and water servicing). Enabling legislation in place; precise estimates pending regulations and municipal master planning for additional infrastructure within scope for	\$270,096	\$298,208	\$329,245	\$363,513	\$401,348	\$443,121	
Sub-Total	\$2,336,924	\$2,580,153	\$2,848,697	\$3,145,192	\$3,472,546	\$3,833,972	
F - Net Annual (Shortfall)/Surplus	\$148,394	\$391,622	\$660,167	\$956,662	\$1,284,016	\$1,645,441	

* CRL/EDL defined to mean Community Revitalization Levy/Economic Development Levy

Funding Model with CRL/EDL*

Funding Model for an Event Centre and Community Ice Arena in Spruce Grove
Impact of Tax Escalation at 2% per annum

ASSUMES ZERO CAPITAL COST ESCALATION	FULL CRL/EDL					
	Event Centre + 1 Community Pad					
	Year 5 Build-Out	Year 10	Year 15	Year 20	Year 25	Year 30
A - Capital costs (Per Phase 2 Report Costing Exercise)	(\$79,267,258)					
Includes site development and landscaping, building hard and soft construction costs and contingency.						
B - Direct Capital Funding Available to Project						
1 - MSI Municipal Sustainability Initiative						
	\$35,000,000					
2 - Approved Green Trip Funding (Park & Ride on Event Centre Site)						
	\$3,000,000					
3 - Net Proceeds from Land Sale to Developer (net of City Share of off-site servicing costs and transfer to surplus)						
	\$1,050,000					
C - Net Capital Costs	(\$40,217,258)					
D - Long-Term Debt - Annual P&I Payment						
Based on ACFA 30 year term at 3.546% p.a.						
	(\$2,188,531)	(\$2,188,531)	(\$2,188,531)	(\$2,188,531)	(\$2,188,531)	(\$2,188,531)
E - Annual Funding Sources to Address Long-Term Debt						
	\$2,825,996	\$3,120,128	\$3,444,874	\$3,803,419	\$4,199,282	\$4,636,346
1 -Incremental Property Taxation at Build-Out based on Full CRL/EDL ¹						
2 - Possible Future Off-Site Levies for Recreation (Estimated for Illustration based on 5% of existing projected levy for roads, wastewater and water servicing). Enabling legislation in place; precise estimates pending regulations and municipal master planning for additional infrastructure within scope for						
	\$270,096	\$298,208	\$329,245	\$363,513	\$401,348	\$443,121
Sub-Total	\$3,096,092	\$3,418,336	\$3,774,119	\$4,166,932	\$4,600,630	\$5,079,467
F - Net Annual (Shortfall)/Surplus	\$907,562	\$1,229,805	\$1,585,589	\$1,978,402	\$2,412,100	\$2,890,937

Notes: Increment will be proportional to rate of build-out of the lands; should annual deficit arise in early years prior to full build-out, it is assumed that long-term debt instrument is adjusted to match annual debt repayment capacity based on size of the increment (via interest-only payments or other combinations available through ACFA).

Annual Operating Performance

- Like other recreation and public facilities, the Multi-Use Sport and Event Centre will incur an annual operating deficit - due in part to the nature of the facility which includes a significant community use component;
- For normalized operations, annual deficit projected at \$753,581 in line with similar facilities elsewhere in Canada and the U.S.;
- Potential to reduce or offset annual deficit by applying the annual surplus generated from the capital funding model (\$391,622 by year 10 without the CRL or \$907,562 by year 5 with the CRL) and by securing partnerships with other municipal or business parties;

Year 1 Facility Operational Proforma (Normalized Annual Revenues and Expenses)

Facility Revenues	
<u>Spectator Use Revenue</u>	
Event & Related Income	\$945,944
Food & Beverage	\$1,283,145
Ticket Surcharge	\$213,020
Advertising/Sponsorship	\$421,250
<i>Sub-Total</i>	\$2,863,359
<u>Recreational Use Revenue</u>	\$91,455
2nd Ice Pad	\$207,627
Total Facility Revenues	\$3,162,441
 <u>Expenses</u>	
Total Salaries	\$857,500
Event Operations	\$453,280
Food & Beverage Costs	\$1,002,742
Marketing Budget	\$50,000
Repairs & Maintenance	\$120,000
Utilities	\$890,000
Insurance	\$87,500
Other Expenses	\$455,000
(leased property and equipment, admin and management fees, misc.)	
Total Facility Expenses	(\$3,916,022)
Net Cash Flow Before Debt Servicing (revenues over expenses)	(\$753,581)

Economic Benefits Summary



Construction Impacts



Operating Impacts



Off-site Spending

- **Construction Impacts**
 - \$310.42 M in construction costs for the SEC (\$79 M) and broader site (\$231.16 M);
 - The total GDP (value-added) multiplier impact of construction spending is \$246.15 M;
 - 3,273 (FTE) Person Years of Employment; generated for the SEC (842 FTE Person Years) and broader site (2,431 FTE Person Years) in and out of Province.
- **Visitor Spending:**
 - In-facility spending and multiplier effects of this spending: \$12 M per annum;
 - Off-site spending from visitation: \$15 M to \$19 M in additional impact per year in region;
 - SEC to generate some \$27.27 million to \$31.53 million in total annual impacts from spending related to patronage at the facility.
- **Jobs**
 - The Multi-Use Sport and Event Centre and Westwind Centre to generate some 900 jobs to maintain operations;
 - Additional multiplier impacts to result in a total of 1,209 FTE jobs across the country.

Balance Sheet – Costs and Benefits

INVESTMENT	REWARDS
<ul style="list-style-type: none"> ➤ Capital Cost: \$79.26 M. ➤ Annual Operating Deficit: \$753,000 incl. management fee 	<ul style="list-style-type: none"> ➤ Multi-Use facility providing for community use as well as significant Event Centre potential and economic impacts including on-site employment, visitor spending impacts and enhanced property tax revenues. ➤ Substantial economic impacts including \$27.27 M to \$31.53 M in total annual visitor spending impacts and 1,209 FTE jobs as a result of operations at the SEC and Westwind Centre. ➤ Potential to offset annual operating deficit through the redirection of the annual property tax increment and possible partner contributions. ➤ Investment in community ice is expected to free up 25% of prime-time at Grant Fuhr and will result in the addition of 1.5 community ice pads.

Potential Timeframe

Public Engagement	March – May / 2017
Delivery Approach - ongoing	May – October / 2017
Concept Design Brief <ul style="list-style-type: none"> • Concept design refinement • Performance Specification 	May – August / 2017
Project Definition Brief <ul style="list-style-type: none"> • Public Engagement Review • Project Definition Review • Delivery Recommendations 	August – October / 2017
Confirmation of Stakeholder Commitments	Ongoing to December / 2017
AUTHORIZATON BY COUNCIL	January / 2018
Full Services Design Engagement	February - September / 2018
Project Tendering	October – November / 2018
Project Construction	January / 2019 – August / 2020
Official Opening Events Concert Spruce Grove Saints	September / 2020 August / 2020 (2020-21 season)



Project Next Steps

- Public engagement starting on March 27th, 2017;
- Proceed to next stage of project definition and cost estimation;
- Confirm financial assumptions and funding plan for the facility;
- Firm up potential partnerships and business arrangements;
- Council approval.



We want to hear from you!

Please send your questions and feedback to:

- Email: SEC@sprucegrove.org
- Online feedback form:
www.sprucegrove.org/SECfeedback
- Project website:
www.sprucegrove.org/SEC