PROPOSED MULTI-USE SPORT AND EVENT CENTRE

Presentation to:
City of Spruce Grove
April 3, 2017
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

<table>
<thead>
<tr>
<th>Category of Use</th>
<th>Gross Site Area</th>
<th>Gross Site Area</th>
<th>Building Area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>in Acres</td>
<td>in Sq.Ft.</td>
<td>in Sq.Ft.</td>
</tr>
<tr>
<td>Total Retail Site Area</td>
<td>21.54</td>
<td>938,282</td>
<td>190,733</td>
</tr>
<tr>
<td>Total Entertainment Site Area</td>
<td>4.88</td>
<td>212,573</td>
<td>31,500</td>
</tr>
<tr>
<td>Total Office Site Area</td>
<td>3.00</td>
<td>130,680</td>
<td>57,432</td>
</tr>
<tr>
<td>Total Hotel Site Area</td>
<td>3.84</td>
<td>167,270</td>
<td>160,064</td>
</tr>
<tr>
<td>Total Residential Site Area</td>
<td>13.61</td>
<td>592,852</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>46.87</td>
<td>2,041,657</td>
<td>439,729</td>
</tr>
</tbody>
</table>
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).
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, tradeshows 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)

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SPORTING EVENTS</strong></td>
<td></td>
</tr>
<tr>
<td>Spruce Grove Saints</td>
<td>30</td>
</tr>
<tr>
<td>Other Sporting Events</td>
<td>8</td>
</tr>
<tr>
<td><strong>NON-SPORTING EVENTS</strong></td>
<td></td>
</tr>
<tr>
<td>Concerts / Family Shows / Theatre</td>
<td>21</td>
</tr>
<tr>
<td>Trade Show and Community Events</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total Number of Events per annum</strong></td>
<td><strong>66</strong></td>
</tr>
<tr>
<td><strong>Total Number of Event Days per annum</strong></td>
<td><strong>95</strong></td>
</tr>
</tbody>
</table>

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

Regional Market Potential
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
Event Configurations

Trade shows

• Major trade and product shows
• Heavy equipment shows
• Single or double arena floors
Event Configurations

Conferences

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

Concerts
- End Stage – maximum seating
- 5,300 seats
Event Configurations

**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;
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

<table>
<thead>
<tr>
<th>Event Centre + 1 Community Pad</th>
<th>MUNICIPAL PORTION OF TAXATION ONLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 5 Build-Out</td>
<td>Year 10</td>
</tr>
<tr>
<td>($79,267,258)</td>
<td></td>
</tr>
</tbody>
</table>

### ASSUMES ZERO CAPITAL COST ESCALATION

#### A - Capital Costs (Per Phase 2 Report Costing Exercise)
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)

#### E - Annual Funding Sources to Address Long-Term Debt

1. Incremental Property Taxation at Build-Out (Includes Municipal Portion of Property Tax Only)$270,096  $298,208  $329,245  $363,513  $401,348  $443,121
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 $2,336,924  $2,580,153  $2,848,697  $3,145,192  $3,472,546  $3,833,972

Sub-Total $2,606,828  $2,281,945  $2,519,452  $2,781,679  $3,071,198  $3,390,851

#### F - Net Annual (Shortfall)/Surplus

$148,394  $391,622  $660,167  $956,662  $1,284,016  $1,645,441

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* 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

<table>
<thead>
<tr>
<th>A - Capital costs (Per Phase 2 Report Costing Exercise)</th>
<th>Event Centre + 1 Community Pad</th>
<th>FULL CRL/EDL</th>
</tr>
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<tbody>
<tr>
<td>Includes site development and landscaping, building hard and soft construction costs and contingency.</td>
<td>Year 5 Build-Out</td>
<td>Year 10</td>
</tr>
<tr>
<td>($79,267,258)</td>
<td>$35,000,000</td>
<td>$3,000,000</td>
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<table>
<thead>
<tr>
<th>B - Direct Capital Funding Available to Project</th>
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<tr>
<td>1 - MSI Municipal Sustainability Initiative</td>
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<td>2 - Approved Green Trip Funding (Park &amp; Ride on Event Centre Site)</td>
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<tr>
<td>3 - Net Proceeds from Land Sale to Developer (net of City Share of off-site servicing costs and transfer to surplus)</td>
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| C - Net Capital Costs | ($40,217,258) |

<table>
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<tr>
<th>D - Long-Term Debt - Annual P&amp;I Payment</th>
<th>($2,188,531)</th>
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<th>($2,188,531)</th>
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<tr>
<td>Based on ACFA 30 year term at 3.546% p.a.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>E - Annual Funding Sources to Address Long-Term Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,825,996</td>
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</tbody>
</table>

1 - Incremental Property Taxation at Build-Out based on Full CRL/EDL
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

<table>
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<th>Sub-Total</th>
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<tbody>
<tr>
<td>$3,096,092</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>F - Net Annual (Shortfall)/Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>$907,562</td>
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</table>

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

### Spectator Use Revenue

<table>
<thead>
<tr>
<th>Event &amp; Related Income</th>
<th>$945,944</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Beverage</td>
<td>$1,283,145</td>
</tr>
<tr>
<td>Ticket Surcharge</td>
<td>$213,020</td>
</tr>
<tr>
<td>Advertising/Sponsorship</td>
<td>$421,250</td>
</tr>
</tbody>
</table>

**Sub-Total**  **$2,863,359**

### Recreational Use Revenue

- **2nd Ice Pad**  **$207,627**

**Total Facility Revenues**  **$3,162,441**

## Expenses

| 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**
  - $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

<table>
<thead>
<tr>
<th>INVESTMENT</th>
<th>REWARDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Cost: $79.26 M.</td>
<td>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.</td>
</tr>
<tr>
<td>Annual Operating Deficit: $753,000 incl. management fee</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>Potential to offset annual operating deficit through the redirection of the annual property tax increment and possible partner contributions.</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>
Potential Timeframe

Public Engagement
March – May / 2017

Delivery Approach - ongoing
May – October / 2017

Concept Design Brief
May – August / 2017
• Concept design refinement
• Performance Specification

Project Definition Brief
August – October / 2017
• Public Engagement Review
• Project Definition Review
• Delivery Recommendations

Confirmation of Stakeholder Commitments
Ongoing to December / 2017

AUTHORIZATION 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
September / 2020
Spruce Grove Saints
August / 2020 (2020-21 season)
Project Next Steps

- Public engagement starting on March 27\textsuperscript{th}, 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