PART A: PROJECT RECAP
PART B: DETAILED ASSESSMENT OF THE FACILITY OPTIONS
PART C: COMPARING THE OPTIONS
PART D: DEFINING THE PROJECT
PART E: SITE PLANNING
PART F: FUNDING STRATEGY AND RISKS
PART G: IMPLEMENTATION
PART A: PROJECT RECAP
Business Case Analysis is an evolution beyond the work completed to date.

**2015**
Phase 1: Market Feasibility and Financial Pre-Feasibility

**2016**
Phase 2: Feasibility Study

**2017**
Phase 3: Economic Impact Assessment

**2018 – Jan. 2019**
Event Centre / Arena Complex Business Case Analysis
PROJECT BACKGROUND

- Long-range planning
- Destination gateway
- Community infrastructure needs
- Multiple policy goals
CURRENT ANALYSIS & REPORT

Aims and Objectives

Council directed staff to develop a Business Case Analysis that looks at 3 distinct options:

**OPTION 1:** Twin-Pad Arena

**OPTION 2:** 2,500 Seat Arena and Community Ice Pad

**OPTION 3:** 3,500 Seat Multi-Use Sport and Event Centre and Community Ice Pad

The Business Case Analysis is intended to provide Council with the appropriate information to make an informed decision regarding an event centre / arena.

OPTION 3 (MUSEC) IS DISTINCT FROM ARENA OPTIONS 1 AND 2.
PART B: DETAILED ASSESSMENT OF THE FACILITY OPTIONS
OPTION 1: Twin-Pad Community Arena
OPTION 1: Twin Pad Community Arena
Floor Plans + Building Components

- BUILDING SERVICES (MECH.)
- 500 SEAT COMMUNITY PAD
- LOCKER / REF ROOMS
- MEETING ROOM
- WASHROOMS
- BUILDING ADMINISTRATION

- 500 SEAT COMMUNITY PAD
- SPECTATOR SEATING (MEZZ. LEVEL)
- VIEWING / FLEX SPACE
- CONCESSION
- WASHROOMS
- TICKETING
- COMMUNITY ICE 1
- COMMUNITY ICE 2
- LR 1
- LR 2
- LR 3
- LR 4
- LR 5
- LR 6
- LR 7
- LR 8
- LR 9
- LR 10
- LR 11
- LR 12
- REF 1
- REF 2
- REF 3
- REF 4
OPTION 1: Twin Pad Community Arena

Functionality and Use/Scalability of Building

- Can represent best practice twin-pad complex in design and operating terms.
- Not multi-use.
- Can be multi-ice sport and dry floor summer use.
- Not a significant economic driver.
- Great addition to quality of life amenities.
- Not appropriate for Westwind site (not highest and best use).
OPTION 1: Twin Pad Community Arena

Floor Plan Details

2,910 SF = FLEX
13,365 SF = LOCKER ROOMS
6,256 SF = SUPPORT
44,266 SF = COMMUNITY ARENAS
10,190 SF = LOBBY

76,887 SF = EVENT LEVEL

3,810 SF = PRECAST SEATING
14,675 SF = MEZZANINE LEVEL
18,486 SF = MEZZANINE LEVEL

95,372 SF = OVERALL OPT. 1 TOTAL
OPTION 1: Twin Pad Community Arena

Illustrative Renderings
OPTION 2: 2,500 Fixed Seat Arena and Community Ice Pad
OPTION 2: 2,500 Fixed Seat Arena and Community Ice Pad

Building Components

- Optional Office Space
- 2,500 Fixed Seat Arena
- Spectator Seating
- Optional Suites and Club (2nd Fl.)
- Ticketing
- Concession
- Meeting Room
- 250 Seat Community Pad
- AV Room
- Storage
- Building Support / Locker Rooms
- Washrooms
- Concourse / Circulation
- Building Support / Locker Rooms
OPTION 2: 2,500 Fixed Seat Arena and Community Ice Pad

Local Events
**OPTION 2: Limits of Multi-Use**

**Design of Option 2 differs significantly from Option 3**

- Not designed to host the variety and complexity of events that are possible within the event centre model.
- Will not compete with multi-use centres.

<table>
<thead>
<tr>
<th>Option 2 Arena – Facility / Design Constraints</th>
<th>Resulting Limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower height (floor to bottom of truss) without extra rigging grids.</td>
<td>Difficult to host major concerts or events that require overhead connectivity for speakers and lights.</td>
</tr>
<tr>
<td>No lapidaries and baffles imbedded within the trusses and upper concourse walls.</td>
<td>Acoustically challenging for major concert performances or events where sound is a promotional priority.</td>
</tr>
<tr>
<td>No retractable seating (side runways, end zones).</td>
<td>Limits the amount of floor space available for conferences, banquets, exhibitions and tradeshows.</td>
</tr>
<tr>
<td>No catering kitchen.</td>
<td>Unable to host large banquets/gatherings that require on site catering services.</td>
</tr>
<tr>
<td>Limited “back of house” storage areas.</td>
<td>Limited space to accommodate multi-use components (i.e. banquet tables, conference chairs, conference pipe and draping, basketball flooring, etc.)</td>
</tr>
<tr>
<td>No “floor power” for concert equipment and television production.</td>
<td>Difficult to host major concerts or events that require connectivity for speakers and lights on floor.</td>
</tr>
</tbody>
</table>
OPTION 2: 2,500 Seat Arena

Floor Plans

- Optional Hockey Offices (2,000 SF)
- IT/ELEC
- Lobby/Entry
- Concourse
- Support/Locker Rooms
- Community Ice (250 Seats)
- Arena (2,500 Seats)

Legend:
- 2,000 SF = Flex/Meeting
- 24,048 SF = Support & Locker Rooms
- 31,835 SF = Community Arena
- 51,711 SF = Arena
- 3,268 SF = Lobby/Entry
- 112,862 SF = Event Level
- 11,088 SF = Precast Seating
- 11,088 SF = Suite Level
- 123,950 SF = Overall Opt.2 Total
- 2,000 SF = Event Level Hockey Offices
- 5,000 SF = Suite Level
OPTION 2: 2,500 Seat Arena
Illustrative Renderings
OPTION 2: 2,500 Seat Arena

Conclusion

• This model is a large-seating capacity arena.

• Desk research confirms large seating capacity community arenas do not effectively compete in events market compared to multi-use sport and entertainment centres.

• Capital cost differences between this and Option 3 reflect the design of Option 2 as an arena.
OPTION 3: 3,500 Seat Multi-Use Sport and Event Centre and Community Ice Pad
OPTION 3: 3,500 Seat Event Centre

Building Components

- SPECTATOR SEATING
- CONCOURSE / CIRCULATION
- WASHROOMS
- ENTRY / LOBBY / TICKETING
- BUILDING ADMINISTRATION
- CONCESSIONS
- STORAGE
- OFFICES
- VISITOR LOCKER ROOMS
- CATERING KITCHEN
- BUILDING SUPPORT
- HOME LOCKER ROOMS
- STAGING AREA
- PARTY ROOMS
- COMMUNITY ICE LOCKER ROOMS
- 250 SEAT COMMUNITY PAD
- FLEX / AUDITORIUM
- 3,500 FIXED SEAT MUSEC
- SUITES / CLUB (2ND Fl.)
OPTION 3: 3,500 Seat Event Centre

Range of Events

Sporting / Spectator Events
OPTION 3: 3,500 Seat Event Centre

Range of Events

Live Performance Events
OPTION 3: 3,500 Seat Event Centre

Range of Events

‘Flat Floor’ Events
OPTION 3: 3,500 Seat Event Centre

Range of Events

Public Assembly / Civic Events

[Images of events and activities]
OPTION 3: 3,500 Seat Event Centre

Range of Events

Community Events

- School Graduations
- Community Fairs
- High School Sporting Events
Difference Between 2,500 Seat Arena and 3,500 Seat Multi-Use Sport and Event Centre

• Both can serve hockey and community ice.
• Option 3 includes auditorium.
• Non-sport event types:

**Option 2:**
• ‘Flat floor’ events.
• Local community (fairs, rodeos, small expos).
• Seasonal / ad hoc events.

**Option 3:**
• Full range based on seating limitations.
• Capacity of MUSECs does not exclude other, community-scaled events similar to what can occur in large seating capacity arenas – it enhances that capacity.

Scalability of a MUSEC

Small School Graduation: Half House

Auditorium / Flex Space
OPTION 3: 3,500 Seat Event Centre

MUSEC-Specific Events

• Sporting Events / Games
• Exhibition / Showcase Games
• Tournaments / Championships / Qualifiers (Competitive or rotational)
• Music and Dance Events
• Family-Oriented Events
• Animal / Equestrian Events
• Other Live Performance Events
OPTION 3: 3,500 Seat Event Centre

Floor Plans
OPTION 3: 3,500 Event Centre
Illustrative Renderings
PART C:
COMPARING THE OPTIONS
# CAPITAL COSTS

## Order of Magnitude Capital Costs

Assumes Option 1 located on Westwind site

### Note:
Option 3 costs do not include costs associated with option for additional office space (estimated at $2.9 to $3.4 M).

<table>
<thead>
<tr>
<th></th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Range</strong></td>
<td>Contractor A</td>
<td>Contractor B</td>
<td>Contractor A</td>
</tr>
<tr>
<td><strong>Construction Costs</strong></td>
<td>$31,616,108</td>
<td>$35,738,532</td>
<td>$43,403,427</td>
</tr>
<tr>
<td><strong>Design and Project Management</strong></td>
<td>$3,575,000</td>
<td>$3,575,000</td>
<td>$4,050,000</td>
</tr>
<tr>
<td><strong>Furniture Fixtures &amp; Equipment</strong></td>
<td>$713,349</td>
<td>$713,349</td>
<td>$2,804,366</td>
</tr>
<tr>
<td><strong>Parking</strong></td>
<td>$1,425,983</td>
<td>$1,246,602</td>
<td>$3,653,341</td>
</tr>
<tr>
<td><strong>Total Project Costs</strong></td>
<td>$37,330,440</td>
<td>$41,273,483</td>
<td>$53,911,134</td>
</tr>
<tr>
<td><strong>Net Land Costs</strong></td>
<td>$0</td>
<td>$0</td>
<td>$2,117,360</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>$37,330,440</td>
<td>$41,273,483</td>
<td>$56,028,494</td>
</tr>
</tbody>
</table>
OPERATING PERFORMANCE
Options Compared

NOI Delta Difference Between Options

- MUSEC vs. 2,500 Seat Arena
- MUSEC vs. Twin Pad Arena

Year 1 | Year 5 | Year 10
# OPERATING PERFORMANCE

## Event Centre Compared to Twin-Pad

<table>
<thead>
<tr>
<th>Delta Difference Compared to a Community Twin Pad</th>
<th>Year 1</th>
<th>Year 5</th>
<th>Year 10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A: Option 3 - Event Centre plus Community Ice Pad</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Facility Revenues</td>
<td>$3,054,791</td>
<td>$3,438,194</td>
<td>$3,985,809</td>
</tr>
<tr>
<td>Total Facility Expenses</td>
<td>($3,736,022)</td>
<td>($4,204,925)</td>
<td>($4,874,661)</td>
</tr>
<tr>
<td>Net Cash Flow (revenues over expenses)</td>
<td>($681,231)</td>
<td>($765,731)</td>
<td>($888,852)</td>
</tr>
<tr>
<td>Net Cash Flow before Management Fee</td>
<td>($681,231)</td>
<td>($765,731)</td>
<td>($888,852)</td>
</tr>
</tbody>
</table>

| **B: Option 1 - Community Twin-Pad Arena**       |              |              |              |
| Net Operating Deficit (Illustrative)             | ($181,480)   | ($204,258)   | ($236,791)   |

**Delta (A - B)**

| Delta - NOI Before Management Fee                | ($499,751)   | ($562,474)   | ($652,061)   |

**Delta Including Management Fee**

1. Event Centre Plus Single Community Arena Management Fee | ($180,000) | ($202,592) | ($234,859) |
2. Community Twin Pad (Assuming Third Party Management) | ($125,000) | ($140,689) | ($163,097) |

**Delta Including Event Centre Management Fee (Community Twin Pad management fee 70% of Event Centre fee)** | ($554,751) | ($624,376) | ($723,823) |

*Note: Escalation at 3.00% per annum.*
## OPERATING PERFORMANCE

### Event Centre Compared to 2,500 Seat Arena

<table>
<thead>
<tr>
<th>Delta Difference Compared to a 2,500 Seat Arena</th>
<th>Year 1</th>
<th>Year 5</th>
<th>Year 10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A: Option 3 - Event Centre plus Community Ice Pad</strong></td>
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<td>Net Cash Flow before Management Fee</td>
<td>($681,231)</td>
<td>($766,731)</td>
<td>($888,852)</td>
</tr>
</tbody>
</table>

| **B: Option 2 - 2,500 Seat Arena plus Community Ice Pad** |         |         |         |
| Net Operating Deficit                         | ($980,940) | ($1,104,057) | ($1,279,905) |

| **Delta (A - B)** |         |         |         |
| Delta - NOI Before Management Fee             | $299,709 | $337,325 | $391,053 |

| **Delta Including Management Fee** |         |         |         |
| 1. Event Centre Plus Single Community Arena Management Fee | ($180,000) | ($202,592) | ($234,859) |
| 2. 2,500 Seat Arena Plus Community Arena Management Fee   | ($180,000) | ($202,592) | ($234,859) |

| **Delta Including Event Centre Management Fee** |         |         |         |
|                                                 | $299,709 | $337,325 | $391,053 |

*Note: Escalation at 3.00% per annum.*
Net economic impact will be greatest for the multi-use event centre, and lowest for a community twin-pad.
PART D: DEFINING THE PROJECT
ALIGNMENT WITH TRI-MUNICIPAL FACILITIES PLAN

- Project contemplated in Option 2 or Option 3 has many moving parts as all such projects contribute significant economic development potential do.
- This project, whether Option 2 or Option 3, has been advanced to the point of implementation.
- Community recreation plans emanating from surrounding communities are not alternatives to this project.

<table>
<thead>
<tr>
<th>STRATEGIC DOCUMENTS</th>
<th>RELEVANT OUTCOMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tri-Region Indoor Recreation Plan (2017)</td>
<td>New multiplex facility to include aquatics, twin-pad arena, fieldhouse, fitness / wellness facility, walking track, and indoor adventure centre.</td>
</tr>
<tr>
<td></td>
<td><strong>Ice-specific needs:</strong> Identifies the need for 1.5 additional ice pads by 2021 and 2.5 by 2026.</td>
</tr>
<tr>
<td></td>
<td>2009 Plan identified the potential need for a spectator ice arena (2,000+ seats).</td>
</tr>
</tbody>
</table>
Option 3 Aligns with City Strategy More than Option 2

### Alignment with City Strategy

- Both serve Strategic Plan.
- Only Option 3 negates the need to build other venues (e.g. performing arts) because of multi-use capacity.
- Option 3 meets market opportunity.
- Fundamental to north-end hotel, entertainment hub.

### Strategic Documents Relevant Outcomes

<table>
<thead>
<tr>
<th>Strategic Documents</th>
<th>Relevant Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Plan (2019)</strong></td>
<td>Vision for Spruce Grove to be a destination for hosting major events by 2035.</td>
</tr>
<tr>
<td><strong>Economic Development Strategy (2017)</strong></td>
<td>Seeks to promote Spruce Grove as an event destination that enhances the experience of the City’s sense of place and contributes to economic prosperity.</td>
</tr>
<tr>
<td><strong>Regional Event Hosting Strategy</strong></td>
<td>Recognizes that the City’s existing event infrastructure is dated and “lacks the ability to provide efficient year-round programming and event hosting capabilities”.</td>
</tr>
<tr>
<td><strong>Cultural Master Plan (2016)</strong></td>
<td>Identifies the need for two performing arts venues within the City, including a smaller ‘black box’ theatre and a larger (550 to 800 seats) performance facility.</td>
</tr>
</tbody>
</table>
ECONOMIC IMPACT

Ideal Range of Measures

Construction
- Total project spending
- Gross Domestic Product
- Employment/wages
- Taxes

Operations
- Total spending generated by operations
- Employment/wages
- Taxes

Off-site Spending
- Total in-region spending
- Spending capture Downtown
- Distinction between sites

Property Gains
- Redevelopment foci
- Enhanced assessment growth for viable adjacent properties

Qualitative Impacts
- Reputational gains
- Quality of life
- Retention/attraction
ECONOMIC IMPACT
Outcomes of Analysis: Off-Site Spending

• Impact for Option 1 is provided through an example of original work conducted by Sierra for a similarly scaled twin-pad facility (Bell Aliant Centre in Charlottetown).
  • The example likely overstates equivalent potential to some degree and represents the top end of what can be achieved in Spruce Grove.

• Impacts for Option 2 and Option 3 have been estimated by Sierra.

<table>
<thead>
<tr>
<th>OPTION</th>
<th>TOTAL ANNUAL OFF-SITE EXPENDITURE (DIRECT &amp; INDIRECT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPTION 1: Community Twin-Pad (top end example)</td>
<td>$6.7 M</td>
</tr>
<tr>
<td>OPTION 2: 2,500 Seat Arena (estimated range)</td>
<td>$5.5 to $7.1 M</td>
</tr>
<tr>
<td>OPTION 3: 3,500 Seat Arena (estimated range)</td>
<td>$13.3 to $16.9 M</td>
</tr>
</tbody>
</table>
PART E:
SITE PLANNING
## WESTWIND SITE CONCEPTS

**Distinction Between Concepts**

### Lower Order Development Concept

<table>
<thead>
<tr>
<th>Category of Use</th>
<th>Gross Site Area in Acres</th>
<th>Gross Site Area in Sq. Ft.</th>
<th>Building Area in Sq. Ft.</th>
<th>Assessment Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Retail Site Area</td>
<td>21.54</td>
<td>938,282</td>
<td>128,897</td>
<td>$54,396,206</td>
</tr>
<tr>
<td>Total Office Site Area</td>
<td>3.00</td>
<td>130,680</td>
<td>57,432</td>
<td>$17,434,714</td>
</tr>
<tr>
<td>Total Showroom / Warehouse / Flex Site Area</td>
<td>14.93</td>
<td>167,270</td>
<td>292,658</td>
<td>$67,729,423</td>
</tr>
<tr>
<td>Total Residential Site Area</td>
<td>13.61</td>
<td>592,852</td>
<td>-</td>
<td>$49,010,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46.87</strong></td>
<td><strong>2,041,657</strong></td>
<td><strong>478,987</strong></td>
<td><strong>$188,570,343</strong></td>
</tr>
</tbody>
</table>

Source: One Properties Inc.
WESTWIND SITE CONCEPTS

Distinction Between Concepts

Higher Order Development Concept

### Concept 2 (HIGHER ORDER DEVELOPMENT)

<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>158,622</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>179,258</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>426,812</td>
</tr>
</tbody>
</table>

Source: One Properties Inc.
WESTWIND SITE CONCEPTS
Land Area Requirements

<table>
<thead>
<tr>
<th>LAND AREA REQUIRED FOR ARENA COMPLEX</th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Park and Ride</td>
<td>2.50</td>
<td>2.50</td>
<td>2.50</td>
</tr>
<tr>
<td>Arena / Event Centre</td>
<td>4.56</td>
<td>9.16</td>
<td>10.75</td>
</tr>
<tr>
<td>Total (Acres)</td>
<td>7.06</td>
<td>11.66</td>
<td>13.25</td>
</tr>
</tbody>
</table>
FUNDING ASSESSMENT

Funding Analysis Approach

1. Funding Strategy is established for each option based on a series of key inputs similar to each option:
   - MSI funding
   - Partner funding
   - Debenture funding from ACFI
   - Equivalent access to recreation levy between options
   - Equal funding period

2. Analysis is conservative - assumptions regarding escalation of tax revenues is modest (2% p.a.).

3. Approach to incremental tax uplift is conservative.

4. Recreation levy is discounted to reflect a risk based approach.

5. Resulting deficit annually on capital account should not therefore be viewed as inevitable.
# Funding Assessment

## Funding Model for Community Twin-Pad Arena

### ASSUMES ZERO CAPITAL COST ESCALATION

<table>
<thead>
<tr>
<th>Community Twin-Pad Arena</th>
<th>Year 5 Build-Out</th>
<th>Year 10</th>
<th>Year 15</th>
<th>Year 20</th>
<th>Year 25</th>
<th>Year 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($39,246,875)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**A - Capital costs (mid-point of cost range)**

- Includes all costs (land costs inclusive) excluding option for upper floor space

| 1 - MSI Municipal Sustainability Initiative | $23,500,000 |
| 2 - Other Government Grants / Partnership Funding | $9,000,000 |
| 3 - Land Sales Market Adjustment | $600,000 |

**B - Direct Capital Funding Available to Project**

| C - Net Capital Costs | ($6,146,875) |

**D - Long-Term Debt - Annual P&I Payment**

- Based on ACFA (rate at 3.392%, 30 yrs)

| D - Long-Term Debt - Annual P&I Payment | ($328,122) | ($328,122) | ($328,122) | ($328,122) | ($328,122) | ($328,122) |

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

| 1 - Incremental Property Taxation at Build-Out (Includes Municipal Portion of Property Tax Only) | $0 | $0 | $0 | $0 | $0 | $0 |

| 2 - Possible Future Off-Site Leves for Recreation | $328,122 | $328,122 | $328,122 | $328,122 | $328,122 | $328,122 |

**Sub-Total**

| Sub-Total | $328,122 | $328,122 | $328,122 | $328,122 | $328,122 | $328,122 |

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

| F - Net Annual (Shortfall)/Surplus | $0 | $0 | $0 | $0 | $0 | $0 |
# FUNDING ASSESSMENT

## Funding Model for 2,500 Seat Arena and Community Pad

<table>
<thead>
<tr>
<th>ASSUMES ZERO CAPITAL COST ESCALATION</th>
<th>Year 5 Build-Out</th>
<th>Year 10</th>
<th>Year 15</th>
<th>Year 20</th>
<th>Year 25</th>
<th>Year 30</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A - Capital costs</strong></td>
<td>($54,122,640)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Includes all costs (land costs inclusive) excluding option for upper floor space</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B - Direct Capital Funding Available to Project</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 - MSI Municipal Sustainability Initiative</td>
<td>$23,500,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 - Other Government Grants / Partnership Funding</td>
<td>$9,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 - Land Sales Market Adjustment</td>
<td>$600,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C - Net Capital Costs</strong></td>
<td>($21,022,640)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>D - Long-Term Debt - Annual P&amp;I Payment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Based on ACFA (rate at 3.392%, 30 yrs)</td>
<td>($1,122,194)</td>
<td>($1,122,194)</td>
<td>($1,122,194)</td>
<td>($1,122,194)</td>
<td>($1,122,194)</td>
<td>($1,122,194)</td>
</tr>
<tr>
<td><strong>E - Annual Funding Sources to Address Long-Term Debt</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 - Incremental Property Taxation at Build-Out (Includes Municipal Portion of Property Tax Only)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2 - Possible Future Off-Site Levies for Recreation</td>
<td>$598,868</td>
<td>$598,868</td>
<td>$598,868</td>
<td>$598,868</td>
<td>$598,868</td>
<td>$598,868</td>
</tr>
<tr>
<td>3 - Ticket Surcharge - All Events (2% increase per annum)</td>
<td>$108,200</td>
<td>$119,461</td>
<td>$131,895</td>
<td>$145,623</td>
<td>$160,779</td>
<td>$177,513</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>$707,067</td>
<td>$718,329</td>
<td>$730,763</td>
<td>$744,490</td>
<td>$759,647</td>
<td>$776,381</td>
</tr>
<tr>
<td><strong>F - Net Annual (Shortfall)/Surplus</strong></td>
<td>($415,126)</td>
<td>($403,865)</td>
<td>($391,431)</td>
<td>($377,703)</td>
<td>($362,547)</td>
<td>($345,813)</td>
</tr>
</tbody>
</table>
# FUNDING ASSESSMENT

## Funding Model for MUSEC and Community Pad

### ASSUMES ZERO CAPITAL COST ESCALATION

<table>
<thead>
<tr>
<th></th>
<th>Event Centre + 1 Community Pad</th>
<th>Year 5 Build-Out</th>
<th>Year 10</th>
<th>Year 15</th>
<th>Year 20</th>
<th>Year 25</th>
<th>Year 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>A - Capital costs (mid-point of cost range)</td>
<td>($65,857,404)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Includes all costs (land costs inclusive) excluding option for upper floor space

<table>
<thead>
<tr>
<th>B - Direct Capital Funding Available to Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - MSI Municipal Sustainability Initiative</td>
</tr>
<tr>
<td>2 - Other Government Grants / Partnership Funding</td>
</tr>
<tr>
<td>3 - Land Sales Market Adjustment</td>
</tr>
</tbody>
</table>

| C - Net Capital Costs | ($32,757,404) |

<table>
<thead>
<tr>
<th>D - Long-Term Debt - Annual P&amp;I Payment Based on ACFA (rate at 3.392%, 30 yrs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>($1,748,598)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E - Annual Funding Sources to Address Long-Term Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Incremental Property Taxation at Build-Out (Includes Municipal Portion of Property Tax Only)</td>
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<tr>
<td>2 - Possible Future Off-Site Levies for Recreation</td>
</tr>
<tr>
<td>3 - Ticket Surcharge - All Events (2% increase per annum)</td>
</tr>
<tr>
<td>Sub-Total</td>
</tr>
</tbody>
</table>

| F - Net Annual (Shortfall)/Surplus | ($259,234) | ($305,289) | ($264,195) | ($172,028) | ($70,268) | $42,084 |
FUNDING ASSESSMENT

Conclusion

- BCR captures the net difference between each option including any potential unfunded debt or risks thereto.

- The capital cost difference between Option 2 and Option 3 is about $11 to $12 million, but when both the capital and operating costs are considered together in present value terms, the difference is even less – about $4.5 million.

- In terms of the benefits and costs of the project relative to the other options, Option 3 is by far the preferred investment in terms of value for money.

<table>
<thead>
<tr>
<th>30-Year Net Present Value (NPV at 5% discount rate)</th>
<th>Option 1: Twin Pad Arena</th>
<th>Option 2: 2,500 Fixed Seat Arena</th>
<th>Option 3: 3,500 Fixed Seat Multi-Use Community Sport and Event Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>PV Total Capital Cost</td>
<td>($41.3 Million)</td>
<td>($56.0 Million)</td>
<td>($67.1 Million)</td>
</tr>
<tr>
<td>PV Total Net Operating (Excl. capital reserve)</td>
<td>($4.1 Million)</td>
<td>($26.2 Million)</td>
<td>($19.4 Million)</td>
</tr>
<tr>
<td>PV Capital and Operating</td>
<td>($45.4 Million)</td>
<td>($82.2 Million)</td>
<td>($86.5 Million)</td>
</tr>
<tr>
<td>PV Off-Site Economic Impact Benefits</td>
<td>$124.2 Million</td>
<td>$130.6 Million</td>
<td>$311.1 Million</td>
</tr>
<tr>
<td>Net (over 30 years)</td>
<td>$78.8 Million</td>
<td>$48.4 Million</td>
<td>$224.6 Million</td>
</tr>
</tbody>
</table>
FUNDING ASSESSMENT
Risks Identified (All Options)

- There is little difference in risks between the options.
- Upside is greatest for Option 3.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Costs</td>
<td>Cost estimates will decline (like for like) excluding Construction Price Index increases.</td>
</tr>
<tr>
<td>Construction Risk</td>
<td>Follow detailed design process and selection of General Contractor (or Design-Build team).</td>
</tr>
<tr>
<td>Operating Risk</td>
<td>Real for any venture. Market demand exists – high-quality management required to ensure operational deficits maintained as projected.</td>
</tr>
<tr>
<td>Economic Impact Risk</td>
<td>As long as the facility is operated as recommended, and Municipal “Open for Business” policy, tax and regulatory approach is maintained – economic impact achieved.</td>
</tr>
<tr>
<td></td>
<td>Competition always a risk but Spruce Grove ahead of competition assuming timely delivery.</td>
</tr>
</tbody>
</table>
PART G: IMPLEMENTATION
RANGE OF PARTNERSHIP OPTIONS

- Municipal Ownership and Operation
- Non-Arms Length Municipal Agency Operation
- Private Sector Operation (Fee for Service)
  - Fee at risk
  - Performance Incentives
- Private Ownership and Operation
POTENTIAL TIMELINE FOR IMPLEMENTATION

**DESIGN DEVELOPMENT**

- **Duration:** 10 months

  - **2019**
    - Council Direction to Proceed June 2019
    - Completion of Design & Engineering June – Dec 2019
    - Negotiations with Spruce Grove Saints Aug – Sept 2019
    - Selection of General Contractor Feb-Mar 2020

  - **2021**

**SITE WORK/CONSTRUCTION**

- **Duration:** 18 months

  - **2020**
    - Construction Start May 2020
    - Selection of Event Centre Management Company October 2020

  - **2021**
    - Commissioning and C.O. Sept 2021
    - Grand Opening Sept 2021