

MULTI-USE SPORT AND EVENT CENTRE FEASIBILITY STUDY

City of Peterborough
General Committee Meeting
September 17, 2018

AGENDA



1

PROJECT RECAP

2

RECOMMENDED FORM,
FUNCTION + OPERATIONS

3

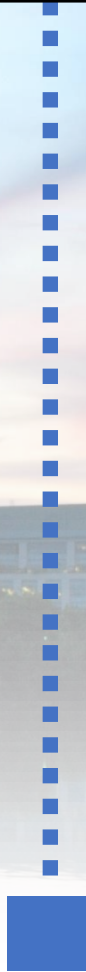
CHOOSING THE SITE

4

LEVERAGING IMPACT

5

IMPLEMENTATION



PROJECT RECAP

Key Milestones – Phase 1

Project Purpose + Timelines

Phase 1: Market Assessment, Benefits and Consultation



Key Milestones – Phase 2

Project Purpose + Timelines

**Phase 2: Business Case, Design
and Implementation**



What is a Multi-Use Sport and Event Centre?



DYNAMIC RANGE OF EVENTS



What is a Multi-Use Sport and Event Centre?



DYNAMIC RANGE OF EVENTS





RECOMMENDED FORM, FUNCTION + OPERATIONS


Sierra Planning and Management
advice • strategy • implementation

DIALOG™



Scale of Facility

Key Considerations

A View to the Future

- Long-term view to maximize the potential for commercial spectator sport and event market over next 30 – 40 years.

Seat Count Considerations

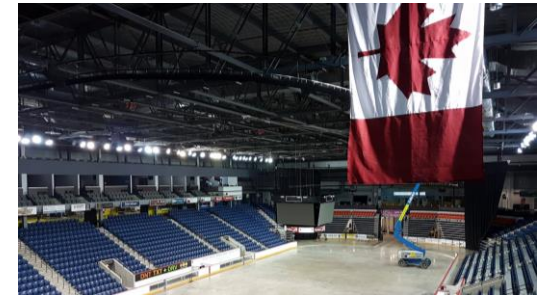
- Balance between capacity to meet immediate demand and future need.

Event Considerations

- Heights
- Back of house
- Site access / egress
- Revenue opportunities

Community Considerations

- Second ice surface
- Additional amenities
- Parking
- Access
- Multi-use capacity



Seat Count

- Many older facilities have either undergone renovation or new facilities have been built to increase their seat counts to a modern standard.

Select OHL Arena Capacities

	Capacity	Built	Seats Replaced
Windsor Spitfires	6,500	2008	
Oshawa Generals	5,500	2008	3,625
Kingston Frontenacs	5,400	2008	3,300
Niagara IceDogs	5,300	2014	2,800
Sarnia Sting	5,200	1998	
Sault Ste. Marie Greyhounds	5,000	2006	3,990
Sudbury Wolves	4,600	1950	proposal for 5,800 seats
Guelph Storm	4,540	1998	3,999
Belleville Bulls	4,400	1978	3,700, reno in 2017
North Bay Battalion	4,200	1954	Reno in 2012
Peterborough Petes	4,050	1956	

There is no capacity at PMC to add additional fixed seating to meet modern standards of expectation for hosting major sporting events (5,000+ seats).

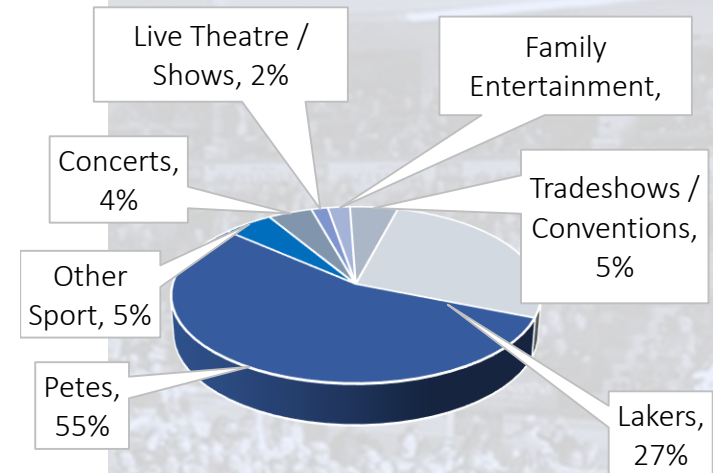


	Existing PMC	New MUSEC
Seat Count	4,050 seats	5,800 seats

Events

- 2017 event calendar included 18 commercial ticketed events, in addition to 56 tenant game days.
- New MUSEC has capacity to attract between 25-30 commercial ticketed events in addition to tenant games, based on:
 - *Increased market share based on expenditure patterns in market area households.*
 - *Governance of new facility.*

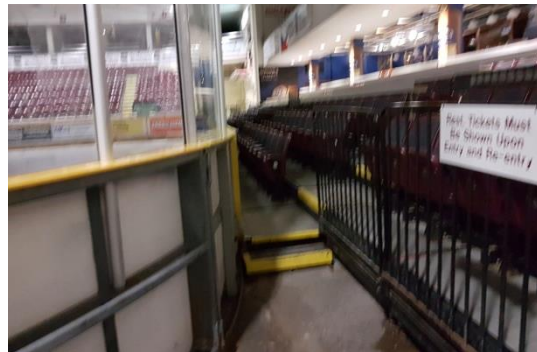
Breakdown of PMC Events by Type (2010 – 2017)



Comparison	Existing PMC	New MUSEC
Commercial Ticketed Events	10 - 20	25 – 30
Tenant Games (avg.)	55	55
Total	65 – 75 events	80 – 85 events

Facility Functionality

- Increasing lack of functionality of PMC relative to the competition is most significant future risk:
 - *Functional challenges (circulation, amenity location, etc.);*
 - *Building code challenges.*




Facility Functionality

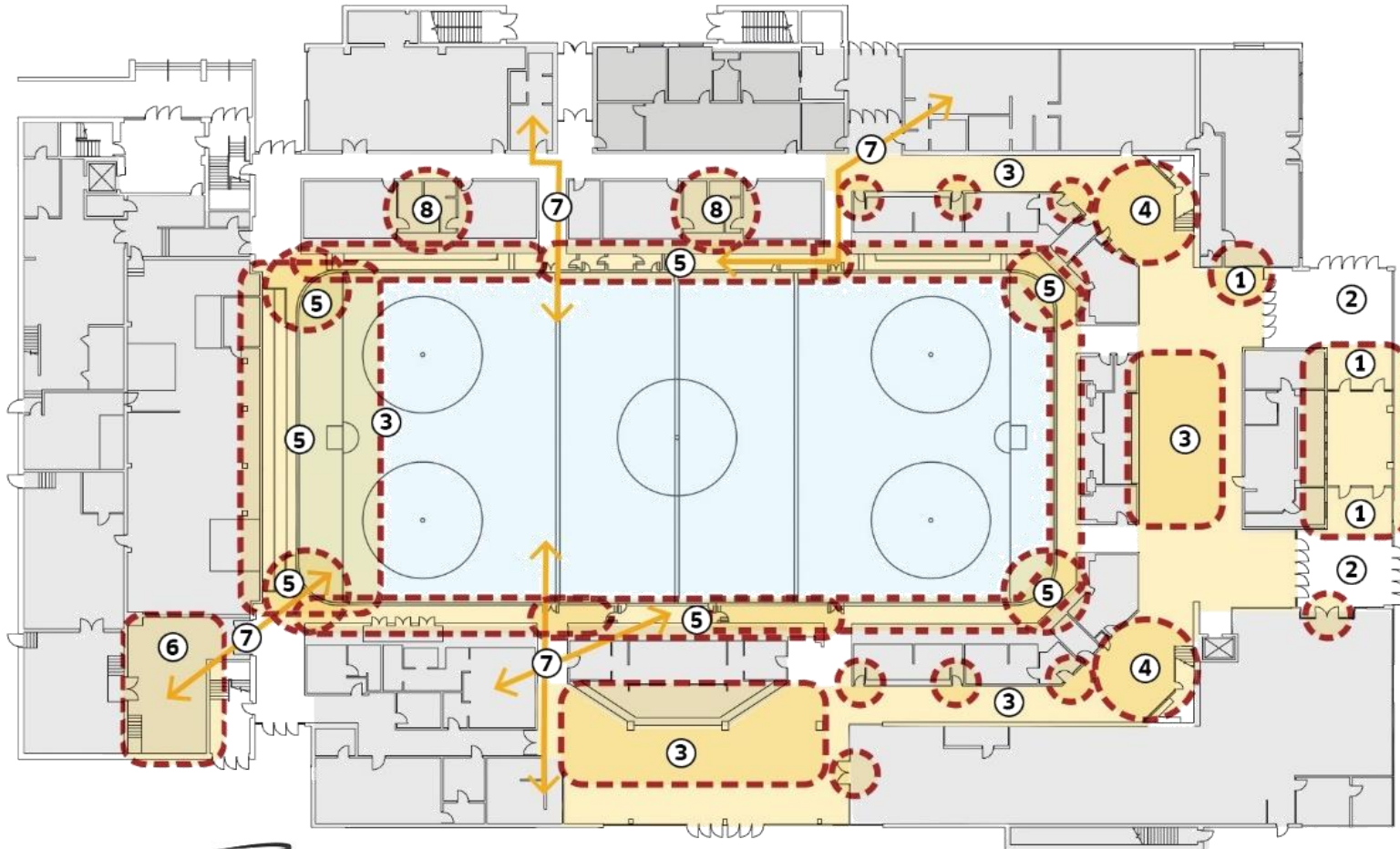
Circulation Challenges: Event Level

Legend

 Area/Point of Constriction

 Zone of Constriction

 Ice Access/Egress



Utilization / Amenity Location Challenges: Event Level



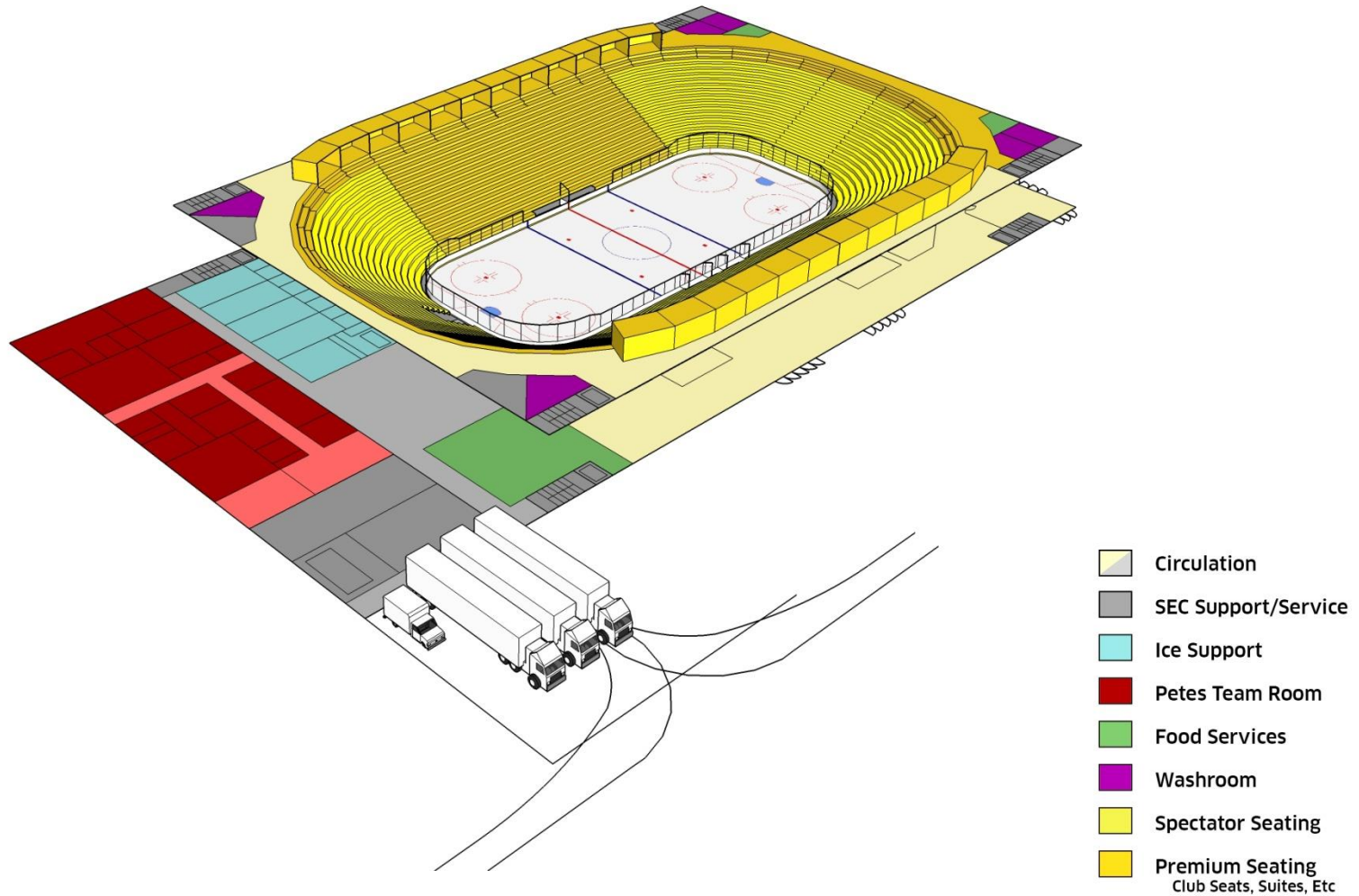
Capital Expenditure Requirements of PMC

- Future capital investment requirements for PMC total \$21 million (\$26M in 2018 dollars) to maintain the **current** level of functionality.
- Cost of life cycle repairs (to 2040) is over **one third** of the likely replacement value of the building, representing a Facility Condition Index of 34%. This is considered a poor rating.

Estimated Replacement Year	Budget
2012 - 2020	\$3,369,467
2021 - 2030	\$4,850,643
2031 - 2040	\$4,750,647
2041 - 2050	\$7,364,754
2051 +	\$ 819,315
Total	\$21,154,825

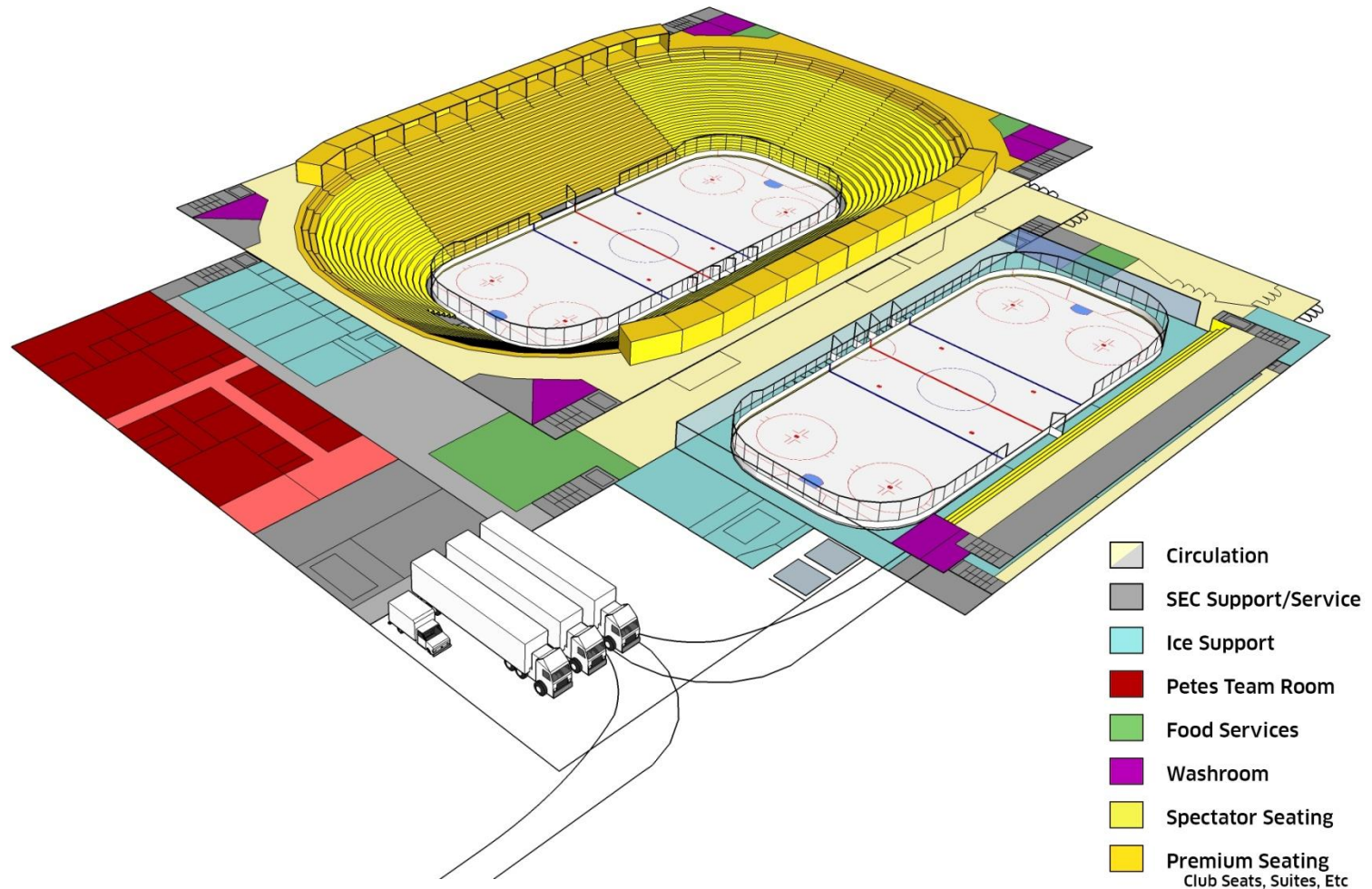
Illustrative Concept

Traditional Bowl: Spectator Level



Illustrative Concept

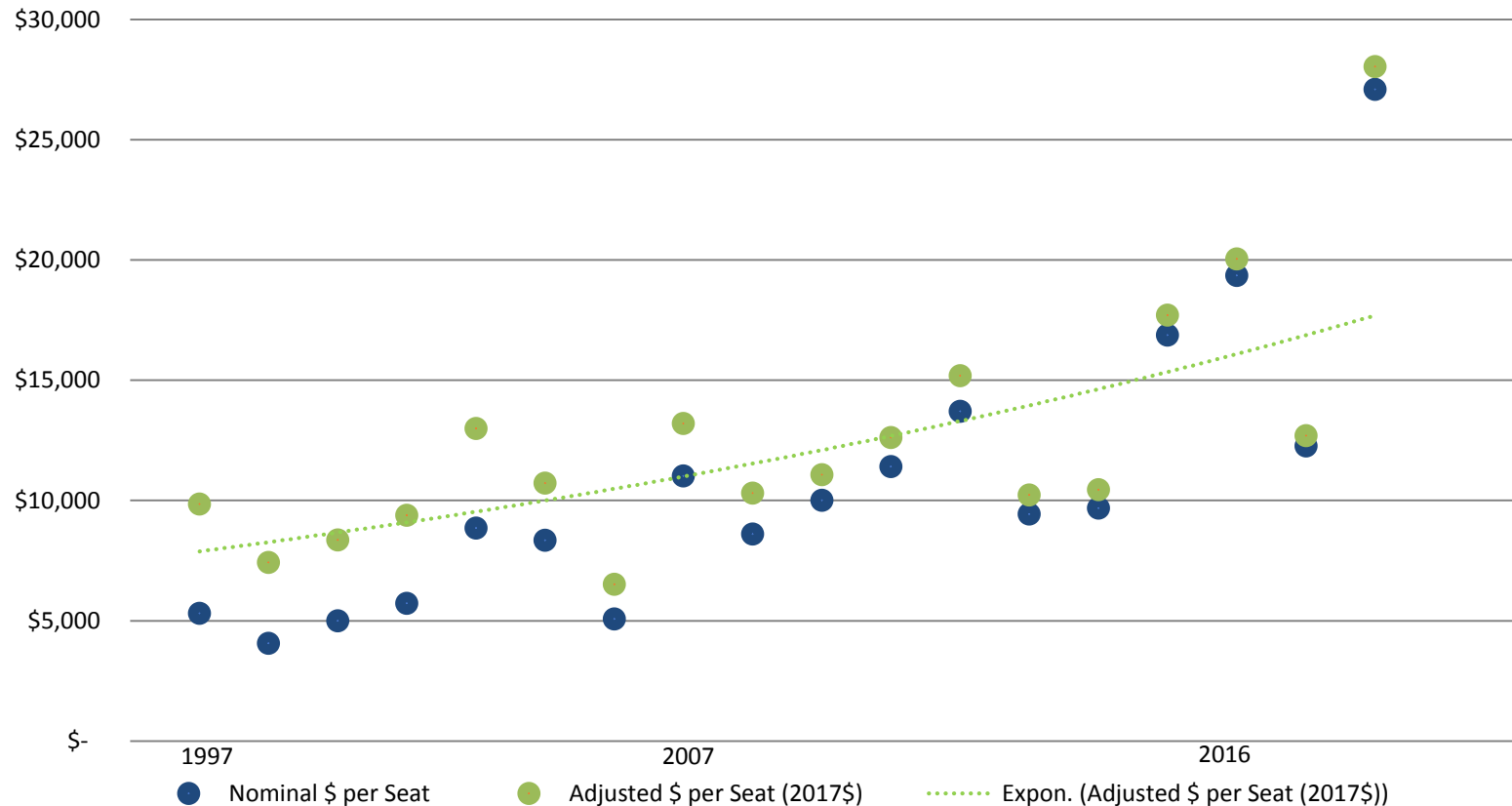
Traditional Bowl: Spectator Level: Potential Additional Uses



MUSEC Historic Capital Costs

Facility	Seats	Year Built	Project Cost (\$ Nominal)	Adjusted \$ per Seat (2017\$)
Powerade Centre, Brampton	5,000	1997	\$26,500,000	\$9,843
Hershey Centre, Mississauga	5,420	1998	\$22,000,000	\$7,413
Kal Tire Place, Vernon BC	3,006	2001	\$15,000,000	\$8,355
John Labatt Centre, London	9,090	2002	\$52,000,000	\$9,379
MTS Centre, Winnipeg MB	15,105	2004	\$133,500,000	\$12,982
General Motors Centre, Oshawa	5,400	2006	\$45,000,000	\$10,715
Essar Centre, Sault Ste. Marie	5,000	2006	\$25,300,000	\$6,506
WFCU Centre, Windsor	6,450	2007	\$71,000,000	\$13,189
K-Rock Centre, Kingston	5,000	2007	\$46,000,000	\$11,023
Credit Union Place, Summerside	4,200	2008/7	\$42,000,000	\$11,066
Events Centre, Langley BC	5,000	2008	\$57,000,000	\$12,615
Mosaic Place, Moose Jaw SK	4,465	2011	\$61,200,000	\$15,177
Meridian Centre, St Catharines	5,300	2012	\$50,000,000	\$10,227
Canalta Centre, Medicine Hat, AB	5,760	2013	\$55,728,404	\$10,447
Fort McMurray Events Centre	6,200	2016	\$120,000,000	\$20,034
Moncton Event Centre, NB	8,500	2016	\$104,205,000	\$12,690
Rogers Place, Edmonton AB	18,647	2016	\$505,000,000	\$28,033
Average (excl. Rogers Place)				\$11,354

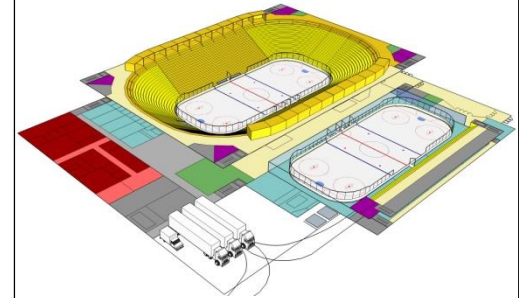
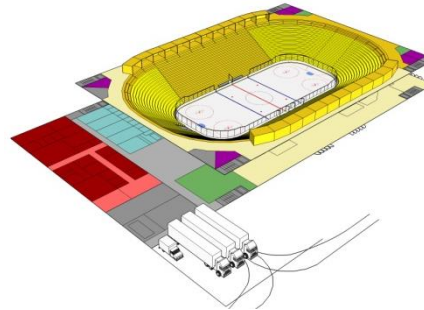
MUSEC Historic Capital Costs



Source: Sierra Planning & Management based on Statistics Canada. Table 327-0043 - Price indexes of non-residential building construction, by class of structure, quarterly (index, 2002=100)

Capital Cost Estimates

Order of Magnitude Capital Costs



Cost	Event Centre (\$2018)		Plus Community Ice Pad (\$2018)	
	5800 Seats Approx. 155,000 sq. ft.	% of Total	Approx. 190,000 sq. ft.	% of Total
A. Hard Construction Costs	\$43,975,000	61.0%	\$55,756,000	64.9%
B. General Condition & Selected Soft Costs	\$9,710,000	13.5%	\$9,710,000	11.3%
C. Other Soft Costs	\$4,570,000	6.3%	\$5,470,000	6.4%
D. FF&E	\$13,877,000	19.2%	\$14,971,000	17.4%
Total	\$72,132,000		\$85,907,000	

Operating Performance

Current PMC:

- Deficit of \$800,000 represents the status quo, which has increased in recent years (due to tenant licensing changes).
- Likely to continue to grow if its role remains the premier sport and event centre in Peterborough.

New MUSEC:

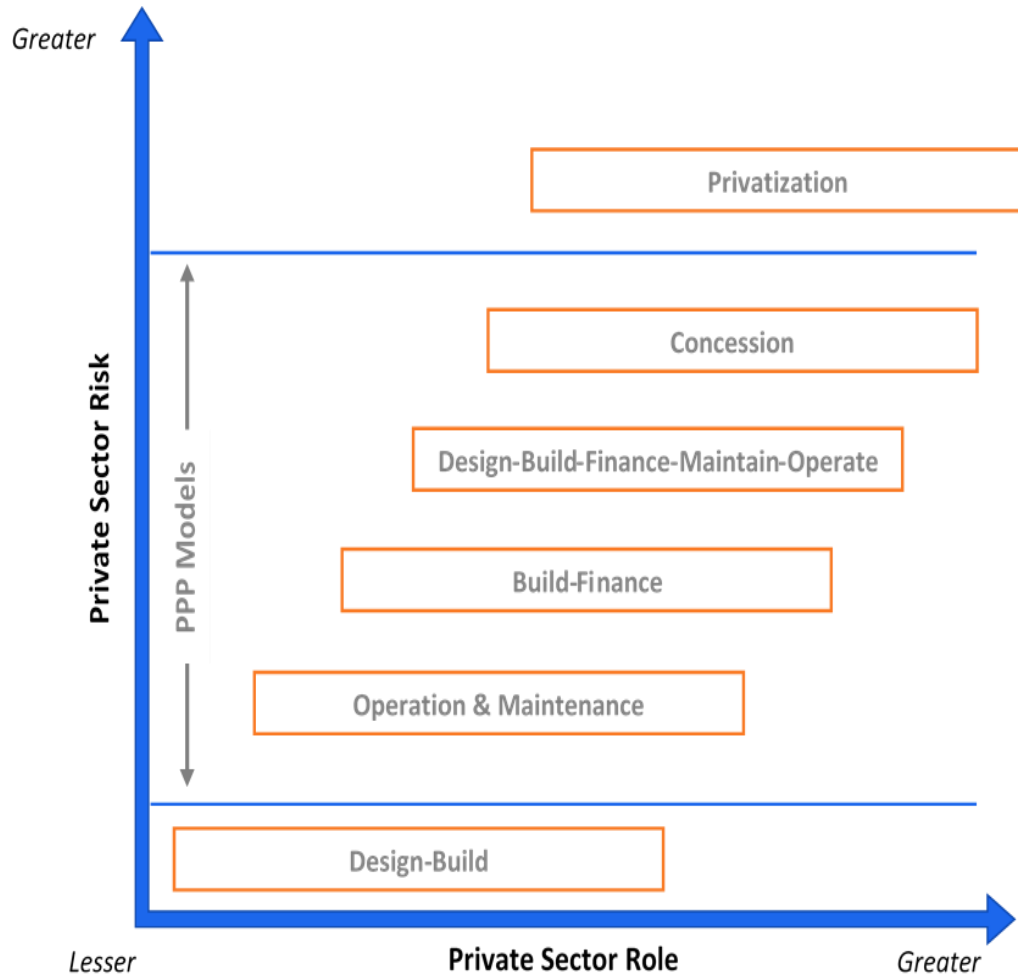
- Will likely return an annual deficit – typical of venues of this nature.
- Has the potential to achieve the same goals of revenue generation for the City and tenants, but with less risk assumed by the City. This can be impacted by management of facility.

Comparison	Existing PMC	New MUSEC
Net Operating Income	(\$800,000)	(\$550,000)

Maximizing Revenues and Minimizing Costs

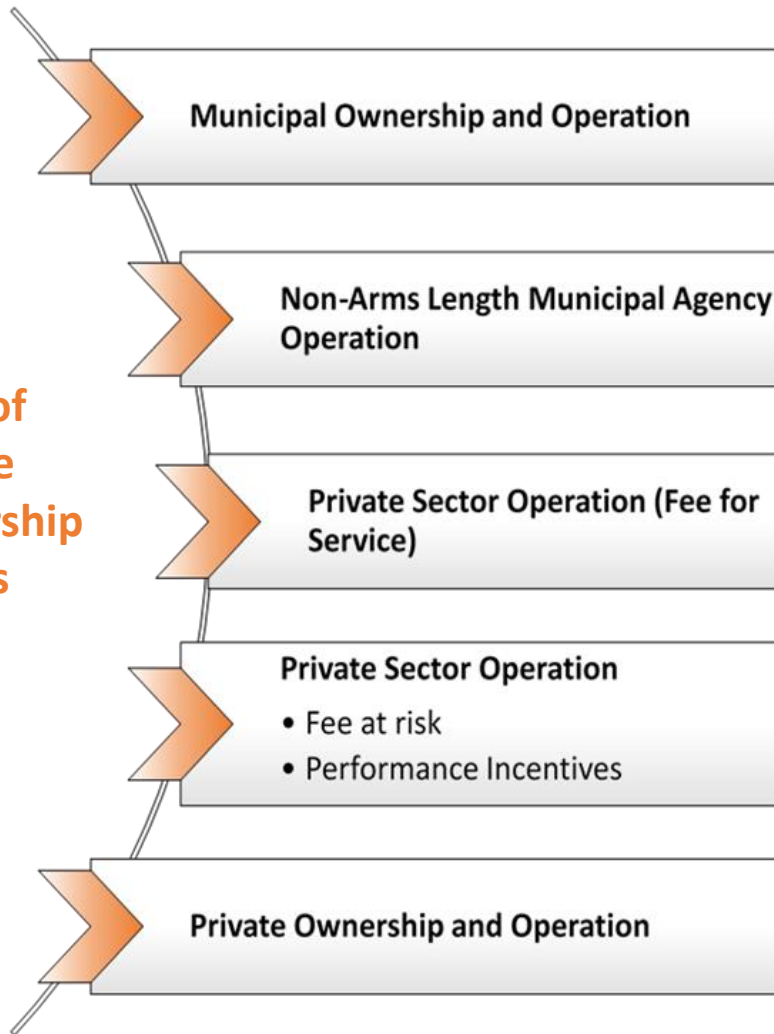
Risk-Sharing Partnership

- Management is incentivized – the financial risks and rewards are shared between the owner and operator.
- Key business objective of the City in pursuing its governance model for a new MUSEC.



Range of Partnership Options

Range of
Possible
Partnership
Options



Achieving Market Potential

Gradual Ramp-Up

- Expected ramp-up toward achieving target event days.

Effective Collaboration

- Achieving the financial projections is based on effective collaboration between the City and tenants in sustaining growth in attendance.
- Obtain a strong partnership arrangement with the teams through the licensing process to ensure that risk is shared.

Facility Net Operating Income (NOI) (\$2018)	Year 1	Year 2	Year 3
NOI Before Management Fee	(\$682,730)	(\$591,668)	(\$530,584)

Facility Net Operating Income (NOI) Before Management Fee (\$2018)	Year 1	Year 2	Year 3
Petes Average Attendance 3,000 per game	(\$670,992)	(\$684,412)	(\$698,100)
NOI – Petes Attendance 3,000 per game; No Second Tenant	(\$821,320)	(\$837,746)	(\$854,501)



3

CHOOSING THE SITE

The Process Followed



- **Step 1:** Determining Minimum Land Take
- **Step 2:** Defining the Search Area
 - *Focus on the Central Area (Schedule J) lands*
- **Step 3:** Site Search and Pre-Screening
- **Step 4:** Preparing Information Proformas for Key Sites
- **Step 5:** Site Evaluation and Scoring
- **Step 6:** Shortlist Sites and Site Fit Exercise

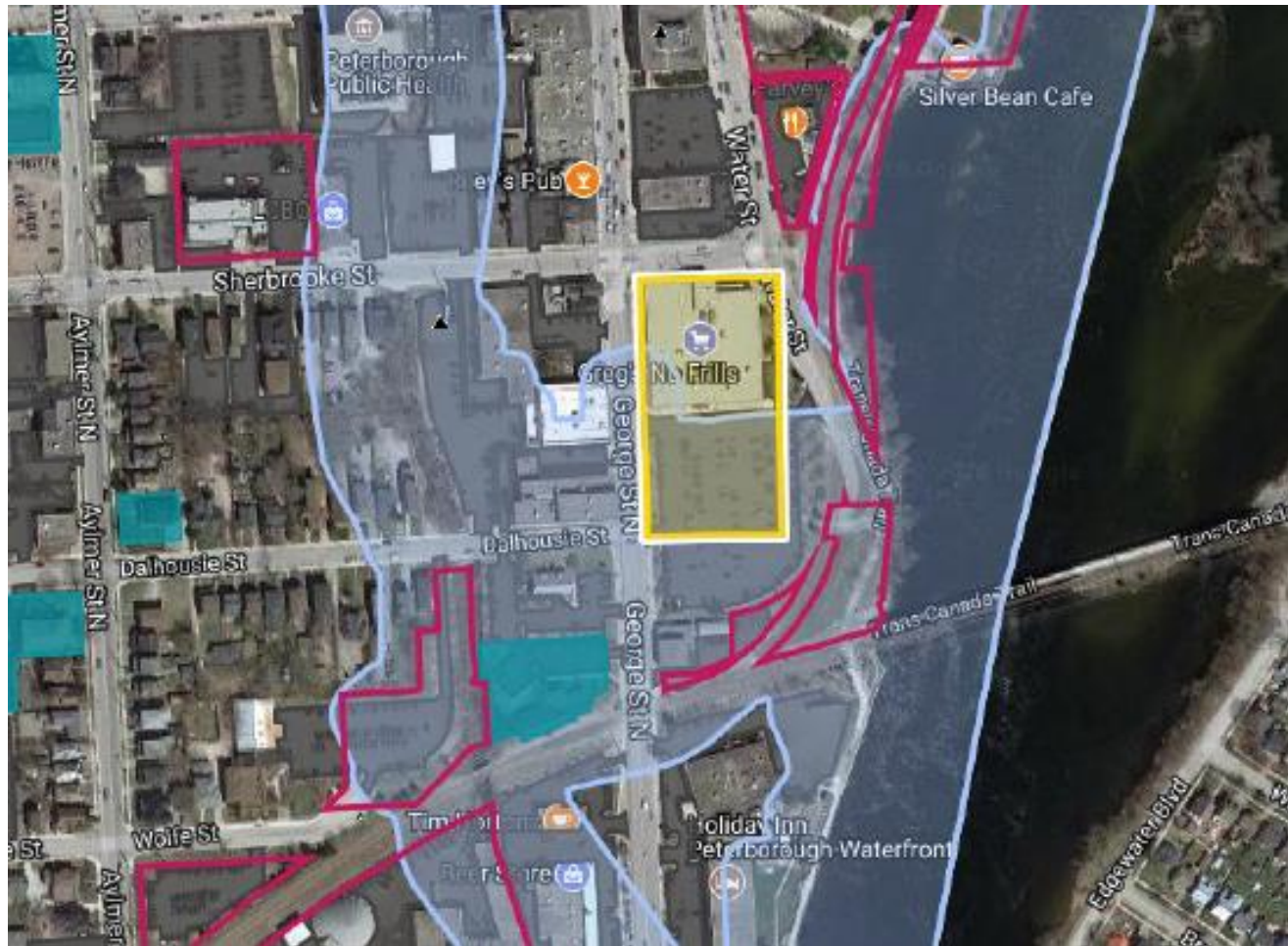
6 Key Sites
Identified



4 Shortlisted Sites
Tested with Concept

Site Fit Assessment

Loblaws / No Frills – 230 George Street North



Site Fit Assessment

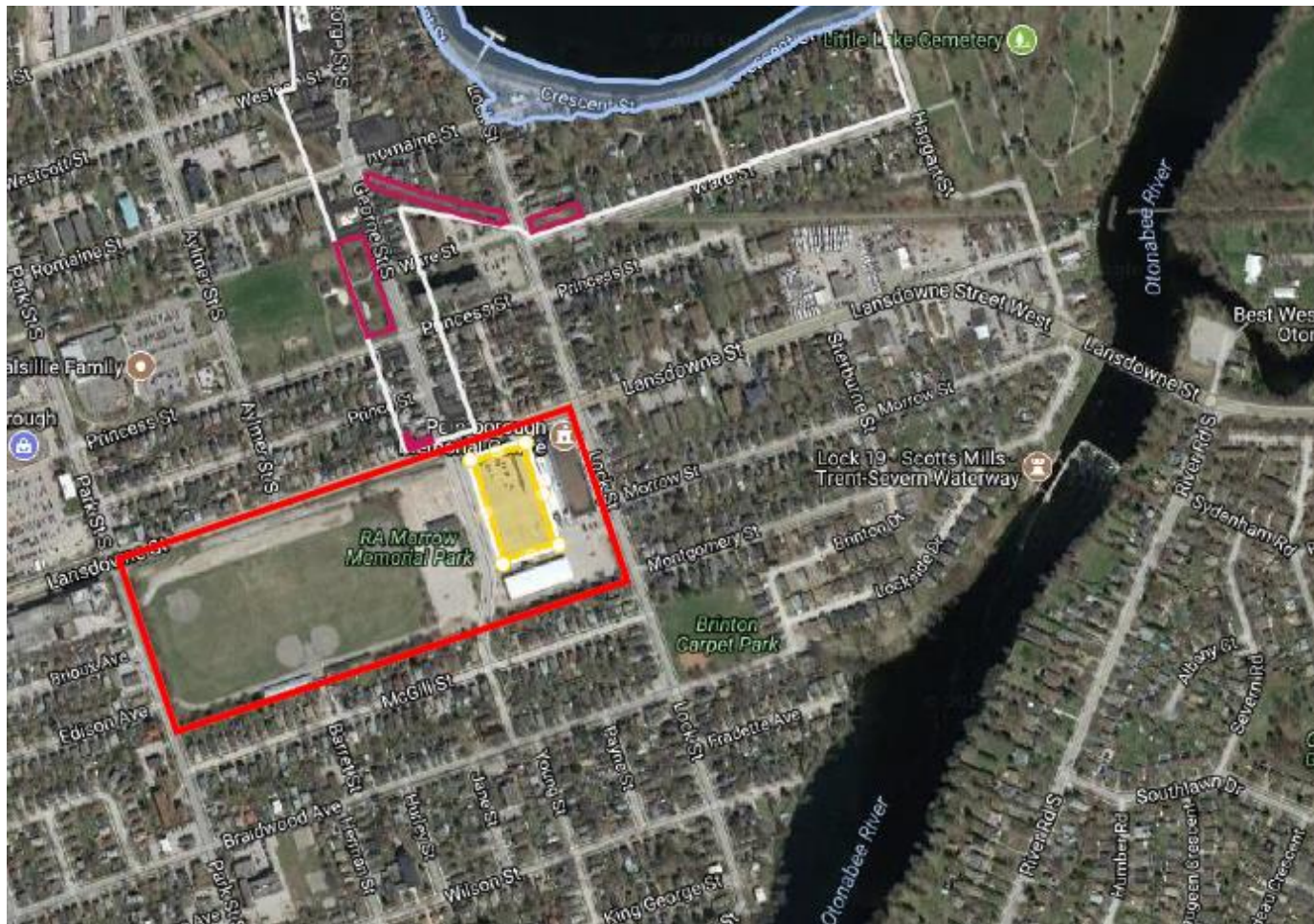
Loblaws / No Frills

230 George Street North



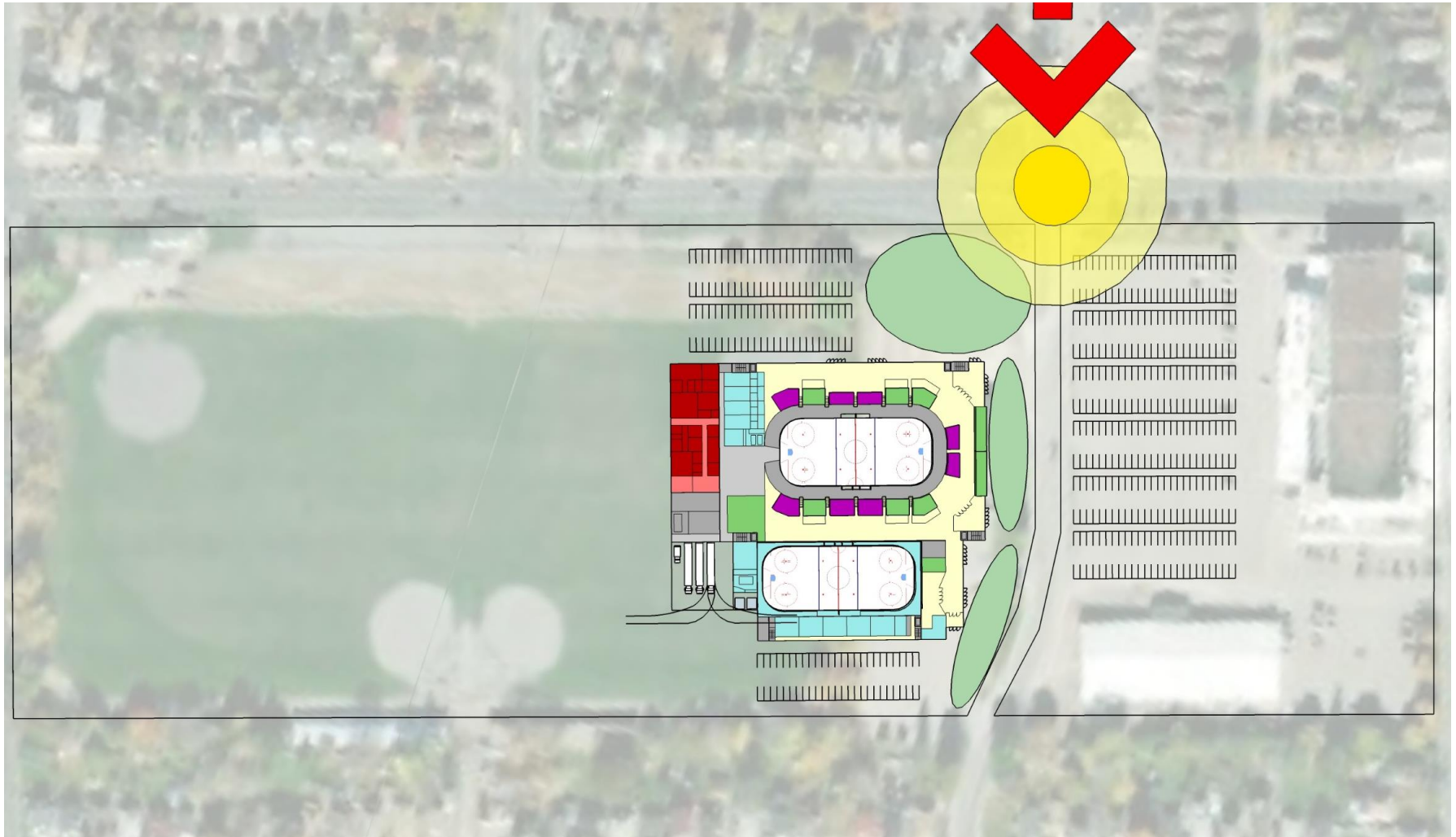
Site Fit Assessment

Morrow Park – Memorial Park



Site Fit Assessment

Morrow Park - Memorial Park



Site Fit Assessment

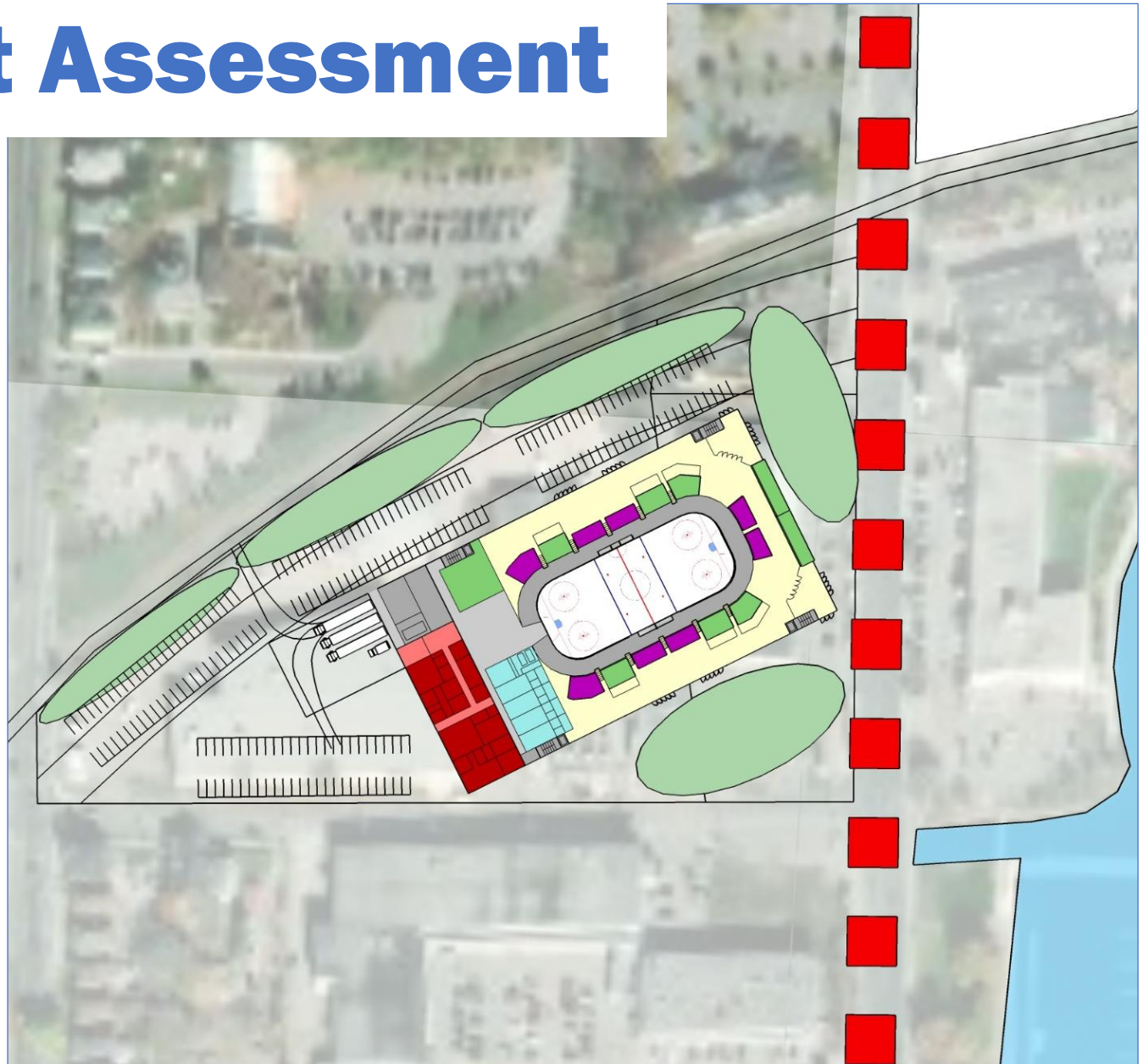
Public Works and Mall – 182 Townsend Street



Site Fit Assessment

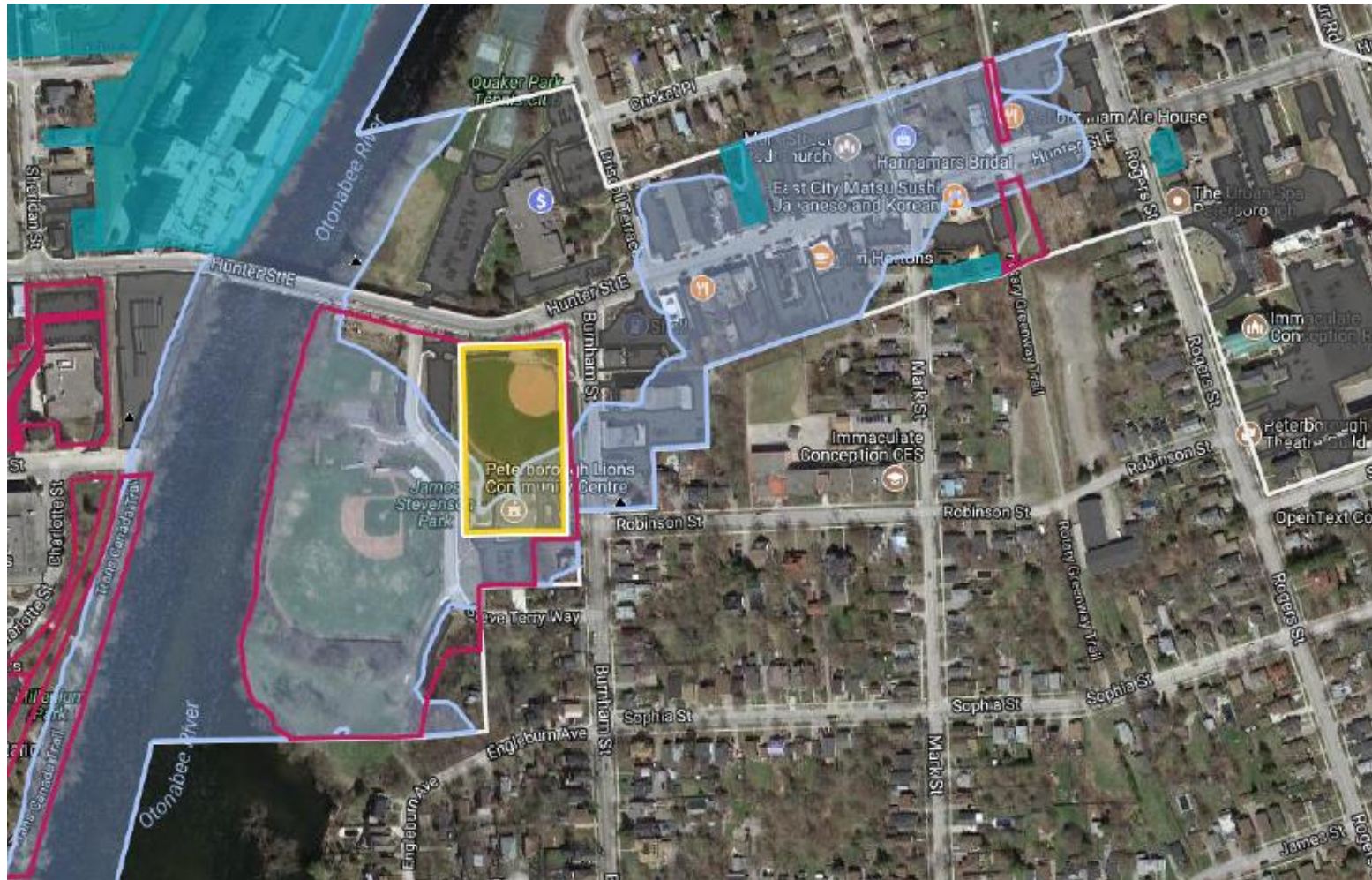
Public Works and Mall

182 Townsend
Street



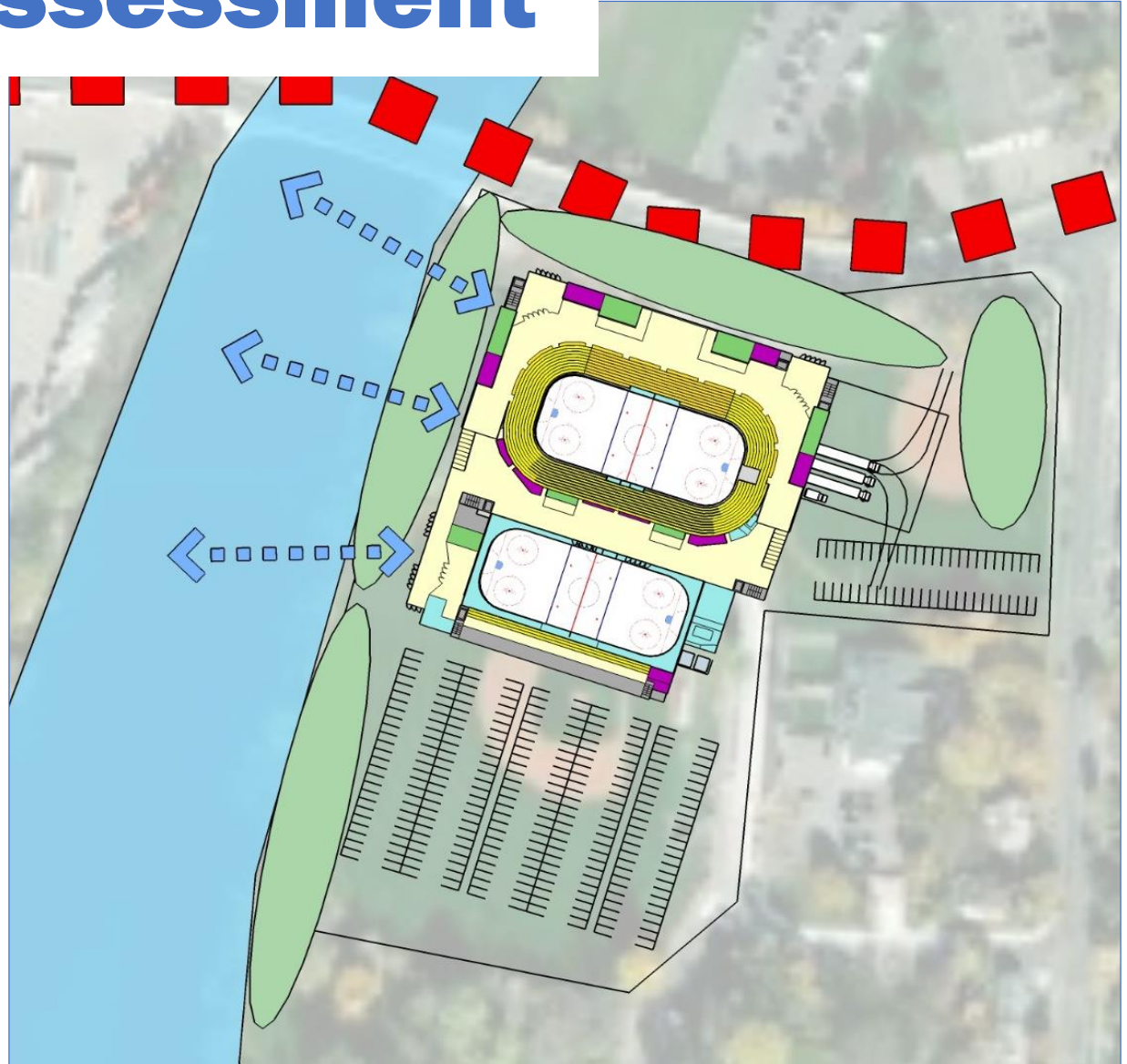
Site Fit Assessment

James Stevenson Park - 347 Burnham Road



Site Fit Assessment

**James
Stevenson Park**
347 Burnham Road



Locational Conclusions

	Benefits	Risks
Loblaws / No Frills	<ul style="list-style-type: none"> • Downtown location • Close to waterfront 	<ul style="list-style-type: none"> • Little design flexibility (no 2nd pad) • Land acquisition • Important local amenity
Morrow Park	<ul style="list-style-type: none"> • City-owned • Size (parking, 2nd pad) • Gateway site • Could incorporate Masterplan principles 	<ul style="list-style-type: none"> • Outside of Downtown
City Works Garage + Mall	<ul style="list-style-type: none"> • Downtown location • Brownfield regeneration 	<ul style="list-style-type: none"> • Irregular site configuration • Little design flexibility • Land acquisition
James Stevenson Park	<ul style="list-style-type: none"> • City-owned • Size (parking, 2nd pad) • Riverfront location 	<ul style="list-style-type: none"> • Environmental constraints • Policy compliance • Mitigation requirements

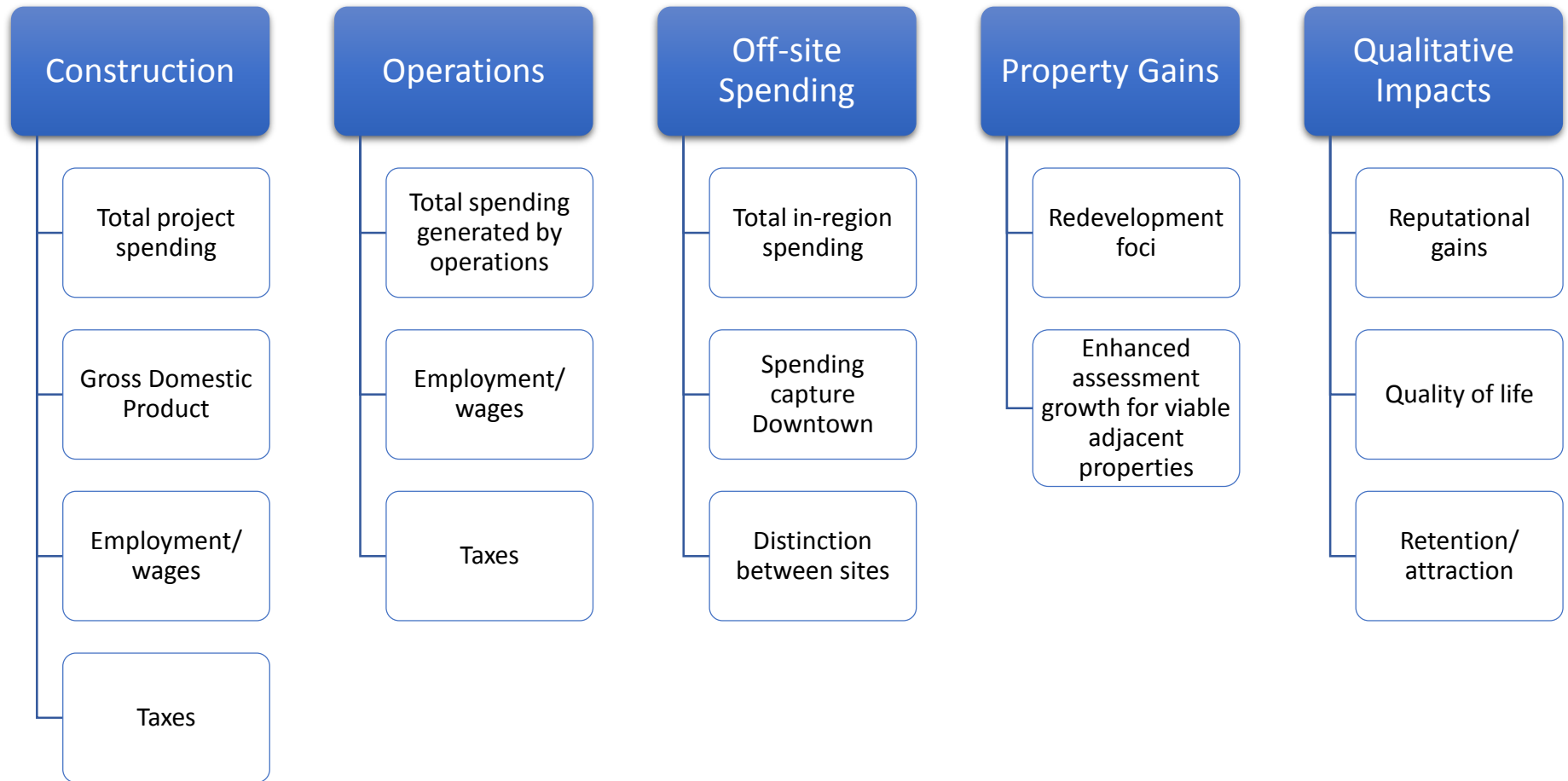


4

LEVERAGING IMPACT

Economic Impact

Ideal Range of Measures



Economic Impact Analysis

Outcomes of Analysis



Construction Impacts



	Direct	Indirect (In Prov)	Indirect (Out Prov)	Total
GDP Impacts from Construction Activity	\$39.2 M	\$16.5 M	\$3.3 M	\$59 M
Employment Impacts (FTE)	350	143	23	516



Operating Impacts



Off-site Spending



	Existing PMC	New MUSEC
Annual Operating and Visitor Spending	\$8 - \$9 M	\$12 - \$13 M

Economic Impact Analysis

Enhanced Assessment Growth – we know it will grow, just not when and how much

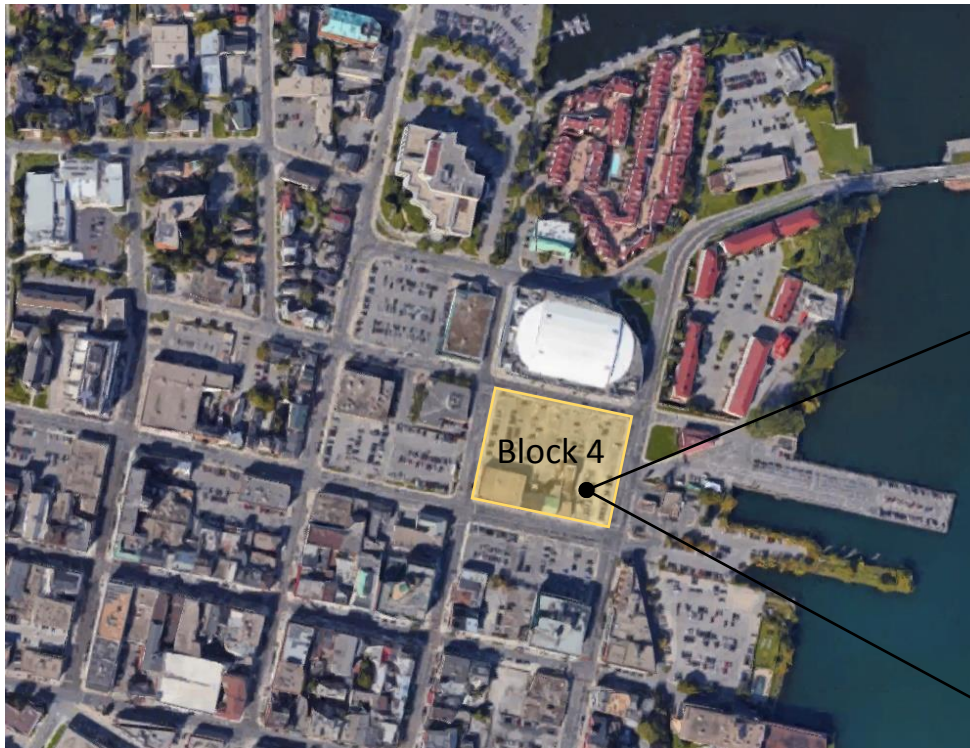
London: John Labatt Centre – Part of the Millennium Plan



Economic Impact Analysis

Examples of the Difficulty of Prediction: Enhanced Assessment Growth

Kingston (North Block District):



Existing Conditions



Proposed Development

Economic Impact Analysis

Examples of the Difficulty of Prediction: Enhanced Assessment Growth – Edmonton's CRL (Community Revitalization Levy) is well beyond targets

Edmonton:

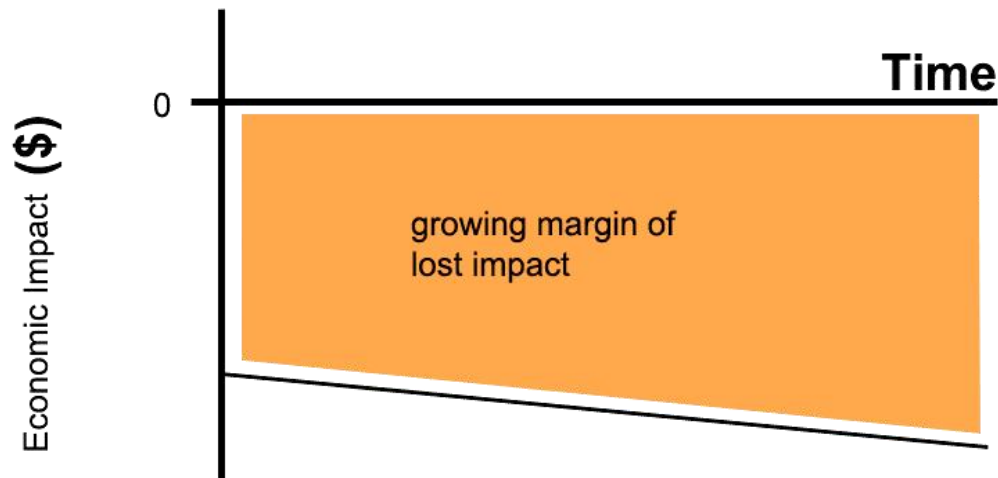


Vision



Opportunity Costs of the PMC



Growing Gap of Lost Impact



- Facilities age
- Functionality declines
- More local events
- Deteriorating operating position

Benefit-Cost Ratio

BCR for period to 2040

	Net Present Value (NPV at 5% discount rate)	New MUSEC	PMC – Maintain to 2040 then Build	Benefit-Cost Ratio (BCR) <div>>1.0 = </div> <div><1.0 = </div>
A	PV Total Capital	(\$78 Million)	(\$57 Million)	
B	PV Total Net Operating	(\$10 Million)	(\$21 Million)	
C	PV Economic Impact Benefits	\$213 Million	\$130 Million	
	Total Benefit (Cost) (A+B+C)	\$125 Million	\$52 Million	2.40

- Costs on both sides of the ledger: whether maintaining **business as usual** or investing in new;
- Pushing back capital spending has its advantages but it also comes with a cost in terms of lost revenues and lost regional economic benefits;
- Unmeasurable, but highly likely, is the lost opportunity for renewed private investment that is stimulated by public infrastructure projects.



5

IMPLEMENTATION


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DIALOG



Potential Project Timeline

Potential Timing:

2019

2023 or Later

DURATION LESS PREDICTABLE

DURATION MORE PREDICTABLE

Duration:

min. 18 months to several years

12 – 15 months

30 months

Action:

Council
Approval for
Implementation
Planning

Site
Confirmation,
Purchase Option
and other
Agreements as
necessary

Funding
Strategy

Further
Design
Specification
and Capital
Cost
Development

Community
Engagement
and Council
Approval

Selection of
Event Centre
Management
Company (via
competitive
process)

Select
Delivery
Method
and
Complete
Design

Construction
and
Commissioning

Next Steps

Site Location

- Locational choice must be framed in the context of the vision for Downtown and Central Area over next 20 years.

Design Work

- Tied to facility delivery method and site location.

Funding Strategy

- Based on a range of potential sources.
- Commenced immediately in next phase of work.

New License Agreements

- Nature of license agreement(s) is central to emerging operating model, business planning, design and revenue projections.

Next Steps

Council Updates

- Continuous throughout the process to determine continued viability of project.

Future of PMC

- Based on future planning principles (i.e. need to minimize municipal operating and capital costs if new MUSEC is developed).

Implementation Planning

- Does not equate to final approval, but provides greater certainty to project.



THANK YOU


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DIALOG

