



City of
Peterborough

To: **Members of the Finance Committee**

From: **Allan Seabrooke, Commissioner of Community Services**

Meeting Date: **January 14, 2019**

Subject: **Report CSAD19-001**
Major Sport and Event Centre Project Next Steps

Purpose

A report to provide staff's review of the Major Sport and Event Centre Feasibility Study Phase 1 & 2 final report; options regarding the next phase of the project; and to recommend awarding a single source consulting assignment.

Recommendations

That Council approve the recommendations outlined in Report CSAD19-001, dated January 14, 2019, of the Commissioner of Community Services, as follows:

- a) That Council approve proceeding with site selection as the next phase of the project subject to approval of this capital project in the draft 2019 budget.
- b) That Council approve the award of a single source consulting assignment for the next phase of the Major Sport and Event Centre to Sierra Planning and Management, 206 Laird Avenue, Suite 200, Toronto, Ontario at a cost of \$126,500, plus HST of \$16,445 for a total of \$142,945, pending approval of this project in the draft 2019 budget.

Budget and Financial Implications

Table 1: Cost for Site Selection Phase 3A for the Major Sport and Event Centre

Line	Description	Amount
1	Consulting Fees	\$110,000
2	Consulting Contingency	\$16,500
3	Total Consulting Costs	\$126,500

The total net \$126,500 requirement, after applicable HST rebates for the site selection Phase 3A for the Major Sport and Event Centre has been submitted through the draft 2019 Capital Budget (Appendix A, Reference #6-6.07). Staff propose that the project presented in the draft 2019 Capital Budget be further separated, requesting approval for site selection as a first step but only proceeding with the remainder of the capital project following Council's approval of the site selection. The remainder of this capital project is \$353,500.

Background

Previous Council Direction

Through Report CSAD18-005 Major Sport and Event Centre Feasibility Study Phase Two Final Report and Presentation dated September 17, 2018, Council approved the following recommendations:

- a) That the Major Sport and Event Centre Feasibility Study Phase Two Final Report and presentation by the consultant, Sierra Planning and Management, be received for information; and
- b) That staff review the consultant's recommendations in the Final Report and report back to Council through the 2019 Budget process with options regarding the next phase of the project.

Brief Description and Review of the Work Completed in Phases 1& 2

Sierra Planning and Management was retained in 2018 to determine the overall feasibility and cost benefits of investment in a new Major Sport and Event Centre in the City. The Executive Summary is attached as Appendix B. The study included a detailed assessment of the viability of a new facility from a number of perspectives including:

- i) relative need for a new facility;
- ii) market opportunity;
- iii) design and capital costing magnitude;
- iv) operational performance; and
- v) locational options.

The project was divided into two phases: Phase One Feasibility Study included stakeholder and community consultation to determine market and community needs to justify a Major Sport and Event Centre for the City and broader region, beyond what is provided currently in the existing Peterborough Memorial Centre; and Phase Two Business Case provided specific recommendations on the requirements for a new Major Sport and Event Centre based on the information gathered in Phase One including development of location criteria and an assessment of possible site options.

The Feasibility Study answered a number of questions to assist in making the decision to proceed on the path of planning for a new Major Sport and Event Centre in the City of Peterborough. The study concludes that the City of Peterborough is fully invested in the spectator events market in addition to the spectator market for hockey and lacrosse. The market draw for events to the Peterborough Memorial Centre is expectedly broad for even the most typical of events, extending well beyond the City and into southern Durham Region and parts of the GTA to the west of Durham. There is an emerging strong rationale for investing in renewed facilities to better access this market potential with greater frequency and the potential for improved economic and reputational benefits for the City.

The existing Peterborough Memorial Centre is being well maintained but has no capacity to add additional fixed seating or to make functionality improvements relative to its competition. The required investment to maintain the building in essentially its current functional state for the long term is not supportable and planning for its replacement should be a priority. Once there is Council approval to continue the work required toward implementation, the next critical steps include further site selection work and achievement of sufficient funding or a likelihood of achieving funding. It is likely that a minimum five-year window is required before the building is completed with evidence from other cities that suggests the timeline may be longer by several years, with the delay not in the design and construction phase but in the project definition, location selection and funding approval stages.

The consultant's report stresses that an implementation plan is essential and should commence in 2019 to ensure a replacement of the Memorial Centre in the medium term (5 years). There are a number of concurrent and sequential tasks involved in determining whether the City can or should invest in the replacement of the facility now or later. The City needs to address the long-term future of the asset but has a choice to continue the status quo or invest in the process leading to change. The implementation plan must respect Council's fiduciary responsibility to assess the feasibility and timing of the project relative to other needs and impacts on the City. There are a number of decision points which are provided in the implementation plan going forward where Council can assess the process of implementation. The implementation plan is an immediate step to provide greater certainty to the project – its definition, location, cost and affordability to the City.

Recommended Next Phase of the Project

Staff recommend continuing the work in 2019 through an implementation plan that gives priority to site selection in Phase 3A of the project. Defining Site Selection as a separate phase of this project will allow the implementation plan to continue, resulting with a recommendation for Council approval to proceed with a preferred site or, at most, two sites. The next step is to perform additional evaluation of the shortlist of candidate sites identified during the feasibility study project, including a review of one additional site as requested, the Market Plaza site. The evaluation would explore estimated capital cost to acquire and/or develop, planning suitability, parking supply and demand, and long term strategic alignment with the Official Plan objectives in the areas under consideration. A contingency is included in the budget request for site-related expenses that may need to be carried out if the candidate sites are close enough in desirability and the difference between sites depends on technical and site development cost risks. Performing these studies during this phase would be done if necessary to render a decision by Council. A portion of the budget for design specifications is allocated to this phase of the project to allow for conversations regarding development options on potential sites. The remainder of the project (Phase 3B) will only proceed if Council approves site selection in the first part of this assignment.

The balance of the project to proceed with in Phase 3B would include:

- i) land acquisition or land assembly plans to facilitate the concept design plans including required environmental and geotechnical assessment phases and ORCA approval on the site selected;
- ii) refining the business case for the new facility that includes the financing/funding strategy, Memorandums of Understanding and the financial requirements of anchor tenants as well as potential area development partnerships;
- iii) preparation of a higher level of architectural and engineering design and potential cost; and
- iv) development of a Request for Proposals to secure the interest of a third party to design, build, finance and potentially operate and maintain the new Major Sport and Event Centre.

The project structure going forward would continue to include the Steering Committee that is comprised of staff and representatives from the Peterborough Petes, Peterborough Lakers, Peterborough Kawartha Economic Development and Downtown Business Improvement Area.

Throughout the process Council will be apprised of the outcome of each substantive stage of the work so that decisions can be made as to whether the project remains viable as the specifics of capital cost, timing and funding are brought clearer into focus.

Single Sourcing the Consulting Assignment

Section 11.2 of the City Procurement By-Law 18-084 requires that “prior to seeking the approval of the Approval Authority and prior to any discussion with the Supplier, the Department must obtain the Treasurer’s approval to initiate a Non-Standard Procurement in accordance with all applicable procedures and protocols”. The City Treasurer has approved this.

Section 11.3.1 (b) of the City Procurement By-Law 18-084 permits a Non-Standard Procurement “where only one Supplier is able to meet the requirements of a procurement in order to: i. Ensure compatibility with existing products; ii. Recognize exclusive rights, such as exclusive licenses, copyright and patent rights; or iii. Maintain specialized products that must be maintained by the manufacturer or its representative.”

This proposed assignment in Phase 3 will build directly on the work and recommendations already completed by Sierra Planning and Management during Phases 1& 2 of the Major Sport and Event Centre Feasibility Study. To bring another consulting firm “up to speed” is anticipated to add additional costs and would diminish the continuity of the project given the substantial background work completed by Sierra. In consideration of this, staff believe Sierra, given their initial project involvement and knowledge of the assignment, are the best provider to complete the next phase of the project.

Timelines

If the recommendations are approved and approval of this draft capital project is given in the 2019 budget, the assignment will be confirmed via a purchase order before the work commences. The work will begin immediately after the purchase order is issued which is anticipated in February 2019. Staff will return to Council in the last quarter of 2019 to report back on Phase 3A – Site Selection to obtain direction on whether the remainder of this project proceeds (Phase 3B).

Summary

Staff recommend continuing the work of Sierra Planning and Management in 2019 through an implementation plan that gives priority to site selection in Phase 3A of the Major Sport and Event Centre project. The remainder of the project will only proceed if Council approves site selection. The completion of this assignment for site selection is expected by the last quarter of 2019.

Submitted by,

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Attachments:

Appendix A: 2019 Capital Project #6-6.07 Business Plan Phase III – Major Sport and Event Centre Project

Appendix B: City of Peterborough Multi-Use Sport & Event Centre – Feasibility Study September 2018 – Executive Summary.

2019 - 2028 Capital Budget Justification Other Capital Assets
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Department: Community Services**Budget Reference #:** 6-6.07**Division:** Arenas - Arenas**Project Name & Description**

Business Plan Phase III-Major Sport and Event Centre Project

Commitments Made

Report CSD10-004, dated April 20, 2015 and approved by City Council, stated the Major Event/OHL Facility Study, scheduled for 2018 in the Development Charges Background Study, be moved up to 2016 and that no further initiation of the Morrow Park Master Plan be undertaken until the Major Event Facility Study is complete. It was presented to Council through Report CSAD18-005 dated September 17, 2018. Feasibility Phase I and II were completed in Q3 2018 and explored the market, community needs and business case to justify a Major Sport and Event Centre in the City and broader region beyond what is provided currently in the existing Peterborough Memorial Centre. Council approved the recommendation for staff to review the consultant's recommendations and report back to Council through the 2019 Budget process with options regarding the next phase of the project.

Effects on Future Operating Budgets**Project Detail, Justification & Reference Map**

Continuation of the work started in Phase I and II of the project that consisted of a Feasibility Study and Business Case for a new Major Sport and Event Centre to replace the existing Peterborough Memorial Centre. Approval of this project will include the extension of the contract of consultant Sierra Planning and Management to complete Phase III of the project.

The consultant will assist staff to proceed with: i) land acquisition options; ii) refine the business case for the new facility that includes the financing/funding strategy, Memorandums of Understanding and the financial requirements of anchor tenants; iii) prepare a higher level of architectural and engineering design and potential cost; iv) development of a Request for Proposals to secure the interest of a third party to design, build, finance and potentially operate and maintain the new Major Sport and Event Centre.

Part A - Design Work, Funding Strategy, Delivery Strategy (including RFEOI/RFP Process for both Operator and design-build delivery), Licensing Agreements - \$380,000

Part B - Site-Related Expenses - Work program for proposed sites to include i) Environmental Assessment (Phase 1); ii) Geotechnical Assessment; iii) Environmental assessment (Phase 2); iv) ORCA modelling exercises; v) Site transfer/ownership; vi) Additional Site Planning Work for approved building type - \$100,000

Questica #: 16-028

Other Capital Assets
Ten Year Capital Budget Estimates
 2019-2028 & Subsequent Years
 (\$000)

		Project Total	Approved Pre-2019	REQUESTED					2024 to 2028	2029 to 2043	
				2019	2020	2021	2022	2023			
Department	Community Services										
Division	Arenas - Arenas										
Project Description	Business Evaluation - OHL/Major Event Facility Study										
Project #	6-6.07										
Expenditures											
Contractual Services		630.0	150.0	480.0							
Total Direct Revenue											
Net Requirements		630.0	150.0	480.0							
To Be Financed From:											
Development Charges											
DCRF Gen Gov		45.0	45.0								
Total Development Charges		45.0	45.0								
Capital Levy		585.0	105.0	480.0							

CITY OF PETERBOROUGH MULTI-USE SPORT AND EVENT CENTRE

FEASIBILITY STUDY

SEPTEMBER 2018



Sierra Planning and Management
advice • strategy • implementation

DIALOG[®]



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Appendix A: MUSEC Conceptual Program

Appendix B: Order of Magnitude Capital Costs

Executive Summary

There is no single measure of viability of a facility of this nature. Rather, it is determined through a combination of work streams that together address the relative merits of the project, the proposed capital spend and operational impacts (both financial and “below-the-line” economic benefits) and the tolerance toward the range of risks (capital cost, market, timing, and operational) that must be understood prior to embarking on a funding strategy to develop the facility.

Key Questions Answered

- **Is the Peterborough Memorial Centre (PMC) worth re-investing in as the City’s sports and entertainment (event) centre?**

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

The increasing lack of functionality of the PMC, relative to its competition, is the most significant future risk. The required investment to maintain the building in essentially its current functional state is not supportable and is made more apparent when considering the likely future subsidies required to support annual

¹ Short-term costs do not include expenditures planned and pre-approved for ice pad and dasher boards replacement of \$3.5 million. However, refrigeration plant upgrades planned for 2025 per this 2011 report have

operations over and above the required capital expenditures to maintain it.

Future life cycle costs are based on a 2011 Building Condition Assessment which identified the remaining life of all building systems and FF&E (furniture, fixtures and equipment) and their replacement cost in current dollars (2011).

Future Capital Investment Required for PMC

Estimated Replacement Year	Budget
2012 - 2020 ¹	\$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

Source: Sierra Planning and Management based on Accent Building Science Inc. Memorial Centre Building Condition Report, 2011

All of this additional capital spending, which in 2018 dollars is approximately \$26 million, is simply to maintain the **current** level of functionality. None of this spending improves the capacity or functionality of the building in a materially significant way or enables it to compete better against buildings in other centres in the region. Less charitably, it can be viewed as the spending required to maintain the same level of disfunction of the building. An analogy

been undertaken; and dasher boards, now part of the 2019 expenditures, were planned for 2023.

with treading water doesn't do justice to the fact that this can only occur for so long.

The operating gap – the gap between market potential and the performance of the building - is more than just a comparison of the current to future deficit of the PMC, it is between the future deficit in this building and the operating performance of a new building. That is likely to represent a wider gap still.

The resulting economic impacts of the building also can be expected to decline as the competitive position of the building in the market place further declines.

All together, these growing margins between what is possible and what is apparent, represent opportunity costs that are potentially every bit as important over time as capital costs are in terms of initial funding needs for a new building.

➤ **Should the City of Peterborough be involved in the entertainment and events business?**

The City of Peterborough, through its investment and operation of the PMC, has been a longstanding player in the events market in Central and Eastern Ontario. In general, the PMC has hosted a consistent number of sporting events and has seen steady growth in the concert market in the last few years.

A review of historic events indicates there is opportunity for growth in live shows, family events and the tradeshow/conventions market.

Trends in facility performance indicate the importance of the concert market at the PMC. Despite hosting fewer of these events compared to tenant events, concerts generate a significant share of gross

revenues for the facility. Additionally, on a per event basis, concerts generate the largest gross revenues compared to other activities.

A review of PMC **tenant** event ticket sales indicates the market for these activities is more local than regional. However, non-tenant events (for example concerts) tend to pull a larger share of attendees from beyond the local and county area. This can be expected to have both direct economic impacts, through spending at the PMC, as well as indirect economic impacts, as out-of-area visitors can be expected to spend dollars outside of the PMC on food and beverage, accommodations and other items locally.

The City of Peterborough is fully invested in the spectator events market in addition to the spectator market for hockey and lacrosse. The market draw for events to the PMC is expectedly broad for even the most typical of events – extending well beyond the City and into southern Durham Region and parts of the GTA to the west of Durham. The City of Peterborough is both the beneficiary of its proximity to the GTA market as well as a partial casualty in terms of enhanced competitive offer at other GTA venues. There is an emerging strong rationale for investing in renewed facilities to better access this market potential, with greater frequency and the potential for improved economic and reputational benefits for the City.

The existing spending impact arising from the operations of the PMC and the spending of patrons in the City associated with visiting the PMC is not inconsiderable. The direct spending impact coupled with the wider impacts to the region is in the order of \$8 million to \$9 million annually.

Profiling the Market Area for Concerts

2017 Concerts Attendance (excl. OHL and Lakers)		
General Area	Patrons	%
1 City of Peterborough	10,642	46.2%
2 Peterborough County and North Hastings County Lindsay, Kawartha Lakes, Haliburton, West	4,252	18.5%
3 Northumberland County Belleville, Trenton, Cobourg, Port Hope, Quinte	2,119	9.2%
4 Shores East	1,819	7.9%
5 Oshawa, Whitby, Pickering, Ajax	553	2.4%
6 Bowmanville, Newcastle, Courtice, East Durham	417	1.4%
7 Toronto	360	1.6%
8 International	257	1.6%
9 Other: Renfrew /Lanark, London	215	0.9%
10 Port Perry/Uxbridge, Keswick, Barrie	146	0.6%
Sub-Total	20,780	90.2%
Other	2,259	9.8%
Total	23,039	100.0%

- **What is the future market for events in the City and at a major sports and entertainment facility?**

Tenants

- Clearly two tenants remains the aim with a goal to ensure stable enhancement in non-tenant events as well;
- The goal for tenant events is to increase attendance commensurate with the higher seat count in the new facility and ensure sustainability of this annual attendance. This

speaks to the responsibility of the teams to create an evergreen business planning framework which is capable of sustaining growth in the target audience market; and

- Comminute with this, new license agreements will reflect the importance of achieving higher attendance and patron spending at all events.

Non-Tenant Events

- The aim should be attendance growth leveraging the higher seat count, the greater functionality of the building, its renewed competitive position and the market that is growing;
- The aim should be continued diversification of event types and growth in all categories of event;
- If a second pad is an option the aim should be to maximize the trade show and convention market working with the hotel sector and, depending on the site capacity, utilizing the campus as a whole;
- Armed with a new building, actively seek a place in the market for major provincial and national sporting competitions / championships. This includes not only ice but dry floor sports as well (i.e. gymnastics, dance, court sports, even pool events - see Windsor's successful use of a 50-metre competition Myrtha pool in its sport and event centre); and
- A second pad adds significant potential for tapping new ice rental opportunities (for example, adult summer leagues, as is the case in Oshawa's Tribute Communities Centre), as well

as major tournaments. A second pad would be scheduled primarily as a community recreational facility to meet those future needs but with its complimentary use for major events. This is particularly the case if the community facility includes a number of meeting / break-out rooms for use during conventions.

The goal for a new MUSEC should be to attract, on a sustainable basis, between 25 to 30 commercial ticketed events in addition to the roughly 55 game days of the two tenants that typically occur each year. While yearly numbers vary, the 2017 calendar included 18 such events over and above the 56 tenant events.

It is estimated that the annual operating and visitor spending impact arising from a new MUSEC is an order of magnitude greater than at present – likely to be in the range of \$12 million to \$13 million.

Proposed Concept and Capital Cost

Following the review of market opportunities, the balance of the report addresses the proposed concept which is recommended to be a new facility with approximately 5,500 to 6,000 fixed seats (our proposed concept is 5,500 to 5,800 fixed seats). The capital cost, potential approach to a funding strategy, as well as an estimate of the operating costs and revenues are also included.

Order of Magnitude Capital Costs

Cost (Note: Costs exclude land, off-site servicing and extra-ordinary development costs.)	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 Consultations & 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	

Relationship with Community Ice Needs

The business case for a second ice surface lies in its relationship to the overall scale of capital cost and the constraints of site location. Other things being equal, we would recommend the active consideration of an integrated community ice surface as a second pad. There are significant benefits to the community and marketability of the centre for space extensive events. There are also obvious economics of scale in both capital and operating costs.

Locational Opportunities

The choice of location is complex and represents an ongoing discussion, as it should. The benefits of a second ice pad and the successful search for a site to accommodate a larger footprint such as would result from a two-pad facility clearly intersect with the viability of a downtown versus a near-downtown location. Choices will have to be made. This report, as well as the location assessment report under separate cover, provides the range of choices and the implications of each.

The locational assessment is predicated on Council's endorsement of the search for a site within the existing Central Area planning boundaries (Official Plan Schedule J) which precludes the easy accommodation of a second ice surface. This is not to suggest that the ultimate project exclude a second surface; examples exist of two sheet buildings in the context of tight urban sites, including Oshawa's Tribute Communities Centre.

As required by the Council Motion in this regard, the locational assessment of sites outside of the Central Area is necessary given the constraints or otherwise of existing Central Area sites; regardless, the decision to accommodate a second sheet may represent an opportunity dependent on site and funding availability rather than a predetermined component of a new event centre.

Understanding the Benefits and Costs of Status Quo Versus Change

A new Multi-Use Sport and Event Centre will in all likelihood return an annual deficit. Very few venues of this nature are operationally in surplus and even fewer account for additional costs such as necessary capital reserve funding as an annual charge.

The status quo is represented by the current deficit which has increased as a result of changes to the licensing agreements for the two teams and the sharing of revenues. A new building offers the potential to achieve the same goals of revenue generation for both the City and the tenants but with less risk assumed by the City.

PMC Financial Position Summary (2017)

	2017 (Actuals)
REVENUES	
Administration	(1,028,716)
Operations	0
Events	(699,192)
Vending	(20,853)
Food & Beverage Services	(137,327)
Transit Advertising	(83,727)
TOTAL REVENUES	(1,969,814)
EXPENSES	
Administration	710,128
Operations	1,199,844
Events	851,168
Vending	18,411
Food & Beverage Services	7,911
Transit Advertising	0
TOTAL EXPENSES	2,787,462
NET	817,648

Revenues/Expenses of Note:

Ice/floor rentals: \$242,570
Advertising: \$135,038
License Fees: \$289,600
Box Office: \$109,262

Admissions: \$293,320
Contractual Rec.: \$363,780

Salaries/benefits: \$507,100

Salaries/benefits: \$425,806
Utilities: \$538,173
Building Mtce: \$122,477

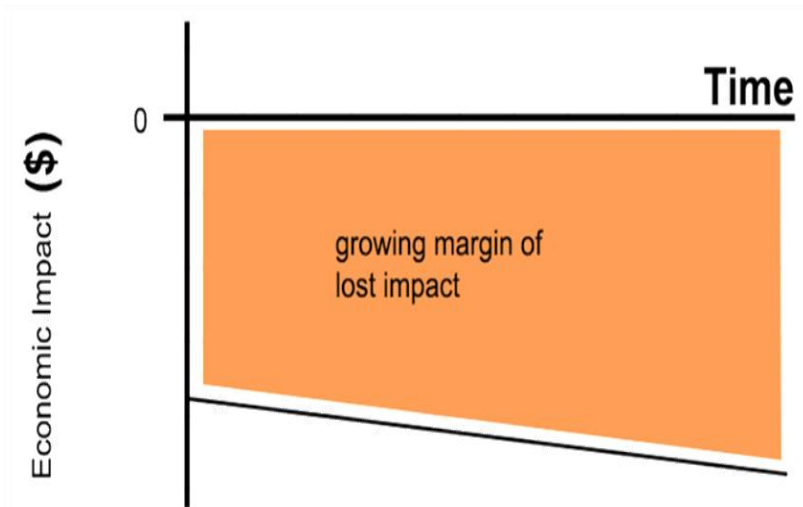
Salaries/benefits: \$509,177
Contractual Services: \$310,489

A process to renew the principles of licensing arrangements at a new venue is important as a first step, creating a partnership of collaboration to maximize the success of the new facility. The Peterborough Petes and the Lakers are core partners to ensuring the success of the new business plan and a collaborative arrangement of revenue sharing to achieve growth and sustainable operations at a new MUSEC is a fundamental principle going forward.

Our estimates in this report are that a new facility can achieve a reduction in deficit compared to the current position. The amount of that deficit (approximately \$500,000 before consideration of any management fees for a third-party operator) is a conservative assessment. It is anticipated that, as the project moves forward, opportunity will exist to further consider the range of revenues but also costs to determine and reconfirm the expected nature of the deficit for a new building over the long term.



Regardless of the final projections, it is evident that the deficit in the current building will likely grow if the role of that building remains the premier sport and event centre in the City. We have witnessed this in other venues which, as they age and their functionality declines, see the more financially beneficial events decline, replaced with more local events, and the overall operating position deteriorates. This can reasonably be expected in the case of the PMC.

Growing Gap of Lost Impact



The comparison of benefits and costs (the Benefit-Cost Ratio) firmly indicates that the status quo results in a net cost compared to embarking on an implementation plan to replace the PMC. The estimated Benefit-Cost Ratio (BCR) is 2.40, indicating substantial benefits from this project over the long-term.

Benefit-Cost Ratio (BCR)

	Net Present Value (NPV at 5% discount rate)	New MUSEC	PMC – Maintain to 2040 then Build	Benefit-Cost Ratio (BCR) >1.0 =  <1.0 = 
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

Source: Sierra Planning and Management

Among other positive social impacts, such as an increase in reputation for a community, multi-use facilities also play an influential role in creating vibrant areas that can attract higher income/higher educated households to the local environment. MUSECs can also act as anchors for regeneration efforts, based on the ability to draw a critical mass of visitors to the area for events, which can help support restaurants and retail shops. Additionally, these large-scale projects can stimulate infrastructure investment in the district and attract other development projects.

These broader regenerative impacts are difficult to predict but, based on case examples, there is a reasonable expectation that a

new MUSEC as part of a more comprehensive development framework for Peterborough can effect change.

As part of the decision-making process, it is important that City planning initiatives like the Official Plan Review continue to create a vision for the central areas of the City.

Priorities Going Forward

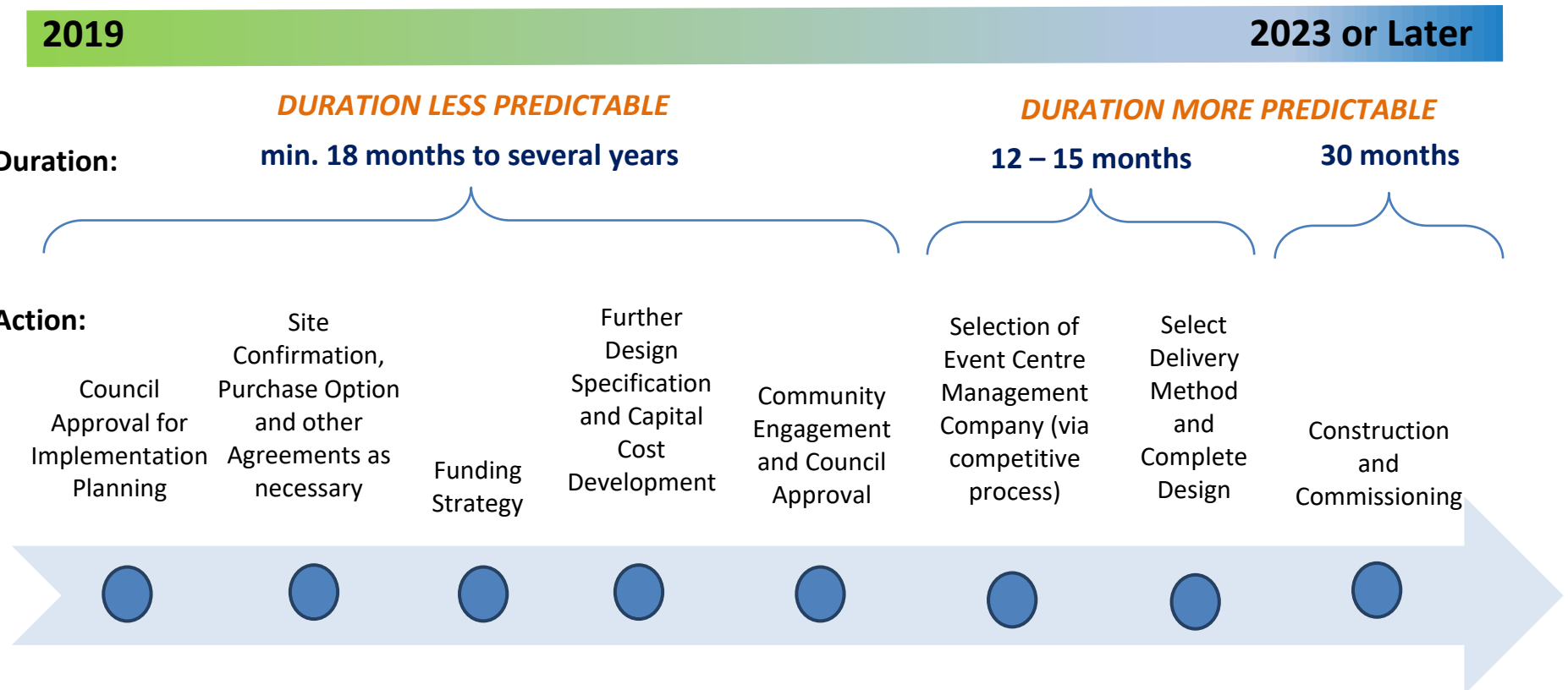
Based on the assumption of timely and concurrent work on the range of location, funding, and downtown planning work that is required, the following represents a schematic timeline to achieve development with 5 years. This is based on the assumption of a) Council approval to continue the work required toward implementation and b) funding is achieved within the timeframe prior to planned construction.

These two caveats – council approval to proceed and achievement of sufficient funding or a likelihood of achieving funding – are critical to the timeline. If a decision to proceed with further site selection work, funding assessment and project planning were immediate, it is likely that a minimum 5-year window is required before the building is completed. Evidence from elsewhere suggests the timeline may be longer by several years, with the delay not in the design and construction phase but in the project definition, location selection and funding approval stages.

Faced with this reality, implementation planning should commence in 2019, so as to ensure a replacement facility in the medium-term. Any delay and replacement becomes more akin to a long-term plan which, based on the findings of this report, represents a risk to the City operating successfully in the events market.

Potential Project Timeline

Potential Timing:



Site Location

Alongside this report Council has received our analysis which effectively ranks several sites according to our preference based on a range of factors. However, every site has significant questions regarding its validity which can only be answered once the current study is complete and additional site investigation is conducted.

Site selection drill-down analysis for the preferred site(s) is a key next step which enables further consideration of all other aspects of the project. Site selection informs:

- Site development costs;
- Scale and capital cost of the facility;
- Funding Strategy; and
- Delivery Strategy and timing of implementation of a competitive process to select a design-build consortium.

Surrounding all of this is a need to frame the locational choice firmly in the context of the vision for downtown and the central area of Peterborough over the next 20 years. This involves an understanding of the big-moves in land use planning under consideration including the gateways and corridors which are positioned for increased density and redevelopment, planning for the open space system and its connections across downtown, along and across the river and how the future of the GE lands offers a new an innovative direction for the City.

Design Work

The level of design work in the next phase is tied to the selected method of delivering the facility). At the very least, there is a need to develop the project from a concept plan, developed to articulate expected scale and capacity to fit on candidate sites, to a design which is capable of informing the specifications for a detailed design-build package.

Funding Strategy

This is likely to involve the following:

1. Continued capital cost estimating based on design specifications work and increasing certainty as to overall scale of land-related acquisition and site development costs/extra-ordinary development costs, etc.;
2. Development of a funding strategy based on a range of potential sources, and a potential approach to itemizing and estimating the funding potential of each; and
3. Undertaking necessary risk analysis for each of the funding sources to determine the potential impact to the tax base arising from different combinations of funding.

The funding strategy should commence immediately in the next phase of work following any decision of Council to accept and approve the feasibility study.

New License Agreements

New License agreements will be required. Work should commence in the shorter term following any approval of this feasibility study. This is because the nature of the license agreement is centrally relevant to the emerging operating model, business planning documents and revenue projections, and even the agreement with the third-party operator and its capacity to manage the building effectively. These agreements also impact the design assignment and functional space program, as well as the capital costs and the extent to which the tenants are expected to contribute capital dollars.

The principles of an agreement with each licensee should be established. More detailed discussion leading to an agreed license agreement can occur with the third-party operator involved alongside the consulting team.

Council Updates

Throughout the process, Council will need to be kept apprised of the outcome of each substantive stage of the work so that decisions can be taken as to whether the project remains viable as the specifics of capital cost, timing, and funding are brought clearer into focus.

Future of the Peterborough Memorial Centre (PMC)

The future use of the PMC should be part of this process. The current study identifies the principles on which any future planning should occur, recognizing the historic value of the PMC to the community. Key among those principles is the need to minimize municipal operating and capital costs for the facility if the City develops a new MUSEC to replace the PMC.

Implementation Planning Does Not Equate to Final Approval

An Implementation plan is essential. There are, as described, a number of concurrent and sequential tasks involved in determining in the final manner whether the City can, or should, invest in the replacement of the facility now, or later. The City will need to address the long-term future of the asset but has a choice to continue the status quo or invest in the process leading to change.

An implementation plan must respect the Council's fiduciary responsibility to assess the feasibility and timing of the project relative to other needs and impacts on the City. Accordingly, there are a number of decision points which are provided in the implementation plan going forward where Council can assess the process of implementation.

The implementation plan is an immediate step to provide greater certainty to the project – its definition, location, cost and affordability to the City.