

Downtown Arena Negotiated framework highlights

October 2011

The following summarizes key points of the downtown arena framework approved by City Council on October 26, 2011. For more information, please contact the 311 operator.

1. The City will own the arena building and land.
2. A Guaranteed Maximum Price for the downtown arena building of \$450 million, including the construction of 350 parking stalls, is required. The City will not be responsible for any cost overruns and both parties have the right to walk away if the maximum price is not achieved. The \$450 million will be contributed from the following sources:
 - a. \$100 million will come from the Katz Group, paid over 35 years (covering principle and interest) and amounting to approximately \$5.5million/year (based on October 2011 interest rates).
 - b. \$125 million will come from facility users through a fee on tickets at the new Downtown Arena building.
 - c. \$125 million will come from the City, with \$45 million being directed from the planned Community Revitalization Levy (CRL). The other \$80 million will come partly from a redirection of a subsidy paid to the current Rexall Place.
 - d. \$100 million will be requested from other orders of government. Construction of the facility will not proceed without this funding.
3. The City will commit \$30 million for design work to be completed to 60% design at which point obtaining a Guaranteed Maximum Price is feasible.
4. The Edmonton Oilers Hockey Club will sign a Location Agreement to stay in Edmonton for 35 years.
5. The Katz Group will commit \$100 million to associated adjacent investment, with at least \$30 million coming prior to construction of the arena, and the balance invested subject to commercial viability.
6. The City's costs to build an LRT connection to the arena will be capped at \$17 million.
7. The City will pay half the cost of a pedway across 104 avenue, up to a maximum of \$25 million for the City's share.
8. The City will enter into a marketing partnership with the Edmonton Oilers at \$2 million a year for 10 years. The funds will be used to promote the image of the City in conjunction with the Oilers brand. This marketing plan will be reviewed every two years.
9. A new Community rink will be built adjacent to the arena, only if the federal and provincial governments each provide a third of the needed funding (about \$21 million). The City would own and operate the community rink with all revenues and costs accruing to the City.

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10. The Katz Group is to operate the new arena and is to pay all operating expenses, capital maintenance and repair. The Katz Group will receive all revenue from the arena, including naming rights.
11. A supplementary surcharge will be added to tickets at Rexall Place to maintain a level playing field between the two facilities. The money collected from the Northlands Facility Fee will not go towards the new arena.
12. The City will complete land transactions prior to October 31, 2011. Information on the final transactions will be made available once complete.