



## TALKING ABOUT A DOWNTOWN ARENA FOR EDMONTON

October 20, 2011

Discussion on a new arena has been underway in Edmonton for several years. In May 2011 Council approved a framework agreement to guide City administration in their negotiations with the Katz Group, owners of the Edmonton Oilers, on a new downtown arena. The City's four key goals in the agreement are to:

- protect the City's interest
- develop a funding framework that does not increase current property taxes
- provide public infrastructure as a catalyst for downtown revitalization
- sustain NHL hockey in Edmonton.

### Latest News

City Council has decided to buy land for a downtown arena and to hold a public hearing on the financial framework.

### Public hearing – October 25<sup>th</sup>

The public hearing is an opportunity for people to comment on the financial framework, and for Councillors to take public input into consideration. The hearing will begin at 9:30 a.m. in Council Chamber at City Hall. Council will also discuss next steps on the proposed arena project during this hearing.

The hearing is one of many opportunities that the public has had to provide input on various aspects of this project. Other opportunities have included an online survey which received over 30,000 responses, public meetings, a telephone survey and over 5000 calls to 311.

The hearing is open to everyone. People wishing to speak must register before the meeting starts by:

- Completing a Request to Speak form at [www.edmonton.ca/meetings/](http://www.edmonton.ca/meetings/)
- Calling the Office of the City Clerk at (780) 496-8178

- Emailing comments to [city.clerk@edmonton.ca](mailto:city.clerk@edmonton.ca)
- Mailing comments to Office of the City Clerk, 3<sup>rd</sup> Floor, City Hall, 1 Sir Winston Churchill Square, Edmonton, AB T5J 2R7
- Designating someone to speak on your behalf by providing them with written permission that includes their name, the item they will speaking on, your name and signature.

### Proposed financial framework

The current proposed financial framework substantially meets the terms and conditions passed by Council on May 18. That framework caps the total cost of the facility at \$450 million through a Guaranteed Maximum Price (GMP) contract that either party could walk away from, should tenders not be received for that amount. Typically through a GMP contract the contractor would be required to pay any cost overruns.

Under the framework the City would pay \$125 million, another \$125 million would come from users through a Facility Improvement Fee and the Katz Group would contribute \$100 million. The remaining \$100 million would come from other orders of government.

The City's \$125 million contribution would be made up of \$45 million from a Community Revitalization Levy (CRL) and \$80 million from a combination of financial support diverted from Rexall Place, increased parking revenue and other redirected expenditures that would no longer be needed.

**As per Council's direction, no increase in current taxes or money from other infrastructure is needed to fund the City's share of arena construction costs.**

The Katz Group's \$100 million would be paid over 30 years, at an estimated \$5.5 million annually. The total amount paid over the 30 years would cover the cost of interest to borrow this money. The actual cost would depend on actual interest rates.

### **Arena land**

Council has decided to buy land that could be used for an arena. The cost and location of the land will be made public once the deal is concluded, as per normal City land transaction processes. Land costs are not part of the \$450 million building costs.

### **Operating a new arena**

Under the current framework the Katz Group would be responsible for all maintenance, operating and upgrading costs of the proposed facility. In return they would receive operating revenues, including naming rights and parking revenue. This deal will help sustain NHL hockey in Edmonton and is a similar arrangement to other NHL franchises.

The City would have access to the new arena for four weeks of the year.

### **Design of a new arena**

Council is committed to having public input into the design of the arena. The Katz Group had completed some earlier drawings of the facility and area but these are only very preliminary concepts.

Design costs are estimated at \$30 million and are part of the \$450M construction costs. Preliminary design work for the arena could be started before a final agreement is reached. Should this work begin before a final agreement is reached and the City pays for it, the City would own the design.

### **Community opportunities**

The current agreement requires the Katz Group to negotiate a community benefits agreement with the City, which is key for Edmontonians.

Also, the Katz Group would sign a 35-year location agreement that keeps the Oilers in Edmonton. The Oilers are one of the City's key brands, generating awareness of the city around the world. To that end, and as part of the framework, the City would enter into a 10-year partnership and contribute \$2 million annually to market the Oilers and Edmonton.

A community rink is not part of the \$450 million price of the new downtown arena. The City would contribute \$7 million for a facility, provided the provincial and federal government matched the amount. If built, the City would own and operate the rink.

Revitalizing Edmonton's downtown is a key objective of the proposed sports and entertainment district, anchored by the arena. In addition to the \$100 million contribution for the arena, the Katz Group will commit \$100 million to development in the district, subject to commercial viability.

### **Other infrastructure**

The City will pay half the cost of a pedway across 104 Avenue, to a maximum of \$25 million.

As with buildings next to many LRT stops (e.g. the University Hospital), the City will connect the LRT to the arena. The estimated cost is \$17 million.

***Stay informed about the proposed downtown arena & entertainment district at [www.edmonton.ca/downtownarena](http://www.edmonton.ca/downtownarena).***