



Funding Strategy/ Private Partner Agreement Key Insights

AUGUST 2024

As we work together on this city-building project, we acknowledge our ancestors and future generations. We honour Treaty 6 Territory and the Homeland of the Métis, by sharing this land under Treaty with the Cree, Saulteaux, Dakota, Métis, Dene and Non-Indigenous peoples. We commit to Truth and Reconciliation and the Calls to Action.

This is not about deciding to proceed with construction, but to continue to work towards a fully funded plan.

- It is about taking the next bold step to pursue the financial opportunities to support the potential Downtown Event and Entertainment District.
- This is not a commitment to get started now, but to continue to work towards a fully funded plan and have a shovel ready project prepared.
- We are getting all the pieces in place so future decisions to start construction can be made without delay when those funding opportunities present themselves.

The Downtown Event & Entertainment District will revitalize Saskatoon's Downtown and create opportunities that benefit the whole city.

- People want to live in a city with a Downtown that is full of energy and opportunity, that welcomes the diversity of a modern global city, is sustainable and future-looking, and has a strong sense of community.
- We are a growing city, our role in the world is becoming more important. We need to ensure we have in place the jobs and quality of life that can create a meaningful future for people here now as well as attract talent from elsewhere.
- This city-building initiative will drive more residents, businesses, and visitors to the Downtown - where infrastructure and services already exist - making our city more efficient and more sustainable, economically and environmentally.

These public infrastructure investments will stimulate private investment in housing and commercial business developments.

- A thriving downtown is built around great public gathering places and amenities.
- A new event centre connected to a convention centre, outdoor plaza, and public realm improvements are anchors that will be catalysts for more private investments in the downtown: more housing and businesses will all become part of this District.
- A future Bus Rapid Transit system will connect the District with other parts of the city.
- The Downtown will become an economic driver for the city and the province. An economic impact analysis, as well as the experiences of other similar cities, illustrates the positive impact of the downtown event district model through increased business opportunities and employment.

We've developed a funding strategy that achieves the goal of constructing the Downtown Event and Entertainment District with no increase in property tax.

- This is not anything new – the funding strategy builds on the KPMG Study presented in 2023.
- The City's funding tools include:
 - Accommodation Funding Contributions;
 - An Amusement Tax;
 - Parkade Revenues;
 - Tax Incremental Financing;
 - Contributions from the Property Realized Reserve and the SaskTel Centre Reserve; and,
 - A Private Partner Contribution.
- None of these funding tools require an increase in property tax to support the project.

Interest from a respected private partner reaffirms the potential and excitement that exists for a Downtown Event and Entertainment District in Saskatoon.

- Between an initial capital contribution and ongoing revenues to the City, through an operating partnership with OVG360, we are projecting \$170 million in net cash flow over a 25-year agreement. This is based on a \$20 million capital contribution and \$150 million in projected net revenues to the City (\$3.7M in Year One growing to \$9.0M in Year 25) available for debt servicing. The net present value would be equivalent to \$89M in funding for the construction of the new venues.
- OVG360 has a successful background and experience in developing and managing arenas and convention centres across the world.

Provincial and federal funding contributions will be necessary to bring this project to life.

- Intergovernmental financial support is a fundamental component of the funding strategy.
- As with previous major City projects that have benefitted from Federal and Provincial funding programs, we'll work towards securing financial commitments from other orders of government consistent with cost sharing arrangements from recent major infrastructure programs such as the Investing in Canada Infrastructure Plan (40% federal, 33.33% provincial, and 26.67% municipal) and Building Canada Fund (33.33% from each order of government).
- The intended outcome is to have a shelf-ready project so when Federal and Provincial funding programs are available, Saskatoon will be ready to go.

With the proposed City funding tools and private partner funding, the City would contribute up to 33% of the total costs.

- The \$1.22 billion cost estimate for development of the District is much more than just an event/centre arena. It includes a reimagining of the Convention Centre and a revitalized Sid Buckwold Theatre, along with significant green and public spaces for everyone to enjoy.
- With the anticipated \$354 million to \$424 million in 2024 buying power/project funding from the City's proposed funding tools, which includes cash flow generated through partnership with OVG360, this would bring the City's contribution to 27.5% to 33% of the total project costs.
- This amount is very much in alignment with recent major capital infrastructure grant programs, with the City generally contributing between 27% and 33% of the project costs.
- The most recent example is the Bus Rapid Transit initiative, so we know it is possible.

The private partnership framework includes a plan that addresses important community benefits.

- The private partner framework agreement includes a commitment to incorporate the following community benefits:
 - A policy to maximize economic opportunities for minorities, women and other disadvantaged business enterprises. This will include the support and tools to create an equitable environment for all through programs for under-represented/disadvantaged populations.
 - Facility employment will offer a comprehensive total employee benefits package and will work with current staff members at existing venues and all involved unions to ensure jobs are protected and union contracts will stay in place.
 - Venues will have special rates for community groups and will make the venue available free of charge to the City for an annual approved community event.
 - Qualified non-profit community event organizers would have the option to self-cater their events (food and non-alcoholic beverages).

The vision may seem ambitious, but Saskatoon has a successful track record of turning ambitious projects into reality.

- While it may initially appear daunting and unachievable, the City has a long history of bringing large and important infrastructure projects to life.
- The ideas and planning for these projects must happen over years before they are built. It takes visionary thinking to look ahead and see that we need new bridges, roads, leisure facilities.
- In the decade spanning 2010-2020 there was over \$900 million dollars (\$1.16B in CPI-adjusted 2024 dollars) invested in a variety of individual major City infrastructure projects that took years of planning to make them achievable.
 - Discussions on replacing the Saskatoon Police headquarters began in the late 1990s. In 2011, Council approved plans and the doors officially opened on July 16, 2014. The budget was \$122.1M (\$161.5M in CPI-adjusted 2024 dollars).
 - Discussions on Circle Drive South started in the early 2000s. The project was approved on December 15, 2008, and construction began in 2010. On July 31, 2013, the South Bridge opened. At the time, construction of the bridge was the largest single infrastructure project in the City's history at an estimated cost of \$295.1M (\$390.2M in CPI-adjusted 2024 dollars). The opening of the bridge marked the completion of the city's Circle Drive that was first imagined by planners 100 years before.
 - Conversations started in 2004 on establishing a destination centre within River Landing, with the Remai Modern identified in 2009. In 2013 construction began on the Remai Art Gallery. The doors opened on in October 2017. The total cost of the gallery was \$92.1M (\$117.2M in CPI-adjusted 2024 dollars); with the City contributing about 44%, the federal government 14%, the province 18% and fundraising 24%.
 - In late 2009, locations were examined to relocate Saskatoon Transit. In 2015 construction began on the Civic Operations Centre and opened in 2017 The new facility, built as a P3 project, cost \$155.4M to construct (\$194.9M in CPI-adjusted 2024 dollars).
 - Early discussion on the Traffic Bridge project started in 2010, when the original bridge was permanently closed due to severe structural deterioration. Around the same time, traffic congestion on the Circle Drive North Bridge and Attridge Drive was becoming a serious concern for residents. On June 9, 2014, a funding announcement was made and in 2018, the City opened two new bridges. Three orders of government funded the \$238.8M (\$299.4M in CPI-adjusted 2024 dollars) which included Chief Mistawasis Bridge, McOrmond Drive and Central Avenue extensions, and the Traffic Bridge. The Government of Canada contributed up to 25% of eligible costs, the Government of Saskatchewan contributed \$50M toward the Chief Mistawasis Bridge, and the City funded the remainder.

The bold vision for the Downtown District includes multiple infrastructure projects and reflects the vision shared by the community.

- As done in the past, the initial conversations around a Downtown Event and Entertainment District, which includes multiple infrastructure projects, started back in 2018 and it will be years before construction would begin.
- The vision for the District is more than just an arena/event centre and convention centre; it includes revitalizing a significant portion of Downtown to be attractive places for residents and visitors of all walks of life to enjoy.
- As part of the Phase 1 “Engaging on Ideas” public engagement, community members shared what they would like to see in the Downtown Event and Entertainment District in April and May 2023. The feedback collected was used to inform the preliminary design as well as the upcoming District Plan.

Doing nothing is not an option.

- Too often we talk about the cost of building something – but we must also consider the cost of not doing anything. If we don’t make sure we are moving forward Saskatoon risks becoming a fly over city, with major concert events selecting other cities, and people not choosing Saskatoon as a place to live due to a perception of it being stagnant.
- If we renovate the aging venue, there will still be a substantial cost, expected to be in excess of \$300M given comparable renovation projects ongoing in other cities (e.g., Hamilton, Baltimore).
- Renovation of SaskTel Centre would require the venue to be closed for at least two years, resulting in a loss of business and opportunities. Renovation of the venue at its current location also would not contribute to a revitalized Downtown.
- Tax increment financing and other key revenue tools that are viable for a Downtown arena/event centre, would not be viable for renovation of the existing SaskTel Centre, and any funding plan would require the consideration of property tax increases to pay for the renovation.

THE TIMING

1. When is the City planning to start building the District?

Not until we get the funding, as per the strategy. When we have advanced the project to a point that it is “shelf ready” and all the funding elements are secured, the project will proceed to detailed design and construction. However, it may take several years to secure required funding commitments from other orders of government that would allow all aspects of the project to proceed.

2. What is the timeline to get shovels in the ground?

Once the project is fully funded, it will be 18 to 24 months before detailed design and key procurements are advanced enough to commence construction.

3. What is the timeline to see the whole District completed?

Once the project is fully funded it is expected that detailed design and construction would span five to six years.

FUNDING THE DISTRICT

4. How much will taxpayers have to chip in?

The funding strategy requires no additional property tax to fund the project.

5. How will the City pay for its portion of the cost?

There are several revenue tools that form the City’s portion of the funding, including:

- a. An Accommodation Funding Contribution: This would apply to hotel stays, ensuring that visitors contribute to the development of the facilities they will enjoy, easing the financial burden on residents.
- b. An Amusement Tax: This applies to ticket purchases to attend events in the event centre/ arena and convention centre, which provides a direct contribution to a fair and sustainable revenue stream.
- c. Parkade Revenues: Leveraging parkade revenues from new City-owned parking facilities can support development of the District without imposing additional taxes on residents.
- d. Tax Incremental Financing (TIF): TIF captures the future increased property tax revenues in a defined area that are generated by the new development that arises from a revitalized Downtown, ensuring that the financial benefits of the arena and convention centre support their construction.
- e. Reserve Contributions: Using contributions from the Property Realized Reserve and an allocation from the SaskTel Centre Reserve will allow for the responsible use of already available funds, reducing the need for new taxes or debt.
- f. Private Partner Contributions: up-front capital funding and operational revenue sharing over a 25-year term will provide an additional funding source for the development of the new event centre and renovated and expanded convention centre.

6. How is Tax Incremental Financing different than a property tax, since you keep saying there will be no property tax increases to fund this project?

Tax Increment Financing (TIF) is a public financing method that municipalities use to promote economic development and infrastructure improvements in a specific area - in this case within and immediately around the District. It works by capturing the future incremental tax revenue increases resulting from increased property values and new development within the area to fund the current project and necessary investments. Once the project investments are paid off, the incremental property taxes then go into the general fund to pay for things like fire, police, roads, parks, libraries and education.

TIF is used by many municipalities across North America as a way to fund major community infrastructure projects (like the District) as the improvements result in new development and an increase in property values in the area - an increase that would probably not occur without the initial project. Recent examples include the Rivers District in Calgary, Power and Light District in Kansas City, The Forks Railside in Winnipeg, the Downtown Waterfront in Portland and the ICE District in Edmonton.

7. How much is the City's portion of the total cost?

Overall, it is estimated that approximately \$354 million to \$424 million in 2024 buying power/project funding could be provided by the City for the Downtown Event and Entertainment District project without a direct increase in the general property tax rates.

Based on estimated project costs for the full scope of the Downtown Event and Entertainment District project, the City would be able to fund approximately 27.5% to 33% of the total project costs. The project cost goes beyond just the event centre and includes the renovated and expanded convention centre and public realm improvements, providing something for everyone.

8. How long will it take to get the money to start?

It may take several years to secure required funding commitments from other orders of government that would allow the project to proceed.

9. How can the City possibly afford this?

While it may initially appear daunting and unachievable, the City has a long history of bringing large and important infrastructure projects to life. The ideas and planning for these projects must happen over years before they are built. It takes visionary thinking to look ahead and see that we need and to develop funding strategies.

For example, early discussion on the Traffic Bridge project started in 2010, when the original bridge was permanently closed due to severe structural deterioration. Around the same time, traffic congestion on the Circle Drive North Bridge and Attridge Drive was becoming a serious concern for residents. By June 2014, a funding announcement was made. And in 2018, the City opened two new bridges.

At the time a \$238.8 million dollar project felt unaffordable but with proper planning, we were able to have three orders of government come together to fund the Chief Mistawasis Bridge, McOrmond Drive and Central Avenue extensions, and the Traffic Bridge. The Government of Canada contributed up to 25% of eligible costs, the Government of Saskatchewan contributed \$50M toward the Chief Mistawasis Bridge, and the City funded the remainder.

Most recently, the Bus Rapid Transit project (which is a key to the success of the District) was supported by all three orders of government with funding arrangements through the Investing in Canada Infrastructure Program. This worked out to a funding share breakdown (including the acquisition of new buses) of 40% from the Government of Canada and 33% from the Government of Saskatchewan, with Saskatoon fronting the last 27%.

10. Are we trying to build something too fancy or too big for our City?

The intention is not to overbuild either new anchor facility, but instead to ensure that Saskatoon remains on-the-map and can continue to attract world-class entertainment and major conventions, which all contribute to the economic health of the city and ensure people will continue to view Saskatoon and region as a great place to live.

As a point of comparison, the cost estimate for the proposed arena/event centre is between \$4,000 and \$9,000 per seat less than three recent NHL arena projects, which reflects more modest fit-out requirements within Saskatoon's proposed arena. There are many elements of arenas that are required regardless of the quality of finishings or amount of seating, such as an ice plant, scoreboard, regulation ice sheet, heating and ventilation systems, and the like.

At a total fixed seating capacity of 15,900, the proposed arena is only slightly larger than SaskTel Centre. Room to expand to 18,000 also considers that Saskatoon and area continues its rapid growth, and a future expansion may be desirable to accommodate increase demand for sporting events and full house concerts. Today's facilities are designed to last for more than fifty years and as such they must be designed in a way that not only meets current needs but can adapt to respond to the requirements of the future.

PRIVATE PARTNERSHIP

11. Why is a private partner involved?

In January 2023, a report to City Council recommended securing a private partner to provide operations management and contribute capital funding toward the development of the new event centre and/or new or expanded convention centre to reduce the overall funding required to be secured from other sources.

By January 2024, the procurement approach was finalized which included how proposals would be evaluated to ensure anyone chosen meets the vision of the District and is committed to both financial success and community benefit outcomes.

We looked for a partner with the necessary experience and credentials that will not only fund and run a successful operation, but also values and understands the importance of social responsibility and leadership in our community.

An approval on the private partner agreement framework does not commit the City to proceeding with construction. The approval doesn't result in a major investment until there is a final decision to proceed with construction, although there will be a nominal fee related to consultation.

12. What does OVG have to offer Saskatoon?

Between an initial capital contribution and ongoing revenues to the City, through an operating partnership with OVG360, we are projecting \$170 million in net cash flow over a 25-year agreement. This is based on a \$20 million capital contribution and \$150 million in projected net revenues to the City (\$3.7M in Year One growing to \$9.0M in Year 25) available for debt servicing. The private partnership framework includes a plan that addresses important community benefits such as:

- OVG would actively support the City and local community and hospitality stakeholders in the solicitation of high-profile events for the venues.
- One designated day per year will be allocated as a City Event Day, where the venue will be made available free of charge to the city for an approved community event. This day will be designated as Remembrance Day and would not be changed without City Council approval.
- OVG would employ a local economic inclusion policy to maximize economic opportunities for minorities, women, and other disadvantaged business enterprises within operations and supply chain at the venues. This would include supports for emerging diverse suppliers, such as strategic outreach, notification of procurement opportunities, education about the procurement process, and encouraging participation in the bidding process.
- The City's Purchasing Policy would apply to procurements above a set threshold.
- OVG would operate the venues in such a way to reduce carbon emissions, conserve water, reduce waste, improve air quality, incorporate local procurement (including labour, operations products, and menu ingredients), and provide free, accessible water fountains.
- The venues would be available for community non-profit event rentals at reasonable market rates. The availability of facilities would be subject to scheduling restraints and prior bookings. However, every effort would be made to accommodate community events whenever possible.
- Qualified community non-profit events (e.g. cultural festivals and celebrations) would have the option to self-cater (food and non-alcoholic beverages) their events, provided they adhere to health and safety regulations and guidelines set forth by the City, Saskatchewan Health Authority, and any other applicable regulatory bodies. Organizers would be required to ensure that catering activities did not pose any risk to the associated venue or its facilities.

13. Where else is OVG involved with the development and operations of arenas?

OVG360 has a successful background and experience in developing and managing elite arenas and convention centres across the world.

Most recently with the development and operations of FirstOntario Centre (Hamilton, ON, Canada), Climate Pledge Arena (Seattle, WA), UBS Arena (Elmont, NY), Acrisure Arena (Coachella Valley, CA) and Endarked Arena (Savannah, GA).

OVG is active in Canada, with operations at venues in British Columbia, Saskatchewan, Ontario and New Brunswick. More information on OVG's track record and capabilities can be found at <https://www.oakviewgroup.com/ovg360>.

SASKTEL CENTRE

14. Why don't we just leave SaskTel Centre where it is?

If Saskatoon is going to remain competitive nationally and internationally and be able to attract new people and businesses to continue to stay strong and grow, then change is necessary. The risk of not moving forward has potential long-term economic and social impacts for Saskatoon.

We are a quickly growing city with the most significant increase in employment in Canada last year. However, after decades of wear and tear, coupled with changing needs, Saskatchewan's current flagship arena is nearing the ends of its useful life and facing increasing challenges in attracting major events.

Too often we talk about the cost of building something – but do not consider the cost of doing nothing. If we do not make sure we are moving forward Saskatoon risks becoming a fly over city, with major concerts events selecting other cities, and people not choosing Saskatoon as a place to live due to a perception of it being stagnant.

15. What is the cost to renovate the existing SaskTel Centre?

If we renovate the aging venue, there will still be a substantial cost, expected to be in excess of \$300M given comparable renovation projects ongoing in other cities (e.g., Hamilton, Baltimore).

SaskTel Centre would need to be closed for several years incurring expensive renovations which would also result in a loss of business and Saskatoon missing out on many opportunities.

Should the City instead choose to renovate the existing facility, there would be a greater burden to fund the work through increases in property taxes.

16. What is the cost to demolish the existing SaskTel Centre?

City Council is not being asked to make a decision regarding the future potential adaptive reuse or demolition of SaskTel Centre at this time. This decision is not anticipated to be necessary until the Downtown Event and Entertainment District is fully funded and construction of the new arena/event centre commences.

An estimated \$4.8 million (2024 dollars) would be required for the possible future demolition of SaskTel Centre. However, following the commencement of construction of the new arena/event centre, Administration will be exploring potential options for adaptive reuse of the facility for City Council's consideration prior to a decision on demolition.

WHY DOWNTOWN?

17. Why is it important to have the arena Downtown?

Residents of this city continue to identify that a thriving city centre is a priority.

The Downtown Event and Entertainment District is more than just an arena or a convention centre. These public investments, including creating a welcoming public space, are projects that act as tools to attract private investment that keep downtown vibrant and active, where there is housing, continued job growth and thriving businesses.

Focusing on the heart of the city is vital for the life of the community. We need and deserve things for people to do in Saskatoon. It is not just about people who want to attend big-ticket events, more importantly it's about active public gathering spaces and creating an urban experience that makes people want to stay.

18. Why do these kinds of amenities in the downtown help to attract residential, and why is it important to add density there?

The larger vision is about creating animated public spaces that are a connection to other parts of Downtown, businesses and other amenities that are accessible to everyone. We will create an urban experience for those who want to live Downtown, a place where visitors can come and experience something unique to Saskatoon. We will bring new people to the downtown that aren't there today and will create a Saskatoon where people want to establish roots.

19. How will there be enough parking Downtown?

There's plenty of parking when you include all of the street-level, public and private stalls available for the 4,000-6,000 vehicles expected to come downtown for events.

In Downtown Saskatoon at 7:00 p.m., and accounting for projected growth in supply and demand, there will be nearly 18,000 spaces within a fifteen-minute walk of the arena/event centre's front door on Opening Day. Over 14,000 of these spaces will be vacant, thanks to office workers having gone home by this hour. This represents an enormous opportunity in two ways. First, the District can efficiently utilize existing parking without over-constructing unneeded supply. Secondly, existing parking owners can benefit from new demand for their facilities, spreading the benefits of an event across Downtown.

HOW DOES THE DISTRICT FIT INTO THE BIGGER PICTURE AND THE FUTURE OF SASKATOON?

20. Why can't the City focus on more urgent matters like safety and homelessness?

A thriving city centre is a priority, but this will not take away from the hundreds of other priorities that every city must juggle. These priorities impact different residents in different ways and what is of the most importance to some people may not even be on the radar of others. In addition, how these priorities are funded often comes from grants, other orders of government, and many other ways that do not affect the tax base.

The City uses multi-year budgeting to try and support these competing needs that often have spending requirements from other agencies attached to them. Which is a complicated way of saying the city will always have a huge number of priorities and none of them can be completely ignored without having ripple effects down the line.

A successful Downtown Event and Entertainment District will drive density to the core and bring businesses, jobs, events, tourism and attract more resident spaces – in short, will bring money into Saskatoon, increase the tax base and will not take away from any of the other priorities.

21. Why is the City not having a vote on this in the fall election?

Municipal referendums can occur in Saskatchewan in one of two ways. The first is by decision of Council, and the second is by petition from eligible voters.

City Council has not directed a referendum on this project, as building a new arena is a complex project that involves numerous technical, financial and strategic considerations that might not be easily communicated through a simple yes/no question in a referendum.

Our elected officials are entrusted to make decisions on behalf of the community. They are equipped to review all the pertinent information, consult with experts, and deliberate on the best course of action. Dozens of reports have been considered by City Council over the past six years that have guided this project's journey to date. This representative decision-making process is designed to balance the diverse needs and interests of our community.

The City understands that this is a significant project with substantial public interest, and it remains committed to maintaining transparency throughout the process. The City will continue to provide updates and opportunities for public input to ensure that the community is well-informed and involved.

MOVING FORWARD

22. What are the next steps?

1. Subject to City Council's approval, the Administration will continue to work towards achieving the funding strategy. This includes seeking out the necessary legislative changes, agreements and further financial commitments with the provincial government, federal government and private partners.
2. City Council's approval at this stage signals to the public, the Administration, private investors, community stakeholders and other orders of government that the project remains a priority.
3. A funding contribution by other orders of government and the necessary enabling legislative changes or agreements to take full advantage of the revenue tools will be key to the project moving forward.
4. Once the project is fully funded, then and only would Administration proceed with detailed design and construction.