



Oversight Committee

Council Chamber
9909 Franklin Avenue, Fort McMurray

Tuesday, November 08, 2016
4:00 p.m.

Agenda

Call to Order

1. Adoption of the Agenda
2. Minutes of Oversight Committee Meeting October 27, 2016

New and Unfinished Business

3. Northside Twin Arena - Design and Construction Capital Budget Amendment

Adjournment

Unapproved Minutes of a Meeting of the Oversight Committee held in the Council Chamber at the Municipal Offices in Fort McMurray, Alberta, on Thursday, October 27, 2016, commencing at 4:00 p.m.

Present: L. Bussieres, Councillor
J. Stroud, Councillor

Absent: C. Voyageur, Councillor

Administration: M. Ulliac, Chief Administrative Officer
D. Bendfeld, Executive Director
R. Billard, Acting Executive Director
B. Couture, Executive Director
A. Rogers, Senior Legislative Officer
S. Soutter, Legislative Officer

Call to Order

A. Rogers, Senior Legislative Officer, called the meeting to order at 4:02 p.m., noting that as this is the first meeting of the Oversight Committee following Council's 2016-2017 Organizational Meeting, she would be chairing the meeting until such time as a Chair is appointed.

1. Adoption of the Agenda

Moved by Councillor J. Stroud that the agenda be adopted as presented.

CARRIED UNANIMOUSLY

2. Minutes of Oversight Committee Meeting - September 22, 2016

Moved by Councillor J. Stroud that the Minutes of the Oversight Committee meeting held on September 22, 2016 be approved as presented.

CARRIED UNANIMOUSLY

New and Unfinished Business

3. Appointment of Chair and Vice-Chair

(4:04 p.m. – 4:06 p.m.)

The Senior Legislative Officer called for nominations for the position of Chair.

Councillor L. Bussieres nominated Councillor J. Stroud as Chair. Councillor J. Stroud confirmed acceptance of the nomination and was declared Chair by acclamation.

Assuming of the Chair

Councillor J. Stroud assumed the Chair at 4:06 p.m.

Councillor J. Stroud nominated Councillor L. Bussieres as Vice-Chair. Councillor L. Bussieres confirmed acceptance of the nomination and was declared Vice-Chair by acclamation.

4. Proposed Meeting Schedule

(4:06 p.m. – 4:07 p.m.)

Moved by Councillor J. Stroud that the meetings of the Oversight Committee occur on the second Tuesday of every month at 4:00 p.m., beginning November 8, 2016, excluding 5th Tuesdays, statutory holidays and any scheduled recess periods.

CARRIED UNANIMOUSLY

5. Regional Recreation Corporation – Amendment to the Corporate Bylaw Concerning Purpose and Mandate

(4:07 p.m. – 4:15 p.m.)

Carole Bouchard, Director of Community Services and Annette Antoniak, Chief Executive Officer, Regional Recreation Corporation, presented the proposed amendments to the corporate bylaws of the Regional Recreation Corporation.

Moved by Councillor L. Bussieres that the following be recommended for Council approval:

“That the Directors of the Regional Recreation Corporation of Wood Buffalo be requested to amend the RRC corporate bylaw by deleting Article 3(b) and substituting therefore the following:

“operating the recreational and cultural facilities existing as of November 1, 2016 at:

- (i) MacDonald Island Park;
- (ii) Anzac Recreation Centre (indoor operations only); and
- (iii) Fort Chipewyan Aquatics Centre (aquatics programming only)

and operating such additional recreational and cultural facilities, whether existing as of November 1, 2016 or constructed after November 1, 2016, as the Council may from time to time request the Corporation to operate”; and

That the RRC be advised that a certified true copy of the above resolution, issued from the office of the Chief Legislative Officer of the Regional Municipality of Wood Buffalo, shall constitute sufficient compliance with the provisions of clause 24(b) and section 44 of the Regional Recreation Corporation’s corporate bylaw.”

CARRIED UNANIMOUSLY

6. Municipal Utility Corporation – Next Steps

(4:16 p.m. – 4:29 p.m.)

Leslie Burke Director, Sustainable Operations/Acting Director, Environmental Services, and Travis Kendel, Manager, Environmental Services, presented the next steps with respect to the Municipal Utilities Corporation, which involves the recruitment and appointment of Directors of the Corporation.

Moved by Councillor L. Bussieres that the following be recommended to Council:

“That Administration initiate the process of recruiting qualified and independent Directors for the Wood Buffalo Utilities Corporation; and.

That Administration present to the Selection Committee by March 1, 2017 a list of qualified and independent individuals for consideration for appointment as Directors of the Wood Buffalo Utilities Corporation.”

CARRIED UNANIMOUSLY

Adjournment

As all scheduled business matters had been concluded, Chair J. Stroud declared the meeting adjourned at 4.30 p.m.

Chair

Chief Legislative Officer

Subject: Northside Twin Arena – Design and Construction Capital Budget Amendment**APPROVALS:**

Carole Bouchard, Director
Dale Bendfeld, Executive Director
Marcel Ulliac, Chief Administrative Officer

Administrative Recommendations:

THAT the following be recommended for Council approval:

THAT the Capital Budget Amendment to defer the Northside Recreation Centre – Design (Attachment 1) to 2018 be approved;

THAT the Capital Budget Amendment to defer the Northside Twin Arena – Construction (Attachment 2) to 2018 be approved.

Summary:

In April 2016, Council voted to proceed with the design and construction of the Northside Twin Arena. The design for the Twin Arena (Phase 1) is complete and the project was ready to be tendered as of October 2016, while the design for Phase 2 has been on hold pending further review by Council. In consultation with the Regional Recreation Corporation of Wood Buffalo (RRC), it has been determined that due to post-wildfire population projections, current ice usage in the Regional Municipality of Wood Buffalo and with the current economic climate, the Northside Twin Arena – Construction is not required at this time, and should be deferred to 2018.

Background:

On September 20, 2016, the RRC requested an abeyance to the Northside Twin Arena - Construction project because of operational issues with the current Council-approved design layout (Attachment 3). At a meeting on October 13, 2016, the RRC Board outlined its concerns that the project, as currently designed, would compete with other ice rinks in the Municipality and reduce cost-recovery for all facility operators. The original design for the Northside Twin Arena is complete, consisting of two ice sheets with dressing rooms in between. Capacity is 300 people per ice sheet with ice in and up to 1,300 people with ice out. Proposed RRC design would allow for contiguous floor space, with larger event capacity. This design change would require a capital budget amendment to modify the scope.

The Northside Twin Arena was initially proposed when the population of the Municipality was projected to continue to grow at a rapid rate. Since 2004, there have been several feasibility

studies and community consultation for a multi-use facility in the Thickwood/Timberlea neighbourhoods, including the feasibility for additional ice rinks. Overall, the demand for ice usage was rising, and the construction of two new ice sheets was a solution to some of the recreation needs in the community. The Municipality's economy was also considered secure and growing.

While the construction of the Northside Twin Arena has been supported by Council as recently as August 2016, the request for abeyance has given both the RRC and Administration time to review the current post-wildfire situation. The current availability and usage of ice rinks, including the Anzac Recreation Centre, and post-wildfire population estimates are key factors that were not previously available.

Alternatives:

1. Administration be directed to tender the Northside Twin Arena project as planned with no change in the current design. Projected completion date would be fall 2018.
2. Accept the RRC's proposed changes in design and amend the capital budgets as referenced in the attached RRC Business Case (Attachment 4). Additional design costs would be approximately \$2.3M, and additional construction costs would be approximately \$3.5M for capacity of 2,600 people. Due to the additional time required to redesign the project, construction would be delayed 8 - 10 months, with completion approximately summer 2019.

Budget/Financial Implications:

- Approximately \$9.5M has been spent to date for Phase 1 and Phase 2 design of the Northside Multi-Use Facility. Council has approved a total design budget of \$13.5M, therefore \$4M would be deferred to 2018. There have been no costs related to construction to date so the entire construction would be deferred to 2018.
- Based on current cash flow estimates for design and construction, \$21.5M (\$4M deferred from design, \$17.5M deferred from construction) would become available in the 2017 capital budget.

Rationale for Recommendation(s):

The Wood Buffalo Regional Indoor Recreation and Community Facilities Master Plan (Master Plan) sets out a standard of ice provision of one ice sheet per 20,000 people within a 20 km driving distance. Using the 2015 population estimate of 88,228 people in the Municipality, the standard of ice provision was outside the acceptable range, at 1:22,057. This recommendation was partially based at the community feedback at the time that residents would be unwilling to travel beyond 20 km to access available ice, therefore the rink at the Anzac Recreation Centre was not included in the current standard, as it is approximately 48 km away from the urban service area.

Two main factors have changed since the Master Plan was adopted by Council as a guiding document in July 2015: records at the Anzac Recreation Centre indicate that the ice rink is being

accessed by multiple user groups from the urban service area; the population post-wildfire is now estimated to be less than 74,000 and it is unclear when it will rebound to prior levels.

The following table shows the recalculation of the standard of ice provision considering these two new factors. Based on the recommended standard of ice provision indicated, the Twin Arena should be deferred until there is evidence of a significant post-wildfire population rebound.

Rink Distance from Urban Centre	# of Rinks	Standard of Ice Provision with 88,228 population (pre-wildfire)	Standard of Ice Provision with 74,000 population (post-wildfire estimate)
Within 20 km (urban only)	4	1:22,057	1:18,500
Within 50 km (urban, plus Anzac)	5	1:17,645	1:14,800 *
Within 60 km (urban, plus Anzac and Fort McKay)	6	1:14,704	1:12,333
Within 20 km (urban only, including Twin Arenas)	6	1:14,704	1:12,333
*This reflects the current situation in the Municipality.			

Given the lack of demand, which likely is a combination of the downturn in the economy and the wildfire, there is concern that adding two new ice surfaces at this time would reduce revenue streams in existing rinks; there may simply be a redistribution of the total hours of ice usage.

Deferring this project until 2018 will allow Administration and RRC to work together to further explore the RRC-proposed open-concept design with greater seating capacity, and to engage the community, user groups and operators to evaluate the need for additional ice sheets and larger event venues in the Municipality.

Strategic Plan Linkages:

Pillar 2 – Building Balanced Regional Services

Pillar 7 – Building for a Healthy and Active Lifestyle

Attachments:

1. Capital Amendment – Northside Recreation Centre – Design
2. Capital Amendment – Northside Twin Arena – Construction
3. RRC letter on Twin Arenas to Mayor and Council, dated September 20, 2016
4. RRC Business Case For Amended Design of North Side



REGIONAL MUNICIPALITY
OF WOOD BUFFALO

CAPITAL BUDGET AMENDMENT

Council

CURRENT PROJECT NAME: Northside Recreation Centre-Design

AMENDED PROJECT NAME:

Project Deferral

ORDER CODES (if assigned): **Group I/O** **Revenue I/O** **Expense I/O**

0452012

700379

600664

CURRENT PROJECT BUDGET

Year	Annual Cost	Fed Grants	Prov Grants	Reserves	Other Sources	Debtenture Financed
2015 & Prior	\$ 13,500,000	\$ -	\$ -	\$ 13,500,000	\$ -	\$ -
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-
TOTAL	\$ 13,500,000	\$ -	\$ -	\$ 13,500,000	\$ -	\$ -

CURRENT COST AND COMMITMENT

As at	Current Budget	Actual to Date	Commitments	Available
10/20/2016	\$ 13,500,000	\$ 9,423,436	\$ 32,261	\$ 4,044,303

DESCRIPTION/RATIONALE FOR BUDGET AMENDMENT

To defer any further design for Phase 2 of the Northside Recreation Centre project.

AMENDED PROJECT BUDGET

Year	Annual Cost	Fed Grants	Prov Grants	Reserves	Other Sources	Debtenture Financed
2015 & prior	\$ 9,500,000	\$ -	\$ -	\$ 9,500,000	\$ -	\$ -
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	4,000,000	-	-	4,000,000	-	-
Thereafter	-	-	-	-	-	-
TOTAL	\$ 13,500,000	\$ -	\$ -	\$ 13,500,000	\$ -	\$ -

Budget Change

TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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FISCAL RESPONSIBILITY POLICY CRITERIA:

Will the change result in an efficient administrative and project delivery process?

Yes

Will the change result in an addition or cancellation of a capital project?

No

Will the underlying scope change alter the nature and type of capital project?

Yes

Where additional funding is required, are the funds from a combination of savings from fully tendered projects, other uncommitted sources such as grants and offsite levies, and cash flow management with other capital projects?

No

Will the change result in Council set debt and debt service limits being exceeded?

No

In order for this to be a Fiscal Management Policy Amendment the questions above must answer, Yes, No, No, Yes, No, respectively.

Last updated: March 2016



REGIONAL MUNICIPALITY
OF WOOD BUFFALO

CAPITAL BUDGET AMENDMENT

Council

CURRENT PROJECT NAME: Northside Twin Arena -Construction

AMENDED PROJECT NAME:

Project Deferral

ORDER CODES (if assigned): **Group I/O** **Revenue I/O** **Expense I/O**

0512014

700523

600944

CURRENT PROJECT BUDGET

Year	Annual Cost	Fed Grants	Prov Grants	Reserves	Other Sources	Debtenture Financed
2015 & Prior	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	-	-	-	-	-	-
2017	15,000,000	-	-	5,700,000	-	9,300,000
2018	19,500,000	-	-	-	-	19,500,000
Thereafter	-	-	-	-	-	-
TOTAL	\$ 34,500,000	\$ -	\$ -	\$ 5,700,000	\$ -	\$ 28,800,000

CURRENT COST AND COMMITMENT

As at	Current Budget	Actual to Date	Commitments	Available
10/20/2016	\$ 34,500,000	\$ -	\$ -	\$ 34,500,000

DESCRIPTION/RATIONALE FOR BUDGET AMENDMENT

To defer construction of the Northside Twin Arenas to 2018.

AMENDED PROJECT BUDGET

Year	Annual Cost	Fed Grants	Prov Grants	Reserves	Other Sources	Debtenture Financed
2015 & prior	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	15,000,000	-	-	5,700,000	-	9,300,000
Thereafter	19,500,000	-	-	-	-	19,500,000
TOTAL	\$ 34,500,000	\$ -	\$ -	\$ 5,700,000	\$ -	\$ 28,800,000

Budget Change

TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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FISCAL RESPONSIBILITY POLICY CRITERIA:

Will the change result in an efficient administrative and project delivery process?

Yes

Will the change result in an addition or cancellation of a capital project?

No

Will the underlying scope change alter the nature and type of capital project?

Yes

Where additional funding is required, are the funds from a combination of savings from fully tendered projects, other uncommitted sources such as grants and offsite levies, and cash flow management with other capital projects?

No

Will the change result in Council set debt and debt service limits being exceeded?

No

In order for this to be a Fiscal Management Policy Amendment the questions above must answer, Yes, No, No, Yes, No, respectively.

Last updated: March 2016

September 20, 2016

Mayor & Council
Regional Municipality of wood Buffalo

Your Worship and Council:

The Regional Recreation Corporation Board would like to formally request that the Northside Arenas project be put in abeyance until such time that further discussion can be held with respect to the ongoing viability of operating this facility.

Over the past few weeks, meetings have been held with RMWB and RRC staff, along with architects, engineers and designers who are at the final stages of design with the view of tendering this project sometime in October.

As a result of these meetings, RRC staff have brought forward many concerns about the ongoing operation that as a Board we feel should be discussed prior to tendering this project.

This is in no way a reflection of the work that has been done by staff and the team of consultants, but as the RRC Board with a mandate to operate all new recreational facilities in the RMWB, we would be remiss if we did not bring this to your attention.

We would appreciate if a joint meeting between the RRC and Council could be held to discuss the Northside Arena project.

Sincerely,



Bruno Francoeur

Chair

cc. RRC Board
Annette Antoniak
Marcel Ulliac

BUSINESS CASE

SUBJECT: Design Amendment to Northside Twin Arena's

Executive Summary

In April 2016, the Regional Municipality of Wood Buffalo's (RMWB) Council voted to proceed with the design and construction of the Northside Twin Arena. Based on proceeding with the project, the Regional Recreation Corporation of Wood Buffalo's (RRC) Board of Directors has requested that the RMWB consider a design amendment to the current design of the Northside Twin Arenas. The recommendation is to change the design in order to minimize the cost of ownership for the municipality and improve overall operational efficiencies, revenues, and utilization of the facility for concerts and events. This business case will provide the project background, a situational analysis, consideration of two alternatives, and a recommendation.

Project Background

The RMWB has been planning for the construction of a multi-purpose recreational and leisure centre in the Thickwood/Timberlea neighbourhood. The Northside Multi-Use Facility project has evolved from a very comprehensive facility to a proposed Phase 1 twin arena facility, with expansion to include other amenities in future phases.

At the September 1, 2016 Northside Twin Arenas Phase 1 – 90% Design Review meeting, RRC Administration made a number of design change recommendations to improve overall operational efficiencies, increase revenues, allow for greater utilization of the facility for concerts and events, and the recommendation to pause with the project to take various factors into consideration prior to any finalization of design.

The major recommendation was to change the interior twin arena design to allow for a contiguous space by removing the dressing rooms and spectator viewing areas separating the two arenas and moving them to the sides, thereby allowing for a doubling of the floor space and increased upper spectator viewing areas for events other than the traditional ice surface uses.

On October 13, 2016 the RMWB Council and the RRC Board along with Administration staff met to discuss the Northside Twin Arenas. At that meeting, the RRC was informed that the design was now at 100% completion. Some of the recommendations from September 1, 2016 meeting were included; however, the major design change allowing for a contiguous space was not included.

RRC Board suggested that many factors had changed since the inception of the project and that it would be prudent to pause and take these into consideration before making any final decisions on the design. RRC Board did state, that no matter what Council's decision was on the design of Northside, the RRC was prepared to operate and manage the facility.

RMWB and RRC Administration were instructed by Mayor and Council to go back and develop a business case for pausing to amend the design for their review before the end of October 2016.

Situational Analysis

A number of factors must be considered that have had impact on the original Northside Multi Use Complex concept and the subsequent decision to build a standard Twin Arena Facility for the initial phase.

Factors include:

- Decline in local and provincial economy leading up to 2016.
 - Earlier economic projections supporting growth and facility requirements not substantiated.
- Population growth projections have not been achieved.
 - No indication that population growth will rebound and meet earlier projections.
- Wildfire impact and reduction in population returning.
- Reduction in ice usage beginning with 2016/2017 season.
 - Keyano College Hockey program cancelled April 22, 2016 pre wildfire
 - Increased vacancies at Frank Lacroix Arena
 - Lost bookings at MacDonald Island Park (MIP)
 - Figure Skating ice time reduced at MIP
 - Eliminated mini-ice bookings for the season
 - Minor Hockey ice time reduced post wildfire
 - Men's League has moved to Fort McKay from Anzac Recreation Center
- Displacement of ice allocation from current arenas to Twin Arenas
 - Increased operational expenses
 - No incremental increase in revenues
 - Reduction in Cost Recovery
 - Increase in RMWB subsidies and grants
- Downtown Events Centre cancelled
 - Offers opportunity for a 'new' events venue

With the cancellation of the Downtown Events Centre, the opportunity exists to re-think the Twin Arena concept to accommodate larger concerts and events not only during the non-summer months but year round.

The current regional facilities' capacities for events include:

1. Casman Centre
 - Seating capacity 1537.
 - Published overall capacity 1937.
 - Concert event capacity approximately 2300.
2. Nexen Field House
 - Seating capacity in stands 250.
 - Only 200 are sold when a show takes place with stage at end of field house.
 - The floor also holds 1418.
 - Concert event capacity 1618.
3. Twin Arena Current Design
 - Spectator viewing capacity 600.
 - Assuming floor seats capacity 2000.
 - Concert event capacity 2600.

The previous two seasons of ice time rentals and bookings have been provided for MacDonald Island Park (MIP) arenas and Anzac Recreation Centre arena. The "Hours Available" column represents approximately 16 hours daily throughout the season that are available for user groups to book. The "Booked" column represents the actual hours all these groups booked. The "% Booked" is the calculated ratio of those two columns.

From the most recent season to the previous season, booked hours and ratios have declined at MIP and at RRC in total, resulting in a 37.7% usage ratio versus 39.7% in the previous season.

RRC-WB Ice Time Usage

2015/2016

Arena/Ice Rink Name	From	To	Hours Available	Booked	% Booked
MacDonald Island #1	28-Sep-15	31-Mar-16	3564	1768	49.6%
MacDonald Island #2	28-Sep-15	31-Mar-16	3564	1594.5	44.7%
MacDonald Island Youth	13-Oct-15	31-Mar-16	3153	1075.5	34.1%
MacDonald Island Total			10281	4438	43.2%
Anzac Recreation	1-Sep-15	31-Mar-16	2709	459.25	17.0%
RRC-WB Total			12990	4897.25	37.7%

2014/2015

Arena/Ice Rink Name	From	To	Hours Available	Booked	% Booked
MacDonald Island #1	28-Sep-14	31-Mar-15	3541	2078.25	58.7%
MacDonald Island #2	28-Sep-14	31-Mar-15	3541	1496	42.2%
MacDonald Island Youth	28-Sep-14	31-Mar-15	3409	1126.75	33.1%
MacDonald Island Total			10491	4701	44.8%
Anzac Recreation	28-Sep-14	31-Mar-15	2352	392.75	16.7%
RRC-WB Total			12843	5093.75	39.7%

Alternatives

RRC Administration has reviewed two alternatives with regards to the phase 1 design. The first alternative is to move forward into the construction phase with the current design. The second alternative is to amend the design to allow for contiguous arena space before moving forward with construction.

Alternative 1 - Continue with Design As-Is

Benefits

- Facility would be projected to open 8-10 months sooner than if the design is amended

Challenges

- Cost of ownership estimate originally presented was a micro-economic impact. This new arena will cause displacement from other subsidized municipal facilities. In other words, it is not anticipated it will generate new revenue from ice rentals only shift ice rentals between facilities. Therefore a macro-economic cost of ownership estimate has been calculated below.

Cost of Ownership Estimate (As presented at Oversight Committee Feb 25, 2016)

A	B	C	D	E	F
Projected Capital Investment (predesign, design and construction). One-time fixed cost. (Construction \$34.5M + Design \$13.5M*)	Cost of borrowing \$28,800,000 at 2.019% for 10 years (\$28.8M Debenture + \$19.2M CIR)	Life Cycle Maintenance cost plus 2.0% inflation (compounded annually)	Indoor Operating Subsidy, plus 1.1% inflation (compounded annually)	Outdoor Operating Cost, plus 2.0% inflation (compounded annually)	Total Cost of Ownership(TCO) (A+B+C+D+E)
48,000,000	3,149,461	517,500	710,300	276,000	
		(base year)	(base year)	(base year)	
\$ 48,000,000	\$ 3,149,461	\$ 31,258,026	\$ 35,449,231	\$ 16,670,947	\$ 134,527,666

Assumptions for this project:

A) Borrowing cost only includes the cost of the existing debenture for this project

B) 2.0% inflation used for the lifecycle maintenance cost

C) 1.1% inflation used for the operating subsidy. Lower inflation rate due to inflationary impact on revenue component

D) 2.0% inflation used for the outdoor operating cost

E) Life cycle maintenance cost estimated at 1.5% of \$34.5M construction cost

F) Total Cost Ownership amount above is the inflationary costs over 40 years not Net Present Value(NPV)

** \$13.5M approved budget for the design of the entire Northside Multi-Use Facility*

Macro Cost of Ownership Estimate Incorporating Displacement

A	B	C	D	E	F
Projected Capital Investment (predesign, design and construction). One-time fixed cost. (Construction \$34.5M + Design \$13.5M*)	Cost of borrowing \$28,800,000 at 2.019% for 10 years (\$28.8M Debenture + \$19.2M CIR)	Life Cycle Maintenance cost plus 2.0% inflation (compounded annually)	Indoor Operating Subsidy**, plus 1.1% inflation (compounded annually)	Outdoor Operating Cost, plus 2.0% inflation (compounded annually)	Total Cost of Ownership(TCO) (A+B+C+D+E)
48,000,000	3,149,461	517,500	1,382,116	276,000	
		(base year)	(base year)	(base year)	
\$ 48,000,000	\$ 3,149,461	\$ 31,258,026	\$ 68,977,825	\$ 16,670,947	\$ 168,056,260

Assumptions for this project:

A) Borrowing cost only includes the cost of the existing debenture for this project

B) 2.0% inflation used for the lifecycle maintenance cost

C) 1.1% inflation used for the operating subsidy. Lower inflation rate due to inflationary impact on revenue component

D) 2.0% inflation used for the outdoor operating cost

E) Life cycle maintenance cost estimated at 1.5% of \$34.5M construction cost

F) Total Cost Ownership amount above is the inflationary costs over 40 years not Net Present Value(NPV)

** \$13.5M approved budget for the design of the entire Northside Multi-Use Facility*

*** \$671,840 increase due to ice rental displacement from other subsidized facilities*

Alternative 2 - Amend Design for Contiguous Arena's

Benefits

- Greater flexibility is gained in the type and size of events that may be staged
- An new event space in the region that has a capacity of 2600

Challenges

- Re-design would delay the project by 8-10 months

Cost of Ownership Estimate including Design Amendment

A	B	C	D	E	F
Projected Capital Investment (predesign, design and construction). One-time fixed cost. (Construction \$34.5M+\$3.5M, Design \$13.5M*)	Cost of borrowing \$28,800,000 at 2.019% for 10 years (\$28.8M Debenture + \$19.2M CIR + \$3.5M funding TBD)	Life Cycle Maintenance cost plus 2.0% inflation (compounded annually)	Indoor Operating Subsidy**, plus 1.1% inflation (compounded annually)	Outdoor Operating Cost, plus 2.0% inflation (compounded annually)	Total Cost of Ownership(TCO) (A+B+C+D+E)
51,500,000	3,149,461	570,000	697,394	276,000	
		(base year)	(base year)	(base year)	
\$ 51,500,000	\$ 3,149,461	\$ 34,429,130	\$ 34,805,126	\$ 16,670,947	\$ 140,554,665

Assumptions for this project:

A) Borrowing cost only includes the cost of the existing debenture for this project, +\$3.5M from design change TBD

B) 2.0% inflation used for the lifecycle maintenance cost

C) 1.1% inflation used for the operating subsidy. Lower inflation rate due to inflationary impact on revenue component

D) 2.0% inflation used for the outdoor operating cost

E) Life cycle maintenance cost estimated at 1.5% of \$38M construction cost

F) Total Cost Ownership amount above is the inflationary costs over 40 years not Net Present Value(NPV)

* \$13.5M approved budget design of the entire Northside Facility - \$2.3M to amend design falls within current budget, +\$3.5M to amend construction

**\$671,840 increase due to ice rental displacement, \$684,746 decrease due to event and rental profit

Recommendation

RRC administration recommends alternative two, a design amendment for the Northside Twin Arenas, contiguous space for the arenas. When factoring in the ice rental displacement, the cost of the re-design and the additional profit that can be generated from the new design, the true cost of ownership is actually \$27M dollars less than proceeding with the current design. Moving forward with this alternative is projected to delay the construction by 8-10 months.