



**CITY OF KINGSTON**  
**REPORT TO COUNCIL**

**Report No.: 07- 078**

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**TO:** Mayor and Council

**FROM:** Gerard Hunt, Commissioner Finance and Corporate Performance

**RESOURCE STAFF:** Desirée Kennedy, Director Financial Services / City Treasurer

**DATE OF MEETING:** February 6, 2007

**SUBJECT:** Kingston Regional Sports and Entertainment Centre Financial Summary – Interim Report

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**EXECUTIVE SUMMARY:**

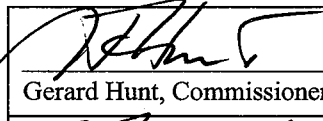
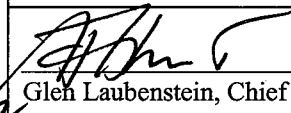
This report is for information purposes and is to advise Council on the interim status of the Kingston Regional Sports and Entertainment Centre Financial Summary project in accordance with the motion of January 23, 2007. As discussed with Council at the January 23, 2007 meeting, should there be any information ready for reporting to council as part of this interim report, it would be reported at this time, however, save and except for information with respect to the project methodology and the proposed final report structure, there is nothing further with respect to financial data that would be appropriate to report as of this interim date.

This project is a staff priority and we expect to meet the timelines targeted for the Council meeting of February 20, 2007. Should the information be finalized prior to that date, we may be in a position to update Council sooner.


**RECOMMENDATION:**

There are no recommendations resulting from this report.

**AUTHORIZING SIGNATURES:**

 Gerard Hunt, Commissioner Finance and Corporate Performance
 Glen Laubenstein, Chief Administrative Officer

**CONSULTATION WITH THE FOLLOWING COMMISSIONERS:**

Commissioner Beach, <i>Growth &amp; Sustainability</i>	N/R
Commissioner Segsworth, <i>Public Works &amp; Emergency Services</i>	N/R
Commissioner Hunt, <i>Finance &amp; Corporate Performance</i>	
Commissioner Thurston, <i>Community Development Services</i>	N/R
Commissioner Leger, <i>Corporate Services</i>	N/R
Jim Keech, President, <i>Utilities Kingston</i>	N/R

*(N/R indicates consultation not required)*

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**OPTIONS/DISCUSSION:**

A Council motion of January 23, 2007 directed the Treasurer and the Commissioner of Finance to gather and report on a variety of information with respect to the Kingston Regional Sports and Entertainment Centre ("KRSEC"), including information on the draft business plan and related cash flows, risk management issues and the municipality's debt levels.

As requested as part of the motion, we are providing an interim report on the project status to date. This report includes information on the project methodology as well as a proposed structure for the final report. There are no project findings with respect to the financial data that would be comprehensive and appropriate to report at this time.

Project Methodology

Our project methodology involves the following tasks:

- Compile and review all documents with respect to the Kingston Regional Sports and Entertainment Centre. The review of documents includes, but is not limited to:
  - All KRSEC-related Council Reports
  - Steering Committee Minutes and Reports / Resolutions
  - KRSEC Business Plan
  - Market Study – Deloitte, September 2005
  - KEDCO Economic Impact Study
  - KAP Funding Report and Agreement
  - BIA Funding Report and Agreement
  - Kingston Frontenac Hockey Ltd License Agreement
  - Arcturus/SMG Operator Agreement
  - Annual Debt Repayment Limit Report
  - Standard & Poors Report
- Compile information, where available, on hockey and non-hockey events, seats sold and ticket prices from other sports and entertainment facilities. Where possible, we are attempting to obtain data from other facilities including:
  - Victoria - Save on Foods Memorial Centre
  - London - John Labatt Centre
  - Sudbury - Sudbury Arena
  - Oshawa - GM Centre
  - Other - currently under review
- Summarize the pertinent details of all major agreements / licenses / contracts

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- Provide a projected operational cash flow for the KRSEC that reflects the details above
- Identify assumptions inherent in the above information
- Review all KRSEC related contracts and agreements with legal staff
- Identify elements of risk, risk management plans and related financial implications
- Review debt levels in context of provincial regulations and credit ratings
- Prepare final report to Council

Final Report Structure

Our proposed final report structure would include the following components:

- Summary of relevant financial information from review of documents and agreements / contracts
- Presentation of projected operational cash flow incorporating the pertinent financial data from documents above
- Summary of data from other sports and entertainment facilities and other information used to support cash flow details
- Analysis of identified assumptions and related financial risks and potential effects on debt levels and tax base
- Information on municipal debt load in context of provincial regulations and credit ratings
- Other information that may relate directly or indirectly to the project

**EXISTING POLICY/BY LAW:**

Not Applicable

**NOTICE PROVISIONS:**

Not Applicable

**ACCESSIBILITY CONSIDERATIONS:**

Not Applicable

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**FINANCIAL CONSIDERATIONS:**

Not Applicable

**CONTACTS:**

Gerard Hunt, Commissioner Finance and Corporate Performance 546-4291, Ext. 2205

Desirée Kennedy, Director Financial Services 546-4291, Ext. 2220

**OTHER CITY OF KINGSTON STAFF CONSULTED:**

Not Applicable

**EXHIBITS ATTACHED:**

Not Applicable