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**Multiplex Business Plan  
- Core Analysis**

**Building on a Community Priority**

January, 2006

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**Appendix A** - Financial Model

## INTRODUCTION

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### **1 Introduction**

#### **1.1 Purpose and Deliverables of the Business Plan - Core Analysis**

The City of Kingston is moving forward with the development of a Multiplex to meet the need for new and upgraded ice facilities and associated uses. This Business Plan-Core Analysis is a tool that will allow staff to prepare a financial analysis of a municipally owned and operated Multiplex Community Centre.

Specifically, the purpose of the Business Plan - Core Analysis is to:

1. Provide a benchmark for evaluating responses to the RFPs issued for the Multiplex;
2. Provide capital costs estimates, conservative projected operating cash flows including capital reserve fund contributions and the financial implications.

The Business Plan - Core Analysis is an evolving document and the iterative process of its development will lead to long term policy decisions and a strategic plan aimed at addressing Kingston's needs for ice recreation facilities and the measures that can be taken to increase their financial viability.

#### **1.2 Description of the Multiplex**

The Kingston Multiplex Community Centre is intended to be a first class facility, given its significance as a major social, recreational and cultural focal point for the City of Kingston and the Region. This facility will boost local sports and community events that take advantage of a modern facility, housing four ice pads and other associated recreational space. It will have an economic impact, by allowing Kingston to attract more athletic tournaments; will replace aged arenas with a more economic and energy efficient operation; and allow consideration of adapting those older community centres to other community and recreational uses. Construction begins in 2006 with the first phase to be completed in 2007.

The facility will host ice events such as hockey, figure skating and public leisure/recreational skating, dry floor events such as lacrosse and floor hockey and other similar community events.

The site will provide for parking, vehicle and pedestrian circulation, landscaping, public art and a public plaza. Site planning and development will include provisions for enhanced public transit and tour buses and will provide convenient truck access and egress with on-site movement and loading in order to minimize the impact on the neighbourhood.

The primary objectives in the design and construction of the arena venue area and spectator seating areas are to provide comfortable seating and unobstructed views of the events from all parts of the arena, ensure safety in all areas and produce a convenient, comfortable and accessible venue which is flexible and can accommodate a number of activities.

### 1.3 Elements of the Multiplex

Table 1 documents the elements of the Multiplex as described in the Multiplex Request for Proposal (RFP) document.

<b>Table 1 – Main Elements Of The Multiplex As Per RFP</b>
<ul style="list-style-type: none"> <li>➤ 3 NHL Size Rinks – Seating Capacities of 300-500 each.</li> <li>➤ 1 Olympic Size Rink - 1,500 Seat Capacity With Allowance for Future Expansion</li> <li>➤ Multi-Gendered Dressing Rooms.</li> <li>➤ 6 Dressing Rooms per Ice Pad.</li> <li>➤ Officials/Referees/Coaches Rooms Complete With Bench Seating, Lockers, Toilet, Sink and Shower Stalls. Four Dressing Rooms for Six (6) Persons Each are Proposed: Two for Adult and Two for Youth; Male and Female</li> <li>➤ Commercial Quality Kitchen, Restaurant and Lounge.</li> <li>➤ Multi-Purpose Room Including Folding Walls (Approximately 4,000 ft<sup>2</sup> plus)</li> <li>➤ Pro Shop</li> <li>➤ Injury Management Centre/First Aid Room Including Sports Medicine</li> <li>➤ Fitness Space</li> <li>➤ Accessible Viewing Positions and Access for Persons with Disabilities and Companions Including Warm Viewing Areas</li> <li>➤ Storage and Display Spaces (Approx. 2,000 ft<sup>2</sup>) for Community Purposes</li> </ul>
<b>FACILITY MAY CONTAIN THE FOLLOWING COMPONENTS AND FEATURES</b>
<ul style="list-style-type: none"> <li>➤ 50 Metre Pool</li> <li>➤ Indoor Running Track</li> </ul>

This Business Plan-Core Analysis examines the main components of the Multiplex. A separate study will be needed to review the optional components of a pool and running track. This analysis does not fully explore the feasibility of a 50 Metre Pool or Indoor Running Track in detail for the following reasons:

1. A 50 Metre Pool Utilization Study or Indoor Track Needs Study has yet to be developed or examined.
2. Insufficient analysis has been completed to reveal sufficient community demand for an indoor track. Consultation should be done with Queen's and RMC in regards to their indoor tracks and possible joint uses. It is difficult to recommend building an indoor track and accompanying capital and operating costs without sound demand and supply analysis.
3. Capital cost of constructing a 50 metre Olympic pool, exclusive of land costs, is estimated to be in the range of \$26M to \$27M with annual cash operating losses that could be in the \$500,000 range before debt repayment of \$350,000.

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**NEED FOR MULTIPLEX**

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## **2 The Need for a Multiplex Community Centre**

### **2.1 Council Priority and the dma Report**

The need for new and sustainable ice facilities has been an issue for the City of Kingston for some time. In 2004, City Council approved in principle a staff recommended Arena Capacity and Expansion Study confirming the poor state of several community arenas and increasing demand for more ice surfaces. Furthermore, Council ranked this Multiplex Community Centre Project as among its top three capital priorities at Council's priority setting workshops in the fall of 2004. Based on this, Council tasked staff with delivering on a project to replace three aged and deficit-laden facilities with a modern four-pad to match the increasing demand (approved by Council on October 26, 2004).

Council recognized the community's concerns regarding lack of ice time, the timeworn condition of arenas in Kingston, and the need to replace them with a more modern and sustainable facility. The oldest existing arenas in the City were built in the 1950s and 1960s and are reaching or are beyond the end of their typical life span. The Arena Capacity and Expansion Study (the "Arena Study") noted that these arenas are expensive to operate and to repair.

As well, the Wally Elmer and Cook Brothers arenas were originally built as community youth centres and do not meet many of today's needs for organized ice users. A survey of user groups in 2003 found Wally Elmer and Cook Brothers both rated "unsatisfactory" for every component listed. The survey also found that due to lack of ice time, less than one-third of responding organizations currently host tournaments. Wally Elmer, Cook Brothers, and Harold Harvey arenas are not fully accessible to persons with disabilities. These arenas are single-purpose with no additional multi-purpose space and are limited by poor infrastructure and dated facilities. The Arena Study showed that these facilities are far too expensive to operate and to repair in a financially sustainable manner. As a result, the Arena Study recommended that the Memorial Centre, Harold Harvey Arena and Cook Brothers facilities be replaced in the short term (by 2005) and Wally Elmer Youth Centre be replaced in the short to medium term (between 2005 and 2015).

In addition to responding to the need for more ice time in better facilities, the new Multiplex Community Centre will enable community groups to host greater and enhanced tournaments. Today's standards require that these events be held in a large facility with multiple ice pads and ample parking. Tournaments can be exciting events for the participants; they also draw visitors from beyond the City. For example, the annual Kids for Kids hockey tournament attracts more than 130 teams and may generate an estimated \$7 million in economic impact.

While the dmA study recommended twinning the Centre 70 arena, time and circumstances have changed the need to proceed with that project. With the advancement of a new Multiplex Community Centre and LVEC as two of Council’s top capital building project priorities for 2005-2007, the Centre 70 twinning project has lost much of its initial advantage. Staff is recommending that the effectiveness and increased value-for-money benefits of proceeding with the Multiplex is even greater than adding the extra ice pad at Centre 70. The economies of scale of a four pad Multiplex Community Centre are much greater than a twin pad or three pad. In fact a four-pad facility can be built and operated for approximately the same amount of money as a three-pad.

This Business Plan - Core Analysis utilizes the assumption that the Large Venue Entertainment Centre (LVEC) will be constructed and the Memorial Centre will be repurposed. It is anticipated that between 50-75% of the ice time available at the proposed LVEC will be available for community use and that this replaces the ice time from the Memorial Centre. Accordingly, this analysis does not study the revenue, or operations plan of the LVEC and Memorial Centre.

The analysis in this business plan assumes that the City will operate the four-pad Multiplex Community Centre along with Centre 70 and Catarauqui/Kinsmen ice pads. Once the Multiplex is operational it is assumed for this study that Cook Brothers, Wally Elmer and Harold Harvey arenas will be repurposed for other community uses and will not be used as indoor ice facilities.

The Arena Study, which was recommended by staff and approved in principle by Council, identifies that in the short to medium term the City requires an additional ice pad over and above the total present asset inventory, which is seven ice pads (6.75 community ice use equivalent – see table 2). This could be accomplished by having the Multiplex (4 pads), Centre 70, Catarauqui/Kinsmen and the LVEC (.75) operational.

**2.2 Arena Supply Outlook**

Table 2 on the following page provides a snapshot comparing the current inventory of arena pads to the dmA report and to today’s recommended 4-Pad Multiplex. While the makeup of the dmA proposal and this report vary, they both conclude that the City of Kingston requires an additional ice pad.

<b>Table 2 - Community Recreation Arena Supply</b>			
<b>Ice Pads</b>	<b>Current</b>	<b>dmA Proposed</b>	<b>Proposed 2007</b>
Catarauqui/Kinsmen	2	2	2
Centre 70	1	2	1
Memorial Centre	.75	0	0
LVEC	0	0	.75
Cook Brothers	1	0	0
Wally Elmer	1	1	0
Harold Harvey	1	0	0
Multiplex	0	2.75	4
<b>Total</b>	<b>6.75</b>	<b>7.75</b>	<b>7.75</b>

### **2.3 Need for Additional Ice Pad**

The Arena Study and numerous community groups have not only revealed that Kingston needs to build new ice pads to replace the older ones but also that the City requires an additional pad to meet the need for more ice time in the city. The Arena study concluded that the demand for ice time in Kingston currently (and in the short to medium term) exceeds the supply of ice pads.

The City of Kingston operates six arena facilities with a total of seven ice pads, ranging in age from 11 to 53 years old, with all of the more central arenas (Memorial Centre, Wally Elmer, Cook Brothers, and Harold Harvey) more than 40 years old. Other arenas in the City include Queen's University's Jock Harty Arena in the urban centre of the City, and Constantine Arena, operated by the Royal Military College in the City's east end. It should be noted that Jock Harty Arena will be closed while a new Queen's Centre is built from 2006 - 2013. The university plans a \$175-million complex in the heart of the campus, including an Olympic-sized 2000 seat ice pad, two gyms and a four-lane track and field house. Moreover, the Constantine Arena is currently at a 100% utilization rate from the CFB military community alone and cannot accommodate ancillary community use. CFB Kingston has also identified the need for a second ice pad for their use.

With the exception of the Cataraqui Arena, all facilities are single pad arenas. Four of the ice pads are less than NHL size, two are NHL size, and Kinsmen Ice Pad is an Olympic-sized ice surface. Four or five dressing rooms are provided for each ice pad, most of which are small and inadequate at the older arenas. The smaller, older, central arenas (Wally Elmer, Cook Brothers and Harold Harvey) are undersized and do not meet the needs of senior and youth users or increased numbers of adult users (e.g. dressing rooms, ice surface, etc.). Furthermore, these arenas are not fully accessible to persons with disabilities. The newer facilities, Cataraqui/Kinsmen Arenas, have the ability to produce summer ice.

For the purpose of this report we assume that the City currently has 6.75 municipally-owned and operated ice pads available for community use. The Memorial Centre accounts for .75 because it is used 25% of the time by the Kingston Frontenacs. According to Stats Canada's projected population for the City of Kingston in 2006, the City has a population of 115,491. From this it is understood that Kingston currently has a ratio of one publicly-owned ice pad for every 17,110 residents.

**Short at Least One Arena**

To determine the ice facility needs for a city the size of Kingston and for future population increases, staff have reviewed the following two documents which provide guidance on per capita ratios for arenas.

1. 1997 Arena Facility Report, (Kingston Municipal Operations)

Figures in the 1997 Arena Facility Report which surveyed 18 municipalities indicates an average per capita ratio of 1 rink per 13,630 persons. For purposes of this report we have rounded the ratio up to one rink per 14,000 persons.

2. Guidelines for Facility Planning (Ontario Recreation Facilities Association-September 2002). The September 2002 Guidelines for Facility Planning, produced by Ontario Recreation Facilities Association Inc. sets out standards based on community activity levels in ice activities. Those Guidelines state that the ratio of one artificial ice rink per 14,000 people is adequate:

*“[i]f residents of your municipality are ‘fairly active’ in ice activities and you have a minor hockey system for boys and girls, skating club and adult hockey.”*

Past municipal reports have clearly shown that the City of Kingston ice pads are very active through providing service to: minor hockey for boys and girls, skating club, adult hockey, senior hockey, community public skating, as well as ringette, synchronized skating, speed skating, sledge hockey, an OHL team, a Senior ‘A’ Team and a Provincial Junior ‘A’ team.

Table 3 summarizes the shortfall of ice pads in the City of Kingston.

<b>Table 3 - Projected Needs Assessment For Ice Pads Based On Average Per Cap Ratio Of 1 Rink Per 14,000 Persons</b>				
Year	Population	Rink: Population (current 6.75 rinks*)	Required Number of rinks Based on 1 rink per 14,000 persons	Shortfall - If current rink numbers (6.75) are maintained
2001	114,195*	1:16,918	8	1.25

\* using 2001 Stats Canada census data

**Waiting Lists for Ice Pads:**

As part of the Arena Study, the consultant surveyed the major groups currently using City of Kingston ice pads. Less than 1/3 of responding groups currently host tournaments. Lack of ice time was the most common reason given. 32% of responding organizations maintained waiting lists, with a total of 365 people on these lists. 23% of responding groups felt that facility time available was not adequate to meet the needs of their groups.

Furthermore, a City Parks and Arena report (Information Sheet: Additional Ice Pad – Centre 70) issued in 2003 stated that the current seven arenas provided 504 hours

of useable ice per week and the demand is for 588 hours of useable ice time per week. The shortfall is 84 hours per week. If one additional ice pad is brought online, sixty-two (62) prime time hours of the shortfall can be accommodated but twenty-two (22) hours would still not be available.

Due to the shortfall of available ice the City has negotiated with the partner and user groups a finite total of 1050 hours for special events and tournaments over the 26 week season. Many requests for tournaments and special events that create a positive economic impact to the City have had to be turned away due to lack of available ice. In addition to partner and user groups ice allocation requests, facility booking staff take requests daily for casual ice usage for pick up and adult hockey, high school hockey, private skating, clinics, birthday parties etc. Unless a potential ‘booking’ can be accommodated in non-prime hours between 9 a.m. and 4 p.m. on weekdays, these requests cannot be accommodated as all other useable time slots are allocated to partner and user groups.

**Table 4 – Municipal Arena Usage**

<b>Arena Hours</b>	<b>Times</b>	<b>Useable hours</b> (per arena, per week)	<b>Useable hours</b> (7 arenas, per week)	<b>Booked hours</b> (7 arenas, per week)	<b>*Requested hours</b>
Weekdays	6-8 a.m.	8	56	56	
	5-11 p.m.	30	210	210	
Weekends	6-8 a.m.	4	28	26	
	8 a.m.-11 p.m.	30	210	210	
<b>Total</b>		<b>72</b>	<b>504</b>	<b>502</b>	<b>*588</b>

*\*Partner Groups (469 hrs.), Adult (55 hrs.), City of Kingston Program (10 hrs.), Maintenance (14 hrs.), Special Events (40 hrs.)*

*Source: City of Kingston – Department of Community Services, Information Sheet: Additional Ice pad – Centre 70, January 30, 2003.*

Moreover, City staff collected ice time utilization profiles for all City arenas for the operating year 2002-2003 for the dmA Arena Study. On an overall basis, the prime time utilization rate during the regular season is 89.4%. This indicates a very high level of use.

**Table 5 – Percentage of Prime Time Used**

<b>Ice Surface</b>	<b>Regular Season</b>	<b>Spring Season</b>	<b>Summer Season</b>
Memorial Centre	87.9%	89.1%	n/a
Wally Elmer	82.3%	n/a	n/a
Cook Brothers	88.2%	52.3%	n/a
Harold Harvey	85.4%	86.0%	59.9%
Centre 70	91.9%	59.4%	93.0%
Cataraqui	98.6%	90.3%	97.0%
Kinsmen	91.4%	81.0%	83.2%
<b>Averages</b>	<b>89.4%</b>	<b>61.5%</b>	<b>83.25%</b>

*Source: dmA Arena Capacity and Expansion Study, 2004*

\* Prime Time hours calculated using the following formula:

Prime Time	Monday – Friday	4:30 p.m. – 12:00 a.m.
	Saturday – Sunday	7:30 a.m. – 12:00 a.m.

Prime time usage appears low because of the formula that dmA used for this study. Essentially, dmA calculated prime time to be from 4 p.m.–12 a.m.; however, industry standards generally accept prime time hours to be calculated between 5pm – 11pm as the 11 p.m.–12 a.m. time slot is under-utilized and skews the numbers. For this reason these hours are not normally included as prime time.

### **Growth in Girls’ and Women’s Hockey:**

Kingston is also experiencing significant growth in women’s hockey, which is expected to grow significantly at the adult and youth age ranges and in both recreational and competitive levels. Other studies anticipate that there will be a multi-team Junior ‘B’ Women’s League in Ontario within ten years. This new trend requires arenas with extra dressing rooms and other amenities such as female referee rooms. The Canadian Adult Recreational Hockey Association (CARHA), which governs more than 6,800 teams and 135,000 players across the country, has recently seen a 200 percent growth in its women's hockey program. More women's teams and leagues are joining CARHA each year. The organization has responded by expanding its national tournament program by offering divisions exclusively for women.

### **Growth in Adult Men’s Hockey:**

Adult recreational hockey has experienced relatively widespread growth over the past five years and currently includes an estimated 500,000 participants across Canada, according to the Canadian Adult Recreational Hockey Association. The CARHA indicates that league activity among 19 to 30 year olds has experienced the highest rate of growth for men, while women’s adult hockey has also increased in

the past five years. The CARHA projects that steady growth will continue because of the strength of minor hockey in Canada acting as a feeder system.

### **Population Growth:**

Stats Canada shows that the City's population is expected to grow by 32,517 or 28.5% from 2001 to 2026. The rest of the Kingston Census Metropolitan Area (CMA) is comprised of the City of Kingston and the Townships of Frontenac Islands, Loyalist, and South Frontenac, is expected to experience a substantially higher rate of growth at 13,099 persons or 40% over the same time period.

### **Existing Arenas Outdated**

Six of the seven municipally-run ice pads date from before 1973, with three of them dating from the early 1960's and the Memorial Centre dating from 1951. Health and safety issues, accessibility requirements and co-ed programs are not all being served by these ice facilities. Aging infrastructure is on 'borrowed' time and a system failure could take one of the older arenas out of service. There is also no flexibility in the system should one of the older arenas suddenly have an emergency shutdown.

### **Economic Benefits**

Economic benefits are lost to the City because of the lack of opportunity for ice time for tournaments, events and other competitions. For example: more adult ice is needed; past tournament opportunities have been cancelled due to a lack of available ice time and the lack of appropriate facilities. In addition, future opportunities are being lost for the same reasons. With more ice time available, tournaments will grow in size and number for youth and adults alike. Other untapped opportunities exist and have been confirmed through consultation with user groups and staff. The biggest benefit may be the satisfaction users feel in having a facility comparable to other communities that they can be proud of when out-of-town competitors visit

### **Efficiency**

Operational costs are much lower in a four-pad facility as compared to a traditional single-pad facility due to the staff efficiencies in having a one-site operation and modern, energy-saving features. Because older arenas are less energy efficient, they are more expensive to operate. Efficiencies are also gained by having four rinks in one location. The cash flow analysis completed in the Appendix of this Study documents these savings. Similar facilities in other cities are operating with a surplus before debt payments, with a high profit margin from upscale concession areas (but not their restaurants).

## **2.4 RFI/RFP Process - Procurement Development**

After the public consultation process and work within the Community Advisory and Technical Advisory Group, the City staff proceeded with a Request for Information and a Request for Proposals from Operators and Design-Build Teams to build a new Multiplex Community Centre. A Call for Proposals was issued to solicit specific proposals for the Multiplex. The proposals were expected to recommend the best mix of recreational facilities for the site, suggest a suitable location, and propose the best way to operate these facilities (for example, City-owned and operated, City-owned with a third party contracted to operate the facility, or owned and operated by a third party).

Procurement steps taken to date include:

- Request for Information (RFI) document issued. Development of the document was done in consultation with the Community Advisory Group, Technical/Staff Advisory Group and the Multiplex Community Centre Project Steering Committee.
- Request for Proposals (RFP) were issued containing procedures and safeguards to address competition, transparency, and fairness. Each RFP proponent had to demonstrate that they had the financial means to undertake this project.
- The closing date for receipt of submissions was October 20, 2005. Five valid proposals were received. Proponents are now to be short-listed on the basis of their qualifications, experience in similar partnerships and in the recreation/entertainment sector; financial capability and preliminary vision for the project.
- The proposals are currently being evaluated. This Business Plan-Core Analysis will act as a public sector benchmark to assess value for money in the proposals submitted.
- An addendum to the RFP reflecting revisions in the specifications including the preferred location for the facility will be issued by staff to the five proponents. The addendum to the RFP for the facility will be focused on the design/build, construction and on operations.

Following the selection of a qualified proponent, design drawings will be prepared during the winter 2006 with construction beginning by late summer of 2006. This Core Analysis assumes that when Phase I of the new facility opens in August of 2007, Wally Elmer, Cook Brothers and Harold Harvey arenas will not be used for ice sports but may be used for other community or recreational purposes that cannot be accommodated today. City Council is expected to begin discussions to determine appropriate uses for the replaced arenas in the near future.

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## FINANCIAL ANALYSIS

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### 3 Financial Analysis

#### 3.1 Introduction

This section of the Multiplex Business Plan - Core Analysis identifies:

- The capital costs to construct the Multiplex.
- The operating revenues, expenses and resulting net cash flows and decision-making criteria needed to determine the facility's operation.
- An analysis assessing the Multiplex's cash flows and the resulting ability to finance the project relative to the capital construction costs.

Fundamental to the financial estimates of operating results is the assumption of competent and efficient management of the facility.

#### 3.2 General Assumptions in the Financial Model

- Cost of land and related costs not included
- Cash flows from operations will be sufficient to operate and finance the construction of the facility
- Capital costs are expressed in 2006 dollars
- Wally Elmer, Cook Brothers and Harold Harvey arenas to discontinue as community ice pads. (*Funds that would be needed to re-purpose are not included*)
- City to implement harmonized ice rates
- Youth rates are to be expressed as 75% of adult rates
- Multiplex Opening: September 1, 2007
- Revenue and expenditures are indexed to inflation at current levels (2%)
- Operating year: September 1 to September 1 of each year
- Prime Time hours are 5-11 p.m. weekdays and 8 a.m.–11 p.m. weekends (closing at 11 p.m.)
- Winter Session – 32 weeks, Summer Session – 20 weeks\*
- Two Multiplex ice pads running 12 months and cycling every two years
- Given the Kingston market, a spring season will be taken into account
- Meeting rooms and charges based upon present municipal rates and other municipal facilities for comparison.

*\*(Two ice pads running 12 months and cycling every two years)*

### 3.3 Capital Construction Costs

Table 6 presents a capital cost estimate for the proposed Multiplex Community Centre based upon the space program identified in the Multiplex RFP. Based on the space program the preliminary capital cost estimate is \$24.5 million.

<b>Table 6 - Capital Cost: Construction of the Multiplex – Excluding Land and Related Costs, Pool and Indoor Track</b>		
	\$M	
<b>Construction Costs:</b>		
Structure	5.6	
Finishing, Seating, and Signage	8.4	
Mechanical and Electrical	4.7	
External/Site Works	.4	
Site Management	1.2	
Professional Fees and Contingencies	3.9	
<b>Total Design-Build Cost:</b>		<b>24.2</b>
Furniture, Fixtures and Equipment (FF&E)		
Food and Beverage (e.g. restaurant and concession)		
Operations (e.g. Zamboni, stages, arena floor, etc.)		
<b>Total FF&amp;E</b>		<b>1.0</b>
<b>Design-Build Guaranteed Max. Price</b>		<b>25.2</b>
City Fees		
Permits	0.4	
Impost fees	0.7	
Development Charges	0.6	
City Pre-Construction and Admin. Costs*	0.6	
<b>Total City Fees</b>		<b>2.3</b>
<b>Total Capital Cost** – excluding land and related costs, pool and indoor track.</b>		<b>27.5</b>
<b>Recommended Reductions (see page 16)</b>		<b>-3.0</b>
<b>Total Capital Cost – with Recommended Reductions and excluding land and related costs, pool and indoor track.</b>		<b>24.5</b>

\*Pre-construction calculated at approximately 2.5% of total Design-Build costs.

\*\*These numbers were provided through MHPM Project Managers Inc. and are based upon examination of recent capital costs of similar facilities in the province of Ontario.

## **RECOMMENDED REDUCTIONS**

The high projected capital cost for building the Multiplex, combined with some observations made by RFP proponents, caused the Technical Advisory Committee to review the RFP specifications for the construction of the Multiplex. With the objective of reducing the construction and out-fitting cost of the Multiplex while not reducing the building's functionality from a user's perspective, the following observations were made and are presented for consideration by the Multiplex Community Centre Project Steering Committee.

- Reduce the seating in the feature arena from 1,500 chair seats to bench seating for 750. TAC was not able to identify any occasions where there will be a need for 1,500 seats. 300 seats in each of the other three arena pads will be sufficient seating.
- Reduce the size of the feature rink from Olympic (200 ft by 100 ft.) to NHL size (200 by 85 ft). The arena span (walls and roof) will be reduced by fifteen feet. This change will reduce the construction cost and the ongoing operating costs for this ice pad by 15%. For specialized programming such as speed skating and occasions when an Olympic ice surface is needed, the Kinsmen Arena can be used and, when constructed, the new Queens University arena can be used.
- Take-out the community kitchen. The new Multiplex will have first class concessions and a professionally run restaurant. Management will be capable of catering to events. In addition, the company paying for a licence to operate these facilities will expect to have exclusivity in the preparation and sale of food and beverage services. In practice the community kitchen at Centre 70 will be available for groups wanting to do their own food preparation and catering. Currently the Centre 70 community kitchen facilities are seldom used.
- If the Kingston Voyageurs and/or the Kingston Aces indicate interest in moving home ice to the Multiplex, negotiations will be undertaken to include costs for the finishing of dressing rooms and provision of storage space as well as costs for ice rentals. Dressing room specifications will need to be documented, to ensure incorporation into the design and costing of construction. This option needs further exploration to confirm if these groups are interested in relocating.
- The Sports Injury Clinic and the Fitness Facility should only be built when a long term licensing agreement has been signed with a private operator(s). These facilities will be built to the specifications agreed to as part of the licensing agreement.
- Remove:
  1. Community Lounge
  2. Retractable Seating
  3. Forklift (if needed, can be borrowed from the LVEC)
  4. Ice Painting System (have one system for all arena facilities)
  5. Arena Floor Chairs (if needed, borrow from the LVEC)

6. Portable Staging (if needed, borrow from the LVEC)
7. Commercial Washer and Dryer
8. Arena Retractable seating Tiers
9. Four sided scoreboard for centre ice installation. (Costs about \$500,000 plus the need to have a much higher roof)
10. Depending on our approach to constructing, financing and operating the Multiplex and the licensing agreement for food and beverage services, the City may only be responsible for allocating the space and providing “rough-in” construction to the concessions and the restaurant. Under this approach, the Licensee will be responsible for all finishes, furniture, fixtures and equipment.
11. Community Lounge Equipment
12. Spectator Seating. Replace chair seating with bench seating.
13. Ice Cover Portable Floor (if needed, borrow from the LVEC)
14. Passenger Elevators. Only need one.
15. Material Lift. Can use the elevator.

It is believed these defined reductions will reduce the total construction capital costs by over \$3 million.

**LEED Certification and Design:**

Council policy states that “all large municipal building and retrofit projects undertake an assessment of the Leadership in Energy and Environmental Design (LEED) as a design goal for Council’s consideration before finalization of the project design.”

LEED certification and design or other conservation standards will be investigated in accordance with Council policy as part of the design stage. Recent experience has demonstrated that for certain buildings, the costs to meet LEED certification will achieve a payback in energy savings and efficiencies sufficient to offset the incremental capital costs over a reasonable period.

It is expected that any incremental costs associated with construction to a LEED standard or other conservation standard will be offset by identified savings in the payback period. On this basis this item need not be incorporated into the cost of the project at this time.

### **3.4 Operating Cash Flows**

This section outlines operating revenues and expenses and staffing requirements for the proposed Multiplex. Estimates of future operating results for the Multiplex facility have been derived through historical trends and data from existing arena uses and an analysis of comparable facilities and staff evaluation of the income potential of the facility under projected market conditions. The following analysis and underlying assumptions and cash flows reflect the City's experience and input, including actual operating results in existing facilities as well as increased harmonized ice rates to ensure the viability of all arena facilities. Any adjustments made to these underlying assumptions will impact the revenues and expenses identified in Table 12 – *Year 1 Net Operating Cash Flows* .

### **PROJECTED REVENUES**

- **Ice Rentals**

The ice rental revenue has been projected based on anticipated utilization levels and new harmonized hourly ice rates. The analysis was based upon historical data as well as experience achieved in similar facilities in the province. The projected rental and utilization rates are based on the assumption that the City of Kingston repurposes ice availability from Cook Brothers, Wally Elmer and Harold Harvey arenas prior to the opening of the Multiplex. If the City does not follow through with repurposing these arenas, these utilization rates and related revenues in the financial model will not be achieved.

#### **Rationale for Harmonizing and Increasing Ice Rates**

This Business Plan has been developed with an underlying policy objective of operating municipal ice facilities in a cost-effective and fiscally sustainable manner. With this in mind, the Business Plan recommends harmonizing ice rates across all municipally operated arenas. Currently, many of the municipal arenas utilize different ice rates without a universal policy. The underlying rationale behind this policy is that ice users see different arenas as having more or less value to them. For example, users pay a premium for an ice rental at the Memorial Centre. In reality, users see this increased ice rate as a “tax”. The real value to the user is having access to ice at a convenient time. For this reason most cities have one set of ice rates which are applicable to all of their arenas. This approach has the added benefit of helping the City in scheduling ice and accounting for ice.

The costs of operating arena facilities are significantly offset through revenues generated from ice rentals. The City currently subsidizes rink operations, especially at the youth level. Subsidization for arena facilities is defined by the difference between budgeted revenues and expenditures – a budgeted deficit of over \$1.3 million in 2006. The overall operating deficit is primarily due to high ice rental subsidization.

This Business Plan – Core Analysis utilizes increased rental rates of \$220 per hour for Adults during prime time while charging youths \$165 per hour for prime time ice.

As a principle, this analysis still recommends that youth groups qualify for subsidized rates. The price discrepancy between adult and youth is generally consistent with the current price ratio in the City as well as other municipal rate ratios across the province where youth are charged at  $\frac{3}{4}$  of the adult rate. Non-Prime - Time rates are assumed at \$125 per hour while summer prime time and non-prime rates are \$200 and \$140 per hour for both adults and youth respectively.

The increased rates are justified if Council wishes for these facilities to be financially sustainable. If Council feels that these rates are not financially sustainable for specific user groups (e.g. economically disadvantaged) a policy should be adopted that looks at discounting certain rates based upon economic need. Incorporating the recommended rates in Table 7 will help provide a stable environment in which to operate the arena facilities, ensuring that proper funding is in place and service levels are not reduced in the long term. Staff will consult with partner/user groups and then return with recommendations to Council in establishing user rate policies, which will impact the Business Plan.

Table 7 summarizes the harmonized ice rates that are being proposed to make the multiplex self-sustaining:

<b>Table 7 - Ice rates for Self Sustaining Multiplex</b>		
<b>Category</b>	<b>Current*</b>	<b>Proposed Harmonized Rate</b>
Non Prime	\$64.95 – \$123.83	\$125
Youth Prime	\$109.11 - \$123.83	\$165
Adult Prime	\$171.96 - \$189.72	\$220
Summer Prime Time 5 p.m.–11 p.m. Sunday to Thursday	\$175.70	\$200
Summer Non Prime and Weekend	\$64.95 – \$175.70	\$140

*\* Current rates include a capital surcharge (10%) and a C 70 Twinning Surcharge (10% Youth and 15% Adult).*

*The above rates do not include GST.*

Table 8 summarizes the assumed Operating Hours as follows:

<b>Table 8 – Operating Hours</b>		
<b>Designation</b>	<b>Time Period</b>	<b>Total Hours</b>
Weekday Prime Time	5 p.m. – 11 p.m.	6
Weekday Non Prime Time	6 a.m. - 5 p.m.	11
<b>Total</b>		<b>17</b>
Weekend Prime Time	8 a.m. – 11 p.m.	15
Weekend Non Prime Time	6 a.m. - 8 a.m.	3
<b>Total</b>		<b>18</b>

Table 9 outlines the assumed utilization hours of the Multiplex in the first full year of operation.

<b>Table 9 – Multiplex Year 1 Total Hours Utilized</b>							
<b>Ice Pad</b>	<b>Youth Prime Time</b>	<b>Adult Prime Time</b>	<b>Non Prime</b>	<b>Summer Prime Time</b>	<b>Summer Non Prime</b>	<b>Dry Floor Use</b>	<b>Total</b>
I	1980	540	1716	240	568	0	5044
II	2190	330	1644	240	496	0	4900
III	1634	582	972			0	3188
IV	1590	210	1500			500	3800
<b>Sub Total</b>	<b>7394</b>	<b>1662</b>	<b>5832</b>	<b>480</b>	<b>1064</b>	<b>500</b>	<b>16932</b>

In the first full year of operation, ice rental revenue for the Multiplex is projected at over \$2.5M. This revenue is based upon the following generators:

- 16,932 hours of rented ice/floor for the entire year;
- 7,394 hours of Fall-Winter and Spring rentals are Youth Prime Time;
- 1,662 hours of Fall-Winter and Spring rentals are Adult Prime Time; and
- 5,832 of Fall-Winter and Spring Rentals are Non Prime Time.

Table 10 summarizes the subsequent revenue streams from the assumed rates and ice utilization based upon user designation.

<b>Table 10 – Multiplex Year 1 Ice Rental Revenue Stream</b>			
<b>Designation</b>	<b>Hours Utilized</b>	<b>Rate</b>	<b>Total Revenue</b>
Youth Prime Time	7,394	165	\$1,220,010
Adult Prime Time	1,662	220	\$365,640
Non Prime	5,832	125	\$729,000
Summer Prime Time	480	200	\$96,000
Summer Non Prime	1,064	140	148,960
Dry Floor	500	50	25,000
<b>Sub Total</b>	<b>16,932</b>		<b>\$2,584,610</b>

*The \$2,584,610 million is ice rental revenue is the total amount that will be carried forward to the summary in the Operating Cash Flows.*

- **Rental of Space**

This area includes revenue generated from leasing out the fitness facility space to an operator, resulting in some \$15,000 in leased revenue. Also, included in this projection is revenue generated from rental of pro shop space. Projected revenue derived from analysis of similar facilities.

- **Room Rental**

The rental of meeting rooms or multi-use room will be available within the facility. Revenues are projected to be generated from the rental of meeting rooms and the multi-use room. Anticipated revenues are based on a combination of room rental experience income generated at the Artillery Park Aquatic Centre as well as numbers from the Nepean Sportsplex.

- **Food and Beverage**

Gross concession revenues of \$100,000 are based on a straight lease agreement with a private operator. A private operator currently operates the Food and beverage Concessions at municipal arenas. It is anticipated that this service will continue to be contracted out and that the successful professional firm will operate all municipal arena food and beverage operations. A common management firm will provide for operating efficiencies saving a significant amount in annual operating expenses.

- **Floor and Booth Rental**

Floor and Booth rental is assumed to be \$30,000 in generated revenue. This estimated revenue is derived from historical data and anticipated increase from pent up demand for floor use.

- **Advertising**

Sponsorship and advertising revenue is estimated at \$75,000. Like the concessions operations, it is anticipated that this service might be best managed by the same professional firm that is under contract to sell sponsorship and advertising for all municipal arenas including the LVEC.

- **Vending**

The vending machine commission was based on doubling the actual income generated from the existing Cataraqui/Kinsman facility. Therefore, staff has budgeted \$15,000 in revenue per annum.

- **Other**

An expenditure recovery of \$40,000 has been budgeted for this facility.

**PROJECTED EXPENSES**

- **Salaries, Wages and Benefits:**

Expenditures for the facility have been included at \$770,000 based on the staff complement outlined on the following page.

<b>Table 11 – Multiplex Staffing Levels</b>		
<b>Position</b>	<b>FTE</b>	<b>Annual Cost (Benefits Incl.)</b>
Site Coordinator	1.0	\$70,000
Rink Attendants	7.0	330,000
Clerk Booking/Cashier	2.0	105,000
Custodian/Security	4.2	230,000
Part-Time Students	0.75	35,000
<b>Total</b>	<b>14.95</b>	<b>\$770,000</b>

- **Parts and Supplies**

An allowance of \$23,000 has been assumed for this cost item, and is intended to cover such items as tools, cleaning supplies etc.

- **Uniforms**

Assumed at \$1,500 to outfit the required staff at the Multiplex Community Centre.

- **Vehicle Fuels and Lubricants**

Assumed at \$12,000 to service two ice re-surfacers for the Multiplex Community Centre.

- **Maintenance of Fixed Assets**

An operational repairs and maintenance allowance has been included in the estimates starting at \$65,000/year, escalating at the rate of inflation.

- **Utilities**

Based on a survey of similar size facilities, the annual utilities costs (heat, hydro, water, and sewer) are estimated at \$520,000 per year escalating at the rate of inflation. This number would be expected to decrease although savings would go to additional capital cost, subject to LEED analysis or other conservation design measures.

- **Contracted Services**

Based upon historical data from existing arena facilities and a review of similar facilities, the annual contracted services costs for things including trash removal is estimated at \$40,000 per annum.

- **Equipment Charges**

An allowance of \$45,000 has been assumed for this cost item and is intended to cover necessary building equipment.

- **Major Capital Repairs and Maintenance**

In addition to the operational repairs and maintenance described above, the financial model includes an annual contribution to a facility capital reserve for the purposes of addressing major capital repair expenditures. The contribution begins at \$100,000/year eventually growing to \$150,000 in the sixth year of operation, and escalating to \$200,000/year in the eleventh year of operation. This reserve fund will also grow by 2% annually to cover inflation.

**SUMMARY OF OPERATING CASH FLOWS**

Table 11 identifies the first year of operation net operating cash flow for the Multiplex Community Centre.

<b>Table 12 – Year 1 Net Operating Cash Flows</b>	
	<b>Year 1</b>
	<b>\$</b>
<b>FACILITY REVENUES</b>	
Ice Rentals	2,584,610
Rental of Space	15,000
Room Rental	85,000
Food and Beverage	100,000
Floor and Booth Rental	30,000
Advertising	75,000
Vending	15,000
Other	40,000
<b>TOTAL REVENUES</b>	<b>2,944,610</b>
<b>FACILITY EXPENSES</b>	
Salaries, Wages and Benefits	770,000
Parts and Supplies	23,000
Uniforms	1,500
Vehicle Fuels and Lubricants	12,000
Maintenance of Fixed Assets	65,000
Utilities	520,000
Contracted Services	40,000
Equipment Charges	45,000
<b>TOTAL EXPENSES</b>	<b>1,476,500</b>
Net Cash Flows before contribution to capital reserve	1,468,110
Contribution to Capital Reserve	-100,000
<b>Net Cash Flow</b>	<b>1,368,110</b>

Note: Year 1 cash flows are indicative of future years in the financial model, other than inflationary adjustments, and escalating contributions to capital reserves.

**FINANCING OPTIONS**

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**4.0 Financing Options for the Proposed \$24.5 Million Multiplex Community Centre**

**4.1 Introduction**

The dmA Arena Capacity and Expansion Study recommended that Council consider not only the traditional model of municipal service delivery in which the City owns and operates the Multiplex facility, but also possible Alternative Financing and Procurement (AFP) methods with private sector parties, other public agencies, and/or not-for-profit groups. It was understood that comparing the merits of different delivery models would enable Council and the community to obtain the best value for money in the project.

This Business Plan-Core Analysis assumes that the City will have a Design-Build team construct the Multiplex and then turn over the keys to the City to operate the facility. The cash flow pro forma and financing of this analysis reflects this assumption and will be compared to the numbers provided by RFP proponents proposing to manage the facility privately.

For this project to be feasible and viable it is understood that ice rates across all municipally operated arenas need to be harmonized.

The current costs of operating arena facilities, although largely offset by revenues from ice rentals, generate operating losses which are paid for by general taxation. Over the past number of years the City has been significantly subsidizing rink operations. The current level of subsidization for rinks is defined by the difference between the budgeted revenues and expenditures – a total projected budgeted deficit of \$1,146,800 in 2006 for the current six ice pads (excluding the Memorial Centre).

These budgeted deficits exist primarily due to the fact that ice rental rate revenues are not in line with the actual cost of operating and maintaining the facility.

Harmonization of ice rental rates across new and existing facilities (Multiplex, Centre 70, Cataraqui/Kinsmen) will ensure a better financial return and will ensure an increase in the capital investment in those facilities. Not only will there be savings through economies of scale in operating and maintaining the Multiplex but all facilities will be able to match supply of prime-time ice for the adult rental groups and offer attractive time slots offered at these rinks which will increase demand.

This will have a significant positive impact on revenue and consequently on the net operating budget for arena facilities. Utilizing market-focused rates will help provide a stable budget to operate and finance the Multiplex Community Centre while ensuring services are not reduced.

This strategy will also ensure that the continuation of annual shortfalls under the current system of City operated rinks will discontinue.

Recognized throughout this financial review is the need to repurpose the ice supply in Cook Brothers, Harold Harvey and Wally Elmer arenas once the Multiplex opens and assumes the addition of one more ice surface to the City’s inventory moving from a six-pad system to a seven-pad one (excluding the Memorial Centre/LVEC). This action will ensure that the Multiplex Community Centre can be financed from its own operations. The City should not maintain a surplus of ice time in existing facilities which may leave the new facility not in full use. Further, the operation of existing facilities has to be recognized as a burden on the tax base. If the proposed arenas to be kept in use become self-sustaining, these deficits will not occur and there will not be a need of taxpayer infusion of money for these facilities.

**4.2 Financing Options**

- **Cash Flows from Multiplex Operations**

The following Table 13 illustrates the 30 year cash flow, after a contribution to a capital repair reserve.

<b>Table 13 – Cash Flow after Contribution to a Capital Repair Reserve</b>					
<u>Average/Year</u>					
Net Operating Income	Year One	Years 1-10	Years 11-20	Years 21-30	Average/Year Over 30 Years
	\$1,368,110	\$1,477,439	\$1,740,587	\$2,121,766	<b>\$1,779,931</b>

Using current long-term financing rates, the Multiplex cash flow analysis shows that on average, a debt load of approximately \$22M can be serviced. As part of securing the necessary debt financing, payment structuring can be established utilizing expected cash flows over the time-frame.

It should be noted that the life expectancy of the facility will be approximately 50 years.

**Conclusion:**

That the Multiplex financing plan include \$22M in debt financing, to be debt serviced by cash flows from the operation of the Multiplex over 30 years.

- **Development Charges**

By-law 2004-256 enables the City to collect Development Charges (DC's) for growth related services, including recreational facilities. It is estimated that \$7.1 million will be collected over a period of 15 years for recreational purposes, including the Multiplex project. Noting that other recreational projects are anticipated, and that \$3M has been earmarked for the LVEC, the City may wish to allocate 50% of DC's recreational facilities' component balance for the Multiplex financing, keeping the remaining funds that will be collected over time, available for other purposes.

**Conclusion:**

That Development Charges in the amount \$2M to be allocated as a funding source for the Multiplex.

- **Federal and Provincial Government Grants**

At present there are no formal grant programs available for this project. Pursuant to discussions with provincial and federal officials, it appears that funds may become available for recreation, cultural and tourism projects through Intake Three of the Canada-Ontario Municipal Rural Infrastructure Fund (COMRIF). COMRIF Intake Three is expected to be launched in spring 2006.

**Conclusion:**

That any relevant senior government grant sources be researched and pursued.

- **Arena Repair Reserve Fund/Cash in Lieu of Parkland**

Funds have been collected in accordance with Council policy for an additional ice pad originally planned at the Centre 70 location and for arena repairs. These funds have been earmarked in the Arena Repair Reserve Fund. In addition, the original budget approved for this additional ice pad had an allocation of funds from the Cash in Lieu of Parkland Reserve Fund. With the rate structure recommended in this report, the surcharge policies will no longer be applicable. Funds collected will be available to assist in the funding of the Multiplex Community Centre.

**Conclusion:**

That that funds available in the arena repair reserve fund and the allocation from the cash in lieu of parkland reserve, estimated at approximately \$0.5M be used to assist in the financing of the Multiplex.

- **Green Grants**

There are a number of government programs promoting environmental responsibility in the design and operation of new buildings. Council has adopted a policy to committing to the evaluation to design and build in

accordance with Leadership in Environment and Energy Design (LEED) specifications. In assessing these grants for other facilities, Council has endorsed applications for such grants in the context of mitigating the incremental capital costs. These programs will be researched and evaluated during the design stage. Grant applications will be prepared in accordance with past practice and established criteria.

**Conclusion:**

That LEED standards be evaluated as part of the Multiplex design and that grant funding through the Federation of Canadian Municipalities, Natural Resources Canada (CBIP) and other sources related to greening initiatives be explored.

**FINANCING OPTIONS CONSIDERED AND NOT RECOMMENDED**

- **Municipal Capital Reserve Fund (MCRF)**

In 1999 the City committed to a strategy of allocating a targeted tax increase of 1% per annum to the Municipal Capital Reserve Fund (MCRF) to finance elements of its long-term capital program and forecasted expenditures. As part of the annual capital budget, Council approves the financing of capital expenditures and programs by prioritizing works, and in some cases, by way of an envelope approach. Examples of expenditures supported by this reserve fund, by policy, include roads and related infrastructure, buildings and facilities, parks, technology, planning studies.

The policy proposed as part of the financing strategy based on a user pay approach, will generate sufficient funds to finance the project.

**Conclusion:**

MCRF funding is not recommended as part of this plan.

- **Use of Net Operating and Capital Subsidy (Deficit) from Decommissioned/ Repurposed Arenas**

The budgeted net operating and capital deficit of the six current arenas (excluding the Memorial Centre) that are exclusively community used is approximately \$1.1 million. The table below provides budgeted analysis of the net negative cash flows for 2006.

Depending on the future use of these facilities, some of these net costs may be eliminated. Full analysis of where current staff from these facilities go and what becomes of these facilities needs to be completed before determining a recommended use of these monies.

**Conclusion:**

Use of Net Operating and Capital Subsidy (Deficit) from Decommissioned/ Repurposed Arenas is not recommended as part of this financing plan.

Table 14 summarizes the financing plan elements considered and recommended above and further incorporates pay-as-you-go (PAYG) and debt financing for the Multiplex project.

<b>Table 14 - Financing Alternatives Considered and Recommended</b>			
<b>Financing Alternative</b>	<b>PAYG (05 – 08) \$M</b>	<b>Debt \$M</b>	<b>Total \$M</b>
Cash Flows from Multiplex operations	0	22.0	22.0
Development Charges	0	2.0	2.0
Arena Repair Reserve Fund/Cash in Lieu of Parkland	0.5	0	0.5
<b>Total Financing</b>	<b>0.5</b>	<b>24.0</b>	<b>24.5</b>

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**CONCLUSION**

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**5 Conclusion and Recommendations**

**5.1 Conclusion**

The viability of the Multiplex Community Centre project is contingent upon the closing of three of the City’s older arenas as well as addressing pent-up demand for prime time ice that currently exists in the City of Kingston.

The proposed capital financing plan is predicated upon conservative business case assumptions that were formulated from historical data as well as experience in similar facilities in Ontario. The ice rental profits, which accounts for the bulk of the Multiplex profits, are premised upon the underlying assumptions outlined in the report and that the City repurposes ice availability in Cook Brothers, Harold Harvey and Wally Elmer arenas once the Multiplex is operational. Failure to do so will invalidate the financial analysis provided in this business plan.

The analysis indicates that if the City adopts the financial assumptions and recommendations as outlined in this document and Appendix A, the revenue target for the Multiplex of approximately \$3M overall is both realistic and achievable. Staff believes that the proposed fee structure is financially sustainable for both the user groups and the City.

# **Appendix A – Financial Model**

Account Descr	Revised Year 1 Net Operating Cash Flows Multiplex & Open Facilities 2006 \$				Total
	Cat/Kin	C 70	Total Before 4 Pad	4 Pad	
<b>Facility Revenues</b>					
Ice rentals	519,740	251,420	771,160	2,584,610	3,355,770
Rental of space	12,000	0	12,000	15,000	27,000
Room rental	13,000	3,000	16,000	85,000	101,000
Food and beverage	32,000	5,300	37,300	100,000	137,300
Floor and booth rental	4,000	2,000	6,000	30,000	36,000
Advertising revenue	8,000	3,000	11,000	75,000	86,000
Vending machines	6,000	2,000	8,000	15,000	23,000
Other revenue	5,000	1,500	6,500	40,000	46,500
<b>Total Revenue</b>	<b>599,740</b>	<b>268,220</b>	<b>867,960</b>	<b>2,944,610</b>	<b>3,812,570</b>
<b>Facility Expenses</b>					
Salaries, wages & benefits	280,749	129,911	410,660	770,000	1,180,660
Parts and supplies	28,000	7,000	35,000	23,000	58,000
Uniforms	500	500	1,000	1,500	2,500
Vehicle fuels and lubricants	6,000	3,000	9,000	12,000	21,000
Mtce of fixed assets	40,000	11,000	51,000	65,000	116,000
Utilities	150,000	110,000	260,000	520,000	780,000
Contracted services	40,000	9,000	49,000	40,000	89,000
Equipment charges	20,000	20,500	40,500	45,000	85,500
<b>Total Expenses</b>	<b>565,249</b>	<b>290,911</b>	<b>856,160</b>	<b>1,476,500</b>	<b>2,332,660</b>
Net Cash Flows from Operations and before Capital & Overheads					
	34,491	-22,691	11,800	1,468,110	1,479,910
Less Capital Financing					
	-200,000	-127,000	-327,000	-100,000	-427,000
<b>Net Cash Flow</b>	<b>-165,509</b>	<b>-149,691</b>	<b>-315,200</b>	<b>1,368,110</b>	<b>1,052,910</b>
Contribution from capital res					
	-174,141	-8,206			-182,347
Cont from Arena capital res	-74,632	-3,517			-78,149
Debenture principal	204,621	8,101			212,722
Debenture interest	44,152	3,622			47,774
Anticipated costs for Wally Elmer in Year 1					
	23,250				
Anticipated costs for Harold Harvey in Year 1					
	22,100				
Anticipated costs for Cook Brothers in Year 1					
	25,800				
Anticipated costs for Memorial Centre in Year 1					
	83,100				
	154,250				

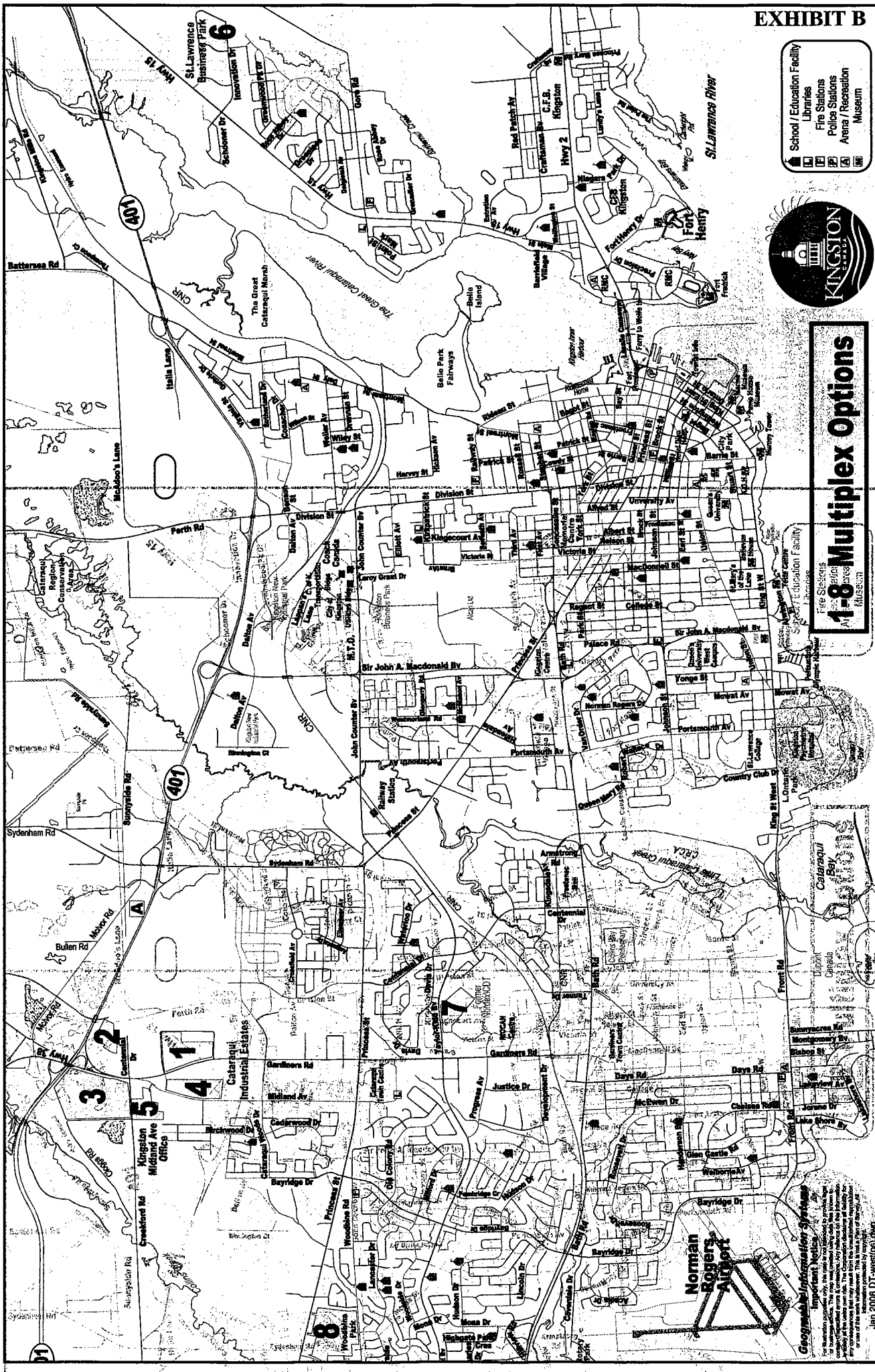




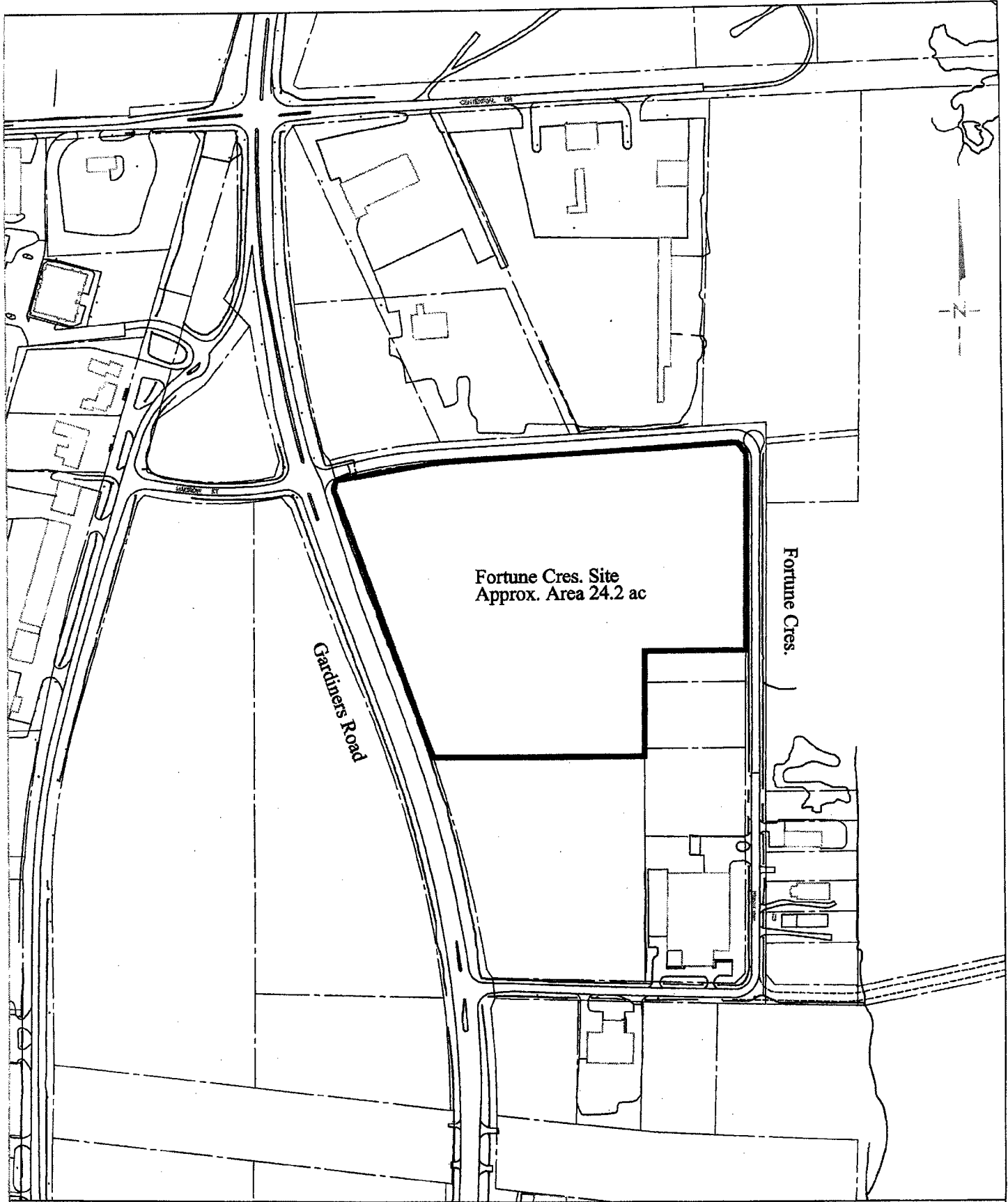
School / Education Facility  
 Libraries  
 Fire Stations  
 Police Stations  
 Arena / Recreation  
 Museum



# 1-8 Multiplex Options



**Geographic Information Systems**  
 Important Notice  
 This map was prepared by the City of Kingston using data provided by the City of Kingston and other sources. The City of Kingston is not responsible for any errors or omissions in this map. The City of Kingston is not responsible for any damage or loss resulting from the use of this map. This is a public map.  
 Information prepared by:  
 Jan 2008 DT-west(05).dmg



Scale 1:5,000



Exhibit C  
Recommended Site

Scale 1:5,000

Date: Jan 13/06