

March 2008

Red boxes added by the CTF for emphasis

- In the competition for human capital that is driving the 21st century economy, vibrant urban cores and downtown areas are vital assets. The companies that will define the future growth of every nation choose to locate where the best and brightest workers wanted to live. Increasingly this is in or near downtown areas of urban centers which have invested to make their core areas vital and unique.
- The real opportunity for a city's leadership is to understand how some communities are able to use sports facilities to advance the quality of life, community development, and city image without minimizing their responsibilities for other public services. As Eisinger observed, *"Few people would argue with the proposition that facilities that bring high or even mass culture, sports, and recreational opportunities to a city may enhance the quality of life. Stadiums and performing arts centers and festival malls help to transform places that would otherwise simply be markets or dormitories"*.

## ★ Learning from U.S. Models Examining Models/Examples

- GM Place in Vancouver opened in 1995, at a cost of US\$116.6 Million. In 1996, Scotiabank Place (US\$146M) opened in Ottawa, and the Bell Centre (US\$167.9M) opened in Montreal. In 1999, Toronto's Air Canada Centre (US\$174.9M) was completed. Each of these four facilities was privately financed, with all but Ottawa's arena located in the downtown core. The most recent arena built in Canada was

Winnipeg's MTS Centre, which opened in 2004. This facility cost \$133.5M to construct, with \$40.5M from public funds.

- It is, however, difficult to compare these facilities with a hypothetical situation in Edmonton for several reasons:
  - First, both Rexall Place and Pengrowth Saddledome in Calgary were built during a time where arenas were heavily subsidized. ★
  - Second, construction costs have escalated dramatically, which will affect the overall project costs of any new development in Edmonton.
  - Third, the other four most recently-built NHL arenas were not developed as part of a large-scale, integrated urban development project.
  - Finally, new and creative financing models have been employed in several US cities that serve to minimize the financial risk these cities have with regards to any subsidies.
- With the three downtown arenas in Montreal, Vancouver, and Toronto, varying levels of development have occurred in and around the arena sites. ★
  - Vancouver has witnessed a dramatic change to its downtown core since the mid 1990s, particularly in neighborhoods such as nearby Yaletown. However, these developments were not strategically integrated into the development of GM Place.

- In the case of Ottawa, it was anticipated that there would be significant residential and commercial development around the site of the arena in Kanata, however, this failed to occur to the degree expected. This can be attributed to many factors, including the remote location of the facility and the lack of an integrated plan involving input from the public and private sectors.



- It is appropriate to look to U.S.-based cities as examples because of what they tell us about recent developments in financing models that reduce public risk. Instead of simply providing a public subsidy for facilities, certain U.S. cities have become more strategic in ensuring that they receive a return on their investment.



#### ★ Learning from U.S. Models

- What has been learned from the experiences of numerous U.S. cities across more than four decades of building new sports facilities, is that stand-alone arenas surrounded by acres of open parking lots tend to become lost opportunities for development and the building of a city's image.
- If a sports facility is not part of an integrated and comprehensive plan to redevelop an area and enhance a city's image, its construction becomes a largely missed planning opportunity. The consequences of that missed opportunity last for several decades.

- There are examples, however, where cities made a facility an anchor part of an integrated plan, and their success in terms of development impacts and changes in their image highlight opportunities for Edmonton. The examples of success from Columbus, Indianapolis, Los Angeles, and San Diego identify many of the factors that any community should consider as a major arena facility is being considered and designed.

- Edmonton's community leaders and its National Hockey League (NHL) franchise, the Oilers, are presented with an opportunity similar to ones that existed for Indianapolis, San Diego, Columbus, Ohio and San Diego, California. Those communities hosted franchises that needed or wanted new facilities, and each capitalized on the opportunity to create strategic plans that satisfied the team's financial requirements while also enhancing a city's image and critical economic and community goals.

- There are opportunities within public/private partnerships to minimize any risks and ensure return on public investment. More recent developments in cities like Glendale and San Diego, where public funds have been used, have included guarantees by developers/team owners that minimum levels of development will occur. In these cases, subsequent increased tax revenues are used to service the debt incurred by each city.

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