

City of Peterborough

# Multi-Use Sport and Event Centre

FUNDING GAPS AND STRATEGY: UPDATE REPORT TO CITY  
MANAGEMENT

REPORT | JUNE 2025

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## 2. UPDATED CAPITAL COSTS

### 2.1 Building Inclusions

Per the work to date that Council has received through the various phases of work, the building remains as originally proposed, namely:

- 5,800 fixed seats (increase from 4,300 at the PMC);
- Fully equipped multi-use sport and event centre for hosting on-ice spectator events, and a range of non-sports events comprising (among other opportunities):
  - o Concerts
  - o Theatrical events (based on demising the bowl for appropriate scale)
  - o Trade shows and flat-floor events
  - o Conferences
  - o Major non-ice performance spectator events (including dirt and other events)
  - o Volume community events (graduations, banquets and other operations at scale)
- Food and Beverage services based on best practice designs for breath and variety, ease of access for point of sale;
- Building systems from floor to ceiling height (70 ft); electrical power; media and performer amenities; capacity to telescope seats and plug and play capacity for floor changeover between ice sports and other events including maximizing width of programmable floor area; maximum accessibility from site to rear of building to loading on to arena floor;
- Site development that maximizes public realm, pedestrian circulation, plaza forecourts and other intrinsic requirements of a full functional event centre.

### 2.2 Escalated Cost

The capital cost of the facility has not been subject to due diligence costing since the development of a functional space program and estimation of Class D scale order of magnitude capital costs in mid 2018. The reason for this rests with the focus on site selection and re-assessment of the potential to renovate the PMC, rather than focus efforts on further design discussion and capital cost estimation. By not putting the cart before the horse, we nevertheless have reported previously to Council on the rising costs of construction and the reality that these particular building types have exhibited a rate of construction cost escalation that outstrips more standard commercial, recreational and institutional building types.

Exhibit 1. Comparable Facilities Project Costs, Escalated

	<b>Seats</b>	<b>Year Built</b>	<b>Project Cost (\$ Nominal)</b>	<b>Adjusted Project Cost (2024\$)</b>	<b>Nominal \$ per Seat</b>	<b>Adjusted \$ per Seat (2024\$)</b>
<b>Powerade Centre, Brampton, ON</b>	5,000	1997	\$26,500,000	\$85,138,298	\$5,300	\$17,028
<b>Hershey Centre, Mississauga, ON</b>	5,420	1998	\$22,000,000	\$69,414,925	\$4,059	\$12,807
<b>Kal Tire Place, Vernon BC</b>	3,006	2001	\$15,000,000	\$36,659,039	\$4,990	\$12,195
<b>John Labatt Centre, London, ON</b>	9,090	2002	\$52,000,000	\$139,149,367	\$5,721	\$15,308
<b>MTS Centre, Winnipeg MB</b>	15,105	2004	\$133,500,000	\$279,112,426	\$8,838	\$18,478
<b>General Motors Centre, Oshawa, ON</b>	5,400	2006	\$45,000,000	\$96,962,702	\$8,333	\$17,956
<b>Essar Centre, Sault Ste. Marie, ON</b>	5,000	2006	\$25,300,000	\$53,915,524	\$5,060	\$10,783
<b>WFCU Centre, Windsor</b>	6,450	2007	\$71,000,000	\$142,674,905	\$11,008	\$22,120
<b>K-Rock Centre, Kingston</b>	5,000	2007	\$46,000,000	\$92,437,262	\$9,200	\$18,487
<b>Credit Union Place, Summerside, PEI</b>	4,200	2007/8	\$42,000,000	\$69,886,914	\$10,000	\$16,640
<b>Events Centre, Langley, BC</b>	5,000	2008	\$57,000,000	\$87,971,098	\$11,400	\$17,594
<b>Mosaic Place, Moose Jaw, SK</b>	4,465	2011	\$61,200,000	\$110,389,761	\$13,707	\$24,723
<b>Meridian Centre, St Catharines, ON</b>	5,300	2012	\$50,000,000	\$88,973,064	\$9,434	\$16,787
<b>Canalta Centre, Medicine Hat, AB</b>	5,760	2013	\$55,728,404	\$71,905,407	\$9,675	\$12,484
<b>Fort McMurray Events Centre, AB</b>	6,200	2016	\$120,000,000	\$170,738,255	\$19,355	\$27,538
<b>Moncton Event Centre, NB</b>	8,500	2016	\$104,205,000	\$157,415,134	\$12,259	\$18,519
<b>Rogers Place, Edmonton AB</b>	18,647	2016	\$505,000,000	\$718,523,490	\$27,082	\$38,533
<b>Proposed MUSEC, Brantford, ON</b>	5,300	proposed	\$140,000,000	\$140,000,000	\$26,415	\$26,415
<b>Proposed MUSEC, Sudbury, ON</b>	5,800	proposed	\$187,000,000	\$187,000,000	\$32,241	\$32,241
<b>Average (excl. Rogers Place)</b>						<b>\$18,784</b>

Source: Sierra Planning and Management

In October 2023 it was reported that the application of non-residential cost escalation factors for the Greater Toronto – Southern Ontario region for the period since Q2 2018 to Q2 2023, was 48%. This represents the application of generic cost escalation and is not based on an actual re-assessment of the capital costs of the proposed concept.

As of the end of 2024, applying the same approach shows the rate of construction price increases has declined, but the escalation over 2018 is still upwards of 60%. Including a construction contingency of some 25% at this pre-design level, the cost associated with the building and related immediate site development is in the region of \$145 million.

This is inline with several projects which are in the design phase elsewhere in Ontario – in Brantford and Sudbury. Strict comparisons should be avoided as the precise scale of each facility may vary from that developed thus far for Peterborough.

Additional costs to the project are likely and would include remediation costs (unquantified but likely manageable and appropriate as public expense) and additional site development. Parking costs are assumed to be achieved as part of broader “park-once” City-parking garage solutions and otherwise would be met by private off-street parking within the street grid. The merit and need for a parking structure is not apparent until or if the City wishes to assess the issue but we would note that one of the primary benefits of a downtown urban location for major spectator event buildings is the ability of the urban fabric to absorb both parking needs and the traffic distribution via the well-developed street grid.

Based on the above, and for purposes of assessing the scale of funding potentially likely for this project, it is reasonable to adopt a figure of between \$160 to \$170 million. This figure is high and is purposely so to include contingency. It should be noted that the building has not been designed, although the seat count is fully estimated and a pre-existing space program for a building of that size is in place. Nevertheless, the detail of space program development once the site is confirmed as final, will itself provide an opportunity to inject a level of control to the cost estimation process. As it stands now, with the benefit of recent and historic comparables a total building project cost of around \$25,000 per seat - \$145 million before additional costs identified above – is reasonable.

## 3. HISTORY OF MUSEC FUNDING

### 3.1 Mid-Size MUSECs in Canada

Sierra Planning and Management has conducted a detailed review of the funding approaches used to successfully implement new multi-use sport and event centres in Canada. This includes both an identification of funding sources but also the share of total costs by type of funding. These numbers mean very little however without an understanding of the particular economic, political and policy circumstances which led to the success of each project and its funding.

For projects of this nature, a variety of funding sources are deployed:

- Some represent up-front capital in the form upper-level government grants and low interest loans;
- In general terms, provincial government assistance is more likely to be in the form of loans/forgivable loans rather than substantial grant funding. At the Federal level, projects that cater to semi-professional or professional sports teams are excluded from funding. This has been the position since late in the Harper Administration but under the Liberals, certain project did receive funding – notably Moncton.

*Exhibit 2. Funding Sources by Facility*

Project	Funding Source				Notes
	Municipal	Provincial	Federal	Private	
<b>Rogers Place, Edmonton (\$483.5 M)</b>	42.6%	30.0%	0.0%	27.4%	Provincial support via future tax increment financing
<b>South Okanagan Event Centre (\$81.2 M)</b>	72.3%	27.7%	0.0%	0.0%	
<b>Slush Puppie Centre, Kingston (formerly Leon's Centre) (\$46.1 M)</b>	74%	9.0%		17%	Private support included fundraising, Downtown BIA and Hotel Sector
<b>GFL Memorial Gardens, Sault Ste. Marie (\$25 M)</b>	66.4%	18.8%	14.4%		
<b>Sleeman Centre, Guelph</b>	92.9%			7.1%	
<b>Avenir Centre, Moncton (\$113.6 M)</b>	54%	21% (forgivable loan support)	18.0%	7%	
<b>Thunder Bay (never implemented) (\$114.7 M)</b>	39.2%	31.9%	20.4%	8.4%	Municipal Reserve: Renew Thunder Bay - \$130m 5-year infrastructure plan

Project	Funding Source				
	Municipal	Provincial	Federal	Private	Notes
<b>Tribute Communities Centre, Oshawa (\$45 M)</b>	100%				
<b>Chicoutimi (4,000 seats) (\$64.2 m)</b>	\$18.3 m (29%)	\$45.9 m (71%)			
<b>Meridian Centre, St. Catharines (\$50 M)</b>	88%			12%	Municipal portion includes fundraising
<b>Videotron Centre, Quebec City (\$400 M)</b>	30 %			70%	
<b>Winnipeg MTS Centre (NHL) \$133.5 M)</b>					
<b>Budweiser Gardens, London (\$42 M)</b>	77%			23%	
<b>Kelowna (1999) (\$26 M)</b>	23%			77% RG Properties provided equity and secured debt – repaid annually	Concession agreement with City-owned (concession) and operated by RG Properties for 25 years. As of end of concession term (2025) City looking to retake full control of venue.
<b>Gatineau (2020) (4,000 seat QJHL Arena) (\$80 M) + 3 community pads</b>	46.5%	33.1%		20.4% (Vision Multisports Outaouais)	\$25 M additional by City for Parking Structure to support project.
<b>Canalta Centre, Medicine Hat (\$74.9 M)</b>	86.6%			13.3% (Fundraising)	

There are relatively few examples of full public-private partnership in the small to medium scale event centre market, by which we refer to significant private equity at risk. However, it does and can occur and is also relevant to other notable facilities such as stadia including BMO Field in Toronto, and the Lansdowne Park Complex in Ottawa. In the case of London’s Budweiser Gardens (formerly John Labatt Centre) the funding model does include a partnership with the London Civic Centre Corporation which provided capital, holds a fifty-year ground lease, is responsible for capital upkeep while it is not responsible for operating losses.

## 3.2 Delivery Mechanisms & Types of Partnerships

### The Building

This building type is a City landmark – not a community recreation asset:

- Expensive, iconic, downtown
- At least a 50 year building - control and management matters
- 90 to 100 commercial event days required to underwrite its mandate
- Open to community programming but often kept out of the community rec portfolio
- Ideal operating deficit range: under \$1,000,000 p.a.
- Average annual lifecycle investment a major item
- These are not akin to private event centres – smaller, cheaper, staff efficiencies, no ice

There is no *private* market/financial return on investment for mid-sized multi-use sport and event centre (5,000 to 10,000 seats) by itself.

They are publicly funded, publicly financed and operational deficit propositions (some exceptions)

**There are ways to involve the private sector to achieve funding.**

### Understanding Partnerships

**The Site:** The City needs to own the site.

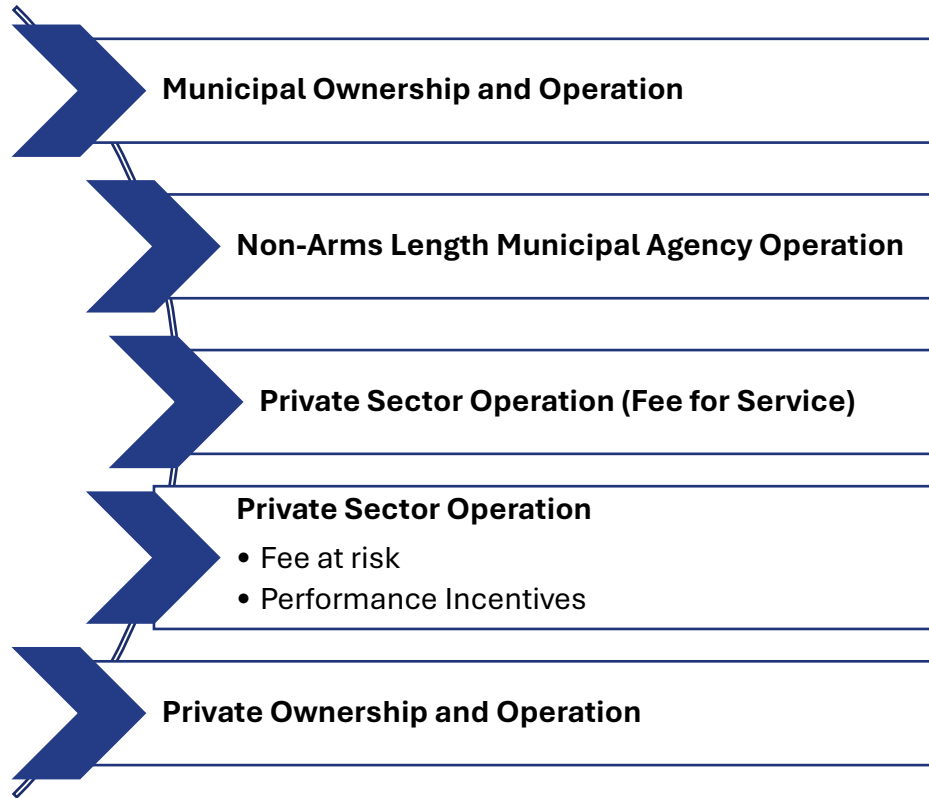
**Private Investment does happen:** Can appear complicated but typically it is not direct investment in the facility, but in the development surrounding the venue, enabling assessment and tax revenues to defray public debt.

For direct investment, concessions can be used to transfer public risk.

**Operations:**

- Separate governance from operations
- Choice between City-operation or third party professional management team: ASM Global, Oak View Group, etc.
- Operators will invest capital for operations (e.g. where management firm owns and operates the F+B concessions)

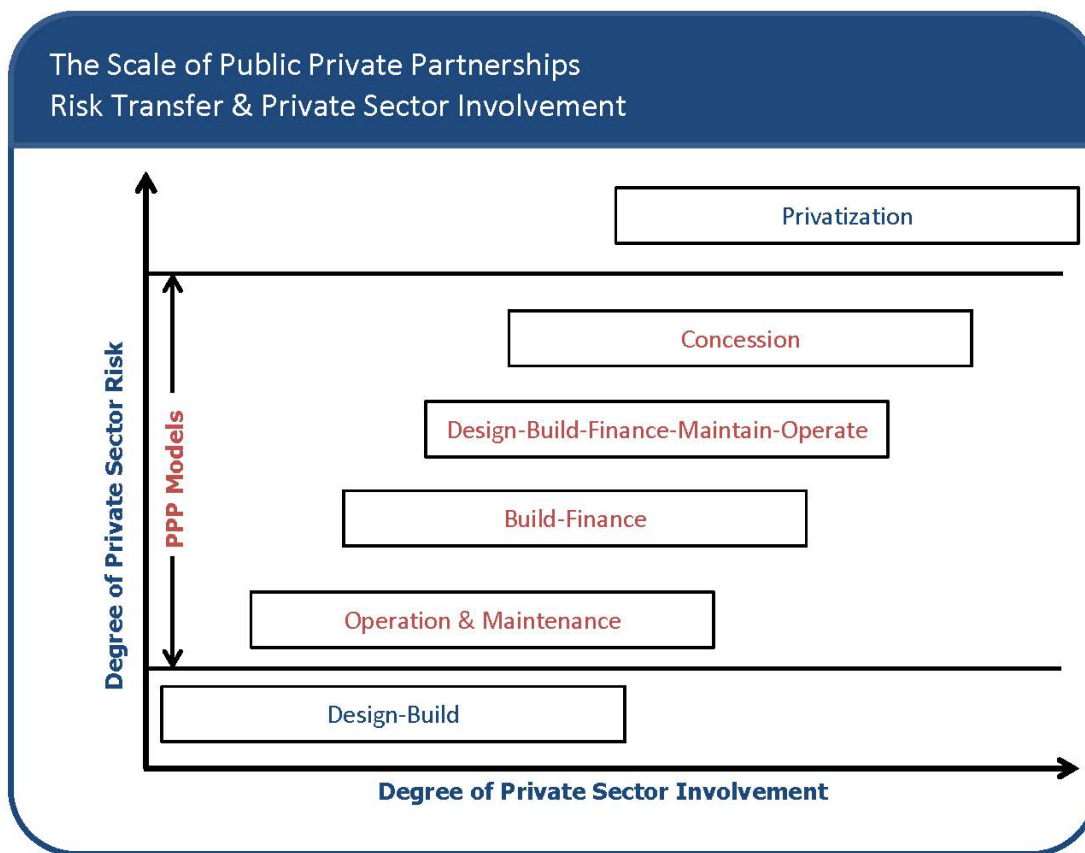
Exhibit 3. Range of Partnership Options Possible



**Delivery Options Ranging from:**

- Design Build (and IPD);
- Design-Build-Finance – enables below the line public debt but higher private financing costs;
- Design-Build-Finance-Operate (a favourite P3 model for largescale infrastructure such as hospitals, prisons);
- Some traditional design-bid-build approaches: e.g. Sudbury.

Exhibit 4. The Scale of Public Private Partnerships: Risk Transfer & Private Sector Involvement



### The Concession Model

- Essentially characterized as:
  - Design, Build, Finance, Operate for Agreed duration of time (e.g., 35 years)
  - Municipality pays set annual cost (with indexing) over life of concession and has no risk – the price is set
  - Annual payments made to cover:
    - the debt
    - the operating deficit
    - the transfer of “risk”
    - higher financing cost
    - profit
  - Should not be ruled out where it is linked to integrated real estate development (Lansdowne, Ottawa and Edmonton Ice District good examples).

The municipality is required to pay an annual fee each year over the concession period which covered the debt associated with building the facility, operating deficits as they occur, capital reserve requirements and capital upgrade. Given that financing costs were likely to be higher for the private sector than the public sector, the primary value of this arrangement is to provide certainty to the municipality in terms of its annual budget requirements even if this arrangement potentially means a higher overall cost of ownership of the facility. It also absolves the municipality of the need to manage the facility, although any such major facility should have a strong governance role played by the owner. Under a full concession this is less likely to occur.

**NHL = Private Sector Profit Capacity for Venue Operations (in this case with public partnership). OHL is NOT the same equation.**

#### **New home for the Edmonton Oilers NHL Franchise**

- \$450 million Guaranteed Maximum Price;
- **City owns building and land;**
- Part of a broader revitalization of North Downtown Edmonton;
- Funding through:
  - **\$100 million paid by Developer (Katz Group) over 35 year concession period (\$5.5 million p.a. incl. interest),**
  - **\$125 million in user pay via a fee on tickets,**
  - **\$125 million paid by the City including \$45 million from a planned Community Revitalization Levy (CRL) and \$80 million from a range of sources including the redirection of the subsidy paid to the current NHL Arena (Rexall Place),**
  - **\$100 million from other levels of government;**
- Developer operates the facility and retains all revenues/liable for all expenses for a concession period. This includes revenue from naming rights.

#### **What is a Community Revitalization Levy?**

- A Tax increment Financing method to dedicate future property tax revenue in a defined geographic area to pay for new public facilities and infrastructure.

## Lansdowne Park Stadium Transformation, City of Ottawa

### Real Estate-Backed Formula

- **The City of Ottawa remains owner of the stadium + arena and all lands associated with the redevelopment of Lansdowne Park.**
- Includes stadium development and significant commercial, residential, and retail development.
- The essential business model is that of a partnership between the City of Ottawa and the Ottawa Sports and Entertainment Group (OSEG) – with a 30 year head lease agreement with OSEG requiring OSEG to undertake redevelopment and construction assuming all risks for redevelopment as well as risk for operating revenues and expenses.
- In return, the City contributes the capital required for the redevelopment of the stadium and additional parking, while OSEG (private development group) funds the associated retail + residential development.
- **The City takes the incremental tax gain on the associated real estate development and allocate this to debt service.**
- In addition, the City's existing obligations to the aging stadium are carried over as contribution to debt service for the revitalization (\$3.8 million annually based on an annual operating net loss of \$650,000, and minor capital per annum of \$750,000 and annual life cycle costs over a 30 year period of \$3.4 million).

### Conclusions Regarding Delivery Model For Purposes of Funding Analysis

- Do not assume a concession and full transfer of risk to private sector
- Assume municipal ownership and operation under a third party management agreement
- Delivery method – will be RFP based for building (lots of options here)
- Can add private sector development in surrounding area (including land owned by City) and any private lands which are identified by a consortium that involves real estate development (best case).

## 4. FUNDING ANALYSIS

### 4.1 Introduction

Multi-use sport and event centres are almost entirely publicly funded – upfront. Differences exist between regions and over time, and through different models of financing and procurement. The funding plan for Peterborough should rest on a partnership approach of public funding and the development of incremental annual revenues which support annual debt servicing. The sources of funding are laid out in detail in this report.

As stated earlier in this report, the City will face rising capital costs associated with the existing PMC and the distinct probability of widening operating deficits. Such deficits over time represent a significant cost to the City. Because of this, the starting point for any funding plan to replace the Eastlink Centre is a recognition that funding is going to be required even to maintain the existing physical plant. Avoiding that cost would represent a first category of funding through operational and capital cost avoidance. In other words, the City does not need two event centres.

***Evolution of a Funding Plan*** - the development of a funding plan should also recognize that the value of the project needs to be apparent to possible funding partners including the potential for complementary real estate development. Demonstrating the evolution of a funding plan is a fundamental part of securing partnership support.

***Commit to Capital Expenditure to Deliver a Site*** - Achieving the location that maximizes economic impacts, generates other tangible benefits to the public interest, and which meets stated government goals of regional development and inter-municipal co-operation is important.

The success of several projects elsewhere lies in the ability to combine individual projects into a broader plan for public investment in City building. The development of the Budweiser Gardens in London two decades ago and the recent development of the Avenir Centre in Moncton represent contributions to larger projects of downtown renewal. The development of new event centres in Brantford and Sudbury will occupy this category as well.

**With respect to indirect funding through the achievement of private sector development in the vicinity of a new event centre:**

There is, in our view, considerable opportunity to establish a future development framework which enables private sector investment over time. This includes a collaborative approach with private sector landowners to realize development which, in turn, generates economic benefits and taxation revenues to the municipality. The extent and pace of this change is difficult to predict and encapsulate in a funding strategy at the outset but can become more apparent as the project proceeds to implementation and development interests are engaged as part of the planning process.

## 4.2 Funding Gap

The debt limit (as a ratio to annual municipal revenues from all sources) for municipalities imposed by the Province under the Municipal Act (2001), Regulation 403/02 is 25%. The City of Peterborough is understood to impose its own debt limit of 20%. Currently the City's debt commitments amount to about 19.8% as a percentage of annual revenue. This debt ratio is further understood to be based on the City's current commitments (regardless of whether the debt has yet been issued) is \$208 million.

Were the City to move from its self-imposed 20% debt ceiling to 25%, it is understood that this would equate to a debt potential for an additional \$175 million.

The approach taken in discussions with the City regarding the impact of debt financing the event centre is to assume that there can be no de-commitment to the current \$208 million of funding allocated to other projects. Assuming this approach is maintained, the discussion is one of not committing to other new projects, in the interests of allocating debt capacity to the event centre. In short, to identify the event centre as a project of the highest priority for the City.

However, the City may wish to re-evaluate the existing commitments of debt in the amount of \$208 million in order to make "debt capacity" room for event centre without maximizing the provincially regulated municipal debt and financial obligation limit.

## 4.3 Considerations of Funding by Potential Source

### Infrastructure Specific Government Grants

As discussed, major federal and provincial grant programs for community infrastructure development are unlikely to be applicable to proposed project given its commercial event centre orientation as opposed to its use for community recreation – although in practical terms the facility will serve a partial function to meet community recreation needs. This includes the Ontario Community Sports and Recreation Infrastructure Fund – the two stream funding program announced by the Province in August 2024 and limited to an overall grant pot of \$200 million.

Accordingly, barring other grant opportunities that arise, or the application by the Province of special circumstances in funding the project, the City should approve upper level grants as unlikely. Despite this, a full awareness of any and all grant opportunities should be maintained by the City.

The special circumstances that should be borne in mind are the wider goals of the event centre project – namely the rejuvenation of the southern part of Downtown Peterborough, stimulating significant development through catalytic public investment in brownfield clean-up, and development of a major commercial event centre as a driver of surrounding commercial area economic impact.

## Assumptions

The approach to the assessment of funding is risk-based. The following identifies capital revenue sources that are owned or otherwise available to the City of Peterborough. We have further discounted by 100% the option of upper-level government grants although it remains relevant to any discussion of funding major municipal capital projects. As an example, while the building itself may not be fundable under existing known capital funding regimes geared to community facilities, other parts of the development may be fundable. This can include remediation of contamination through grants and/or loan guarantees, as well as grants for the development of community spaces as part of the overall Event Centre. Grants remain competitively won and so must be discounted as part of any risk-based assessment of funding sources.

- The assumed funding plan is consistent with a project delivery strategy that retains the City of Peterborough as owner of the land on which the event centre and the immediate civic space is located (namely 182 Townsend Street).
- The City will retain ownership of the building, is responsible for capital funding of the building (subject to certain, expected partnerships).
- The City will operate the building as a commercial multi-use sport and entertainment centre with at least one major licensed user, assumed as the Peterborough Petes OHL Team. Additional secondary licensed users would be sought.
- Commercial potential of the centre will be maximized through its operation by a third-party facility management firm under contract with the City of Peterborough.
- The City will approach the development based on leveraging the clean-up and redevelopment potential of the lands to spur densification for commercial, mixed use and residential development in the surrounding area. This does not have to equate to the notion of an “entertainment district” but can represent City Revitalization Area comprised of significant new mixed-use development.
- The delivery strategy and proponent selection process for the project will favour real estate development partners that can bring forth development on surrounding lands.
- For purposes of this analysis, it assumed that the PMC is decommissioned in its entirety as an event space or community arena. It is further assumed that the building will not be disposed of to another entity as it raises the potential for future competition with the City. Existing operating costs and future capital outlay is avoided.

## Long-Term Debt

The funding approach assumes that the City provides funding for the construction of the facility through a long-term debenture brokered through the Infrastructure Ontario (IO). IO provides municipalities in Ontario with low interest, long-term debentures for infrastructure projects. This project would fit squarely into the mandate of IO for contribution through issuance of a long-term debt instrument with a preferred interest rate and terms. The current long-term interest rate is understood to be 4.5% - we assume a marginal reduction to 4% as the project will not be financed for a number of years. Interest rates, of course, may fall or may rise above the current and assumed future rate.

### Long-Term Debenture Financing Metrics

Capital Cost	\$165,000,000
Amortization (Years)	30
Interest Rate	4.00%
Construction Financing Rate	3.50%
Construction Period (months)	42

*Note: Cost includes contingency*

Annual Payment (2030 - 2059) including interim (Construction) financing	<b>-\$9,958,813</b>
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The goal of any funding strategy is to then determine the extent to which the annual debt service payment can be reduced by funding from other revenue sources. This should reasonably include any savings that accrue through rationalization of existing capital and operating obligations for other municipal assets.

The funding plan is unlikely to comprise the same sources and amounts of funding over the 30-year period to debt retirement. It will evolve according to Council priorities over time, as new sources of revenue arise and others diminish.

The following is a list of the potential sources of capital. Where these are upfront sources of capital funds this is identified. Where items represent ongoing annual sources of funds to offset against the annual debt payments this is also identified.

## 4.4 Funding Sources

### Canada Community Building Fund

This fund, formerly known as the Federal Gas Tax Fund, is distributed to municipalities twice per year and is a permanent source of funding. Funding is based on population (per capita funding formula). Municipalities can also borrow against this funding. Eligible investments include, among other categories, “capacity building”, tourism, brownfield redevelopment, culture and recreation.

Based on these criteria, the event centre project is an eligible project, at least in part. Funding to the City is part of an assured, 5 year window of known amounts – rising from just over \$5.2 million in 2024 to \$5.7 million in 2028. The City is also able to borrow against this source of revenue.

City staff have sought a determination of likelihood of funding from the Association of Municipalities of Ontario, which administers the funds on behalf of Ontario municipalities. AMO has confirmed that the new sports and entertainment complex is not eligible for CCBF funding (formerly Federal Gas Tax) given the Pete’s and Laker’s affiliation with the facility.

While recognizing this pre-project design position of the AMO, we recommend that a more detailed assessment of eligibility be committed to as the project develops over time – specifically the opportunity to use gas tax funding to meet the City’s cost related to brownfield assessment and remediation, as one example.

Projects such as these can often be broken out into constituent parts which separate community uses from commercial-focus development – the semi-pro arena, and even its site development footprint being one such cost. However, remediation of adjoining land, infrastructure provision, etc., are upstream capital projects in their own right and may well be eligible. Civic space for community use as part of the development, is another example as the intent is to fully build out public realm improvements on the entire site.

If applicable, a portion of the fund can be applied on a one-off basis to help meet capital costs of these types of community improvements, reducing the need for debt on those particular items, or can be applied over multiple years as design and construction of eligible items proceeds.

There are open questions as to the use of the CCBF for the project, but this fund can be utilized if clearly linked to community aspects of the development.

## Fundraising

Fundraising is possible and, in some instances, can be significant. The heritage associated with the PMC can also be reasonably leveraged – providing the public with the opportunity to retain and preserve elements of the PMC in a new building (materials primarily) through donations, often with name recognition attached. Estimates vary and quite possibly several million dollars can be raised at a minimum over time. However, as a source of revenue for which the final amount and the timeline cannot be certain, an estimate is not appropriate.

What is appropriate is that the City commit to the concept of a fundraising campaign, and prior to that, a consultant assessment to estimate fundraising potential, to generate community interest, pride and excitement for the new facility, along with the opportunity to provide a modest source of capital.

## Naming Rights

These are the key banner name recognition opportunities that will be associated with the facility. The Miskin Law centre is understood to have achieved naming rights for \$1 million over a 15-year contract period – and applied to the capital costs of the facility. A new multi-use sport and event centre for the City of Peterborough can be expected to generate a contract multiples times greater than for the community rinks project (\$3 million to \$4 million), and for a contract duration no longer than 10 years. Often naming rights are not renewed and pass to other interested commercial brands at the end of the contract period.

Typically, we would apply the annual revenues generated from naming rights and the entire event sponsorship, pouring rights and advertising revenues as operational revenues rather than capital.

## Development Charges

Development charges (DCs) are legislated and regulated charges, the application of which, and method of their determination, are highly scoped under the Development Charges Act. The purpose of DCs is to fund population growth-related services of municipalities based on historic average levels of service – the Miskin Law Centre double pad complex replacing the decommissioned Northcrest Arena thereby adding one growth-related ice surface eligible for funding from current and future DC reserve funds. Other parts of that building may also be deemed growth-related and DC fundable.

In the case of the new multi-use sport and event centre, there are two considerations regarding eligibility:

1. If the PMC is decommissioned, the community use of the new multi-use sport and event centre would reasonably be determined as a replacement – benefitting the

existing (BTE) population; while this oversimplifies determination of what is BTE versus growth-related, it is a reasonable assumption; and

2. Capital infrastructure projects which are deemed to be outside of the public recreation mandate (such as facilities used by semi- professional teams and facilities used for entertainment and cultural use) are not eligible for funding under the Development Charges Act.

The advice of the City’s Development Charges consultant is that an event centre would not be funding-eligible save and except for those elements of the building and its use that are clearly related to the public recreation mandate of the City. This would include, as an example, the proportion of the ice time rented for community use.

Regardless, these distinctions are only relevant if the facility (or relevant spaces within it) is demonstrated to be growth-related (i.e. a net increase in services in the City post development compared to pre-development (i.e. more ice). If the PMC is decommissioned, a new event centre and any of its community use, would likely not represent additional growth in services.

Given that the PMC is decommissioned – for purposes of the analysis – we conclude that DC funding is not applicable to any part of the future MUSEC development.

### **Municipal Accommodation Tax**

The City’s Municipal Accommodation Tax (MAT) is at 4% on the purchase price of commercial accommodations. In 2025, this is estimated at \$850,000 in revenue. Under the legislative controls for its collection and use, 50% is transferred to the Peterborough Tourism Municipal Services Corporation. The balance of \$425 is retained by the City for use for tourism programs and the Economic Development division in the City.

There are two relevant considerations:

1. While maintaining the MAT rate, the use of the City’s portion is a matter of discretion by the City – and can be used for any matter it determines is appropriate. This may require by-law amendments but the City has complete control over its distribution of funds; and
2. Consideration should be actively given to increasing the MAT rate should the proposed MUSEC project move forward to final implementation. Consultation with the accommodations providers is critical and so the firm intention to develop the project would be pre-requisite in considering rate increases. While rate increases are often possible with no impacts on hotel occupancy, it is advisable to consider this source of funding tied to a new event centre only when the overall funding plan for the project is coming into clearer focus.

This is a source of funding that should, to a lesser or greater degree be applied to the project.

### **City Share of Annual Gaming and Casino Proceeds**

The City's revenue from other corporate sources includes Gaming and Casino revenue identified as \$3 million in 2025. As a long-term source of revenue, the City applies this toward current capital projects (often transportation related projects for roads, bridges and related infrastructure).

The City indicates that these funds are allocated in the short term (i.e., 2025) but can be utilized in subsequent years. The City also has policies regarding their use where revenues exceed the amount budgeted and are transferred to a reserve (up to \$1 million to be used in year as directed by Council, and above \$1 million budgeted for use in the following fiscal year).

The City could amend its policies to enable any excess revenues to be applied to the MUSEC annual debt repayment. The City could also prioritize the MUSEC capital project as one to receive gaming and casino revenue applied to its debt on a multi-year, ongoing basis. This is a model that is used elsewhere – an example being the City of Peterborough which has recently (2023) retired its 15 year debt which was funded in part by using 100% of the City's revenue share of the casino).

It is assumed that the City could, if it so chose, borrow against this source of revenue.

### **City of Peterborough Holdings Inc. (CoPHI)**

The CoPHI dividend in 2025 is \$4 million and derived from the operations of the Peterborough Utilities Group of Companies (PUG). The dividend is expected to decline to \$3 million as a result of Water Services being transferred to the City from the PUG.

It is understood that funds are not committed for future years. The MUSEC represents a significant project among other potential draws on these funds. The question is one of relative priority, but as a source of ongoing funding to defray annual debt payments on the MUSEC, this source is potentially significant.

### **Sale of Distribution Company Legacy Fund**

Investment income (\$1.5 million in 2025) derived from the principal proceeds of the sale of the electricity distribution network is being reinvested for capital projects. As such, the MUSEC project could be a potential recipient of funds from this source on an annual basis should the City determine the MUSEC to be a sufficient priority.

### **Ticket Surcharge and Rental Fee Surcharge**

This form of long-term capital revenue generation is achievable and is pursued in a number of communities across Canada. We have not included any revenue from this source however because of the need to align it with estimates of overall patronage at the new event centre based on detailed business planning. However, based on the somewhat dated analysis contained in earlier phases of the project, the estimated surcharge (\$1.70 per OHL ticket) totaled around \$425,000 on an annual basis. It would be higher now and will continue to appreciate in value over time as market pricing allows. If this charge is also attached to commercial space rental at the facility, funds from this source can be built up significantly over time.

It should be noted that often surcharges of this type are not identified for retiring debt on original costs of the facility but used to build reserves for capital repair (lifecycle capital funding) over the life of the building.

### **Savings from Rationalization of Assets**

In this case, only the PMC is considered given that it would be decommissioned as the City's event centre. As noted, the future of an existing event centre is often only finally determined once the opening of a new facility is on the horizon. In addressing funding options, the closure and demolition of the PMC is the option which (aside from demolition costs) provides the greatest savings – and includes:

1. Capital lifecycle cost avoidance which amounts to \$20 million +/- for the next 15 to 20 years; and
2. Substantial operating cost savings – amounting to just under \$900,000 in 2022, an increase over 2019 by \$100,000.

Accordingly, under the scenario of decommission and demolition (assume within several years of opening the new venue):

- the capital cost savings of \$20 million should be applied to the funding of the new event centre (as a capital cost savings);
- Operating cost savings can also be applied and are the net difference between existing and future event centre annual operating deficit. Subject to further detailed financial analysis, this could equate to \$300,000 to \$500,000.

## Other Funding Sources

These additional sources are small scale in nature and may or may not be items that the City wishes to consider.

**Parking- Related Revenues:** Particularly given the preferred location on the edge of the existing downtown core, the opportunity to charge for parking is reasonable and over time becomes increasingly accepted among patrons at the event centre. Additional investment in a municipal parking garage at King and George Street provides the opportunity to initiate charges at event times or otherwise achieve a reasonable charge related to public parking benefits for event centre users.

**Downtown merchants –** Downtown event centres offer the additional possibility for small scale funding contributions from the business community, although the extent of this is variable. Given the challenges faced by some downtown merchants and property owners until such time as the impacts of the new event centre on downtown are demonstrated, this charge is likely not viable as an increase to the existing DBIA levy. Given the scale of the existing levy, any additional charge is insignificant to the funding equation and would likely better support certain operating expenses related to marketing events and collaboration between City services and the DBIA as a result of events held at the venue.

*Exhibit 5. Summary of Options (Without Prejudice)*

Elements of Funding Model	Likelihood of Funding/ Constraints
<b>A - DIRECT CAPITAL FUNDING AVAILABLE TO PROJECT</b>	
1 - Federal and/or Provincial Funding	Limited Opportunity
2 - Other Sundry Grants	Canada Community Building Fund. Align the project as an urban regeneration/brownfield development project to ensure eligibility for wider grants
3 - Fundraising	Possible but discounted at this stage pending project in implementation mode and publicly announced as proceeding
4 - Redirection of Other Grants/Transfer Payments	Unknown
<b>B - ANNUAL FUNDING SOURCES TO ADDRESS LONG-TERM DEBT</b>	
Development Charges	Only where growth-related and for community use components (i.e., straight replacement and removal of PMC would negate DC Eligibility, maintain PMC as ice would ensure MUSEC in part growth-related

<b>Elements of Funding Model</b>	<b>Likelihood of Funding/ Constraints</b>
Use of Municipal Accommodation Levy	Strong potential + increase % rate of levy
Ticket Surcharges/Fees and User Group surcharges (expressly for facilities original debt)	Essential + transfer capital reserve from PMC and/or enhance it
5 and 10 Year Naming Rights	Generally supports operations not capital
Redirection of Casino Revenue Share	Requires prioritizing proceeds over other capital programs
Linear Assets (Hydro) - e.g. easements or owned lands	Not identified as relevant for sale
Merchants Contribution via levy (Downtown Business Association)	Questionable sustainability
Dividends from City of Peterborough Holdings Inc (COPHI)	Use of parts of both annual dividends and Legacy Reserve should be subject to impact analysis on other City capital projects.
Operating Deficits (from closure and repurposing)	Delta between existing PMC deficit and new facility treated as savings applied to debt. Level depends on future use of PMC
Sale of Surplus Municipal Lands / Air rights	If City purchases certain lands, site assembly can yield higher redevelopment value and taxation.
Real Estate Incremental Tax	Highly likely. Assessment lift to Downtown allocated in part to Annual Debt.
Enhanced Parking Revenues	Event-related City Parking Lot/Garage charges
Management agreement and team licensing agreement	Capital cost of concessions borne by operator; potential capital contribution to team, box or other spaces by team as part of overall primary tenant agreements.
<b>C - SPECIAL LEVY TO TAX BASE</b>	Precedent for direct linking to tax bill

## 4.5 Real Estate Development-Related Funding

The preferred site has been selected because of its capacity to generate significant real estate development in the surrounding area. The impact of a large municipal capital facility project of this nature is to catalyze the opportunity for development as stated earlier in this report and as reported in previous reports on the matter.

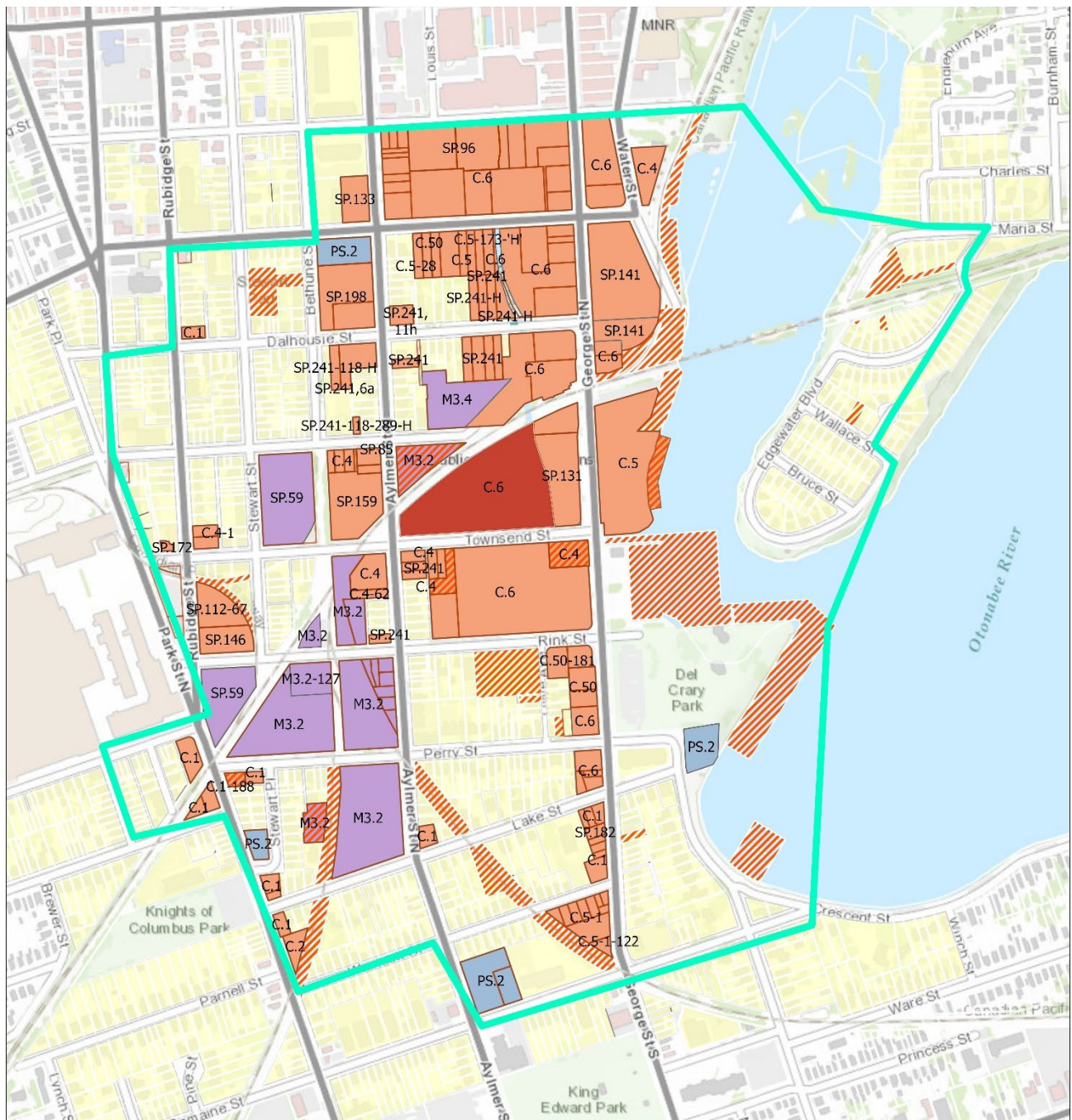
Urban redevelopment generated as a result of the event centre project represents A bona fide source of funding to defray annual debt repayment charges on the facility. The consultant team has undertaken A detailed assessment of the potential for property enhancement and redevelopment as a result of the project being cited at 182 Townsend St.

### **A Planning-Based Analysis of Surrounding Development Potential**

The following outlines in summary form the results of a land use analysis that the consulting team undertook to determine the likelihood of additional Urban Development and overall property enhancement as result of developing the Event Centre:

- The analysis is conservative in its estimates of property assessment growth in resulting taxation;
- We assume that the limit of the impact on surrounding real estate development potential is approximately 400 meters which is a reasonable distance decay to consider;
- the analysis entirely excludes existing designated and zoned residential properties despite the fact that any type of land use can expect to achieve an assessment bump as a result of such significant capital investment and environmental clean-up;
- This includes only those properties designated commercial. It recognizes that commercial development can be enhanced as a result of the project but also subject to redevelopment and intensification which will comprise a mixture of land uses including both residential and commercial.
- Based on an appropriate assessment of highest and best use opportunities linked with existing zoning we determined the likely floor space index (FSI) associated with redevelopment or intensification of commercial properties.
- A number of the properties were not subject to redevelopment but may experience an increase in assessment growth above the historic baseline change an assessment which has been recorded for this 400-meter zone surrounding the preferred site. This includes 2 large property holdings close to the proposed site comprising a major food store as well as a large scale hotel property. Given the nature of these uses these were not identified as clear examples of redevelopment potential but are more likely just to benefit from proximity to and you event centre.
- In this way our analysis is nuanced and attempts to reflect the reality of the complexity involved in redevelopment. In other instances, it is expected that large scale redevelopment such as the lands to the immediate South of the preferred site would be subject to real estate development as substantial intensification.

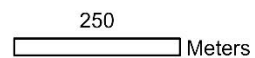
Exhibit 6. Impact Assessment Zone (400 Metres): Land Use and Zoning



City of Peterborough  
Downtown Redevelopment  
Potential Analysis



- Potential MUSEC Site
- 2025 Impact Assessment Parcels
- Preferred Site Impact Area (400m)
- Vacant Property
- Zoning within Impact Area
- Commercial
- Industrial
- Public Service
- Residential



## Incremental Real Estate Gains

The consulting team recorded the historic assessment values for all commercial properties located within the 400-metre impact zone since 2012 up to 2024.

- The results of that assessment by itself demonstrate the assessment associated with many of these commercial properties within the zone is low compared with what we might expect for an area so close to a major downtown urban centre.
- A number of properties including large commercial sites registered declines in current value assessment (CVA) over this period.
- The resulting average for change in CVA was less than 1% per year.
- Leaving redevelopment and intensification of properties aside it should be expected that the change in CVA as a result of the increased economic activity in this area as a direct result of the event centre represents a growth in assessment and ultimately taxation which is to the benefit of the City.
- Any and all of that growth in municipal taxation (the proportion of tax to be received by the City) should reasonably count towards any funding strategy for the project.

Typically there is often a level of skepticism as to the capacity to generate real estate gains of this nature. However, the consulting team is on record as having identified exactly these kinds of real estate gains from our own direct experience in projects including those in Moncton, Edmonton, and some years ago the City of London with the development of the Budweiser Centre. In all cases these developments contributed to the development of improved commercial and residential districts in the heart of downtown.

## Timing of Development

The analysis has - of necessity – to identify when development is expected to have occurred and in this case 2040 is identified as the point at which the impacts of enhancement are maximized.

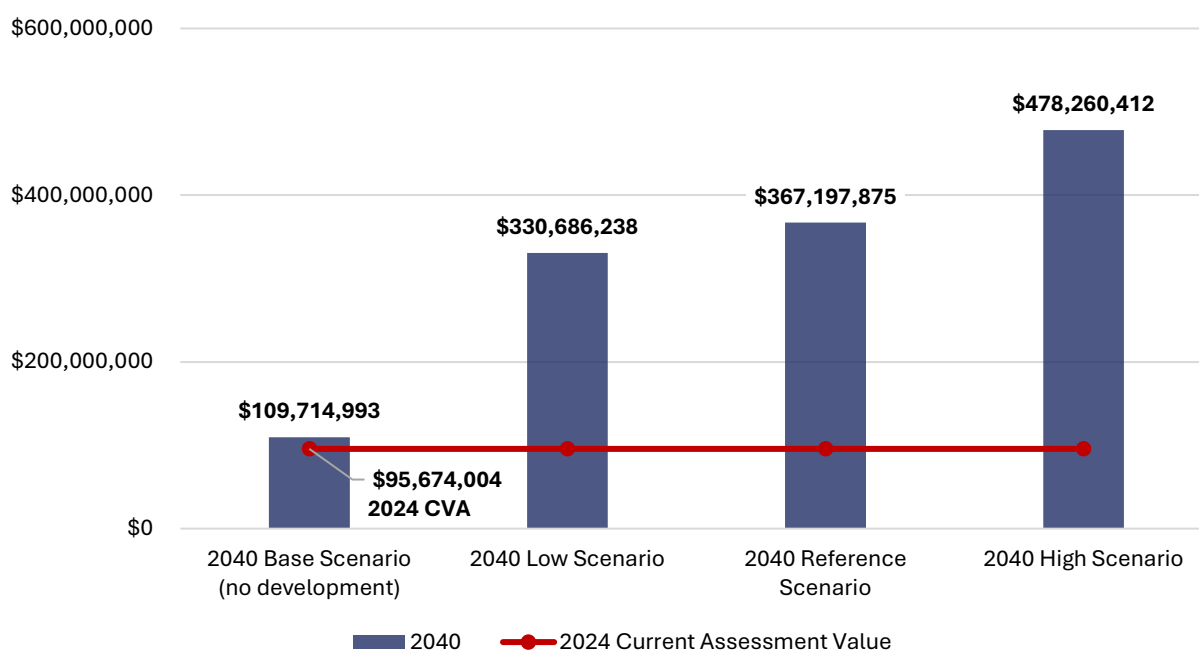
In reality it is not known whether build out of the surrounding lands will occur by 2040 or at a date that is somewhat sooner or somewhat later. What is apparent is that development, when it occurs can be expected to generate a significant increase in taxation which can be applied to funding the project.

It is also reasonable to assume that development will not be unduly delayed as we expect the economy to continue to promote intensification of downtowns in strategically located urban centres in southern Ontario over the next 10 to 20 years.

The following results are based on three alternative scenarios with respect to the rate of property assessment growth, and scale of development added to surrounding lands.

- The following identifies the property assessment generated as well as the incremental gain in property assessment;
- The taxation revenue including the incremental taxation revenue;
- Net annual taxation (based on 2025 dollars and tax rates) at build-out, is between \$4 million and 47 million annually.

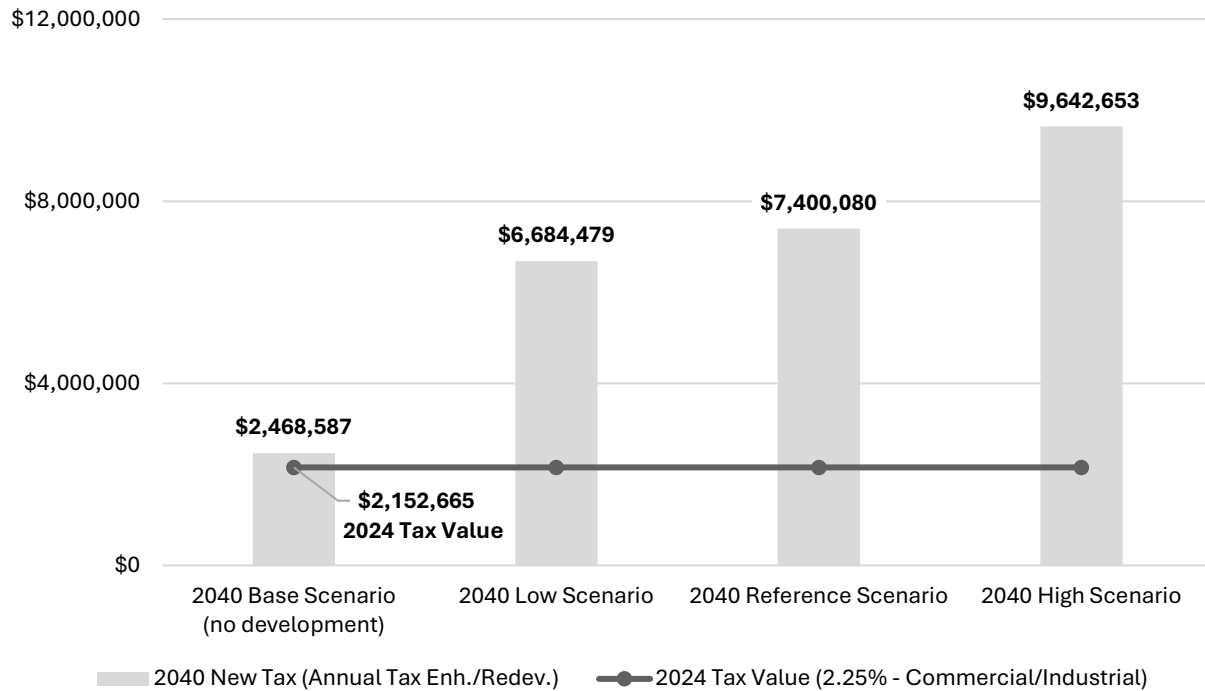
Exhibit 7. Change in Current Value Assessment 2024-2040, 400-meter Impact Zone



2040 Scenarios	2024 Current Assessment Value	2040 Estimate	Difference, \$	CAGR (2024-2040)
Base Scenario (no development)	\$95,674,004	\$109,714,993	\$14,040,989	1%
Low Scenario (with MUSEC)	\$95,674,004	\$330,686,238	\$235,012,235	8%
Reference Scenario (with MUSEC)	\$95,674,004	\$367,197,875	\$271,523,871	9%
High Scenario (with MUSEC)	\$95,674,004	\$478,260,412	\$382,586,409	11%

Source: Sierra Planning and Management, Historic and Current Assessment Data: City of Peterborough

Exhibit 8. Change in Annual Municipal Tax 2024-2040, 400-meter Impact Zone



2040 Scenarios	2024 Tax Value (2.25% Commercial/ Industrial)	2040 New Municipal Tax, \$ (2.25% Commercial/ Industrial)	2040 Net Municipal Tax, \$ (2040 Development Scenarios – 2040 Base Scenario)
Base Scenario (no development)	\$2,152,665	\$2,468,587	
Low Scenario (with MUSEC)		\$6,684,479	\$4,215,892
Reference Scenario (with MUSEC)		\$7,400,080	\$4,931,493
High Scenario (with MUSEC)		\$9,642,653	\$7,174,066

Source: Sierra Planning and Management; Municipal Tax Rates – City of Peterborough, 2025.

## **Control the Timing of Key Development**

There is evidence to suggest surrounding real estate development can be achieved sooner rather than later. The City should actively tie the development of surrounding lands to the project delivery process. This means that proponents that are able to build adjacent lands into development plans within a specified timeline, as part of a master planned district, will be given more favourable rating than those that are unable to tie the development of the MUSEC to key adjacent development opportunities.

Examples of partnerships of this kind demonstrate that success is possible in speeding up the timing of related real estate development.