

WEST VILLAGE–CALGARYNEXT - PHASE ONE ANALYSIS

EXECUTIVE SUMMARY

Calgary Sports and Entertainment Corporation (CSEC) has proposed CalgaryNEXT, a combined arena/event centre and multi-sport stadium/fieldhouse, on City-owned land in West Village. The arena/event centre design has several innovative features, and would be a welcome new venue for sports and events in Calgary. The fieldhouse/stadium is intended to replace the fieldhouse project proposed by The City at the Foothills Athletic Park.

The West Village location proposed by CSEC is contaminated and presents significant development challenges. In addition to the \$85 million to \$140 million cost for the clean-up referenced in this report, it is anticipated that facility construction could not begin until 2022-2026, due to required environmental approvals and remediation activity.

The CSEC financing plan estimates that the CalgaryNEXT facility will cost \$890 million. Given that the design is currently in the concept phase, Administration did not independently confirm the cost estimate. CSEC has offered to invest \$200 million in cash and proposes a \$250 million loan to be repaid through a ticket surcharge/user fee. It has not been confirmed if the loan placement and repayment would be a CSEC or City obligation. It is also proposed that The City contribute \$200 million to the facility cost (fieldhouse) and that a Community Revitalization Levy (CRL) be used for the remaining balance of \$240 million.

In addition to the facility cost, it is estimated that \$863 million to \$937 million must be invested in land, municipal infrastructure, environmental remediation, and financing. As a result, the total cost for the project is estimated to be between \$1.753 and \$1.827 billion. The proposed public investment in CalgaryNEXT and West Village, after deducting the proposed CSEC contribution (\$200 million) and ticket surcharge/user fee (\$250 million) is \$1.303 billion to \$1.377 billion. This public investment is lowered to \$1.219 billion to \$1.293 billion if it is assumed that CSEC finances the ticket surcharge/user fee, (see Tables on pages 21-22).

A CRL is proposed to finance a portion of CalgaryNEXT as well as contribute to other West Village development costs. Over a 20 year period, CRL revenue is projected to be \$345 to \$435 million. There is greater likelihood that revenue at the low end of the range will be realized.

Administration has come to the conclusion that CalgaryNEXT is not feasible in its present form or location. It is recommended that CSEC be given an opportunity to respond to this report and that The City and CSEC work together to investigate potential locations on or near Stampede Park for an innovative new arena/event centre that benefits Calgarians. It is also recommended that Council reconfirm the Foothills Athletic Park as the preferred location for The City of Calgary fieldhouse project, and that work continue with respect to addressing the contamination issues in West Village.

WEST VILLAGE–CALGARYNEXT - PHASE ONE ANALYSIS

ADMINISTRATION RECOMMENDATIONS

That Council:

1. Direct Administration to request a response from CSEC no later than 2016 May 31 regarding this report and report back to Council no later than 2016 June 30;
2. Direct Administration and Calgary Municipal Land Corporation (CMLC) to investigate with CSEC and the Calgary Exhibition and Stampede Limited (CESL) the potential for a new arena/event centre on or near Stampede Park, investigate with the McMahon Stadium Society upgrades to McMahon Stadium, reconfirm Foothills Athletic Park as the preferred location for The City of Calgary fieldhouse project, and report back to Council with an update on the findings of these investigations no later than 2016 October 30;
3. Direct Administration and CMLC to continue to work with Alberta Environment and Parks (Alberta Environment) on addressing the contamination issues associated with the West Village Canada Creosote site and surrounding areas; and
4. Request that Attachment 6 to this report remain confidential pursuant to Section 27(1)(a) of the *Freedom of Information and Protection of Privacy Act* (Alberta).

PREVIOUS COUNCIL DIRECTION / POLICY

CalgaryNEXT

CSEC presented CalgaryNEXT to Calgarians on 2015 August 18 through the CalgaryNEXT website and a presentation to the media and invited stakeholders. At the request of The City, CSEC submitted a written proposal to the City Manager on 2015 September 2, (see Attachment 1). On 2015 November 10, Council approved Mayor's Office Report M2015-0856 and adopted guiding principles for work related to the CalgaryNEXT concept. At that time, Administration was directed to proceed with Phase One of a work plan to analyze the feasibility of CalgaryNEXT and to report back to Council no later than 2016 April 30.

West Village

On 2010 July 19, Council approved the West Village Area Redevelopment Plan (ARP) which provides long range planning, policy, and land use direction for the West Village area, as adopted through Bylaw 17P2010.

On 2012 April 10, Council approved NM2012-22 which directed the CMLC to examine opportunities for new projects, including the West Village, within their business plan and to report back to Council. CMLC has undertaken a review of redevelopment options for the West Village and has continued to report to Council, as sole shareholder of CMLC, on their findings.

At the 2015 February 11 CMLC shareholder meeting, Council as sole shareholder of CMLC, passed a resolution directing CMLC to undertake work to support the redevelopment of the

WEST VILLAGE–CALGARYNEXT - PHASE ONE ANALYSIS

West Village, including but not limited to environmental and legal investigations related to the potential future redevelopment of the site.

Foothills Fieldhouse

On 2010 July 19, Council approved CPS2010-47 Foothills and Glenmore Athletic Park Concept Plan and directed Administration, subject to available financing, to proceed in the planning process for Foothills and Glenmore Athletic Parks and report back to SPC on Community and Protective Services no later than 2011 October.

On 2011 November 7, Council approved CPS2011-51 Foothills and Glenmore Athletic Parks – Deferral Request and directed Administration to bring forward the Foothills and Glenmore Athletic Park report no later than 2012 March.

On 2012 March 19, Council approved CPS2012-10 Foothills and Glenmore Athletic Parks Update – Deferral Request and directed Administration to bring forward the Foothills and Glenmore Athletic Park report no later than 2012 November.

On 2012 November 19, Council approved CPS2012-0771 Foothills and Glenmore Athletic Parks Update – Deferral Request and directed Administration to bring forward a revised site plan for the Foothills Fieldhouse and Athletic Park, along with the associated phasing implications for Glenmore Athletic Park, no later than 2013 May.

On 2013 April 22, Council approved CPS2013-0351 Foothills Fieldhouse – Progress Update, received for information potential funding options that support the development of a fieldhouse and approved in principle, the revised location for the Foothills Fieldhouse.

BACKGROUND

CalgaryNEXT and Phase One Analysis

In early November 2015, Council directed Administration to analyze the feasibility of the CalgaryNEXT concept, as outlined in Mayor's Office Report M2015-0856 (Attachment 2). By mid-November, Administration convened a small multidisciplinary project team from The City and CMLC to examine several primary considerations and respond to Council direction. A detailed review of each consideration is provided in the Investigation section of this report.

West Village

West Village is an approximately 53 ha (130 acre) area immediately west of Calgary's downtown core. The boundary is the Bow River to the north, the Canadian Pacific Railway (CPR) right-of-way to the south, Crowchild Trail S.W. to the west, and 11th Street S.W. to the east (outlined in red on Figure 1).

The area was historically used for industrial and large scale storage operations. These functions were important to the development of Calgary, however there is little physical evidence of that history today. Currently, three major roadways, Bow TR, 9 AVE SW, and 14 ST SW, occupy

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

much of the area. These high volume commuter corridors have affected the urban form and resulted in solitary buildings and fragmented development.

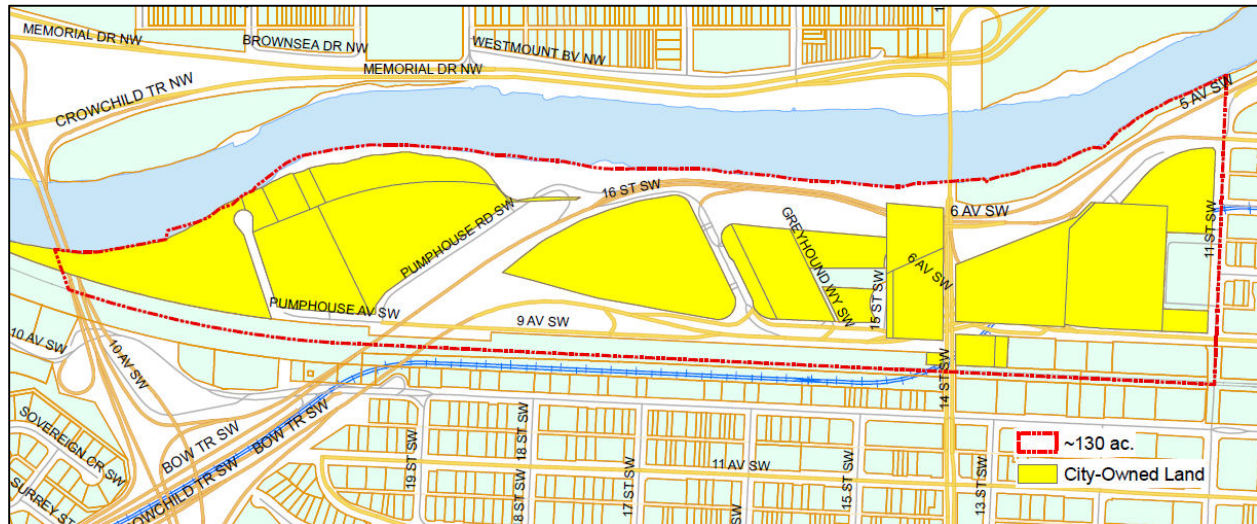


Figure 1 West Village Area

The four primary land uses in the area are: commercial, institutional, park, and transportation, with the predominant commercial uses being auto dealerships and a large bus terminal. The West Light Rail Transit (LRT) line (shown in blue on Figure 1) flanks the CPR tracks on an elevated alignment along the southern boundary and the Sunalta LRT station serves the Sunalta community to the south. The Sunalta station directly connects to the bus terminal to the north via a pedestrian overpass.

Using the most recently updated flood maps, the floodway has been identified along some sections of the area, primarily on the western side. No flood fringe or overland flow areas have been identified in the area. No significant flooding occurred during the 2013 flood. The Bow River Regional Pathway extends along the entire east-west length of the area and some portions of the pathway are in the floodway. Some of these portions had mild flooding in 2013.

Historic resources in the area, as listed on The City's Inventory of Evaluated Historic Resources, include the Calgary Centennial Planetarium, the Pumphouse Theatre (Bow River Pumphouse No. 2), and the Mewata Armoury.

West Village has been included in, or the subject of, several planning studies and statutory plans over the past 30 years. The major planning documents that address all, or a portion of West Village, include: Sunalta Area Redevelopment Plan (1983, 2009), Centre City Plan (2007), Expo 2017 Feasibility Study (2009), and West Village Area Redevelopment Plan (2010).

In terms of real estate and land ownership, the approximately 53 ha (130 acres) of West Village is split between road right-of-way (approximately 17 ha or 41 acres) and titled properties (approximately 36 ha or 89 acres). There are 30 properties in the area with ownership divided amongst The City, the Province of Alberta, Government of Canada and several private owners. The City has owned property in the area since 1909 and has acquired property in the area as

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

recently as 2014. The City owns 21 of the 30 properties, which equates to approximately 28 ha (70 acres) (79% of titled area). City-owned lands in West Village include a City of Calgary Roads depot, Pumphouse Park and the Pumphouse Theatre in the western portion of the area, and Shaw Millennium Park and the Centennial Planetarium in the eastern portion (shown in yellow on Figure 1).

West Village has a long and varied history of environmental issues. The most significant concerns have related to the former Canada Creosote site (outlined in red on Figure 2). From 1924 to 1962 Canada Creosote Ltd. operated a pressure wood preserving operation on an 18 ha (44 acre) site in the west-central portion of West Village. In the late 1980s to mid-1990s site investigations performed for Alberta Environment found extensive creosote and hydrocarbon contamination in the soil and groundwater. Several remediation methods such as gravel washing and extraction were examined in the early 1990s but were found to be unworkable. In the mid-1990s, Alberta Environment determined that site clean-up would be impractical and instead adopted a containment strategy. A contaminant containment system was installed by Alberta Environment in 1995. A containment wall was constructed and contaminated groundwater is collected and pumped to an on-site plant, treated, and disposed of into the sanitary sewer. This system is specifically designed for containment, not site remediation. In 1997, the containment system and operational responsibility was transferred to The City.

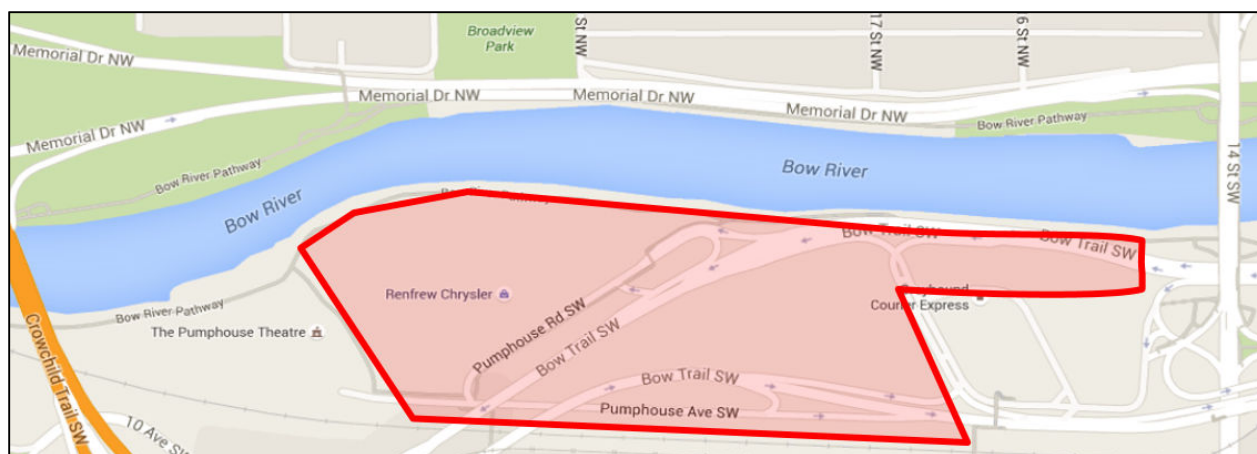


Figure 2 Former Canada Creosote Site

Concurrent with the transfer of the containment system and operational responsibility from the Province to The City, a Release Agreement was signed between Alberta Environment and The City stating that Canada Creosote site contamination was not caused or contributed to by The City and that Alberta Environment agreed not to initiate recovery action against The City. The City acknowledged that the Province is not responsible or liable for the contamination. A detailed environmental review is included in the Investigation section of this report and Attachment 5. Attachment 6, which contains an analysis of West Village contamination legal and regulatory issues, is a confidential and legally privileged report and is circulated under separate cover.

WEST VILLAGE–CALGARYNEXT - PHASE ONE ANALYSIS

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The CalgaryNEXT concept is complex and multifaceted in nature. To ensure that all work on CalgaryNEXT by Administration was undertaken in a way that best addressed the needs of diverse stakeholders, Council adopted the following six guiding principles, as outlined in the Mayor's Office Report M2015-0856:

1. Public money must be used for public benefit,
2. There must be extensive stakeholder consultation, public engagement, and open and transparent communications with Calgarians regarding the CalgaryNEXT proposal,
3. West Village must be designed and developed as a vibrant mixed-use neighbourhood,
4. Any new fieldhouse must meet the needs of all stakeholders including, but not limited to, the University of Calgary, amateur sports groups, and the general public,
5. Any new arena-stadium/event facility located within or near Calgary's centre city, must complement the existing amenities of the centre city, and contribute to the centre city's long term vibrancy and appeal, and
6. The cost for remediating contamination of the West Village site should be the responsibility of the polluter(s), to the extent that such recovery is legally possible.

These principles have been used to guide and inform this review and analysis.

Decision Model and Work Plan

Council direction requires that Administration examine the CalgaryNEXT concept in an orderly and efficient way by prescribing a multi-phase review process. Phase One is a review of the following primary considerations:

1. The CSEC Proposal
2. West Village Contamination
3. Fieldhouse
4. Community Revitalization Levy (CRL)
5. Impacted Organizations

Each consideration is assessed in detail in this report. This first phase of analysis is intended to determine the preliminary feasibility of the proposed concept and to prepare Council to make decisions on how to proceed. Attachment 3 is a graphic representation of the complete Decision Model.

Project Governance and Approach

The Phase One analysis was a joint exercise carried out by Administration and CMLC. At the outset of the project The City and CMLC entered into a protocol agreement that defined respective roles, responsibilities, and approaches for undertaking the work requested by Council. Protocols related to the sharing, use, and protection of confidential and proprietary materials were also specified in the agreement. CMLC has undertaken an environmental review and legal and regulatory liability analysis of contamination in West Village and an exploration of remediation options and timelines. CMLC also led the CRL analysis. Administration has been

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

responsible for the fieldhouse analysis, consultation with impacted organizations, and a review of the CalgaryNEXT concept. Administration has worked with CMLC to assemble the required information to report the Phase One findings to The City's Administrative Leadership Team and then to Council. Administration has been responsible for overall project management and the coordination of report writing.

In November 2015, as directed by Council, Administration issued a formal request to CSEC for any relevant research and analysis materials prepared or commissioned by CSEC with respect to CalgaryNEXT and entered into a confidentiality agreement with CSEC, effective 2016 January 1. From January to March 2016, CSEC provided Administration with information, including confidential and proprietary information. The confidentiality agreement limits the amount of detail that can be included in this report.

Project Methodology

Council directed Administration to review the CalgaryNEXT concept as proposed, including the implications for contaminated land in West Village, a fieldhouse development, a potential Community Revitalization Levy, and feedback from impacted organizations. In Phase One, the project team reviewed public information on the CalgaryNEXT website and additional materials provided by CSEC. The project team did not suggest or discuss modifications to the CalgaryNEXT concept or supporting materials as this was not Council direction for the Phase One analysis.

CSEC provided Administration with information related to the CalgaryNEXT concept, through a series of six presentations between January and March 2016, (see Attachment 4). Additional materials and/or documentation of the presentations were provided to Administration following each presentation.

Methodological Limitations

CSEC provided Administration with an initial set of information in January 2016, and presented additional materials throughout the ensuing two month review period. Much of this information was not on the CalgaryNEXT website and CSEC did not present it to the public. Administration could not disclose much of this information to stakeholder groups, or Calgarians in general, due to the confidentiality agreement.

In December 2015, CSEC suggested that The City and CSEC coordinate a joint stakeholder consultation process related to the fieldhouse analysis. Having regard to Council direction, Administration declined this suggestion and conducted City-initiated consultations (see Attachment 7). In early 2016, CSEC conducted separate fieldhouse stakeholder consultations, which included many of the same organizations consulted by Administration. These independent consultations occurred either concurrently with or following The City's process. CSEC engaged in a dialogue with various organizations and responded to their concerns. In some cases, Administration received two responses from the same organization, the later response being based on additional information or clarification from CSEC. One example was the feedback received in late March from the Calgary Multisport Fieldhouse Society (CMFS) indicating that their issues could be addressed by CSEC and CalgaryNEXT (see Attachment 7).

WEST VILLAGE–CALGARYNEXT - PHASE ONE ANALYSIS

The approach taken for Phase One is consistent with and supports the project's guiding principles related to stakeholder consultation and transparent communications.

Primary Consideration Review

This section presents the key findings related to Council's five primary considerations. The findings are based on the best available information.

1. The Calgary Sports and Entertainment Corporation Proposal

The CalgaryNEXT concept is proposed on land in the central portion of West Village. The approximately 127,742 square metre (1,375,000 square foot) facility is proposed between the Bow Trail east/west couplet on City-owned sites primarily currently occupied by a bus terminal and an auto dealership (see Figure 3).

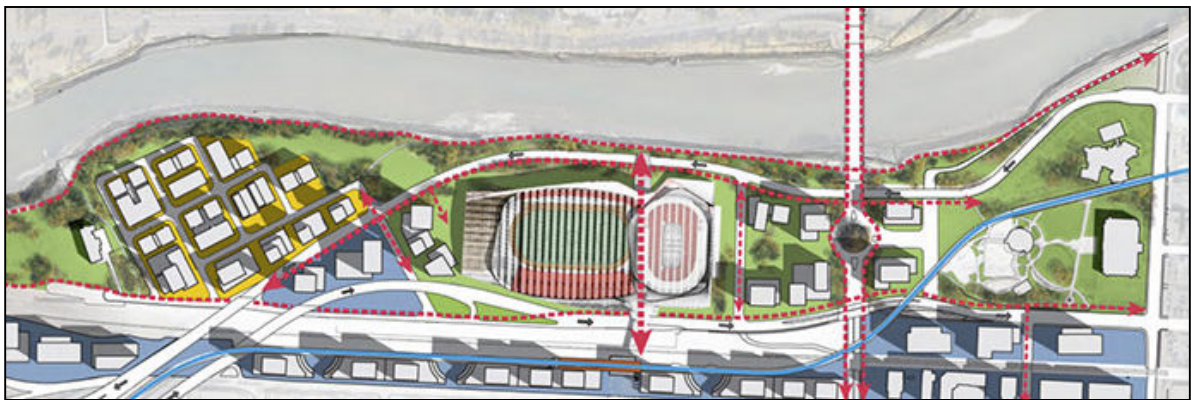


Figure 3 CalgaryNEXT Site Plan

The CalgaryNEXT concept contains the following components:

- 44,129 square metre (475,000 square foot) arena/event centre for professional hockey, lacrosse, and concerts with seating for 18,000 to 20,000 spectators,
- 37,161 square metre (400,000 square foot) multi-sport stadium/fieldhouse with seating for 20,000 to 40,000 spectators,
- stadium/fieldhouse to accommodate football, soccer, basketball, volleyball and badminton, and a 9-lane 400-metre running track,
- practice ice surface/community rink,
- fitness facilities,
- sports medicine centre,
- 2,500 underground parking stalls (300 stalls dedicated for fieldhouse public use), and
- elevated pedestrian walkways (Sunalta LRT station, westbound Bow Trail, 14 St. SW).

The final design of the combined arena/event centre and multi-sport stadium/fieldhouse has not been confirmed.

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

CSEC has estimated the economic impact of its sports and entertainment operations on the Calgary economy in 2015. In 2015, CSEC estimates that the total economic impact of hospitality spending on events that it managed was \$95 million dollars. CSEC employs 2,075 full-time and part-time staff for 769 full-time equivalents and estimates the total economic impact of its operations in 2015 at \$373 million dollars. CSEC also applied its economic impact model to the capital spending for constructing the \$890 million CalgaryNEXT facility. CSEC estimates that constructing CalgaryNEXT would have a direct labour impact in the Calgary economy of 2,150 full time equivalent jobs, and estimates that the total economic impact of constructing CalgaryNEXT would be \$886 million.

The total cost of the CalgaryNEXT facility is estimated by CSEC at \$890 million. Given that the design is currently in the concept phase, Administration did not independently confirm the cost estimate. CSEC has offered to invest \$200 million in cash and proposes a \$250 million loan to be repaid through a ticket surcharge/user fee. It has not been confirmed if the loan placement and repayment would be a CSEC or City obligation. It is also proposed that The City contribute \$200 million to the facility cost (fieldhouse) and that a Community Revitalization Levy (CRL) be used for the remaining balance of \$240 million.

In addition to the facility cost, it is estimated that \$863 million to \$937 million must be invested in land, municipal infrastructure, environmental remediation, and financing. The total proposed public investment in CalgaryNEXT and West Village, after deducting the proposed CSEC contribution (\$200 million) and ticket surcharge/user fee (\$250 million) is \$1.303 billion to \$1.377 billion. This public investment is lowered to \$1.219 billion to \$1.293 billion if it is assumed that CSEC finances the ticket surcharge/user fee.

Administration has not received information related to governance and operating costs of the facility, although CSEC has stated that it believes it can operate the public fieldhouse component without an annual public operating subsidy. An analysis of the CSEC proposal is presented in Attachment 4.

2. West Village Contamination

The environmental analysis focused on understanding the complexities associated with West Village through a thorough review and analysis of over 400 reports. In 2012, Council, as sole shareholder, directed CMLC to investigate the redevelopment potential of the area. Building off of that work, environmental site assessment, risk assessment, and remediation approaches were researched as part of this investigation.

A team of specialists was assembled by CMLC to provide expertise and advice. Deliverables included a rigorous review of historical studies, investigative fieldwork, data gap analysis, an environmental site assessment, and a human health risk assessment. A total of 54 boreholes and a subset of monitoring wells were completed during CMLC's environmental site assessment. Results were analyzed from a technical and risk assessment perspective to provide approaches for future remediation.

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

The analysis confirmed historical findings and offered the following new information:

- there are no immediate adverse health effects due to current conditions,
- potential risks to future users can be managed and mitigated, and
- a plume of highly concentrated contaminants (dense non-aqueous phase liquid, or DNAPL) extends further west than previously identified.

Six remediation techniques were chosen by the team based on each technology's timeframe and ability to address the contaminants found. The technologies were then used to configure six potential remedial approaches to address the unique development scenarios in West Village, based on the Alberta Tier 2 Soil and Groundwater Remediation Guidelines.

These configurations include:

- excavation and disposal,
- excavation and biostabilization,
- excavation and thermal treatment,
- thermal treatment in place,
- solidification and biostabilization in place, and
- enhanced containment.

Each technique was evaluated with respect to its advantages and limitations, duration and cost, specific to addressing the Canada Creosote site, while the balance of West Village was evaluated based on its similarity to the redevelopment of other mixed used downtown areas (e.g. East Village).

Estimated costing and timelines for an expedited approach and a more measured approach are summarized in table below. The schedule allows for the time to investigate, design, approve and permit the chosen remedy plus the remediation effort. In the case of the expedited schedule, remediation would occur continuously until completion, while in the measured approach, remediation would occur seasonally and then intermittently until completion. The expedited schedule, based on excavation and disposal, is the quickest approach at six to eight years, but also the costliest at approximately \$140 million. By contrast, the measured approach, based on excavation and biostabilization, is the least expensive at \$85 million but the longest at eight to ten years.

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

Estimated Costing and Timelines of Remedial Approaches		
Costs	Expedited Approach ²	Measured Approach ²
Canada Creosote site	\$110 million	\$65 million
Balance of West Village ¹	\$30 million	\$20 million
Total cost	\$140 million	\$85 million
Timelines (Canada Creosote site work)		
Additional investigation, regulatory approvals, permitting	3-5 years	3-5 years
Remediation	3 years	5 years
Total time	6-8 years	8-10 years
(1) It is assumed that the balance of West Village remediation would take place in conjunction with redevelopment. (2) The expedited approach is represented by excavation and disposal of all impacted areas, where as the measured approach is represented by excavation and on-site biostabilization and reuse.		

An analysis of the West Village contamination issue is presented in Attachment 5. Also, a confidential and legally privileged analysis of West Village contamination legal and regulatory issues is presented in Attachment 6, which is circulated under separate cover.

Remediation Funding Options

The Federation of Canadian Municipalities (FCM) has a Green Municipal Fund that offers 50% funding up to \$175,000 for brownfield planning work or feasibility studies, 50% funding up to \$350,000 for a Pilot Project, and up to \$5 million in a low interest loan for capital projects.

At the present time there are no applicable funding sources available from either the Government of Canada or Province of Alberta that are specifically targeted at the remediation of contaminated sites like the scenario in West Village.

3. Fieldhouse

The CalgaryNEXT concept locates and integrates the public fieldhouse proposed at Foothills Athletic Park, within an indoor professional football stadium at West Village.

For the purpose of the Phase One fieldhouse investigation, organizations representing broad amateur sport and recreation interests, or who were previously engaged as part of the concept planning process for Foothills Athletic Park, were identified as stakeholders. A consultant was retained to assess the technical and functional/operational feasibility of the proposed concept, including combining multi-use facilities within one building and integrating an indoor football stadium with a fieldhouse.

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

Combined Facility – Fieldhouse/Stadium/Arena

Consultant reports confirm that the design and operational requirements of an admission-based spectator stadium are not naturally aligned with those of a public recreation facility. A technical design solution and analysis of the impacts (such as increased costs to operations and lost time for venue change over) are needed to fully understand the implications of incorporating fieldhouse use with indoor football stadium requirements.

Studies and stakeholder feedback are consistent in stating that impacts to access are not solely based on a shared stadium/fieldhouse facility. The proximity of the arena/event centre and the number of events held in the arena/event centre could also impact parking, vehicular traffic and congestion, and interior building movement.

CSEC has stated that potential construction savings of approximately \$330 million could be achieved by combining the fieldhouse, stadium, and arena into one facility. These estimated cost savings appear to be based on the assumption that McMahon Stadium would be replaced rather than renovated and do not account for any modification or repurposing costs for McMahon Stadium.

Stakeholder Needs

In general, amateur sport and recreation stakeholders support the creation of additional sport play space in Calgary; however, feedback consistently cited the need for clarity around the operational and physical logistics of the proposed concept. Specifically, amateur sport and recreation stakeholders are interested in how any proposed models for governance, financing and operations could impact equitable and unhindered access to the public recreation assets. In addition, amateur sport and recreation stakeholders expressed that amenities at West Village should be consistent with plans for the Foothills Athletic Park and that any proposed model for operating a shared facility must accommodate the needs of amateur sport, including affordable access to prime time, convenient and cost-effective physical access, and multi-use recreation amenities. One stakeholder group, the Calgary Multisport Fieldhouse Society, specifically indicated that their issues could be addressed by CSEC and CalgaryNEXT.

Stadium Impacts on Fieldhouse Operations

The proposed stadium/fieldhouse at West Village cannot be reviewed on the same basis as the concept plan for Foothills Athletic Park fieldhouse. The difference is most evident in the physical relationship of the fieldhouse amenities and resulting use patterns. Further consideration could be given to compromises required to integrate an indoor professional football stadium with a public fieldhouse. Based on the 2015 McMahon Stadium usage report, the 2015 Stampede event calendar, and estimates for prime time use, there will be consumption of prime time hours by the Canadian Football League. In addition, the CalgaryNEXT concept does not include complementary outdoor amenities that currently exist at Foothills Athletic Park, including an outdoor track, rectangular fields and tennis courts.

WEST VILLAGE–CALGARYNEXT - PHASE ONE ANALYSIS

Further detailed study is required to fully understand how integrating a public fieldhouse with a professional football stadium in West Village would impact recreational use. A thorough understanding of the compromises inherent in replacing plans for a fieldhouse with an integrated fieldhouse/indoor football stadium adjacent to an arena/event centre is required. This understanding could inform a strategy for mitigating the loss of public prime time access or specific challenges to physical accessibility. At a meeting on 2016 March 2, the CSEC indicated they are prepared to work with The City to mitigate challenges.

McMahon Stadium

The future of McMahon Stadium is also part of a complete evaluation. Based on planning documents and design explorations by the McMahon Stadium Society, the stadium has a current projected life span of 25 to 30 years should approximately \$2 million be invested in structural and mechanical systems. An investment of approximately \$37 million for improvements to the existing concourse would improve user experience and address the majority of current user convenience issues. Execution of all proposed amenity improvements would represent an investment in the range of \$69 million to \$89 million.

The stadium is also a popular site for amateur sport and recreation activities that need continued accommodation at the stadium or another facility. Relocating the Calgary Stampeders to a fieldhouse/stadium at West Village could render McMahon stadium economically unviable.

University of Calgary

The University of Calgary has responded that a fieldhouse located close to their main campus and Foothills campus is critical to serve faculty, students, staff, and clinics. Similar to other stakeholders, the University of Calgary expressed concerns related to balancing multiple user needs and booking priorities in a single stadium/fieldhouse. The University of Calgary stated that Dinos Football home games could potentially be played at the proposed West Village location. A comprehensive fieldhouse analysis is presented in Attachment 7.

Fieldhouse Summary

Consultant reports identified that the CalgaryNEXT concept is technically feasible if certain implications associated with relocating the fieldhouse to West Village are accepted. Primary among these are the implications associated with combining a public fieldhouse with the functional and operational requirements of an indoor professional football stadium.

This preliminary analysis identifies numerous challenges with the proposed CalgaryNEXT fieldhouse component. Additional work should be undertaken to better understand the implications of the proposed arrangement and to understand potential solutions.

4. Community Revitalization Levy (CRL)

A CRL analysis for demand and revenue projections was completed as part of this investigation. Included in the CRL boundary were the West Village ARP area, the Downtown

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

West community, and a portion of the Sunalta community. In addition to the CRL boundary delineation, the following four key assumptions were considered, as they have a significant impact on projection outcomes:

- Timelines for remediation,
- Start of construction timing,
- Tax rates,
- Inflation.

Similar assumption categories were used for the East Village (i.e. Rivers District) CRL calculations. However, the CRL projections for East Village only envisioned a one to two year time lag prior to construction commencement, and West Village assumes a minimum six to eight year time lag, due to remediation efforts. This time lag increases the risk associated with material changes to the assumptions during that time. The East Village CRL calculations were also completed on a block by block basis but since the ultimate land configuration for West Village is undetermined, a block by block analysis is not possible and only a global demand estimate for all of West Village is provided.

Given the recent challenging economic environment which has impacted housing demand, conservative absorption rates and estimates were used for West Village and the surrounding study areas. Commercial demand is minimal due to the surplus of space available in Calgary (1,393,500 square metres or 15 million square feet). This represents approximately 14 years of annual absorption at historical rates.

Year 2020 was used as a baseline to calculate the CRL projections. Two scenarios were considered. The first assumes that no commercial anchor would be built to generate CRL revenue. The second scenario contemplates a commitment to build an additional 65,032 square metres or 700,000 square feet of commercial space, in the near term, to guarantee immediate, ongoing, and greater CRL revenue. The resulting CRL revenues range from \$345 million to \$435 million, as shown in the following table.

Base Year 2020		
Area	Without Commercial Anchor	With Commercial Anchor
	Amount (millions)	Amount (millions)
West Village	\$250	\$340
Downtown West	\$73	\$73
Sunalta	\$22	\$22
Cumulative CRL	\$345	\$435

It should be noted that these revenues can fluctuate depending on economic and market conditions. A CRL analysis is presented in Attachment 8.

Implementing a new CRL is an involved endeavor that can take up to two years. The process would include additional research, preparation of a detailed infrastructure plan, an application to Municipal Affairs, a public hearing and Council bylaw approval, and finally

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

Lieutenant Governor in Council approval. Approval of a new CRL by the Province is not assured.

5. Impacted Organizations

Following the CalgaryNEXT announcement in August 2015, Calgary Economic Development (CED) convened a meeting with stakeholders to discuss the proposed concept with respect to Calgary's Economic Strategy. Since December 2015, Administration has worked with CED to understand the general interests and issues of several potentially impacted organizations. Based on Council direction, Administration met individually with Calgary Exhibition and Stampede Limited (CESL), Calgary TELUS Convention Centre, Saddledome Foundation, and Tourism Calgary to better understand their specific interests and positions.

Administration conducted interviews with each organization and then presented the primary contact person with the following feedback options: 1) Administration-prepared summary documentation, confirmed by the organization, 2) Organization-prepared letter, or 3) both an Administration summary and an Organization letter. Letters were submitted by: CED, CESL, Saddledome Foundation, and Tourism Calgary and are included in Attachment 9.

While Calgary TELUS Convention Centre did not submit a letter, it stated that CalgaryNEXT is positive because it is promoting discussions related to major facility needs in Calgary.

Project Analysis

The key findings of the foregoing investigations are collected in the following analysis framework. This structure highlights the details associated with individual elements and identifies impacts to The City, CSEC and Calgarians. The framework is designed to assist Council with the decision making process.

CSEC Proposal Analysis		
Element	Details	Implications
1. Facility components	<ul style="list-style-type: none">• Original design• Multi-use capacity• Common concourse area• LRT integration• 2,500 u/g parking stalls	<ul style="list-style-type: none">• Differentiates Calgary from other cities• Potential operational efficiencies (arena/stadium)
2. Infrastructure requirements	<ul style="list-style-type: none">• Utility upgrades required• Transportation upgrades required	<ul style="list-style-type: none">• All utilities impacted and extensive renewal required• Transportation design is feasible (preliminary review)• Mixed use development scenario would also require upgrades

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

CSEC Proposal Analysis (continued)		
Element	Details	Implications
3. Funding	<ul style="list-style-type: none"> Facility costs: \$890M Total costs: \$1.8B (+/-) Additional City investment required for land, remediation, infrastructure, and financing Sources: <ul style="list-style-type: none"> CSEC \$200M Ticket surcharge/ user fee \$250M City \$1.3B (+/-) Governance and Operating model not received by City for review 	<ul style="list-style-type: none"> Large capital cost to City City to finance fieldhouse, CRL, infrastructure, remediation City fieldhouse investment (\$200M) regardless of location CSEC offering investment capital Responsibility and funding for remediation undetermined. Revenue entitlements undetermined Operational responsibilities undetermined.
4. City Financing capacity	<ul style="list-style-type: none"> Within Council debt limit Within Council servicing limit 	<ul style="list-style-type: none"> Will limit City's ability to pursue other large capital projects
5. Development timeline	<ul style="list-style-type: none"> 6-8 years to completion of remediation (expedited) 8-10 years to completion of remediation (measured) 	<ul style="list-style-type: none"> Lengthy remediation and completion timelines Limited City control over timelines

West Village Contamination Analysis		
Factor	Details	Implications
1. Extent and urgency	<ul style="list-style-type: none"> Contamination extent slightly further than previously known No immediate human health risk 	<ul style="list-style-type: none"> Larger proportion of redevelopment properties impacted Immediate remediation not required
2. Options and costs	<ul style="list-style-type: none"> Five approaches evaluated \$85-\$140 million 	<ul style="list-style-type: none"> Flexibility in addressing contamination Expedited approaches increase costs
3. Polluter pay potential	<ul style="list-style-type: none"> Currently being explored AEP involvement necessary 	<ul style="list-style-type: none"> Timeframe and outcome uncertainty Potentially lengthy timeframe

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

West Village Contamination Analysis (continued)		
Factor	Details	Implications
4. Government funding potential	<ul style="list-style-type: none"> Limited environmental specific funds 	<ul style="list-style-type: none"> Funding uncertainty Timeframe uncertainty
5. Implementation timeline	<ul style="list-style-type: none"> 6-10 years to prepare site 	<ul style="list-style-type: none"> Lengthy remediation timeline Limited City control over timeline

Fieldhouse Analysis		
Factor	Details	Implications
1. Fieldhouse/arena compatibility and efficiencies	<ul style="list-style-type: none"> No comparable combined facilities in other cities Shared elements: lobbies, kitchen concession, parking, storage, loading, and administration 	<ul style="list-style-type: none"> Potential efficiencies and cost savings (capital & operating) Potential for scheduling conflicts related to parking, food service, and security Increased construction costs to provide independent access when arena/event used concurrently with fieldhouse recreation users
2. University of Calgary position	<ul style="list-style-type: none"> Location close to main campus and Foothills campus is critical Concerns with balancing multiple user needs and booking priorities Potential to play Dinos Football home games at West Village location 	<ul style="list-style-type: none"> A fieldhouse located at Foothills Athletic Park meets requirements
3. Community stakeholder feedback	<ul style="list-style-type: none"> Opportunities: partnerships, cross-training, increased multi-sport exposure, and transit proximity Concerns: parking, primetime availability, transit reliance, coinciding event congestion, and sport changeover timing Support of CMFS 	<ul style="list-style-type: none"> High level of support for additional play space Combined amenities generally supported Concern that pro sports and large events could marginalize amateur sport Potential for multiple site operations and equipment duplication

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

Fieldhouse Analysis (continued)		
Factor	Details	Implications
4. McMahon Stadium requirements	<ul style="list-style-type: none"> • Good general construction condition • \$2M ensures structural and mechanical integrity for next 30 years • \$37M for concourse renovations (concession, washrooms) • \$69-\$89M for full modernization (main entrance, washrooms, store, corporate boxes, meeting rooms) 	<ul style="list-style-type: none"> • Stadium remains viable for CFL football and amateur sport use • If stadium not used for CFL football it may be economically unviable and amateur sport use must be accommodated elsewhere
5. Stadium/fieldhouse compatibility	<ul style="list-style-type: none"> • Football use requires 50% more volume than a fieldhouse and a floor area increase of 400-500k sq. ft. • Stampeder operations require +/- 50k sq. ft. above fieldhouse requirement • Different spectator view requirements and field dimensions for soccer, football, track & field, and other sports. • Stampeder and amateur sports require facility at same time 	<ul style="list-style-type: none"> • Increased construction costs to provide independent access to fieldhouse recreation users when arena/event centre is used concurrently • Increased construction costs to meet CFL requirements • Potential for scheduling conflicts • Potential increased operating costs due to use/space conversion

Community Revitalization Levy Analysis		
Factor	Details	Implications
1. Revenue potential	<ul style="list-style-type: none"> • \$345-\$435 million 	<ul style="list-style-type: none"> • Insufficient amount to fund facility, infrastructure, land, remediation, and financing
2. Market viability	<ul style="list-style-type: none"> • Limited commercial demand over the 20 year CRL time frame 	<ul style="list-style-type: none"> • Debt servicing uncertainty

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

Impacted Organizations Analysis		
Factor	Details	Implications
1. Stakeholder position(s)	<ul style="list-style-type: none">• Supportive of new sport facilities in Calgary• Pleased that CalgaryNEXT generating discussion• Alternative sites and configurations suggested	<ul style="list-style-type: none">• Some support for arena/event centre at alternative locations• Some support for fieldhouse and/or stadium at Foothills Athletic Park• Some support for fieldhouse at West Village

Analysis Summary

Guiding Principle Assessment

Council directed that all work undertaken by Administration related to the CalgaryNEXT concept be consistent with the six guiding principles adopted for the project. This Phase One analysis is preliminary in nature and as a result, it is challenging to apply all the principles at this time.

Principle One

Public money must be used for public benefit.

A portion of the public investment would be for the public stadium/fieldhouse. As this investigation identifies, however, areas within the stadium/fieldhouse would not be publicly accessible to the public at all times. It also proposed that a significant portion of the CRL be used to fund the arena/events centre which would not provide direct benefit to the public. This raises questions and concerns regarding public access and investment.

Principle Two

There must be extensive stakeholder consultation, public engagement, and open and transparent communications with Calgarians regarding the CalgaryNEXT proposal.

The Council-identified impacted organizations as well fieldhouse stakeholders were consulted, and feedback was received from both groups. Citizens were provided with information on calgary.ca regarding the CalgaryNEXT concept, West Village environmental issues, and the Foothills Athletic Park Fieldhouse concept plan.

Principle Three

West Village must be designed and developed as a vibrant mixed-use neighbourhood.

It has not been determined if the CalgaryNEXT concept would lead to the development of a vibrant mixed-use neighbourhood in West Village. Council direction is for a comprehensive planning evaluation and analysis of the CalgaryNEXT concept to be potentially examined in Phase Two.

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

Principle Four

Any new fieldhouse must meet the needs of all stakeholders including but not limited to, the University of Calgary, amateur sports groups, and the general public.

Integrating a stadium with a public fieldhouse requires compromises for stakeholders, such as the allocation of prime time hours. The design and operational requirements of an admission-based spectator stadium are not naturally aligned with those of a public fieldhouse. A complete operations impact analysis is needed to fully understand the implications of incorporating a public fieldhouse with an indoor professional football stadium as envisioned by CalgaryNEXT.

Principle Five

Any new arena-stadium/event facility located within or near Calgary's centre city, must complement the existing amenities of the centre city, and contribute to the centre city's long term vibrancy and appeal.

According to Council direction, the contribution CalgaryNEXT would make to the centre city's long term vibrancy and appeal is to be potentially examined in Phase Two.

Principle Six

The cost for remediating contamination of the West Village site should be the responsibility of the polluter(s), to the extent that such recovery is legally possible.

CMLC and Administration have initiated discussions with AEP, the regulator responsible for the Canada Creosote site, with respect to polluter responsibility for remediation costs. A legal and regulatory briefing is outlined in Attachment 6. This attachment is confidential and legally privileged, and is circulated under separate cover

Financial Assessment

The CSEC financing plan estimates that the CalgaryNEXT facility will cost \$890 million. This figure is the estimated cost of construction of the CalgaryNEXT facility only, and does not include the cost of required infrastructure, land, environmental remediation or financing. Including these components increases the total cost of the CalgaryNEXT concept to between \$1.753 billion and \$1.827 billion. It should be noted that infrastructure and environmental remediation costs of components unrelated to CalgaryNEXT but necessary to redevelop the remainder of West Village, have been included in the total. This inclusion is consistent with the guiding principle that the entire West Village be developed as a vibrant mixed-use neighbourhood. Complete uses and sources of funds for the CalgaryNEXT concept are outlined in the following table.

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

Uses and Sources of Funds	Amount (millions)
Uses:	
Facility	\$890¹
Infrastructure, Land, Remediation, Financing	
Infrastructure	
Utilities	\$56
Transportation	\$166
Other West Village redevelopment	\$105
	\$327 ¹
Land - Current City properties & acquisitions	\$80
Remediation - Various approaches	\$85 – \$140 ²
Financing	
Interest expense - ticket surcharge/user fees	\$84
Interest expense ³ - fieldhouse, CRL, infrastructure, remediation	\$287 - \$306
	\$371 - \$390 ³
sub-total	\$863 - \$937
Total	<u>\$1,753 - \$1,827</u>
Sources:	
Facility	
CSEC contribution	\$200
City contribution (fieldhouse)	\$200
Ticket surcharge/user fees	\$250
CRL – CalgaryNEXT Facility	\$240*
sub-total	\$890
Infrastructure, Land, Remediation, Financing	
CRL - interest payments	\$105 - \$195*
Ticket surcharge/user fees – interest payments	\$84
Other City resources – interest payments	\$182 - \$111
	\$371 - \$390
Additional City contributions	\$492 – \$547
sub-total	\$863 - \$937
Total	<u>\$1,753 - \$1,827</u>
* Total projected CRL revenue of \$345 - \$435 million	

(1) Data provided by CSEC

(2) Cost estimates within a +/- 50% accuracy range

(3) Debt financed over 20 years at 3% (no allowance made for interest rate increases)

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

The foregoing Uses and Sources of Funds assumes that debt financing will be used, along with CSEC's \$200 million contribution, to construct the CalgaryNEXT facility, related infrastructure, and separate West Village municipal infrastructure. The carrying cost (interest) on this debt is approximately \$371 - \$390 million over 20 years. In addition, further funding of \$492 to \$547 million will be required for infrastructure, land acquisition, and environmental remediation.

The total public cost for the CalgaryNEXT facility and accompanying West Village land servicing, remediation and other pre-development work, after deducting the proposed CSEC contribution (\$200 million) and ticket surcharge/user fee (\$250 million) is in the range of \$1.303 billion to \$1.377 billion. This public investment is lowered to \$1.219 billion to \$1.293 billion if it is assumed that CSEC finances the ticket surcharge/user fee. These costs are summarized in the tables below.

City Costs (if ticket surcharge financed by City)	Amount (millions)
Total funds required	<u>\$1,753 - \$1,827</u>
Less:	
CSEC contribution	\$200
Ticket surcharge/user fees	\$250
City contribution (ticket surcharge financed by CSEC)	<u>\$1,303 - \$1,377</u>

City Costs (if ticket surcharge financed by CSEC)	Amount (millions)
Total funds required	<u>\$1,753 - \$1,827</u>
Less:	
CSEC contribution	\$200
Ticket surcharge/user fees	\$250
Interest for ticket surcharge/user fees	<u>\$84</u>
City contribution (ticket surcharge financed by CSEC)	<u>\$1,219 - \$1,293</u>

With projected CRL revenue of \$345 million to \$435 million, there is insufficient CRL revenue to fund the entire development costs. These costs would have to be met through City reserves, taxes or other contributions.

Concluding Assessment

The Phase One analysis identified concerns in each of the five primary consideration areas Administration was directed to investigate.

Complete facility and infrastructure costs exceed The City's ability to fund the development. Remediation costs are projected to be \$85 million to \$140 million and this is a +/- 50% estimation which creates a significant level of uncertainty. Estimated remediation timeframes are lengthy at 6-10 years and there is currently additional uncertainty created by regulatory requirements. It has not been confirmed if such timelines meet the needs of CSEC. While the

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

fieldhouse could be technically feasible in either West Village or Foothills Athletic Park locations, there are fewer unknowns and generally greater support amongst stakeholders for the Foothills location. Due to the current economic downturn and fluctuating real estate markets there are uncertainties and risks associated with CRL revenue projections. Feedback received from impacted organizations is either neutral or unsupportive of the West Village location and/or the incorporated fieldhouse concept.

In summary, the CalgaryNEXT concept is not feasible in its present form or location and alternative development concepts, locations, and financial models should be investigated.

Proposed Work / Next Steps

The Impacted Organization analysis identified Stampede Park and surrounding area as a potential location for a new arena/event centre, due to the existing infrastructure and planned investment in the area, including the future Green Line LRT. It is recommended that Administration work with CSEC and CESL to investigate the potential for a new arena/event centre on or near Stampede Park. This work would consider potential funding and operating models, functional design, urban planning, transportation, parking, utilities, and environmental matters. It is recommended that Administration investigate potential upgrades to McMahon Stadium, as well as reconfirm Foothills Athletic Park as the preferred location for The City of Calgary fieldhouse project. Administration and CMLC should also continue to work with Alberta Environment on addressing the contamination issues associated with the West Village Canada Creosote site and surrounding areas. An update report on these matters should be presented to Council no later than 2016 October 30.

Stakeholder Engagement, Research and Communication

Based on Council direction, thorough communications and stakeholder engagement strategies were developed and implemented to support Phase One of the CalgaryNEXT analysis.

The communications strategy focused on laying the foundations for a transparent, integrated, proactive and robust communication program that would support and be integrated with the entire decision making process. This preliminary work involved confirming impacted audiences and stakeholders, identifying communications risks, confirming a cross-departmental communications workgroup and outlining specific tactics for each audience to help meet the communication goals for this phase. Citizens were provided with preliminary information on calgary.ca regarding the CalgaryNEXT concept, environmental issues associated with West Village and engagement work and activities undertaken to date with respect to the existing concept plan for Foothills Athletic Park Fieldhouse. In Phase One, internal communications were facilitated through information updates to internal stakeholders and Council, and through bi-weekly core project team meetings and regular communications workgroup meetings.

In addition to ongoing consultation with CSEC, the stakeholder engagement strategy for Phase One commenced preliminary consultations with those organizations identified by Council as being critical to an initial review of the CalgaryNEXT concept. From the perspective of the proposed fieldhouse concept, interviews were conducted with organizations considered to be directly impacted by the CalgaryNEXT concept, or who represent broad stakeholder interests.

WEST VILLAGE–CALGARYNEXT - PHASE ONE ANALYSIS

Other sports and recreation stakeholders received and responded to a questionnaire. As requested by Council, Administration also held initial meetings with CED, Tourism Calgary, Saddledome Foundation, Calgary TELUS Convention Centre, and CESL in late 2015 and early 2016. Further consultation and exchanges of information followed, culminating in the Impacted Organizations Report (Attachment 9) and submission of letters from four of the five organizations providing their perspectives regarding the CalgaryNEXT concept.

It is anticipated that broader communications activities and more comprehensive consultation with the public would occur in a future phase of the project, subject to and in alignment with direction(s) provided by Council.

Strategic Alignment

The recommendations in this report will ensure that ongoing decisions related to the CalgaryNEXT concept are aligned to The City's Municipal Development Plan (2009), West Village ARP (2010), Action Plan 2015-2018, and Centre City Plan (2007).

Social, Environmental, Economic (External)

Extensive social, environmental and external economic implications are identified, in detail, throughout this report.

Financial Capacity

Current and Future Operating Budget:

The majority of the work related to this Phase One analysis has been completed with existing resources. City Administration has spent approximately 3,200 hours on the individual components of the CalgaryNEXT concept analysis which, with legal, communications and program management represents a salary and wage expenditure of approximately \$270,000. In addition, Administration awarded two consulting contracts for research related to the fieldhouse analysis, in the combined amount of \$68,040. CMLC has spent approximately 525 hours on West Village analysis which represents a salary and wage expenditure of approximately \$51,612. In addition, CMLC awarded consulting contracts for research related to West Village analysis, in the combined amount of \$1,815,038. Much of this consulting included foundational studies that can be applied to future work.

Current and Future Capital Budget:

A new arena/event centre and stadium/fieldhouse concept is exploratory at this stage. While the total proposed cost to The City for such a facility and infrastructure has been identified in the range of \$1.219 billion to \$1.377 billion, the figure is for investigation and discussion purposes only.

Risk Assessment:

Administration has reviewed risks raised by the foregoing Phase One analysis, in the context of The City Integrated Risk Management system. Several key risks have been identified in the

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

following areas: financial, market/timing, environmental, regulatory/legal and operations. Due to the complex and interconnected nature of the analysis, many of these risks are interrelated and should be considered comprehensively.

It has been determined that there would be insufficient CRL revenues to entirely fund the development costs. Funding shortfalls would have to be met through City reserves, taxes or other contributions. The proposed funding plan includes a ticket surcharge/user fee portion that may be debt financed by The City, which also presents fiscal uncertainties. The cost of the entire project, including the facility, related infrastructure, and separate West Village municipal infrastructure, is significant and would necessitate the reprioritization and potential postponement of other high-priority infrastructure projects.

The environmental review determined the extent of contamination and the cost and timing of potential remediation options. However, it concluded that further studies should be continued to increase understanding of the contamination. Additionally, the remediation cost estimates need to be refined because they are within a +/- 50% accuracy range.

The City's legal liability protection as described in the legal and regulatory analysis set out in the Legal and Regulatory Report – Attachment 6, is not absolute. Pursuing the development of the CalgaryNEXT concept or other West Village redevelopment will likely require the consideration and negotiation of reallocations and assumptions of more or less environmental risk associated with the remediation of the Calgary Creosote Site and other sites in West Village involving persons responsible for contamination, developers, lenders, current and future owners, The City, and Alberta Environment amongst others. Ultimately, the implementation of a remedial option acceptable to Alberta Environment will significantly mitigate future environmental risks and the costs of implementing such a remedial option should be wholly or partially offset by the benefits of redevelopment.

There are market and timing risks associated with the CRL. Under current legislation, CRL revenue can only be invested in the area for a period of 20 years. If there is limited redevelopment within that timeframe, or if development occurs late in the 20 year period, insufficient CRL revenue would be generated to pay for the CalgaryNEXT facility, infrastructure and service debt. Given current real estate market projections, such a scenario is a possibility. There are operational risks related to the CalgaryNEXT concept as governance and operating plans have not been provided at this stage for either the arena/event centre or the fieldhouse/stadium.

While several risks have been identified, there may be a variety of ways to potentially mitigate these risks. Given the Council direction and timeframe for the Phase One analysis, risk mitigation strategies have not been fully reviewed.

REASONS FOR RECOMMENDATIONS:

There is stakeholder support for both a new arena/event centre and the development of Calgary's first fieldhouse. The Saddledome and McMahon Stadium are older facilities relative to other sport venues across North America, and a fieldhouse has been identified as a high priority project for several years.

WEST VILLAGE-CALGARYNEXT - PHASE ONE ANALYSIS

REASONS FOR RECOMMENDATIONS: (continued)

The CalgaryNEXT concept is not financially feasible solely relying on CRL funds. Other potential CRL related concerns include real estate market fluctuations and government approval uncertainties. There is also cost uncertainty associated with the required remediation.

From an environmental perspective, the West Village is not an ideal location, due to remedial option considerations, the potential time frame associated with regulatory approvals, and the undefined timelines and uncertain outcomes should recovery from the polluter be pursued.

It's been established that the CalgaryNEXT concept fieldhouse is technically feasible but outstanding questions remain in terms of scheduling and functioning. It has been confirmed that there would be few operational concerns with a fieldhouse located at the Foothills Athletic Park.

Finally, the impacted organizations consulted are generally supportive of new sport and entertainment facilities. Thoughtful feedback has been received, generally expressing that West Village may not be the most suitable location and suggesting that an arena/event centre should be located on or near Stampede Park.

ATTACHMENTS

1. CSEC Proposal Submission
2. CalgaryNEXT Analysis Framework (M2015-0856)
3. Decision Making Process
4. CSEC Proposal Review
5. Environmental Background Report
6. Legal and Regulatory Report (to be circulated under separate cover)
7. Fieldhouse Investigation
8. Community Revitalization Levy Background Report
9. Impacted Organizations Report