

## **NOTICE OF MOTION – ARENA**

At the next meeting of City Council, I intend to make the following motion:

On May 18, 2011, City Council passed a motion directing, among other things, the administration to finalize a master agreement with the Katz Group based on the financial framework and that the content and form be subject to City Manager approval.

Accordingly, I would ask that the administration prepare a report answering the following questions:

1. I note that the motion of May 18, 2011 simply indicated that the verbal presentation of the City Manager remain in private pursuant to the Freedom of Information and Protection of Privacy Act. However, there was no motion directing the administration to keep the power point presentation in private. When will the power point presentation be made public?
2. I would ask that the administration provide its analysis it used to indicate that the presentation of the City Manager remain in private pursuant to sections 16, 21, 23, 24, 25 and 27 of the Freedom of Information and Protection of Privacy Act.
3. On April 6, 2011, City Council set out 17 terms and conditions in which the administration was to negotiate a financial framework with the Katz Group. I note that some of the conditions approved by City Council have changed; therefore, I would ask that the administration to provide a report on the following questions relating to the 17 conditions:
  - a. The user fee of \$125M to fund capital costs was always intended to be controlled by the City of Edmonton. Now it appears to be controlled by the Katz Group. What authority did the administration have to change the direction of Council on this condition?
  - b. Under what basis did the \$20M CRL contribution increase to \$45M? Has the subject area been increased in order to accommodate the increase in CRL contribution? If the CRL contribution of \$45M cannot be collected because of reasons beyond control of the City of Edmonton, are the taxpayers of Edmonton responsible for any shortfall? How long will it take to collect \$45M in CRL contributions?
  - c. The April 6, 2011 motion indicated that the City of Edmonton's contribution would not exceed \$125M. What options are available to the City of Edmonton to cover the remaining \$80M, assuming that the CRL contribution is now \$45M?
  - d. Is the City of Edmonton's purchase of the Katz Group's lands considered part of City's \$125M contribution or is it an amount over and above the

cap of \$125M?

- e. What assurances does the City have to ensure that the Katz Group conducts regular maintenance on the building?
  - f. What is the status/discussions for the balance of funds being secured by other orders of government?
  - g. What is Northland's position with respect to City Council's decision of May 18, 2011?
  - h. I note that one of the conditions was that the City was to negotiate a potential revenue sharing arrangement with the Katz Group. This condition has not been satisfied. Please provide an explanation as to why this condition has been changed and what are the implications for the City of Edmonton.
  - i. Who will own the naming rights to the building?
  - j. One of the conditions from April 6, 2011 was that a final negotiated agreement be brought back to Council. However, I note that the motion that was passed on May 18, 2011, indicates that the administration is to finalize the master agreement and that the content and form be subject to City Manager approval. Does this mean that City Council will no longer see the final agreement? Does this also mean that City Council will no longer be dealing with any of the issues relating to the arena?
4. It was indicated at the May 18, 2011 presentation and reported in the media that the maximum building costs for the arena will be \$450M. Could you provide Council with the estimated square footage of this building and site and the average square footage cost of construction of a similar building? Furthermore, who is responsible for any budget overrun, in other words, who is responsible for additional costs in the event that the construction of this building exceeds \$450M?
5. Please provide an explanation on the funding sources to cover the debt on an annual allocation and explain how the funding sources can in fact be diverted to the arena project?
6. Who is responsible for the costs related to the LRT connectivity, transportation requirements and any additional infrastructure around the arena? If it is the City of Edmonton, are these costs over and above the \$125M commitment of the City of Edmonton?
7. Based on the negotiated deal with the Katz Group, it would appear that the City of Edmonton is required to purchase the land for the arena. Will the purchase price be based on the same price that the Katz Group purchased for the land or will it be

based on the value as of the date of purchase?

8. Please provide the estimated costs for the additional infrastructure in and around the arena, specifically the LRT connection, the purchase of the land, the pedway across 104 Avenue and any other infrastructure around the arena.
9. What commitment has the Katz group provided with respect to its promise to provide \$100M in associated development regarding the Edmonton arena district lands? Specifically, does the Katz Group have the ability to not proceed with any type of development in the arena district if the market conditions are not favourable?
10. The Katz Group has committed to contribute \$100M to the arena building project. Please explain how these funds will be paid to the City of Edmonton. Will the Katz Group simply provide the sum of \$100M to the City of Edmonton or will there be conditions on that sum?
11. The Facility Improvement Fee amount will not be generated until after the arena is fully constructed and being used. Therefore, the project is short \$125M. Which party (City of Edmonton or the Katz Group) is responsible for this shortfall now? If the City of Edmonton is responsible for this shortfall now, is it the arrangement with the Katz Group to have the Katz Group pay the City back, interest free and over time, from funds derived from the Facility Improvement Fee? Could you kindly explain the concept of this interest free loan to cover the \$125M.
12. What is the expected amount in property and business taxes that would be generated by the arena itself and be the responsibility of the Katz Group?
13. What type of operating model the Katz Group is envisioning?
14. Is the community rink the responsibility of the City of Edmonton, specifically the development and construction of the community rink? Is the City of Edmonton responsible for paying for the construction of the community rink? If the answer is yes to these questions, then why is the Katz Group receiving all of the revenues from such an arena?
15. During the four-week period in which the City of Edmonton has the use of the arena for the CFR and Capital Ex and other community events, does the City of Edmonton get the arena at no cost?
16. A new term that came out of the discussions with the Katz Group is the non-compete clause with respect to Northlands. Who has the authority to accept a non-compete clause for Northlands? Is it the City of Edmonton or does Northlands have the final say on this issue? If in fact the non-compete clause is agreed to by the relevant parties, what does the future hold for Rexall Place? Is the only option demolition? What are the implications for Northlands with respect to a non-

compete clause from a business perspective? Was Northlands consulted with respect to this new condition?

17. At the conclusion of the debate on May 18, 2011, City Council was left with the impression that all of the 17 conditions were satisfied and that there was no additional liability for the City. However, please advise which of the 17 conditions remain outstanding and unsatisfied.
18. When will the new CRL boundary come forward to Council for review and debate?
19. What are the timelines under which the City of Edmonton and the Katz Group are working under in order to meet the 2014 hockey season for the Edmonton Oilers? Is there a drop-dead date in which all things must be concluded in order to ensure the construction and completion of the arena by 2014? Given the urgency of this matter, I would ask that this report be prepared and placed on the next Council agenda immediately following the approval of the motion. As well, administration is directed that the report be made public.