

March 15, 2017

To: Members
Executive Committee

Re: Regina Revitalization Initiative Stadium Project – Delegation of Authority and RRI
Stadium Reserve for Food & Beverage

RECOMMENDATION

1. That City Council delegate authority to the City Manager or designate to negotiate and approve the final operations & maintenance (O&M) agreement of the new stadium for Regina Exhibition Association Ltd. (REAL).
2. That all authority formerly delegated to the Deputy City Manager & COO position in City Council report CR13-97 be assigned to the City Manager or designate regarding the *SaskSport Stadium Lease*.
3. That City Council authorize the City Clerk to execute, after review and approval from the City Solicitor, the O&M agreement and the *SaskSport Stadium Lease*.
4. That City Council approve withdrawal of up to \$9 million from the RRI Stadium Reserve for investment in the Food & Beverage project for the new stadium.
5. That this report be forwarded to the March 27, 2017 meeting of City Council for approval.

CONCLUSION

Within report CR12-134, Council approved Administration to develop an operation and maintenance (O&M) agreement with Regina Exhibition Association Ltd. (REAL) for the new stadium. The O&M agreement will outline the services REAL will provide, the standard for these services, preventative maintenance requirements and the fee REAL will be paid to provide these services.

City Council approved delegation of authority to the former Deputy City Manager & COO to approve the *SaskSport Stadium Lease* in report CR 13-97. Due to organizational structure changes within the City, a revision to delegated authority is required.

In 2014, the Food & Beverage (F&B) project was removed from the scope of the \$278.2 million stadium construction project. Subsequently, a F&B plan was developed that would utilize multiple local suppliers resulting in a service model that would be unique to multi-purpose venues of this size in Canada. The initial cost projections for F&B were estimated based on a more traditional model of one service provider. A withdrawal from the RRI Stadium Reserve is

required to complete the F&B project and ensure stadium patrons have access to high-quality F&B service.

BACKGROUND

Operations & Maintenance Agreement with REAL

Under report CR12-134, Council approved Administration to develop an agreement with REAL to operate and maintain the new stadium. Based on the affordability of the results of the stadium financial model, Administration recommended to proceed with a Design / Build / Finance (DBF) Public Private Partnership (P3) for the replacement of the old stadium. With the placement of the stadium adjacent to property currently managed by REAL, Administration recommended this model as there are synergies of combining the operating and maintenance components under one provider. The intent is to enter a long term O&M agreement with REAL where they provide base building services, such as security, custodial and event management.

SaskSport Stadium Lease

Under report 13-97, Council authorized the City Solicitor and the Deputy City Manager & COO to approve the final form of the lease agreement with SaskSport. Due to City corporate reorganization, delegation of authority is required to be reassigned to the City Manager.

Food & Beverage Investment

In 2014, during the final review of the proposals to build the stadium, the qualified bidders recommended removal of the F&B component from the base building contract. The decision was made based on the value for money principle - the F&B requirements were more extensive than what was allowed for in the base building contract and more value would be recognized if the F&B project was completed independently from the base building. At this time, REAL assumed the responsibility for the development of the F&B plan and final design of the concessions, main kitchen and serveries.

DISCUSSION

Operations & Maintenance Agreement with REAL

Administration is in the process of finalizing the long term O&M agreement with REAL which will define the service level requirements for the tenants and community users, as well as outline the required preventative maintenance work to meet the City's standards of facility maintenance. The O&M agreement will be finalized and executed by May 31, 2017.

SaskSport Stadium Lease

Administration is in the final stages of completing the lease with SaskSport which is based on the terms agreed to under the *SaskSport Offer to Lease*. The lease will be completed prior to SaskSport taking possession of the space on April 1, 2017.

Food & Beverage Investment

REAL presented a F&B plan in 2015 that was non-traditional but supported and highlighted national and local businesses. Typically, in a stadium this size, one vendor would operate all concession and kitchen spaces. The plan presented by REAL sees local businesses engaged to operate concession spaces throughout the concourse. Plan benefits include:

- Leveraging the experience and knowledge of REAL to provide food services and manage service provider relationships
- Capital costs, for equipment, are contributed by those who will profit and provide the F&B services
- Providing a variety of food options to stadium users from local vendors provides an opportunity for local vendors to showcase their products
- Maintaining the original strategy of having REAL responsible for F&B

In 2016, Administration collaborated with REAL, the vendors and the design team to complete the design of the concessions, F&B services and kitchen spaces. Completion of the design initiated the process to issue RFPs for the construction manager, beer distribution system and kitchen equipment.

The F&B investment is forecasted at \$20.5 million and includes the following components:

- Final design, such as the layout of each concession space based on the vendor's requirements
- Construction fit out, such as flooring, drywall, painting, electrical, etc.
- Kitchen equipment which includes equipment for the main kitchens, F&B service and concession spaces
- Beer conduit and distribution system which is the centralized beer system that will service all the concessions
- Mobile carts will be located throughout the stadium to provide additional F&B services
- Digital menu boards will be placed in each one of the concession spaces for each of the vendors
- Kitchen small wares, such as pots, pans, cutlery and plates
- Point of sale system (cash registers) for each of the concession spaces

To date, the F&B project has been funded for a total of \$11.8 million. At this time, work is still being done to finalize the costs for some of the items mentioned above, but currently the project is forecasting a requirement to withdraw funds from the RRI Stadium Reserve in a value of up to \$9 million to complete the F&B project.

In July 2013, under report CR 13-101, Council approved the establishment of an RRI Stadium Reserve. This reserve was created to provide funding for ongoing operation and capital expenditures. F&B is a capital investment that is crucial to stadium operations and as such, the Administration recommends using funds from the RRI Stadium Reserve.

Administration is currently working with REAL on how these funds would be repaid over time from F&B revenues recognized from sporting games, major concerts and other events held in the lounge spaces.

RECOMMENDATION IMPLICATIONS

Financial Implications

The RRI Stadium Reserve has sufficient funding to complete the F&B project. The current reserve balance is \$20.7 million.

Environmental Implications

None related to this report.

Strategic Implications

None related to this report.

Other Implications

None related to this report.

Accessibility Implications

None related to this report.

COMMUNICATIONS

Consistent with the approved communications outcomes, Administration will continue to keep the public and stakeholders informed of progress and decisions made related to the Regina Revitalization Initiative (RRI) which includes the stadium construction project. The RRI project website will be updated to include a copy of this report in the reference section.

DELEGATED AUTHORITY

The recommendations contained in this report require City Council approval.

Respectfully submitted,

Respectfully submitted,



Kim Onrait,
Executive Director



Chris Holden,
City Manager

Report prepared by: Roberta Engel, A/Director Stadium Project