



Regina City Council Delegation – Monday, March 27, 2017

RE: Food and Beverage for New Stadium (aka “Mosaic 2.0”)

Good evening ladies and gentlemen, my name is Chad Novak, and I am here once again representing the Saskatchewan Taxpayers Advocacy Group, which is a grassroots organization proudly standing up for the rights of individual taxpayers. I am here to address the elephant in the room – no, the City – the projected \$21 MILLION cost overrun for the Food and Beverage service at the new stadium, which I like to refer to as “Mosaic 2.0”.

Within this report, there are some concerning statements which I am hoping can be clarified for the residents of Regina, who entrusted our elected officials with the biggest infrastructure project in Regina’s history – even if it wasn’t really an essential item. Roads, sidewalks and water mains would have been better served by this kind of money, but that’s neither here nor there anymore, since the new Stadium is slated to open this summer.

What is most concerning to me is this statement from the report: *“In 2014, the Food & Beverage (F&B) project was removed from the scope of the \$278.2 million stadium construction project.”* I’m really, really curious here as to who made that call? Who decided to effectively add an open-ended cost at that time (*which we now know is AT LEAST \$21 MILLION*) on a project that was continually promised over and over again, to come in “on time and on budget”. Was this something that went through City Council, or was it negotiated by the former Chief Operating Officer, who was entrusted with such negotiations at the bequest of the Regina City Council through their vote to delegate that authority? Based on the report before you this evening (*See Appendix A*), it appears as though this was actually a decision put forward by the bidders – even though they ought to have known that they were required to come in on-time and on-budget, as had been publicly suggested. If they didn’t think the \$278.2 MILLION would cover that cost, they (*or better yet, the entrusted individual representative of the City of Regina*) should have come right out to the public and said it at that time – *and not wait a few years until we are at the point of no return and it’s either done or the stadium isn’t complete.*

Honestly, I really don’t care how this story is spun by the City of Regina, because, at the end of the day, **taxpayers are now paying \$21 MILLION more for this stadium**, which is entirely contrary to what many of you had run on in the 2012 Civic Election – remember that one, where it’s been claimed to have been the referendum on the stadium?

In the report, there are claims that this is exactly what the stadium reserve fund was designed for, to which I would argue that the very nature of a ‘reserve’ is for **unexpected costs**, and not ones that were originally included within the \$278M price tag, and especially not one that is considered *crucial* to the

stadium's operation. Let me be clear, this isn't a situation where it was decided half way through construction that we should maybe add a few more washrooms, or an escalator or two – **this is an essential part of the project that was known to be required for the stadium's successful operation**. What you have effectively done here is tied our hands, where we have no choice but to say “well, if it's essential to the operation, then of course, DO IT!!”

It is my sincere hope that the entire \$21 MILLION (*plus a hefty interest*) will be fully recouped within a reasonable timeframe. Of course, no one knows if this is going to be a reality, because as per the report, this is apparently still being negotiated. Oddly, though, Evraz Place must have thought this was a slam dunk, since they already put the call out for quotations on at least part of this very agenda item before you this evening. Interestingly enough, that RFQ closed today (*See Appendix B*). I should add that – since this appears to be simply a financing transaction, why is REAL not funding that transaction? It's no secret they can easily afford to, if push came to shove, given that **they have approximately \$60 MILLION in deferred revenues** (*See Appendix C*), and seem to be in a good enough financial position where they could, at the very least, fund this portion of the project entirely themselves through self-financing.

This, ladies and gentlemen, is up to you this evening. It is obviously not a matter of *whether it will get done*, it is a matter of *who will finance the food and beverage operation and construction*. I would suggest that you vote **against this motion** and force REAL to finance at least the \$9 MILLION being asked of you tonight.

Finally, there is something that, to my knowledge, is still up in the air at the stadium, which is the way this Food and Beverage operation will be run. For years, there have been some amazing local non-profits that have been granted a fundraising opportunity within the current stadium food and beverage services. Unfortunately though, as of the most recent media reports, it sounds as though this is still up in the air. I can't help but wonder – **why?** How is this fair to our community in any way? How is this ensuring this is viewed as a “community asset” when we don't even know if those most benefited by this service are going to be afforded the same opportunity they had in the current stadium?

Thank you for your time this evening, and I will gladly answer any questions you may have.

Appendix A

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.

Appendix B

Request for Quotation

*For: Catering, Suites and Kitchen
Smallwares*

RFQ Name: Stadium Smallwares
RFQ Release Date: March 16th, 2017
RFQ Closing Date: March 27th, 2017



The Regina Exhibition Association Limited
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Appendix C

5. Deferred grants and other contributions	2015	2014
	\$	\$
Opening deferred grants and other contributions	63,391,660	66,036,940
Amounts deferred in year	485,093	659,650
Amounts recognized in year	3,308,959	3,304,930
Ending deferred grants and other contributions	<u>60,567,794</u>	<u>63,391,660</u>

A payment of \$5,118,869 from the City of Regina is included in Deferred revenue and deposits to be used towards future funding of the International Trade Centre.