

NORTHLANDS ARENA STRATEGY COMMITTEE REPORT HIGHLIGHTS

For the complete Northlands Arena Strategy Report please [click here](#).

OVERVIEW

- Northlands has been an integral part of the community for more than 137 years. The not-for-profit agricultural society has operated facilities, offered programs, and hosted special events that have enhanced resident quality of life and built the brand and image of the city and broader northern Alberta landscape.
- The Northlands arena, (Rexall Place), has been a key component of the Northlands business model and a contributor of both financial resources to the organization as well as social good in the community since 1974. Rexall Place is currently the single largest profit center for Northlands generating a three-year average of \$7.5 million in annual earnings (2011-2014).

Type of Event	# of Events at the Northlands arena (Rexall Place) in 2014	Total Event Attendance in 2014	Event Revenue in 2014	Net Contribution to Northlands in 2014
WHL	46	242,432	\$3,876,562	\$603,865
NHL	49	699,568	\$16,109,887	(\$446,835)
Lacrosse	10	49,423	\$965,403	\$346,273
Concerts	36	381,097	\$16,956,312	\$8,157,199
Sporting/Family/Various	17	89,854	\$2,913,733	\$1,061,151
CFR	6	68,874	\$6,406,041	\$970,784
Non Event Specific	N/A	—	\$4,831,458 ¹	(\$1,455,527) ²
TOTAL	164	1,531,248	\$52,059,396	\$9,236,910

1 Indicates revenues that offset the non-event specific costs cannot be attributed to a specific event.

2 Indicates expenses that are not tied to a specific event yet are

- With the final direction of Edmonton City Council on July 3, 2013 to modernize the sport and entertainment experience within the City of Edmonton by investing in the downtown arena (Rogers Place) and the Edmonton Arena District (EAD) the existing business model for Northlands is no longer viable and must be redefined.



POTENTIAL MODELS FOR REXALL PLACE

COMPETE: Northlands would continue to operate Rexall Place without making significant changes to the existing infrastructure (e.g. seating capacity and amenities would remain the same/similar). Northlands would attempt to compete with the downtown arena (Rogers Place) for entertainment properties and products.

REDUCE SCALE: Northlands would reduce the scale (capacity) of Rexall Place in order to provide the marketplace with a mid-sized arena venue. This scenario assumes that the facility would continue to accommodate the same types of usage (e.g. ice events, concerts, special events) but at a reduced capacity.

REPURPOSE: Northlands would investigate alternative uses for the existing facility structure and repurpose based on financial best value and community benefit. As an asset on City land it was felt that repurposing the venue may offer an opportunity to meet an existing community need while concurrently maintaining activity and activation in the neighbouring community.

DECOMMISSION: Northlands would preserve the Rexall Place structure but the facility would not be available for regular usage. Two scenarios exist within this model:

- Complete decommissioning where the building is not available for any level of event usage. The facility is kept in current condition but secured from a safety perspective.
- Partial decommissioning where the building is available for infrequent levels of event usage (a lengthy start-up timeframe for venue preparation is likely to be required under this scenario).

DEMOLITION: Northlands would demolish Rexall Place and find another use for the site. The development value of the land would be capitalized on through sale to another party, partnership) to meet the financial and strategic needs of Northlands and the City of Edmonton.

NORTHLANDS ARENA STRATEGY COMMITTEE: SUBCOMMITTEES

FINANCE SUBCOMMITTEE: The work of the Finance Subcommittee evolved around assessing the financial implications of various conceptual models specific to the future of Rexall Place. The Finance Subcommittee spent considerable time with the assessment of existing arena operations, associated impact on the overall Northlands financial situation and modeling around potential competitive scenarios. A high level discussion with the development industry around the development potential of the existing arena site was also conducted. The Finance Subcommittee was able to clearly understand and convey to the NASC the current financial position of Northlands, the current operational impact of Rexall Place on the Northlands business model and the projected impact on the organizational operating model when the downtown area (Rogers Place) is open.



EXPLORATION SUBCOMMITTEE: The Exploration Subcommittee was tasked with researching a number of cities and facilities that have experienced similar situations and undertaken a variety of approaches to deal with new large sports and entertainment venues introduced into markets. This research provided valuable learnings for the Exploration Subcommittee and was important in the broader identification of potential options and strategies for Rexall Place

A number of other areas throughout North America have undergone similar situation introducing new arena venues for primary NHL team tenants. An initial scan of other situations was conducted to inform the activities of the Exploration Subcommittee. Initial findings of 17 other contexts generated the following summary statements:

- 17 cities with NHL franchises have replaced existing venues with new venues since 1994 (four in Canada, 17 in the United States).
- 11 of the replaced NHL venues were ultimately demolished.
- 6 examples exist of facilities that were preserved for similar purposes after a new arena opened (three currently remain standing).
- 3 venues have been repurposed.

In the majority of situations, a plan was not in place for the future of the existing facility prior to the new facility opening. In order to fully grasp the impacts and dynamics faced by other communities, members of the Exploration Subcommittee visited Kansas City, Columbus, Ottawa, Toronto and Vancouver.

ENGAGEMENT SUBCOMMITTEE: To inform its deliberations, the NASC through its Engagement Subcommittee implemented an expansive program of engagement. The focus of the engagement was to facilitate a conversation with the community as the single largest stakeholder in the decision on a future use for Rexall Place. The Engagement Subcommittee was tasked with creating a platform for public dialogue, information gathering, gaining a sense of the public opinion and interest in the future of Rexall Place and to act as an effective communication channel throughout this process.

Three main components comprised the engagement strategy for the Subcommittee. A broad public engagement survey was fielded. A series of information/discussion sessions were hosted in small case study groups and large forms. Finally several stakeholder sessions were convened. The engagement activities took place from early December 2014 through to the end of February 2015. Further to the specific activities related to gathering public and stakeholder input, general marketing and promotions of the NASC and the associated process occurred between October, 2014 and April 2015.

The information gathered was analyzed and shared with the NASC. While not binding on any of the decisions made, it proved important in the NASC's discussion regarding Rexall Place. The information was used by the NASC to support the final outcomes

NORTHLANDS ARENA STRATEGY COMMITTEE RECOMMENDATIONS

PRIMARY RECOMMENDATION: COLLABORATE TO REPURPOSE MODEL

Northlands would repurpose the building by reducing the scale and hosting mid-sized events, multi-day sporting events and dirt-related events such as the CFR. For this scenario to be successful, Northlands would collaborate with the Oilers Entertainment Group in developing a non-compete agreement for the programming, facility use, marketing and sales of the two arena facilities. Northlands arena would act as a secondary and complimentary venue.

Northlands would repurpose the building in a way that takes the Northlands arena out of the large arena business. This model would complement Rogers Place and meet community needs in Edmonton. For this scenario to be successful, Northlands would collaborate with the Oilers Entertainment Group and the City of Edmonton. There would need to be a non-compete agreement in place. Options for this scenario include supporting the development of recreational facilities or an agricultural education centre. There is also an option to repurpose the facility to support the trade, consumer, conference and convention business in Edmonton.

SECONDARY RECOMMENDATION: DEMOLISH AND DEVELOP MODEL

If Northlands cannot find partners to collaborate with to redevelop the Northlands arena, the committee has made the recommendation to demolish and develop the land. The development would complement the surrounding neighbourhood, stimulate development growth and support revenue opportunities for Northlands. For this scenario to be successful, there would need to be strong coordination with the City of Edmonton. In addition, the following would be required: revised zoning, negotiation on the existing land lease and alignment with planning initiatives.

NEXT STEPS

The Northlands Arena Strategy Committee Report has been provided to the Northlands Board of Directors for information purposes. Over the next several months, the Northlands Board of Directors will review the recommendations, provide comment and work towards developing options for the redevelopment of Rexall Place.

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