Multi-Use Recreational Facility Business Case

TOWN OF WHITE CITY

SEPTEMBER 2019

CONFIDENTIAL

Notice

*The confidential report ("**Report**") prepared by KPMG LLP ("**KPMG**") is provided to the Town of White City ("**White City**") and pursuant to the consulting service agreement with White City dated June 24, 2019, for an independent business case for a new multi-use recreational facility.*

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The analysis was primarily based on data and information developed and provided by White City, its contracted feasibility study provider, and other sources. We express no opinion or any form of assurance on potential impacts and costs that White City may realize should it decide to implement the options and considerations contained within this Report. White City is responsible for the decisions to implement any options and their impact.

The procedures we performed do not constitute an audit, examination or review in accordance with standards established by the Chartered Professional Accountants of Canada, and we have not otherwise verified the information we obtained or presented in this Report. We express no opinion or any form of assurance on the information presented in the Report and make no representations concerning its accuracy or completeness.

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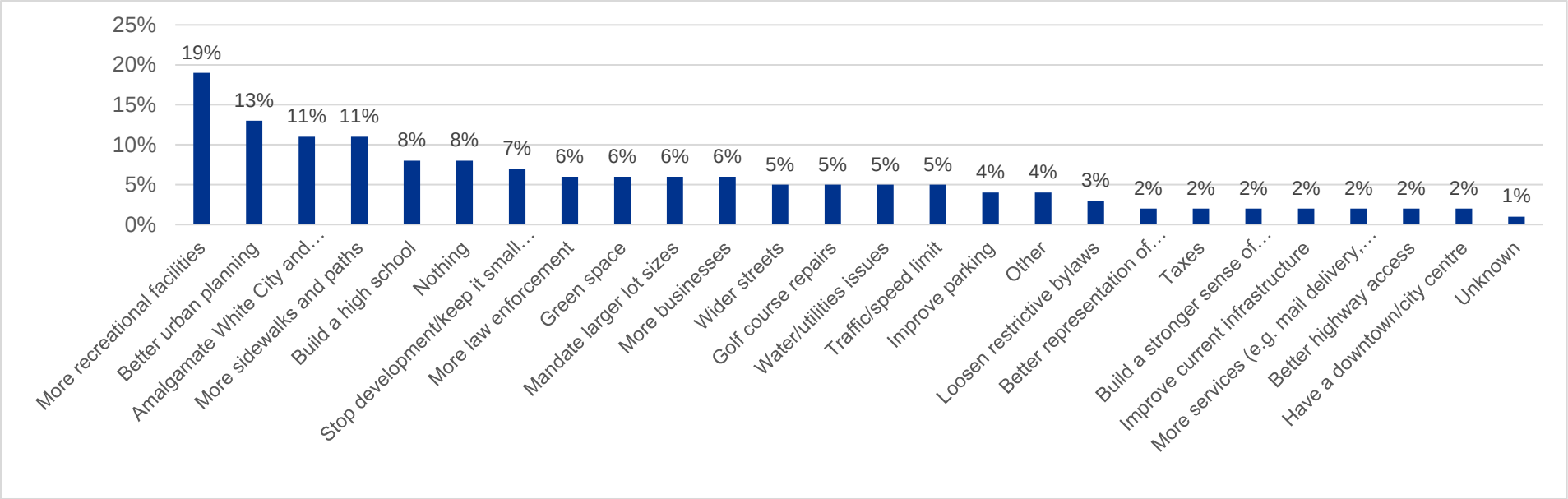
Executive summary

The Parks, Recreation, and Culture Department of the Town of White City ("**White City**" or the "**Town**") is seeking Council approval and funding support to proceed with the first phase of a multi-use recreational facility (the "**Project**"), to meet the need for additional recreational options, expressed by residents and the region.

Background, Context, and Factors Driving the Need

Residents of White City have expressed the need for additional recreational amenities and options for nearly a decade, and recent survey results have found that, when asked to identify what the respondents would change about the community, if anything, the answer with the highest number of total mentions, out of over 20 options, was *more recreational facilities*. Between 2011 and 2016, the population of White City grew ten times faster than Saskatchewan as a whole, increasing from 1,899 to 3,099. In addition, the neighbouring community of Emerald Park and other residential communities in the Rural Municipality of Edenwold have grown to an estimated population of 1,840. This rapid growth is contributing to increased demand for facilities.

Figure 1: Results of the NRG survey asking what the respondents would change about the community, if anything [total mentions] – ranked[8]



Project Description, Phasing, and Scope

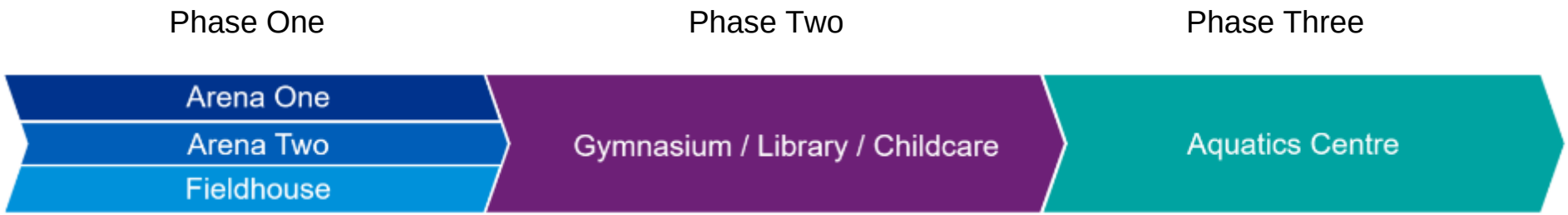
The proposed master plan (the "**Master Plan**") of the Project involves the construction of an approximately 370,000-square-foot multi-use recreational facility in the heart of White City, conceptually designed to include two arenas, a fieldhouse, two gymnasiums, a library, childcare, and an aquatics centre. These components were identified as most important to the community and stakeholder groups, involved during the conceptual design process performed by an architecture and design firm, aodbt, as part of a Feasibility Study (the "**Feasibility Study**") that preceded the development of this business case. In addition to these components, the facility is anticipated to include multi-purpose retail spaces of various sizes, event space, and spectator areas with approximately 1,000 seats in total. Given the scope of this Master Plan, the Parks, Recreation, and Culture Department is proposing three distinct phases, in order to improve feasibility. The first phase is anticipated to include Arena One, Arena Two, and the Fieldhouse, as shown in the figure below.

The components, along with their total square footage, estimated total capital cost (including taxes and contingencies, in 2019 dollars), and a brief description are provided below. For detailed information, including conceptual floor plans and space allocations, please refer to the Feasibility Study (Appendix A).[1]

Table 1: Full facility component overview (costs in 2019 dollars, adjustments described in the financial analysis section)[21]

Arena One	Arena Two	Fieldhouse (Full-Sized)	Gymnasium / Library / Childcare	Aquatics Centre
Approximately 72K ft^2	Approximately 50K ft^2	Approximately 141K ft^2	Approximately 60K ft^2	Approximately 47K ft^2
A single ice surface along with main building support services that will be required for the entire development	An additional ice surface as well as leisure ice and support area, utilizing infrastructure in place from Arena One	Featuring a full-sized pitch, running track and fitness centre, team storage, change rooms, and lounge space	Grouped components with complementary purposes, which have been grouped into one development as they could be aligned with the development of a high school	Space allowing for leisure and competition, including a zero entry pool, lazy river, waterslide, competitive lane pool, hot tub, and sauna, along with multi-purpose and party rooms

Figure 2: Three phases proposed for the multi-use recreational facility

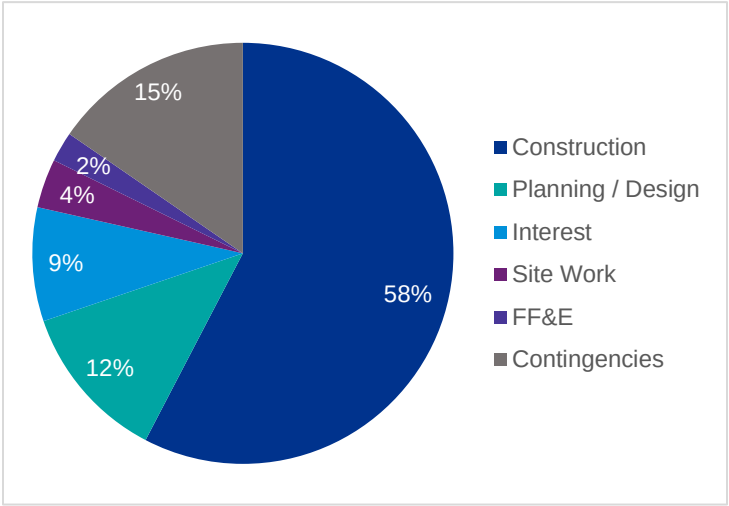


1 Square footage and descriptions from aodbt architecture + interior design. New Multi-Use Recreation Centre Feasibility Study for the Town of White City. March 2019. Costs have been adjusted with higher contingencies and include estimated taxes.

Financial Summary

The first phase of the Project, including Arena One, Arena Two, and the Fieldhouse, is estimated to cost an inflation-adjusted total of $82.4M, inclusive of all planning, consulting, design, construction, site work, furniture, fixtures and equipment ("**FF&E**"), taxes, and contingencies. Town administration has identified several sources of cash flows, including a development levy specifically for a recreational facility, fundraising, and property taxes. In addition to these contributions over the next 15 years, Phase One will require additional funding or financing of approximately $48.0M. The details of the assumptions around timing and amounts of capital sources and uses can be found in the Financial Analysis section.

Figure 3: Inflation-adjusted capital – uses of cash flows by type



The proposed first phase of the multi-use recreational facility is assumed to open in August 2023, following approximately 3.5 years of planning, design, and construction activities. Moving forward with the first phase is projected to result in $67.9M in value-added economic activity (GDP) during the construction phase and an estimated $1.6 annually once operational.

In Phase One's first full year of operations, assumed to be 2024 as substantial completion is planned for August 2023, an estimated $1.2M excess of revenues over expenditures will be experienced. Dependent on the Town's financing approach, debt service costs (i.e. principal and interest payments) may exceed net operating income by approximately $0.6M annually. These operating revenue and expenditure assumptions are based on the estimates provided in the Feasibility Study from aodbt, Town input, and leading practice. If remaining funds required are fully financed, annual financing costs are estimated to be $2.1M.

Figure 4: GDP impacts from capital expenditures ($millions)[27]

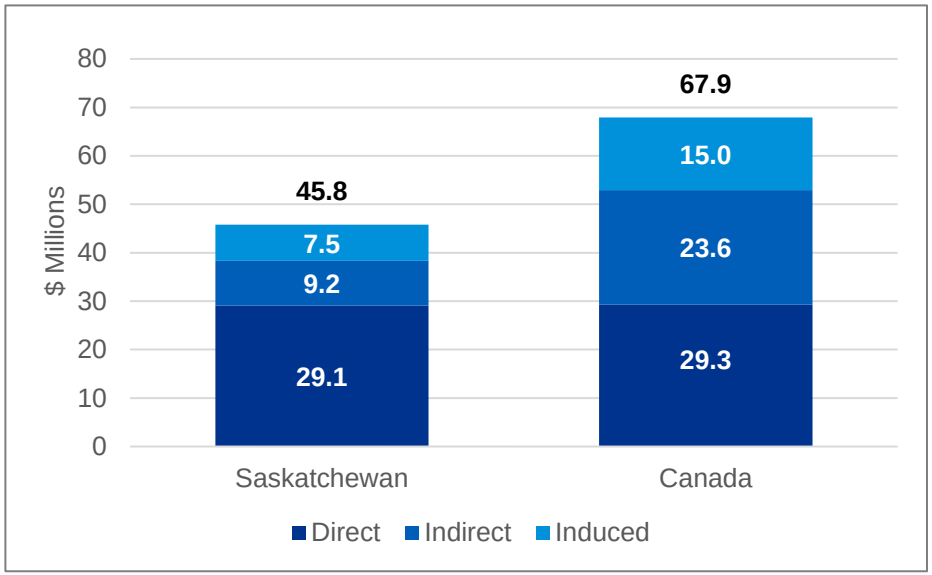
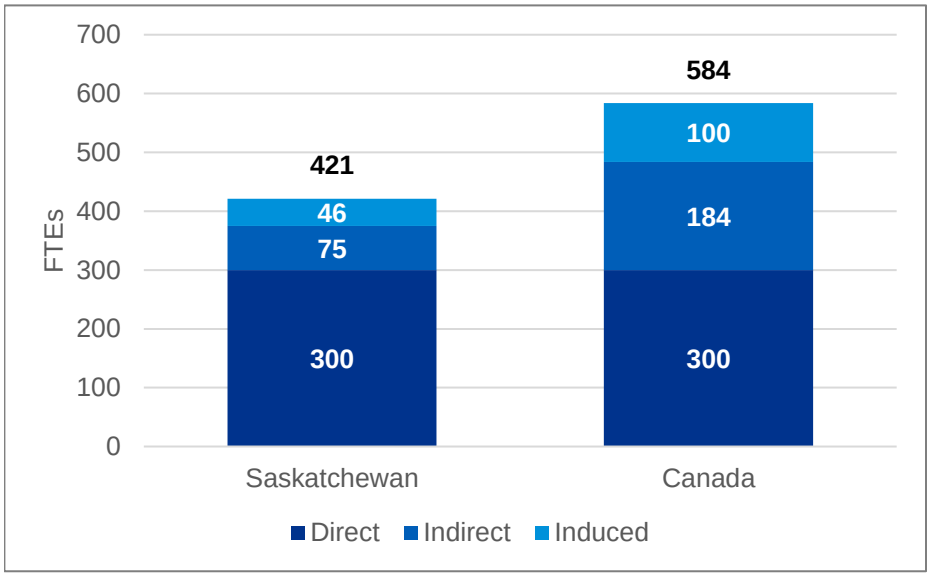


Figure 5: Employment impact from capital expenditures (FTEs)[27]



Governance and Operating Model

Assessment criteria to assess suitable governance and operating models were used to define the preferred governance and operating model. The criteria considered principles include transparency, policy environment, stakeholder engagement, risk transfer, flexibility, resource sharing, and asset oversight and control. Based on these criteria, it was determined that operating the potential facility under a separate entity, with sole ownership by the Town, offers the highest overall alignment for Phase One. As it relates to oversight, implementing a Council-appointed external Board was determined to offer the highest alignment. Final selection of the preferred governance and operating models would be subject to Project approval and Town Council decision making.

Procurement Strategy

A preliminary analysis of six potential procurement options, assessed against six criteria (flexibility, value for money, budget certainty, market interest, timing, and capacity and maturity) indicates that Design-Bid-Build ("**DBB**") is most suitable, assuming the Town proceeds with the first phase of the proposed Project. The rationale behind this indication is that DBB provides the optimal mix of flexibility, budget certainty, market interest for competitive tension, and internal capacity. Further, it would allow the Town to prepare schematic designs for all five components of the Master Plan concurrent with Phase One, in order to ensure buildings elements are designed to support latter phases and enable accelerated construction, if the right strategic opportunities present themselves.

Additional analysis, including final selection of a delivery model, would be subject to Project approval and Town Council decision making. Further, analysis would need to be undertaken should the timeline or other characteristics of the Project shift.

Risk Analysis

At this preliminary stage, risks have been identified and assessed collaboratively with the Town's Project Team. The analysis assumes the Project receives approval to progress to a more detailed planning and design stage. A total of 28 risks were identified and grouped into four categories: General, Construction, Financial, and Operational. Overall, it was found that the Project possesses moderate risk at this preliminary planning stage. The highest risk exposure can be found in the financial category, primarily due to the severity of the impacts, if any of the risks were to materialize; the lowest risk exposure can be found in the construction category, as it will be possible for the Town to transfer risk where appropriate, based on Council's risk tolerance.

As the Project is still at a preliminary planning stage, the risks identified are not definitive but, rather, indicative, and appropriate management strategies can be defined by the Town. As the Project progresses, the ratings within the evaluation, and even the risks themselves, are likely to shift and evolve, so reassessing overall risk throughout the duration of the Project will be critical.

Summary and Key Findings

A new multi-use recreational facility would enable the Town to meet the evidential demand from residents for more recreational options. In addition to contributing to economic development at a regional, provincial, and national level, the Project also offers the potential to enhance the quality of life for residents and non-residents through contributions to generational social and physical wellbeing. The Feasibility Study by aodbt found that there is potential for the facility to generate revenues in excess of operating expenditures. Additional funds will be necessary to cover the significant upfront capital costs and lifecycle maintenance costs that are associated with a facility of this scope. Given the relatively small number of households and funding assumptions that rely on continued population growth, extra precaution will be necessary by the Town to ensure risk is avoided, managed, and/or transferred.

1.0 Background and context

1.1 PROJECT BACKGROUND

The Town of White City ("**White City**" or the "**Town**") engaged KPMG LLP ("**KPMG**") in June 2019 to prepare a business case associated with a potential future multi-use recreation development (the "**Project**").

Objectives of the business case, as defined by the Town include:

- Elaborate on the financial operating model that was developed in the feasibility study;
- Provide options for the organizational design and governance model;
- Confirm what strategic partnerships may exist and how they may be leveraged;
- Analyze what options exist for delivering the construction project. This could include traditional design/bid/build, design/build, construction management, design/build/operate, etc.;
- Work with the Town's consultant to further develop the net present value financial model that was developed in the feasibility study;
- Work with sponsorship and fundraising consultants that will be procured directly by the Town to assist them with their feasibility work and to incorporate their work into the business case;
- Develop an economic impact analysis to confirm the potential economic impact on the Town and surrounding area;
- Fully develop a business case that will be presented to Council for a decision to proceed with a project and, if so, under what delivery model; and
- Allow the Client to continue to work with the Proponent to update the business case and provide business assurance during future management stages of the project.[2]

This document summarizes KPMG's scope of work, in alignment with each of the Town's business case objectives. The content of the business case has been directly informed by previous work completed by the Town, other Town advisors, and decision making by the Town. For additional information regarding KPMG's scope of work please see Appendix C. For a summary of documents reviewed and a comprehensive list of sources, please see Appendix D.

[2] Town of White City. Request for Proposal: Multi Use Recreational Facility Business Case: Consulting Services. May 2019.

Similar to other projects at a conceptual planning stage, this business case summarizes activities at a point in time. To the extent that conditions or assumptions shift, additional analysis and diligence may be required.

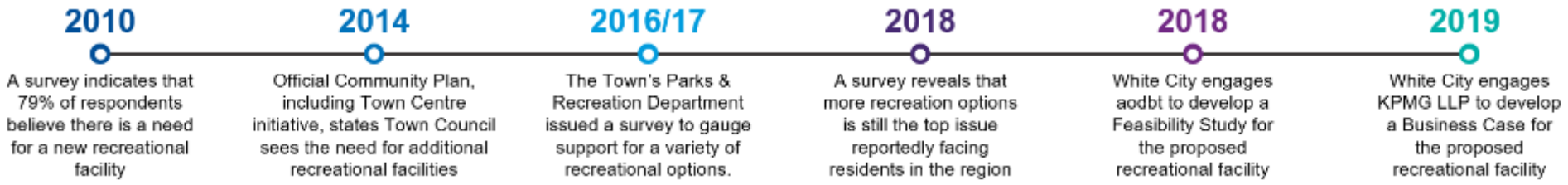
1.2 DOCUMENT PURPOSE

This Business Case seeks to inform Town Council decision making related to the Project including, but not limited to, securing required approvals to proceed with decision and construction of the first phase of the Project.

1.3 PLANNING TO DATE

A project of this scale and impact requires significant planning and a number of approvals along the way. The concept of a multi-use recreational facility was first brought forward in the Official Community Plan in 2014. As the Town of White city continued to grow and survey results indicated the need for more recreation options, additional planning work, including a Feasibility Study by aodbt architecture and interior design ("**aodbt**") and this business case, were developed.

Figure 6: Timeline overview of the activities that have led to the development of this business case



December 2014 – Official Community Plan (Town Council)

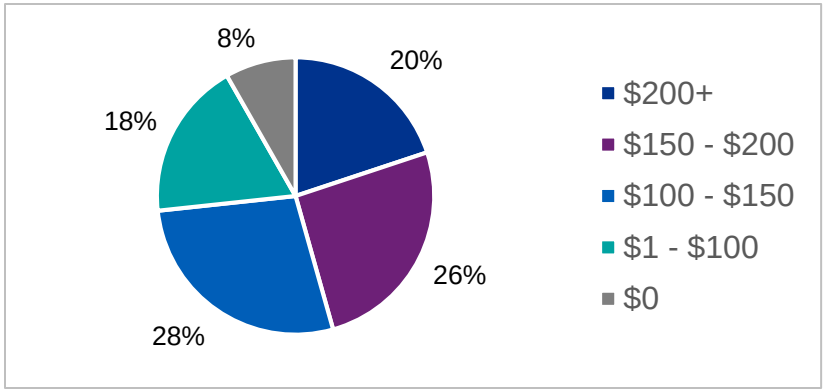
In the Official Community Plan of 2014, it was stated that the Prairie Valley School Division identified a new high school as a priority. Town Council also stated a need for "additional recreational facilities that could include a new library, fieldhouse, swimming pool and track and/or other amenities, as yet to be determined." The Official Community Plan also stated, "Council believes a joint-use facility with the new high school should be examined with the goal of providing the best services possible combined with the most efficient use of tax dollars."[3]

3 Town of White City. Official Community Plan. December 2014.

2016/17 – Parks and Recreation Survey (Town's Parks and Recreation Department)

In 2016/17, the Parks and Recreation Department surveyed over 200 people. The questions covered topics such as the respondent's level of satisfaction with various recreational options throughout the Town, level of support for a capital project (including the preferred components), and general comments or suggestions for the Parks and Recreation department. In the survey, "Multipurpose facility (pool, sport courts, senior facility, etc.) was rated as Highest Importance and Important by 86.5% of respondents. Only 1.4% responded saying there is "no need at all." Additionally, the survey asked how much of an increase in annual property taxes for a household the respondents would be willing to pay, to ensure the community needs for leisure and recreation facilities are better met. It was found that 20% would be willing to pay $200 or more, 26% would be willing to pay $150-200, 28% would be willing to pay $100-150, and 18% would be willing to pay $1-100. Only 8% of responses indicated no willingness to pay.

Figure 7: Response to the willingness to pay an increased property tax to ensure that community needs for leisure and recreation facilities are better met.



April 2018 – Online Survey (NRC Research Group)

In April 2018, White City commissioned an informal survey to get an indication of issues of most importance to people, seek feedback, and help guide direction on several items that were under consideration. Over the course of approximately two weeks, 1,811 homes were canvassed, resulting in survey responses from 453 individuals. When asked to identify what the respondent would change about the community, if anything, the answer with the highest number of total mentions, out of over 20 options, was *more recreational facilities*.

March 2019 – Feasibility Study (aodbt)

In fall 2018, White City solicited responses through a Request for Proposals for consulting services relating to a feasibility analysis. An architecture and interior design firm, aodbt, was selected as successful proponent to develop the Feasibility Study, with the following stated objectives: Engage stakeholders and prioritize potential recreation components; develop a study that presents conceptual designs, costing, and phasing strategies; and prioritize a multi-use facility that will generate enough revenue to operate at cost-neutral. According to aodbt, "A series of stakeholder consultation sessions were initiated to inform the functional program, prioritization of facility components, and to create a conceptual design and master plan for the overall proposed development."[4] The conceptual design, capital, and operational cost estimates served as a foundation in the development of this business case.

September 2019 – Business Case (KPMG)

In spring 2019, White City solicited responses through a Request for Proposals for consulting services relating to develop a business case to reduce project and operations uncertainty and support Council in making informed decisions related to the Project. This stage of the planning process primarily involved elaborating on financial models, providing options for organizational design and governance, evaluating strategic partnership opportunities, and analyzing project delivery options. The business case was presented to Council for a decision to proceed with the Project in September 2019.

4 aodbt architecture + interior design. New Multi-Use Recreation Centre Feasibility Study for the Town of White City. March 2019.

2.0 Business need

2.1 TOWN OF WHITE CITY OVERVIEW

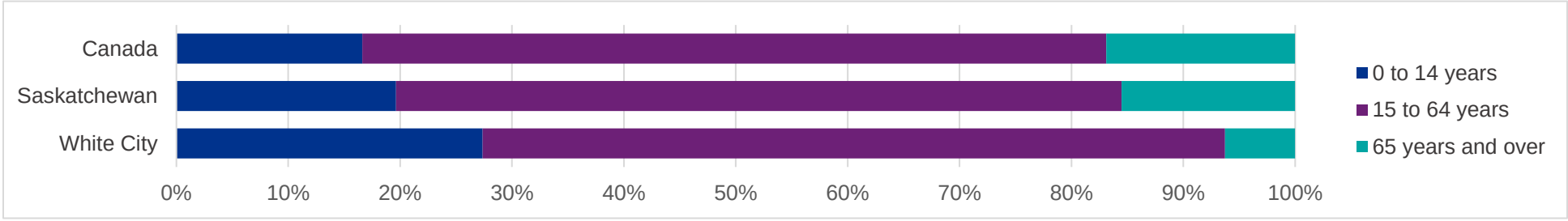
White City is the fastest growing community in Saskatchewan. Between 2011 and 2016, the population increased from 1,899 to 3,099, representing a growth rate of 63%, or ten times greater than that of Saskatchewan as a whole over the same period.[5] In addition, the neighbouring community of Emerald Park and other residential communities in the Rural Municipality of Edenwold have grown to an estimated population of 1,840. Located ten kilometers east of Regina, White City strives to offer its residents a simple, friendly, and relaxed lifestyle.[6] White City Council's mission to create a community with peaceful living, high quality municipal services, and wide-open spaces has contributed to a considerable proportion of households being occupied by young families.

As shown in Table 1 and Figure 1 below, White City has a significantly younger age than the average Saskatchewan or Canadian resident. Demographic analysis indicates a proportion of residents under the age of 14 nearly doubles the Canadian average (37%). The White City population also has high disposable income levels, with average income nearly double the Canadian average. Growth and demand for recreation facilities in White City has reached a critical point with the Town Council seeking options to address the need.

Table 2: Unique population and demographic characteristics by geography[5]

Characteristic	***White City***	***Saskatchewan***	***Canada***
Population change, 2011 to 2016 (%)	63.2	6.3	5.0
Average age of the population	33.0	39.1	41.0
Average household size	3.1	2.5	2.4
Average total income of households in 2015 ($)	172,931	93,942	92,764

Figure 8: Age distribution by geography[5]



5 Statistics Canada. 2017. White City, T [Census subdivision], Saskatchewan and Canada [Country] (table). Census Profile. 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001. Ottawa. Released November 2017.
6 Town of White City. Vision, Mission & Values. (n.d.).

2.2 FACTORS DRIVING THE NEED

The need for investment in recreational services and amenities is driven by four primary factors, which are described in detail in the following pages.

Figure 9: Factors driving the need

Community survey results

A survey in 2018 asked respondents what they would change about the community, if anything, and the answer with the most mentions out of over 20 options was *more recreation facilities* (19%). In order to be responsive to the needs of residents, White City is considering options to increase recreation facilities.

Population growth

The population of White City has more than tripled since 2000. An independent Future Growth Study estimates that White City's population will increase to almost 15,000 or nearly five times today's population by the year 2045. This growth will place greater constraints on existing facilities, exacerbating the need for investment in additional recreation options for residents.

Distance to other facilities

A Town feasibility study found that there are very few recreational options in the region and, of those available, many are reaching the limits of their capacity. The consulting firm that developed the study, aodbt, believes that the shortage of recreational options in Regina could also make White City's proposed facility a destination for Regina residents.

Town Centre development

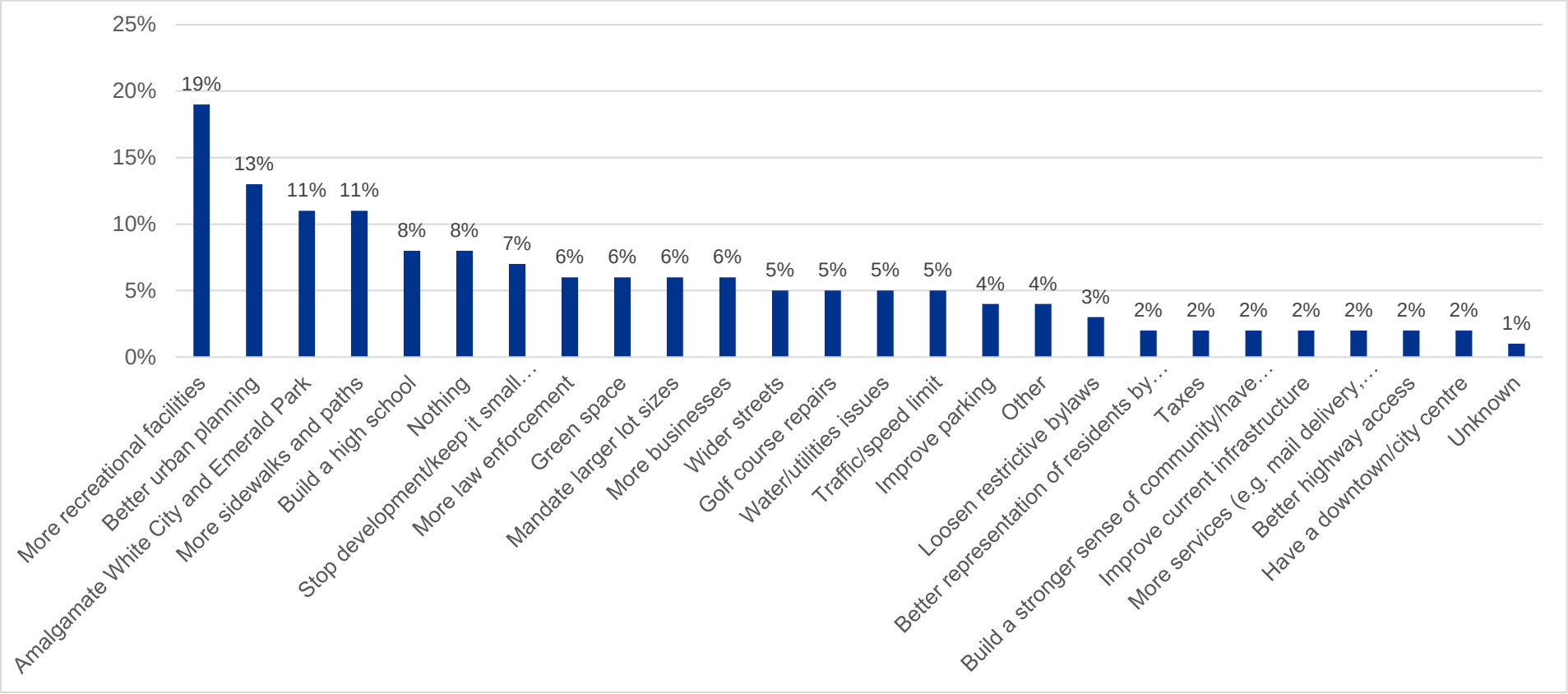
Council recognizes that development and diversification of the community is critical to economic stability and long-term viability. Developing the new multi-use recreational facility in the heart of the proposed Town Centre could act as a catalyst in the Town Centre initiative.

Factor #1 – Community Survey Results

In 2018, White City engaged NRG Research Group to conduct a survey of individuals from the broader community. The survey sought to understand the issues of most importance, seek feedback, and help guide Council's direction on several items that were under consideration.[7] A total of 1,811 homes and businesses were canvassed and 453 surveys were completed, resulting in a completion rate of 25%. As shown in the figure below, when asked to identify what the respondent would change about the community, if anything, the answer with the higher total mentions, out of over 20 options, was *more recreational facilities* (19%).[8]

The survey also discovered that a majority (71%) of residents said it was a good idea to amalgamate the local governments (White City and Emerald Park) into one urban municipality. The top reason for support of amalgamation was that it would allow for comprehensive planning and revenue base for recreational facilities such as a swimming pool and joint-use and indoor recreation facility (81%).[8]

Figure 10: Results of the NRG survey asking what the respondents would change about the community, if anything [total mentions] – ranked[8]



7 Town of White City. White City Survey Results. April 2018.
8 NRG Research Group. March-April 2018 Town of White City Online Survey Study Results. April 2018.

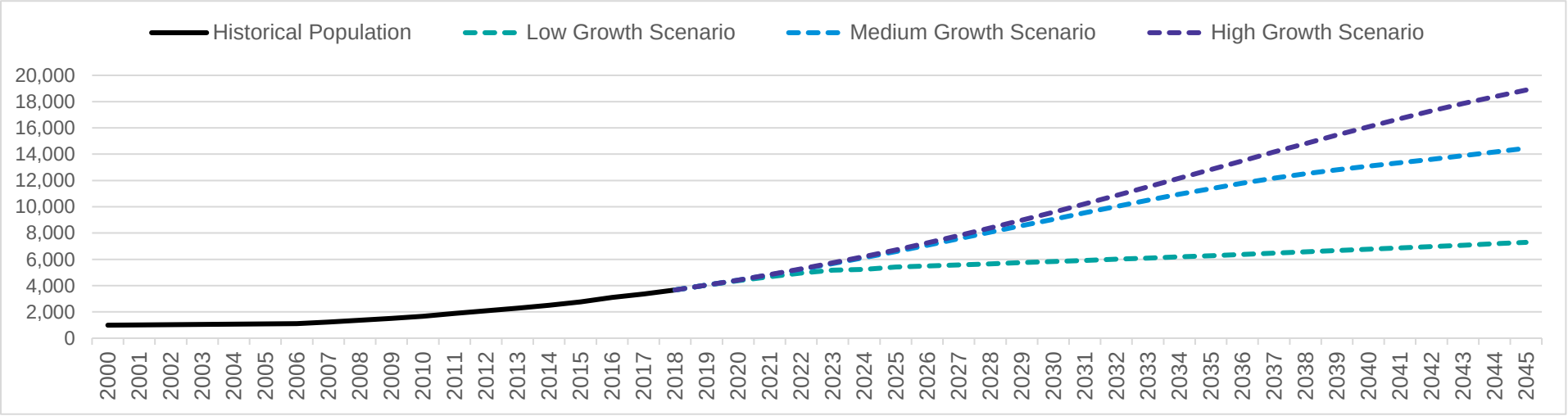
Factor #2 – Population Growth

In 2018, White City engaged Crosby Hanna & Associates – a landscape architecture and community planning firm, to develop a Future Growth Study, which evaluated the impact of three scenarios on the population growth projections from 2018 to 2045. A growth estimate for the rural area surrounding White City was also prepared. For reference, the population of White City at the beginning of 2018 was recorded as 3,671, and that of the surrounding rural area was recorded as 1,841. The scenarios considered, along with their implications on the population are provided in the table below:

Table 3: Growth scenarios and their resulting implications on the population[9]

Scenario (using declining growth rates)	***Average increase (%)***	***Total population in 2045***	***Increase over 2018***
Low Growth	2.56	7,400	102% (2.0x)
Medium Growth	5.12	14,743	302% (4.0x)
High Growth	6.14	19,340	427% (5.3x)
RM of Edenwold (Emerald Park et.al.)	5.12	7,393	302% (4.0x)

Figure 11: Historical population (1981 to 2018) and growth rate projections (2018 to 2045)[9]



The previous section described the desire expressed by residents for more recreation options. A population increase from 3,671 in 2018 to 14,743 by 2045, and a combined sub-regional population of almost 22,000, under the medium growth scenario, is very likely to exacerbate the demand for recreational options. It is also important that the recreational facilities are flexible and adaptable in space and programming so that the eventual space(s) can meet the evolving needs and expectations of residents.

9 Crosby Hanna & Associates. The Town of White City Future Growth Study. May 2018.

Factor #3 – Distance to Other Recreational Facilities

A young, family-based population brings with it growth in demand for sport programming, such as baseball, football, soccer, dance, and others. Although White City is in relatively close proximity to a number of recreation amenities offered in the nearby city of Regina, many of these facilities are a significant distance away and/or reaching their usage capacity. As a result, White City does not have the facilities to support its residents internally.

In 2018, White City engaged aodbt, an architecture and interior firm, to develop a feasibility study ("**Feasibility Study**") on a new multi-use recreational facility. In an evaluation of current facilities offered in the surrounding area, aodbt identified 13 arena facilities within 50 kilometers and eight multi-use recreation facilities within 70 kilometers. The location of the arena facilities (purple) and multi-use recreational facilities (blue) have been plotted on the map below.[10]

Figure 12: Existing arena facilities (purple) and multi-use recreational facilities (blue) in the surrounding area of White City

During the development of the Feasibility Study, aodbt consulted with a number of Regina sport organizations. Representatives from these organizations indicated a shortage of space in Regina's facilities and need for additional program area in the region.

> *"With a shortage being experienced in Regina, there is potential for the Town of White City to become a recreation destination for not only White City residents but surrounding population bases as well."* – aodbt, Multi-Use Recreation Centre Feasibility Study[11]

10 aodbt architecture + interior design. New Multi-Use Recreation Centre Feasibility Study for the Town of White City. March 2019.
11 Town of White City. White City 2017 Annual Report.

Factor #4 – Town Centre Development

Council recognizes that development and diversification of the community is critical to economic stability and long-term viability.

The concept of a Town Centre – a proposed "Heart of the Community" at the intersection of Betteridge Road and Emerald Park Road – goes back to 2005, when it was first incorporated in the Official Community Plan. The proposed Town Centre is anticipated to contribute to "transitioning White City from a bedroom community to an inspiring, vibrant, full service, fully functional community."[12]

The guiding principles behind the Town Centre vision are:

- A healthy, livable, pedestrian and cyclist friendly neighbourhood;
- A neighbourhood that encompasses responsible growth principles and policies;
- A neighbourhood that protects and enhances public open spaces, parks, and green connections;
- Town Centre Neighbourhood that promotes a sense of belonging and social cohesion; and
- Economically viable, mixed-use neighbourhood.[12]

A new multi-use recreational facility in the heart of the proposed Town Centre could act as a catalyst in the Town Centre initiative. White City takes pride in the recreational opportunities available to residents through abundant open and green space. The multi-use recreational facility would be a critical element of the Town Centre as it would provide residents in the proposed high density zones with access to valuable recreational opportunities, which are currently available in low density areas, but would not otherwise be possible without a new facility.

TOWN CENTRE VISION

"A neighbourhood that is the centre of business activity and the focus for cultural and recreational activities, provides housing for a diverse residential community, and offers a quality destination for visitors to the Town."[12]

> *"Recreation remains at the forefront of our minds when Council thinks of the vision of our community. Providing high quality facilities, services, and programming is the ultimate recreation goal in our community."* – Mayor Bruce Evans, 2017 Annual Report[13]

12 Town of White City. 2017-2022; Strategic Plan. October 2017.
13 Town of White City. White City 2017 Annual Report.

2.3 DESIRED OUTCOMES

The development of a new multi-use recreational facility aims to achieve a range of business outcomes for the residents of White City. Desired outcomes, as defined by the Town and its stakeholders, include:

Figure 13: Desired outcomes

enhanced Quality of Life	contributes to enhanced public health, which directly impacts quality of life; including the ability to provide sport programming opportunities for multiple generations.
cost-Neutral	operates as a self-sufficient facility, through revenue generating activities, minimizing the burden on taxpayers.
suitability for All Residents	provides recreational options for all residents of White City and the surrounding region with accessibility including access, affordability and flexibility for diverse uses.
economic Development	contributes to the economic development of the Town, including directly through construction and ongoing operations, as well as indirectly through attraction of residents and businesses to the region.

2.4 STRATEGIC ALIGNMENT

White City operates under five strategic areas to fulfill the vision of being a city with an innovative attitude, driven by residents, businesses, and leaders who are creative and engaged. The strategic areas, along with the objectives that align with the development of a new multi-use recreational facility, are described below.

Strategic Area #1: Safe, Healthy, and Vibrant Community

This strategic area focuses on "improving the experience of residents and enhancing business and commercial development as well as expanding opportunities for White City's young and those wishing to age-in-place to locate within the community."

OVERALL PROJECT ALIGNMENT

The analysis of this Project's alignment with White City's Strategic Plan found that the development of a multi-use recreational facility directly aligns with 16 of 33 strategic objective – a significant proportion, considering the specificity of this capital project.

Table 4: Strategic alignment with White City Strategic Area #1: Safe, Healthy, and Vibrant Community

Objective	***Alignment***
1.1 Enhance White City's Profile	This objective focuses on "creating a brand voice that reflects the Town's vision and people's perception of White City as a clean, friendly community with wide-open spaces and opportunities for businesses." A publication by the National Recreation and Park Association found that "investments in improving a community's quality of life create a virtuous cycle: high quality-of-life locations attract workers, which attract employers, which in turn attract even more investments and jobs," and "high-quality parks and recreation can play a pivotal role in attracting and retaining quality businesses."[14]
1.2 Provide K-12 education services within the community	One of two actions in this objective focuses on pursuing a decision from the Prairie Valley School Division and the Province to locate a high school / joint-use facility in the Town Centre. The phasing strategy, described in detail in in the Project Description and Scope section, aligns with this action as the multi-use recreational facility was designed such that it would allow for integration with a future high school if this comes to fruition.
1.3 Work with the community to develop a plan that addresses recreational opportunities to meet the needs of a growing community	This objective speaks directly to identifying current recreational offerings, recreational needs, and exploring avenues to create additional recreational opportunities for residents. Since the publication of the 2017-2022 Strategic Report, a Recreation Master Plan has been developed with the ultimate goal to "create and maintain recreational and cultural programs and spaces so that every resident has access to high-quality, low- and no-cost recreational and cultural opportunities."[15] Moreover, 453 individuals responded to a survey in March-April 2018, which found that *more recreation options* was the most common top mention for issues facing residents. The needs of the citizens have made this multi-use recreational facility a top priority for Council.
1.6: Protect and enhance the environment	Part of this objective relates to promoting a clean urban environment, which does align with Project as the facility is intended to be constructed to achieve energy efficiency. Additionally, a new recreational facility would reduce the environmental impact of those in the White City region who currently drive to other locations, such as Regina, for recreation.

14 National Recreation and Park Association. Promoting parks and recreation's role in economic development. May 2018.
15 Town of White City. Town Recreation Master Plan. (n.d.).

Strategic Area #2: Responsible and Balanced Growth

This strategic area has a goal of "supporting and promoting a strong dynamic and innovative development environment and local economy."

Table 5: Strategic alignment with White City Strategic Area #2: Responsible and Balanced Growth

Objective	***Alignment***
2.1: Provide more housing options and recreational and environmental amenities for residents	This objective closely aligns with the multi-use recreational facility as it speaks directly to working with the Recreation Director to develop the recreational amenities – including parks and green spaces – that are provided to residents, particularly in all new developments, such as the Town Centre.
2.2: Increase the number of business services for residents	The action for this objective is to create economic development objectives for the Town. This Project very closely aligns with this objective as it is estimated that the economic impact of this Project will be $67.9 million during construction and $1.6 million during operations. Additionally, it could draw more businesses specifically to the Town Centre of White City versus Regina.
2.3: Ensure cost-effective recovery on the infrastructure and other municipal services for new development	Town representatives and White City residents have expressed aligned interests in adding recreation options that maintain a reasonable cost recovery in operations. This will allow for the addition of recreation options without creating a significant tax burden.
2.4: Grow the non-residential assessment base to achieve a tax assessment ratio between residential and commercial of 90:10 in five years and 85:15 in ten years	Constructing the multi-use recreational facility in the proposed Town Centre site can make the area more attractive, not only to residents but also businesses, which offers potential to contribute to increasing the non-residential assessment base.
2.6: Develop and promote the Town Centre Neighbourhood Plan	The Town Centre Neighbourhood Plan has a vision for "a neighbourhood that is the center of business activity, and the focus for cultural and recreational activities, provides housing for a diverse residential community, and offers a quality destination for visitors to the Town." Within the Town Centre Development's marketing page, it is stated that "multi-use civic facilities for performing arts, gallery space, community space, and general entertainment space combined with facilities such as the library, museum, fieldhouse, indoor swimming pool, and track, will support and enhance this great community."[16] Constructing a multi-use recreational facility would very closely align with this vision for the Town Centre.

16 Town of White City. Town Centre Development. (n.d.).

Strategic Area #3: Regional Cooperation

This strategic area was set with a goal to "support and promote intermunicipal cooperation and service sharing."

Table 6: Strategic alignment with White City Strategic Area #3: Regional Cooperation

Objective	***Alignment***
3.1: Lead cooperative and beneficial relationships with communities that are members to the White Butte Regional Planning Committee ("**WBRPC**")	In addition to gathering feedback from White City residents, the 2018 survey was distributed to neighbouring municipality, Emerald Park. M*ore recreation options* was mentioned as an issue facing residents by 50% of the respondents and, although it was higher among White City residents, the disparity was not significant, as the result was 55% among exclusively White City versus 50% among all. This indicates that there is a need for recreation options expressed by residents in neighbouring municipalities. Developing the multi-use recreational facility could alleviate this need for more recreation options for residents of both communities, achieving greater outcomes for residents of the entire region.

Strategic Area #4: Responsive and Progressive

This strategic area was set with a goal to "be a community focused, responsive, and accountable government."

Table 7: Strategic alignment with White City Strategic Area #4: Responsive and Progressive

Objective	***Alignment***
4.1: Ensure strategic goals are understood and linked to operations	Council set numerous strategic objectives in the 2017-2022 Strategic Plan, which clearly articulated the actions that would contribute to achieving the objectives, assigned responsibility to the relevant administrative / Council roles, and set target completion dates to foster accountability for staying on track. Numerous objectives within the Strategic Plan align very closely to the development of a multi-use recreational facility, as this section of the business case describes. This Project would directly achieve multiple objectives, while simultaneously indirectly contributing to a number of others.
4.2: Maintain and replace assets when they reach the end of their useful engineered life	The budgets used for the cost recovery analyses described within the Feasibility Study by aodbt (Appendix A) made provisions for employment costs relating to the maintenance and custodial staff necessary to operate the facility, in addition to including a maintenance expense line item. These have been elaborated upon in the development of this business case to allow White City to adequately maintain the quality, safety, and efficiency of the facility.

Strategic Area #5: Operational Excellence

"We take pride in delivering high quality services to meet the dynamic needs and expectations of the residents."

Table 8: Strategic alignment with White City Strategic Area #5: Operational Excellence

Objective	***Alignment***
5.1: Be an effective and responsive administration that can meet the demands of a fast-growing community	As far back as April 2010, a White City and Emerald Park Recreation and Culture Needs Assessment Survey found that 79% of respondents believed there was a need for a new indoor facility in the community. At the time, the most common suggestions were a swimming pool (60%) and a multi-purpose facility (53%) and two-thirds of households would support an increase in taxes to construct and operate new facilities.[17] Between 2010 and 2019, the population has more-than doubled, from 1,671 to over 3,500.[18] Today, the needs and expectations relating to recreational options has not shifted drastically based on recent survey responses and stakeholder engagement, as it is still a top-mentioned issue among residents, and this Project would directly alleviate the clearly expressed desire for such a facility.
5.3: Ensure clarity and transparency of human resource practices within the organization	The Governance and Operations section of this business case was developed through working sessions with municipal representatives and have been articulated in alignment with White City's strategic objective to ensure clarity and transparency relating to human resources.
5.6: Be fully transparent and have residents fully informed of the Town's plans, actions, policies, and services	Up to this point in the planning process, White City has been very clear in publicly disclosing intentions relating to the functional program, preferred site, Town Centre master plans, and the underlying rationale for pursuing this multi-use recreational facility in the first place (i.e. results from stakeholder engagement indicating the need for this as a priority).

17 Town of White City, Official Community Plan. Adopted December 2014.
18 Crosby Hanna & Associates. The Town of White City Future Growth Study. May 2018.

3.0 Project description and scope

The proposed multi-use recreational facility would greatly contribute to the White City's strategic mission to create a community that provides peaceful living with high quality municipal services and wide-open spaces.

3.1 MASTER PLAN SCOPE

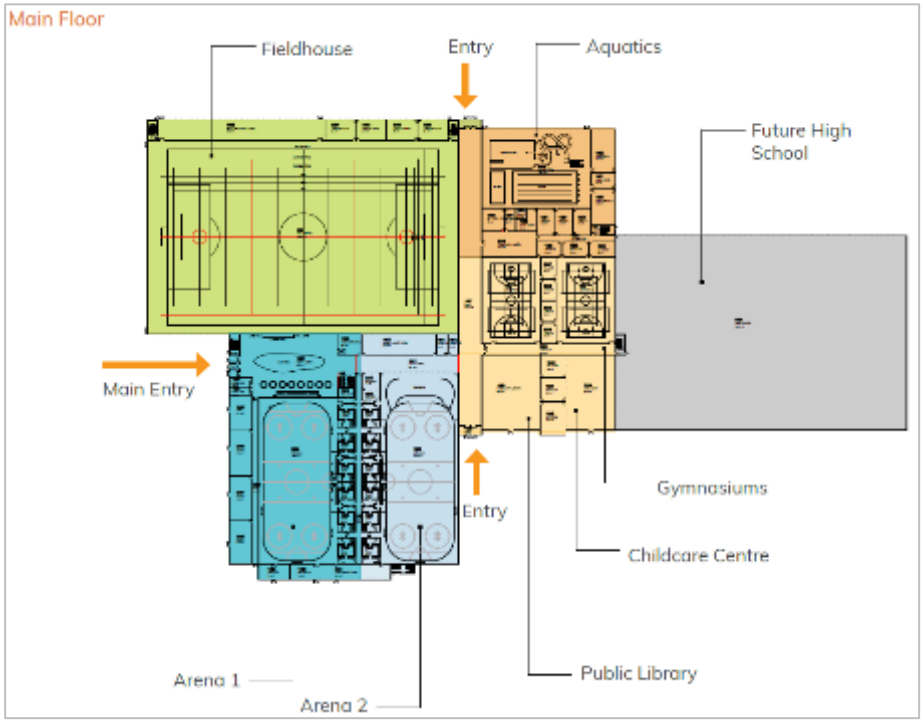
The proposed Project involves the construction of an approximately 370,000-square-foot multi-use recreational facility in the heart of White City, conceptually designed to include two arenas, along with a fieldhouse, two gymnasiums, library, childcare, and aquatics centre. In addition to these amenities, the facility is anticipated to include multi-purpose retail spaces of various sizes, event space, and spectator areas with 1,000 seats in total.

It seeks to address the need for expanded recreational options for residents of the region, serving as a valuable, iconic sense of pride for current residents and generations to follow.

The components proposed for the multi-use facility were selected through stakeholder engagement activities during the development of the Feasibility Study and can provide year-round sport and community programming for current and future residents.

White City's Strategic Plan states, "We will plan and manage growth responsibly and produce opportunities for residents to enjoy a community that offers the services and amenities that provide for a high quality of life for all ages and for businesses to prosper."[19] The development of this recreational facility is well aligned with this vision for the future.

Figure 14: Conceptual floorplan of the main floor[20]



19 Town of White City. 2017-2022 Strategic Plan. April 2017.
20 aodbt architecture + interior design. New Multi-Use Recreation Centre Feasibility Study for the Town of White City. March 2019.

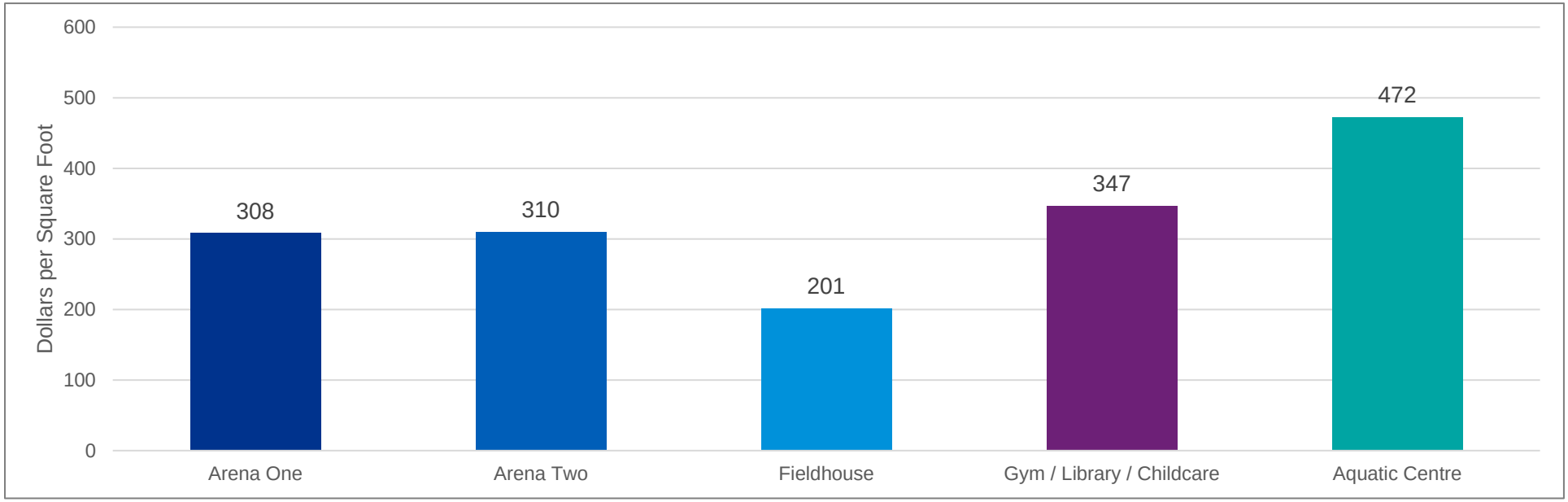
3.1.1 Component Overview

The components, along with their total square footage, estimated total capital cost (including planning and contingencies, in 2019 dollars), and a brief description are provided below. For detailed information, including conceptual floor plans and space allocations, please refer to the Feasibility Study (Appendix A).[21]

Table 9: Full facility component overview[21]

Arena One	Arena Two	Fieldhouse (Full-Sized)	Gymnasium / Library / Childcare	Aquatics Centre
Approximately 72K ft^2	Approximately 50K ft^2	Approximately 141K ft^2	Approximately 60K ft^2	Approximately 47K ft^2
Approximately $22.2M	Approximately $15.5M	Approximately $28.4M	Approximately $20.8M	Approximately $22.2M
A single ice surface along with main building support services that will be required for the entire development	An additional ice surface as well as leisure ice and support area, utilizing infrastructure in place from Arena One	Featuring a full-sized pitch, running track and fitness centre, team storage, change rooms, and lounge space	Grouped components with complementary purposes, which have been grouped into one development as they could be aligned with the development of a high school	Space allowing for leisure and competition, including a zero entry pool, lazy river, waterslide, competitive lane pool, hot tub, and sauna, along with multi-purpose and party rooms

Figure 15: Estimated cost in 2019 dollars per square foot (including planning, design, site work, construction, FF&E, taxes, and contingencies)

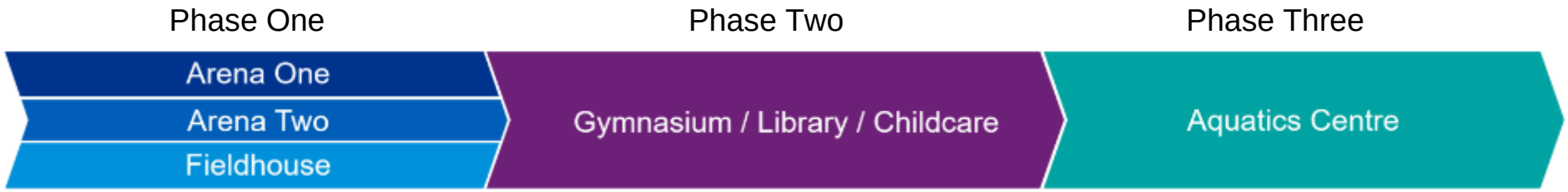


21 Square footage and descriptions from aodbt architecture + interior design. New Multi-Use Recreation Centre Feasibility Study for the Town of White City. March 2019. Costs have been adjusted by the Town and its advisors, financial consultant, and Midgard Project Management.

3.1.2 Phasing Strategy

The conceptual design for the multi-use recreational facility considered multiple building blocks that could be developed as phases, depending on the Town's priorities, community desire, and rental / leasing opportunities. Based on further consultation with White City representatives, the desired phasing strategy involves combining **Arena One**, **Arena Two**, and the **Fieldhouse** into the first phase ("**Phase One**"); constructing the **Gymnasium / Library / Childcare** as part of the second phase ("**Phase Two**"), and lastly adding the **Aquatics Centre** to the recreational facility in the third phase ("**Phase Three**"), as visualized below:

Figure 16: Three phases proposed for the multi-use recreational facility



The rationale behind pursuing the proposed three-phased approach is as follows:

- **Phase One** – Combining **Arena One** and **Arena Two** unlocks economies of scale during construction (e.g. mechanical equipment, shared circulation space, planning activities, and procurement), as well as throughout ongoing operations (e.g. facilities management, utilities, administrative services, and the zamboni / ice plant). Although adding the **Fieldhouse** into this phase contributes to the economies of scale that are possible through combined components, it is its ability to expand the overall service offering that is its key motivation. The conceptual design for the fieldhouse would allow for a much wider array of recreational activities, such as soccer, football, and lacrosse; a walking / running track; and a general fitness area. These three components also offer the highest estimated operational cost recovery at 168% for **Arena One**, 254% for **Arena Two**, and 181% for the **Fieldhouse**, so they would serve as the foundation upon which the other components will be built upon, in latter phases of the facility development plan.[22]
- **Phase Two –** This phase is anticipated to include the construction of the **Gymnasium / Library / Childcare**, and it is built upon the idea that a future high school will be developed in concurrence, as the site allows for such a partnership be established. The Feasibility Study states that these spaces could be developed with or without the high school, but integration is recommended in order to maximize cost sharing potential with the Ministry of Education. The Feasibility Study anticipates that the operational cost recovery rate for the **Gymnasium / Library / Childcare** will be 125%.[22]
- **Phase Three –** The **Aquatics Centre**, which will allow for both leisure and competitive activities, offers the lowest operational cost recovery estimate at 32%. It is stated in the Feasibility Study that this component will require a significant staffing increase for lifeguards, as well as a significant budget for utilities, chemicals, and maintenance. While rentals of the included multi-purpose space, admissions, and lessons will generate revenue, these are not anticipated to outweigh the staffing costs required.[22] While a new swimming pool was the most common suggestion from respondents in a recreation needs assessment survey in 2010, [23] the **Aquatics Centre** is anticipated to occur within the final phase to achieve overall operational cost recovery.

22 aodbt architecture + interior design. New Multi-Use Recreation Centre Feasibility Study for the Town of White City. March 2019.
23 Town of White City. Official Community Plan. Adopted December 2014.

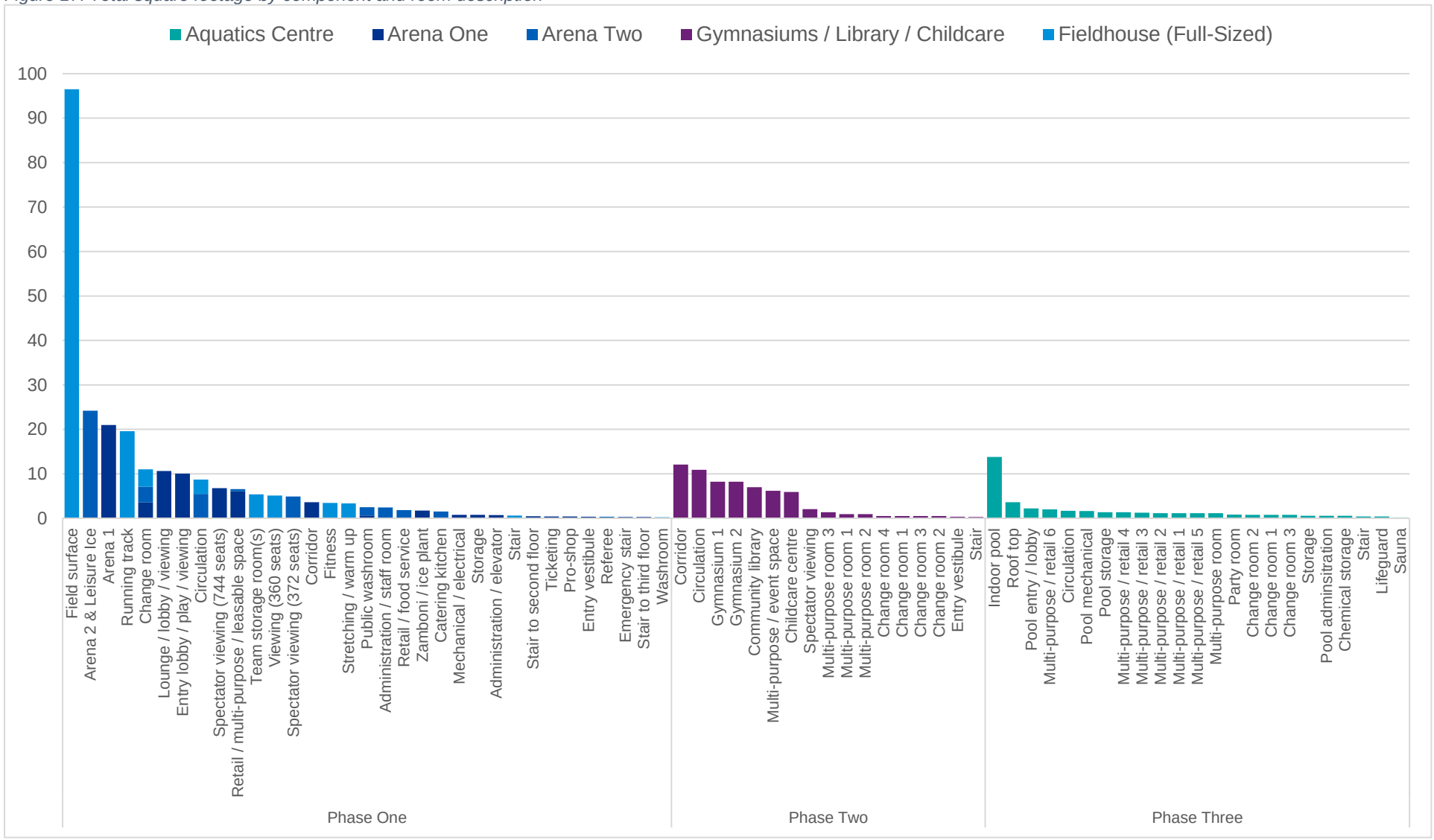
3.2 FEATURES

This section contains an overview of the functional program, as described by aodbt. It was informed through stakeholder engagement with individuals and organization representatives to gain an understanding of potential user group needs. For additional detail, please refer to the Feasibility Study (Appendix A).

Areas by Component

Once all phases are complete, the facility is anticipated to contain the spaces visualized below:

Figure 17: Total square footage by component and room description



Phase One Features[24]

Phase One is comprised of Arena One, Arena Two, and Fieldhouse components. Features and approximate sizes are based on the Feasibility Study.

Arena One Features

Arena One features an arena and spectator viewing with 744 seats; a lounge / lobby / viewing area; of retail / multi-purpose / leasable space; of change rooms; and a zamboni / ice plant that can also be utilized by Arena Two. In addition to these core features, it also offers storage space, administrative space, ticketing, the mechanical / electrical for the full facility, public washrooms, and has room for a pro shop.

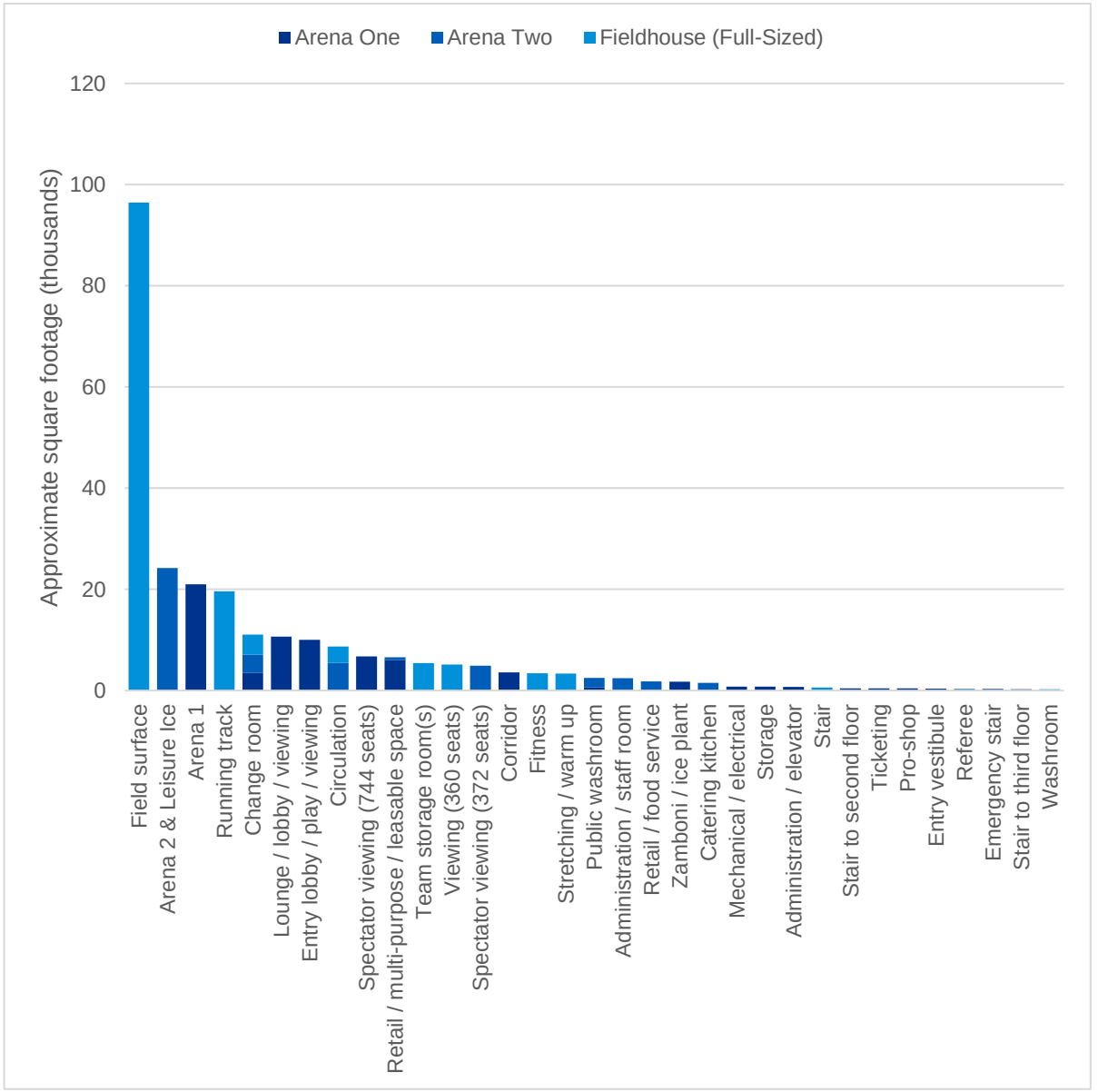
Arena Two Features

Arena Two features the additional arena and leisure ice and 372 seats in the spectator viewing area; additional change rooms; of retail / food services; additional retail / multi-purpose / leasable space; a referee room; and a catering kitchen. The ability for Arena Two to utilize Arena One's existing infrastructure (e.g. mechanical / electrical room, zamboni room, etc.) will allow Arena Two to maximize its space utilization.

Fieldhouse Features

The fieldhouse contains the largest single component – the Field Surface. In addition to this field, there is a running track on the third level (which aodbt intentionally designed on a separate level so users of the field would not have to walk across the track). It would feature viewing with 360 seats, change rooms, a fitness area, stretching / warm up area, along with stairs, team storage rooms, and washrooms.

Figure 18: Phase One components and approximate square footage



24 aodbt architecture + interior design. New Multi-Use Recreation Centre Feasibility Study for the Town of White City. March 2019.

Phase Two Features[25]

Phase Two, which is comprised of the Gymnasium / Library / Childcare component, is intended to be built in conjunction with a future high school.

Gymnasium / Library / Childcare Features

This component, which contains a collection of elements, is designed to feature two gymnasiums at with spectator viewing; a community library; and a childcare centre. It is also intended to contain three multipurpose rooms and four change rooms.

According to the Feasibility Study, the gymnasium could be used by the high school for physical education as well as rented by the community, maximizing its usage. The Feasibility Study states anticipation that additional childcare services would be successful at the multi-use recreational facility for two reasons: the young population base in the region, and the opportunity to offer activity-based childcare through utilizing the recreation and sports available in the facility.

Figure 19: Phase Two conceptual floor plan

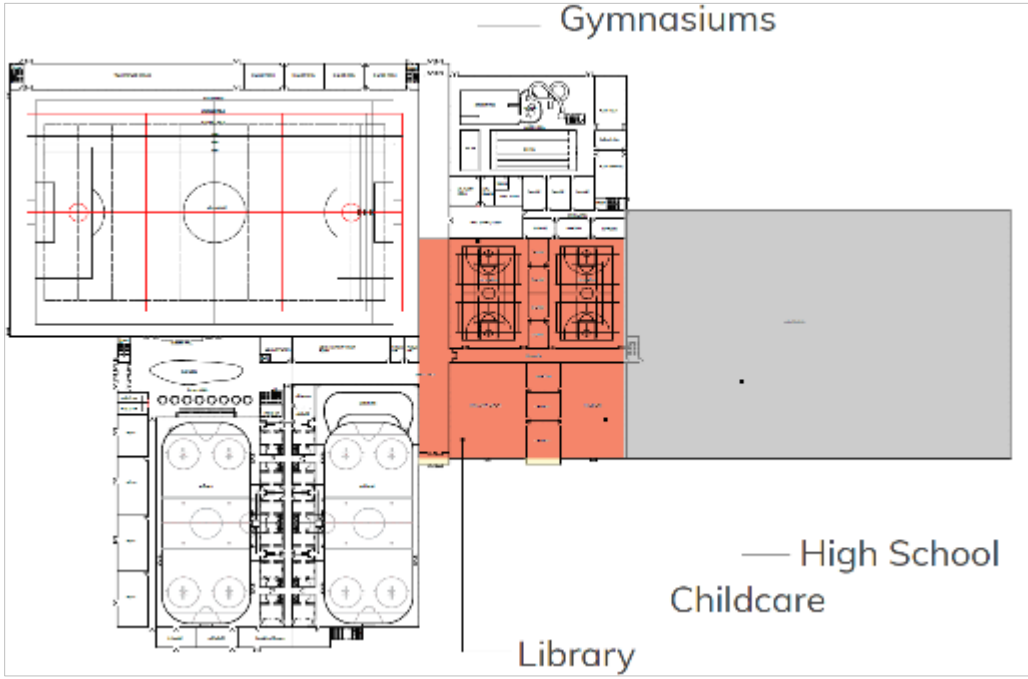
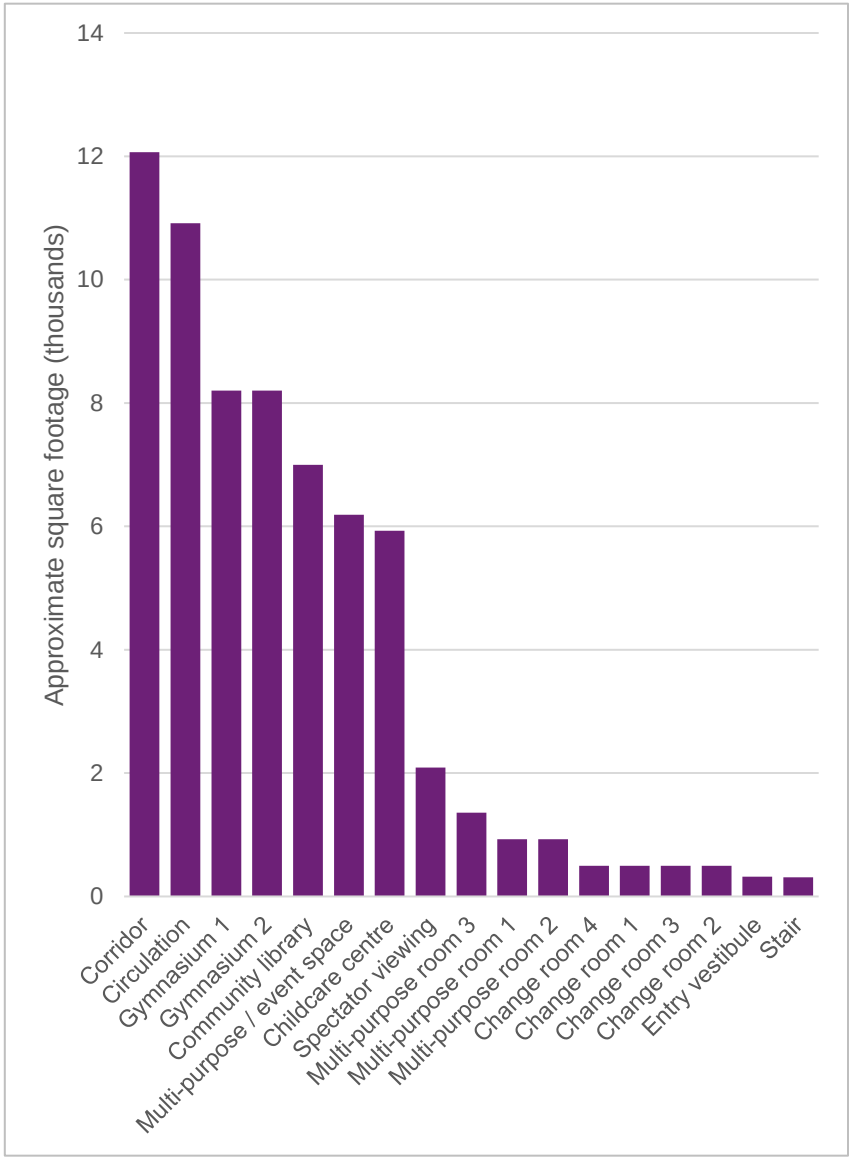


Figure 20: Phase Two components and approximate square footage



25 aodbt architecture + interior design. New Multi-Use Recreation Centre Feasibility Study for the Town of White City. March 2019.

Phase Three Features[26]

Phase Three, which is comprised of the Aquatics Centre component would offer amenities for leisure and/or competition.

Aquatics Centre Features

The Aquatics Centre is designed to feature an indoor swimming pool area, containing amenities such as a zero entry pool, lazy river, waterslide, six-lane 25-meter competitive lane pool hot tub, and sauna. It would also feature six multi-purpose / retail spaces ranging, and a party room.

Provisions have also been made for operational needs, such as dedicated pool mechanical rooms, lifeguard rooms, chemical storage, pool administration rooms, and other general storage. The space was designed by aodbt with indoor/outdoor access to the fieldhouse to accommodate triathlon training. A second floor would allow for views below to the aquatics space.

Figure 21: Phase Three conceptual floorplan

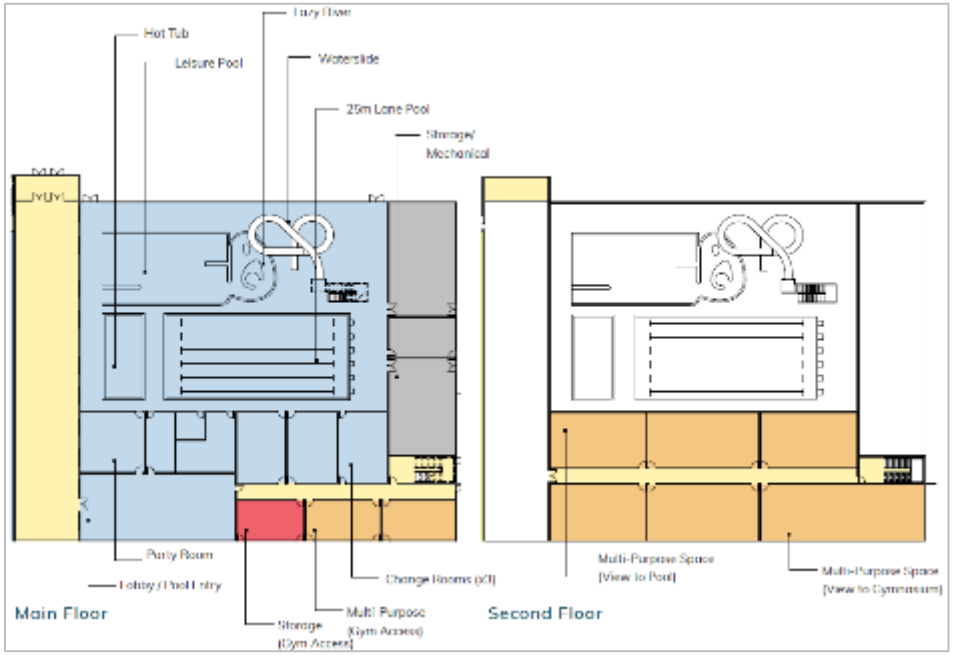
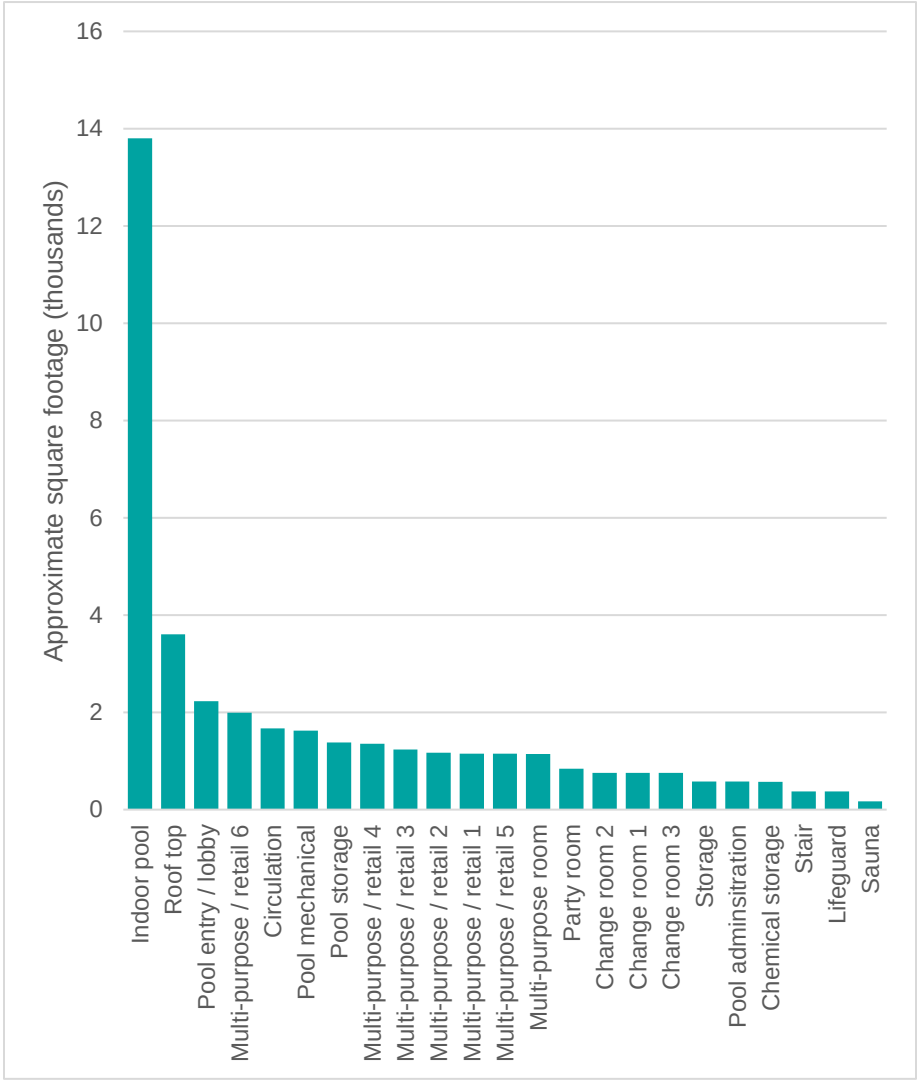


Figure 22: Phase Three components and approximate square footage



26 aodbt architecture + interior design. New Multi-Use Recreation Centre Feasibility Study for the Town of White City. March 2019.

3.4 PROJECT TIMELINE

The table below outlines the assumptions made regarding the timing and duration of stages within each of the phases. As described in the Governance and Operations sections, the Town would consider accelerating the second and third phase start dates, given suitable partnership opportunities. Additionally, the Town would complete schematic design for all components to ensure the components in subsequent phases can be integrated.

Table 10: Stage start and end dates by phase

Stage		***Phase One*** *(Arena One, Arena Two, Fieldhouse)*	***Phase Two*** *(Gyms / Library / Childcare)*	***Phase Three*** *(Aquatics Centre)*
Schematic Design	Start date	1-Jan-2020		
	Duration (months)	8		
	End date	31-Aug-2020		
Detailed Design	Start date	1-Sep-2020	1-Sep-2026	1-Sep-2029
	Duration (months)	7	7	7
	End date	31-Mar-2021	31-Mar-2027	31-Mar-2030
Construction	Start date	1-Apr-2021	1-Apr-2027	1-Apr-2030
	Duration (months)	26	26	26
	End date	31-May-2023	31-May-2029	31-May-2032
Commissioning	Start date	1-Jun-2023	1-Jun-2029	1-Jun-2032
	Duration (months)	2	2	2
	End date	31-Jul-2023	31-Jul-2029	31-Jul-2032
Operational	Start date	1-Aug-2023	1-Aug-2029	1-Aug-2032

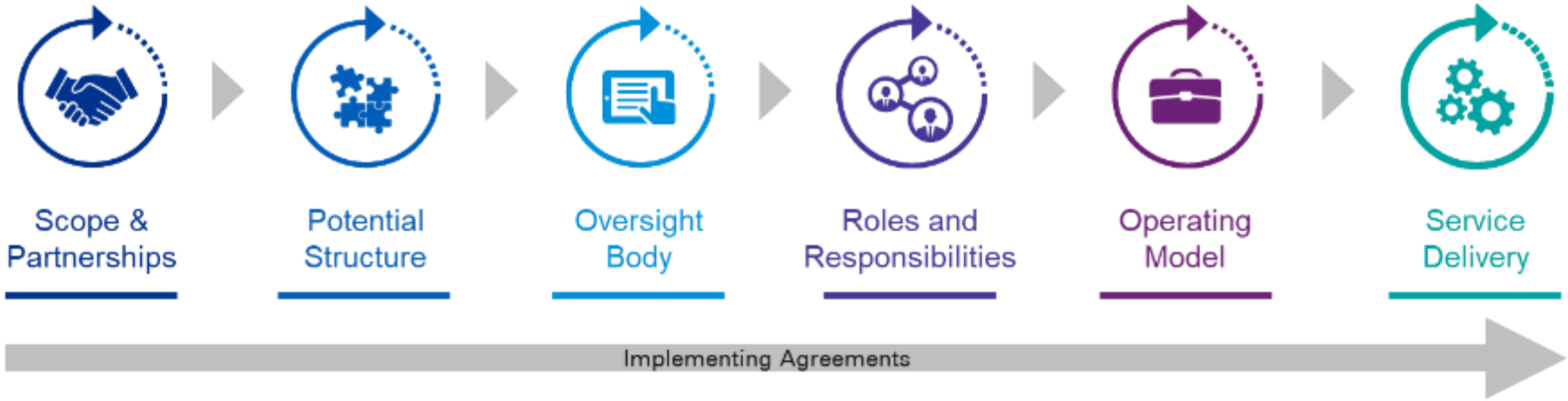
4.0 Governance and operations

Complex decisions, such as those relating to determining the optimal governance and operating model, often require incremental decision-making with a holistic view of advantages, disadvantages, and implications.

4.1 GOVERNANCE AND OPERATING MODEL ANALYSIS APPROACH

A principle-based approach was used to assess incremental governance decision making. Key decisions associated with the governance and operating model were defined based on the framework illustrated below:

Figure 23: Governance and Operating Model Analysis Approach

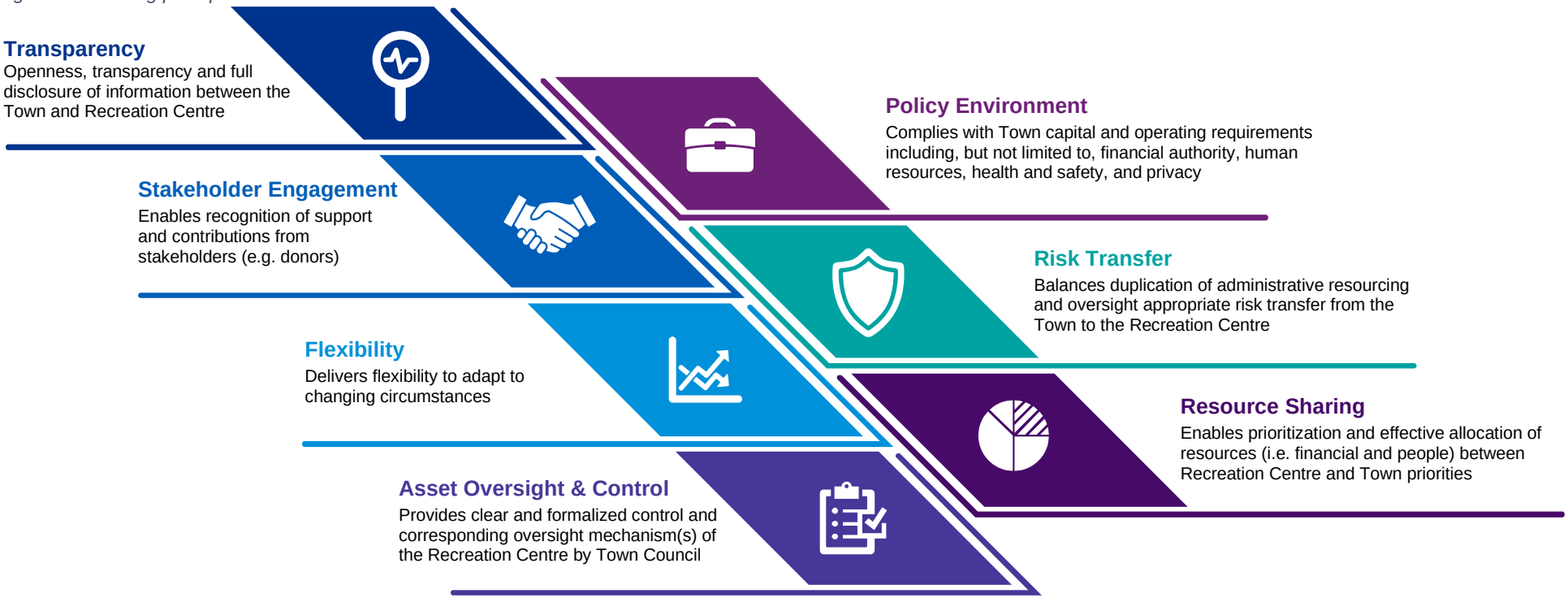


Based on preliminary information available, the Town determined that the governance and operating model would be defined as much as feasible, recognizing that additional decision making would be required at future project stages to complete definition of the roles and responsibilities, operating model and service delivery approach. A principled-based approach was used to assess options for components where sufficient information was available. Where information was not yet available, conservative estimates were made for cost and schedule implications maximizing future flexibility.

4.2 ASSESSMENT CRITERIA

Assessment criteria were prepared based on leading practice, established project objectives and refined through a working session with Town Administration and a Council Committee. Criteria for assessing suitable governance and operating models were identified as follows:

Figure 24: Guiding principles



4.3 GOVERNANCE AND OPERATING MODEL ASSESSMENT

This section includes a summary of the evaluation of governance and operating options, considering the assessment criteria outlined above.

4.3.1 Scope and Partnerships

The scope and partnerships is anticipated to follow the phased approach, determined as part of the Feasibility Study.

4.3.2 Potential Structure

Table 11: Summary evaluation of operating the facility as part of the Town

Part of Town	Transparency	Financial information incorporated as part of Town operations, limiting potential financial transparency
	Policy Environment	Leverages Town policy environment, limiting duplication, but does not consider differences required to reflect operations of the recreational centre activities
	Stakeholder Engagement	Stakeholder engagement likely to be incorporated into broader Town ongoing engagement activities
	Risk Transfer	Most limited potential risk transfer from Town operations
	Flexibility	Limits potential flexibility to incorporate and recognize contributors and stakeholder
	Resource Sharing	Maximizes resource sharing between Town and recreation centre activities
	Asset Oversight & Control	Provides clear asset oversight accountability with a single owner and structure
	Overall Alignment for Phase One	**Moderate**

Table 12: Summary evaluation of operating the facility as a separate entity with sole ownership by the Town

Separate entity with sole ownership by the Town	Transparency	Financial information incorporated as solely owned subsidiary, with additional separate financial reporting as determined by the Town and regulatory requirements
	Policy Environment	Oversight body defines policy environment, including use of, or tailoring of, existing policy environment
	Stakeholder Engagement	Offers potential to engage stakeholders through oversight and advisory opportunities
	Risk Transfer	Town defines risk transfer as part of implementing agreements
	Flexibility	With a single owner, Town retains ability to make decisions to maximize future flexibility
	Resource Sharing	May introduce duplication, based on oversight body and operating model defined
	Asset Oversight & Control	Provides clear asset oversight with a single owner
	Overall Alignment for Phase One	**High**

Table 13: Summary evaluation of operating the facility as a separate entity with shared ownership

Separate entity with shared ownership	Transparency	Financial information may or may not be consolidated based on ownership, separate financial reporting as determined by oversight body, implementing agreement(s) and regulatory requirements
	Policy Environment	Oversight body defines policy environment, including using or tailoring of existing policy environment from owner(s)
	Stakeholder Engagement	Future potential decisions require engagement and input from owners
	Risk Transfer	Owners define risk transfer as part of implementing agreements, with Town level of risk and control unknown until defined as part of implementing agreements
	Flexibility	Owners define risk transfer as part of implementing agreements, with Town level of risk and control unknown until defined as part of implementing agreements
	Resource Sharing	May introduce duplication, based on oversight body and operating model defined
	Asset Oversight & Control	Added complexity around asset oversight based on multiple owners
	Overall Alignment for Phase One	**Low**

Table 14: Summary evaluation of operating the facility as a separate entity with independent operation

Separate entity with independent operation	Transparency	Financial information incorporated as solely owned subsidiary, with additional separate financial reporting as defined by regulatory requirements, implementing agreements and / or by the oversight body
	Policy Environment	Oversight body defines policy environment, including use of, or tailoring of, existing policy environment
	Stakeholder Engagement	Extent of stakeholder engagement would depend on the selected entity type and oversight body
	Risk Transfer	Town defines risk transfer as part of implementing agreements
	Flexibility	Assuming a single owner, Town retains ability to make decisions to maximize future flexibility
	Resource Sharing	Likely to introduce duplication, based on oversight body and operating model defined
	Asset Oversight & Control	Provides clear asset oversight with a single owner
	Overall Alignment for Phase One	**Moderate**

4.3.3 Potential Oversight Body (Assuming Separate Entity Structure)

Table 15: Summary evaluation of the Town Council as the oversight body

Town Council as Oversight Body	Transparency	Transparent oversight body membership based on existing governance and committee environment
	Policy Environment	Familiarity with existing policy environment likely to result in greatest level of similarity between the Town and entity
	Stakeholder Engagement	Stakeholder engagement focused on defined election cycle and councilor engagement activities – Council could choose to define advisory body to provide input toward Council decision making
	Risk Transfer	Limits potential risk transfer, especially related to reputational risk
	Flexibility	Flexibility limited to defined Council processes
	Resource Sharing	Limits duplication of effort and enables resource sharing, assuming sufficient capacity available to provide oversight
	Asset Oversight & Control	Oversight and control of assets as part of Town existing processes
	Overall Alignment for Phase One	**Moderate**

Table 16: Summary evaluation of operating a Council-appointed, internal and external Board

Council-Appointed, Internal and External Board	Transparency	Council control of oversight body membership, may hold majority or minority voting votes of the oversight body
	Policy Environment	Policy environment likely to be balanced between Town and tailored policies to reflect decision making representation and perspectives
	Stakeholder Engagement	Enables stakeholder engagement through defined roles in the oversight body – Council could choose to define advisory body to provide input toward Council decision making
	Risk Transfer	Provides some risk transfer; however, remains limited related to political risk
	Flexibility	Flexibility would be dependent on decision making from oversight body
	Resource Sharing	Enables resource sharing with Town involvement
	Asset Oversight & Control	Oversight and control of assets as defined through implementing agreements
	Overall Alignment for Phase One	**Moderate**

Table 17: Summary evaluation of operating a Council-appointed external Board

Council-Appointed External Board	Transparency	Transparency of membership and decision making based on policy definition and implementing agreements
	Policy Environment	Policy environment tailored to the needs of the recreation centre, with Town Council retaining authority over oversight body membership
	Stakeholder Engagement	Enables stakeholder engagement through defined roles in the oversight body – oversight body could choose to define advisory body to provide input toward decision making
	Risk Transfer	Enables risk transfer from the Town, including related to reputational risk, while retaining control through appointment of members
	Flexibility	Flexibility would be dependent on decision making from oversight body
	Resource Sharing	Limits additional resource capacity required from Councilors, with resource sharing between the Town and entity dependent on oversight body decision making
	Asset Oversight & Control	Oversight and control of assets as defined through implementing agreements
	Overall Alignment for Phase One	**High**

Table 18: Summary evaluation of an elected / appointed Board

Elected / Appointed Board	Transparency	Transparency of membership and decision making based on policy definition and implementing agreements
	Policy Environment	Policy environment tailored to the needs of the recreation centre, based on oversight body decision making
	Stakeholder Engagement	Enables stakeholder engagement through defined roles in the oversight body – oversight body can define membership based on representative and / or required skill set needs
	Risk Transfer	Enables risk transfer from the Town, including reputational risk; however, may reduce control with limited influence on oversight body membership by the Town
	Flexibility	Flexibility would be dependent on decision making from oversight body
	Resource Sharing	Limits additional resource capacity required from Councilors, with resource sharing between the Town and entity dependent on oversight body decision-making
	Asset Oversight & Control	Oversight and control of assets as defined through implementing agreements
	Overall Alignment for Phase One	**Moderate**

4.3.4 Roles and Responsibilities (Assuming Council-Appointed External Board)

The following table outlines key considerations relating to roles and responsibilities, assuming the Town moves forward with a Council-appointed external Board:

Table 19 Summary evaluation of roles and responsibilities, assuming the Town moves forward with a Council-appointed Board

Roles	Roles would be limited to the following: ▪ Owner: Town of White City ▪ Contributor(s): All potential donors and collaborators ▪ Users: Resident and non-resident users of the proposed recreational facility
Retained Authority and Responsibility	Anticipated Town authorities and responsibilities (to be defined in implementing agreements) to include: ▪ Approval of material policy changes (e.g. Bylaws, financial authority, etc.) ▪ Approval of strategic plan and annual budget ▪ Receipt of annual reporting related to risk management ▪ Approval of long-term liabilities, including multi-year contracts
Transferred Authority and Responsibility	Anticipated transferred authorities and responsibilities (to be defined in implementing agreements) to include: ▪ Rate setting ▪ Risk reserve and capital asset planning and implementation ▪ Scheduling ▪ Operating model decision making ▪ Employment contracts and relationships ▪ Management of operating surpluses and deficits

4.3.5 Operating and Service Delivery Model

To be determined at subsequent stages of the Project.

4.4 PREFERRED PHASE ONE GOVERNANCE AND OPERATING MODEL

The following section outlines the preliminary assessment of the governance considerations, based on the assumptions, potential for collaborators, overarching objectives for the facility, KPMG's experience with similar projects, and criteria.

Given the key considerations, it is recommended the Town retain ownership and control of the land and assets, but establish a wholly owned subsidiary (the "**Separate Entity**"), to separately and independently operate the facility and assume responsibility for ensuring capital investments are made to maintain the infrastructure, with any profits from operations being reinvested into the facility, for the following reasons:

- Reduces the Town's exposure to liability;
- Enables the Town and its Parks and Recreation department to continue focusing on their core, strategic objectives;
- Transfers risk in operations without losing oversight and control of the asset itself;
- Allows for distinctive policies tailored to the purposes of the facility;
- Reduces administrative and financial burden related to the management and operations of the facility; and
- Mitigates the risk of financial burden on the Town's constituents.

In order to achieve the Town's desire to enable recognition of support and contributions from stakeholders and donors, while engaging stakeholders from in and outside of the community, it is recommended the Town consider establishing an independent oversight body, with members appointed by Town Council. The directors could be representative of user groups, municipalities, and/or those who possess knowledge, experience, or skills that would be valuable to the facility, dependent on decision making by Town Council.

Roles and responsibilities would be defined through implementing agreements, concurrently developed during the Phase One design cycle.

4.5 STRATEGIC PARTNERSHIP OR COLLABORATION OPPORTUNITIES

The Master Plan for the facility – comprised of two arenas, a fieldhouse, gyms, a library, childcare, and an aquatics centre at completion – stands to benefit a multitude of users and activities. This extensive service offering comes with significant potential for a variety of mutually beneficial partnerships or collaborations with other public sector bodies (e.g. schools and libraries), not-for-profit organizations (e.g. community groups mandated to advance a particular sport), and for-profit corporations (e.g. childcare, food, or retail companies seeking leasable space). Leveraging these opportunities can enable the Town to foster greater overall efficiencies within the facility from greater utilization of space, risk transfer, and lower internal operating costs; while simultaneously providing residents with a facility that caters to an assortment of community services, all within one convenient location. In all phases, it will be critical that deliberate efforts are made to communicate and document expectations with potential collaborators and partners in order to ensure a level of comfort and understanding for all involved parties.

5.0 Financial analysis

The following section outlines the key assumptions, capital and operating analyses, and funding outcomes associated with all phases of the Project, which have been developed to inform decision making.

5.1 KEY ASSUMPTIONS

5.1.1 Context

As part of the Feasibility Study by aodbt, a cost analysis was developed for each of the major building components with Class D opinions of probable cost (i.e. considered to be within a +/- 25% level of accuracy). The size of components in square metres and estimated costs per square metre, described in detail within the Feasibility Study, served as a basis in the costing inputs and assumptions. Following further discussions, analyses, and validation among the Town's project team, contracted project managers, and KPMG consultants, several assumptions relating to the site, contingencies, and timing shifted, described in the sections below.

5.2 PHASE ONE CAPITAL COSTS

Capital – Sources and Uses of Cash Flows

Table 20 summarizes anticipated capital sources and uses. Based on information provided by the Town's fundraising feasibility consultants, Town growth projections, and estimated Phase One costs, an additional $44.9 million will be required to proceed with the Project.

Table 20: Inflation-adjusted sources and uses of cash flows ($millions) by year

	2020	2021	2022	2023	Total
Sources					
Alternative funding or financing	9.4	17.6	16.9	1.0	***44.9***
Development levy	4.1	4.2	4.3	4.4	***17.0***
Fundraising	1.7	2.4	2.1	6.2	***12.4***
Property taxes	0.2	0.2	0.3	0.3	***1.0***
Total sources	***15.4***	***24.4***	***23.6***	***11.9***	***75.3***
Uses					
Planning / design	7.7	2.3	-	-	***10.0***
Site work	-	3.1	-	-	***3.1***
Construction	-	16.2	22.0	9.3	***47.5***
FF&E	-	-	-	1.9	***1.9***
Contingencies	7.7	2.8	1.6	0.7	***12.8***
Total uses	***15.4***	***24.4***	***23.6***	***11.9***	***75.3***

5.2 PHASE ONE OPERATIONS

Table 21 summarizes estimated operating revenues and expenditures associated with Phase One of the Project, based on preliminary information provided by the Town and its advisors. The table assumes that remaining required capital sources, as described in Table 21, have been fully financed, through traditional mortgage-style debt, over a 30-year term at a 3.50% annual interest rate.

Table 21: Inflation-adjusted revenues, expenditures, and excess of revenues over expenditures ($thousands) by year

	2022	2023	2024	2025	2026	2027	2028
Operating revenues							
Arena / field / gym rentals	-	990	2,317	2,357	2,404	2,452	2,508
Commercial lease	-	57	138	141	144	147	150
Multipurpose / event space rentals	-	17	40	41	42	43	44
Track and fitness memberships	-	43	105	107	109	111	114
Concession	-	6	14	14	15	15	15
Advertising	-	7	17	18	18	19	19
Total operating revenues	***-***	***1,120***	***2,631***	***2,678***	***2,732***	***2,787***	***2,850***
Operating expenditures							
Salaries / wages / benefits	-	334	813	829	845	862	880
General admin	-	27	66	67	68	70	71
Contracted services	-	27	65	66	68	69	70
Insurance	-	14	35	36	36	37	38
Utilities	-	117	284	289	295	301	307
Maintenance	-	53	128	131	134	136	139
Total operating expenditures	***-***	***572***	***1,391***	***1,418***	***1,446***	***1,475***	***1,505***
Annual principal and interest payment	-	970	1,900	1,970	1,970	1,970	1,970
Excess (deficiency) of revenues over expenditures	*(422)*	*(660)*	*(710)*	*(684)*	*(658)*	*(751)*	*(625)*

5.4 FINANCIAL FEASIBILITY

As described in Table 21, fully financing the Project in alignment with assumed capital costs, net operating income, and a maximum tax levy of $150 per household is not feasible. The Town may consider various options to achieve financial sustainability, including those outlined below:

Option 1: Delay Construction and Establish Development Levy Reserve

Based on growth projections and anticipated development levy cash flows, contributing development levies and a $150 per household property tax levy to a Project reserve for up to three years would achieve financial feasibility.

Table 22: Option 1, pre-fund Project reserve ($million) by year

	2023	2024	2025	2026	Total
Available reserves	13.3	2.0	-	-	***15.3***
Development levy	-	4.4	4.5	4.5	***13.4***
Fundraising	4.1	2.1	6.2	-	***12.4***
Financing required	0	15.9	12.9	7.4	***36.2***
Estimated maximum debt service payment availability	***0.00***	***0.89***	***1.73***	***1.79***	
Debt service payment		***0.86***	***1.57***	***1.97***	

Option 2: Identify Alternate Funding Source(s)

Reducing required financing by $14.6 million through other funding sources, such as federal or provincial funding, commitment for recurring funds from partners or collaborators, and / or increased donations would achieve financial sustainability for Phase One of the Project, as described below.

Table 23: Option 2, Identify alternate funding source(s) ($million) by year

	2020	2021	2022	2023	Total
Available reserves	9.6	5.0	-	-	***14.6***
Development levy	4.1	4.2	4.3	4.4	***17***
Fundraising	1.7	2.4	2.1	6.2	***12.4***
Financing required	0.0	12.8	17.2	1.3	***31.3***
Estimated Maximum Debt Service Payment Availability	***0.00***	***0.89***	***1.73***	***1.79***	
Debt Service Payment	***0.00***	***0.70***	***1.63***	***1.70***	

Option 3: Fund through Taxpayer-Supported Debt

Based on Town provided tax base and growth rates, funding debt service costs that exceed net operating income of the facility (approximately $500,000 annually) would require a levy contribution of approximately $300 annually per household.

Table 24: Option 3, fund through taxpayer-supported debt ($) by year

	2023	***2024***	***2025***	***2026***	***2027***	***2028***	***Average***
Excess (deficiency) of operating revenues over expenditures	(422,000)	(660,000)	(710,000)	(684,000)	(658,000)	(751,000)	(648,000)
Tax-Payer Operating Deficit	***(422,000)***	***(660,000)***	***(710,000)***	***(684,000)***	***(658,000)***	***(751,000)***	***(648,000)***
Estimated Cost per Household	(251)	(364)	(364)	(327)	(294)	(336)	(323)

5.4 NET PRESENT VALUE

Based on the present values ("**PV**") of net cash flows, outlined below, the Project offers a 20-year net present value of $34.5M, at a 5% discount rate.

Table 25: Inflation-adjusted net present value analysis ($millions) by year

	2020	***2021***	***2022***	***2023***	***2024***	***2025***	***2026***	***2027***	***2028***	***2029***	***2030***	***2031***	***2032***	***2033***	***2034***	***2035***	***2036***	***2037***	***2038***	***2039***
Cash inflows																				
Development levy	4.1	4.2	4.3	4.4	4.5	4.5	4.6	4.7	4.8	4.9	5.0	5.1	-	-	-	-	-	-	-	-
Fundraising	1.7	2.4	2.1	6.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating revenues	-	-	-	1.1	2.6	2.7	2.7	2.8	2.8	3.0	3.3	3.3	3.6	3.9	4.0	4.1	4.2	4.3	4.4	4.4
Total cash inflows	***5.8***	***6.6***	***6.4***	***11.7***	***7.1***	***7.2***	***7.3***	***7.5***	***7.6***	***7.9***	***8.3***	***8.4***	***3.6***	***3.9***	***4.0***	***4.1***	***4.2***	***4.3***	***4.4***	***4.4***
Cash outflows																				
Financing payment	-	0.9	1.8	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Sustainment capital expenditures	-	-	-	-	-	-	-	-	0.1	0.3	0.3	0.3	0.3	0.5	0.7	0.8	0.8	0.9	1	1.1
Operating expenditures	-	-	-	0.6	1.4	1.4	1.4	1.5	1.5	1.6	1.8	1.8	2.5	3.5	3.5	3.6	3.7	3.8	3.8	3.9
Total cash outflows	***-***	***0.9***	***1.8***	***2.7***	***3.5***	***3.5***	***3.5***	***3.6***	***3.7***	***4.0***	***4.2***	***4.2***	***4.9***	***6.1***	***6.3***	***6.5***	***6.6***	***6.8***	***6.9***	***7.1***
Present value																				
Net cash flows	5.8	5.7	4.6	9	3.6	3.7	3.8	3.9	3.9	3.9	4.1	4.2	(1.3)	(2.2)	(2.3)	(2.4)	(2.4)	(2.5)	(2.5)	(2.7)
Discount factor (5%)	0.95	0.91	0.86	0.82	0.78	0.75	0.71	0.68	0.64	0.61	0.58	0.56	0.53	0.51	0.48	0.46	0.44	0.42	0.40	0.38
PV of net cash flows	5.5	5.2	4.0	7.4	2.8	2.8	2.7	2.6	2.5	2.4	2.4	2.3	(0.7)	(1.1)	(1.1)	(1.1)	(1.0)	(1.0)	(1.0)	(1.0)

6.0 Economic impact analysis

This section describes the methodology used to quantify the economic impact of the capital and operating expenditures associated with the multi-use recreational facility. KPMG utilized an input-output modelling to estimate Gross Domestic Product ("**GDP**"), labour income, and employment impact. Expenditures used in the analysis were adjusted to 2019 Canadian dollars ("**CAD**") and, thus, impacts are also presented in 2019 CAD.

6.1 APPROACH

6.1.1 Input-Output Modelling Overview

An input-output model separates the general economy into a collection of industries and commodities. Relationships within the model map the production of commodities to industries and identify the primary and intermediate commodities that would be used in the production of each final commodity. Final commodities are either used by consumers or sold as an export. The model then aggregates all of the expenditures on goods and services in the supply chain as commodities are produced.

In Canada, the most authoritative and comprehensive input-output model is provided through Statistics Canada, which maintains both national and interprovincial input-output models. As this multi-use recreational facility is being developed at a municipal level, the interprovincial model is more suitable for this Project. The premise of the model is that shocks to the Canadian economy within an input-output model show the direct, indirect, and induced impacts on GDP, identify which industries benefit the most, determine the number of jobs it would create, and estimate the indirect taxes and subsidies generated. As a result of input values being expressed as 2019 values and due to the linearity of multiplier effects, the economic impacts shown in dollar terms can be interpreted as 2019 values. Adjustments, however, must be made when interpreting employment impacts.

The estimated employment impacts are linked to average compensation per worker and the amount of time spent on a full-time position, resulting in the estimated employment impact by full-time equivalent ("**FTE**") positions. Since the input-output model was calibrated to the provincial economies in 2014, average compensation per worker assumed in the model is less than what it will is in 2019. Without adjusting for time, this would result in an overestimate of the employment impact of a new multi-use recreational facility. In order to address this issue, the employment impacts must be deflated from the input-output model between 2014 and 2019 – an approach recommended by Statistics Canada to avoid overestimating the employment impacts.

6.1.2 Types of Benefits Assessed

The construction of a new facility would have a significant economic impact in Saskatchewan. Four dimensions of quantitative economic impact are derived from the input-output model, specific to this Project:

1. **GDP or value added:** GDP or value added is the total unduplicated value of goods and services produced in the economic territory of a country or region during a given period. Value added includes household income from current productive activities (e.g. wages, salaries and unincorporated business income) as well as profits and other income earned by corporations. In the context of the economic impact analysis for this Project, GDP serves as a measure of the total economic wealth generated within Saskatchewan, and elsewhere in Canada, resulting from the one-time capital project and perpetual post-construction operations.
2. **Labour income:** Labour income represents the total earnings of employees (including the employees of suppliers) consisting of wages, salaries, and supplementary labour income (e.g. employer contributions to pension funds, employment insurance, payroll tax, worker's compensation, etc.). A significant proportion of the multi-use recreational facility's anticipated operating expenditures is allocated to salaries, wages, and benefits.
3. **Employment impact:** The employment impact is measured in terms of FTE positions from ongoing employment (i.e. employment impacts associated with annual expenditures). FTE positions are counted according to their duration and not whether they were employed on a full-time or part-time basis. In other words, two part-time employees would be counted as one FTE if the total time spent on the job adds up to one year of full-time employment. This approach is consistent with standard statistical terminology.
4. **Government revenues:** Government revenues represent national Government revenues including product and production taxes, such as sales taxes and capital taxes; property taxes and fees; and personal and corporate income tax. This analysis quantifies government revenues from those sources and for the three levels of government (i.e. municipal, provincial, and federal). It is important to note that government revenue and taxes include government income described above, plus estimated income taxes on labour income based one effective tax rates on average labour income.

6.1.3 Types of Economic Impacts Assessed

Infrastructure projects impact the economy through three primary economic mechanisms, commonly referred to as direct, indirect, and induced impact.

1. **Direct:** Direct economic impacts would represent the economic value added directly associated with the multi-use recreational facility's capital and operating expenditures (i.e. they include the employment and income of all direct employees).
2. **Indirect:** Indirect impacts represent the economic value added resulting from demand for goods and services that operating expenditures and spending generate for suppliers within Saskatchewan. For example, economic activity generated in the manufacturing, wholesale trade, transportation, and professional services sector as a result of demand for materials and services generated.
3. **Induced:** Induced economic impacts are an estimation of the economic activity stimulated by the spending of salaries and wages earned as a result of the capital and operating activities associated with the Project. An example of an induced economic impact would be household purchases made by employees of the multi-use recreational facility or its suppliers' employee(s) with their earnings. Induced economic impacts, while having a significant effect on the economy, are sometimes excluded when evaluating the economic impact of a specific Project's activities. This is due to the challenges in specifying how much of the spending would have occurred in the absence of the activities being considered. Appropriately attributing the induced impacts is further complicated by the possibility that earnings are spent in a different jurisdiction or on imported products and services. However, economic impact analyses comprised of only the direct and indirect impacts from an input-output model would underestimate the overall economic impacts. Thus, including induced impact ensures the economic activities generated through the expenditures of salaries and wages are appropriately accounted for.

6.1.4 Approach and Methodology to Capture Economic Impacts

An overview of the overall economic impact approach is outlined below:

Capital Impacts (One-Time)		Operating Impacts (Ongoing)		
Labour / Payroll	**Purchases of Goods and Services for Construction of the Facility**	**Labour / Payroll**	**Facility**	**Purchases of Goods and Services**
▪ Salaries and benefits of construction workers ▪ Salaries and benefits of professional services	▪ Purchases of supplies for design and construction ▪ Furniture, fixtures, and equipment for the facility ▪ Site preparation	▪ Salaries and benefits of facility employees	▪ Expenditures on goods and services to maintain the facility over time ▪ Sustaining capital expenditures	▪ Purchases of supplies ▪ Other ongoing expenditures

The impacts are described in terms of:

1. **Value added in terms of GDP**: The economic wealth generated in the region;
2. **Employment:** The impacts in terms of FTE jobs; and
3. **Government revenues**: Taxes incurred on income, profits, and purchases of goods and services at the municipal, provincial, and federal levels.

The model estimates the impacts across three levels:

1. **Direct Impacts:** The economic impacts resulting from expenditures by the first-line economic agents of the operations;
2. **Indirect Impacts:** The economic impacts generated by the demand for goods and services supplied to the first-line agents of the operations; and
3. **Induced Impacts:** The economic impacts generated by the spending of labour income generated via direct and indirect impacts.

6.1.5 Process

The analysis utilized the 2014 Statistics Canada input-output model to measure the impact of the capital project and operations on the Saskatchewan economy.

Two sensitivities exist in the process. First, both the employment and value-added impacts from the input-output model are linear so that any percentage increase/decrease in the value to Canadian corporations will result in an equal percentage increase/decrease to the employment and value-added results. Second, with respect to the assessment of the economic impacts of capital and operations in Saskatchewan, we have analyzed the economic impacts that would accrue in Saskatchewan. Through supply chain linkages, indirect impacts would also occur in other provinces. For clarity, impacts that would accrue outside of Canada have been excluded, as imports are considered to be leakage from the Canadian economy.

The process for running the 2014 Statistics Canada input-output model was as follows:

Figure 25: Economic impact analysis process

1 Definition of Expenditure Data	The expenditure data to be analyzed included the projected capital expenditures during the planning, design, and construction phases and the projected annual operating expenditures in Saskatchewan, based on projected post-construction data. For both capital and operational spend, 2019 dollars were used.
2 Definition of Jurisdictional Level at which to Disaggregate Expenditure Data	In order to increase the accuracy with which interprovincial trade flows and regional distributions of operations are reported, the analysis requires the expenditure data to be disaggregated to the provincial level.
3 Definition of Commodity Disaggregation Levels	The analyses uses expenditure data to be disaggregated to what Statistics Canada defines as the “W” (worksheet) level, in which over 200 commodity items are defined.
4 Collection of Data	In accordance with the defined values above, the data is then collected.
5 Adjustment of Data	Based on available data and information, the data must be adjusted. A separate data set is required for capital and operations. The adjusted data is then submitted to Statistics Canada.
6 Review of Input Matrices	Prior to Statistics Canada running the model for each of the data sets, the input matrix is reviewed.
7 Interpretation of Results	Statistics Canada then delivers the input-output model, and the results are interpreted for the business case.

6.2 ECONOMIC IMPACTS

6.2.1 Capital Expenditure

This section presents the economic impact in Saskatchewan and Canada through GDP, labour income, and employment income, as a result of the projected capital expenditures from the construction of the multi-use recreational facility in White City. It is important to note that these represent one-time economic impacts that would accrue over the course of the construction periods.

This projected capital expenditure is estimated to generate one-time impacts of $67.9 million of value added to the Canadian economy. Out of the $67.9 million, $45.8 million would be added to the Saskatchewan economy, and $22.1 million would be added to other Canadian provinces from the purchase of materials, goods, and services through the inter-provincial supply chain.[27]

The construction of the facility would also result in 584 FTE jobs, mostly in Saskatchewan (421 of 584) throughout the construction phase. It is important to note that one FTE is measured as one full-time position held for one year. Thus, one full-time person employed by the capital project over the course of the two-year construction period would count as 584 FTEs for the purpose of reporting employment impacts.[27]

Figure 26: GDP impacts from capital expenditures ($millions)[27]

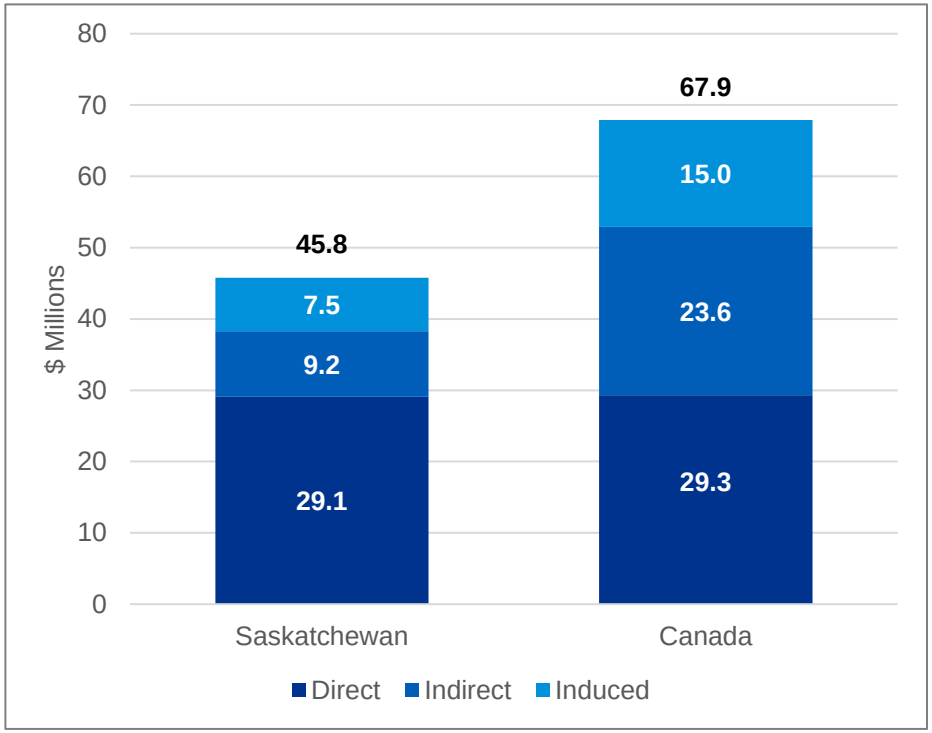
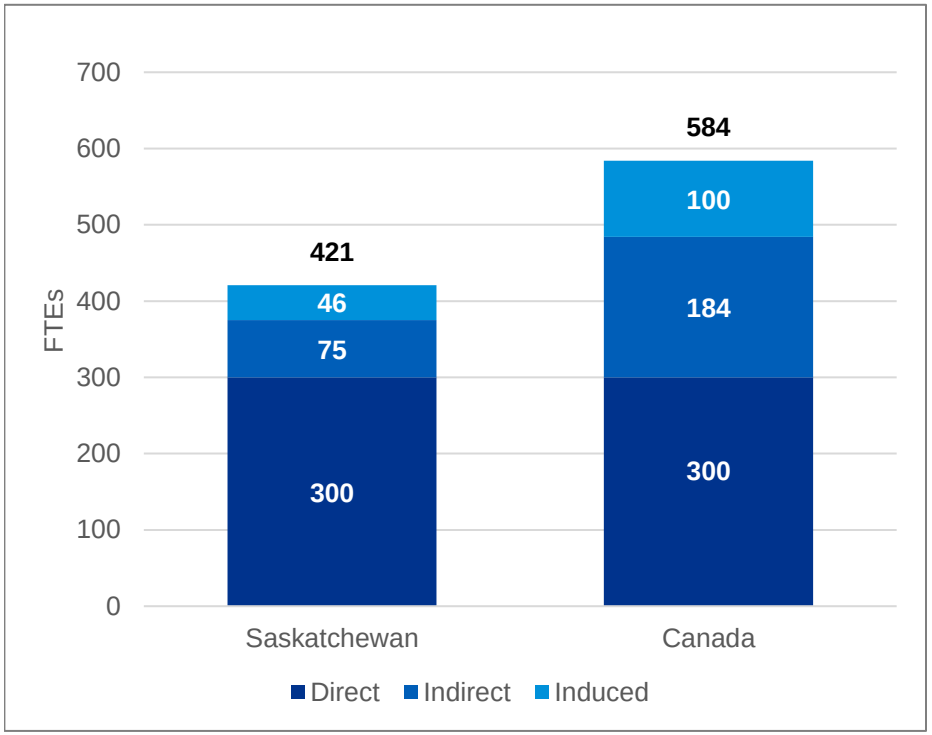


Figure 27: Employment impact from capital expenditures (FTEs)[27]



[27] Statistics Canada input-output simulation based on information and projections provided by White City. Labour income impact is a component of GDP impact.

6.2.1 Operating Expenditures

This section presents the impact in Saskatchewan and Canada on GDP, labour income, and employment income as a result of the projected ongoing operating expenditures after the construction of the multi-use recreational facility in White City.

The projected operating expenditures are estimated to generate a recurring annual impact of $1.6 million of value added to the Canadian economy. Out of the $1.6 million, a large majority ($1.3 million) would accrue within Saskatchewan as the majority of operating expenditures relate to local labour.[28]

The ongoing operations of the facility would create or sustain 26 FTE jobs, of which 24 would remain in Saskatchewan. The operating expenditures first generate direct impact, in terms of value added and employment, as well as the creation of further economic impact through the wider supply chain (i.e. indirect impacts) and the spending of wages earned by individuals for direct and indirect employment linked to operations (i.e. induced impact).[27]

Figure 28: GDP impacts from capital expenditures ($millions)[27]

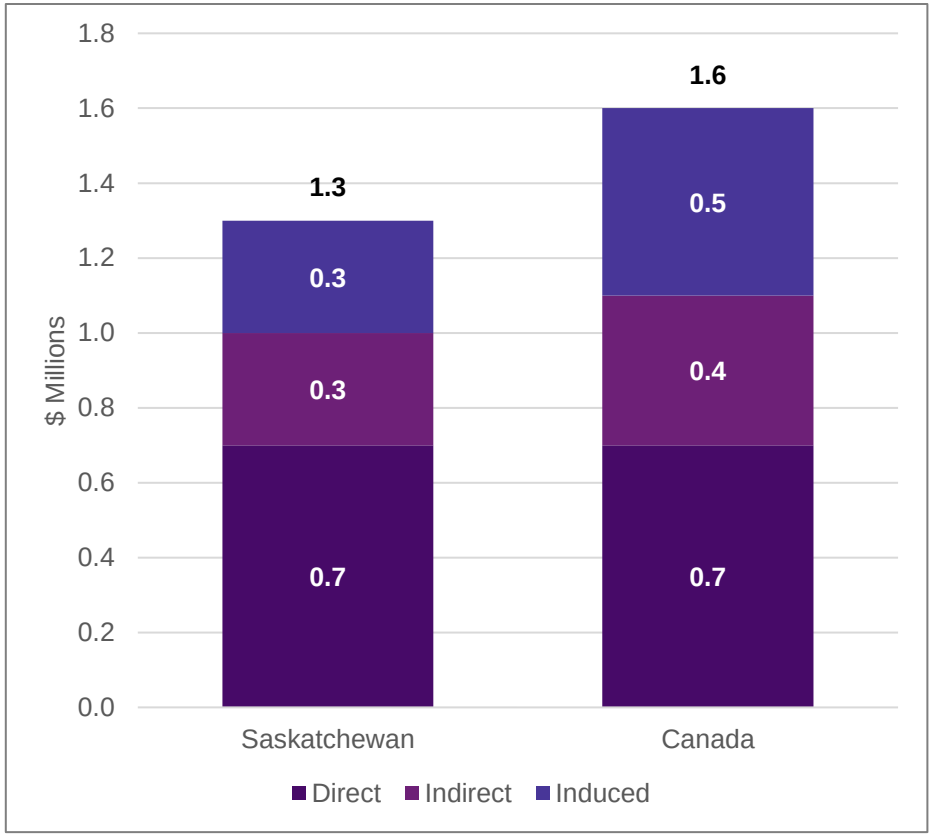
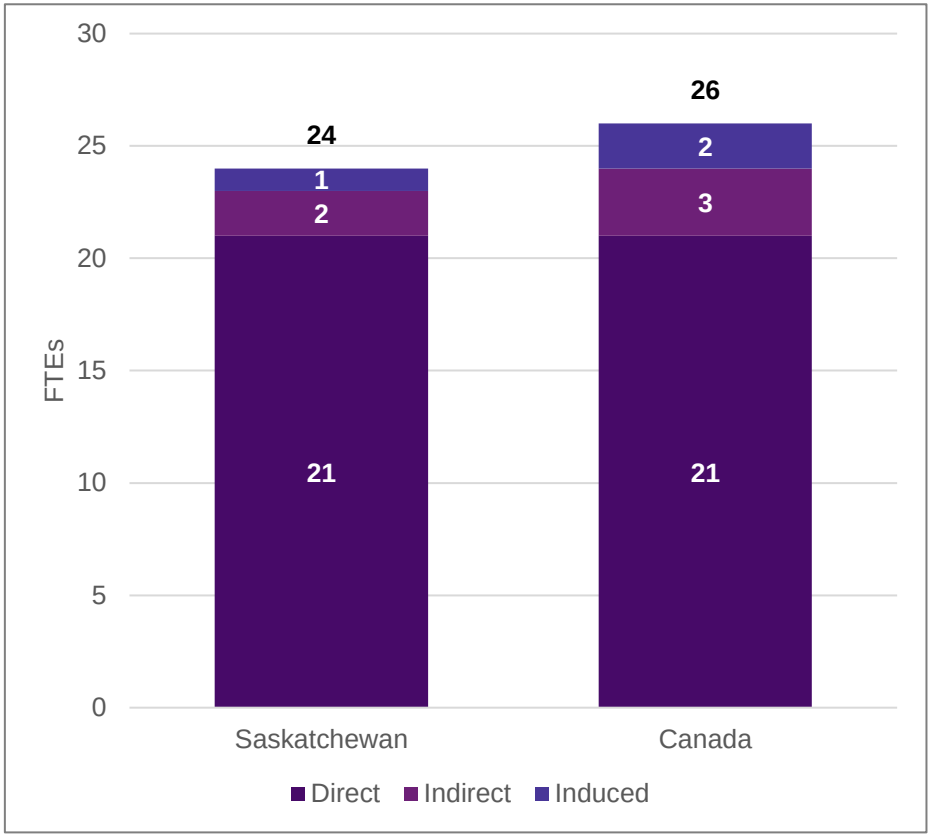


Figure 29: Employment impact from capital expenditures (FTEs)[27]



[28] Statistics Canada input-output simulation based on information and projections provided by White City. Labour income impact is a component of GDP impact.

6.4 ESTIMATED GOVERNMENT REVENUES

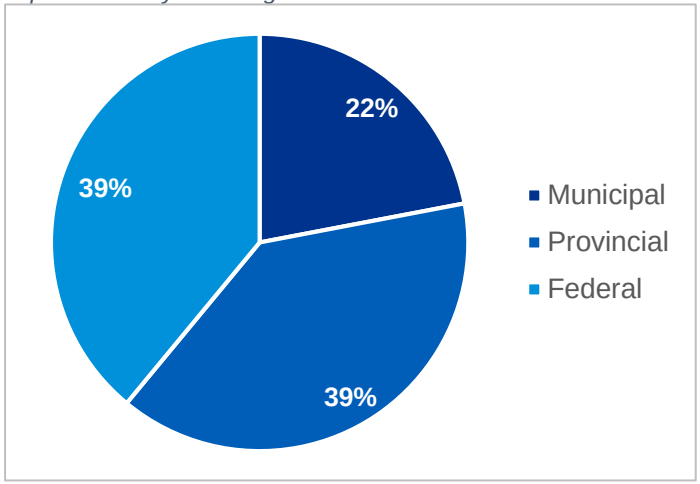
6.4.1 Capital Expenditures

The construction of the multi-use recreational facility is projected to generate direct and indirect government revenues of an estimated $8.5 million during the planning, design, and construction phases.[29] This includes:

- $2.1 million in municipal tax revenues (e.g. real property taxes, frontage fees, and other levies) collected by municipalities within Saskatchewan;
- $3.5 million in provincial tax revenues (e.g. provincial sales tax and other taxes, provincial taxes on production, motor vehicle license fees, land transfer taxes, and capital taxes) collected by the Government of Saskatchewan; and
- $2.9 million in federal tax revenues (e.g. capital taxes levied against corporate entities) collected by the Government of Canada.

An additional $1.9 million in government revenues are estimated to be generated indirectly outside of Saskatchewan. The approximate share of estimated revenues from capital expenditures, by level of government, is displayed in the figure to the right.

Figure 30: Estimated government revenues from capital expenditures by level of government[29]



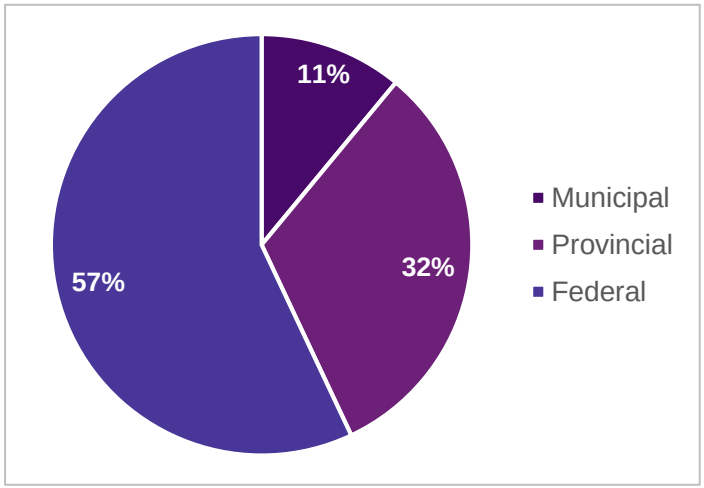
6.4.2 Operating Expenditures

The operations of the multi-use recreational facility is projected to generate direct and indirect recurring revenues estimated at $121.5 thousand on an annual basis.[29] This includes:

- $12.9 thousand in municipal tax revenues collected by municipalities within Saskatchewan;
- $38.9 thousand in provincial tax revenues collected by the Government of Saskatchewan; and
- $69.7 thousand in federal tax revenues collected by the Government of Canada.

The approximate share of estimated revenues from operations, by level of government, is displayed in the figure to the right.

Figure 31: Estimated government revenues from operating expenditures by level of government[29]



[29] Statistics Canada simulation based on information provided by White City; KPMG analysis; total dollars are rounded; income tax estimates based on effective tax rates on salaries/wages.

6.5 QUALITATIVE BENEFITS

In addition to the significant economic impacts, recreational facilities can benefit the regions in which they exist for additional reasons.

Health Benefits

Sport and recreation are well known to promote fitness, develop coordination and agility, encourage healthy lifestyle habits, and instill youth with an understanding of the importance of a nutritious diet for greater performance. The motivation to develop these habits, in all ages, can help to combat health issues, such as obesity, diabetes, and heart disease. This is particularly valuable to the Town due its unusually young demographic, consisting of larger families than the average municipality across the country. The introduction of the recreational facility would provide parents with the opportunity to instill these values in their children without sacrificing the resources (e.g. time and money) involved in commuting elsewhere for such activities.

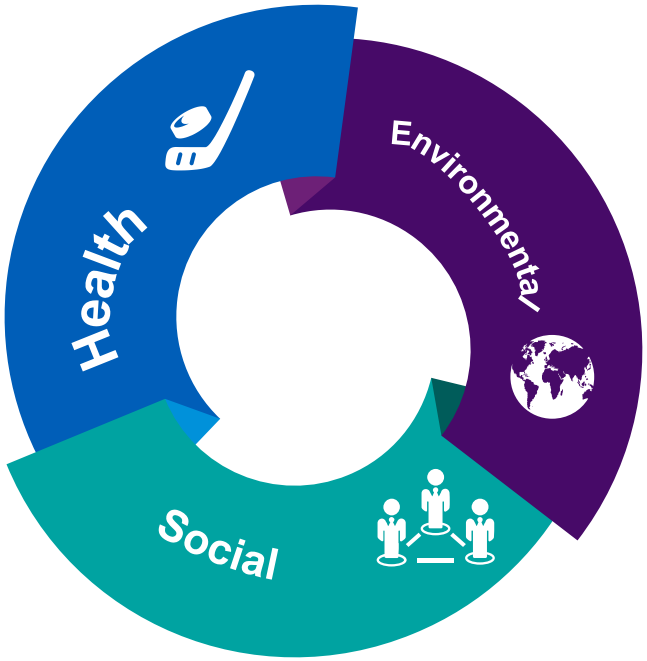
Environmental Benefits

Introducing indoor recreational options for residents of White City offers the potential to reduce the number of residents commuting elsewhere for recreational offerings, particularly for components that currently do not exist in the Town.

Social Benefits

Providing residents with opportunities to develop critical character traits, such as sportsmanship, personal accountability, teamwork, and playing by the rules, can set them up for success in and outside of the recreational facility. The community cohesion that can be fostered through sporting events and improved self-confidence can also improve the overall social fabric of White City.

Figure 32: Qualitative benefit categories



7.0 Procurement analysis and strategy

7.1 OPTIONS IDENTIFICATION

Prior to the shortlisting of six viable procurement options, provided below, a collaborative working session was held with the Town's Project team and administrators to discuss the various tradeoffs associated with common contracting and procurement options. This included procurement models that are more collaborative (e.g. construction management at risk or design-build); integrative (e.g. integrated project delivery); traditional (e.g. design-bid-build), as well as partnership models (e.g. design-build-finance-maintain).

Given the scope and complexity of the Project, KPMG undertook an analysis, in consultation with Town representatives, to determine the optimal procurement approach for Phase One of this project. It is important to note that the optimal approach for the second and third phases may differ from that of this Phase due to changes in factors, such as internal capacity, market interest, and Council values, over time. The potential options that are considered viable include:

Table 26: Identified procurement options

Option	Description
Design-bid-build ("**DBB**")	▪ Design and construction awarded to separate firms ▪ The Town would manage interface between the contracts
Design-build ("**DB**")	▪ One contract awarded to a design and construction consortium ▪ The Town would have a single construction interface
Construction management at risk ("**CM at Risk**")	▪ Contract with a construction manager to facilitate delivery of the Project based on available specifications to negotiate a guaranteed maximum price ▪ The Town would manage the interface between the design and construction firms.
Integrated project delivery ("**IPD**")	▪ The Town, constructor, designer, and potentially others, enter into one multi-party contract for design and construction
Design-build-finance-(operate)-(maintain) ("**PPP**")	▪ One contract with a private sector consortium for design, construction, financing, and potentially the long-term maintenance and renewal ▪ The Town would have a single interface for design, construction, and potentially maintenance / renewal
Lease-leaseback ("**Lease**")	▪ Ground lease with the private sector for design, construction, financing, maintenance, and renewal; the Town uses and occupies space under a headlease ▪ The Town would have a single interface for design, construction, and maintenance

7.2 ASSESSMENT CRITERIA

Each option was assessed against six criteria:

1. **Flexibility:** The extent to which each model assists the Town in managing changes to the functional and operational requirements of the Project over time, particularly as it relates to the phasing of components;
2. **Value for money:** The extent to which each model assists in maximizing the Town's value for money from implementing the Project, including:
    - Whole of life Project costs,
    - Design, construction, and other innovation,
    - Efficiency of risk allocation,
    - Access to private sector expertise in Project delivery,
    - Optimizing access to and use of capital,
    - Competitive tension, and
    - Town and external development and tender costs and resources;
3. **Budget certainty:** The extent to which each model provides the Town with certainty in the capital cost timing and amounts;
4. **Market interest:** The extent to which each model assists in maximizing market interest for the Project among suitably qualified and experienced contractors;
5. **Timing:** The extent to which each model enables the Project to be delivered by the required in-service date; and
6. **Capacity and maturity:** Availability of the appropriate knowledge, resources, and demonstrated experience, for successful delivery.

Each criteria was rated on a scale of one to three, representing the delivery option's potential to satisfy an assessment criterion's requirements:

Table 27: Delivery model ratings legend

Rating	Definition
1	The delivery model is not well aligned with the requirements
2	The delivery model is aligned with the requirements
3	The delivery model is very well aligned with the requirements

7.3 OPTIONS RANKING COMPARISON

The preliminary summary evaluation of each delivery model's potential to satisfy the assessment criteria is outlined in the table below:

Table 28: Preliminary procurement option evaluation summary

Assessment Criteria	DBB	DB	CM at Risk	IPD	PPP	Lease
Flexibility	3	2	2	3	1	1
Value for money	2	2	2	2	2	1
Budget certainty	3	1	2	1	3	2
Market interest	3	1	3	1	1	1
Timing	1	2	2	1	1	2
Capacity and maturity	3	2	1	1	1	2
Total	**15**	**10**	**12**	**9**	**9**	**9**

The preliminary analysis indicates that DBB provides the optimal mix of flexibility, budget certainty, market interest for competitive tension, and internal capacity. This delivery model would enable the Town to finalize schematic design for all components of the master plan upfront, in order to ensure building elements are capable and designed to support latter phases. It also enables the commencement of Phase One construction within a tighter timeframe, as meeting the recreational needs of residents in the near future is a priority. However, additional analysis relating to the procurement and contracting strategy, including final selection of the delivery model, would be subject to Project approval and Town Council decision making. Further, additional analysis will need be undertaken should the timeline or characteristics of the Project shift.

8.0 Risk analysis

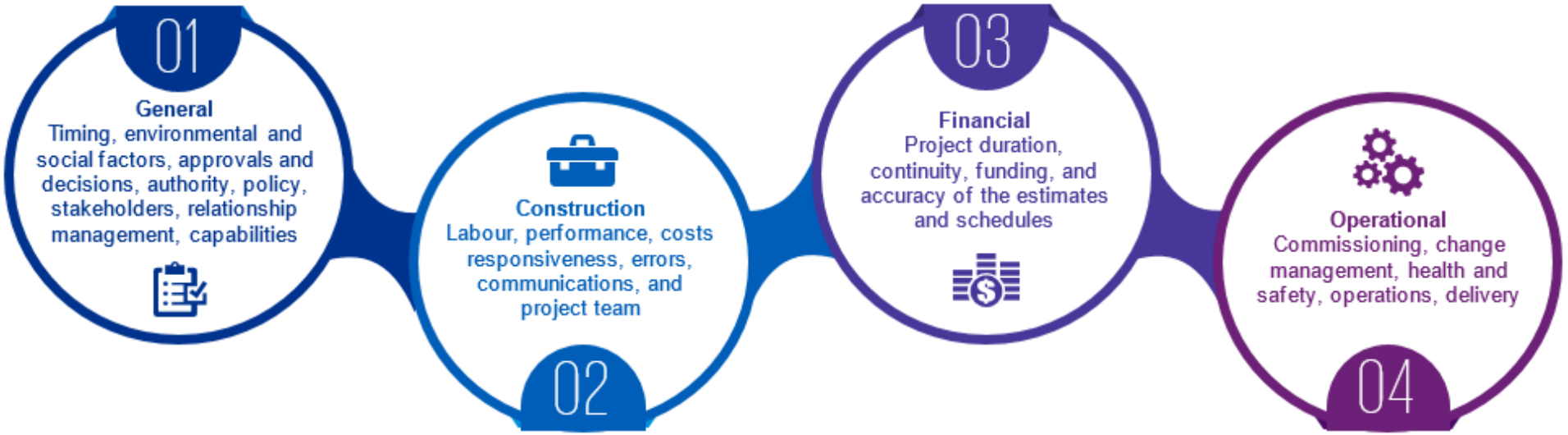
The following section outline key potential risks associated with the Project. It is anticipated that the Town will develop mitigating strategies as part of implementation planning.

8.1 APPROACH

The risks have been identified and assessed collaboratively with the Town of White City Project Team based on KPMG's understanding of the proposed Project (as informed by White City, the Feasibility Study, and external stakeholders), experience from similar projects, KPMG methodologies, and leading practice. At this preliminary stage, risks have not been allocated to a specific party or parties, as the opportunity to negotiate risk transfer as part of future procurement, financial, and operational decision making is still possible. The risks identified are applicable to all phases of the Project as currently described (i.e. not only Phase One), but it is important to note that the risks associated with subsequent phases are likely to evolve or dissipate and new risks could emerge.

The risks identified assume the Project has received approval to progress to more detailed planning and design stages. As the Project progresses, the risk analysis should be updated as decisions are made and additional information becomes available. For each identified risk, leading practice would direct White City to identify management strategies based on its identified tolerance for risk. At this stage in the Project, the risks have been grouped into four categories:

Figure 33: Risk categories



The risks were then assessed based on their likelihood of occurrence and severity of impact, each on a scale of one to five, as described in the table below. Risk identification, likelihood and severity [has been reviewed and validated by the Town Project Team, including review by Town representatives, engaged Project Management team, financial advisor, and key stakeholders prior to being presented to Town Council].

Table 29: Risk rating legend

Rating	Likelihood	Severity
1 (Very Low)	Although possible, it is extremely unlikely to materialize	The risk would have very little impact, if any, on the Project
2 (Low)	Approximately a 0-5% chance the risk will materialize	The risk would be minimally consequential to the Project
3 (Medium)	Approximately a 5-10% chance the risk will materialize	The risk has the potential to adversely affect the Project
4 (High)	Approximately a 10-25% chance the risk will materialize	The risk would adversely affect the overall Project outcome
5 (Very High)	The chance of materializing is estimated to be greater than 25%	The risk could jeopardize the continuity of the entire Project

Following the assessment of each risk, the likelihood and severity ratings are multiplied to produce a final risk score (the "**Overall Risk**"). A higher number represents greater risk to the project, as this indicates the risk has a higher likelihood of materializing and, if so, would adversely affect the Project. As the Project is still at a preliminary planning stage, the risks identified are not definitive but, rather, indicative. As the Project progresses, the ratings within the evaluation, and even the risks themselves, are likely to shift and evolve, so reassessing overall throughout the duration of the project is critical.

8.2 EVALUATION

8.2.1 General Risks

Table 30: General risks

ID	Risk	Likelihood	Severity	Overall Risk	Rationale
G1	**Change in stakeholder expectations:** The need for reprioritizing components and/or adapting existing components to meet changing demands as the population grows, user preferences evolve, demographics shift, and potential competitors enter the region	2	3	**6**	▪ Key stakeholders have identified a willingness to participate in future design activities, reducing the potential likelihood of misalignment
G2	**Decision making delays:** Issues around Project complexity, stakeholder groups, financial contributions, quality assurance, or analysis assumptions, resulting in a schedule delay	3	3	**9**	▪ Desire for acceleration of Phase One, while balancing future flexibility, will require decision making in absence of complete information, increasing likelihood and severity of delay
G3	**Change in policy and governance environment:** Given the scope of the Project and its extensive phasing timeline, changes in policies, governance, input, and direction could impact outcomes	2	4	**8**	▪ The Town retains authority for numerous components of the policy environment, including related to zoning; therefore, policy changes at other levels of government, although considered less likely, may have a significant impact on the Project
G4	**Public scrutiny:** Distortion of public perception as a result of unfavourable exposure, disagreement with component prioritization, operating model implications	2	3	**6**	▪ Key stakeholders have identified a willingness to participate in future design activities, reducing the potential likelihood of misalignment
G5	**Annexation fails to materialize:** If the annexation of the Rural Municipality of Edenwold and the Town of White City does not occur, the number of households contributing to the Project will shift, impacting its financial feasibility	4	2	**8**	▪ Annexation is assumed in the financial analysis; should annexation not occur, it is anticipated the Town would seek to reduce the severity of impact by working collaboratively across the region to define contributions and involvement in the Project

8.2.2 Construction Risks

Table 31: Construction risks

ID	Risk	Likelihood	Severity	Overall Risk	Rationale
C1	**Labour shortage or disruption:** Although unlikely for Phase One, the subsequent phases are scheduled in years far enough away that it is challenging to anticipate the fluctuations in construction work and funding in the region, and an unexpected influx could result in reduced capacity to focus on this Project	2	3	**6**	▪ Future project phases remain flexible related to schedule, reducing the potential likelihood of capacity constraints
C2	**Unavailability of materials:** The materials determined to be necessary for the construction of the components become unavailable or unfeasible over time	2	2	**4**	▪ Completing master plan design of all phases up front would identify long lead time materials and equipment, limiting potential likelihood and severity
C3	**Errors and omissions:** An error or lack of instruction in the specifications results in a required replacement, adaptation, or correction, at a cost to the Town	1	4	**4**	▪ Project approach of completing master plan design of all phases up front would limit potential likelihood; however, future changes may have a significant impact on schedule and / or cost to accommodate
C4	**Poor communication:** Inadequate policies, procedures, and/or project management professionals or activities in place to ensure frequent updates and a common understanding of status and expectations among the Town, design and construction teams, and other potential stakeholders, causing a delay or miscommunication	1	3	**3**	▪ The Town has engaged specialized project management support for the Project to date, which has supported definition of templates, processes and leading practices to limit potential likelihood
C5	**Project team instability:** A mid-Project change in Town administration, project management, design teams, construction teams, or consultants, resulting in a lack of understanding, capability, and/or capacity to move forward in the anticipated timeline	3	2	**6**	▪ The Town has limited internal capacity to support a project of this scale and complexity and, therefore, is reliant on external support, increasing the potential likelihood of this risk; however, a depth of expertise exists in the local market reducing potential impact
C6	**Health and safety concerns:** An accident or malfunction causing injury, illness, or death, due to negligence or tort, for which the Town or other stakeholders are held liable	2	3	**6**	▪ A common risk associated with construction projects, to be considered as part of procurement and contracting activities

ID	Risk	Likelihood	Severity	Overall Risk	Rationale
C7	**Change orders:** Unrealistic timelines, poorly planned scope, and/or a lack of coordination among the Project team and stakeholders, necessitating change orders, increasing capital costs, and/or delaying completion	2	4	**8**	▪ Project approach of completing master plan design of all phases up front would limit potential likelihood; however, future changes may have a significant impact on schedule and / or cost to accommodate
C8	**Unfavourable site conditions:** Unbeknownst to the Town, the selected site's subsurface is materially different from what was expected or indicated in site documentation	2	2	**4**	▪ Site conditions would be determined as part of Phase One activities for all future phases, reducing potential likelihood and severity
C9	**Limited vendor selection**: Unrealistic requirements, prohibitive expectations, a poorly written request for proposals, or a deficiency in market capacity, resulting in a lack of interest from vendors, resulting in a limited number of vendors from which to choose	4	2	**8**	▪ Undertaking the project in a phased approach may increase the likelihood of less competition on future phases, with the potential perception that the Phase One contractor has a competitive advantage due to understanding and familiarity with the Project
C10	**Inaccuracy of schedules:** The schedule set at the outlay of the Project becoming unachievable due to evolving preferences, unforeseen events, or changing circumstances	2	2	**4**	▪ A common risk associated with construction projects, to be considered as part of procurement and contracting activities

8.2.3 Financial Risks

Table 32: Financial risks

ID	Risk	Likelihood	Severity	Overall Risk	Rationale
F1	**Extended phasing duration results in a loss of interest:** The extended timeline before the second and third phases of the Master Plan begin, causing the Town or residents to commit to other projects such that the subsequent phases fail to materialize.	3	4	**12**	▪ As a rapidly growing municipality, competing priorities and growth assumptions may challenge sustained momentum, resulting in future phases being financial unfeasible
F2	**Acceleration of phasing makes operations becomes unfeasible**: Accelerating timelines to capitalize on potential partnership opportunities resulting in operations that are not yet equipped to handle additional components and, thus, creating internal challenges	3	4	**12**	▪ The Town is actively seeking collaborators and additional funding sources for future Project phases, with programs such as federal funding often requiring defined completion dates, resulting in increased operating costs or impacts due to incomplete or insufficient implementing agreements

ID	Risk	Likelihood	Severity	Overall Risk	Rationale
F3	**Overestimation of operational cost recovery**: The operating revenue and expense assumptions presented to, and accepted by, the Town are later deemed inaccurate, causing an unforeseen deficiency of revenue over expenditures, which the Town must then cover	3	5	**15**	▪ Operating revenues and expenses have been estimated based on available information and benchmarks, with assumptions at risk of change, which would directly impact the Town's ability to operate at cost recovery
F4	**Underestimation of capital cost estimates**: The capital cost assumptions presented to, and accepted by, the Town are later deemed inaccurate, causing an unforeseen increase in capital cost requirements in early stages of the Project, when the Town is most vulnerable due to the lack of operational revenues during construction	2	4	**8**	▪ Capital costs would be refined as part of initial master plan design of all phases up front, limiting potential likelihood; however, future changes may have a significant impact on cost to accommodate impacting Project feasibility and borrowing requirements
F5	**Inability to secure fundraising estimates**: An overestimation of the Town's ability to secure external contributions resulting in the Town having to cover the unanticipated difference	2	4	**8**	▪ Fundraising targets have been informed by a fundraising feasibility study, reducing potential likelihood; however, realization would require increased borrowing, impacting the financial feasibility of the Project
F6	**Construction cost escalation**: An increase in the cost of materials and/or labour, due to the extended phasing timeline, exposing subsequent phases to feasibility risk	4	2	**8**	▪ Capital estimates were prepared in 2018, with construction materials and labour costs relatively volatile, presenting a relatively high likelihood for change; which would be reviewed as part of initiation of each phase
F7	**Population growth fails to meet estimates**: The Town's population fails to grow at a rate consistent with the past decade, resulting in fewer than anticipated households contributing property taxes toward the Project	3	4	**12**	▪ Population growth estimates determined by the Town have informed this and other Town initiatives; should estimates shift, the potential timeline and financial feasibility of the Project would be impacted
F8	**Delays in significant capital sources:** Significant Project capital sources, including development levies and fundraising, are delayed or lower than the Town has estimated	3	5	**15**	▪ Should the timing be delayed, or amounts lower than estimated, the financial feasibility of the Project would be compromised.

8.2.4 Operational Risks

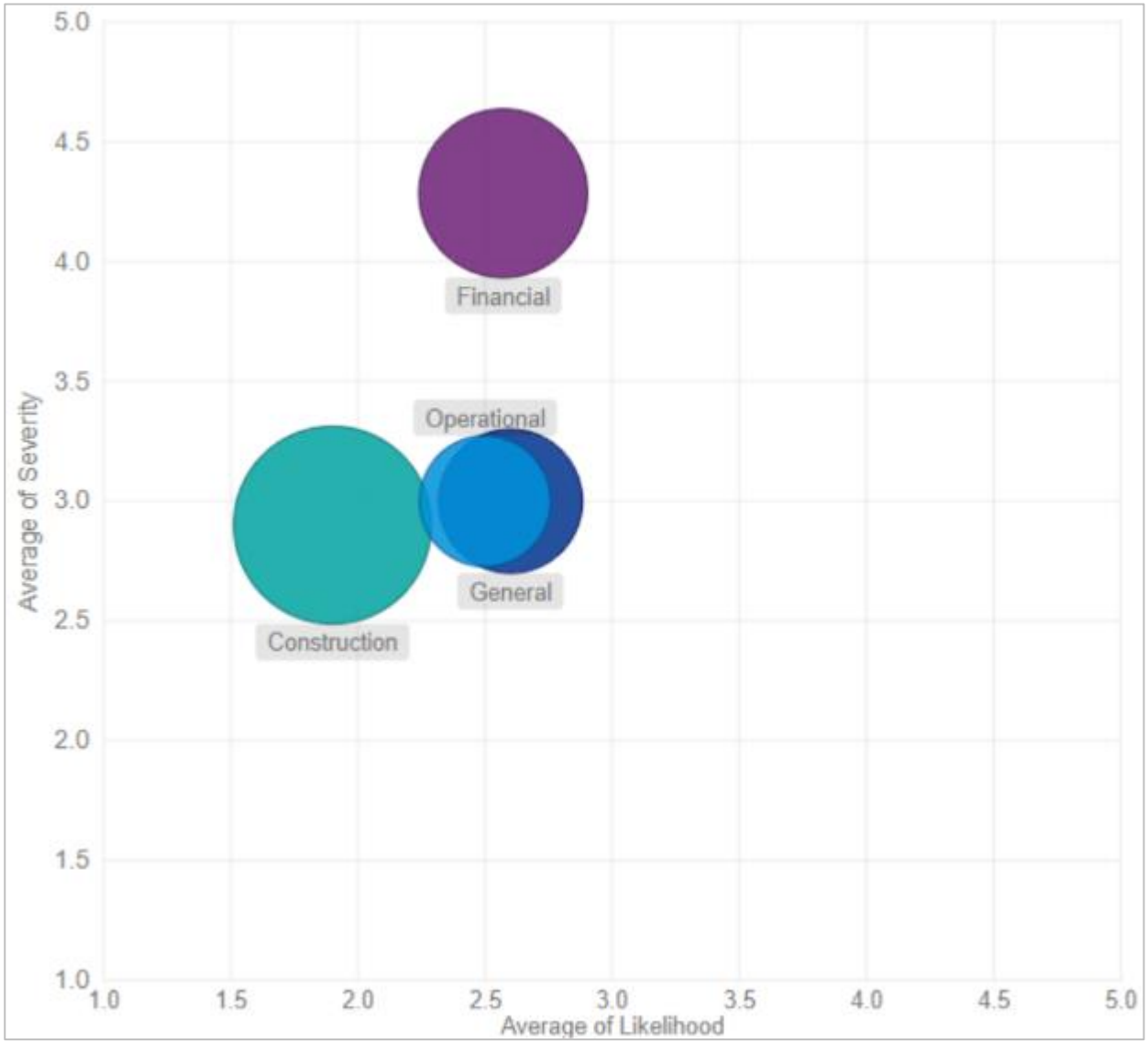
Table 33: Operational risks

ID	Risk	Likelihood	Severity	Overall Risk	Rationale
O1	**Inadequate commissioning**: Poor construction quality and/or ineffective/unsustainable materials used causing long-term maintenance cost overruns	2	4	**8**	▪ The Town has engaged specialized project management support for the Project to date, which is anticipated to limit potential likelihood through engagement of specialized external expertise
O2	**Sooner than anticipated element replacements**: Critical facility elements fail to reach their estimated useful lives, resulting in major capital renewals and replacements before reserves can be built up to sufficient levels	1	3	**3**	▪ Major elements would be assumed to have a defined warranty period reducing potential likelihood of occurrence; however, impact could result in future phases being delayed until sufficient funds are available
O3	**Introduction of a competing facility**: A competing facility that offers similar amenities opens, in close proximity to the proposed multi-use recreational facility, reducing the anticipated utilization and, therefore, revenues	4	3	**12**	▪ Financial feasibility assumes high utilization of the facility; competing facilities could potentially reduce utilization and result in greater pressure in achieving revenue assumptions
O4	**Unforeseen increases in utility costs:** Due to political, environmental, or geological changes, the cost of utilities increases at a rate faster than anticipated	3	2	**6**	▪ Increased utility costs would be anticipated to impact the Town across its asset base, requiring a strategy to address implications that contemplates the Town's portfolio, limiting potential impact to the recreation facility

8.3 SUMMARY

The table below visualizes the risks by category within the risk matrix:

Figure 34: Risk likelihood and severity by category



The Project possesses low to moderate risk at this early planning stage. The category with the highest average overall risk to the Project is Financial, primarily due to the severity of the impacts; while the lowest risk is found in the Construction category, as it is still possible to transfer risk where appropriate.

Table 34: Average rating by risk category

Category	Likelihood	Severity	Overall Risk
General	2.6	3.0	**7.4**
Construction	2.1	2.7	**5.3**
Financial	2.9	4.0	**11.3**
Operational	2.5	3.0	**7.3**
Overall Average	***2.5***	***3.2***	***7.8***

Appendices

A. Feasibility Study

B. Fundraising Feasibility Study

C. Summary of KPMG Scope of Work

D. Sources of Information

E. Financial Analysis of All Phases

Appendix C - KPMG Scope of Work

The Town of White City ("**White City**" or the "**Town**") engaged KPMG LLP ("**KPMG**") in June 2019 to prepare a business case associated with a potential future multi-use recreation development (the "**Project**").

Objectives of the business case, as defined by the Town include:

- Elaborate on the financial operating model that was developed in the feasibility study;
- Provide options for the organizational design and governance model;
- Confirm what strategic partnerships may exist and how they may be leveraged;
- Analyze what options exist for delivering the construction project. This could include traditional design/bid/build, design/build, construction management, design/build/operate, etc.;
- Work with the Town's consultant to further develop the net present value financial model that was developed in the feasibility study;
- Work with sponsorship and fundraising consultants that will be procured directly by the Town to assist them with their feasibility work and to incorporate their work into the business case;
- Develop an economic impact analysis to confirm the potential economic impact on the Town and surrounding area;
- Fully develop a business case that will be presented to Council for a decision to proceed with a project and, if so, under what delivery model; and
- Allow the Client to continue to work with the Proponent to update the business case and provide business assurance during future management stages of the project.[30]

In performing our procedures, we acted as facilitators to assist the Town in reaching decisions about strategies. The decisions about the Town's strategies will be made by the Town and ultimate responsibility for those decisions will remain with the Town. In gathering information during interviews, it was agreed upon that KPMG would rely solely on information provided by the individuals being interviewed and we would not independently verify the information; nor would we express an opinion as to the accuracy or completeness of the information obtained. Our analysis and advice is intended exclusively for the internal use of the Town's Council and Senior Management and is not to be edited, distributed, published, or relied upon by any other person.

As part of the development of this business case, KPMG held three working sessions with the Town's Project Team to collaboratively identify a suitable approach and validate assumptions. The working sessions included one for governance and operations, a second for procurement, and a third for the financial inputs and analysis. Additionally, KPMG held stakeholder engagement discussions with representatives from key external stakeholder groups, identified by the Town, in September 2019. These groups were: Prairie Valley School Division, Pilot Butte, the Town of Balgonie, City of Regina, and the Rural Municipality of Edenwold.

[30] Town of White City. Request for Proposal: Multi Use Recreational Facility Business Case: Consulting Services. May 2019.

Appendix D – Sources of Information

This section describes the main sources of information that were used for the purposes of this business case.

- **Operating revenues, expenditures, and capital costs:** These were primarily sourced from the Feasibility Study by aodbt architecture and interior design, commissioned by the Town in 2018/19. However, minor refinements were made to the estimates, including higher contingencies on capital costs, the addition of vacancy rates for rentals, more specific estimated salaries, and the addition of employer costs (e.g., CPP, EI, etc.). The assumptions relating to phasing and timing were determined and agreed upon in several working sessions with the Town's Project team, financial consultant, and contracted project managers. These working sessions included procurement, financials, and governance and operations. One significant difference in the capital costs can be found in the cost estimates for planning / design and the contingencies.
  - **Planning / Design:** The Feasibility Study estimated planning / design (referred to as *Design, Engineering, Consultant, and Management Fees*) as the following: $1.2M for Arena One, $0.8M for Arena Two, $1.5M for the full-sized Fieldhouse, $1.1M for the Gyms / Library / Childcare, and $1.2M for the Aquatics Centre. However, between the time of the Feasibility Study's completion and KPMG's engagement for the business case, the Town contracted Midgard PM for project management services. Based on Midgard PM's experience, several costs were added to the overall cost of design, including LEED certification costs, Construction Management fees, training / staff development, project management, geotechnical, oversight, disbursements and expenses, etc. In total, these planning / design costs were estimated at $7.5M for the three components in Phase One (Arena One, Arena Two, and the Fieldhouse) versus $3.5M in the Feasibility Study.
  - **Contingencies:** The Feasibility Study calculated the construction contingency as 5.0% of the construction cost subtotal, including site work, whereas the financial analysis in this business case used a 7.5% contingency. Further, the Feasibility Study calculated the design contingency as 5.0% of the construction cost subtotal, including site work, whereas the financial analysis in this business case used a 15.0% contingency.
- **Capital sources of cash:** The Town anticipates that it will collect $49.0M for recreation in the form of a development levy, of which $3.0-5.0M is estimated to be collected in 2020. The property tax was suggested by the Town at $150 per household, and the household growth aligns with the numbers estimated in the population growth estimates from the Future Growth Study, described below. The Fundraising amount was sourced from the Fundraising Feasibility Study, which was performed in 2019, by DCG Philanthropic Services Inc.
- **Population growth estimates:** These were sourced from a Future Growth Study prepared for the Town, in May 2018, by Crosby Hanna & Associates, a landscape architecture and community planning firm. This study provides specific growth estimates by year, which informed the population growth rates in the Business Need section as well as the property tax revenue assumptions for the Financial Analysis section, as the property tax revenue would grow in alignment with the growth in households.
- **Town strategy:** In order to determine the degree of strategic alignment that exists between this Project and the Town's overall mission and objectives, the Town's 2017-2022 Strategic Plan was primarily used to inform this analysis.
- **Demand for more recreational options:** The need for more recreational options that was expressed by the Town's residents was found in the results of a survey that was commissioned by the Town and performed by NRG Research Group in March / April of 2018, as well as a Parks and Recreation Planning Survey performed in 2016/17 by the Town's Department of Parks, Recreation, and Culture.

Appendix E – Financial Analysis of All Phases

Based on the current projected timeline for Phases Two and Three, reserving development levy contributions could fund the majority of capital costs, resulting in projected additional financing of nearly $11.0 million. Annual debt service payments associated with the additional financing is estimated to be approximately $600,000 beginning in 2032, with potential for significant variability in rates between 2019 and lending to occur in 2030.

Table A135: Phase 2 and 3 capital sources and uses ($millions) by year

	2026	2027	2028	2029	2030	2031	2032	Total
Sources								
Development levy reserve	13.6	3.1	-	-	-	-	-	***16.7***
Development levy	-	-	4.8	4.9	5.0	5.1	-	***19.8***
Required financing	-	-	-	-	1.9	4.6	4.7	***11.1***
Total sources	***13.7***	***3.1***	***4.8***	***4.9***	***6.9***	***9.7***	***4.8***	***47.8***
Uses								
Phase Two	1.7	8.1	8.5	4.2				***22.4***
Phase Three				1.8	9.1	9.7	4.7	***25.3***
Total sources	***1.7***	***8.1***	***8.5***	***6.0***	***9.1***	***9.7***	***4.8***	***47.8***

Based on population growth estimates, debt service costs could be funded through growth in the tax base, and operating revenue generated by the facility.

Table A236: Phase 2 and 3 debt service ($millions) by year

	2026	2027	2028	2029	2030	2031	2032
Incremental increase in tax levy	-	0.02	0.04	0.06	0.07	0.09	0.10
Operating income	-	0.10	0.10	0.20	0.40	0.40	0.90
Total incremental revenue	***-***	***0.12***	***0.12***	***0.26***	***0.47***	***0.49***	***1.00***
Debt service payments	***-***	***-***	***-***	***-***	***0.10***	***0.35***	***0.61***

*The confidential report ("**Report**") prepared by KPMG LLP ("**KPMG**") is provided to the Town of White City ("**White City**") and pursuant to the consulting service agreement with White City dated June 24, 2019, for an independent business case for a new multi-use recreational facility.*

If this Report is received by anyone other than White City, the recipient is placed on notice that the attached Report has been prepared solely for White City for its own internal use, and this Report and its contents may not be shared with or disclosed to anyone by the recipient without the express written consent of KPMG and White City. KPMG does not accept any liability or responsibility to any third party who may use or place reliance on the Report. The scope was limited to the preparation of an independent study. The intention of the Report is to outline a business case and identify potential opportunities and options for consideration by White City.

The analysis was primarily based on data and information developed and provided by White City, the contracted fundraising feasibility study provider, and other sources. We express no opinion or any form of assurance on potential impacts and costs that White City may realize should it decide to implement the options and considerations contained within this Report. White City is responsible for the decisions to implement any options and their impact.

The procedures we performed do not constitute an audit, examination or review in accordance with standards established by the Chartered Professional Accountants of Canada, and we have not otherwise verified the information we obtained or presented in this Report. We express no opinion or any form of assurance on the information presented in the Report and make no representations concerning its accuracy or completeness.

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