

March 22, 2024

Sports Centre of Excellence

Introduction

The Edmonton EXPO Centre stands as a vital cornerstone of our city's event infrastructure, serving as a premier destination for major events, tradeshow, and exhibitions. With its strategic location, state-of-the-art facilities, and expansive capacity, the EXPO Centre has consistently contributed to the economic prosperity and cultural vibrancy of Edmonton.

In 2021, three provincial sport organizations (PSOs), Athletics Alberta, Alberta Basketball Association and Volleyball Alberta, presented the idea of the EXPO Centre for Sport Excellence to City Council who directed Administration to fund the development of a business case to assess the opportunity, determine the viability and what would be required to convert the halls if initiated.

The three PSOs came together with the EXPO Centre team at Explore Edmonton in 2021 to initiate the development of a business case which was completed in early 2022. It proposed converting halls A and C to sport halls noting that it would support the following objectives:

- To support increased event hosting, largely provincial and national levels, in the city by providing each sport with a more consistent venue in which to offer sport programming and event hosting;
- Create a northside hub for sport that could mirror the success of the Saville Community Sport Centre;
- Allow the three PSOs to grow and develop players and coaches while still helping to meet the recreational needs of Edmontonians; and
- Improve the utilization of the EXPO Centre.

The business case acknowledged that existing trade shows, exhibitions, concerts and other entertainment events at the EXPO Centre would remain a priority, however, the sports programming would enhance the use of EXPO's space. An operational model was included that proposed revenues would largely be driven by event hosting and training and league rentals. It concluded that there was solid evidence of the revenue impact potential of sport while still allowing the EXPO Centre to secure trade shows, exhibitions and other events, primarily in Hall C (proposed athletics hall). It noted this was not an either/or proposition but one whereby sport could fill significant capacity and foot traffic while also

allowing EXPO to continue to collaborate with partners to find additional events to further generate revenue and provide entertainment opportunities for Edmontonians and visitors.

The estimated cost provided in 2021 as part of the business case to convert the two halls was just under \$20 million which included a 25 per cent contingency. Sport amenities provided would support the three sports, including upgraded floor surfaces, a 200-metre track, both volleyball and basketball courts and other athletics amenities.

During the work on the business case, Explore Edmonton also proposed adding upgrades to Hall D into the project which brought the estimated cost to \$30 million.

The operational model proposed in the business case was tested during Covid with sport infrastructure added into one of the Halls at the EXPO Centre. This test did not demonstrate sufficient demand.

Current Status

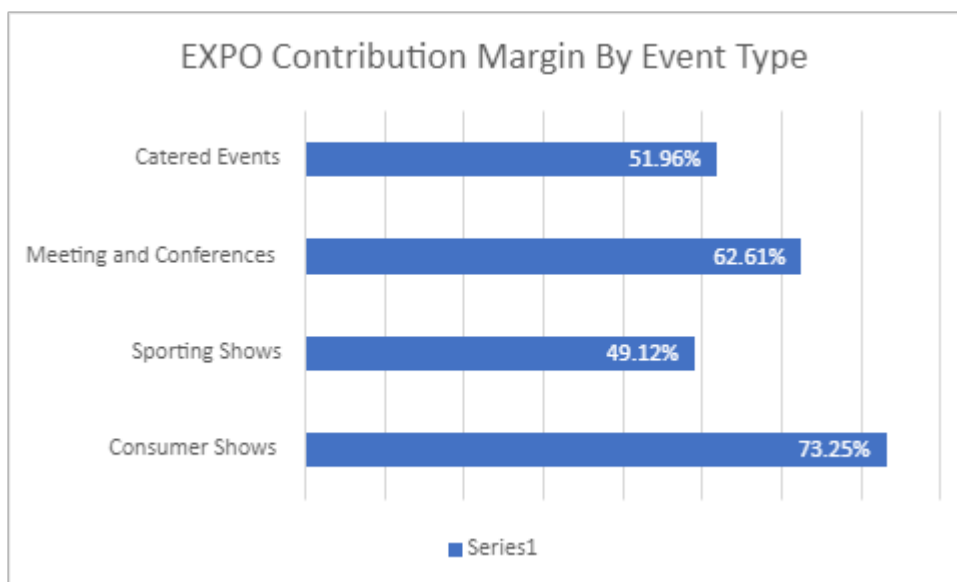
Like many other venues, the COVID-19 pandemic had a significant impact on the operations of the EXPO Centre with events being canceled or postponed in 2020 and 2021. As part of efforts to assess the opportunity, one hall in EXPO Centre was converted to a basketball, Volleyball and Athletics venue. However, the courts sat vacant for large periods of time and revenues generated were not sufficient to cover the costs associated with the conversion.

Explore Edmonton has on numerous occasions attempted to accommodate amateur sport activities within select spaces. This work has demonstrated that the operational model proposed in the business case is not feasible due to the requirement for consistent sport program space without interruption of events. Through this work the team at the Expo Centre has recommended that the EXPO Centre pursue its primary function as an event centre, including hosting sporting events, rather than regularly scheduled sport programming. Pursuing amateur sports programming has been demonstrated to be incompatible since sports groups require long term consistent space to deliver programs.

Revenue Generation

One of the primary reasons to maintain the Edmonton EXPO Centre as a major event and tradeshow space is the significant revenue it generates and the economic and social benefits it provides for the city. The revenue derived from hosting events and tradeshow at

the EXPO Centre far surpasses the potential rental fees that could be obtained from sport groups utilizing the space for sports activities such as training. The diverse range of events hosted at the EXPO Centre attracts large crowds, exhibitors, and sponsors, resulting in substantial economic spin-offs for local businesses and the community. Events generate revenues and contribution margin that contribute to the sustainable operation of the EXPO Centre.



Demand and Utilization

Furthermore, as one of the largest exposition spaces in western Canada, the demand for the EXPO Centre as a venue for tradeshow and events is consistently growing post pandemic, with all hall spaces frequently booked throughout the year. Converting any of the halls into amateur sport spaces or community recreation areas would significantly reduce the available space for events, thereby limiting the EXPO Centre's capacity to fulfill its primary purpose as a premier event destination. This limitation would not only impact the revenue generated but also diminish Edmonton's attractiveness as a host city for major events and exhibitions who may be looking to utilize the whole building for their events. In order to maximize opportunities as an events centre, accommodating permanent tenants in the halls is not viable, as the costs to convert halls from a sports hall to an events space is not sustainable.

Risk Assessment

Another critical consideration is the EXPO Centre's role as an evacuation center during wildfire seasons in the spring and summer months. The availability of the EXPO Centre as a safe refuge for evacuees is paramount for public safety and emergency response efforts. Any permanent modifications to the EXPO Centre that compromise its capacity to serve as an evacuation center while balancing event requirements would pose a significant risk to emergency management capabilities.

Priority Investment

In terms of maximizing revenue generation at the EXPO Centre, it is recommended that priority investment be directed towards upgrading the Flair Airlines Hangar (Hall D) – should funds be available to do so. Explore Edmonton engaged with ACI Architecture, Delnor Construction and Engspire to develop a plan and cost for the improvements to the Flair Airlines Hangar (Hall D) with a resulting estimate of approximately \$10 million as outlined in the EXPO Centre for Sports Excellence Business Case. This strategic investment would capitalize on the existing infrastructure while diversifying revenue streams and expanding the EXPO Centre's market reach.

The Hangar is an important mid-sized arena that complements the mix of Edmonton's arena inventory. There are approximately 30 arenas of similar capacity and size across Canada, 18 of which have a permanent junior hockey league permanent. Rights holders for many sporting events often seek out such mid-sized arenas not only to help manage operational costs of delivery, but also to provide a more captivating and intimate space for their event. Having an upgraded mid-sized arena in a major city to go alongside the amenities Edmonton already offers and the flexibility of other spaces within the EXPO Centre make this a compelling space for event rights holders. Over the last few years Explore Edmonton has continued to make priority investments into sport infrastructure which not only support the CEBL's Edmonton Stingers but also supported the city's event attraction efforts leading to Edmonton hosting FIBA Men's and Women's Olympic Basketball qualifying tournaments and international level volleyball tournaments. More recently these same assets were leveraged when the Flair Airlines Hanger hosted the Metro League High School Basketball City Championships for boys and girls at various levels.

Proposed upgrades to the Hangar including installing an ice plant and creating hospitality suites, would enhance the versatility and attractiveness of the space for hosting various events, including sports tournaments, concerts, and conventions. EXPO Centre has successfully hosted ice events in the Hangar in recent years but, with the notable exception of Disney on Ice, the cost for the temporary ice plant has been insurmountable and potentially unreliable to event organizers. Sporting events and partnerships can be more easily sought and secured by adding a permanent ice plant with events like regional, national, and international level figure skating, ringette, hockey, and curling as well as the possibility of partnering with Concordia University to be the home of the Thunder varsity hockey program. Specific examples of event opportunities that Edmonton cannot currently attract without significant mid-sized arena upgrades, most notably a permanent ice plant, include but are not limited to:

- IIHF Women’s World Ice Hockey Championships (\$20M total economic impact)
- World Women’s Curling Championships (\$7M total economic impact)
- Curling Canada’s Scottie’s Tournament of Hearts (\$1.7M total economic impact)
- Ringette Canada’s annual National Team Camps (\$144K total economic impact)

Earlier this year, the Professional Women’s Hockey League lunched its inaugural season, featuring six teams from eastern Canadian and U.S. cities. There is strong speculation that the league will eventually expand out west with fans voting Edmonton as their second choice for a franchise, only behind Vancouver. The demand exists and Edmonton needs to be ready. These opportunities support Explore Edmonton’s focus on attracting women’s sport events, which capitalizes on the massive economic opportunity this emerging market segment presents. This approach also aligns with the City of Edmonton’s commitment to Gender-based Analysis Plus, ensuring that gender and other diversity characteristics are considered in policies and programs that affect citizens.

Investing in constructing suites overlooking the Flair Airlines Hangar also opens this arena to a variety of hosting opportunities and premium viewing experiences for sporting events and concerts in the Hangar. This strategic investment would capitalize on the existing infrastructure while diversifying revenue streams and expanding the EXPO Centre's market reach. This investment has the potential to achieve some of the same outcomes that the business case mentions, i.e. increased economic impact, visitation to the facility and surrounding neighbourhood, utilization of the facility, and support the Live Active Strategy. As part of the 2023 - 2026 budget discussion the project was considered as part of the capital budget process, however it was not prioritized in Administration’s process.

Conclusion

In the last two years the events business at the EXPO Centre has largely rebounded to pre-pandemic levels. The EXPO team has revisited the business case to convert halls A and C to sports halls and has concluded that the conversion is no longer compatible with operations for financial and/or logistical reasons. In conclusion, maintaining the Edmonton EXPO Centre as a major event and tradeshow space is crucial for sustaining its economic viability, preserving its role as a premier event destination, and safeguarding its function as an emergency evacuation center. Converting EXPO Centre halls into sport spaces or community recreation areas would be misaligned with the mandate undermining its primary purpose and impair its revenue-generating potential. Therefore, it is imperative that any future decisions regarding the EXPO Centre prioritize its continued operation as a hub for events, including sporting events, tradeshows, and exhibitions, with strategic investments aimed at enhancing its capabilities and competitiveness in the market. This approach can still deliver the economic impacts contemplated in the business case.