

Governance

Due to the often complex nature of ownership, operation and use of large sports and/or entertainment facilities, effective governance is a major requirement for success.

With the support of external consultants and contacts in other North American jurisdictions, City Administration has studied a variety of governance models for such facilities. A governance model that utilizes a third party foundation is one that City Administration believes could work well in Edmonton for a downtown sports and entertainment facility, owned by the City.

A foundation would provide oversight to oversee the operations and management of the facility, including renovations and upgrades, but would be distinct from the party responsible for the day to day physical operation and management. A foundation would be a third party not-for-profit organization lead by an appointed board with the professional, technical and management experience necessary to provide an oversight function.

A significant benefit of a foundation (similar to the concept of Sports Authorities used in a number of jurisdictions in the United States), is that they can provide much broader benefits than just related to the facility itself. As provided by Mark Rosentraub and Daniel Mason, these benefits can be in areas such as partnerships, political and financial/administrative:

Partnerships – There are two sets of partnerships that foundations or sports authorities are used to encourage, foster and sustain. First, there are those between the units of government involved in the project. This could include the city and the province. Second, the authority is responsible for managing the on-going partnership between the public sector and the professional team that is the primary tenant in the facility.

Political – The responsibility of the authority is to protect the public interest through a secure partnership with the team that permits each to maximize the anticipated economic returns within a predictable and responsive environment. A foundation can provide a more predictable environment than a local Council subject to numerous elections over the life of the facility.

Financial/Administrative – A foundation or sports authority is generally responsible for insuring that a facility is appropriately maintained even if the team is given operational control of the facility. The foundation's oversight of maintenance ensures that the public's interest in the facility is protected and counter balances any fiscal incentives for the team to postpone needed maintenance. The foundation would also ensure that a plan is developed and appropriately funded to deal with long-term capital issues (e.g. structural issues, roof replacement, scoreboard replacement, ice plant, etc...).

Within their broader mandates, these organizations can also have specific community benefit mandates (see Community Benefits section for more detail), such as the support of amateur sport. Additionally, related to their potential financial function, the use of a separate company can serve as a mechanism to collect and apportion additional funds to support the facility. For example, a foundation could be structured to support capital costs or operating commitments without specifically burdening the facility owner or operator.

As mentioned previously, foundations or sports authorities are in place in a number of jurisdictions. Most notably perhaps for Edmonton's consideration, is the Saddledome Foundation in Calgary, which has been operating since 1982. The publicly stated mission of the Saddledome Foundation is to: act as landlord of the Saddledome, representing the City of Calgary, as owner, ensuring that the facility is maintained to a high quality standard and available for all citizens to enjoy professional and amateur sporting events, concerts and other events of interest to the community. In this situation, the Calgary Flames are the major tenant and operating manager of the arena facility. The City of Calgary appoints three of nine board members and provides technical and liaison representatives to the Foundation.

Other examples of the use of foundations/sports authorities can be found in:

- Cleveland, Ohio – Gateway Economic Redevelopment Corporation
- Indianapolis, Indiana – Capital Improvements Board
- Tampa, Florida – Tampa Sports Authority
- Houston, Texas – Harris County and Houston Sports Authority
- New Jersey – New Jersey Sports and Exposition Authority
- Illinois – Illinois Sports Facility Authority
- Pittsburgh, Pennsylvania – Sports and Exhibition Authority of Pittsburgh and Allegheny County

In summary, foundations or sports authorities have been created to manage the partnerships that make the long-term operation of a facility and the working relationship between a team and its community a success.