

ATTACHMENT A - EXECUTIVE SUMMARY

The following Executive Summary contains key issues for the LVEC project that are detailed in the full report contained in Attachment B.

General Observation

The Business Plan – Draft includes several assumptions, few hard cost or revenue figures (quotes or actual cost data), no supporting LVEC specific studies or third-party proposals. The dollar figures presented in the study are mostly extrapolated from other cities and may not apply to Kingston.

Kingston is a relatively isolated community; about three hours drive from a major population center. Its attraction power is much less than Oshawa, Sarnia and London which are widely referenced in the Business Plan – Draft and close to other major cities.

There are no perspectives or artist renderings to demonstrate to the public what the LVEC will look like or its compatibility with existing infrastructure. No environmental assessment of the impact of the project has been made public. Since most of the events occur in fall and winter months the choice of a waterfront location with dispersed parking is poor. It is difficult to envision how the LVEC will increase tourism.

The Business Plan- Draft is not specific enough in its analysis to make a case for the LVEC since no marketing studies or surveys of the Kingston applicability have been performed. In fact without surveys and mathematical sampling the conclusions contained in the report are misleading if not false. Any statement that the LVEC will draw high caliber events without sampling and market survey is a significant assumption for an isolated market like Kingston.

The fact that Mr. Gedge was involved in Oshawa (not yet built), Sarnia and London (loss of \$ 3.7 million per year) casts doubt on whether he can offer subjective advice. The Whig Standard article on Saturday April 16, 2005 presented a better and more objective viewpoint than the Business Plan – Draft, exclusive of a recommendation for Kingston.

Site Specific Issues

It is noted that there is no factual justification for the selected site. The plan clearly states that the site has been pre-selected. However, on page 16 it is stated that the “Task Force has analyzed the various site alternatives and the Inner Harbour stood out when compared with other sites”. This conclusion had no supporting references such as engineering analysis, cost comparisons or any other elements of an analysis usually used when comparing and selecting sites. The only reference in the Task Force Report for the preferred location is “that it is the most exciting site”. This ignores items such as traffic and transportation, social & economic environments, cultural, natural environment and cost criteria. These criteria are presently being used by the engineering firm of Morrison Hershfield in their assessment of the Wellington St. extension alternatives.

Statements in the Report like “marina and park will be enhanced” appear as lacking substance, since there is no plan and no allocation of funds.

Statements about “synergy” flowing over to Downtown are not justified: There will be a 300 seat restaurant and other franchises located in the LVEC, which will compete with restaurant and bar businesses downtown. There is a contradiction between Item 1.2. “Kingston Downtown is active”, and item 3.1. “LVEC will help revitalize the city core”.

Some performances and other events planned for the LVEC will take place during the day. Will there be sufficient day parking for such events?

The statement that the LVEC will contribute to the development of the Inner Harbour does not appear to be justified. The Inner Harbour is an active residential community, with a very active marine business and marina, a nursing home and a senior’s apartment tower. In regards to the Douglas R. Fluhrer Park, little space remains net of street allowance

The commentary on possibly losing the OHL franchise is totally unsubstantiated and is possibly based on the economic interests of the franchise who obviously want something better than the Memorial Centre. In addition it should be noted that in London the team improved, and since the new John Labatt Centre was built the team has earned the OHL record for consecutive games won.

Cost Issues

Some important items presented in the Business Plan have no cost estimates and appear to have been omitted from the total cost estimate such as.

- Acquisition of land and relocation of the Marina;
- New utility connection fees and relocation of existing utilities (may be hidden in the cost estimates but no level of detail provided);
- A 300-car parking lot located at the North side of LVEC;
- Enhanced park and marina mentioned in the study; and
- Wellington St. presently has 2 lanes. Large trucks presently use several maneuvers to turn on the existing street. The street needs to be enlarged even if only to accommodate the construction.

The OHL fans represent 81.5 % of the events and are typically not overnight guests, will not or cannot due to their age support bars and restaurants in the area, and do not typically have large disposable incomes to support Club Seats or Private Suites.

Costs are not supported and risks have not been properly evaluated. It is naïve to think that the P3 contractors will not have risk coverage included in their prices and the transfer of risk cited in the Business Plan - Draft is in reality a diversion of risk.

Cost estimates cite no references for the basis of estimates on a line item basis nor have budgetary quotations been received from P3 contractors.

Financing Sources

Standby financing provisions for project extras and discretionary additions during design and construction have not been included.

Financing sources are overly optimistic, do not have any supporting documentation associated with them, are best case assumptions without any description of the contingencies. Grants are assumed without any preliminary discussions on their availability, or applicability in the case of COMRIF (Canada – Ontario Municipal Rural Infrastructure Fund), and could be in violation of tax equity principles for MCRF (Municipal Capital Reserve Fund) funds.

Opinions from Investment Banks and Lenders and associated risks as would be seen by the lending community are not included.

Risk Assessment

The report is missing a rigorous risk analysis, complete with a risk mitigation plan, for all technical, commercial, legal, design and construction, project management and human resource issues, cost, financing, competitive market and community disruption risks. This should be prepared for all foreseeable risks and updated throughout the project development stages. No provision has been included in the critical path to assess the overall risks before proceeding with the next stage of development.