

Downtown Event and Entertainment District – Private Partner Agreement Framework – Additional Information March 2026

ISSUE

This report provides additional information to support City Council in its deliberations regarding the “Downtown Event and Entertainment District – Updated Private Partner Agreement Framework – October 2025” report. It focuses on clarifying financial projections, private partner fee structures, and performance management measures to provide transparency and accountability.

BACKGROUND

In May 2022, the Administration retained the services of an Owner’s Representative, Hunden Strategic Partners, to provide advice in relation to preliminary decision-making and governance including a potential public-private partnership along with a long-term operations contract for one or both of the anchor facilities within the proposed Downtown Event and Entertainment District.

The scope of work included a review of the existing SaskTel Centre and TCU Place management and governance structures as well as a scan of proven solutions used in other cities, and provided advice with respect to a recommended governance structure for Saskatoon’s future facilities.

At its January 25, 2023 Regular Business Meeting, City Council received a report entitled “[Downtown District Event Centre and Convention Centre - Potential Private Partner](#)”, and approved that the new event centre/arena and convention centre would be operated under third-party private management, subject to a competitive procurement process, resulting in a partnership arrangement of suitable benefit to the City of Saskatoon (City).

At its August 14, 2024 meeting, the Governance and Priorities Committee received an approval report entitled “[Downtown Event and Entertainment District – Private Partner Agreement Framework](#),” which outlined the original Agreement Framework negotiated with OVG360 (OVG).

At its October 26, 2025, Regular Business Meeting, City Council received a report entitled “[Downtown Event and Entertainment District – Updated Private Partner Agreement Framework – October 2025](#)”, and approved that the report be moved to the first quarter of 2026 so that City Council can process the information, consider negotiated points, and have an opportunity for affected organizations to meet with City Council.

CURRENT STATUS

A companion report entitled “Downtown Event and Entertainment District – Updated Private Partner Agreement Framework – October 2025” is being considered by City

Council. The Administration has prepared this additional information to supplement the companion report prepared for City Council when considering a decision on the private partner Agreement Framework negotiated with OVG.

DISCUSSION/ANALYSIS

Financial Projection Supporting the Funding Strategy

Event Centre/Arena

The Administration's financial projection to support the funding strategy is based on a proforma provided by OVG, adjusted through an analysis of five-year averages for various events at SaskTel Centre for 2017-2019 and 2023-2024. These figures were compared with event averages at Rogers Place over the same period to estimate the number of additional events the Saskatoon market may attract with a modern event centre. For the financial projections, the Administration assumed a very modest increase from the five-year averages at SaskTel Centre of 1.4 more major concerts per year, and minor concerts of 3.2 more per year. While OVG projected a higher level of performance in their proforma, the Administration adopted a more conservative approach in the projections used to support the project's funding strategy.

The financial projection for the event centre/arena over the full potential 30-year term of the agreement is \$235 million in net income to the City, as outlined in Table 1. This would be in addition to \$15 million in up-front capital contributed by OVG for the base 15-year term of the agreement.

Table 1 – Event Centre Financial Projection

Income Before Fees and Commissions (Venue Revenues Minus Expenses)	\$411 million
Management Fees and Commissions to OVG	(\$176 million)
Net Income to City After Fees and Commissions	\$235 million

An incremental increase to the City's annual contribution to the Civic Building Comprehensive Maintenance (CBCM) Reserve, property insurance, and a capital improvement reserve is included in the financial projection. These annual contributions will be refined as the project continues to develop.

OVG's proforma is based on assumptions specific to its operating model, fee structure, and incentive framework, reflecting the company's capabilities and leverage as a leading global manager of event and entertainment venues. As presented at the January 25, 2023, City Council meeting and supported by analysis from Huden Strategic Partners, each operating model carries its own distinct strengths, weaknesses, opportunities, threats, as well as various advantages and disadvantages.

Theatre and Convention Centre

While the [funding strategy presented August 28, 2024](#) included \$150 million in revenue sharing contributions over 25 years, this was based on the net income projection of the event centre/arena only. OVG's proforma projected operating the convention centre and theatre to generate annual positive net income to the City. If this is realized, this

funding could be used for debt servicing. To reflect a conservative projected performance, the Administration’s funding strategy assumes zero net income to the City from these venues.

Fees and Commissions

OVG's revenues from the event centre/arena under the City’s conservative financial projection over the full potential 30-year term are summarized in Table 2, assuming no changes to the financial agreement would be undertaken at the time of the extension of the base 15-year agreement.

Table 2 – Fees and Commissions

Base Management Fee	\$ 14.3 million
Sales Fee and Commissions	\$ 74.5 million
Food and Beverage Hospitality Fee	\$ 30.4 million
Incentive Fee	\$ 56.6 million
Total	\$175.8 million

The Base Management Fee is \$25,000/month for each venue and is the base compensation to OVG as an organization for corporate services (e.g., corporate payroll, IT, legal, human resources, etc.) supporting the local operation, eliminating any need for civic administration departments to provide these support services for venue operations. It does not include any revenue or expenses in relation to the onsite day-to-day operation of the facility. The Base Management Fee shall increase on an annual basis by a consumer price index.

The Sales Fee and Commissions includes \$25,000/year for offsite sales support and commissions of 15% on projected sales of naming rights, sponsorships, advertising, and premium seating.

The Food and Beverage Hospitality Fee includes 3% of gross food and beverage revenue, and 5% of food and beverage profit. OVG's revenues for this line item covers salaries for Food Service management in the venue.

The Incentive Fee is calculated in accordance with the Incentive Fee Structure provided in the “Downtown Event and Entertainment District – Updated Private Partner Agreement Framework – October 2025” report and is based on the annual Event Profit, which represents total annual event revenue (rental, food and beverage, and novelties revenue minus expenses) less the Food and Beverage Hospitality Fee. The annual Event Profit, which is used to calculate the Incentive Fee, does not include sponsorship and premium seating revenue or expenses, nor does it include the Base Management Fee. Therefore, the Incentive Fee calculation discounts all other fees and commissions to OVG under the other line items, resulting in no “double-dipping.” Table 3 provides a sample calculation to demonstrate how the food and beverage fee, sales commission, and incentive fee are derived.

Table 3 – Sample Fee Calculation Using Agreement Framework for One Year

Item #	Item Description	Amount
1	Food and Beverage Revenue	\$1,000,000
2	Food and Beverage Expenses	(\$600,000)
3	Food and Beverage Fee on Gross Revenue = Item 1 x 3%	(\$30,000)
4	Food and Beverage Fee on Profit = (Item 1 - Item 2 - Item 3) x 5%	(\$18,500)
5	Total Food and Beverage Fee = Item 3 + Item 4	(\$48,500)
6	Sponsorships, Advertising, and Premium Seating Revenue	\$1,000,000
7	Sales Commission = Item 6 x 15%	(\$150,000)
8	Annual Event Revenue	\$10,000,000
9	Event Profit = Item 8 - Item 5	\$9,951,500
10	Incentive Fee Using Fee Table = (50% x \$2,000,000) + (5% x 2,000,000) + (10% x \$2,000,000) + (15% x \$1,951,500)	(\$1,592,725)

Note: Does not include Base Management Fee and Offsite Sales Support Fee

These amounts paid to OVG do not represent profit alone. These are the gross amounts paid to OVG, in return for fully operating both facilities. The revenue paid to the City, in contrast, is pure annual operating profit, which is why that funding will be available to support the City’s portion of the initial capital cost of the building.

Performance Management and Reporting

Subject to City Council approval, the Administration would coordinate with OVG to report annually with the proposed budget and proforma for the venues for the upcoming year and the actual financial performance for the past year. In addition, the Administration would actively monitor the ongoing performance of OVG throughout the year (e.g. monthly).

At any time, should the Administration determine OVG’s operations are not meeting performance criteria and standards commensurate with best-in-class event centre, convention facilities, and theatres, the Administration would inform OVG of the concerns and request a performance improvement plan. For clarity, if poor performance was causing, or had the potential to cause, the projected net income for the City to fall short of the requirements to support the funding strategy, performance management would be immediately undertaken by the Administration.

If, after implementation of the performance improvement plan, OVG’s operations continued to fall short of established criteria and standards within the defined timeline, the Administration would escalate the matter to City Council with a recommendation for further action. Such actions may include revising the terms of the agreement, imposing additional oversight measures, or, if necessary, initiating steps to terminate and transition the operating agreement to an alternative provider.

The Agreement Framework stipulates that either party can terminate the Master Agreement in the event of default by the other party. Therefore, the City retains the flexibility to exit the arrangement if circumstances become unfavourable, thereby safeguarding its interests and preventing entrenchment in an unsatisfactory contract. In the event of early termination, a portion of OVG’s capital contribution would be refunded by the City in proportion with the period remaining on the 15-year base term of the agreement. For example, if early termination occurred at Year 10, \$5 million would be refunded to OVG by the City. The City is also entitled to retain from this payment the City’s damages suffered as a result of OVG’s default (which led to the termination), as determined based on a formula to be set out in the Master Agreement.

FINANCIAL IMPLICATIONS

The financial implications are addressed within the body of this report and the companion report entitled “Downtown Event and Entertainment District – Updated Private Partner Agreement Framework – October 2025”.

OTHER IMPLICATIONS

There are no communications, Triple Bottom Line, policy, privacy, or CPTED implications or considerations emerging from this report. These will be considered in future reports as required.

NEXT STEPS

Next steps are addressed within the companion report entitled “Downtown Event and Entertainment District – Updated Private Partner Agreement Framework – October 2025.” Should City Council choose not to approve the recommendation, the Administration would report back on operating model options for the new venues at a future date once the funding plan has been finalized and approved by City Council.

Report Approval

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