



Council Report

pentiction.ca

Date: October 7, 2025 =
To: Anthony Haddad, City Manager
From: Kelsey Johnson, General Manager of Community Services
Subject: **Arena Feasibility Study**

File No: 0710-03

Staff Recommendation

THAT Council receive into the record the report dated October 7, 2025, titled "Arena Feasibility Study";

AND THAT Council direct staff to proceed to the next phase of project planning which includes preliminary design and site analysis pending budget approval through 2026 deliberations.

Strategic priority objective

Mission: Penticton will serve its residents, businesses and visitors through organizational excellence, partnership and the provision of effective and community focused services.

Livable & Accessible: The City of Penticton will proactively plan for deliberate growth, focusing on creating an inclusive, healthy, and vibrant community.

Background

In January 2017, an Arena Task Force (ATF), composed of 13 community members representing various user groups and applicable backgrounds, was established to provide direction on the future of Penticton's aging arena facilities. The main objective of the ATF was to prepare a recommendation on the number of surfaces needed, the functional programming requirements, the facilities (existing and new) required and the plan to fund the surfaces.

To support the ATF's objectives, Sierra Planning and Management was engaged through a competitive process, to lead a multi-disciplinary effort to complete an Arena Feasibility Study. The goal of this study was to develop a concept for a new twin pad addition to the west side of the South Okanagan Event Centre (SOEC), and an associated business plan, which included an assessment of capital costs, likely operating costs and revenues, an understanding of potential partnerships that could help underpin the revenue expectations for the new facility, and a strategic assessment of the implications for City ice needs. Part of the strategic assessment included the potential options for the decommissioning of ice in the Memorial Arena, as well as the McLaren Arena and the associated savings that would accrue from those decisions.

Through various studies, reports, analysis and extensive engagement with the community, the ATF provided a recommendation to Council to consider a long-term vision for the arena development strategy which included construction of a new twin-pad arena to replace Memorial and McLaren Arenas as ice surfaces.

On July 25, 2017, Council endorsed the ATF's long-term strategy for the project and provided direction to proceed to the next phase of work to complete a grant application for the Federal Gas Tax Strategic Priorities Fund, prepare a detailed financial analysis and a develop plan to fund the project. Staff applied for the grant and in March 2018, the grant was approved with the condition that all remaining project funding would be confirmed by March 31, 2019.

On March 19, 2019, staff presented Phase 2 of the arena study which included a detailed financial analysis and funding options. However, since full project funding was not yet confirmed at that time, Council directed staff to decline the conditional grant and provide a detailed long-term funding plan for upgrade or replacement of the facilities, while keeping McLaren and Memorial operational until a final funding plan is developed and approved:

166/2019

It was MOVED and SECONDED

THAT Council direct staff to plan base building repairs for McLaren and Memorial Arenas, as required to keep the buildings operational for the short term (up to 10 years);

AND THAT Staff will develop a long-term funding plan for replacement or upgrade of the facilities in the next 10+ years.

CARRIED UNANIMOUSLY

The City initiated the Asset and Amenity Management Plan (AAMP) project in 2019 and hired Colliers Project Leaders to complete the work. The project included an assessment of the City's assets and infrastructure, looking at the long-term needs to ensure financial sustainability and high-quality services are provided to the community. Following the adoption of the AAMP, the City embarked on the *Civic Places and Spaces* project to help prioritize facility capital investment. Coming out of that work, four projects were identified for the City to proceed with. These projects were prioritized by Council as follows:

1. Public Safety Facilities– Development of a new Public Safety and Protective Services Centre downtown to replace the Fire Hall Headquarters and provide space for Bylaw Services, Community Policing and the City's Emergency Operations Centre. Ensure both Fire Halls are upgraded.
2. Twin Arena - Consolidation of the City's arenas onto the SOEC property, with a new twin rink facility to replace McLaren and Memorial arenas
3. Arts & Culture – Create a new Arts and Culture Centre in the downtown to house the library, museum, art gallery and other arts groups.
4. City Hall – Retain City Hall as a downtown civic and employment hub, continue to modernize and upgrade as required.

As part of the 2024 budget deliberations, Council approved an operating budget of \$60,000 for the Arena Feasibility Study. With the support from Council, staff re-engaged Sierra Planning & Management to, again, lead a multi-disciplinary project team to update the business case and feasibility study for a twin pad arena

facility located at the SOEC Complex. Supporting Sierra Planning & Management is International Colosseums Company (ICC), local architecture firm MAD Studio and Greyback Construction, also a local business.

The final report, included as Attachment A, is the result of the following comprehensive work plan:

1. **Field Meeting:** An on-site meeting to review potential locations and constraints for the new facility at the South Okanagan Event Centre (SOEC) campus.
2. **Review of Background Materials:** An assessment of the current condition and utilization of the existing arena facilities, including financial reports and any updates to the City's Recreation Master Plan.
3. **User Needs Assessment:** A verification of the needs for a twin pad facility, incorporating recent data and user group consultations.
4. **New Concept Development:** The creation of up to three design options for the twin pad facility, including site plans, floor plans, and capital costing.
5. **Strategic Meeting with the City:** A meeting to discuss the findings from the concept development and confirm the functional space program.
6. **Business Plan Development:** Estimation of capital costs, operating financials for 20 years, and an updated review of potential funding sources.
7. **Reporting:** The creation of a draft and final business case and feasibility assessment report.

The analysis of need conducted during the study demonstrates the advantages of developing a total of three new indoor ice surfaces and decommissioning both the Memorial and McLaren Arenas. The additional need is likely to emerge by 2031 and 2036 at the latest. This was also identified in the separate Sports & Recreation Needs Assessment. Assuming the earlier trigger point, the capacity to build three pads as a single phase would represent an efficiency to both process and capital cost. However, the capital costs of development are significant and given that the need for an additional rink is subject to future population growth - albeit growth that is expected in the near term, the preferred option being proposed is the development of a twin pad facility at the SOEC complex.

The preferred option comprises the following:

- Decommissioning and demolition of Memorial Arena.
- Decommissioning McLaren Arena as a public ice rink utilized for public skating, hockey, figure skating, and any other sports save and except for curling.
- Construction of a twin pad facility to the immediate west of the SOEC building.

An Order of Magnitude Estimate (OME) was developed reflecting the preferred option and included within the study. Costs are developed at the Class D (pre-design) level of precision, which suggests the benefit of including a project cost contingency of 20 to 25%.

The estimate of capital costs provided includes the space dedicated for the Okanagan Hockey Academy based on preliminary conversations. The study does not address the matter of cost sharing for this space, or ongoing lease agreement opportunities and this is an issue that will need to be resolved through discussion with the relevant parties.

Section 6 of the study provides further details of the OME capital costs and the estimate has been included on the following page for reference:

Exhibit 36. Order of Magnitude Capital Costs – Twin Pad

Item Description	Takeoff Qty	Takeoff Unit	Total Unit Price	Grand Total
Hard Construction Costs				
1. Hard Costs Outside of Base Building				\$7,688,105
Shell Building (Site & Soil Upgrade Related)	74,908	Sq.Ft.	\$76	\$5,688,105
Demolition of Memorial Arena and the placement of +/- 120 parking spaces (paved, striped and landscaped)				\$2,000,000
2. Hard Costs Base Building (Per Sq.Ft. Summary)			\$466	\$37,832,648
#01 Vertical Circulation	3,890	sqft	\$50	\$194,500
#02 Concourse / Lobby / Viewing Area's	24,370	sqft	\$75	\$1,827,750
#03 Toilets	1,496	sqft	\$275	\$411,400
#04 Concession / Merchandise	1,120	sqft	\$300	\$336,000
#05 Media Facilities	300	sqft	\$150	\$45,000
#06 Players / Officials Rooms	9,885	sqft	\$200	\$1,977,000
#07 Event Support inc Rinks, Plant & Storage	44,300	sqft	\$153	\$6,765,000
#08 Admin	2,240	sqft	\$225	\$504,000
#09 Building Support	3,446	sqft	\$250	\$861,500
#10 Okanagan Hockey Academy	13,000	sqft	\$225	\$2,925,000
#11 Shell Building (Full Envelope & Basic Foundation)	74,908	sqft	\$294	\$21,985,498
TOTAL HARD CONSTRUCTION COSTS	74,908		\$608	\$45,520,753
Soft Costs				
3. Twin Pad Furniture, Fixtures & Equipment			14.3%	\$5,396,981
Twin Pad Furniture, Fixtures & Equipment	1.00		\$5,396,981	\$5,396,981
4. Other Soft Costs			9.8%	\$4,470,624
Building Permits	1.00	lsum	\$567,000	\$567,000
City Connection Fees	1.00	lsum	\$75,000	\$75,000
Consultant Services	1.00	lsum	\$3,000,000	\$3,000,000
Development Cost Charges	1.00	lsum	\$728,624	\$728,624
Transformer & Base	1.00	lsum	\$100,000	\$100,000
TOTAL SOFT COSTS	74,908		\$132	\$9,867,605
TOTAL CAPITAL COSTS	74,908		\$739	\$55,388,358
Contingency for Class D Order of Magnitude Estimate (Cumulative)				
1. Design and Pricing			15.0%	\$8,308,254
2. Construction			10.0%	\$6,369,661
Total contingency			26.5%	\$14,677,915
GRAND TOTAL FOR TWIN PAD ARENA	74,908		\$935	\$70,066,273
Additional Cost of Lift Station Relocation*				\$1,000,000
GRAND TOTAL FOR TWIN PAD ARENA (incl. Lift Station Relocation)	74,908		\$949	\$71,066,273

Concurrent to this study being conducted, staff met with the developer of 955 Timmins to discuss their plans for an indoor recreation facility, publicly known as the Peach City Sportsplex. Original plans for their site envisioned two NHL-sized iced sheets, 8 indoor pickleball courts, 9 outdoor pickleball courts, an indoor baseball training centre and a fitness facility. As the city was identifying needs, it was also important to understand how these needs may be met in the future through both public and private investments. The developer has informed staff that they intend on removing the rinks from the project concept and will continue to proceed with the other recreation components as part of the redevelopment of that site. With that, staff do not foresee a private facility meeting the identified needs in the future.

Financial implication

Future costs for continuing the planning phase of the project will be incorporated into the draft 2026-2030 Financial Plan for Council approval during budget deliberations. A funding strategy for the overall project has yet to be determined.

Climate Impact

The City of Penticton is actively taking steps to reduce energy consumption and greenhouse gas (GHG) emissions. As we plan for the replacement of aging arena facilities, staff will look to the Corporate Energy and Emissions Plan (CEEP) for guidance to improve energy performance and reduce GHGs.

Analysis

The recommendation of the study is to approve the recommended development plans in principle, subject to the development of a capital funding plan. The work necessary to develop the funding plan should commence immediately and include exploring regional contributions as these amenities serve the broader area. To successfully evolve a funding plan that creates an acceptable balance between tax-supported debt and other funding sources, the City should identify the development of a new arena complex as a joint top priority for funding. The City should seek to achieve the following schedule of implementation:

- Fall 2025 – Receive study. Approval to proceed to preliminary design.
- 2026-2027 – Preliminary design, site exploratory work, funding strategy, etc.
- 2028 – Design of the facility likely to be undertaken via Integrated Project Delivery (IPD) approach.
- 2028-2030 – Facility Construction.

Based on this schedule, opening by the fall of 2030 is an aggressive schedule but should be targeted. Due to the age and condition of both buildings, there is an ongoing risk of a major systems or building failure that may result in a closure (service level impact) and/or require significant investment. A delay in continuing through to the next planning stages will push construction further out and may result in additional cost escalation outside of the contingencies described, as well as increase the risk to current service levels as McLaren and Memorial Arenas have reached the end of their serviceable life. This timeline also aligns with the 2019 Council resolution directing staff to conduct base building repairs to keep the facilities operational for 10 years, while planning to upgrade or replace within ~10+ years.

Attachments

Attachment A – Arena Feasibility Study (September 2025)

Respectfully submitted,

Kelsey Johnson
General Manager of Community Services

Concurrence

General Manager of Corporate Services <i>AMC</i>	General Manager of Infrastructure <i>KD</i>	City Manager <i>AL</i>
--	---	-------------------------------