Topic 1: Why Multiple Studies Are Needed for Major Public Projects

Major public projects are not a single yes-or-no decision. They move through stages, and each stage answers a different question with a different level of certainty. If only one study is completed at the beginning, it relies too heavily on rough assumptions. If only one is completed at the end, the City risks spending substantial time and resources on a concept that may never have been viable. Multiple studies reduce risk in sequence and support more informed decision-making as a project becomes more defined.

In this case, the process can be framed around two feasibility studies, an early feasibility study and a final feasibility study, along with economic impact studies that help evaluate broader community benefits. These studies serve different purposes and should not be viewed as duplicative. Together, they help leadership assess whether a project is worth pursuing, whether it can support financing, and what value it may generate for the local economy.

1. Early Feasibility Study: Initial Go / No-Go Decision (CBRE)

The early feasibility study is the first screening step. Its purpose is to determine whether a concept is realistic enough to justify further work. At this stage, the City is asking basic but essential questions: Is there sufficient demand? Is the concept broadly affordable? Are there obvious market or operational barriers that suggest the project should not move forward? The estimates used at this stage are high-level and directional, not final. The goal is to identify major red flags before significant funds are committed.

For a project such as an arena & youth hockey complex paired with a hotel and waterpark, early feasibility would focus on broad indicators of demand. That could include the number of game and hockey programs within driving distance, whether families typically travel overnight for tournaments, whether existing rinks are full or underused, and whether the local market shows enough demand for lodging and family-oriented recreation. It would also include rough capital cost ranges to determine whether the idea is even plausibly affordable.

A favorable finding at this stage does not mean the project is ready to build or finance. It simply means the concept appears credible enough to continue evaluating. An unfavorable finding should stop the project before the City incurs additional consulting, design, or internal costs. This is why the early feasibility study is so important: it filters out weak concepts before they consume significant public resources.

2. Final Feasibility Study: Financial Viability and Debt Support (H&LA)

The final feasibility study serves a different purpose. By this stage, the project concept is far more defined, and the central question is no longer whether the idea is generally attractive. The question is whether the project can reliably generate enough revenue to support operations and repay debt if bonds, loans, or other financing mechanisms are used. The final feasibility study is the version relied upon by lenders, bond buyers, underwriters, and other capital providers.

This study requires assumptions that are documented, detailed, and defensible. Revenue projections are tested under multiple scenarios, including conservative and optimistic cases. Risks are explicitly identified, for example, lower-than-expected tournament activity, weaker hotel occupancy, or softer attendance at recreational amenities. Debt coverage is evaluated to determine whether projected revenues exceed annual debt service by a prudent margin. The project scope is generally locked in at this stage, and the pro forma is detailed enough for external financial review.

For financing partners, this is the key document. Their concern is not just whether the project is a good civic idea, but whether projected cash flow is stable, whether the assumptions are credible, and whether risks have been adequately addressed. The final feasibility study gives lenders confidence on three core issues: cash flow reliability, risk management, and credibility of assumptions.

In practical terms, the final feasibility study helps answer the question: can this exact project support debt issuance and long-term financial obligations without exposing the Owner to undue risk? If the answer is yes, the Owner can proceed with greater confidence. If the answer is no, leadership may need to restructure the project, reduce scope, identify additional revenue support, or reconsider whether financing should proceed.

3. Economic Impact Studies: Measuring Community Benefit

Economic impact studies should be distinguished from feasibility studies because they answer a different question. A feasibility study evaluates whether a project can work operationally and financially. An economic impact study evaluates what the project may contribute to the broader economy, such as visitor spending, job creation, sales activity, and secondary effects on local businesses.

For projects with a tourism, sports, entertainment, or hospitality component, economic impact analysis is often useful because it helps quantify the broader public value of the investment. In the example of an arena, youth hockey, hotel, and waterpark complex, an economic impact study could estimate the spending associated with tournaments, overnight lodging, restaurant

activity, retail purchases, and related visitor behavior. It may also examine temporary construction impacts and longer-term employment effects.

This type of study can help answer questions that feasibility studies do not fully address, including:

- What new visitor spending could the project bring to the community?
- How might the project affect local hotel, retail, and restaurant activity?
- What level of job creation could be associated with construction and operations?
- What broader tax and economic activity might result from the project?

Economic impact studies are especially valuable for policy and governance discussions because they help leadership evaluate whether a project advances broader community goals such as tourism development, destination activity, employment growth, or increased commercial activity. However, they should not be used as a substitute for financial feasibility. A project can generate positive economic impact and still be financially weak from a debt repayment standpoint. Likewise, a project may be financially feasible but produce less broad economic activity than anticipated. For that reason, the two types of studies should be read together, not interchangeably.

How the Studies Work Together

When viewed together, the studies create a disciplined framework for decision-making:

- **Early feasibility study**: determines whether the concept is worth pursuing at all.
- **Final feasibility study**: determines whether the defined project can support financing and ongoing obligations.
- **Economic impact study**: estimates the broader community and regional economic benefits associated with the project.

This sequence is important because each study supports a different decision. Early feasibility protects the City from pursuing flawed concepts. Final feasibility protects the City and financing partners from taking on unsupported financial risk. Economic impact analysis helps policymakers and stakeholders understand the project's potential public value beyond direct revenues.

Bottom Line

The use of multiple studies is not redundant; it is a standard risk-management approach for major projects. In this case, the City's process can be clearly explained through two feasibility

studies and one or more economic impact studies. The early feasibility study answers whether the concept is credible enough to advance. The final feasibility study answers whether the project, as defined, can support financing and debt obligations. Economic impact studies help show what broader benefits the project may generate for the community and regional economy.

Together, these analyses provide a more complete basis for decision-making by addressing three distinct questions: Should the City pursue the concept? Can the project financially sustain itself and support debt? What broader economic value could the project **create?**