

Greater Sudbury Event Centre Update and Future Direction

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Recommended by:	Chief Administrative Officer

Report Summary

This report is a companion to the “Sudbury Community Arena Condition Update and Event Centre Options” report, presented to Council July 11, 2023. This report provides information requested by Council at its July meeting regarding a facility renewal option and a broader district development with private sector participation. It recommends next steps for Council’s consideration.

Resolution

1A. That the City of Greater Sudbury directs staff to further explore the potential for renewing and renovating the Sudbury Community Arena by completing additional analysis at an estimated cost of up to \$100,000 and produce a report in Q1 2024 with the following components:

- a. The results of the analysis recommended in the September 26, 2023, report.
- b. A recommended process and timeline for the design and construction of the renovated facility as part of the redevelopment of the South District that mitigates any impact on current tenants.
- c. The potential for this facility to be part of a larger redevelopment of the South District.
- d. An estimated budget for the overall project based on City Council’s 2017 list of required features for a new event centre, along with options for enhancements or reductions.
- e. A financing plan.

1B. That the City of Greater Sudbury directs staff to proceed with developing plans for a New Build Event Centre in Downtown Sudbury South District as the preferred option to replace the Sudbury Community Arena, and direct staff to complete the work identified in this report at an approximate cost of \$80,000, and produce a report in Q1 2024 with the following components:

- a. A recommended process to construct and open this facility in 2027/2028, as part of a larger redevelopment of the South District.
- b. An estimated budget for the overall project, based on Council’s 2017 list of required features for a new event centre, along with options for enhancements or reductions.
- c. A financing plan.

2. That the process requested in Resolution 1 include the following:

- a) An approach to attract private sector investment complementary to the proposed event centre, including a draft Request for Expressions of Interest and a plan to mitigate risks associated with developing municipally owned properties in the South District.
- b) A proposed/conceptual site plan for the event centre that highlights opportunities for private development.

Relationship to the Strategic Plan, Health Impact Assessment and Community Energy & Emissions Plan (CEEP)

This report responds to the strategic objective of Economic Capacity and Investment Readiness in the City of Greater Sudbury Strategic Plan 2019-2027. The future steps outlined in this report will respond to the CGS Community Energy and Emissions Plan.

Financial Implications

Costs associated with the next steps outlined in this report will be funded from the Event Centre Project Capital Budget.

Background

At its July 11, 2023 meeting, Council received an information report entitled, *Sudbury Community Arena Condition Update and Event Centre Options*. The report provided an updated building condition assessment of the Sudbury Community Arena (SCA) and outlined four options. As described in **Appendix A**, these options were:

- A. Maintain Current Level of Service, Addressing Issues as They Arise
- B. Renew or Renovate the Existing Facility
- C. A Stand-alone New Build Event Centre
- D. A New Build Event Centre as Part of a Larger Downtown Redevelopment

Information related to all four of these options was included in the July report. Staff indicated that additional research into Option D was ongoing and was intended to be the focus of this report.

The report also noted, prior to deciding to renovate the existing facility, a more detailed analysis should be undertaken that could include invasive or destructive testing. Some of this has been completed in house since July but an additional architectural review and costing is recommended as an initial step to provide as full an understanding as possible of potential costs and other issues. Should there be an indication that invasive testing is recommended, it is anticipated that this would cost approximately \$500,000 and would need to be completed during the off season as the playing surface would not be useable for up to 90 days. A separate report would come to Council to identify the rationale for this work and to seek direction to proceed.

During Council's July discussion, councillors indicated an interest in receiving more information regarding a potential renovation based on examples from other communities. Councillors also observed that Option D could include a renovated facility or a new build and expressed the opinion that could be part of a redevelopment plan.

Over the past eight weeks staff's analysis included:

- i. Work to further understand the potential for a renovated facility,
- ii. Researching examples of event centre district developments, and
- iii. Drafting processes and next steps to advance the development of either a new or renovated event centre in Greater Sudbury's Downtown South District, based on Council's direction.

Accordingly, this report provides additional information on the following:

- Renovating the Sudbury Community Arena
 - Additional assessment of current and future capital needs
 - Examples from other communities
 - Potential renovation scenarios, limitations and costs

- Next steps
- New or renewed facility as part of a larger downtown development
 - Example of Centre Avenir Centre development in downtown Moncton
 - Potential for land assembly in South District and current status
 - Preliminary economic impact assessment for project
 - South District presence in Downtown Master Plan and overall vision for future
 - Next steps to advance this approach
- Summary of Council's options to proceed with renewal or replacement initiative.

Council should review the July 11 report (**Appendix A**) in concert with its review of this report. Together, these reports provide the most robust perspective available about the choice to renew or replace the 72-year-old Sudbury Community Arena.

Analysis

Renovating the Sudbury Community Arena

As described the July 11 report, since 2015 three separate reports have been produced to address the potential for redeveloping the SCA. These reports described functional requirements and features typically available in a contemporary event centre. The existing facility cannot meet these requirements without extensive renovations and, in some cases, could not practically be renovated to provide all contemporary features.

Each of these reports offered a unique approach for renovating the facility that offered additional amenities and would narrow, but not eliminate, the gap between the existing level of service and the service capacity that would be provided by a new event centre. Each approach could not fully overcome the physical constraints of the current structure. In particular, the roof and supporting structure do not provide adequate height for the provision of a modern private box level with associated amenities, or modern media facilities, with sufficient height and locations for fixed TV broadcast camera points. There is less than the recommended seventy feet of clearance so renovation options could not meet facility requirements for some events and require compromises for others. Similarly, spectator seating remains constrained and unreasonable compared to a contemporary facility and current consumer demands.

Among the effects caused by such limitations, there would be fewer opportunities to book events/acts that would otherwise consider Greater Sudbury to be an attractive market to include as part of a tour. This could constrain the facility's revenue potential and increase the likelihood of higher taxpayer operating subsidy. This was analyzed in 2017 in a [report prepared by PwC](#).

The estimated renovation costs provided by each of these proposals, when inflated to 2023 dollars, range from approximately \$74 million to approximately \$150 million. Members of Council will recall current challenges in the construction market, such as labour shortages and supply chain disruptions. These challenges are generally increasing both bid prices and the volatility of project cost estimates. While these are known conditions that could influence the project's cost, at this stage of the project there are too many variables to reasonably estimate their effect on cost, so they are not reflected in the figures provided in this report.

Additional Assessment of Current and Future Capital Needs

The SCA condition assessment included in an appendix to the July 11 report indicated the SCA was in Fair condition. It noted there would be an annual investment of \$970,000 to maintain the SCA in its current Fair condition.

Since July 11th, staff completed an updated condition assessment focused on the facility structure to increase the assurance there was both:

- A sufficient, appropriate understanding of facility condition, and
- An understanding of the potential to continue to extend the structure's service life, along with recommendations for repair and potential future investigation. This additional element of the assessment identified deficiencies beyond those included in July 2023, such that the average annual investment requirement over a 10-year period (AAR₁₀) has increased to \$1.12M to maintain the current condition of Fair. The AAR₁₀ value does not include for soft costs such as professional fees or escalation.

The potential to perform greater and significantly invasive investigations was previously identified. For example, a geotechnical investigation to expose approximately five feet of the tops of piles and pile caps within the arena could confirm their remaining capacity, since they have been in use since the early 1950's. This would involve opening parts of the arena basement floor. To also assess the potential to extend the SCA's service capacity, concrete cores could be cut from slabs and stairs that have been exposed to decades of water and salts to determine the levels of chloride ions in the concrete and the associated corrosion. Currently, there are no major structural deficiencies pointing directly to the need to perform this type of investigation.

In the 70 years since the SCA was constructed there have been a variety of legislative changes affecting building construction and accessibility standards. A renovation would trigger compliance requirements with both the *Ontario Building Code* and the *Accessibility for Ontarians with Disabilities Act*. These requirements would, generally, increase the cost and extent of renovations.

In contrast to a new build that, with an appropriate maintenance and asset renewal plan, could last up to 100 years, a renovated event centre should be expected to last between 20 and 25 years. This reflects the fact that SCA is currently almost 75 years old and its maintenance/asset renewal history has not been consistently sufficient to maximize its service life.

Examples from other Communities

At the July 11th meeting, Council requested that staff investigate two arena renewal projects, the Canada Life Centre in Winnipeg and the Yost Arena in Michigan. These two facilities received renewal upgrades as outlined below but their scale and other factors are quite different from Greater Sudbury's example.

Staff also investigated the Kitchener Memorial Auditorium (The Aud), a closer comparison to the Sudbury Community Arena. Staff consulted representatives of the architectural team (BBB Architects), the constructor (Ball Construction), and the municipality, to obtain details about the renovation projects. Additional details on these examples are included in **Appendix B**.

Winnipeg, MB - Canada Life Centre (formerly MTS Centre and Bell MTS Place) is home to the NHL's Winnipeg Jets and the AHL's Manitoba Moose. The facility was constructed in 2004 for a cost of \$133.5 million and has a capacity for hockey of 15,321.

The Manitoba Moose were the original anchor tenant of the former MTS Centre. When the Winnipeg Jets were reestablished in the NHL in 2011, renovations costing approximately \$17 million were completed to achieve the NHL's standards. This example demonstrates a successful renovation but the scale of the project and relative youth of the facility don't make it a useful comparator for Greater Sudbury.

Ann Arbor, MI - Yost Arena was constructed in 1923 and is home to the University of Michigan (U of M) Wolverines hockey team. Originally constructed to host U of M basketball, Yost was converted to an ice hockey rink in 1973. In recent years, the arena has undergone several renovation and renewal projects to enhance some aspects of the spectator experience and prolong the life of the facility.

The most recent renewal project of Yost Arena began in 2012. The \$16 million dollar renovation (\$14 million budget) reduced the fixed seating capacity from 6,200 to 5,800 by utilizing the space to increase the quantity of premium seating from 300 to 500 and improving the concourse. Due to the arena size constraints, all non-premium seating is bleacher style.

This project demonstrates a compromise that exists in other arena renovations. The general spectator seats and experience have not been significantly changed or improved, likely because of the high cost of addressing these issues.

Kitchener, ON - The Kitchener Memorial Auditorium Complex (The Aud), was constructed in 1951. The arena component is the home of the OHL's Kitchener Rangers and offers a seating capacity of 7,234 and a total capacity of 7,777 including standing room. The facility underwent a significant refurbishment in 2012. The refurbishment project was phased over seven stages to maintain the OHL schedule.

Originally budgeted at \$9 million, the \$12 million dollar project expanded the seating capacity by 968, and included 26 luxury suites, new concourses, new mechanical systems, medical and training facilities, dressing rooms, media areas, and concessions and washrooms. Accessibility upgrades were also required to address several deficiencies, namely: barrier-free path of travel, emergency egress, and fire separation.

Since January 2020, the City of Kitchener has been discussing a replacement for The Aud. The major renovation in 2012 was envisioned as part of a 10-year plan to replace the facility. Major factors that are pressing the need for an entirely new facility appear to be the old-style seating and sightlines, upcoming capital renewal costs, constraints for both spectators and event organizers, and a location that is not central for the community.

The Aud and the SCA were both opened in 1951 and are the oldest facilities in the Ontario Hockey League. It is notable that even with the 2012 renovations, which were financed by the Kitchener Rangers organization through a ticket levy, the community continues to plan for a new facility.

New or Renewed Facility as Part of Larger Redevelopment

The South District is part of the City of Greater Sudbury's downtown and is bound by Paris Street, Brady Street East, and Elgin Street, including the land and VIA rail train station abutting the CP rail line. Within the South District is a mix of retail, low-income residential and commercial properties, surface parking as well as several City-owned properties.

Beginning in 2008, the City of Greater Sudbury acquired properties in the South District on an opportunity basis, with a view to some form of coordinated future redevelopment or urban renewal program. In the past few years, properties were purchased along Shaughnessy Street.

Earlier in 2023, Council approved staff's recommendation that additional properties within the Shaughnessy and Minto blocks be secured to maximize the opportunity for developing and implementing a larger scale redevelopment project anchored by an event centre facility. The purchase of the former Ledo Hotel is one example of this renewed effort.

This is consistent with a similar approach used in Moncton, New Brunswick. The municipality opened a new 8,800 seat event centre, the Centre Avenir Centre, in 2018, and was successful in marketing property for complementary investment. It also stimulated investment and development in the surrounding downtown district. Moncton Economic Development indicates that in the five years following the start of event centre construction, building permits with a construction value of \$230 million were issued and 720 new downtown residential units have been built. A copy of the presentation document is attached as **Appendix C**.

Staff researched examples where municipalities have attracted the interest of private sector partners to enable the provision of community infrastructure. A number of projects offered the following insights:

- **The overriding goal of each project was to leverage publicly owned lands and/or facilities to achieve a broader public policy objective or vision for development.** Tourist attraction, downtown revitalization, economic development and infrastructure replacement, to name a few, were the impetus for seeking a partnership with the private sector.

- **The common land assembly approach was to leverage a pre-identified site to achieve broader public policy goals.** Several of the projects leveraged specific sites, taking each through a public process to identify a range of acceptable uses prior to offering these sites to prospective developers. Another sought to leverage its three entertainment assets, and the City additionally contributed three land assets to affect an equitable arrangement with its selected private partner.
- **Financial arrangements involved the sale/long-term leasing of land at market values. Incentives were also provided to (a) alter development economics to make the project commercially attractive/economically viable, and/or (b) allow a developer to match municipal expectations with development and operating risk(s) it was assuming.** This specific finding clearly highlighted that each of the arrangements were unique to the individual projects. However, each project articulated a compelling value proposition that included a suite of incentives, such as Tax Increment Financing (TIF) or Tax Incentive Grant (TIG), nominal lease terms and costs associated with readying a site for development.
- **Two-stage procurement process (involving Requests for Qualifications and Requests for Proposals) were preferred.** The preferred approach, generally, was to implement a two-stage procurement approach to solicit the interest of private developers and development proposals. A clearly defined procurement process reduces risk in the form of uncertainty and provides a roadmap for all parties.

While the Moncton example demonstrates the potential to leverage the investment in a new build event centre, it is possible that investment in a renovated and renewed facility could attract some complementary development. As such, staff believes there is merit to continue assembling relevant properties in the South District.

Preliminary Economic Impact Assessment

Downtowns are important. They are the historic and symbolic heart of a community, the reflection of a city's image, pride and prosperity. A healthy, active and successful downtown makes a positive statement about the prosperity of a city, sending a positive message to future residents, businesses and investors. This is why we know that thoughtful investments in community infrastructure, specifically in the South District, will enable an important first impression and welcome for those entering the City of Greater Sudbury. Investments envisioned in the Downtown Master Plan for this district will generate visitor traffic, helping to increase the length of stay, visitor spending and increased flow of new money. Transforming the South District of Downtown Sudbury will provide property owners and tenants the confidence to further invest and continue to build in our city's historic core. Finally, with this type of public investment, the City is able to cultivate an environment for business growth as it competes for and attracts new talent to the community.

To understand the potential economic benefits that could be realized in the South District, staff used the Tourism Regional Economic Impact Model (TREIM), a data analysis simulation tool provided through the provincial government, to understand the district's potential. While this tool helps to identify potential economic impact, it is important to keep in mind that these figures will change depending on the final elements of the South District. It also is not a reliable tool for contemplating the impact of multi-residential properties, a key factor to consider for realizing a successful downtown.

Considering a district that includes a new event centre, hotel and convention centre and a parking structure that is inclusive of commercial opportunities, a larger redevelopment of the South District has the potential to realize significant economic benefits. If the South District were to realize the projects identified above, the value added associated with a capital investment of \$280 million has been estimated at \$105 million to directly benefit Greater Sudbury. Of this \$105 million in GDP, an estimated \$75 million in salaries and wages will be generated to support approximately 840 jobs in Greater Sudbury, and a further \$11 million is estimated in direct taxes for Greater Sudbury. This does include the economic impacts that will be realized by facility operations as well.

While there are economic impacts that can be realized through a renovated facility, it is not clear what the

private sector interest might be for participating in the South District without the commitment of a new facility. Therefore, the assumptions above are only related to what ancillary facilities could be attracted with a new build scenario. Further information on economic impact potential can be found in **Appendix B**.

Event Marketing

The CGS Tourism and Culture Section examined the potential for increased activity based on a new event centre facility. The opportunity of a new spectator facility located in the South District of Downtown Sudbury, which includes increased seating capacity, increased rentable space and a new attendee experience, would be one of the largest in northern Ontario. With a facility of this size, Greater Sudbury could effectively compete to attract larger national and international sporting events, trade shows and large convention groups having a projected economic impact of \$13 million dollars. Like the economic impacts outlined above, when considering the ability to attract new sporting, live performance and tradeshow events, without the enhanced features identified within the new build it may be more challenging to attract higher attendance events.

While it is assumed that the core business of an event centre will be to attract sporting events, live performances, and trade shows, having the capacity to convert the main event space into a large performance venue will serve the need for live performances and concerts, and also attract new sources of demand and revenue for the city. The facility would be able to accommodate 48 events annually. This does not include the anchor sporting events of the Sudbury Wolves (36 games) or The Five (19 games without playoffs). This development will also attract accommodation investment of 42,640 hotel room nights to complement attendee experience and needs when visiting Greater Sudbury.

The development of a new facility would allow the City of Greater Sudbury, through sport tourism, to attract provincial, national, and international sporting events, trade shows and live performances. With increased seating capacities and the modular multi-use floor plan capabilities the city would attract new elite-level sporting events like volleyball, lacrosse, and floor hockey, which have not been showcased in the north and have a large fan base that travel to attend the events. The chart below identifies a few of the potential sport, conference, and event opportunities that Greater Sudbury would have a better competitive advantage of attracting than we do currently.

Event	Approximate Number of Attendees
Hockey Canada World Juniors	25,000
Para Hockey Cup	8,000
Centennial Cup	23,000
Curling Canada Scotties	51,255
Curling Canada Brier	95,338
Basketball-Nationals	40,092

Note: The above referenced attendance numbers were acquired from each organization's 2023 attendance figures.

Conclusion and Next Steps

Staff developed two options for Council's consideration with related next steps.

Should Council wish to further explore the potential for a renovation and renewal of the existing Sudbury Community Arena, staff will engage an architect to review previous proposals for renovations, along with the associated costing information, and provide a consolidated option for Council's consideration in early 2024. At the same time, staff will continue to review and update the physical condition of the SCA. This preliminary

work is expected to cost up to \$100,000. As stated earlier in this report, no clear need for more intensive testing has been identified at this point. Should there be an indication that invasive testing is recommended, it is anticipated that this would cost approximately \$500,000 and would need to be completed during the off season as the playing surface would not be useable for up to 90 days. A separate report would come to Council to identify the rationale for this work and to seek direction to proceed.

Should Council decide to proceed with development of a new build facility, staff will engage an architect to develop an integrated site design to identify how a new building could fit into the South District, to update previous costing and identify any opportunities for enhancements or reductions. This process will also identify other land that could be marketed for complementary development by the private sector. The estimated cost for this work is \$80,000. An updated report and plan for further work would come before Council in early 2024.

Resources Cited

Updated Detailed Condition Assessment of Sudbury Community Arena – Appendix to Report to City Council, July 11, 2023: <https://pub-greatersudbury.escribemeetings.com/filestream.ashx?DocumentId=50085>

Downtown Master Plan, 2012: <https://www.greatersudbury.ca/play/downtown-sudbury/>

Appendix A: July 11 Council Report

Appendix B: Supporting Information

Appendix C: Moncton Economic Development Presentation