

Event Centre Renewal and New Build Review

Presented To:	City Council
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Recommended by:	Chief Administrative Officer

Report Summary

This report and presentation provides recommendations as requested by Council at its September 26, 2023 meeting directing staff to explore both the renovation and new build options for an event centre in Greater Sudbury's downtown South District.

Resolutions

Resolution 1:

THAT the City of Greater Sudbury selects the New Build Option as outlined in the report entitled "Downtown Event Centre Update Report", from the Chief Administrative Officer, presented to City Council on April 16th, 2024, with the following parameters:

- a) The new event centre shall include 5,800 fixed seats;
- b) The total budget shall be \$200 million that includes:
 - i. Cost estimates described in BBB's Report and described in previous reports referenced in this report;
 - ii. Enhanced accessibility features;
 - iii. Enhanced environmental sustainability features that support the Community Energy and Emissions Plan;
- c) The new event centre shall be constructed in the south district of the downtown core;

Resolution 2:

THAT the Mayor and Chief Administrative Officer, together, be delegated authority to negotiate, execute and subsequently amend or extend any agreements, including, without limitation, agreements for professional and consulting services and for non-competitive purchases, including instruments, assurances and any other documents as may be necessary to complete the Downtown Event Centre and South District Redevelopment, with reporting to Council on a quarterly basis.

AND THAT a by-law be presented to formalize the decisions and authorities delegated herein.

Resolution 3:

THAT the City of Greater Sudbury approves the Downtown Event Centre financing plan as outlined in the report entitled "Downtown Event Centre Update Report," from the Chief Administrative Officer, presented at the City Council meeting on April 16th, 2024.

Resolution 4:

THAT the City of Greater Sudbury delegates authority to the General Manager of Corporate Services to secure new debt of up to \$135 million, in addition to funds previously borrowed, to support Event Centre financing requirements.

Relationship to the Strategic Plan, Health Impact Assessment and Climate Action Plans

This report responds to several elements of the 2019-2027 Strategic Plan including:

Objective 2.0 Economic Capacity and Investment Readiness

- 2.1 Build Economic Development Initiatives to Support Existing Businesses, Attract New Businesses and Promote Entrepreneurship,
- 2.4 Revitalize Greater Sudbury's Downtown and Town Centres with Public Investments that Support Private Investment
- 2.8 Invest in Transformative Facilities, Spaces and Infrastructure that Support Economic Activity

Objective 3.0 Climate Change

- 3.2 Develop and strengthen strategies and policies to mitigate and/or adapt to the impacts of climate change,
- 3.3 Build climate resiliency into existing programs

Objective 5.0 Create a Healthier and More Vibrant Community

- 5.2 Invest in Infrastructure to Support Community Recreation with Focus on Quality of Life
- 5.6 Align Initiatives with the Goal of Community Vibrancy

Financial Implications

The financial implications of the recommendations in this report include the following:

- a) Increase the budget for the Event Centre to \$200 million, reflecting expert assessments included with this report of the project's current anticipated cost;
- b) Delegate authority to the Mayor and Chief Administrative Officer to negotiate/execute/amend agreements necessary for completing the Event Centre and related South District redevelopment;
- c) Delegate authority for securing additional debt up to \$135 million to fund the Event Centre project. For illustrative purposes, the financing plan includes an assumed interest rate of 4% for a 30 year term representing a \$7.8 million annual debt repayment.

The debt recommended here is in addition to existing, approved debt secured in 2020 at an interest rate of 2.4%, of which \$65 million is available to support this project. The costs incurred to prepare this report were \$60,794. This includes costs for A2S Consulting Engineers' report of \$11,074 and costs for Brisbin Brook Beynon Architects' report of \$49,720.00. The staff time involved in this report was approximately 200 hours. These costs, and those that will be incurred to undertake the next steps in this report, will be funded from the Event Centre Project Capital Budget.

EXECUTIVE SUMMARY

Following Council's direction last September for further detailed analysis, staff retained third party experts and reviewed reports produced over the past several years. Staff conclude:

- A. A new event centre provides the best opportunity for meeting Council's service objectives with the least impact, the greatest opportunity for complimentary investment and the least risk during construction.
- B. A new building can be constructed using a conventional Design-Bid-Build public procurement with a reasonable target of the facility being operational by April 2028.
- C. The new building cost estimate is \$200 million; considering funds currently available, this estimate produces additional financing requirements of \$135 million.
- D. The financing plan includes debt at a level that stays within both Council's debt management policy and provincial limits on municipal debt levels. Options to repay the debt exist and include a combination of property tax, non-tax revenue and private contributions.
- E. A new event centre aligns with Council's South District redevelopment vision and directly provides capital investments that support community goals for downtown renewal, asset renewal, climate change leadership and economic development.
- F. A new event centre confirms Council's strategic priority to support community vibrancy by creating new opportunities for cultural activities, conferences and community events that enhance Greater Sudbury's profile as an attractive business location and lifestyle destination.
- G. Delegating authority to the Mayor and Chief Administrative Officer increases the assurance the project will be complete on time and follows a project schedule that aligns with potential neighboring private development.

BACKGROUND

At its September 26th, 2023, meeting, Council received a report entitled "*Greater Sudbury Event Centre Update and Future Direction.*" This report was a companion to the "*Sudbury Community Arena Condition Update and Event Centre Options*" report presented to Council July 11, 2023. The September 26th report responded to Council's request for information regarding a facility renewal option and a broader district development with private sector participation.

"*Greater Sudbury Event Update and Future Direction*", provided Council with the following:

- An assessment to renovate the Sudbury Community Arena and examples of communities that pursued a renewal scenario,
- An analysis of a new or renewed facility as part of a larger redevelopment,
- A preliminary economic impact assessment using assumptions related to possible ancillary developments such as a conference centre, parking structure and hotel, and
- Appendices that describe a vision for the South District, including steps to engage the private sector

At its September meeting, Council passed the following resolution:

CC2023-237 THAT: the City of Greater Sudbury directs staff to further explore both the Renovation and the New Build Options described in the report entitled "Greater Sudbury Event Centre Update and Future Direction", presented by the CAO on September 26, 2023, with an estimated cost of up to \$200,000 and funding provided by the Event Centre Project budget, and

Further, that staff be directed to produce a report in March 2024 with the following components:

- 1. The results of the analysis on the current Sudbury Community Arena recommended in the September 26, 2023, report.*
- 2. A recommended process and timeline for the design and construction of a renovated facility as part of the redevelopment of the South District that mitigates any impact on current tenants.*
- 3. A recommended process to construct and open a new build facility in 2027/2028.*

4. *An initial evaluation of the potential of both options described in 2) and 3) to attract complementary investment as part of a larger redevelopment in the South District.*
5. *An estimated budget to complete each project option, based on City Council's 2017 list of required features for a new event centre, along with options for enhancements or reductions.*
6. *A potential financing plan for both options.*

This report responds to Council's September resolution. Staff engaged A2S Consulting Engineers to provide an updated structural condition assessment of the Sudbury Community Arena that includes recommendations for additional investigation, if necessary. Additionally, Brisbin Brook Beynon Architects (BBB) was hired to provide an analysis and recommendations that consider both the renewal of the Sudbury Community Arena and a new event centre while having regard for the work that has been previously completed of the same evaluation. Further, BBB evaluated the potential for private sector participation in each scenario. The findings of these two independent experts are reflected in this report. Staff prepared a financing plan that is also included in this report.

Late in 2023, Council directed staff to purchase several properties in the downtown South District to facilitate redevelopment and reiterate its support for economic development priorities and strategic goals. Staff also engaged J.L Richards & Associates to update the Downtown Master Plan to assist with the development of a new 10-year implementation plan. With an initial focus in the South District, these planning efforts support a shared understanding of the downtown's economic development potential.

Council should review this report together with staff reports presented at both the July 11th, 2023, and September 26th, 2023 City Council meetings. Taken together, these reports provide the most robust perspective available about the choice to renew or replace the 73-year-old Sudbury Community Arena. For convenience, the links below connect to these related reports:

City Council July 11th, 2023: [Sudbury Community Arena Condition Update and Event Centre Options \(escribemeetings.com\)](#); [Appendix A Updated Detailed Assessment of Sudbury Community Arena.docx \(escribemeetings.com\)](#)

City Council September 26th, 2023: ([City Council Meeting - September 26, 2023 \(escribemeetings.com\)](#)), [Sudbury Community Arena Condition Update and Event Centre Options \(escribemeetings.com\)](#), [filestream.ashx \(escribemeetings.com\)](#)([PowerPoint Presentation \(escribemeetings.com\)](#))

ANALYSIS

A2S Consulting Engineers Findings

A2S Consulting Engineers ("A2S") produced a structural condition assessment of the Sudbury Community Arena (Appendix A). A2S concluded, "the original arena structure is in fair condition with several deficiencies noted requiring repair, structural upgrades, and/or replacement to maintain the performance level of the structural elements."

The structural condition assessment included a description of additional investigation that could be undertaken by the City if a renewal option is to be pursued. Generally, the additional investigation is complex, involving significant additional costs estimated at \$500,000. It also requires the facility's closure while the investigation is underway. The facility closure would involve service interruptions and the removal of materials, including finishes, to perform exploratory analysis and the use of specialty equipment.

This supplemental investigation would be a component of a scenario where the existing facility would be redeveloped or relied upon for continued service. It would not be undertaken in a scenario where the building is to be replaced.

BBB's Findings

Brisbin Brook Beynon Architects (BBB) was hired to provide an analysis and recommendations that considers the renewal of the Sudbury Community Arena and a new event centre while having regard for the work that has been previously completed of the same evaluation. Further, BBB was to offer an opinion that assesses the appetite for private sector participation for each scenario (Appendix B).

As described in the attached report, BBB recommends the new build option for the following primary reasons¹:

- Increasing annual net revenue through more of the following: utilization, capacity, suites, events, sponsors, and operating efficiencies
- Significantly less construction risk and financial risk
- Larger private sector investment potential in the Event Centre
- More publicly accessible and welcoming with a higher service level
- Additional private sector development opportunities in the adjacent lands
- The expected life cycle for a new facility is over twice the remaining useful life of a renewed SCA

As outlined in BBB's report², the cost of an event centre renewal is approximately the same as a new build. **Table 1**, below, compares the options according to their ability to fulfill both the City's and the event industry's facility requirements. The following legend describes each option's fit with these requirements:

Full Compliance Partial Compliance Not Compliant

¹ BBB Architects. Sudbury Community Arena Renewal & New Build Review. (Page. 2) 2024.

² Ibid (Page 24)

Table 1: Alignment of Renewal and New Build Options with Municipal/Industry Requirements

Front of House		
City's List of Required Features	Renewal	New Build
5,800 Seats in hockey mode.	○	□
Includes 24 suites, 10 loges and 500 club seats in best locations to maximize revenues.	○	□
Uncongested access to and circulation around main concourse.	▶	□
Meet City's 2019 Community Energy and Emissions Plan to be more sustainable.	▶	□
Meet and exceed City's 2022-27 multiyear accessibility plans.	▶	□
Meet City's Strategic Plan (revised 2023) objectives.	▶	□
Maximize City's objective to follow success of other Canadian cities in attracting ancillary new investment. (See PwC June 2021 Update).	○	□
Event Industry's Additional Requirements		
Maximum 8,000 (Seating & SRO) capacity in concert mode. ³	○	□
Expandable to 6,000 seating to secure special events like International Ice Hockey Federation, Hockey Canada, and Curling Canada Championships.	○	□
Industry standard sightlines throughout.	○	□
Provide industry standard seat sizes and leg-room.	○	□
Create a bigger and longer honeymoon after opening to attract more events, guests, sponsors, etc. for the long term.	▶	□
Create a bigger "WOW" factor	▶	□
Back of House		
City's List of Required Features		
Provide "contemporary back of house amenities" to support a variety of sports and entertainment events.	▶	□
Convenient truck access to event floor.	▶	□
Event Industry's Additional Requirements		
Fast, safe and least expensive event load-in/out to attract more events.	▶	□
Efficient event centre on-going operations.	▶	□
Efficient and optimal positioning of food and beverage operations.	▶	□
Existing Sudbury Community Arena operates during event centre construction.	▶	□
Financial / Business		
Least risk due to unknown existing conditions like hazmat, foundations and other structures, mechanical / electrical/ plumbing.	○	□
More attendance and revenues.	○	□
More touring show events because of higher revenue potential	○	□
More revenues from third party sponsors and investors because of event centre quality certainty and potential for more special events.	○	□
Better contracts for City with tenants.	○	□
Less negative financial impact on Sudbury Community Arena operations during construction.	○	□
More efficient constructability and schedule to deliver more value for money spent.	○	□

³ Recent event centre designs have moved to increase maximum capacity to attract larger popular events that do not require a seat for all guests. This is important in growing cities and reflects trends related to the spectator experience and event industry.

As this evaluation illustrates, the new build option allows for all desired outcomes to be achieved.

Further to Resolution 2023-237 and Council’s direction for a completed project to be realized in 2027/2028, BBB recommends the use of a Design-Bid-Build approach with third party cost estimates to increase the assurance the project stays on budget through the design stages.

Design-Bid-Build projects are common in public sector procurement, and typically commence with construction documents prepared by a designer. After construction documents are complete, bids from qualified general contractors are solicited. Typically, the lowest compliant bid is awarded the contract for a fixed price. BBB’s opinion is current market conditions support using a design bid build process to ensure maximum competition, project quality and to incorporate cost-effective design. Table 2, below, describes milestones and a related schedule:

Table 2: Project Milestones and Schedule

Reports/Recommendations/Approvals	Schedule	
	Renewal	New Build
Council Direction on Renewal and New Build	Dec '23 to Apr '24	Dec '23 to Apr '24
RFQ / RFP Design-Bid-Build	May '24 to Aug '24	May '24 to July '24
Schematic Design and Class C Estimates	Sept '24 to Dec '24	Aug '24 to Dec '24
Design Development and Class B Estimates	Jan '25 to May '25	Jan '25 to May '25
Initiate process to secure operator	Mar'25 ⁴	Mar'25
Working Drawings and Class A Estimates	Jun '25 to Nov-25	Jun '25 to Nov-25
Initiate marketing and sales campaigns	n/a	Jun'25
Building Permit	Dec '25 to Feb '26	Dec '25 to Feb '26
Construction Tender	Dec '25 to Feb '26	Dec '25 to Feb '26
Construction	Apr'26-Sep'28	Apr'26-Apr'28
Behind the scenes construction	Apr'26-May'27	n/a
Summer Closure	May'27-Sept'27	n/a
Behind the scenes construction	Sept'27-May'28	n/a
Summer Closure	May'28-Sept'28	n/a
Grand Opening	Sept'28	Apr'28

It is important to note that this is an aggressive schedule. Unexpected items may arise during this process that produce schedule delays.

Budget Summary – Renewal of Existing Building

BBB’s cost estimate for a renovated arena produces a facility that does not fully meet Council’s desired service level. For a renovated facility to fully meet Council’s service expectations, an additional investment of \$50M to \$100M⁵ would be required. The estimates provided below assume that the entire area of the existing facility will need renovations, along with an additional 87,000 square feet of new space to achieve as much of the list of required features as possible. It should be noted that this results in a total square footage estimate that exceeds that of a new build due to the planning inefficiencies associated with a renewal project. Table 3 provides a summary:

⁴ Council may or may not choose to pursue an operator for a renewal option

⁵ BBB Architects. SCA Renewal and New Build Review Report. (page 5). 2024.

Table 3: Existing Facility Renewal Cost Estimate

Renewal		\$ Millions
New Construction (incl. 20% contingency)	87,000 sf. x \$800	\$ 70 M
Renovated Construction (incl. 20% contingency)	90,000 sf. x \$600	\$54 M
Sudbury and Structural premium ⁶	\$124 M x 14%	\$17 M
	Sub-Total	\$141 M
Soft Costs (industry standard 25%)	\$141 M x 25%	\$35 M
Site work (excluding parking)		\$4 M
	TOTAL RENEWAL	\$180 M

Furthermore, it is important to understand that there will be reduced revenues for a renewal compared to a new build over the first 25 years of operation. This reflects the different operating characteristics that would produce lower revenues from suite leases, reduced attendance and fewer shows. BBB estimated these reduced revenues over the next 25 years and included the amount when assessing the full cost of pursuing the event centre renewal option, as Table 4 describes:

Table 4: Reduced Revenue Attributable to the Event Centre Renewal Option

12 fewer suites (\$350k/yr. x 25 yr. x 90%)	\$7.9 M
600 fewer capacities (\$1.7m x 5% x 25 yr. x 90%)	\$1.9 M
2 fewer touring shows (\$900k x 5% x 25 yr. x 90%) and periodic special events such as Hockey Canada and Curling Canada championships	\$1.0 M
	Subtotal
	\$11 M
	FULL COST OF RENEWAL
	\$191 M

Budget Summary – New Build

When compared to a new build option, the budget estimates below illustrate that a new build results in a lower cost while achieving all of Council's list of required features, the least impact on existing tenants and community programming and produces the greatest chance of the facility being operational in 2027/2028. Table 5 summarizes the estimated costs:

Table 5: New Build Cost Estimate

New Build	\$ Millions
New Event Centre (including contingencies) (170,000 sf ⁷ . x \$750/sf.)	\$128 M
Sudbury, Structural and Soils Premiums (14%)	\$18 M
Sub-total	\$146 M
Soft Costs (25%), including FF&E, Consultants, Building Permit Fee, etc.	\$37 M
Site work (not including parking)	\$4 M
	Total New Build
	\$187 M

These estimates do not include costs that are unlikely to be required such as storm water management requirements or service relocations. These estimates also exclude costs required to address parking needs. Should Council wish to undertake the demolition of the existing arena, those costs, estimated to be approximately \$5.5M, are not included here.

The new event centre presents a unique opportunity for Greater Sudbury to build an inspiring facility that aligns with policy direction on climate change and showcases leading sustainability design solutions. Additionally, work to incorporate a high level of Community Energy and Emission Plan (CEEP) objectives would require an additional \$6M to \$8M. BBB noted these costs would typically be higher, but its benchmark costing includes sustainability investments that address CEEP outcomes.

⁶ The above Sudbury and structural premium of 14% is because of Sudbury's location and the need to import materials and labour from more distant locations. It was determined through key informant interview with local experts. The structural premium was determined after a review of soils reports previously commissioned by the City.

⁷ 170,000 is an approximate value based on the KED specifications and should be considered +/- 20% at this stage.

Similarly, a choice to exceed Accessibility for Ontarians with Disabilities Act (AODA) requirements would require an additional \$2M to \$3M. Further analysis would be required to confirm the specific design elements that would reflect this choice. Recommended Motion 1 b) ii) addresses this direction.

A Third Option – Do Nothing

A third option reflects a status quo approach, where the corporation continues to operate the existing Sudbury Community Arena and only completes repairs/replacements when absolutely necessary. This was not specifically addressed by BBB because Council's direction did not include this choice. With a 73- year-old building, doing nothing signals acceptance of a risk level that exceeds Council's expressed risk tolerance and increases the likelihood of unplanned service interruptions and/or high repair costs. For example:

1. Major components such as the ice floor could breakdown resulting in shutting down the Arena and its operations for an extended period;
2. The facility will not comply with contemporary standards and laws, including for safety and energy;
3. The costs to maintain and repair the Arena will continue to increase, especially as larger, more substantial building elements fail;
4. It will become even more difficult to attract entertainment artists and special events to the city; and,
5. The facility will increasingly be viewed as a second-class facility compared to similar Event Centres in Ontario and Canada, with services and visitor experiences that are much worse than the renewal option.

FINANCIAL PLAN

Debt Financing

Financing either a renovated or new build scenario would be accomplished by issuing debt. This is typical for publicly funded event centre projects. The corporation has the debt capacity to support this approach. Further, considering anticipated or planned capital projects over the next ten years, financing with debt can be integrated into existing plans and does not impair Council's ability to manage taxation levels so they remain affordable for the average taxpayer.

In 2020, \$90 million in debt was obtained to support the event centre project. Approximately \$65 million remains available to support the recommendations in this report. Additional debt will be required to fulfill either a renovated event centre or a new build. Table 6 illustrates this using the new build option:

Table 6: Event Centre Financing Requirement – New Build

<u>Current Financing Requirement</u>		
New Build Estimated Cost		187,000,000
Cost not included in new build estimates such as enhanced CEEP and accessibility recommendations and site works		13,000,000
A: Total Event Center Downtown New Construction		200,000,000
<u>Available Funds</u>		
Debt obtained for Event Centre in 2020	90,000,000	
Less: Project costs to date		
KED Project - cancelled	4,380,000	
Sudbury Arena Consultant costs	200,000	
South District Land Assembly including demolition costs	<u>20,420,000</u>	
Total Costs committed to date	<u>25,000,000</u>	
B: Total Remaining Event Center Debt		65,000,000
C: Maximum Additional Debt Required (A-B)		135,000,000

Staff anticipate the additional debt would be secured when market conditions and the project's cash flow requirements indicate the funds should be obtained. For the purposes of this report, staff assume an interest rate of 4% and a 30-year repayment term. This would produce an annual repayment requirement of \$7.8 million, funded by a combination of property taxes, facility operating revenue and incremental revenue as described below.

Revenue Sources

As with previous reports, BBB's analysis notes a new event centre can produce a net revenue increase. This is due to increased utilization, higher capacity, more suite revenues, more event revenues, additional sponsors and by adopting operating efficiencies possible when new technology and work processes can be incorporated into the facility's operations.

Property Taxes

Property taxes need to be part of the revenue sources used to repay the debt obligation described here. There are two options:

Option 1: Redirect a portion of the funds generated from the four-year special capital levy for roads in 2028 after the current four-year plan is complete. This levy will generate \$28 million in 2028. Assuming the debt proceeds will be required by 2026, with annual repayments beginning in 2027, existing reserves could be used to address any 2027 payment.

Option 2: There could be an incremental increase in the tax levy of 0.4% per year beginning in 2025 for four years up to 2028. This increase, combined with the potential increase in the Municipal Accommodation Tax described below, provides sufficient funds for debt repayments that would begin in 2027.

Municipal Accommodation Tax

Considering the Event Centre’s anticipated impact on the hospitality sector, it is reasonable to consider increasing the municipality’s Municipal Accommodation Tax and applying the incremental revenue to repay the debt obligation recommended in this report. For example, an increase in the MAT to 6% would generate approximately \$600,000 in the municipal portion based on today’s activity levels, producing an alternative funding source equivalent to approximately 0.2% of the tax levy to support the repayment obligation associated with the debt financing described in this report.

Ticket Surcharge

As described in the *2017 Proposed Sports and Entertainment Centre Feasibility and Business Case Assessment*, and reiterated in the *Sudbury Events Centre Update Report*, a ticket surcharge of \$2.50, added to the price of each ticket was anticipated. This is a typical revenue source for other comparable facilities and is generally used to fund a capital reserve account to “preserve the long-term maintenance and improvement of the arena” and to serve an additional revenue source to help pay for facility operations. Revenue projections are described in Table 7, below, and represent an amount approximately equivalent to 0.17% of the tax levy:

Table 7: Ticket Surcharge Annual Revenue Projections

	Year One	Year Two	Year Three	Year Four	Year Five
2021 ⁸	\$574,800	\$589,200	\$603,900	619,000	634,500

Community Participation

While the municipality’s commitment of the majority of capital funds is key to the project’s success, BBB notes experience in other communities shows the potential exists to offset up to 15% of the capital costs (approximately \$30M) via private participation. Once the location and building type decisions have been made, the project can be viewed as a “Community Project” where all sectors of Greater Sudbury are encouraged to make the project as successful as possible.

Preliminary Economic Impact Assessment

Economic impact refers to the employment and the value-added GDP impacts experienced by residents of Greater Sudbury, and across the province. Employment impacts are measured in jobs. This includes full-time, part-time, seasonal employment, as well as those who are employed and self-employed. Value-added (also referred to as Gross Domestic Product) measures the economic value created through the production of goods and services and is one of the most used indicators of economic activity. Value-added impacts consist of the following:

- Labour income, which includes wages and salaries and supplementary labour income (benefits) to workers.
- Business income, which includes net before-tax income of unincorporated business and corporate business income before deductions for depreciation, interest, and corporate income taxes.
- Government income, which consists of indirect taxes as well as goods and services purchased from the government. Indirect taxes include taxes such as sales taxes and property taxes but exclude personal income taxes and corporate income taxes.

To understand the potential economic benefits that could be realized with new a event centre, staff used the Tourism Regional Economic Impact Model (TREIM), a data analysis simulation tool provided through the provincial government, to understand the economic development potential.

⁸ PwC. Sudbury Event Centre Update Report. June 2021.

GDP Impact of a New Event Centre

The value-added GDP impact associated with the initial \$200 million in capital investment into a new event centre is approximately \$53 million on a direct and indirect basis. As a result of re-spending of labour income and/or profits earned in the direct and indirect industries, a further \$22 million has been estimated for induced impacts. This results in an overall impact to Greater Sudbury's GDP of \$75 million. This includes an estimated \$53M in salaries and wages that would support 586 jobs in Greater Sudbury, and a further \$21M is estimated in total taxes payable to all orders of government.

Considering the expected redevelopment of the South District that includes a new event centre, a hotel, conference facility, and a parking structure with commercial space the opportunity has the potential to realize significant economic benefits. By realizing these projects, the value added associated with an assumed capital investment of \$265M is approximately \$100M to Greater Sudbury's GDP, which includes an estimated \$71M in salaries and wages that support approximately 785 jobs in Greater Sudbury.⁹

To further understand the potential economic impact of the South District, refer to, *Greater Sudbury Event Centre Update and Future Direction, Appendix B: Supporting Information*, of the September 26th, staff report to Council.

Event Marketing

As previously reported to Council in the September 26, 2023 staff report, Economic Development staff examined the potential for increased activity based on a new event centre. The opportunity of a new spectator facility located in the South District of Downtown Sudbury that includes increased seating capacity, increased rentable space and a new attendee experience, would be one of the largest in northern Ontario. With this facility, Greater Sudbury could attract larger national and international sporting events, trade shows and large convention groups producing 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 trade show events, without the enhanced features identified within the new build it may be more challenging to attract higher attendance events. 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 would also attract accommodation investment of 42,640 hotel room nights to complement attendee experiences.

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. Table 8, below, identifies a few of the potential sport, conference, and event opportunities that Greater Sudbury would be better positioned to attract:

⁹ Estimates assume New Event Centre-\$200M, Hotel Convention Centre - \$30M, and Parking Structure w/ commercial - \$35M for total investment \$265M

Table 8: Attendance at Selected National Events, 2023

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

SOUTH DISTRICT PLANNING

Downtown Master Plan

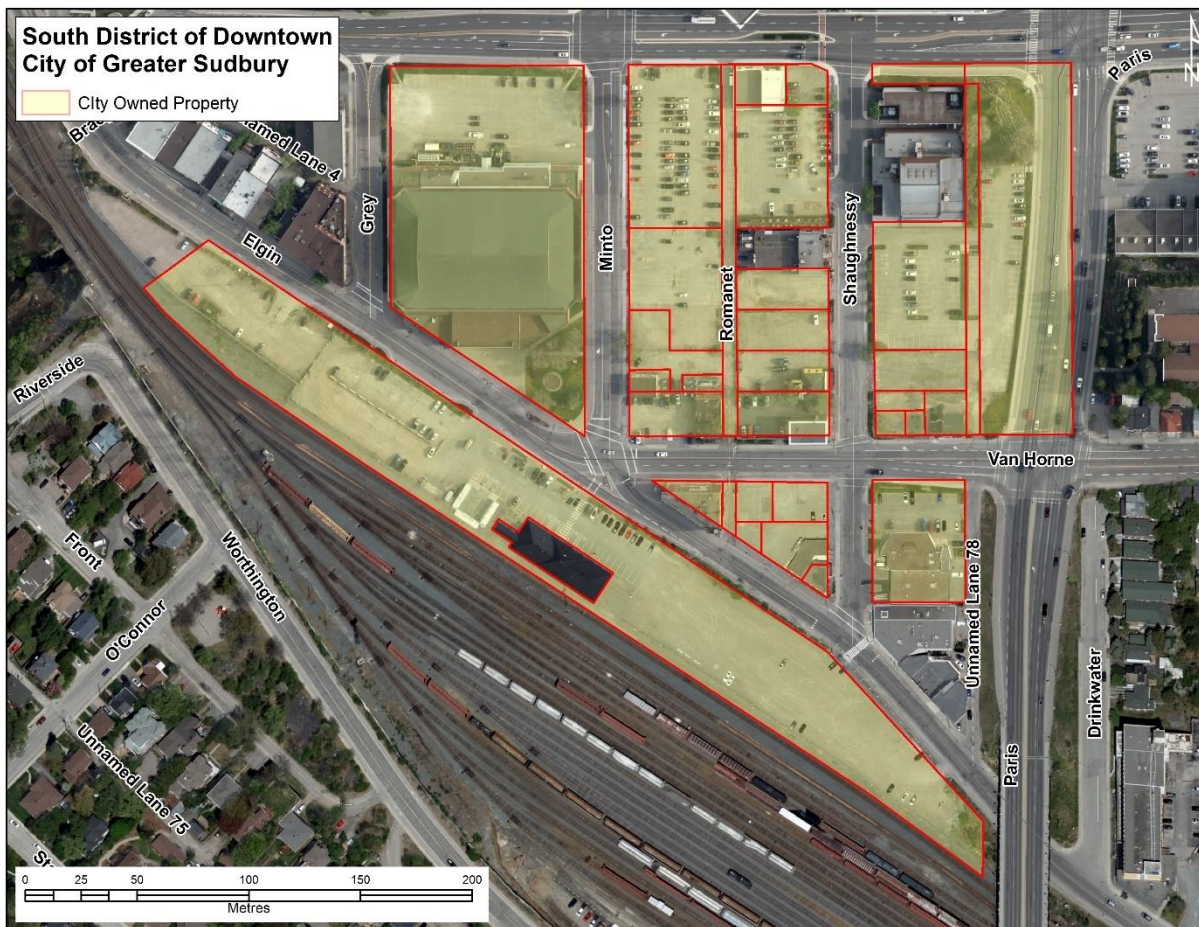
With support from JL Richards & Associates to update the Downtown Master Plan, the work requires approximately 24 months, finishing in late 2025. The next steps include the preparation of a communication plan, website, public engagement sessions, and the finalization of the update/10-year implementation plan. Staff will continue providing updates via Planning Committee at key milestones.

Land Assembly

To increase the feasibility of private development opportunities, industry experts recommend a new event centre with potential for ancillary private development. Council directed staff to assemble several properties to create a larger development site in the downtown South District. In late 2023, the city successfully acquired several sites and is using the expropriation process to acquire one property.

This significantly increases the potential to attract private sector investment, supported by a marketing strategy that will include the development of a compelling vision and value proposition and several development incentives that leverage existing programs.

Figure 1



Activation Plan

The buildings that occupy the recently acquired properties are being demolished to prepare for future development. An Activation Plan will identify temporary landscaping that will make the area attractive for the public and potential investors before and during their redevelopment. This work will be underway this fall in conjunction with the work being done by JL Richards & Associates to update the Downtown Master Plan. Council will receive updates as this work proceeds.

Private Sector Investment

As outlined in *Appendix B-Supporting Information* of the September 26 staff report to Council resulting from the work commissioned by KKR Advisors on precedent projects (Appendix C), BBB Architects reinforces KKR's findings. Both reports note that existing city lands and buildings can provide leverage to increase private sector interest and investment. This leverage is enhanced when the city is making a major capital investment, like a new event centre, in the same area.

BBB Architects acknowledges one thing private sector investors and developers avoid are increased risks and uncertainties, something that a renewal inherently is likely to encounter. Consultation with the private sector in the Spring of 2023 and findings from precedent examples have revealed that greater success can be realized if the City of Greater Sudbury tries to reduce risks for development. This can be achieved in several ways. However, primary to this is that the City undertakes development due diligence on individual sites to understand and quantify issues (and costs) which would impact development of a site (including environmental, geotechnical, site servicing and/or other constraints).

This information would then be provided to prospective purchasers/developers as part of the procurement process. Transparency in terms of development risks, outlining the City's plans to mitigate them and willingness to engage in an open and collaborative partnership with the private sector would further assure developers of the corporation's interest in collaborating to achieve shared desired outcomes.

To reflect both KKR's and BBB's expert advice and leading practices used in successful jurisdictions, a process to secure private development in the South District includes the following five components:

1. South District Preparatory Due Diligence
2. Request for Information (Expression of Interest)
3. Request for Qualifications
4. Request for Development Proposals
5. Contract Negotiations.

This process encourages private sector proposals for collaborative projects. More details on this process can be found on page 50 of the attached report, *City of Greater Sudbury Precedent Projects – Private Sector Entities Assisting in the Provision of Community Infrastructure* prepared by KKR Advisors (Appendix C).

Parking

A successful and vibrant downtown has an adequate parking supply to support local commercial / recreational activity, and residential land uses. However, the challenge for every city is defining and balancing what is needed vs. desired amounts of parking. If parking is over-supplied and easily accessible, most downtown travelers will elect to drive, which causes network congestion that leads to reduced air quality, noise, pollution, and increased safety risks to vulnerable road users. If parking is under-supplied and not easily accessible, downtown business may have difficulty flourishing, if the general population determines that it is too difficult to visit downtown. Therefore, a successful parking plan should be coupled with transportation demand management (TDM) strategies and high-quality infrastructure to encourage sustainable travel mode choices. These typically include walking, biking, and efficient use of public transit.

Staff continue to work with JL Richards on updating the downtown parking study as part of the background work for the Downtown Master Plan update. Early results found that if 271 spaces are removed because of the new event centre development then there will be a shortage of available parking. There is an opportunity to find a parking solution through efforts related to South District redevelopment. Furthermore, the current Community Improvement Plan for Downtown Sudbury includes programs incentivizing parking structures.

Delegated Authority to the Mayor and Chief Administrative Officer

Delegating authority for decisions typically made by City Council to the Mayor and Chief Administrative Officer offers several significant benefits, including the following:

- 1. Timely Decision-making:** By delegating authority to the Mayor and Chief Administrative Officer, decisions can reflect timely responses to the dynamic needs of a large-scale development project, ensuring that opportunities are seized and challenges are addressed in a timely manner.
- 2. Consistency and Accountability:** The Mayor and Chief Administrative Officer, working together, reflect a consistent approach in decision making and applying policies to the development. They can maintain a continuous and focused oversight on the project, ensuring that it aligns with the city's strategic goals and community needs. This also centralizes accountability, making it clearer who is responsible for the success or failure of the project, which can be beneficial for both governance and public trust.
- 3. Alignment with Strategic Priorities:** a large-scale development project like the Event Centre and the related South District developments have a significant impact on the city's future landscape, economy, and community. The mayor and Chief Administrative Officer are positioned to ensure resources are efficiently used to produce a development that contributes positively to the city's sustainable growth, economic development, and community welfare goals.
- 5. Enhanced Collaboration and Negotiation:** A focused leadership team consisting of the Mayor and Chief Administrative Officer can enhance collaboration with stakeholders, including developers, investors, senior governments, and the community. They can ensure stakeholder interests are balanced and integrated into the project. This can also streamline negotiations, as stakeholders would be dealing with decision-makers who have the authority to make commitments and resolve issues promptly.

Several mechanisms will be in place to support Council's oversight responsibilities, demonstrate transparency, and maintain stakeholder trust and accountability throughout the project. This includes routine quarterly project reporting to Council, regular website updates describing project status and progress and regular performance reporting on the project's financial and non-financial performance.

CONCLUSIONS

1. Results from the A2S report support previous conclusions that the existing Sudbury Community Arena will require significant cost to sustain operation and renovations must address both structural deficiencies and regular asset management needs.
2. Findings of the BBB report support previous conclusions that the renovated arena will not address Council's approved service level at a reasonable cost and will create operational challenges to meet programming requirements.
3. Furthermore, outcomes from the BBB report indicated that the new build option is the lowest cost choice that will achieve all of Council's 2017 list of required features, with the least impact to existing tenant and community programming. It also provides the longest-term sustainable model for programming and operations.
4. Design-Bid-Build is the best way to ensure maximum competition, the project's quality and to incorporate cost-effective design in the current market. A new building can be constructed using a conventional Design-Bid-Build public procurement with a reasonable prospect of the facility being open by April 2028.
5. A decision to build a new event centre, combined with recent land assembly within the downtown South District, removes significant constraints on the potential to allow for complementary private sector investment which aligns well with Council's commitment to South District redevelopment.

6. The estimated capital cost of a new building is \$200 million, which requires supplemental funding of \$135 million.
7. The financing plan includes debt at a level that stays within both Council's debt management policy and provincial limits on municipal debt levels. Options to repay the debt exist and include a combination of property tax, non-tax revenue and private contributions.
8. Early results indicate that a new build event centre will trigger the need for parking solutions in the South District which presents an opportunity for this to be addressed through the redevelopment processes.
9. Delegated authority to the Mayor and Chief Administrative Officer to approve documentation, negotiate terms and execute agreements ensures the aggressive schedule and the project's successful on-time completion. This increases the assurance the project schedule can align with the pace required to support potential neighboring private developments. Regular reporting to Council will continue throughout the project.

NEXT STEPS

1. With either a renovated / new build option, staff will prepare, issue, evaluate and award the necessary Request for Proposal to procure a lead architect and engineering team.
2. Should Council select a new build option, staff will advance with processes to identify a site for the new event centre within the South District.
 - a. Once a site has been selected, staff will prepare a Request for Expressions of Interest to begin to engage with the private sector toward realizing south district redevelopment.
3. A process to secure additional debt financing will be undertaken that reflects market conditions and project cash flow requirements.
4. Staff will report to Council on a regular basis and at key milestones with updates on the progress of the Event Centre project as well as the status of redevelopment of the South District.

REFERENCES

City Council September 26th, 2023: ([City Council Meeting - September 26, 2023 \(escribemeetings.com\)](#)), [Sudbury Community Arena Condition Update and Event Centre Options \(escribemeetings.com\)](#), [filestream.ashx \(escribemeetings.com\)](#)([PowerPoint Presentation \(escribemeetings.com\)](#))

City Council July 11th, 2023: [Sudbury Community Arena Condition Update and Event Centre Options \(escribemeetings.com\)](#); [Appendix A Updated Detailed Assessment of Sudbury Community Arena.docx \(escribemeetings.com\)](#)

[City Council August 9th, 2022: Greater Sudbury Event Centre Project Update \(escribemeetings.com\)](#)

Appendix A: A2S Consulting Engineers. Structural Condition Assessment Sudbury Community Arena. 2024.

Appendix B: Brisbin Brook Beynon Architects. Sudbury Community Arena Renewal & New Build Review. 2024

Appendix C: KKR Advisors Precedent Projects – Private Sector Entities Assisting in the Provision of Community Infrastructure. 2023.