

THE WORLD TRADE CENTER GREATER SUDBURY

Response Report to Accompany
the CBRE Report to Council

Opening Remark

The World Trade Center Greater Sudbury (WTCGS) would like to thank CBRE for its research efforts and for composing a report that, in the opinion of the World Trade Center Greater Sudbury, further validates the case for the establishment of a World Trade Center in Greater Sudbury in conjunction with the proposed Greater Sudbury Convention and Performance Centre (GSCPC). Below, the WTCGS has summarized several talking points from the report that it would like to emphasize.

Development at No Cost to the Taxpayer

The WTCGS is an opportunity that will not cost the local tax payer. It is a net-neutral model. The commitment of the City of Greater Sudbury will help to unlock additional funding opportunities from upper levels of government as well as investment from the private sector. A commitment to support the WTCGS is an investment in the businesses and people of Greater Sudbury and will show the confidence of council to grow this city. The World Trade Center Greater Sudbury will generate revenue, \$1 million per year, create new jobs and attract international business and recognition for the City of Greater Sudbury.

The World Trade Center Greater Sudbury is requesting \$1 million / year for ten years. This investment will be repaid to the city through the collection of property tax. Once the initial investment has been repaid, the annual property tax will become a revenue stream for the City of Greater Sudbury.

As a value added, the World Trade Center Greater Sudbury, as a not-for-profit entity, will be re-investing any profits into supporting the growth of the five priority sectors it has identified.

The WTCGS Model

The WTCGS understands that there was some concern expressed in the report by CBRE regarding the operating model proposed for a World Trade Center (WTC) in Greater Sudbury. This operating model follows World Trade Center guidelines and was approved by the World Trade Centers Association (WTCA) board of directors when it granted the option to Greater Sudbury.

World Trade Centers are as unique as the cities in which they are established. When an organization joins the World Trade Centers Association, it does not become a franchise but rather, it receives a license. As a result, no two World Trade Centers are the same. Each WTC is granted the ability to operate within the guidelines of the WTCA to best serve the needs of its community.

Residential Space (Corporate Apartments)

The incorporation of a residential component is not a new concept to a World Trade Center operation. There are a number of World Trade Center's that have incorporated residential units into its operating model. Amsterdam has one of the most successful residential models offering more than 650 units and expects that number to climb as high as 8,400 by the year 2040.

The WTCGS is proposing a much more modest residential offering in the range of 20-60 units. To clarify, the corporate apartments are simply apartments. They will operate on lease agreements and will not compete with hotel offerings on the site. The units will be pre-leased prior to construction.

This component aligns directly with the City of Greater Sudbury's strategic plan, *From the Ground Up* as well as the *Sudbury Downtown Master Plan*. The WTCGS will help address a priority that was identified by the City of Greater Sudbury. The City of Greater Sudbury has asked for the development of residential space in the downtown core.

According to the Downtown Master Plan, "people living downtown bring life to its streets and shops, creating activity and buzz. This level of activity makes people feel that the Downtown is a safe place to be. However, with only 600 people living in Greater Sudbury's Downtown, the local residential population is under-represented and insufficient to generate an urban buzz. Downtown Sudbury has the opportunity to become a new residential destination through intensification."

The incorporation of the residential component in the proposed WTCGS site is located adjacent to the Elgin Street corridor. The completion of the Elgin Street Greenway will provide residents with a direct route to Bell Park and the shores of Lake Ramsey.

Commercial Office Space

The offering of Class A commercial office space within the WTCGS will help the City of Greater Sudbury to attract new businesses and amenities to the community. The majority of vacancies appear to reside in the Class B and C level offerings.

While there may be local entities who wish to relocate to the WTCGS, the World Trade Center Greater Sudbury will also be seeking opportunities to recruit international businesses to take up residency as they look to establish themselves. The WTCGS will also be pursuing several public sector opportunities such as a passport office, Export Development Canada offices and a Consul Corps office to name a few.

The WTCGS would agree with CBRE that "the addition of an iconic WTC building offering Class A office space in the downtown market together with additional parking, could be the catalyst to maintain and attract additional office commercial activity in the downtown core."

Launch Area

The ability to launch a new product in a state-of-the-art center and have the event broadcast through World Trade Center networks would grant Greater Sudbury businesses an incredible opportunity to prosper locally and connect globally. The launch of new, innovative products could be shared through an extensive World Trade Center network comprising 750,000 businesses connected through 325 World Trade Centers located in 91 countries.

While there are spaces locally that could host product launches, many of them have their limitations. The proposed launch space at the WTCGS would be capable of supporting products of any size including full size mining vehicles. The space would also be an incredible compliment for the Greater Sudbury Convention and Performance Center (GSCPC) for industry who would like to display product when the convention floor is otherwise occupied.

Greater Sudbury is home to a number of world-class technology incubators and innovative companies. The World Trade Center Greater Sudbury's launch area will provide them with an unmatched opportunity to market and commercialize their products on the world stage.

Trade Missions

Currently, the City of Greater Sudbury averages close to twelve trade missions annually. In order to grow business, the number of trade missions conducted needs to increase. By representing the five priority sectors, the WTCGS has the opportunity to increase that number by upwards of 100% through WTCA trade channels.

The World Trade Center Greater Sudbury will work collectively with local organizations to enhance existing trade missions and to attract additional missions to the City of Greater Sudbury. The World Trade Center has the capability to help attract C-Suite executives and dignitaries which could result in new opportunities for the City of Greater Sudbury, similar to when the Governor of Nevada, Brian Sandoval, visited Canada as part of a trade mission, hosted by WTCs across Canada.

Lastly, the World Trade Center Greater Sudbury will also facilitate outgoing trade missions in an effort to connect local companies and dignitaries to new opportunities all across the globe. Through the World Trade Center network, the WTCGS will have knowledge of active trade missions that are of strategic importance to the City of Greater Sudbury and its businesses.

Memberships

The World Trade Center Greater Sudbury will have a membership structure and understands that most companies and business individuals will hold multiple memberships if it provides them with value and a competitive advantage. While the WTCGS' membership offerings are competitive with other memberships from a cost perspective, they will be quite unique from a benefits perspective.

Growth Potential

The model for the World Trade Center Greater Sudbury was developed with consultation from several of Greater Sudbury's guiding documents such as the *Downtown Master Plan*, *From the Ground Up 2015-2025* and the *City of Greater Sudbury Strategic Plan 2019-2027* in mind. In doing so, the WTCGS could ensure that the WTCA was approving an option on a business plan that was looking to address several of the city's strategic goals. The WTCGS's mandate is to work collaboratively with all of the City of Greater Sudbury's priority sector to grow opportunities, attract new investment and further diversify the local economy. The World Trade Center Sudbury is committed to helping the City of Greater Sudbury achieve its Everest Goal of 10,000 new net jobs by 2025, especially under current conditions.

The World Trade Center Greater Sudbury understands that the mining and mining supply sector is a vital piece to the local economy and will work collectively with businesses and organizations that occupy that space. The WTCGS has held a number of conversations with strategic mining partners and that commitment to work collectively with the mining sector is reflected strongly in the letters of support that have been provided.

There is also an incredible amount of growth potential that exists within the other priority sectors that could result in significant gains for the City of Greater Sudbury. These sectors are Healthcare, Environmental Rehabilitation, Tourism and Film and Education, to start. Only through the promotion of all of the local sectors will Greater Sudbury realize its true potential. Integrating Greater Sudbury into a well established global network, like the World Trade Centers Association, will facilitate that objective. The World Trade Center Greater Sudbury will be a game changer for the city.

CBRE determined that only 9% of visitors frequenting Greater Sudbury are travelling for business purposes. It should also be noted that 95% of all out of town visitation is from Ontario, meaning that most business conducted in Greater Sudbury is inter-provincial. There is an incredible opportunity through the establishment of a World Trade Center to significantly enhance Greater Sudbury's national, and international profile. This will help attract new opportunities, bring new visitors increasing tourist spending and investment.

Synergies with the Greater Sudbury Convention and Performance Center (GSCPC)

The World Trade Center Greater Sudbury was approached by the City of Sudbury to partner with the GSCPC. The WTCGS is open to pursuing a partnership with the GSCPC. There are a number of key synergies identified in the report that are mutually beneficial to both the WTCGS and the City of Greater Sudbury with regard to physical infrastructure such as parking and office space, operational costs and shared services. The co-existence of the two entities will provide the opportunity for greater collaboration.

According to the CBRE report, the GSCPC was expected to host between 14-16 events on an annual basis prior to the study with the WTCGS. The World Trade Center will be hosting five signature events on an annual basis that would require the use of the GSCPC. The addition of those events would account for a 30% increase in convention revenues. There is also the potential to host special, one-off events such as the World Trade Centers Association AGM that would require the use of the GSCPC.

Lastly, the WTCGS would be able to seek out strategic partnerships that would drive additional activity to the GSCPC, and the City of Greater Sudbury as a whole. The WTCGS will be looking to foster strategic partnerships such as the MOU developed between the WTC Las Vegas and the WTC Saskatoon where the two entities will co-market under the WTC brand creating access to key trade information, market research and facilitating business trade opportunities.

Why Establish a WTC in Sudbury?

Proven Model

Although each World Trade Center is unique to its community, the model is successful. The World Trade Centers Association has been in existence for more than 75 years and there are now over 320 World Trade Centers across the globe. Each World Trade Center is governed by a strict set of operating principles that it must adhere to. Investing in the establishment of a World Trade Center is an investment in growing the economy and participating in an integrated business community focused on international trade.

Job Creation

While the World Trade Center Greater Sudbury anticipates the creation of 20 direct jobs and 160 temporary construction jobs, there exists incredible growth potential for local small and medium enterprises (SMEs). The World Trade Center Greater Sudbury wants to assist with the creation of good-paying jobs for the citizens of Greater Sudbury.

SMEs are vastly under-represented in global markets. The share of SMEs engaged in international trade is typically under 10 percent, underscoring the importance of trade-related support services, like those that would be offered by a local World Trade Center.

A World Trade Center provide a means for SMEs to enter the international marketplace and to grow beyond the city limits where they are located, ultimately unlocking their potential and making them an economic force multiplier for the cities in which they reside.

According to From the Ground Up, there are over 8,000 SMEs operating in Greater Sudbury. If roughly 10% are engaged in international trade, there are more than 7,000 local businesses that could benefit from the establishment of a World Trade Center, which could assist them in expanding their business through exposure to international markets.

Attract New Investment and Growth Opportunities

Cities invested in international trade, on average, draw Foreign Direct Investment, at twice the rate of the national average and export goods at 1.55 times the national level, per capita. These cities are also associated with a 1.5% higher workforce participation. World Trade Centers become an important piece of a city's economic ecosystem and play a vital role in connecting local businesses and investors to global opportunities. By leveraging the WTCA network, local World Trade Centers work to integrate their home cities into the international marketplace. As a result, this process has a profound effect on establishing the building blocks of a strong and resilient economy, namely Foreign Direct Investment, export and job creation.

According to the WTCA, for every 1,000 passengers transitioning through an airport, one can expect a USD \$7.3 million increase to local GDP as well as a USD \$30,000 increase in FDI inflow. If only 5% of Greater Sudbury's visitation is from out of province, there is a significant growth opportunity by encouraging greater visitation from both national and international audiences.

Return on Investment for the City of Greater Sudbury

The World Trade Center Greater Sudbury will be a revenue generator for the City of Greater Sudbury which can be used to offset the operating costs of the Greater Sudbury Convention and Performance Center through the collection of property tax. An investment from the City of Greater Sudbury will also help to unlock capital funding from upper levels of government and investment from the private sector.

A partnership between the WTCGS and the GSCPC will also result in a number of potential cost saving opportunities which include capital infrastructure as well as operational costs.

Joint marketing ventures with the WTCGS will help drive additional traffic to GSCPC events and significantly enhance the facilities marketing reach with regard to event and convention audiences.

Greater Sudbury is a Viable Option

Despite some concerns that the City of Greater Sudbury is too small to support a WTC, The World Trade Centers Association sees value in establishing a WTC in Greater Sudbury. It has expressed its intent through the approval of an option for the WTCGS in the spring of 2019.

As reflected in *From the Ground Up*, “Greater Sudbury is seen as a community that is large enough to support projects of scale yet small enough to provide a ‘local feel’ and a high quality of life.” One of the main challenges identified during the creation of the report was that international companies see little difference between Greater Sudbury and other northern Ontario locations, making it difficult to attract them to the city. CBRE agrees that the WTCGS proposal would greatly differentiate Greater Sudbury and set it apart. The World Trade Centers Association is ready to bring the world to Greater Sudbury. It is now up to council to bring Greater Sudbury to the world.