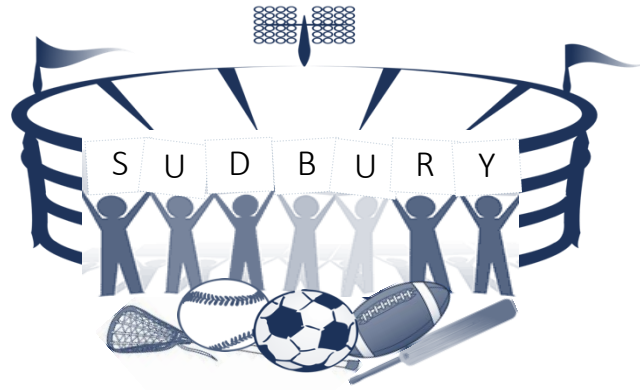


# THE FABIO BELLI FOUNDATION: FACILITY PROPOSAL



MARCH 2018

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## OUR MISSION

### THE FABIO BELLI FOUNDATION

Fabio Belli was a dedicated and respected member of our community, not only as a committed councillor to the City of Greater Sudbury, but also as a businessman, community organizer, and most importantly, family man. Fabio recognized the significant contribution that individuals can make to their own community, and tirelessly worked to help transform his City towards a bigger and brighter future.



The Fabio Belli Foundation was created in 2016, in order to honour Fabio's legacy and continue his passionate work. The mission statement of the foundation is to:

*“promote health, wellness and sport for all citizens in the City of Greater Sudbury.”*

The main objectives of the Foundation are to:

1. Act as a community leader in assessing the current recreational landscape available to athletes in the community.
2. Develop a governance structure that addresses identified gaps within the community and perform adequate due diligence in assessing the feasibility of solutions.
3. Partner with members of the community to deliver recreational opportunities for the citizens of the city.

### PROPOSED INDOOR SPORTS FACILITY

The City of Greater Sudbury does not currently have an indoor sports facility, equipped with artificial turf, to be primarily used during the fall and winter months for training and playing of various sports. The Indoor Soccer Centre that previously existed on Falconbridge Road in Sudbury did meet the demands of the local sports communities, however was closed in 2016. As a result, the Foundation has developed a proposal to construct and operate a new indoor sporting complex in the city in order to give local athletes access to indoor facilities typically offered in most communities across the Province of Ontario.

The Foundation has been exploring the various options available to satisfy the demand of the sporting community for such a facility, learning from other communities which have already experienced much success. There are many alternatives available with respect to the construction of the facility, as well as the ownership and operating models. This facility proposal will present the approach followed by the Foundation, the alternatives considered, and ultimately the proposed recommendation to develop a facility to meet an unfulfilled demand within the community.

The proposed sporting complex will consist of the following specifications:

<b>Building Type:</b>	Air Supported Structure
<b>Square Footage:</b>	Approximately 94,000 square feet
<b>Number of Fields:</b>	3 Soccer Fields (approximately 110x210 each in size), convertible to 1 large FIFA regulation field or 1 baseball diamond
<b>Playing Surfaces:</b>	Artificial Turf (specific details to be finalized)-
<b>Field Amenities:</b>	Change rooms with sufficient washroom and shower facilities, partitions available to appropriately segment playing surfaces-  Four lane track
<b>Parking Spots:</b>	100 spaces

## OPERATING MODEL & STRUCTURAL DESIGN

The Foundation has examined different operating models based on the landscape that exists in Northern Ontario with various stakeholders, as well as through analysis of models currently deployed in other communities. Generally speaking, the simplest operating models involve the following:

- The Facility Model – where the entity manages the facility, including all operations and costs associated with the building, and rents the facilities as required.
- The Enterprise Model – where the entity manages the facility as a full operation, running leagues, camps and other related events, charging and administrating over individual participants.

**The Foundation has chosen the Facility Model**, similar to the model used by many municipalities to operate different types of recreational facilities.

Similarly, the Foundation has researched and evaluated several structural options, all requiring different levels of capital funds to construct and operating costs to maintain. As discussed in subsequent sections, various structures exist throughout other cities. Generally speaking, the most common structure options are as follows:

- Permanent Structures – Permanent structures being used as indoor sports facilities across Canada can have varying characteristics. For the purposes of this proposal, the permanent structure option being evaluated is a stand-alone building, newly built, per the designs and specifications developed by the Foundation.
- Air Supported Structure – Air-supported structures are common throughout the Province, are currently used in many different capacities to support various sports, and generally come in pre-determined manufactured sizes.

**The Foundation has elected to design and construct a new air supported structure.** An air supported structure will best meet the current needs of the community and offers flexibility in the long term, including greater control over operating costs.

## BOARD OF DIRECTORS

The Board of Directors of the Fabio Belli Foundation consists of the following members of the community:



### JEAN-GILLES LAROCQUE

Mr. Larocque is a secondary school teacher and Athletic Director at Bishop Carter Secondary School, and also the owner The Baseball Academy, which is the only indoor baseball training facility in Northern Ontario. Having spent many years both playing and coaching baseball, he runs Sudbury's competitive baseball program, and is involved in various provincial level teams. Jean-Gilles has a degree from West Virginia State University in Institute, West Virginia.



### DR. MICHEL LARIVIERE

Dr. Lariviere is a Psychologist in Sudbury providing counselling and therapy to individuals in groups in a wide range of areas. He has achieved success in developing his practice while also continuing to be a leader in related research, as well as being a faculty member at Laurentian University and the Northern Ontario School of Medicine. Michel obtained his Ph.D. from Carleton University and is a member of the Ontario, Canadian and American Psychological Associations.



### DINO MORETTA

Mr. Moretta is a Tax Manager with Freelandt Caldwell Reilley, providing tax and advisory services to medium to large sized corporations in Northern Ontario. With an extensive background working with the Canada Revenue Agency prior to his current role, he brings a specialized skill set to clients in navigating the Canadian tax system. A CPA and CGA, Dino graduated from Laurentian University with a Bachelor of Commerce degree.

### MS. SUSAN BELLI

Ms. Belli grew up in Sudbury and has two children with her husband Fabio, Brianna and Emma. Susan is committed to her husband's vision and will help ensure his legacy of community building lives on.



### DR. DENNIS REICH

Dr. Reich is a physician, researcher, entrepreneur and technology consultant in Northern Ontario. He established the Primary Medical Centre providing care to patients in Sudbury. He is also co-founder and CEO of Activated White Ltd., which is developing a platform technology polymer designed to help in carbon capture, and President of SilverThink, a medical technology company. Dennis received his Medical Degree from Queen's University and his Family Practice Degree from the University of Ottawa and the Northern Ontario School of Medicine. He is a mentor at Sudbury's Regional Innovation Centre, NORCAT (RIC).

## PARTNERSHIP & SITE SELECTION

### SELECTION PROCESS

One of the fundamental goals of the Foundation is to remain connected and integrated with the community as much as possible. As a result, the Foundation has decided that any proposed project would be undertaken along with a local partner who has similar goals for the citizens of the city. The Foundation has met with both major local post-secondary institutions to understand each institution's long-term goals, including their objectives regarding current and future recreational facilities. The Foundation has also met with one of the four school boards in the City of Greater Sudbury, to explore the possibility of a partnership. Finally, several local entrepreneurs have met with the Foundation to present their entity's objectives and strategic plans for such a facility, to see whether any synergies exist.

The Board of the Fabio Belli Foundation took great care in evaluating all options available in selecting the right partner for this venture. The Board assessed each organization's primary goals, site location, operating plans, and the role the Foundation would play with each proposal, before they made their decision.

Ultimately, the Board of the Foundation has selected Rainbow District School Board (or "School Board") as the partner of choice in developing an indoor sports facility in the City of Greater Sudbury. This partnership would require the approval of the school board.

### OPERATING PARTNER OF CHOICE

Rainbow District School Board is in the planning stages to install and maintain an artificial turf surface on the soccer field at Lasalle Secondary School as part of the redevelopment of the site to accommodate an elementary school. The School Board is proceeding with the installation regardless of the outcome of this proposal. Although the new artificial turf surface will give the School Board a premium soccer pitch for its students as well as local sports clubs, it can only be operational during the warmer months of the year. The majority of the school year is during the cooler and colder months.

The Foundation feels that its objectives with the proposed facility match very closely with the goals of the School Board, both having the well-being of citizens at heart.

A similar partnership is working quite well between the municipality in Milton, Ontario and the Catholic Secondary School Board in that Region. Although certain aspects of this partnership may differ from this project, collaboration on the project by both parties mirrors what the Foundation and School Board are striving to achieve in Sudbury.





## PROPOSED SITE LOCATION

The Foundation believes the Lasalle Secondary School site, which is currently under redevelopment, is an ideal location for the proposed new indoor sporting complex. The school is located at 1545 Kennedy Street in Sudbury, Ontario. The following map illustrates the proposed site:



The following drawing illustrates the proposed location of the complex on the existing property.



Once final engineering documents and site surveying are completed, the Foundation will have a more accurate determination of the exact location of the new facility on the site selected.

## MARKET ANALYSIS

### LOCAL DEMAND FOR INDOOR FACILITY

The community in Sudbury consists of a wide range of groups and individuals with a high likelihood of renting an indoor sports facility such as that being proposed by the Foundation. Since the closure of the Indoor Soccer Centre in 2016, local organizations have unfortunately had to look for alternative facilities such as elementary school gymnasiums, or in other cases cancelled any activities that would typically run in the fall and winter months. The following lists organizations that were historically consistent users of the soccer centre, as well as newer organizations, that would have an interest in renting field space in the proposed facility:

#### SOCCER

Soccer continues to be one of the leading sports in the Greater Sudbury area with respect to participation, both at the youth and adult levels. Each year, soccer ranks as the number one sport played by youths aged 3-17 in Canada, with 38% of children playing soccer in 2014<sup>1</sup>. According to the Sudbury Regional Soccer Association, in 2015 the City of Greater Sudbury was home to 13 different programs, both recreational and competitive, offering soccer to children and adults alike. As expected, the greatest number of soccer players

**2015 Registrations by Program**

Youth Recreational Programs		Senior Recreational Programs	
Espanola	196	Croatia-Adria	33
GSSC	251	Italia Flyers	232
Nickel Centre	383	Sudbury Athletic	15
Rayside-Balfour	306	SC Italia	55
Sudburnia	850	Sudbury Women	<u>243</u>
Valley East	990	SDSC	<u>298</u>
Walden Minor	453		
SDSC	<u>200</u>		
	<u>3,629</u>		
Competitive Programs		Indoor Programs	
GSSC	179	SDSC	735
SDSC	<u>40</u>	Espanola	<u>43</u>
	<u>219</u>		<u>778</u>

comes from the youth level, with youth programs making up 80% of total soccer registrations last year<sup>2</sup>. It should be noted that in the attached statistics 'Indoor Programs' only include clubs registered with the soccer association, and do not include players -registered in privately run soccer academies offered in the city. The academies that exist in Northern Ontario were a regular tenant of the Indoor Soccer Centre and have subsequently been running their training and leagues at local gymnasiums since the closure occurred. Although it may not be fully representative of the Northern market, the Ontario Soccer

Association (OSA) regularly uses the benchmark that 50% of outdoor players typically take part in some form of indoor soccer training, camp, or league, during the fall and winter months<sup>3</sup>. Furthermore, the competitive programs offered by the Greater Sudbury Soccer Club (GSSC) and the Northern Soccer Academy (NSA) field teams in Provincial leagues and tournaments. The competition in these Provincial leagues and tournaments generally trains throughout the year in indoor soccer facilities, further emphasizing the need that local teams require similar facilities in the off season.

<sup>1</sup> CIBC – KidSport Report, 'Helping our kids get off the sidelines', July 2014.

<sup>2</sup> Sudbury Regional Soccer Association, 2015 Annual General Meeting package.

<sup>3</sup> Ontario Soccer Association, various publications.

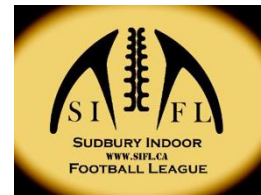
BASEBALL

Baseball in the Greater Sudbury area has experienced a significant increase in 2016 for a wide variety of reasons, including both the economic appeal of children playing baseball in comparison to other costlier sports and the growth in popularity of the sport across Canada. As a result, the minor baseball leagues in Greater Sudbury grew approximately 32.5% during the 2016 season, with the expectation that registration will achieve similar levels in 2017<sup>4</sup>. Furthermore, with the emergence of two Elite Baseball teams in 2016 which now represent Sudbury in the premier Provincial competitive leagues, there is a greater demand for fall and winter training facilities where baseball players can simulate training on a regular size field. The previously run Indoor Soccer Centre was used regularly by local baseball athletes for training purposes.

	SMBA	VEMBA	Total	% Growth
2014	433	282	715	2.58%
2015	429	300	729	1.96%
2016	619	347	966	32.51%

FOOTBALL & ULTIMATE FRISBEE

The Sudbury Indoor Football League (SIFL) was started in 2010 by a group of local former football players, looking for an opportunity to continue playing the sport they love. The league played games between March and November each year in the Indoor Soccer Centre until the centre closed in 2016, representing a dependable revenue source during their season. In the final season prior to the closure of the Indoor Soccer Centre, the league consisted of 8 teams, and was anticipating expanding at a potential rate of 2 teams per season moving forward<sup>5</sup>.



Ultimate Frisbee is quickly becoming a popular sport across the Province, providing recreation seekers with a non-contact alternative, in both a social and competitive environment. Sudbury Ultimate Club, Sudbury's only ultimate Frisbee organization, has continued to see growth over the past decade, running leagues and tournaments of up to 10 teams<sup>6</sup>. Having access to an indoor turf facility would give this growing sport a desirable location to hold matches and other like events throughout the winter months.



LACROSSE

The Greater Sudbury Lacrosse Association (GLSA) has experienced significant growth in virtually every age category offered by its programs. The Sudbury Rockhounds club offers programs beginning with its initial Tyke program, and includes teams at every age group up to its adult category. The GLSA estimates that 500 youth currently play lacrosse in the city, making the association the largest user of community arenas during the spring and summer months<sup>7</sup>. However, given these same arenas are utilized during the fall and winter seasons for ice sports, the GLSA would greatly benefit from having a turf facility available for their competitive and recreational programs.



<sup>4</sup> Sudbury Minor Baseball Association & Valley East Minor Baseball Association, organization data.

<sup>5</sup> Sudbury Indoor Football League official website, SIFL.ca.

<sup>6</sup> Sudbury Ultimate Club official website, sudburyultimate.com.

<sup>7</sup> GLSA Presentation to Greater Sudbury council.

#### CRICKET

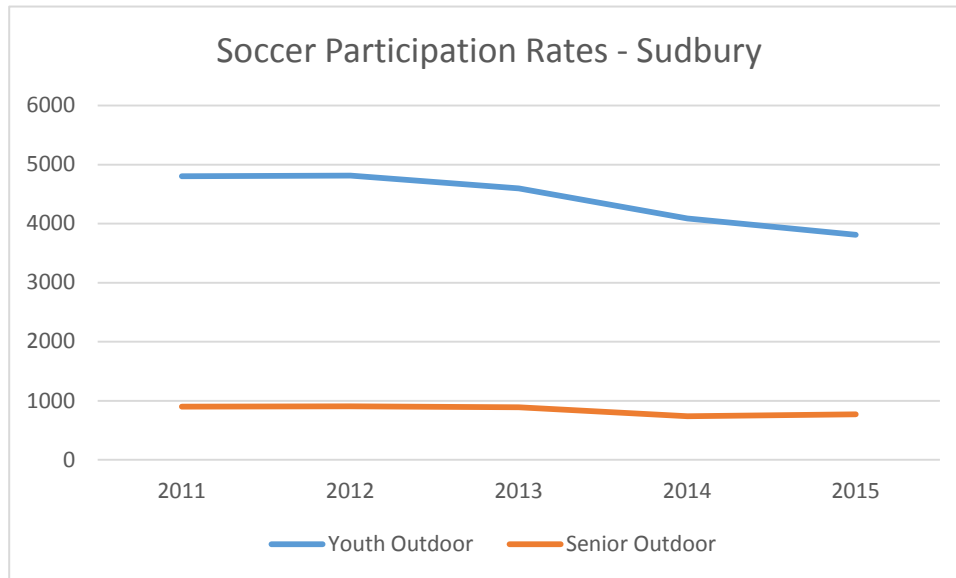
The Big Nickel Cricket Club (BNCC) is one of Sudbury's newest sports organizations, bringing together lovers of the sport from various cultural backgrounds. The club started in 2014 and is an active member of the Ontario Cricket Association, which consists of clubs from all over the Province. The club practices and competes outdoors during the spring and summer months, however Sudbury does not have an indoor sporting facility that can be used by the club during the fall and winter. Similar to the other sports mentioned above, a new turf facility would give local cricketers the proper accommodations to continue playing and training all year long.

#### COMMUNITY BASED PROGRAMMING

The FBF multi-use facility will allow for programs such as elderly "walk the dome" nights where all aged citizens of Sudbury can attend an evening of walking around the perimeter of the dome for exercise. This will be important for multiple reasons as it will bring an increase in activity levels which has been shown to have tremendous increases in wellbeing. The evenings will be accentuated by central dome information nights for the elderly where medical information may be passed on or very young children events could coincide to bring a youthful exuberance to the walkers. Other events such as walking soccer will be promoted. These types of events will only be possible in a fully publically funded facility.

## LOCAL HISTORICAL SPORTS PARTICIPATION

Residents of the Greater Sudbury area actively participate in the local sports community throughout the entire year. Youth participation in traditional sports has changed over the past few decades for a variety of reasons, ranging from costs being incurred to interest in other activities, not as popular in the 1980's and 1990's, on the rise. Youth outdoor soccer registrations peaked between 2011 and 2013, but then returned to levels of approximately 4,000 participants in recent years as outlined in the graph below<sup>8</sup>. Moving forward, youth outdoor soccer registration levels are anticipated to be consistent with 2014 and 2015 levels.



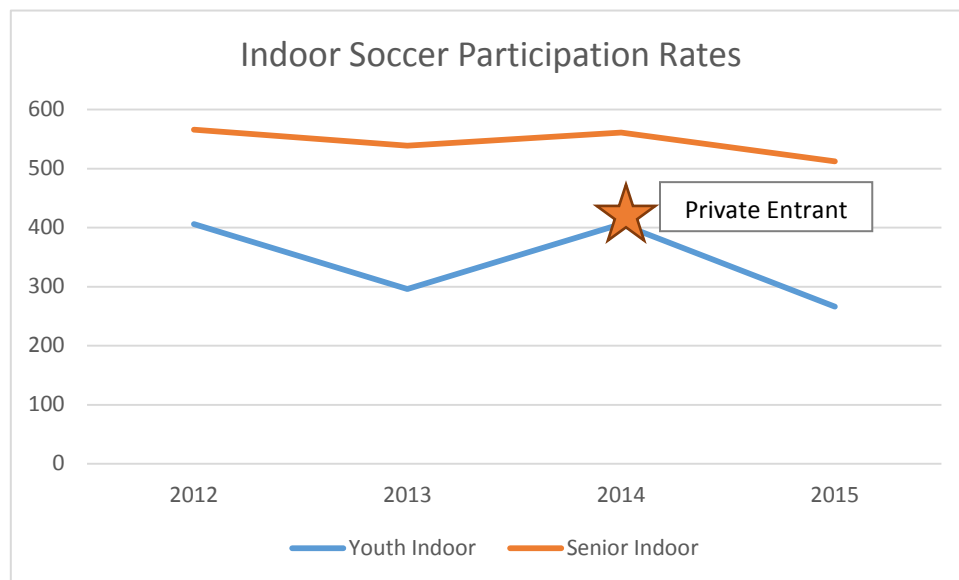
Notwithstanding the trend from 2011, participation rates in outdoor youth soccer in Greater Sudbury are still very material. In comparison, youth hockey participation for the 2013 season in Greater Sudbury numbered approximately 4,700 players<sup>9</sup>, which is virtually equal to the 4,600 youth players registered for soccer in that same year. As has been the case for most years within the city limits, Senior / Adult outdoor soccer registrations remain consistent from year to year at approximately 1,000 players registering annually.

Prior to the closure of the Indoor Soccer Centre, indoor soccer in Sudbury had experienced relatively consistent participation levels over the past several years. Senior / Adult indoor soccer participation generally remains at approximately 550 players per season, with a continuous inflow of junior teams and players replacing older players no longer interested in the sport<sup>10</sup>.

<sup>8</sup> Sudbury Regional Soccer Association, AGM package, 2011-2015.

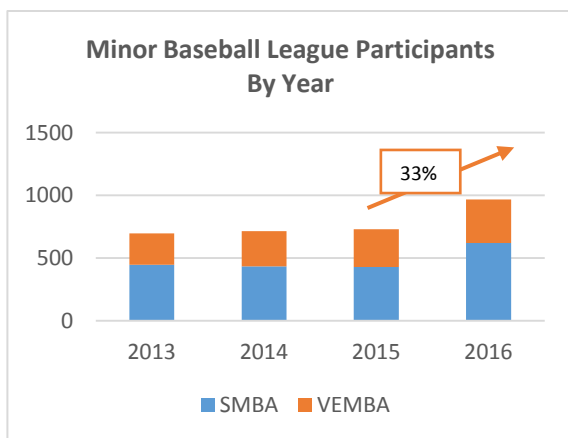
<sup>9</sup> Greater Sudbury Arena Renewal Strategy, January 2013.

<sup>10</sup> Sudbury Regional Soccer Association, AGM package, 2011-2015.



As shown in the graph above, participation rates for youth indoor soccer has been varying since 2012, generally moving between 300 – 400 participants any given year<sup>11</sup>. However, it should be noted that part of this volatility is directly related to a lack of formal development programs run in the city for interested athletes. It should also be noted that in 2014 a new soccer academy entered the Greater Sudbury market, to provide high level training and instruction throughout the year, during both the outdoor and indoor seasons. Although the emergence of a new soccer academy is great for youth development, because the academy participants are not included in the Sudbury Regional Soccer Association statistics above, the graph indicates an inaccurate decrease in youth indoor participation following 2014.

Participation statistics for youth baseball in Sudbury are showing very positive trends. The two local minor leagues, Sudbury Minor Baseball Association and Valley East Minor Baseball Association, both saw significant increases in overall participation during 2016<sup>12</sup>, as discussed previously. Although difficult to quantify in the year the increase occurs, an increase in participation rates directly relates to an



anticipated increase in demand for more baseball related training and playing opportunities, especially during the off season.

Senior / Adult baseball, as well as softball, has also seen consistent registration levels from year to year. However, historically adult recreational baseball and softball players have not significantly contributed to the demand for indoor facilities during the fall and winter months.

Trending rates for other local sports are not readily available and, therefore, have not been included in this proposal.

#### GROWTH OF INDOOR FACILITIES THROUGHOUT

#### ONTARIO

<sup>11</sup> Sudbury Regional Soccer Association, AGM package, 2011-2015.

<sup>12</sup> Sudbury Minor Baseball Association & Valley East Minor Baseball Association, organization data.

The demand for indoor sports facilities has been steadily increasing across Ontario over the past two decades, with most communities responding by constructing permanent structures, converting older structures, or erecting air-supported domes or bubbles. As shown below, all but four communities throughout Ontario with a population of greater than 50,000 residents have one, or more, indoor soccer / sport facilities.

### Indoor Facilities & Population Statistics - Ontario Cities

	Population (Census)			Bubble	Permanent
	2006	2011	2016		
Toronto	2,503,281	2,615,060	2,731,571	✓	✓
Ottawa	812,129	883,391	934,243	✓	✓
Mississauga	668,599	713,443	721,599	✓	✓
Brampton	433,806	523,906	593,638	-	✓
Hamilton	504,559	519,949	536,917	✓	✓
London	352,395	366,151	383,822	✓	✓
Markham	261,573	301,709	328,966	✓	-
Vaughan	238,866	288,301	306,233	-	✓
Kitchener	204,668	219,153	233,222	-	✓
Windsor	216,473	210,891	217,188	-	✓
Richmond Hill	162,704	185,541	195,022	-	note 1
Oakville	165,613	182,520	193,832	-	✓
Burlington	164,415	175,779	183,314	-	✓
<b>Greater Sudbury</b>	<b>157,857</b>	<b>160,274</b>	<b>161,531</b>	-	-
Oshawa	141,590	149,607	159,458	-	✓
Barrie	128,430	136,063	141,434	✓	-
St. Catharines	131,989	131,400	133,113	-	note 1
Guelph	114,943	121,688	131,794	✓	✓
Cambridge	120,371	126,748	129,920	-	note 1
Whitby	111,184	122,022	128,377	✓	✓
Kingston	117,207	123,363	123,798	✓	-
Ajax	90,167	109,600	119,677	-	note 1
Milton	53,889	84,362	110,128	✓	✓
Thunder Bay	109,160	108,359	107,909	✓	✓
Waterloo	97,475	98,780	104,986	-	note 1
<b>Chatham - Kent</b>	<b>108,177</b>	<b>103,671</b>	<b>101,647</b>	-	-
Brantford	90,192	93,650	97,496	-	✓
Clarington (Bowmanville - Newcastle)	77,820	84,548	92,013	-	✓
Pickering	87,838	88,721	91,771	✓	-
Niagara Falls	82,184	82,997	88,071	✓	✓
Newmarket	74,295	79,978	84,224	-	✓
Peterborough	75,406	78,777	81,032	✓	-
Kawartha Lakes (Lindsay)	74,561	73,219	75,423	-	note 1
Sault Ste. Marie	74,948	75,141	73,368	-	✓
Sarnia	71,419	72,366	71,594	-	-
Caledon (Bolton)	57,050	59,460	66,502	-	note 1
Norfolk (Simcoe)	62,563	63,175	64,044	-	-
Halton Hills (Georgetown)	55,289	59,013	61,161	-	note 1
Aurora	47,629	53,203	55,445	✓	-
Welland	50,331	50,631	52,293	-	✓
North Bay	53,966	53,651	51,553	-	-
Belleville	48,821	49,454	50,716	✓	-

Note 1: Facility within 25 kms.

\*\* Cities without a facility highlighted above.

Only 10% of Ontario cities with populations greater than 50,000 do not have an indoor facility, with the City of Greater Sudbury significantly larger than the others in this same category. Of Ontario cities with a facility, only 18.4% elected to erect a bubble structure, rather than a permanent structure, if the

bubble structure was to be their only indoor facility. Many cities who chose to construct/repurpose a permanent structure, also have chosen to erect additional air-supported facilities to further meet the demand of their markets. With approximately 2.5% of Ontario's population playing soccer in Canada<sup>13</sup>, the soccer participation rates with respect to the population are greater in Sudbury than the Provincial average. As a result, it is very evident that the City of Greater Sudbury has more than adequate demand for an indoor soccer facility to be built.

## OPERATING MODELS – EXISTING FACILITIES

As discussed, there are several different operating models that exist throughout Ontario for indoor facilities that currently exist. Ownership models vary from municipally run sites, non-profit organizations, privately run facilities, and/or a partnership between entities. Below is a representative sample of current facilities operational in Ontario, with relevant operating metrics for each facility:

### INDOOR FACILITIES CURRENTLY EXISTING THROUGHOUT ONTARIO

City	Facility	Structure Type	Size (Sq. Ft.)	Ownership	Approximate Hourly Rate
Milton	Milton Soccer Centre	Permanent	Unknown	Private Entity	197.50
Mississauga	Hershey Centre	Bubble	68,500	City	160.00 <sup>(1)</sup>
Oakville	Pine Glen Centre	Permanent	100,000	Non-Profit	225.00
Burlington	Burloak Sports Centre	Permanent	Unknown	Private Entity	160.00 <sup>(2)</sup>
Burlington	Sherwood Park Dome	Bubble	20,000	Non-Profit	200.00
Brampton	Brampton Soccer Centre	Permanent	150,000	City	220.00
London	BMO Field	Permanent	150,000	Non-Profit	220.00
Hamilton	Players Paradise	Permanent	72,000	Private Entity	200.00
Milton	Jean Vanier Secondary School	Bubble	72,000	City / School Board	175.00 <sup>(3)</sup>
Sault Ste Marie	Northern Community Centre	Permanent	40,000	City	122.40

#### NOTES:

- (1) Rates discounted as supplementary facility to larger indoor complex.
- (2) Significantly smaller facility.
- (3) Only operational during fall and winter months.

As expected, hourly rates are very much tied to market conditions in each community. However, there is also a direct correlation between the average hourly rate being charged, and the size of the facility and the amenities offered. As is the case with any publically funded and operated facility, sites run in whole or in part by a municipality, typically offer rates that are lower than private facilities, given that the municipality is expected to subsidize such centres as well.

The Foundation believes that the average hourly rates being proposed in the attached financial analysis are acceptable for the market conditions in the City of Greater Sudbury.

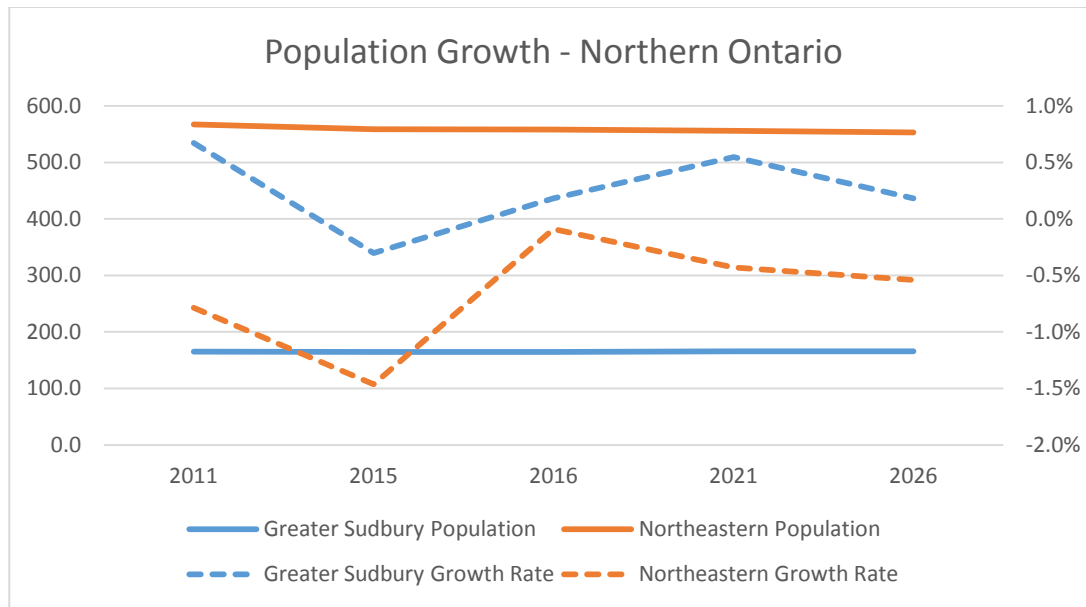
## STATISTICAL ANALYSIS – GREATER SUDBURY

Population growth in Sudbury, as well as Northern Ontario, is forecasted to remain at consistent levels over the next decade. However, given that the City of Greater Sudbury is thought of as the economic centre of Northern Ontario, the growth rate for the city itself is forecasted to be greater than the forecast growth rate for the Northeastern Region<sup>14</sup>, as displayed below:

<sup>13</sup> Ontario Soccer Association, 2015 registration statistics.

<sup>14</sup> Ontario Ministry of Finance, Ontario Population Projections Update, 2016.





There have been several studies performed in Canada analysing the trends between participation in sports and the factors affecting participation. In the CIBC – KidSport Report published in 2014 assessing Canadian realities and perceptions around organized sports, it was noted that 58% of Canadians identified cost as the greatest barrier affecting organized sports<sup>15</sup>.

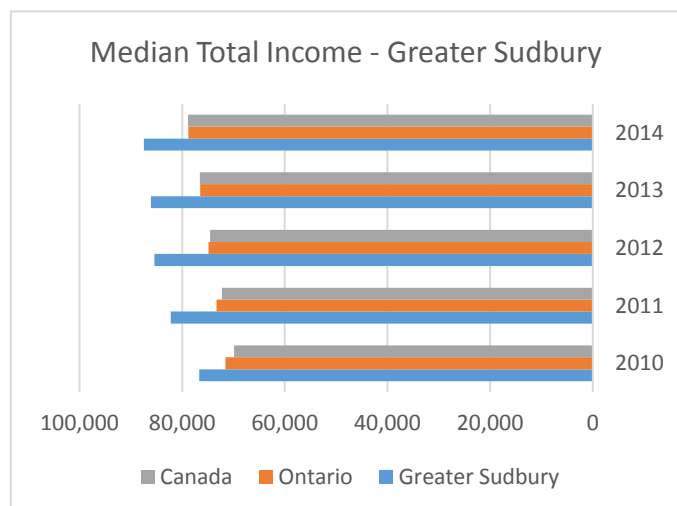
Within the City of Greater Sudbury however, median total income has continued to rise over the past five successive years<sup>16</sup>. Median total income in Sudbury grew 14% between 2010 and 2014, greater than the Provincial growth rate of 10.1% and the National growth rate of 12.9% for the same period. Furthermore, the City of Greater Sudbury has experienced regular growth in various other facilities, targeted at other sports and activities during this same period, further acknowledging the local citizens’ appetite for such facilities.

## OPERATIONAL METRICS

### PROJECTED UTILIZATION

For the purposes of this proposal only, in order to provide the most conservative estimate of anticipated uptake for the new facility, the Foundation is making the key assumption that the complex will only be rented during prime time hours. Prime time hours for this proposal are defined as Monday to Friday 4:30pm – 11:30pm, Saturdays from 9:00am – 9:00pm, and Sundays from 9:00am to 10:00pm.

The Foundation also recognizes that indoor facilities have drastically different operating profiles in different seasons during the year. As a result, for the purposes of this proposal, the Foundation has



<sup>15</sup> CIBC – KidSport Report, ‘Helping our kids get off the sidelines’, July 2014.

<sup>16</sup> Statistics Canada, Census results, 2010-2014.

ONLY projected the revenues to be earned between October and April of each year (i.e. Peak Season), recognizing that additional revenues earned between May and September each year would be incremental.

<b>Key Operational Metrics</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Average Rental Rate - Full Year</b>	\$ 145	\$ 150	\$ 150
<b>Peak Season Hours Rented / Week</b>	85	110	125
<b>Utilization Rate - Peak Season</b>	57%	73%	83%
<b>Number of Fields Used</b>	1.42	1.83	2.08

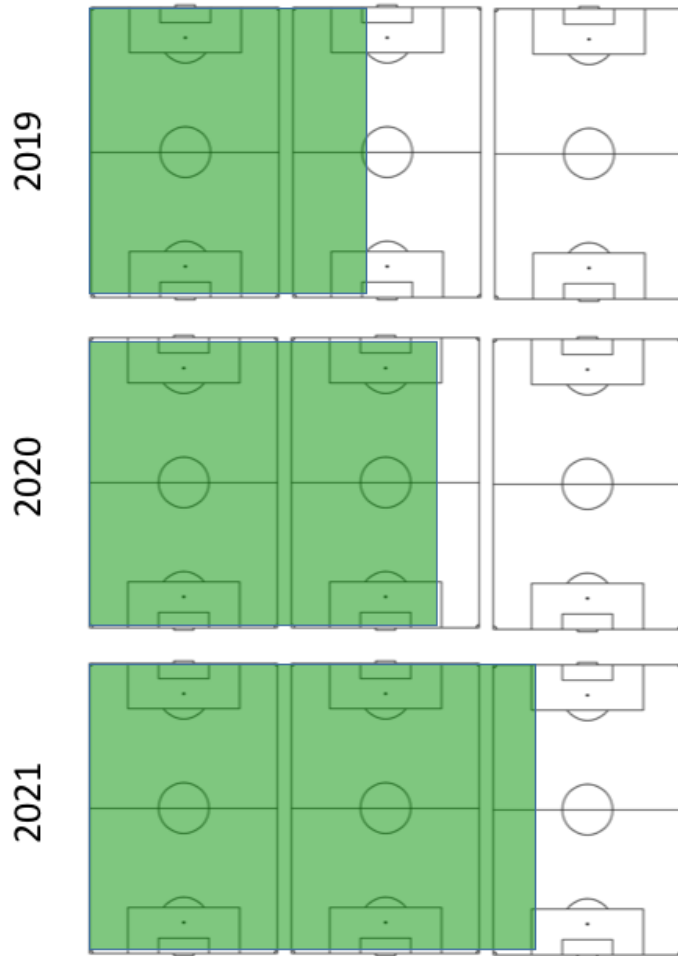
The table above summarizes the operational metrics forecasted for the proposed facility in each of the first three years of operations. The proposed model will generate, on average, \$145 - \$150 per hour of revenue during this period, which is very much in line with market expectations for this type of complex in Sudbury.

As the key assumption for this proposal is only considering the revenue impact of prime time hours, the utilization rates reflect the expected uptake for this time frame only. The Foundation anticipates being able to operate at a 57% utilization rate during the first year of operations, growing steadily in the following years, to achieve a sustainable utilization rate of 83% in year 2021 and beyond.

Through research and analysis of existing similar facilities in the Province, one of the key success factors observed in other situations is the ability to modify one larger field into small fields, when required. One of the core requirements for the Foundation for the proposed building is to have one FIFA sized soccer field, which can be transformed into three small fields of 110 x 210 feet each, when required. The previous Indoor Soccer Centre that operated in Sudbury had one field approximately 100 x 200 feet in size, which was a very limiting factor for its operators.

As outlined below, during the Peak Season, the Foundation expects to be able to rent out an average of 1.4 fields each hour, during prime time hours. Given the demand in the Peak Season for indoor facilities, the Foundation anticipates growing the average fields in use per prime time hour, to 1.83 in 2020 and 2.08 in 2021. As is common with these facilities, the Non Peak Season will present some challenges for the Foundation in maintaining high utilization rates. For the purposes of this proposal, the Foundation has not estimated the facility usage rates, nor the related revenues, for the Non Peak Season.

### AVERAGE FIELD USE - PER HOUR



*\*\* Note: field illustrations are approximate.*

## ADDITIONAL REVENUE CONSIDERATIONS

For the purposes of the attached financial projections, small provisions were made for additional revenue streams, specifically for organizational sponsorships and anticipated subsidies. However, several revenue streams exist with the potential to result in incremental revenues for the facility. The following briefly identifies revenue streams that will be considered by the Foundation throughout the development process:

### NAMING RIGHTS

A common funding platform considered by some operators of sporting complexes is the option to lease the naming rights of the facility for a pre-determined period of time. When constructing the Northern Community Centre in Sault Ste. Marie, Ontario in 2012, the municipality decided on awarding the naming rights of the facility to Northern Credit Union. The terms of the naming rights were generally agreed as \$20,000 contributions to the centre each year over a ten year period, with the option to renew the arrangement for an additional ten years<sup>17</sup>. Although the Foundation is strongly considering naming the facility The Fabio Belli Indoor Sports Centre, such a mechanism may be explored to increase sustainable funding for the facility long term.

### CONCESSION OPERATIONS

As this proposal is in the development stages, there has been no formal decision as to whether the operations would include any form of concessions, specifically relating to food and beverages. As no formal study has been completed on the impact such operations would have in terms of incremental revenues, no provisions have been included in this analysis. However, should the Foundation decide to offer any form of these services, all revenue would be incremental to the revenues included thus far.

### ADDITIONAL MUNICIPAL SUBSIDIES

Historically, the City of Greater Sudbury contributed \$25,000 annually to the operations of the Indoor Soccer Centre, recognizing the benefit the facility had in the community. However, given that the previous operation was run by a private entity, exploring future subsidies was not a viable option. For the purposes of simplicity, the enclosed revenue projections do not include any subsidy from the City of Greater Sudbury. Any subsidies received would be incremental revenues to the Foundation.

### RENTALS DURING NON PRIME TIME HOURS

As previously discussed, to remain conservative, the revenue model enclosed only focuses on revenue that can be earned during prime time hours. However, the Foundation is optimistic that a market also exists for non prime time hours, both in the Peak and Non Peak Seasons. For instance, one key primary market that has not been modelled thus far is the rental of the new building to the various camps held in the city throughout the year. Any revenues received for non prime time rentals will be incremental revenues to the revenue model enclosed in this proposal.

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<sup>17</sup> CIBC – KidSport Report, 'Helping our kids get off the sidelines', July 2014.

## RISK CONSIDERATIONS

Although the Foundation is fully supportive of this facility proposal and believes the operating model will result in an overall increase in the quality of sporting facilities available to Sudbury residents, the Board also recognizes the inherent risks that exist which may not be in their control or span of influence. The following risks are considered noteworthy at this point in the planning phase:

### GENERAL ECONOMIC CONDITIONS

The Foundation recognizes that there are several economic factors that could have a significant effect on the construction and operations of a new indoor facility. Economic conditions in the market have a direct impact on the financial viability of any venture. Although the Foundation is confident that the endeavour would be successful under current economic conditions, any significant change in economic conditions would have an impact on the facility's rental ability, and thereby create financial strain on its operations.

Furthermore, since the Foundation's proposal centres on the construction of a new building, the risks and exposures that inherently exist within the construction industry can have an impact on the anticipated timelines. Any work disruption due to strike issues or work stoppages for specific trade groups, can affect the construction progress and present unforeseen circumstances to the Board for consideration.

### OTHER PLANNED FACILITY INITIATIVES

During the planning and assessment process, as previously discussed, the Foundation had the opportunity to meet with other private and public entities and institutions, that may still have in their plans objectives of opening other indoor soccer / sports facilities in the City of Greater Sudbury. The Board recognizes that they do not have any control or influence over the long term actions of these organizations, nor has the Board performed any due diligence or analysis on what impact additional future entrants into this same market will have on the proposed facility. However, the Foundation believes that they are in a sound position with their partner of choice, Rainbow District School Board, to design, construct and operate a state of the art facility that will meet the demand of the market and provide the citizens of Sudbury with an exceptional experience.

## MUNICIPAL INVOLVEMENT

As is the case with all municipalities, a portion of local tax levies is allocated towards virtually most recreational facilities owned and operated publically for local residents. Although this proposal does not include municipal involvement in the construction and/or operating costs regarding the proposed site, there is obvious benefit to the citizens of the city in having access to such a location. The following excerpt from the city's most recent arena renewal strategy is meant to help quantify the current subsidy program that exists for municipal facilities.

### EXISTING SUBSIDY PROGRAMS

Although the City of Greater Sudbury operates various venues for administrative, social, leisure and recreational purposes, the city's subsidization of local arenas is the closest comparison to the indoor sports facility being proposed. The following table summarizes the net impact on the local tax levy resulting from the cost overages that occur at local arenas<sup>18</sup>:

**Table 3: Total Cost Recovery (capital 2012 estimates and 2011 operating costs/revenues)**

	<i>Direct Operating Expense</i>	<i>Average Annual Capital Expense (unfunded)</i>	<i>Total Expense (Op + Cap)</i>	<i>Revenue Total</i>	<i>Annual Net Impact on Levy</i>	<i>Cost Recovery</i>
<i>Gerry McCrory Countryside</i>	\$582,018	\$41,200	\$623,218	\$476,139	(\$147,079)	76.4%
<i>TM Davies</i>	\$599,234	\$129,800	\$729,034	\$452,901	(\$276,133)	62.1%
<i>Sudbury Arena</i>	\$1,472,387	\$382,500	\$1,854,887	\$1,150,131	(\$704,756)	62.0%
<i>Garson</i>	\$421,559	\$88,200	\$509,759	\$284,048	(\$225,711)	55.7%
<i>Raymond Plourde</i>	\$452,987	\$136,600	\$589,587	\$338,901	(\$250,686)	57.5%
<i>McClelland</i>	\$538,828	\$113,200	\$652,028	\$314,717	(\$337,311)	48.3%
<i>Dr. Edgar Leclair</i>	\$426,692	\$192,400	\$619,092	\$263,495	(\$355,597)	42.6%
<i>Carmichael</i>	\$432,420	\$167,700	\$600,120	\$281,527	(\$318,593)	46.9%
<i>Centennial</i>	\$384,890	\$154,800	\$539,690	\$219,369	(\$320,321)	40.6%
<i>Toe Blake (Coniston)</i>	\$424,474	\$116,700	\$541,174	\$228,033	(\$313,141)	42.1%
<i>Cambrian</i>	\$309,328	\$158,200	\$467,528	\$188,889	(\$278,639)	40.4%
<i>Chelmsford</i>	\$451,218	\$281,700	\$732,918	\$283,436	(\$449,482)	38.7%
<i>Capreol (both pads)</i>	\$461,788	\$305,200	\$766,988	\$297,752	(\$469,236)	38.8%
<i>I.J. Coady</i>	\$276,823	\$147,700	\$424,523	\$102,252	(\$322,271)	24.1%

The Foundation is in no way suggesting that the City of Greater Sudbury be held accountable for any capital or operating cost overages experienced by the new indoor facility, but feels the data is relevant to discuss any proposed subsidies to be received by the Foundation in relation to the recovery structures in place with other municipal buildings. It should also be noted that the recovery structure above was published in 2012, whereas current rates may be more or less favourable than what's presented above.

<sup>18</sup> Greater Sudbury Arena Renewal Strategy, January 2013.

## CONSTRUCTION & DEVELOPMENT

### PROJECT SPECIFICATIONS & CAPITAL COSTS

The capital costs associate with construction and development are as follows:

CATEGORY	FINAL
<b>Civil work (contingency)</b>	\$ 735,000
<b>Air Supported Structure</b>	2,000,000
<b>Artificial Sports Surface</b>	1,100,000
<b>Mechanical</b>	200,000
<b>Electrical</b>	400,000
<b>Upgrades to Existing Fieldhouse</b>	765,000
<b>Soft costs/Equip/Finishes</b>	400,000
<b>Contingency</b>	500,000
<b>TOTAL</b>	<b>\$ 6,100,000</b>

### SPECIFIC CONSTRUCTION RISKS

To be discussed and available on request.

**FINANCING REQUIREMENT AND FINANCING PLAN**

The financing plan for the new facility is as follows:

<b>FUNDING PARTNER</b>	<b>COMMITTED FUNDING</b>
<b>Province of Ontario</b>	\$ 4,000,000
<b>Rainbow District School Board <i>(for school site redevelopment on the Lasalle Secondary School property)</i></b>	\$ 1,100,000
<b>Fabio Belli Foundation Contingency</b>	\$ 500,000
<b>Greater City of Greater Sudbury</b>	Infrastructure Funding



## FINANCIAL ANALYSIS

### FINANCIAL PROJECTIONS

The attached financial projections have been developed by the assumptions enclosed, together with the Foundation's knowledge of the local market and current conditions. For the purposes of this forecast, the fiscal year end of the organization has been assumed to be June 30th.

Furthermore, although development and construction activities have not started, for the purposes of this analysis, the assumption is that construction will be completed before the start of the Peak Season in fiscal 2019, being October 2018.

#### **Short Term Projected Income & Cash Flow Statement (Fiscal June 2019 – Fiscal June 2021)**

From the first year of operations, given the assumptions used in the attached schedules, it is projected that the proposed facility will generate positive cash flows each year, thereby meeting the Foundation's objective of ensuring a sustainable operation. Variable expenses directly related to the operations of the site are considered appropriate for the nature and size of the structure, and are based on market rates that currently exist.

Revenue is projected in year 2019 based on a utilization rate of 57% during prime times, and is anticipated to grow 35% for year 2020 and 13% for year 2021.

The following table summarizes the earnings before interest, tax, depreciation and amortization for the first 3 years of operations.

<i>YEAR</i>	<i>EBITDA</i>
<i>2019</i>	\$ 10,036
<i>2020</i>	\$ 17,771
<i>2021</i>	\$ 67,873

#### **Long Term Projected Income & Cash Flow Statement (10 Year of Operations)**

Using the first three fiscal periods as a base, it is projected that the Foundation will maintain positive cash flows each year during the first ten years of operations.

To remain conservative, the revenue model for years 2022 through 2028 has remained relatively consistent to the revenue profile in 2021, adjusted for a slight growth projection of 1% applied each year following 2021. Although an increase in utilization for future years will naturally occur once operations are running, the attached projections accept the 83% utilization being projected for prime time hours in 2021 as an adequate benchmark for future years as well.

The Board anticipates being able to keep variable costs for future years proportionately in line with the short-term projections for 2019-2021, and has incorporated appropriate increases for all other expenses over the ten year period.

The following table summarizes the projected cumulative cash flows from operations for the Foundation in select future years.

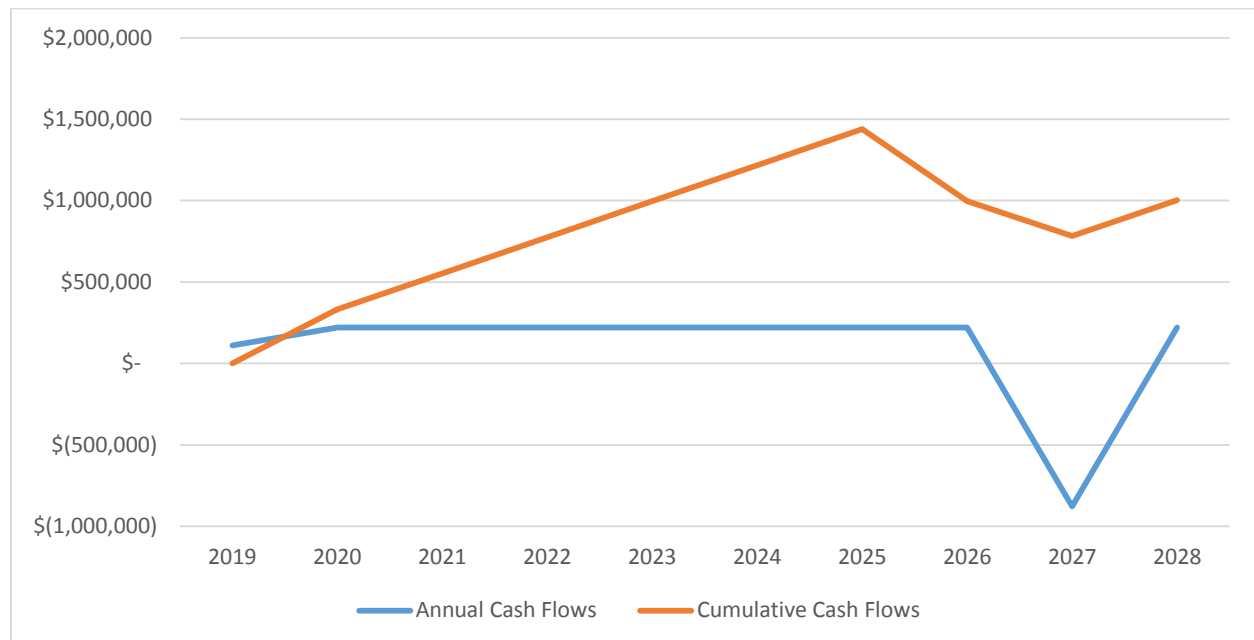
<i>YEAR</i>	<i>EBITDA</i>
<i>2022</i>	\$ 165,977
<i>2025</i>	\$ 393,182
<i>2028</i>	\$ 646,070

### Projected Capital Funding & Expenditures

A key aspect of the Foundation’s feasibility assessment for the new facility is dependent on future cash flows being adequate to cover capital replacements and expenditures resulting from use of the facility long term.

As is common with other artificial turf based facilities, the Foundation is expecting a useful life of 8 years for the surface, requiring full replacement in year 2026 at an estimated cost of \$1,100,000. Based on other similar projects in communities running air supported structures, the Foundation is estimating the useful life of the structure to be 15 years; at which point the membrane of the structure will need to be replaced. For the purposes of this analysis, it is estimated that the cost to replace the membrane will be 60% of the initial investment of the air supported structure; approximately \$900,000. To fund these anticipated expenditures, the Foundation is forecasting to fund its capital obligations \$110,714 in 2019, and \$221,429 each year thereafter.

After considering the capital requirements over the next ten years, the net cash flows relating to capital expenditures for the Foundation are projected to be as follows:



### Overall Commentary

Generally speaking, the financial position projected for the Foundation in the enclosed schedules depicts an organization that can generate sufficient cash flows to both maintain current year operations and also fund future capital expenditure and replacement requirements.

As discussed, the revenue model for field rentals at this point only takes into consideration rentals during prime time periods, allowing for incremental revenues from non prime time hours, still to be considered. Similarly, at this point in the planning phase, the Board has not made decisions on various other funding models, such as naming rights and sponsorship opportunities, presenting the Foundation will even more opportunities to explore. The expense profile developed for this proposal adequately represents the capital and operating costs associated with this venture, and therefore the Board believes its projections are accurate and attainable.

## SCHEDULE 1 – SHORT TERM FIELD REVENUE ASSUMPTIONS

	2019	2020	2021
<b>FIELD RENTAL - SOCCER</b>			
Rental Season (Oct - Apr)			
Hourly Charge	\$ 145	\$ 150	\$ 150
Hours Rented Per Week	70	85	95
<b>FIELD RENTAL - BASEBALL</b>			
Rental Season (Oct - Apr)			
Hourly Charge (* 2 field used)	\$ 145	\$ 150	\$ 150
Hours Rented Per Week	10	15	20
<b>FIELD RENTAL - OTHER</b>			
Rental Season (Oct - Apr)			
Hourly Charge	\$ 145	\$ 150	\$ 150
Hours Rented Per Week	5	10	10

## SCHEDULE 2 – SHORT TERM ADDITIONAL REVENUE ASSUMPTIONS

### ADDITIONAL REVENUES

Organizational Sponsorship	\$ 15,000	\$ 25,000	\$ 25,000
City of Greater Sudbury Subsidy	\$ -	\$ -	\$ -
	<u>\$ 15,000</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>

## SCHEDULE 3 – SHORT TERM PROJECTED INCOME &amp; CASH FLOW STATEMENT

	2019	2020	2021
<b>REVENUE</b>			
Field Rentals	\$ 369,750	\$ 495,000	\$ 562,500
Other (Levies, Sponsorships, Subsidies)	15,000	25,000	25,000
	<u>\$ 384,750</u>	<u>\$ 520,000</u>	<u>\$ 587,500</u>
<b>OPERATING EXPENSES</b>			
Administration and Marketing	\$ 4,000	\$ 5,400	\$ 6,100
General & Equipment Maintenance	5,500	5,775	6,064
Insurance	20,000	20,400	20,808
Janitorial Services	4,000	4,200	4,410
Professional Fees	4,000	4,200	4,410
Salaries & Benefits	100,000	102,000	104,040
Telephone/Internet/Communications	4,000	4,200	4,410
Turf Maintenance	2,500	2,625	2,756
Utilities	120,000	132,000	145,200
Total Operational Expenses	<u>\$ 264,000</u>	<u>\$ 280,800</u>	<u>\$ 298,198</u>
<b>NET INCOME (LOSS)</b>	<b>\$ 120,750</b>	<b>\$ 239,200</b>	<b>\$ 289,302</b>
Net Income (Loss) From Operations	\$ 120,750	\$ 239,200	\$ 289,302
Structure Replacement Fund	(32,143)	(64,286)	(64,286)
Turf Replacement Fund	(78,571)	(157,143)	(157,143)
<b>Net Operating Cash Flow</b>	<b>\$ 10,036</b>	<b>\$ 17,771</b>	<b>\$ 67,873</b>
<b>Cumulative Net Operating Cash Flow</b>		<b>\$ 27,807</b>	<b>\$ 95,681</b>

## SCHEDULE 4 – LONG TERM PROJECTED INCOME &amp; CASH FLOW STATEMENT

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>REVENUE</b>										
Field Rentals	\$ 369,750	\$ 495,000	\$ 562,500	\$ 568,125	\$ 573,806	\$ 579,544	\$ 585,340	\$ 591,193	\$ 597,105	\$ 603,076
Other (Levies, Sponsorships, Subsidies)	15,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
	<b>\$ 384,750</b>	<b>\$ 520,000</b>	<b>\$ 587,500</b>	<b>\$ 593,125</b>	<b>\$ 598,806</b>	<b>\$ 604,544</b>	<b>\$ 610,340</b>	<b>\$ 616,193</b>	<b>\$ 622,105</b>	<b>\$ 628,076</b>
<b>OPERATING EXPENSES</b>										
Administration and Marketing	4,000	5,400	6,100	6,200	6,300	6,400	6,500	6,600	6,700	6,800
General & Equipment Maintenance	5,500	5,775	6,064	6,100	6,200	6,300	6,400	6,500	6,600	6,700
Insurance	20,000	20,400	20,808	21,000	21,200	21,400	21,600	21,800	22,000	22,200
Janitorial Services	4,000	4,200	4,410	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Professional Fees	4,000	4,200	4,410	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Salaries & Benefits	100,000	102,000	104,040	105,100	106,200	107,300	108,400	109,500	110,600	111,700
Telephone/Internet/Communications	4,000	4,200	4,410	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Turf Maintenance	2,500	2,625	2,756	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Utilities	120,000	132,000	145,200	146,700	148,200	149,700	151,200	152,700	154,200	155,700
Total Operational Expenses	264,000	280,800	298,198	301,400	304,400	307,400	310,400	313,400	316,400	319,400
<b>NET INCOME (LOSS)</b>	<b>\$ 120,750</b>	<b>\$ 239,200</b>	<b>\$ 289,302</b>	<b>\$ 291,725</b>	<b>\$ 294,406</b>	<b>\$ 297,144</b>	<b>\$ 299,940</b>	<b>\$ 302,793</b>	<b>\$ 305,705</b>	<b>\$ 308,676</b>
Net Income (Loss) From Operations	\$ 120,750	\$ 239,200	\$ 289,302	\$ 291,725	\$ 294,406	\$ 297,144	\$ 299,940	\$ 302,793	\$ 305,705	\$ 308,676
Capital Fund Replenishment	(32,143)	(64,286)	(64,286)	(64,286)	(64,286)	(64,286)	(64,286)	(64,286)	(64,286)	(64,286)
Turf replacement - Transfer to Capital Fund	(78,571)	(157,143)	(157,143)	(157,143)	(157,143)	(157,143)	(157,143)	(157,143)	(157,143)	(157,143)
<b>Net Operating Cash Flow</b>	<b>\$ 10,036</b>	<b>\$ 17,771</b>	<b>\$ 67,873</b>	<b>\$ 70,296</b>	<b>\$ 72,978</b>	<b>\$ 75,716</b>	<b>\$ 78,511</b>	<b>\$ 81,365</b>	<b>\$ 84,277</b>	<b>\$ 87,248</b>
<b>Cumulative Net Operating Cash Flow</b>		<b>\$ 27,807</b>	<b>\$ 95,681</b>	<b>\$ 165,977</b>	<b>\$ 238,955</b>	<b>\$ 314,670</b>	<b>\$ 393,182</b>	<b>\$ 474,546</b>	<b>\$ 558,823</b>	<b>\$ 646,070</b>

## SCHEDULE 5 – PROJECTED CAPITAL FUNDING &amp; EXPENDITURES

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>CASH INFLOWS</b>										
Construction Financing	5,000,000									
Foundation Contingency	600,000									
Capital Fund Replenishment	32,143	64,286	64,286	64,286	64,286	64,286	64,286	64,286	64,286	64,286
Turf Replacement - Transfers	78,571	157,143	157,143	157,143	157,143	157,143	157,143	157,143	157,143	157,143
<b>Total Cash Inflows</b>	<b>5,710,714</b>	<b>221,429</b>	<b>221,429</b>	<b>221,429</b>	<b>221,429</b>	<b>221,429</b>	<b>221,429</b>	<b>221,429</b>	<b>221,429</b>	<b>221,429</b>
<b>CASH OUTFLOWS</b>										
Development & Construction Costs	\$ (4,500,000)									
Initial Turf Instalation	(1,100,000)									
Turf Replacement									(1,100,000)	
<b>Total Cash Outflows</b>	<b>(5,600,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,100,000)</b>	<b>-</b>
<b>NET CASH FLOWS</b>	<b>\$ 110,714</b>	<b>\$ 221,429</b>	<b>\$ 221,429</b>	<b>\$ 221,429</b>	<b>\$ 221,429</b>	<b>\$ 221,429</b>	<b>\$ 221,429</b>	<b>\$ 221,429</b>	<b>\$ (878,571)</b>	<b>\$ 221,429</b>
<b>CUMULATIVE CASH FLOWS</b>		<b>\$ 332,143</b>	<b>\$ 553,571</b>	<b>\$ 775,000</b>	<b>\$ 996,429</b>	<b>\$ 1,217,857</b>	<b>\$ 1,439,286</b>	<b>\$ 1,660,714</b>	<b>\$ 782,143</b>	<b>\$ 1,003,571</b>

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