

Report to Council

Large Project Update on Synergy Centre

Wednesday, June 28th, 2017

PURPOSE

This report summarizes the background, work completed and the current status of the Synergy Centre Project. It recommends that Council endorse the concept of the project and provide financial support to continue efforts to better define the project's design, operation and location.

BACKGROUND

Dating back to the early 1970s, the former City of Sudbury and the City of Greater Sudbury have undertaken no fewer than four feasibility studies and business plans that proposed constructing large performing arts and convention/trade facilities. In all cases, these single purpose buildings were not implemented. Some of the reasons for these abortive initiatives include uncertainties regarding long term financing, potential of on-going municipal tax burden, uncertainty of market demand and competitiveness locally and on a broader scale.

In 2009, with support from the federal government, a Community Adjustment Committee (CAC) was established to identify actions that could be taken to mitigate the economic impact of that year's economic downturn and job loss in the community. The CAC completed extensive community consultations and four priority projects were proposed in its [final report to Council presented on June 23, 2010](#), including a recommendation to create a multi-purpose space in the downtown to host large scale meetings, conventions and community celebrations.

Following the CAC's report, additional research was conducted, a community led committee was developed to steer this new "Synergy" project toward implementation. In 2011, with sponsorship of the Sudbury Community Foundation, the Synergy Project Steering Committee received \$50,000 in municipal funding through the Greater Sudbury Development Corporation (GSDC) to hire a project manager to complete the feasibility analysis and business plan. These funds were augmented by matching funds from Fednor and \$45,000 from the Ontario Ministry of Tourism Culture and Sport.

By 2014, the Synergy Project Committee had completed the project as presented for funding. The committee was working on securing funding for the final stages of business planning and design in 2015 when the Large Projects presentations to council were offered.

The Greater Sudbury Synergy Centre (GSSC) was presented to Council as one of the 16 large projects in November 2015. In April 2016 Council reviewed staff evaluations and on the projects and endorsed the Synergy Centre as one of four priority projects for the community.

As directed by Council, city staff began to work with the existing GSSC proponents and sought to integrate new community champions into the process. Conversations between supportive community leaders, GSDC Board, staff and the Synergy Project Committee, led to the creation of a renewed Greater

Sudbury Synergy Centre (GSSC) Committee. The committee is co-chaired by Wendy Watson (GSDC Board Chair) and John Caruso (Synergy Project Steering Committee Chair) and supported by the following members: Brian Koivu, Brian Tremblay, Carmen Simmons, Carol McAulay, Debbi Nicholson, Doug Morrison, Guy Labine, Jean Leblanc, Michael Luciw, Scott Overton, and Viviane Lapointe.

In late 2016, the GSDC Board identified the Greater Sudbury Synergy Centre project as one of their top priorities to advance in 2017. The Board encouraged staff to begin to resource the project and also committed funds to assist in the effort.

Since January 2017, the GSSC and staff have engaged the assistance of consultants with CBRE Tourism & Leisure to reevaluate the work completed to date, and lead additional research to prepare the attached Strategic Business Plan (received June 1, 2017). This Plan confirms the updated project concept, core business functions, identifies courses of demand and supply, as well as potential economic impacts on the downtown and the community as a whole. The plan will provide direction and foundation to finalize the full detailed business plan and conceptual design phase needed to move the project closer to shovel ready. A summary of the key highlights of the Plan completed by CBRE and Novita are below.'

HIGHLIGHTS OF THE STRATEGIC BUSINESS PLAN

The Strategic Business Plan prepared for the City of Greater Sudbury and the Greater Sudbury Synergy Centre (GSSC) Committee was received on June 1, 2017 from CBRE Leisure & Tourism Group, completed in partnership with Novita Interpares Ltd.

The Greater Sudbury Synergy Centre (GSSC) is proposed to be the largest, most state-of-the-art, flexible and economically viable meeting and performance facility in Northern Ontario. It will be primarily focused on the attraction of larger scale meeting and convention business that is not currently being hosted in Sudbury. The secondary focus of providing a larger scale arts and cultural live performance space gives the venue a unique positioning in the market. The multi-purpose function of the Centre will help in its objective to achieve a higher number of events days and revenue streams to lessen its dependency on municipal subsidies.

Benefits of the Project

- Effectively doubles Greater Sudbury's conference event capacity from approximately 350 to 860 attendees
- Creates a right-sized community auditorium, performing arts space with 300 more seats than the Fraser Auditorium in a state of the art facility
- Builds a significant new demand generator, proposing to increase meeting and convention business by 25% over what is currently achieved

- Fills a long acknowledged gap in the community to both host large scale conferences and performing arts shows not currently available
- Creates new jobs and businesses to support the ongoing facility operations
- Increasing flow of new money into the community, most directly through increased tourism visitation and related spending (over \$82,000 per conference/convention and over \$23,000 per art performance in our community)
- Continued commitment to downtown development and revitalization as outlined in the endorsed Downtown Master Plan

Recommended Functional Program

The new GSSC is proposed as a 60,500 square feet building. The largest contiguous space in the facility will be a 13,000 square feet ballroom/auditorium which will be able to host 867 people in banquet style seating or be transformed into a 950 seat theatre. The Theatre configuration will consist of 750 convertible from flat floor space and 200 fixed seats in a balcony.

This conversion of the same space from flat floor to high-quality raked auditorium seating will be accomplished through the use of state-of-the-art seating systems. This conversion can happen quickly and provides the GSSC with completely flexible space that will increase its usage throughout the year; significantly increasing community benefits and decreasing potential operating subsidies.

The main ballroom/auditorium will be complimented by 4 additional meeting spaces each with varying capacities and scalability. For the primary function of attracting larger scale meeting and convention business, the facility required to host large groups in both plenary and breakout configurations.

RENTABLE SPACE	Sq.Ft.	Divisibility	Capacity - M&C	Capacity - Fixed Seats
Flat floor area (Ballroom / Main Theatre)	13,000	3	867	750
Balcony				200
Subtotal - Main Hall	13,000	3	867	950
Meeting/Breakout Rooms				
Meeting Room 1	3,500	2	292	
Meeting Room 2	2,500	3	208	
Meeting Room 3	250	1	21	
Meeting Room 4	250	1	21	
Subtotal - Breakout Rooms	6,500		542	950
TOTAL RENTABLE SPACE	19,500		1,408	950
SUPPORT SPACE	Sq.Ft.			
Public Lobby/Crush Space/Connection Corridors	11,500			
Administration	1,300			
Live Performance Support	1,200			
Convention Meeting Support	5,400			
Common Support Space	1,600			
Building Technology and Services	2,700			
Subtotal - Support Space	23,700			
NET BUILDING	43,200			
Gross Up (40%)	17,300			
TOTAL BUILDING	60,500			

Source: CBRE Limited & Novita Interpares

Market Potential and Economic Impacts

The consultants with CBRE and Novita interviewed a number of stakeholders to help understand the current market for events facilities both of meetings/conventions and in the arts. It is estimated that Sudbury is currently hosting approximately 4300 events a year in the meeting and convention spaces and potentially 2000 in the arts.

As identified in the report, “the new GSSC has the potential to be a significant new demand generator”. The GSSC will have a significant impact directly on the community’s ability to bring in new money through the attraction of new large scale events and their direct relation to increasing over-night visitation. By focusing on attracting business not currently being serviced by existing facilities, the opportunities will be in targeting bookings for conferences/conventions and live performing arts shows with attendance over 300 people.

The Strategic Business Plan has estimated an opening date in 2021 and projects up to 5 years of activity based on fair market estimates for both meetings and convention business and perform arts shows. A summary of the key economic impacts are presented below, for activities expected by 2023.

By 2023, the GSSC estimates:

- 16 new conventions/conferences, which will have on average 90% non-resident delegates, spending over \$82,000 per event in our community

- 34 new performing arts events (assuming at least 50% will be new business not currently available in the market), with an estimated 47% non-resident delegates, spending over \$23,000 per event in our community
- Growing from 8 jobs within the first year (over \$637,000 in payroll) to approximately 33 direct jobs with \$2.4 million in salaries
- A 25% increase in room nights demand, which would nearly triple the current meetings and convention room night demand, as well as increasing incremental leisure room nights with the new performing arts offerings
- Over \$3.1 million anticipated in gross domestic product for Sudbury

The impacts related to quality of life are more difficult to put into quantified results, but it is expected that increasing the access to these facilities will help position Sudbury as a knowledge centre and therefore improve the community's ability to better attract and retain professionals. These are the reasons given by supporters from Laurentian University, Health Sciences North and the Centre for Excellence in Mining Innovation.

As a downtown project, the GSSC also has a significant opportunity to continue the revitalization of the downtown, as envisioned in the CGS Downtown Master Plan (released March 2012) and started through significant investments, such as the Laurentian University School of Architecture (2013). The GSSC will attract more visitors and residents to downtown and will help build additional business demand, for not only the accommodations, but for the retail and food service sector. The facility will be a destination that will help improve the tourism and business image of the city's core, and be a significant anchor which helps to solidify Sudbury's position as a hub for the North and/or as the Capital of the North. Improving the image and perception of the city with the expected economic spinoff has positive effects for the broader community as a whole.

The GSSC has the potential to attract new investment, specifically as it related to a new hotel development. The report indicates that there is a potential to attract a co-located hotel facility and this will be further explored and detailed in the next phases of the project.

Competition

The GSSC will be competing in the Tier 3 Convention Centre market (less than 50,000 square feet of meeting space) in Canada, of which 10 have been identified as GSSCs competition within the national convention market. These range in size and scale (from 19,800 to 48,452 square feet) and the average number of events hosted in 2016 was around 290.

In the north, the GSSC is positioning itself to be the largest and most technologically advanced meeting space available. At present, Sudbury is effectively limited to hosting conferences 350 or less. As indicated, the GSSC will more than double that capacity and will surpass the only other venues capable of servicing events over 350 people: The Quattro Hotel in Sault Ste. Marie which has capacity to host full

service conferences up to 775 people, and the Valhalla Inn in Thunder Bay which has capacity for up to 667 people.

Locally the GSSC will be raising the competitive bar for meetings and conventions with the existing facilities. Where there may be concern that the new GSSC will have the potential to attract business from the local competitors, the strategy will be to target attraction efforts on new events and conferences that exceed the existing venue capacities.

Capital Cost Estimates

The estimated construction cost estimated in the Strategic Business Plan is approximately \$63 million and is based on the consultants experience with similar projects and recent construction costs experienced by other developments in downtown Sudbury. This total includes \$2.5 million to be used toward production and operational development work during construction to maximize the potential for success in year one.

As this is an infrastructure project that helps achieve a number of priorities locally and regionally, the GSSC will be eligible to apply for support from both the provincial and federal government and this could lessen the financial burden on the municipality.

NEXT STEPS

Moving forward, the recommendation is that Council's approve the project conceptually and support the next phase of site evaluation and completing the Detailed Business Plan and Conceptual Design. This phase of planning will aim to:

- Investigate potential downtown sites with consideration of other relevant downtown large projects, evaluate them based on specific criteria (best practices will be used from work of other large projects) and make a final recommendation
- Finalize the concept, market and financial projections
- Continue public consultation and evaluation of potential partnerships
- Review governance options and best practices then make a final recommendation; produce updated conceptual design drawings
- Evaluate/confirm capital costing, sources of funding and timelines to proceed

Given that the progress of two of the downtown large projects (the Library Art Gallery and the Greater Sudbury Synergy Centre) are at similar points of development, staff will explore opportunities to align and evaluate the impact they may have on one another. This will be important for work related to site

selection. Similarly, Council's decision on the Event Centre/Arena location will influence how these projects move forward.

In order to proceed to the next steps, Council is being asked to approve a contribution of \$187,500 from the Tax Rate Stabilization Reserve. The GSSC Committee will continue to work with staff to then bring a completed report to Council by June 2018.

RESOURCES:

Council Update [May 30, 2017](#)

<https://agendasonline.greatersudbury.ca/?pg=agenda&action=navigator&id=1128&lang=en>

Council Update [April 11, 2017](#)

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1125&itemid=13017&lang=en>

Council Update [March 7, 2017](#)

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1124&itemid=12718&lang=en>

Council Update [Dec 13, 2016](#)

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1034&itemid=12449&lang=en>

Council Update [July 12, 2016](#)

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=949&itemid=11754&lang=en>