

STRATEGIC BUSINESS PLAN FOR GREATER SUDBURY SYNERGY CENTRE

City of Greater Sudbury, ON
CBRE File No. :16-APPRHOTELS-0099

Date: June 1, 2017

Prepared for:
Greater Sudbury Synergy Centre
Working Group



CBRE



CBRE Valuation & Advisory Services
CBRE Tourism & Leisure Group

CBRE Limited
Valuation & Advisory Services
145 King St. W. Suite 1100
Toronto, ON, M5H 1J8
416.362.2244 Tel
416.362.8085 Fax
www.cbre.ca

June 1, 2017

Greater Sudbury Synergy Centre Working Group

Via email: dana.jennings@greatersudbury.ca

lan.wood@greatersudbury.ca

RE: Strategic Business Plan for Greater Sudbury Synergy Centre Project – Final Report

Attention: Greater Sudbury Synergy Centre Working Group,

In accordance with the terms of our engagement, CBRE in association with Novita Interpares is pleased to submit the attached Strategic Business Plan for the Greater Sudbury Synergy Centre ("GSSC").

The Greater Sudbury Synergy Centre ("GSSC") is a proposed multi-use convention centre and performing arts facility to be located in Downtown Sudbury. The recommended development program for the proposed Greater Sudbury Synergy Centre includes 19,500 square feet of rentable space, with a 13,000 square-foot main plenary/live performance hall featuring 950 theatre-style seats. At this size, the GSSC could effectively compete with other Tier 3 Convention Centres and regional hotels and event venues for large convention and conference groups in excess of 300 persons, with trade show capacity, and banquets of up to 900 persons.

While the core business of the Greater Sudbury Synergy Centre will be to attract conventions, conferences and trade shows, having the capacity to convert the largest room into a mid-size live performance venue will both serve the need for performing arts growth in Sudbury, but also attract new sources of demand and revenue for the City. Market and utilization forecasts show the Greater Sudbury Synergy Centre hosting 221 M&C events and 274 event days, as well as 34 Performing Arts events over 51 event days by its stabilized year of operation (Year 5).

The value-added GDP impacts associated with the initial \$63 million in capital investment in the GSSC have been estimated at \$23 million in direct and indirect impacts, with 97% (\$22.3 million) expected to directly benefit Greater Sudbury. Of this \$22 million in GDP, an estimated \$13.5 million in salaries and wages will be generated to support 160 direct jobs in Sudbury, and a further \$8.6 million is estimated to result in direct taxes for Greater Sudbury.

The direct economic activity created by operating of the GSSC in Greater Sudbury has been estimated at \$3.9 Million per year, with an additional \$1.0 million of GDP produced by indirect and induced sources. By 2023, the GSSC is expected to contribute a combined \$6.3 Million in spending from both its operation and off-site visitor expenditures. At these demand levels, the subject GSSC is projected to operate at an

annual net loss of \$311,000 by Year 5. In comparison, Tier 3 Convention Centres in similar jurisdictions to Greater Sudbury across Canada operated at a net loss ranging from \$100,000 to over \$1 Million in 2015.

The new GSSC, has the potential to be a significant new demand generator. By 2023, the operation of the GSSC represents a potential 25% increase in Meeting/Convention demand levels to the City compared to levels achieved today, which equates to about 8,000 room nights. In addition, the live entertainment and other events at the GSSC will attract additional overnight accommodation demand into the downtown core.

This report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and CBRE will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis or if CBRE can be of further assistance, please contact us.

Respectfully submitted,



Fran Hohol, CMC
Senior Director
CBRE Tourism & Leisure Group
Valuation & Advisory Services

Phone: 647-943-3743
Email: fran.hohol@cbre.com



Rebecca Godfrey, CMC, MBA
Associate Director
CBRE Tourism & Leisure Group
Valuation & Advisory Services

Phone: 647-943-3744
Email: rebecca.godfrey@cbre.com

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
INTRODUCTION	1
Study Background	2
Study Scope	2
GSSC CONCEPT AND SITE ANALYSIS	5
GSSC Concept	6
Potential Roles for Supporters and Users of the GSSC	8
Proposed GSSC Site	9
Implications for GSSC	12
GREATER SUDBURY MARKET ANALYSIS	13
Introduction	14
Greater Sudbury Resident Population	16
Greater Sudbury Visitor Market	19
Accommodation Market Overview	25
Implications for GSSC	29
COMPETITIVE PERFORMING ARTS CENTRE SUPPLY AND DEMAND ANALYSIS	31
Introduction	32
Sudbury Performing Arts Supply	32
Northern Ontario Performing Art Centre / Arena Venues	33
Other Comparable Ontario Performing Arts Centres	34
Demand for Performing Arts - Sudbury	35
Implications for GSSC	36
COMPETITIVE MEETING AND CONFERENCE VENUE SUPPLY ANALYSIS	38
Introduction	39
Sudbury Meeting and Conference Venues	39
Other Northern Ontario Meeting and Conference Venues	41
Tier 3 Canadian Convention Centres	44
Implications for GSSC	46
COMPETITIVE MEETING AND CONFERENCE DEMAND ANALYSIS	48
Introduction	49
Competitive Tier 3 Conference Centre Market	49
Conventions	49
Trade and Consumer Shows	51
Meetings and Conferences	52
Food & Beverage/Social Events	52
Other Events	52
Sudbury Hotel & Event Venue Market	53

RECOMMENDED GSSC FACILITY PROGRAM.....	56
Introduction	57
Plenary / Live Performance Hall Design	60
GSSC Capital Cost Projections	60
MARKET AND OPERATING PROJECTIONS.....	62
Introduction	63
Market Demand Analysis – Conference Centre Component	63
GSSC Meeting/Conference and Banquet Utilization Forecasts	65
GSSC Performing Arts Utilization Forecasts	69
Preliminary GSSC Operating Revenue and Expense Forecast	72
Preliminary GSSC Staffing Schedule	72
Departmental Revenues and Expenses	72
Undistributed Expenses	74
Other Fixed Charges	75
Operating Forecasts	76
GSSC ECONOMIC IMPACT.....	78
Introduction	79
Estimating the Economic Contribution of Business Events in Canada	79
Economic Impact of Capital Investment	81
Economic Impact of Operations	82
Economic Impact of Off-Site Visitor Spending	84
Total Economic Impact of GSSC Operations & Off-Site Visitor Spending	87
CONCLUSIONS AND OTHER CONSIDERATIONS.....	89
GSSC as a Multi-Purpose Facility	90
Governance Considerations	90
Automated Seating System for the Greater Sudbury Synergy Centre	92
Other Cultural Uses for the Synergy Centre	92
Implications of Adjacent Hotel Development and Parking Considerations	93

APPENDICES

Addendum "A"

Proposed GSSC Positioning

Addendum "B"

Assumptions and Limiting Conditions



EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

The Greater Sudbury Synergy Centre ("GSSC") is a proposed multi-use convention centre and performing arts facility to be located in Downtown Sudbury.

Since the 1970s, the City of Greater Sudbury has undertaken a number of studies to determine the feasibility of a standalone arts and cultural facility, as well as a standalone convention centre and trade centre. Based on this work, it was ultimately determined that a multi-use facility would present the best operating model with the greatest economic impact for Greater Sudbury.

In January 2017, the City of Greater Sudbury (with the financial support of the GSDC) retained CBRE to undertake an Assessment of Work completed to date on the GSSCP, and implications for moving the project forward. Following recommendations from CBRE's Assessment of Work, CBRE in association with Novita Interpares was retained again in April 2017 to continue its assessment of the Greater Sudbury Synergy Centre (GSSC) concept and development of a strategic business plan.

The Greater Sudbury Synergy Centre project will be presented to City Council on June 28, 2017 along with proposals for other major public projects for Sudbury's downtown core. The ultimate goal of the subject study has been to define the concept of the Greater Sudbury Synergy Centre, inclusive of its core business function and sources of demand, and potential economic impact for the community.

GSSC Concept and Direct Benefits

As a multi-use facility, the core business of the GSSC will be to attract conventions, conferences, and trade shows to the City of Greater Sudbury. With 13,000 square feet in a main plenary room, and 6,500 square feet of additional meeting and breakout rooms, the GSSC will become the only venue in Sudbury with the potential to host large-scale conventions, inclusive of a trade show component, for groups of over 300 people.

The ability to convert the largest plenary hall into a live performance hall through an automated lift seating system also presents a new and unique concept for the Sudbury market. This dual-functionality model demonstrates both a commitment to the advancement of the city's knowledge centre and to the existing arts and culture scene in Sudbury and, giving the City a competitive advantage in growing the market and attracting professional talent. Furthermore, it provides event space and entertainment options for residents and tourists, while attracting meeting/conference delegates from across the country. The greatest benefits of the unique GSSC facility include:

- Generating economic benefits to the City of Greater Sudbury, with greater impacts in the downtown core;

- An opportunity to attract different markets to a unique “jewel box” space in Greater Sudbury’s downtown core, that draws more visitors and residents to the downtown;
- The potential to produce a building that is beyond the customer’s expectations with more amenities and public space, while saving money with only one development;
- Providing increased density in the urban core;
- Reducing the cost of land and infrastructure requirements in the downtown core, with only one development site; and
- Operating synergy benefits, including increased activities, increased hours for part-time staff, and shared personnel and building costs.

While most conference centres and performing arts centres are viewed by municipal ownership as “loss” leaders, it is recognized that they also contribute essential economic activity that drives new tax revenues, economic benefit and employment from other services and establishments like hotels, restaurants and retail stores. It is largely because of this benefit that communities “accept” annual losses from facility operations because it is the sole or primary source of new business activity in the central business district.

The value-added GDP impacts associated with the initial \$63 million in capital investment in the GSSC have been estimated at \$23 million in direct and indirect impacts, with 97% (\$22.3 million) expected to directly benefit Greater Sudbury. Of this \$22 million in GDP, an estimated \$13.5 million in salaries and wages will be generated to support 160 direct jobs in Sudbury, and a further \$8.6 million is estimated to result in direct taxes for Greater Sudbury.

The new GSSC, has the potential to be a significant new demand generator. The opening of the new GSSC is expected to induce Meeting & Convention room night demand to the Sudbury market. In 2016, the Sudbury market generated approximately 32,800 room nights from the M&C market, or 8% of total accommodation demand. By 2023, the operation of the GSSC represents a potential 25% increase in Meeting/Convention demand levels to the City compared to levels achieved today, in addition to leisure demand for live entertainment and other events at the GSSC. During this year, the GSSC is also expected to contribute a combined \$6.3 million in spending from both its operation and off-site visitor expenditures, contributing to direct GDP generation of \$3.9 million, 33 direct jobs with salaries of \$2.4 million, and \$1.3 million in direct taxes for Greater Sudbury. Off-site delegate spending on conventions alone is estimated at \$1.3 million, which equates to an average value of \$82,700 per convention in 2023.

GSSC Facility Program & Capital Cost

Based on market and comparable research, the recommended development program for the proposed GSSC includes 19,500 square feet of rentable meeting/conference space and 950 theatre-style seats, 750 of which are incorporated into the automated lift seating system, while 200 are fixed balcony seats. This program is recommended in order for Greater Sudbury to compete effectively in the Ontario market, and reach its potential in the mid-term with the existing and future hotel supply. Inclusive of public areas and front and back of house support space, the full program calls for a building of 60,480 square feet.

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

Preliminary capital costs for the project, as proposed, have been estimated at approximately **\$60 Million**, with an additional \$2.5 Million estimated for Production and Operational Development, for a total of approximately \$63 Million. Given the multiple uses of this facility and its proposed location in the Downtown core, the City will be in a good position to leverage available Provincial and Federal government funding opportunities, which may not be the case for other large-scale development projects.

GSSC CAPITAL COSTS - PRELIMINARY ESTIMATE

	Sq.Ft.	TOTAL
Construction Cost	60,480	\$33,264,000
Seating & Staging Technology		\$8,086,000
FF&E		\$5,000,000
Subtotal - Building Costs		\$46,350,000
Soft Costs		\$6,952,500
Contingency		\$6,952,500
Total Capital Cost (rounded)		\$60,255,000
Production & Operational Development		\$2,500,000

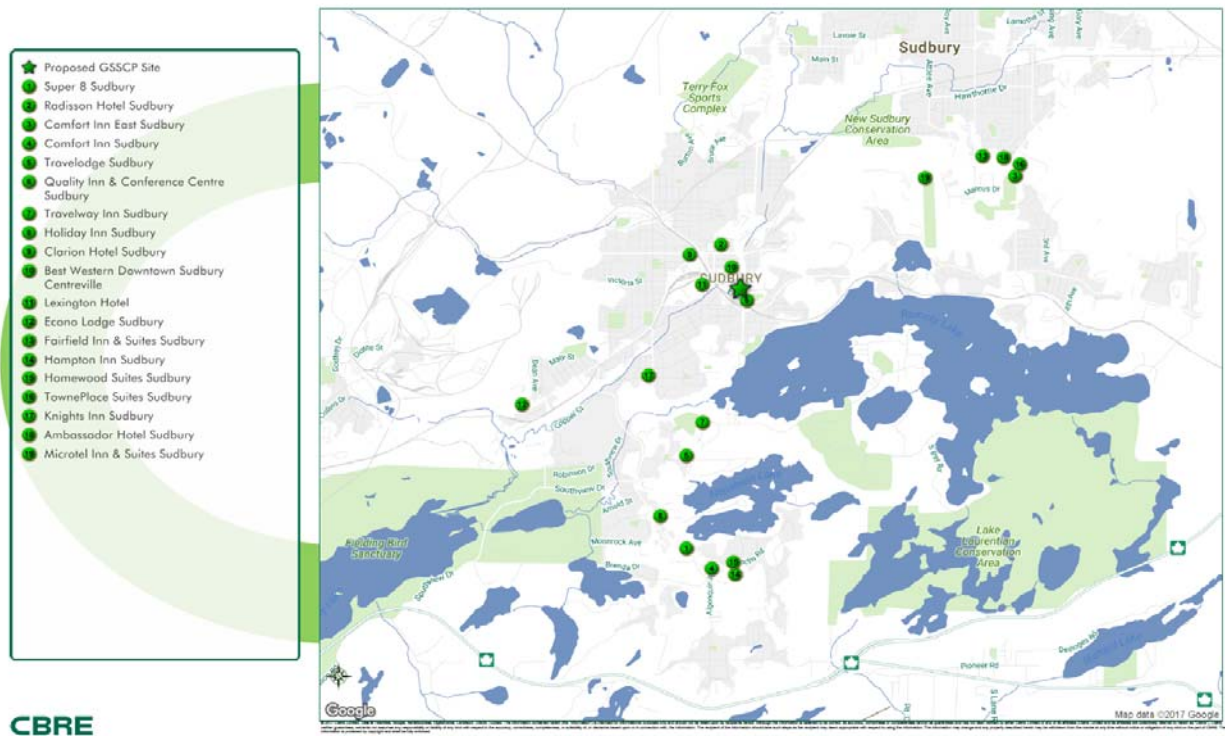
Source: CBRE & Novita Interpares Preliminary Estimate

NOTE: total project costs cannot be confirmed until a full schematic design for the building has been prepared, and the designated site is confirmed.

Site Analysis

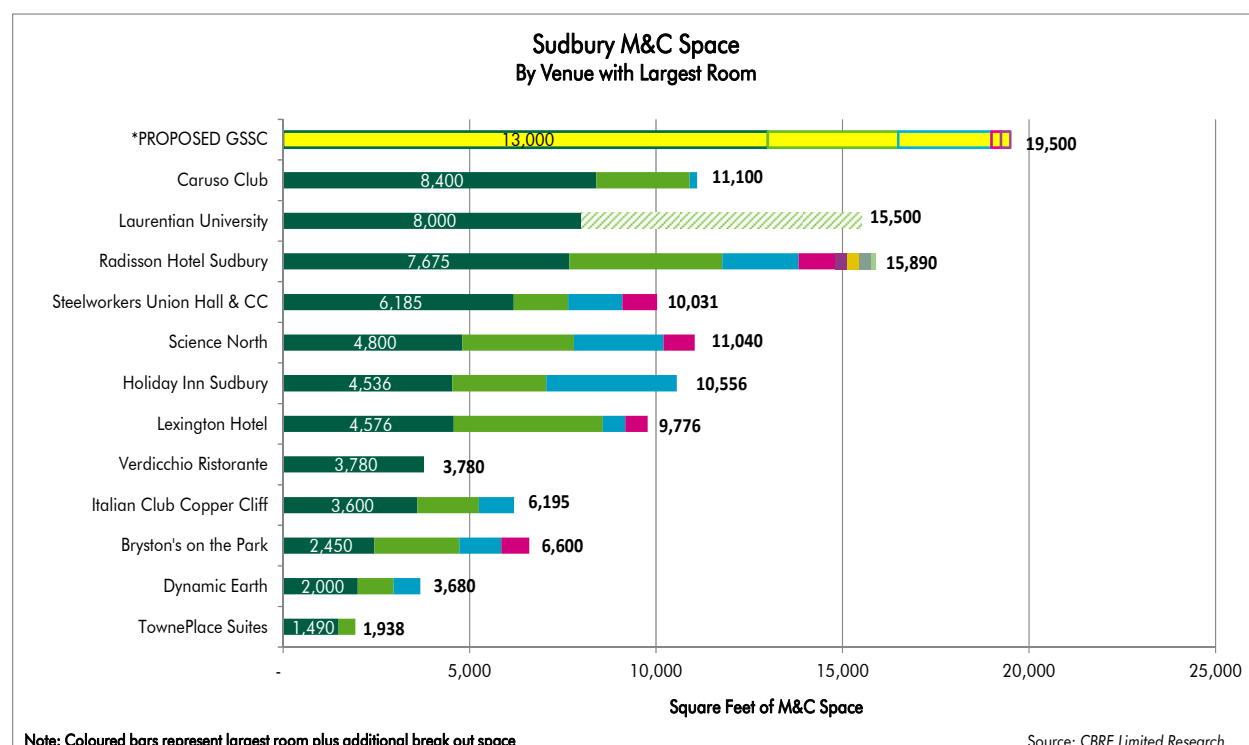
The identified 1.37-acre site is considered a good fit to accommodate a 60,500 square foot single storey or multi-storey building in downtown Sudbury. Proximity to the Sudbury Theatre Centre also presents significant opportunities for operating synergies, i.e. sharing a box office, and management is interested in working with the GSSC to create such synergies. It should be noted, however, that this location is considered to be a “base case” site, and will need to be validated as part of next steps in the final business plan for the GSSC.

From a Meeting & Convention market perspective, it will be very important for the subject GSSC to be close to a critical mass of hotels, as the majority of meeting planners view this as a significant factor driving conference location selection. As shown in the following map, there are 5 hotels within walking distance of the subject site in Sudbury’s downtown core, with 464 guest rooms, representing 28% of the total rooms supply in the Greater Sudbury Area (1,669 rooms). While much of the new hotel development in the Sudbury market has taken place in the southern and eastern ends of the City, this is still within a 10-15 minute drive of the subject site.



GSSC Market and Utilizations Projections

From a **Meeting & Convention** market perspective, the proposed Greater Sudbury Synergy Centre will compete against other Tier 3 Conventions Centres across Canada for convention demand at the provincial and national level, with the majority of smaller meetings and social banquet demand derived from the local and regional hotel and resort market. The following tables highlight the proposed positioning of the GSSC in relation to these markets from a venue size perspective:



Tier 3 Canadian Convention Centre Supply, Hotel Room Inventory and Estimated Population - 2016

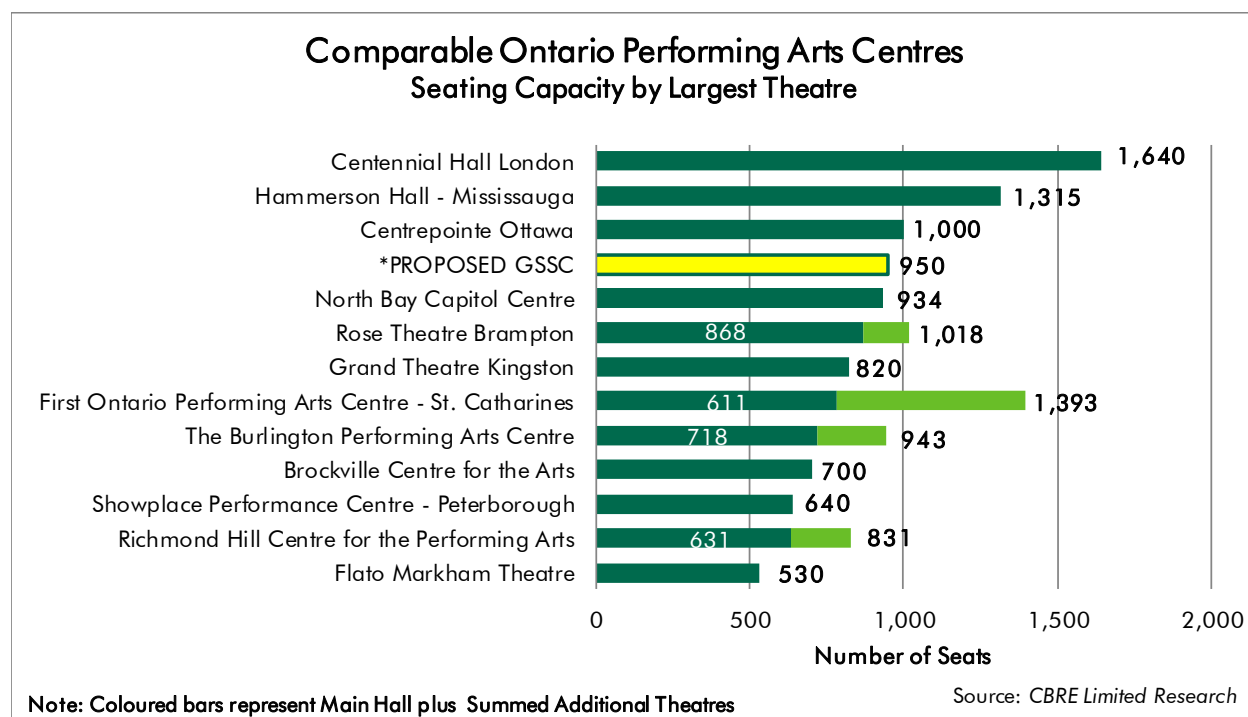
Convention Centre	Location	Total M&C SF	Estimated Capacity	Hotel Room Inventory	M&C SF Per Hotel Rm	Est. CMA Population 2016
London Convention Centre*	London, ON	48,452	4,038	3,489	14	509,605
Blue Mountain Convention Centre	The Blue Mountains, ON	48,377	4,031	1,590	30	19,734
Chatham-Kent John D. Bradley Convention Centre	Chatham-Kent, ON	39,703	3,309	367	108	106,115
Prince Edward Island Convention Centre*	Charlottetown, PE	36,099	3,008	1,441	25	69,561
Penticton Trade and Convention Centre	Penticton, BC	34,165	2,847	1,498	23	41,946
St. John's Convention Centre*	St. John's, NL	33,332	2,778	2,729	12	209,555
Vancouver Island Conference Centre	Nanaimo, BC	24,853	2,071	922	27	103,809
Saint John Trade & Convention Centre*	Saint John, NB	24,735	2,061	1,560	16	126,759
Prince George Conference & Civic Centre	Prince George, BC	22,800	1,900	2,089	11	87,451
Fredericton Convention Centre**	Fredericton, NB	19,834	1,653	1,753	11	98,501
Proposed GSSC Sudbury	Sudbury, ON	19,500	1,625	1,669	12	166,694

Notes: *Physically connected to a hotel (e.g. by pedway)

** To be connected by pedway to a new Hilton Garden Inn hotel, which is set to open in 2018

Sources: CBRE Limited, Environics Analytics Sitewise 2016

With respect to the GSSC's positioning in the Ontario Performing Arts market, the following chart shows the proposed facility at 950 seats as most comparable to North Bay, Brampton and Ottawa.



The following chart highlights historic demand at Tier 3 Convention Centres of a comparable size to the subject Greater Sudbury Synergy Centre, as well as the Greater Sudbury hotel and event venue markets, in comparison to the proposed GSSC by event type.

M&C EVENT DEMAND	Greater Sudbury Avg Per Event Venue	TIER 3 Avg Per Centre	GSSCP Projection
Conventions/Conferences	6	5-50	16
Trade Shows	0	0-7	2
Consumer Shows	0	0-12	2
Meetings	272	36-377	141
Social Banquets	65	11-156	30
Other	14	0-200	30
TOTAL	357	108-586	221

Source: CBRE

As shown, by 2023, the GSSC is projected to host **221 M&C events over 274 event days**. These events are projected to bring **38,000 attendees** generating 13,860 room nights. In terms of the convention market alone, an estimated 16 Conventions are expected to attract 5,000 delegates to the City, generating 5,470 room nights (about 40% of room nights overall). Furthermore, 50% of the room nights generated for the

Sudbury accommodation market through meetings and conventions will be incremental new demand for the City.

When not hosting meetings, conferences and other social banquets, the GSSC is projected to host **34 live performance events over 51 event days**. Typical events types are expected to include performances through the Sudbury Symphony, events related to the Laugh Out Loud Festival, events generated by the Sudbury Theatre Centre, Sudbury-produced summer events, touring shows (i.e. through Ontario Presents), and private shows for attendees of conventions and conferences hosted at the GSSC. These live performances are estimated to generated **36,800 attendees**, of which 53% are expected to be residents, and 47% will be visitors to Sudbury.

GSSC Operating Projections

Operating Projections have been prepared for the proposed GSSC over a five-year projection period. In preparing these projections, we have compared the operating performance of other Tier 3 Canadian Convention Centres, and Sudbury area hotels & other venues with meeting space, as well as Performing Arts Centres across Ontario. Projections for the subject Greater Sudbury Synergy Centre's results are based on a number of variables, including, but not limited to: the size of the building, occupied space, the number of events/event days, the number of attendees/attendee days and inflation.

Other key assumptions made in the preparation of these projections include:

- The venue will be owned by the City of Greater Sudbury, and projections are net of property taxes;
- The venue will be operated by third party management firm, and incur an annual management fee of \$100,000 in Year 1, increasing by inflation thereafter;
- Food and Beverage will be outsourced to a third party operator;
- A reserve for asset replacement has been included to account for the replacement of furnishings and fixtures as required to maintain the quality of product offered by the GSSC at 3.0% of revenues per year;
- Inflation rates have been estimated at 2% throughout the projection period; and
- An estimated 8 full-time equivalent positions have been recommended for Year 1, based on industry standards and comparable facilities, equating to \$637,500 in salaries and benefits.

Operating forecasts for the first five years of operation have been based on 19,500 square feet of rentable space and 950 seats, with the Greater Sudbury Synergy Centre hosting 221 M&C events and 274 event days as well as 34 Performing Arts events over 51 event days by its stabilized year of operation (Year 5).

As shown in the following table, by 2025, Total Revenues are estimated to reach \$1.4 million, of which 47% will be space rental income (\$657,000). Total Expenses, inclusive of departmental expenses (33%), undistributed operating costs (77%) and other fixed costs (13%) have been projected to reach \$1.7 million.

The GSSC is projected to require approximately **\$311,000 in an annual operating grant by its stabilized year of operation.** In comparison, Tier 3 Convention Centres in comparable jurisdictions to Greater Sudbury operated at a net loss ranging from \$100,000 to over \$1 Million in 2015.

2025		
REVENUES		
M&C Space Rentals	\$460,200	33%
PAC Space Rentals	\$196,500	14%
Total Space Rentals	\$656,700	47%
Box Office Chgs	\$159,334	11%
Retail / Merchandising	\$121,500	9%
Food & Beverage Commission	\$288,800	21%
AV Rentals	\$166,400	12%
Total Revenues	\$1,392,734	100%
DEPARTMENTAL EXPENSES		
Space Rentals	\$307,900	47%
Retail Cost of Goods Sold	\$60,750	50%
AV Rental Costs	\$85,600	51%
Total Departmental Expenses	\$454,250	33%
UNDISTRIBUTED OPERATING COSTS		
Administration & General	\$331,200	24%
Information & Telecommunications	\$58,600	4%
Sales and Marketing	\$154,600	11%
Property Operations & Maintenance	\$225,000	16%
Utilities	\$300,500	22%
Total Undistributed Expenses	\$1,069,900	77%
OTHER FIXED CHARGES		
Management Fee	\$108,200	9%
Insurance	\$29,300	2%
Reserve for Asset Replacement	\$41,800	3%
Total Fixed Charges	\$179,300	13%
NET OPERATING INCOME	-\$310,700	-22%

Source: CBRE Limited and Novita Interpares

Governance and Other Considerations

Conference Centres and Performing Arts Centres are typically publically-owned and operated and/or managed by a third party.

GSSC will require professional service in terms of Management, Marketing and Sales, Programming Productions, Food and Beverage catering, and AV and technical logistical services.

Given the multiple uses of the GSSC, it will be imperative to set up policies and procedures related to:

- Programming – may require 2 different skill sets
- Rental Rate Structure
- Booking Policies
- Cancellation Policies
- Conflict resolution protocol
- Regional market considerations when bidding

In relation to other proposed Sudbury large-scale developments, the GSSC will have a strong advantage because of its core business to attract new money to the city through large-scale conventions, conferences, trade shows, **and** its ability to maximize both core space and utilization through its dual functionality (i.e. automated lift seating technology). Other development, such as the Place des Arts and Sports and Entertainment Complex have the potential to better attract existing market demand through their theatre and arena functionality, but the GSSC has the competitive advantage of truly drawing new demand through its convention and trade show functionality.

As noted, in a market like Greater Sudbury, most of the demand generation occurs in the suburban areas, as this is where many of the business parks and attractions (i.e. Science North) are located. The development of the GSSC in the downtown core will be attractive to hotel developers due to its potential for new retail and other business generation, but the GSSC alone will not generate enough year-round demand on its own to sustain hotel development. As such, a potential adjacent hotel would have to depend on other traditional sources of overnight demand (i.e., corporate transient, leisure groups, government stay, etc.).

At the same time, we know that Sudbury accommodation market has 119 new hotel rooms entering the market by 2019 in addition to the 2016 opening of the 100 room Microtel, representing a 10% increase in supply. It will take time for this new accommodation supply to be absorbed, and demand to normalize. Incremental new demand being generated by the GSSC as of 2021 could provide justification for accommodation supply growth, but it is not only demand that justifies hotel development. It is also a function of capital costs, the type of property that makes the most sense for the market, and economic viability.

Our determination of the most suitable product to be considered for development would be based on factors that best meet market demand, and would also lead to the greatest level of investor interest and support from the traditional lending community. By conducting our analysis on the product type that would have the greatest appeal to the traditional hotel investment market, this would allow the City the greatest chance of attracting a serious developer/investor with the capabilities and knowledge to develop a successful hotel operation. It should also be noted that hotel companies do not invest in hotels, they franchise or manage properties for a fee.

Through further analysis in a subsequent study, it could be determined that the development of a branded focused service hotel, in the range of 150 rooms may be most appropriate for development adjacent to the GSSC. Based on our experience in the industry and knowledge of comparable hotel construction projects, these hotel developments require approximately 2.0 acres of land, to allow for the appropriate surface parking coverage. With respect to hotel development adjacent to the GSSC, development on a smaller site as part of a mixed use development would necessitate the development of a parking structure, resulting in higher capital costs, impacting investment returns. This type of investment would require dedicated parking to support the hotel in the range of 100-150 parking stalls, which could cost in the range of \$4.0 to \$5.0 Million. The viability of hotel would not only be contingent on stronger market conditions, but at minimum would also likely require that the incremental parking costs be absorbed by the balance of the project. As a result, while a hotel development would be a positive market factor in support of utilization levels at the GSSC, it would likely be a financial drain on the project, if the hotels parking needs/costs have to be absorbed.

The potential for a new hotel in the downtown core will also be contingent on Council's approvals on any large-scale development initiatives for the Central Business District. Similarly, parking will need to be addressed as part of the overall downtown development plan.

We are not planners, and as such, it should be noted that our commentary relative to parking requirements for the GSSC itself is preliminary in nature. However, based on our preliminary assumptions, the GSSC would require 150-200 dedicated parking stalls without an adjacent hotel, and 250-300 stalls with an adjacent hotel. Ultimately, while there may be an opportunity for further hotel development in the downtown core, the prospect is seen as a mid to long term initiative, and will require additional studies which has not been considered within the current mandate for the GSSC.

Conclusions

As mentioned, the value-added GDP impacts associated with the initial \$63 million in capital investment in the GSSC have been estimated at \$23 million in direct and indirect impacts, with over \$22 million directly benefitting Greater Sudbury. The new GSSC also has the potential to be a significant new demand generator. By 2023, the operation of the GSSC represents a potential 25% increase in Meeting/Convention demand levels to the City, in addition to leisure demand for live entertainment and other events at the GSSC. Off-site delegate spending on conventions alone has been estimated at \$1.3 million, which equates to an average value of \$82,700 per convention in 2023.

As noted, while most conference centres and performing arts centres are viewed by municipal ownership as "loss" leaders, it is recognized that they also contribute essential economic activity that drives new tax revenues, economic benefit and employment from other services and establishments like hotels, restaurants and retail stores. Unlike other developments being proposed for Sudbury's CBD, the Greater Sudbury Synergy Centre has the potential to not only put the City on the map with its unique dual-functionality model, but also provide the City with a competitive advantage by attracting high-yield conventions to the area and attracting professional talent in conjunction with the arts and culture community. Furthermore, the anticipated operating synergy benefits, including increased activities, increased hours for part-time staff,

and shared personnel and building costs, put this project in a strong position to generate significant GDP impacts for the City of Greater Sudbury, and for the Province of Ontario.



INTRODUCTION

Study Background

In January 2017, the City of Greater Sudbury (with the financial support of the GSDC) retained CBRE to undertake an Assessment of Work completed to date on the GSSCP, and implications for moving the project forward. Following recommendations from CBRE's Assessment of Work, CBRE was retained again in April 2017 to continue its assessment of the Greater Sudbury Synergy Centre (GSSC) concept and development of a strategic business plan. CBRE has partnered with Brian Arnott, the founding partner of Novita Interpares and a specialist in live performance venues, to undertake the next steps in the process.

Study Scope

The Greater Sudbury Synergy Centre project will be presented to City Council on June 28, 2017 along with proposals for other major public projects for Sudbury's downtown core. At that time, all aspects of the Synergy Centre will need to be confirmed at a conceptual level including market position, building areas and configuration, technology to support a dual purpose convention and live performance venue, operations and staffing, and other features.

As such, the ultimate goal of the subject study has been to define the concept of the Greater Sudbury Synergy Centre, inclusive of its core business function and sources of demand, and potential economic impact for the community. If developed, the Synergy Centre will be part of a greater vision for Sudbury's downtown core, in concert with other large scale projects that have yet to be approved. It will be important to clearly define the Synergy Centre's market positioning and economic potential in a strategic business plan that can be used as a foundation for a full business plan.

In meeting the current study objectives, CBRE has undertaken the following tasks:

- Met with the GSSC Working Group and proposed GSSC facility partners, as well as numerous stakeholders in the community, identified in the following chart:

STAKEHOLDER DISCUSSION LIST

	Name	Position	Company/Organization	Interviewed	Date Interviewed
GSSCP Steering Committee Members	Wendy Watson	Director, Co-Chair	Greater Sudbury Development Corporation	✓	Apr-17
	John Caruso	Co-Chair	Retired from Public Sector/Consultant	✓	Apr-17
	Brian Koivu	Executive Director	Sudbury Community Foundation	✓	Apr-17
	Carmen Simmons		Retired from Public Sector	✓	Apr-17
	Carol McAulay	VP Administration	Laurentian University		
	Debbie Nicholson	President & CEO	Greater Sudbury Chamber of Commerce		
	Doug Morrison	President & CEO	CEMI		
	Guy Labine	CEO	Science North	✓	May-17
	Jean Leblanc	Partner/Broker	Mallette-Goring Real Estate Brokerage	✓	Apr-17
	Brian Tremblay	Owner	LeadSource Marketing & Advertising	✓	Apr-17
	Michael Luciw	Principal Architect	Architecture 49	✓	Apr-17
	Viviane Lapointe	Chief Communications and Community Engagement	Health Sciences North	✓	Jan-17
	Scott Overton	Freelance Writer and Author			
	Ian Wood	Director, Co-Chair	City of Greater Sudbury	✓	Apr-17
	Dana Jennings	Business Development Officer	City of Greater Sudbury	✓	Apr-17
Hoteliers	Peter Nykilchuk	General Manager	Hampton Inn	✓	Feb-17
	Karim Khamisa	General Manager	Holiday Inn	✓	May-17
	Jim Pitts	Director of Sales	Holiday Inn	✓	Jan-17
	Shelley Peever	General Manager	Lexington Hotel	✓	May-17
	Manoj Nair	General Manager	Radisson Hotel & Conference Centre	✓	May-17
	Abraham Jose	Sales Manager	Radisson Hotel & Conference Centre	✓	May-17
	Brian Dodds	General Manager	Quality Inn	✓	May-17
			Super 8 Sudbury & Best Western Downtown		
	Vina Makkar	Owner/Operator	Sudbury	✓	May-17
	Tim Lee	General Manager	Fairfield Inn	✓	May-17
	Nadia Pilon	General Manager	Clarion Hotel	✓	May-17
	Xavier Icardo	General Manager	TownePlace Suites	✓	May-17
	Jessica Myerscough	General Manager	Travelway Inn		
	Michelle Wolfe-Bayard	General Manager	Microtel Inn & Suites		
Meeting & Conference Venues	John Cimino	General Manager	Caruso Club	✓	May-17
	Marika Urso	General Manager	Italian Club Copper Cliff	✓	May-17
		Senior Manager Visitor Services			
	Renee Lepera		Science North / Dynamic Earth	✓	May-17
	Kathryn Huneault		Science North / Dynamic Earth	✓	May-17
	Brad Parkes		Laurentian University	✓	Jan-17
	Dominic Giroux	Chancellor, Office of the President	Laurentian University	✓	Feb-17
		Manager, Conference & Event Services			
	Julie Ceming		Laurentian University	✓	May-17
	Guy Gagne	Food Service Director	Compass Group - Laurentian Catering	✓	May-17
	Mark Gregorini	Owner	Verdicchio	✓	May-17
	Melanie Edy	Owner	Bryston's on the Park	✓	Jan-17
	Katerina Grigull / Roger Lafontaine	Hall Manager / Treasurer	Steelworkers Union Hall		
Performing Arts Venues / Users	Scott Florence	General Manager	Sudbury Theatre Centre	✓	May-17
	Caleb Marshall	Artistic Executive Director	Sudbury Theatre Centre	✓	Jan-17
	Jennifer McGillvray		Sudbury Symphony	✓	Jan-17
			Rainbow District School Board (Sheridan Centre)		
	Carol Koziar	Facilities Clerk		✓	May-17
	Tammy Frick	Executive Director	Cinefest	✓	May-17
Other Stakeholders	Jason Ferrigan	Planner	City of Greater Sudbury	✓	May-17
	Keith Forrester		Real Estate / Parking City of Sudbury	✓	Jan-17
	Jeff Pafford	Director of Leisure Services	City of Greater Sudbury	✓	Jan-17
	Ron Bidulka	Partner	Price Waterhouse Coopers	✓	Feb-17
	Meredith Armstrong	Manager of Tourism	Greater Sudbury Development Corporation	✓	Jan-17
		Major Events Development Officer			
	Paul Schweyer		City of Greater Sudbury Northern Ontario Business, Sudbury.com, Sudbury Mining Journal and other		
	Michael Atkins	Owner	companies	✓	Feb-17
	Bob Deeth	Principal	Sudbury Secondary School	✓	May-17
	Brian Bigger	Mayor	City of Greater Sudbury		
	Mark Signoretti	Councillor	City of Greater Sudbury	✓	Apr-17
	Lynn Reynolds	Councillor	City of Greater Sudbury	✓	Apr-17
	Lisa Bonin	Owner	Eventful Times	✓	May-17
		General Manager, Citizen and Leisure Services			
	Ron Henderson		City of Greater Sudbury	✓	Apr-17

Source: CBRE Limited and Novita Interpares

- Researched the current and projected size of the Greater Sudbury performing arts and meeting/convention markets, with consideration given to the local resident and visitor markets within a 1-hour drive time radius;
- Undertook a competitive supply and demand analysis of key performing arts venues and meeting/convention facilities in Sudbury and other Northern Ontario destinations; as well as Tier 3 Canadian Convention Centres;
- Undertook an historic overview of Sudbury's hotel sector, including the level of demand generated by meetings and convention activity;
- Prepared a facility program for the GSSC inclusive of functional area quantifications related to live performance and meeting/convention facilities;
- Developed Delegate and Attendee projections for the GSSC during the first 5 years of operations;
- Prepared Financial Operating Projections for the GSSC for the first 5 years of operations;
- Undertook an assessment the Economic Impacts of the GSSC derived through its construction, operation and incremental visitor spending to Greater Sudbury and its downtown;
- Provided commentary on the potential benefits of an adjacent hotel development to the GSSC site and potential parking requirements for the site with and without an adjacent hotel; and
- Compiled all findings into the subject Strategic Business Plan.

This report has been prepared for the party named above for the purpose stated. Any other use or user is unintended by the consultant. The report is subject to those Assumptions and Limiting Conditions contained in Addendum "B" in addition to any assumptions, which may be stated in the body of the report.



GSSC CONCEPT AND SITE ANALYSIS

GSSC Concept

The Greater Sudbury Synergy Centre ("GSSC") is a proposed multi-use convention centre and performing arts facility to be located in Downtown Sudbury.

Dating back to the early 1970s, the former City of Sudbury and the City of Greater Sudbury have undertaken approximately four feasibility studies that proposed constructing large performing arts and convention/trade facilities. In all cases, these single purpose buildings were not deemed to be financially sustainable.

As a result, the development of local performing arts product in Sudbury has played out mostly in small venues, while meetings/conferences and banquets have been hosted at local hotels and other venues with other core functions (i.e., Fraser Auditorium at Laurentian University and local restaurants). These venues have proven to be constraining for product growth and development, as well as the City's ability to attract larger conventions and other live performance talent. While this condition has not prevented Sudbury from having a vibrant performing arts scene, there are very few presenters in Sudbury who have product capable of drawing 1,000 or more, and meetings and conferences have been largely limited in size to groups of up to 300 delegates.

In addition to research on single-purpose facilities, the City commissioned research to identify multi-use facilities in Canada which, by their design, meet a broad spectrum of community needs. Contact was made with a Quebec firm, Gala Systems, which designs and builds automated lift systems for seating and stages, and suggested positive results from operators wherein these facilities had been installed.

Based on the research undertaken, and extensive community consultations, the Synergy Project working group (as it became known) concluded that there was a broad base of support among the groups and individuals consulted for the development of a multi-use community space in the city's downtown core, and that a multi-use facility would present the best operating model with the greatest economic impact for Greater Sudbury. As a result, the concept of the Greater Sudbury Synergy Centre came to forefront, as a multi-use facility that can meet a broad spectrum of community needs and drawn new visitor dollars to the City.

These previous studies have identified the following objectives, vision and mission statement for the Greater Sudbury Synergy Centre:

Objectives

- To provide a multi-use Conference and Performing Arts complex;
- To be a catalyst for economic revitalization of Downtown Sudbury;
- To provide for the needs of the arts and culture community;

- To meet the future growth needs of the city; and
- To create a facility with operating efficiencies.

Vision

- To be the largest host of public, industry-related events in Northern Ontario.

Mission

- The multipurpose venue should play a dynamic economic role by providing a space for the expression of innovative activities through conferences, conventions and trade shows and through contributing to a sustainable arts and culture sector and related community organizations.

The proposed Greater Sudbury Synergy Centre represents an opportunity to increase the level of meeting/conference activity to City of Greater Sudbury by providing adequate meeting space to host functions in excess of 300 attendees, as well as live performances of over 650 persons.

The key to the success of the proposed Synergy Centre will be in its ability to provide multi-use space through an automated seating system, which has the capability of transforming the space from a multi-tiered theatrical and concert space to a flat-floor exhibition, plenary or banquet space. The addition of the multi-use conference and performing arts venue will provide a meeting place for the city and an economic catalyst for the revitalization of Downtown Sudbury. Generally speaking, single-purpose convention Centres and performing arts theatres require annual operating subsidies – the goal here will be to effectively program the GSSC with multiple events (performances, meetings and conferences, banquets, award ceremonies, weddings, receptions, trade shows, etc.) in order to reduce annual operating subsidies, while at the same time achieving the greatest economic benefits for downtown businesses and the overall City.

Both the challenge and opportunity of the Centre will be in balancing the needs of the arts and culture community, while providing additional entertainment options for residents and tourists, and at the same time attracting meeting and conference delegates to the City. Despite the potential challenges, the greatest benefits of the multi-use facility include:

- Generating economic benefits to the City of Greater Sudbury, with greater impacts in the downtown core;
- An opportunity to attract different markets to a unique “jewel box” space in Greater Sudbury’s downtown core, that draws more visitors and residents to the downtown;
- The potential to produce a building that is beyond the customer’s expectations with more amenities and public space, while saving money with only one development;
- Providing increased density in the urban core;
- Reducing the cost of land and infrastructure requirements in the downtown core, with only one development site; and

- Operating synergy benefits, including increased activities, increased hours for part-time staff, and shared personnel and building costs.

Municipal governments are increasingly benefitting from this development trend, as evidenced by twin pad arenas, multi-use recreational centres, and the proposed co-location of the Sudbury Library and Art Gallery. In the private sector, the flexibility and competitive advantages of multi-branded hotels or “duplexes” where two brands coexist in the same building footprint (i.e. Courtyard and Residence Inn by Marriott, or Hampton Inn and Homewood Suites by Hilton) is well documented. These properties work particularly well in urban locations where space is minimal, and where there are two distinct demand segments (i.e. extended stay and leisure transient), allowing the two branded portions to share the same staff, back of house, amenities and potentially food and beverage outlets. This concept is already present at the Homewood Suites and Hampton Inn double pad on Regent Street in Sudbury.

The dual-function purpose of the GSSC presents a new concept to the Sudbury market, combining performing arts, meeting/convention and banquet capacity. The unique model demonstrates both a commitment to the growth of the city’s knowledge centre and to the existing arts and culture scene in Sudbury, giving the City more of an opportunity to grow the market and attract professional talent from other urban centres.

Furthermore, performing arts markets in particular tend to benefit from having a range of venues that can offer a variety of product, appealing to the many tastes and preferences of the audiences in their catchment area. Markets with large populations make it possible for a wide range of facilities to co-exist and for each to operate at an efficient level. Small markets, such as Sudbury, need to cater to the same wide range of tastes and preferences but have fewer ticket buyers. Facilities that can do “double duty,” as is being proposed for Greater Sudbury Synergy Centre, therefore make sense in these markets.

Potential Roles for Supporters and Users of the GSSC

The following list identifies those Sudbury based organizations that have expressed an interest in playing a role to either support or make use of the GSSC as of May 2017.

For the purposes of this report, “users” would be those that would be regular or occasional renters at the proposed venue, and help to generate revenue for the GSSC. “Supporting organizations” are those service providers who would supplement the venue’s delivery capacity (e.g., Sudbury Theatre Centre providing box office), without adding to the fixed overheads, and essentially remaining cost/revenue neutral.

At this point, there are no official project “partners,” which would be defined as those that bring capital or operating dollars to the project that would not otherwise be there. It will be important to finalize the core purpose of the Synergy Centre, and determine whether there are opportunities to bring in new tenants, as opposed to capitalizing the project first.

Potential Roles for Supporters and Users of the GSSC

Organization	Potential Role
1 Sudbury Symphony Orchestra	User
2 Sudbury Theatre Centre	Supporting Organization
3 Sudbury Tourism Partnership	User
4 Cinefest/Music & Film in Motion	User
5 Science North	User
6 Laurentian University	User
7 Sudbury Shared Space Project	User
8 Sudbury Community Foundation	User
9 Cambrian College	User
10 Collège Boréal	User
11 Health Sciences North	User
12 Sudbury District Law Association	User

At this time, the Sudbury Symphony has expressed interest in being a part of the multi-use Synergy Centre. Given the preliminary nature of the concept plans, the possibility remains open for the Sudbury Theatre Centre to also share space in the Synergy Centre, subject to the availability of a large enough site and the ability to maintain individual space and identity. Clustering these uses under the same roof would serve to create a destination site for the revitalization of downtown Sudbury, and presumably reduce construction and operating costs.

Proposed GSSC Site

The proposed GSSC site is a 1.37-acre site in downtown Sudbury, bounded by Shaughnessy Street on the west, Van Horne Street on the south, Paris Street on the east, and the Sudbury Theatre Centre and Brady Street on the north. There are 3 properties located on the southern end of the site that consume approximately 15,000 square feet. The City would need to purchase these properties as part of the overall site at an estimated acquisition cost of \$1 Million. As outlined in the image below, the balance of the land (1.02 acres) is city owned. Site acquisition costs have not been included in previous GSSC capital costs estimates, as the proposed location is a "base case" site, and will need to be validated as part of next steps in the final business plan for the GSSC.

GREATER SUDBURY SYNERGY CENTRE – PROPOSED SITE



Source: City of Greater Sudbury

The City of Greater Sudbury also owns adjacent lands immediately east of the site as well as the Sudbury Arena site and municipal parking lot on the west side of Shaughnessy Street as depicted in the following map.

CITY OWNED LANDS HIGHLIGHTED IN YELLOW AND GREEN



Source: City of Greater Sudbury

Implications for GSSC

The subject Strategic Business Plan calls for the development of the Greater Sudbury Synergy Centre with potential connectivity to the Sudbury Theatre Centre, and other efficiencies, in order to enhance the downtown's level of economic, cultural and retail activity, its sense of place, and its role as the urban centre for the region; and to ensure the optimal level of utilization of the Centre itself on a year-round basis.

In order to achieve the greatest economic benefits to the community, it is essential that the GSSC be situated in a central and accessible downtown Sudbury location with its concentration of retail, restaurants, businesses, services and attractions. It will also be very important for the subject GSSC to be close to a critical mass of hotels, particularly from a meeting/conference market perspective, as the majority of meeting planners view this as a significant factor driving conference location selection. There are currently 5 hotels within walking distance of the subject site in Sudbury's downtown core, offering a total of 464 guest rooms. Although the majority of new hotel development in the Sudbury market has taken place in the southern and eastern ends of the City, these properties are still within a 10-15 minute drive of the subject site, providing a significant level of accommodation capacity in proximity to the identified site.

Further, at 1.37 acres, the identified site can support a 60,500 square foot facility in either a single storey building or multi-storey building. However, in a single-storey building footprint, the site would allow minimal capacity for parking on-site. Several parking projects would need to be considered in relation to the subject GSSC development, considering the potential displacement of existing surface parking facilities, and must be addressed in a full business plan. Preliminary considerations have also been addressed in the Conclusions section of this report.

Overall, the identified site is considered to be a good fit for the subject development from both a locational aspect, due to its size, proximity to other tourism infrastructure, and the potential economic spinoff for Sudbury's downtown core. However, as noted, this location is considered to be a "base case" site, and will need to be validated as part of next steps in the final business plan for the GSSC.



GREATER SUDBURY MARKET ANALYSIS

Introduction

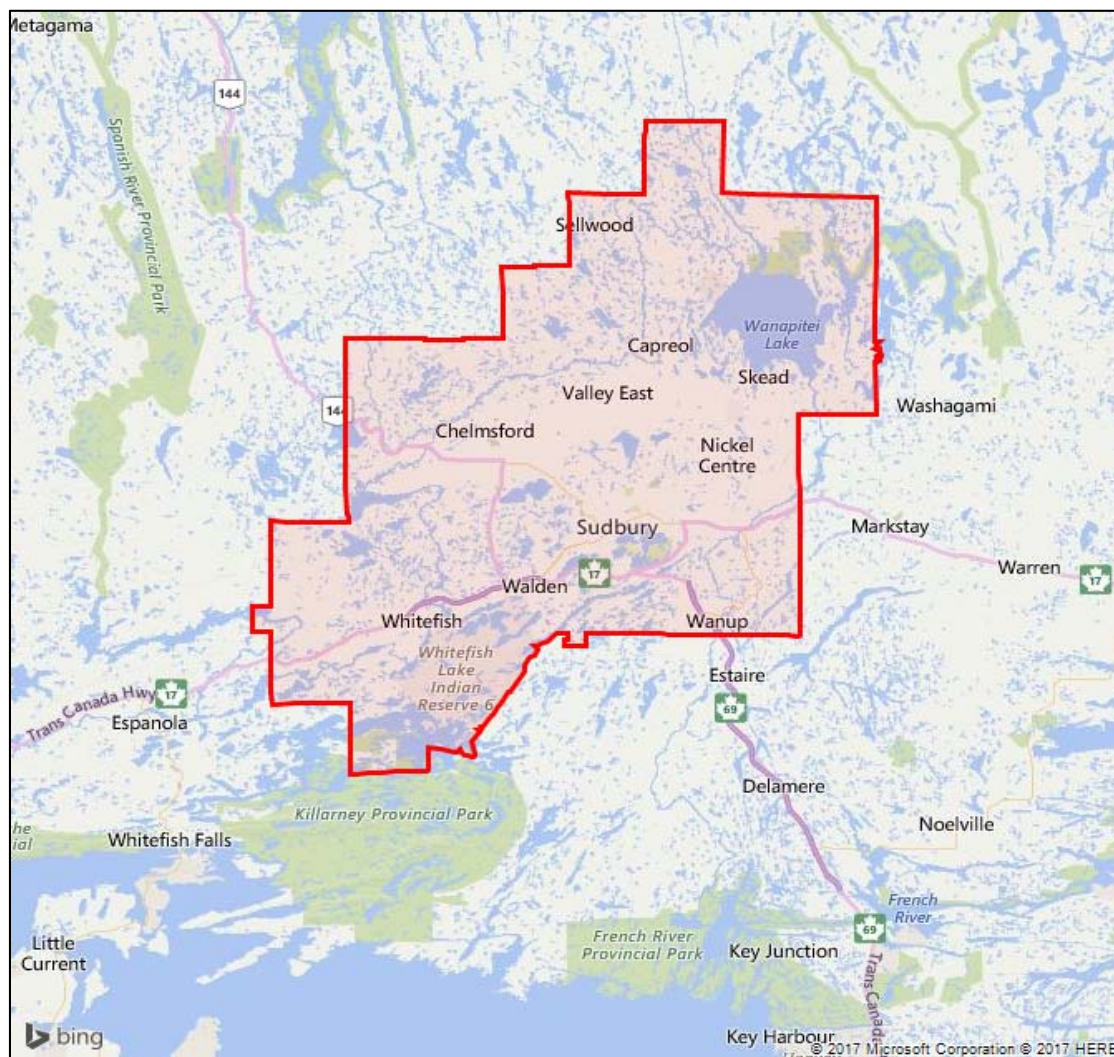
Spanning 3,627 square kilometres in area, the City of Greater Sudbury is the largest municipality in Ontario and second largest in Canada in terms of land mass. Sudbury is centrally located in Northeastern Ontario and is situated on the Canadian Shield in the Great Lakes Basin. As a world class mining centre, Greater Sudbury's mining companies employ an estimated 6,000 people and support a mining supply and service sector cluster of 300 companies that provide an additional 10,000 jobs. In addition, the City is a major regional centre for business and financial services, health care and related research, tourism, education and government; while offering significant post-secondary education, health care institutions and acting as a retail hub for Northeastern Ontario.

The following section provides a summary of the demographics and visitor volumes for Greater Sudbury, where the proposed GSSC is to be located. Census Metropolitan Area 580 (CMA 580) has been used to prepare the demographic and tourism market profile of Greater Sudbury, while the proposed GSSC site location at the corner of Van Horne Street and Paris Street has been used to calculate the drive time population catchment.

Census Metropolitan Areas (CMAs) are defined as very large urban areas that are combined with adjacent urban and rural areas that include a high degree of social and economic integration within the core. Specifically, CMA 580 encompasses the entire City of Greater Sudbury, which represents the amalgamation that took place in 2001 of the former Regional Municipality of Sudbury (former municipalities of Capreol, Nickel Centre, Onaping Falls, Rayside-Balfour, Sudbury, Valley East and Walden) and several unincorporated townships (Aylmer, Cleland, Dill, Dryden, Fraleck, Mackelcan, Parkin, Rathbun and Scadding), as well as Whitefish Lake First Nation and Wanapitei First Nation.¹ The boundaries of Greater Sudbury are detailed on the following map.

¹ Source: Statistics Canada; 2011 Census of Canada, 2001 Census Dictionary

MAP OF GREATER SUDBURY (CMA 580)



Source: Sitewise Environics Analytics 2016

Greater Sudbury Resident Population

Greater Sudbury's demographic profile has been prepared based on Sitewise Environics Analytics 2016 data and is summarized in the table below.

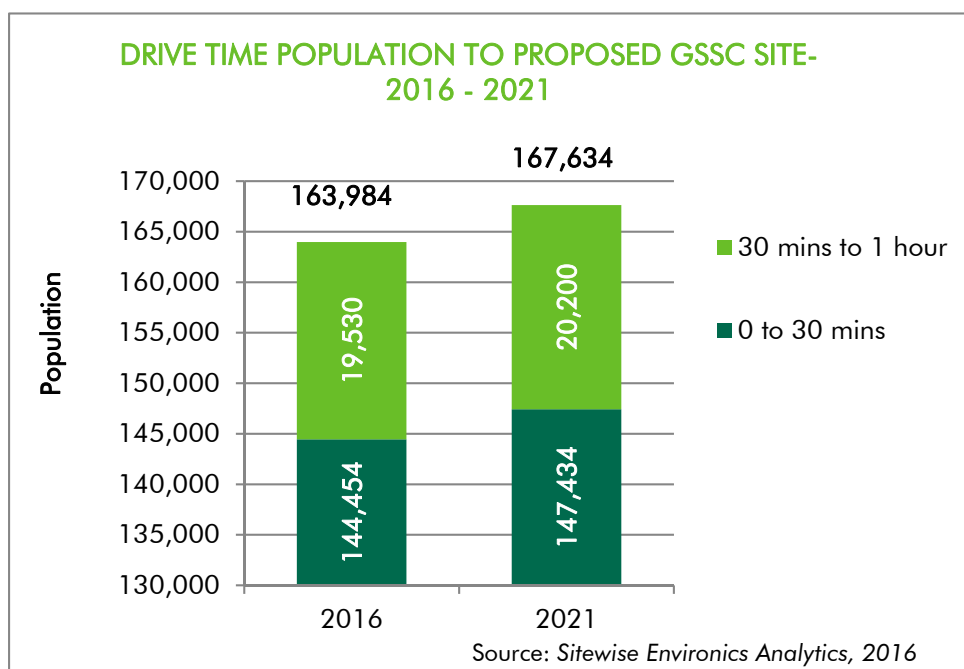
GREATER SUDBURY (CMA 580) DEMOGRAPHIC PROFILE

Population 2016 Estimate 166,694	% of Canadian Total 0.5%	% Change 2011-2016 0.9%	Average Annual Growth Rate 2011-2016 0.2%	
Household Income – 2016 Average				
% Above/Below National Average 3.4% above	Total Income 2016 \$7,063,861,000	% Canadian Total 0.5%	Per Capita \$42,376	Hhlds. \$100,000+ 36.7%
Household Spending – 2016 Average				
% Above/Below National Average 8.1% Below	Total Household Spending 2016 \$7,248,717,206	% Canadian Total 0.5%	Per Capita \$43,485	Per Household \$100,977

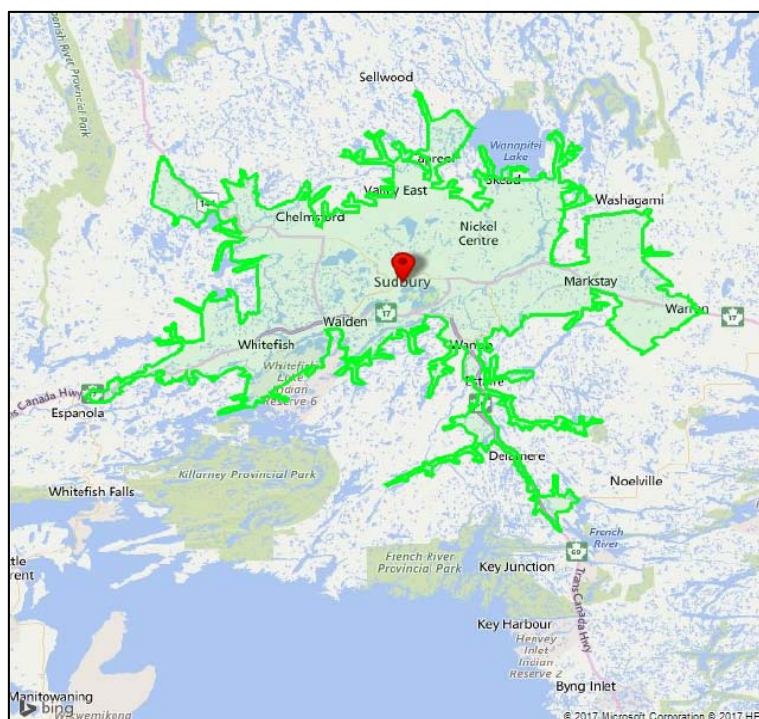
Source: Sitewise Environics Analytics, 2016

- As Northern Ontario's largest centre, Greater Sudbury was home to 166,700 residents in 2016, achieving 0.9% growth over 2011 levels and accounting for 0.5% of the Canadian population. Sudbury's population is expected reach 169,400 by 2021, an increase of 1.6% over 2016.
- Greater Sudbury residents made up about 71,800 households, at an estimated 2.29 persons per household.
- At \$98,400 in 2016, the average household income in Greater Sudbury was estimated to be 3.4% above the national average; with about 37% of households making more than \$100,000 per year at a per capita income of \$42,400.
- At a total expenditure of \$7.2 million, household spending on live performing arts events was approximately \$101 per household or 2% of total recreational household spending in 2016.
- Dissimilar to household income, household spending in Greater Sudbury is about 8% below the national average; with a per capita spend of approximately \$43,500.
- The median age in Greater Sudbury was 44.6 years in 2016, with a fairly equal distribution of men to women. The population is two years older than the provincial average.
- Householder income was about 3% higher than the National average, which household spending was 8% lower than the National average.
- About 28% of the people in the City identify as francophone.

As shown below, the total available population within a 1-hour drive of the proposed GSSC site is approximately 163,984 people, accounting for 98% of the Greater Sudbury residential population. By 2021 the population of this catchment area is expected to increase by 2.2% to 167,634 residents.



**DRIVE TIME MAP CATCHMENT WITHIN 1-HOUR OF
PROPOSED GSSC SITE**



Source: Sitewise Environics Analytics 2016

Sudbury's Cultural & Performing Arts Market

Within an Ontario context, the performing arts market in Sudbury has the following notable features: it is substantially bi-cultural, with 28% of the population reporting (2011) French as their mother tongue; it is relatively small, having a CMA population of about 161,000 with less disposable income than the provincial average; and it also has less competition in terms of market demand, as there is only one other city (North Bay) within a two-hour drive.

A custom 2014 Statistics Canada reports that Canadian households spend an average of \$116 annually on live sporting AND performing arts. As discussed, Sudbury has about 71,800 households which equates to approximately \$8.3 million in available spending annually. While this may seem a large number at first glance, a single sold-out championship Sudbury Wolves game in the new 5,800 seat arena at \$30 average ticket would represent consumer spending of \$174,000. Similarly, a single show in a sold-out 1,000 seat venue at \$50 average would represent consumer spending of \$50,000. In other words, the available spending in Sudbury for sporting events and performing arts can be more quickly depleted by large-scale events.

Consumer spending on live performance and sporting events has been fluctuating in recent years. However, the introduction of new facilities, such as the GSSC and other large-scale developments in Sudbury, will help to generate increases in ticket prices for all venues, thereby improving overall revenues for existing facilities. New cultural facilities will also add both to Sudbury's destination appeal and to its potential to generate incremental income since cultural tourists spend nearly twice as much as non-cultural tourists per visit at \$667 vs. \$374 (based on the afore-mentioned 2014 Statistics Canada report).

Consumer spending on sporting events and performing arts is often combined with retail expenditure. Based on retail sales per capita, the Greater Sudbury CMA is ranked 15th of 39 Canadian urban markets of 100,000 or more population. According to FP Markets Canadian Demographics, the total retail sales estimate of \$2.4 billion in 2011 confirmed Greater Sudbury as the premier retail centre of Northeastern Ontario. Thus, new facilities also have the potential to augment retail sales for the City.

Sudbury's Cultural & Performing Arts Market – Demographics

PRIZM5 classifies Canadians into one of 68 Lifestyle Segments, based on their demographics, marketplace preferences and psychographic social values. The top 5 lifestyle types in Greater Sudbury by population include a mix of segments comprised largely of older residents, as well as some young and middle-aged clusters. With a significant proportion of Greater Sudbury's population comprised of older/aging individuals, a few of the top resident groups have been classified as having a general interest in attending local venue concerts, theatre and/or playhouse productions, as identified below.

These 5 Prizm5 lifestyle types represent an available market of almost 65,000 residents with an interest in attending performances at the proposed Greater Sudbury Synergy Centre, representing 36% of the existing population, which is considered a strong sample in relation to other jurisdictions.

GREATER SUDBURY TOP 5 PRIZM5 LIFESTYLE TYPES BY POPULATION - 2016 ESTIMATES

PRIZM5 Lifestyle Segment (#)	Population in Greater Sudbury	% of Total Population	Description
Fresh Air Families (24)	20,549	12%	• Middle-aged, middle-income exurbanites • Feature a mix of middle-aged couples and families with children of all ages • Enjoy the great outdoors, particularly fishing, boating, snowmobiling and camping
Aging & Active (51)	14,648	8%	• Older and mature, lower-middle-income town households • Close to half the household maintainers are over the age of 55 and many are now retired • Members of this segment spend much of their free time outdoors, walking, hunting and fishing. Residents are involved in their local communities and spend evenings at local venues, taking in concerts and community theatre productions
Low-Rise Renters (68)	10,968	6%	• Young, low-income city singles and families • Nearly a third of household maintainers are under 35 years old • With tight budgets they fashion low-cost lifestyles, engaging in outdoor activities like skateboarding and playing basketball, going to the movies, and enjoying the city parks and gardens near their communities
Satellite Burbs (09)	9,254	5%	• Older, upscale exurban couples and families • A mix of middle-aged families and older couples • Their idea of entertainment is going to a community theatre, music concert or movie theatre, and for vacations, they're more likely than average Canadians to go camping, boating or touring in a recreational vehicle.
Our Time (39)	9,057	5%	• Older and mature, lower-middle-income suburbanites • Filled with over-60 singles, couples and widowed individuals • Their low-key lifestyle revolves around close-to-home leisure activities and travel. • Enjoy evenings at the local community playhouse or dinner theatre with friends, as well as concerts by a favourite rock or pop performer.
TOTAL AVAILABLE POPULATION	64,476	36%	

Source: Environics Analytics, Sitewise 2016

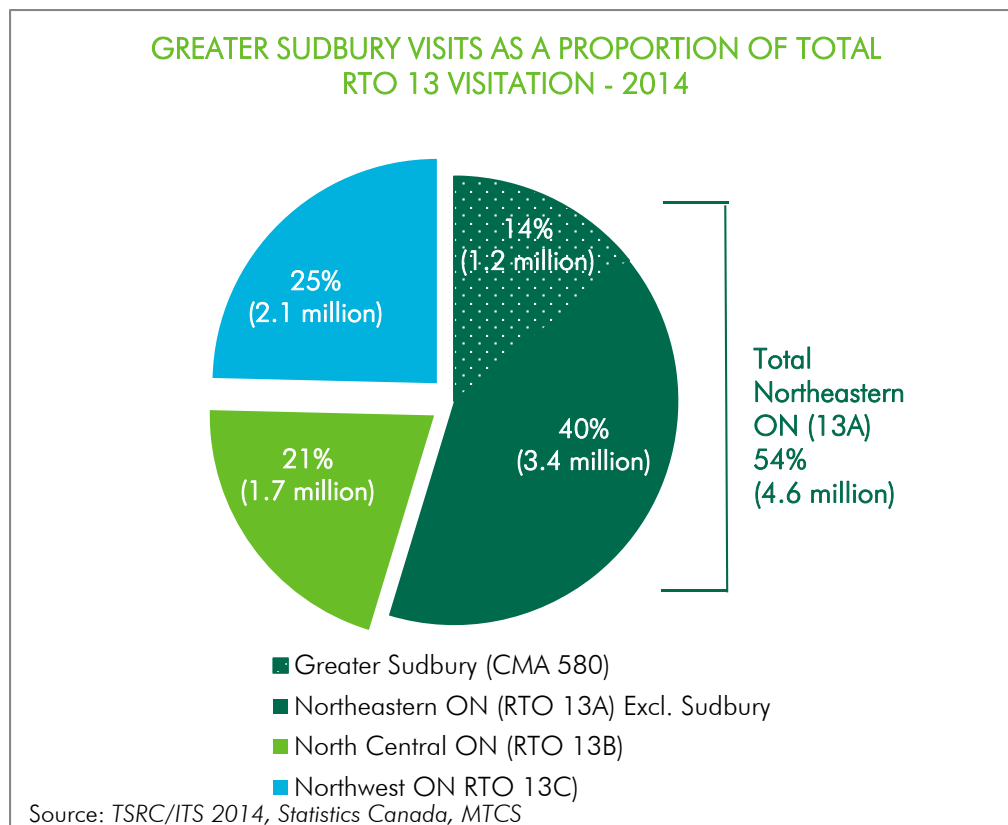
Greater Sudbury Visitor Market

The volume and value of tourism in Canada is measured by Statistics Canada through two primary surveys: the Travel Survey of Residents of Canada (TSRC) and International Travel Survey (ITS). In turn, the Ontario Ministry of Tourism, Culture and Sport (MTCS) customizes the data to reflect specific sub-regional

provincial regions and the formats required by MTCS's Tourism Regional Economic Impact Model (TREIM). In Canada, a domestic tourist is someone who takes an "out-of-town" trip for one or more nights, or a same day out-of-town trip that takes them at least 40 km one-way from his/her home.

Regional Tourism Organization 13 (RTO 13) encompasses all of Northern Ontario and is further broken down into 3 smaller regions: Northeastern Ontario (RTO 13A), specifically consisting of Nipissing, Sudbury, Timiskaming and parts of Cochrane, North Central Ontario (RTO 13B) and Northwest Ontario (RTO 13C). Within Northeastern Ontario (RTO 13A) is Census Metropolitan Area 580 (CMA 580), which is defined as the Greater Sudbury area.

In 2014, there were approximately 8.3 million visits to Northern Ontario, of which Northeastern Ontario comprised approximately 54%. Specifically, an estimated 14% of Northern Ontario's person visits were made to Greater Sudbury, while 40% were made to other Northeastern Ontario areas.



In total, Northeastern Ontario attracted an estimated 4.6 million person visits in 2014, achieving a 26% increase over 2010. Of total Northeastern Ontario visitation, Greater Sudbury accounted for approximately 26%, attracting 1.2 million visits in 2014 and achieving growth of 11% over 2010 visitation levels. As a proportion of Northeastern Ontario's overall person visits, Greater Sudbury has showed slight fluctuations

over the historic 8-year period, from a high of 31% in 2006 to a low of 26% in 2014 largely due to slower person visit growth in comparison to that of overall Northeastern Ontario.

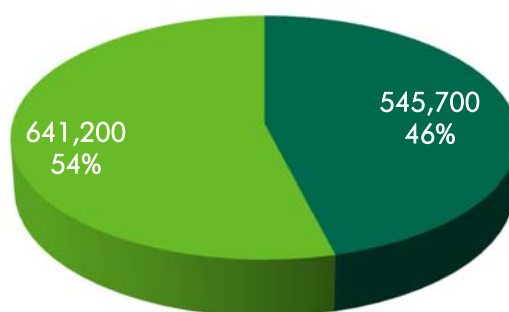
GREATER SUDBURY HISTORIC PERSON VISITS

Year	Greater Sudbury (CMA 580)	Northeastern ON (RTO 13A)	Greater Sudbury Mkt Share
2014	1,187,000	4,563,200	26%
2010	1,067,900	3,627,300	29%
2008	875,400	3,186,100	27%
2006	1,150,600	3,768,700	31%

Source: TSRC/ITS 2006-14, Statistics Canada, MTCS

As shown below, same day visits to Greater Sudbury comprised 54% of total trips (641,200 visits), while overnight visits accounted for the remaining 46% (545,700 visits).

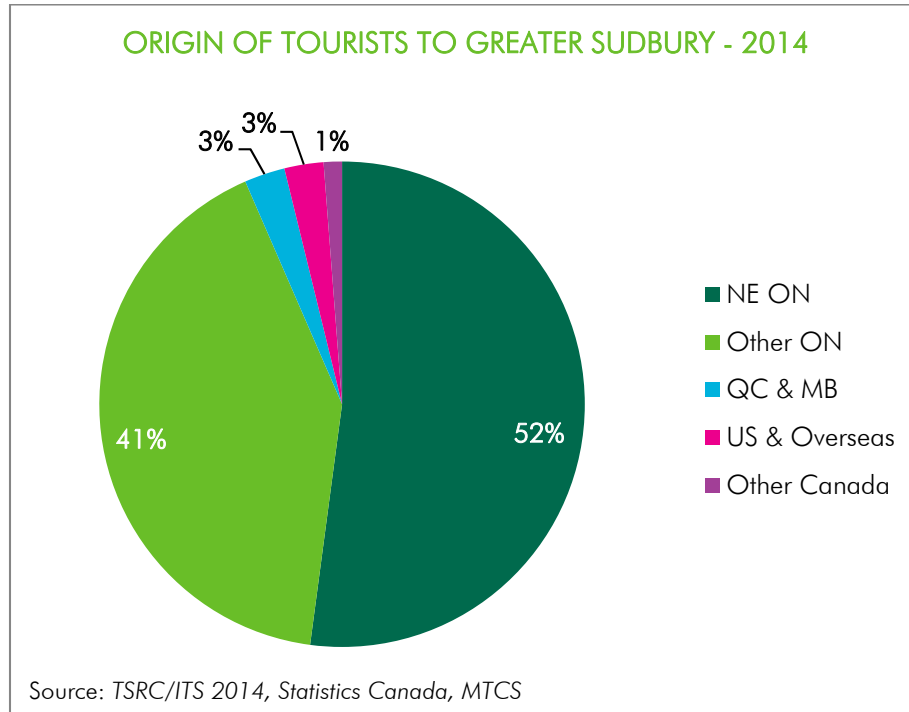
GREATER SUDBURY TOURISM VOLUMES BY LENGTH OF STAY - 2014



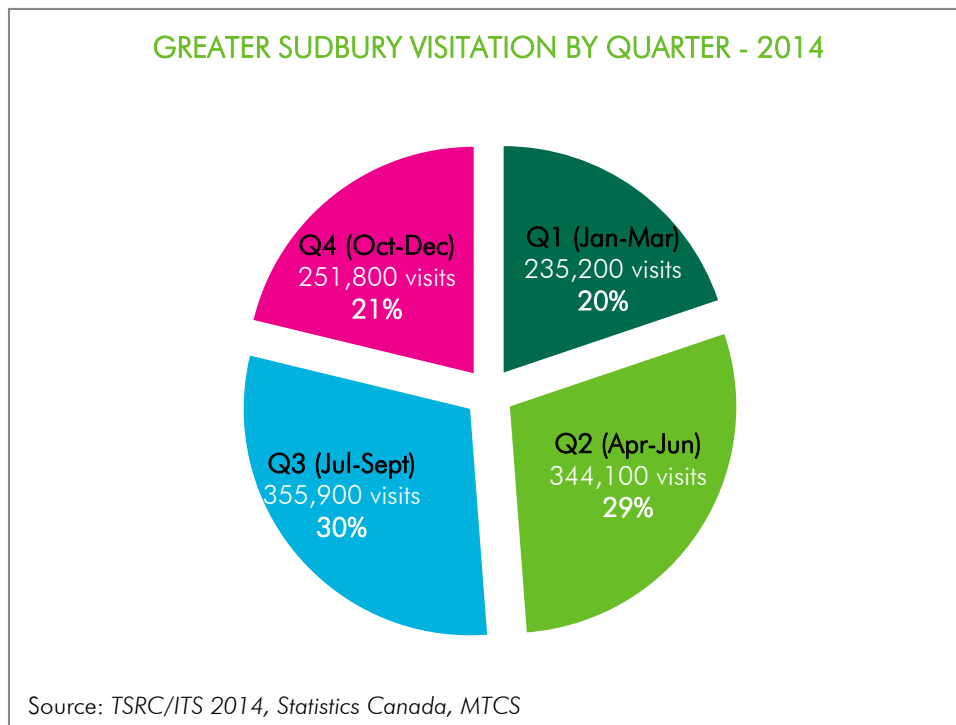
■ Overnight Person Visits ■ Same-day Person Visits

Source: TSRC/ITS 2014, Statistics Canada, MTCS

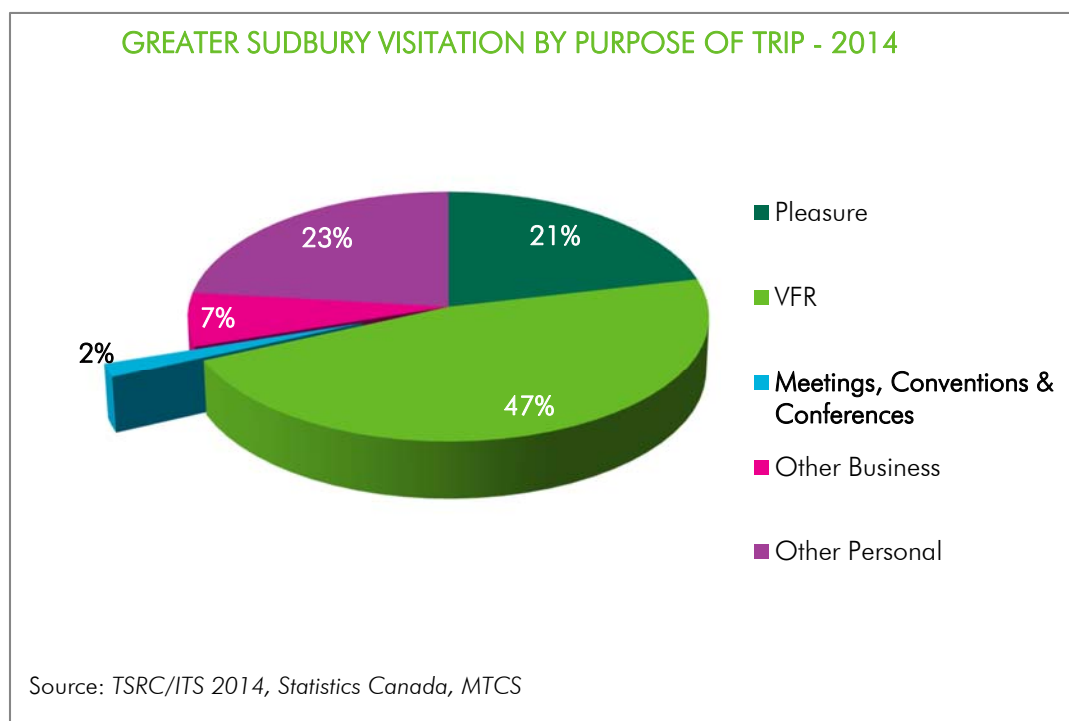
Northeastern Ontario residents travelling to Greater Sudbury comprise 52% of overall visitation (618,400 trips), while other Ontario residents accounted for 41% (491,100 trips) and residents from Quebec and Manitoba made up 3% (32,000) of total visits. Visitation from the U.S. and overseas generated 3% of the total (31,000 visits), while other Canadian provinces constituted approximately 1% of visits (14,400).



From a seasonality perspective, visitation to Greater Sudbury was highest from July to September (Quarter 3) with 30% of total visits, followed closely by April to June (Quarter 2) with 29%. Slight fluctuations in visitation were seen in the remaining period, with October to December (Quarter 4) accounting for about 21% of visitation and January to March (Quarter 1) slightly lower at 20%.



As a regional hub for many Northeastern Ontario residents, the majority of trips to Greater Sudbury are made to visit friends and relatives (47%), followed by trips made for other personal reasons such as shopping (23%) and those made for pleasure purposes (21%). The remaining trips are made for the primary purpose of business (9%), comprised of 2% of trips made for meetings, conventions and conferences, and 7% for other business matters.



In 2014, there were 103,000 business visitors to Greater Sudbury, of which **21,000 were convention delegates**. This represents one-quarter of the total business volumes to Northeastern Ontario, and 15% of business volumes to Northern Ontario. Given that the City of Greater Sudbury is the largest centre in Northern Ontario and home to approximately 25% of Northern Ontario's population, the City currently attracts less than its fair share of business travellers and meeting/conference delegates at 15% of total demand.

BUSINESS VISITOR VOLUMES TO NORTHERN ONTARIO - 2014

	Greater Sudbury	Northeastern ON	Northern ON	Greater Sudbury Share NE ON	Greater Sudbury Share N ON
Convention, Meeting & Conferences	21,100	54,600	136,200	39%	15%
Other Business	81,900	342,700	571,400	24%	14%
Total Business Visits	103,000	397,300	707,600	26%	15%

Source: TSRC/ITS 2006-14, Statistics Canada, MTCS

Of the total visits made to Greater Sudbury, about 4% (45,100 visits) included a cultural activity component. Specifically, 1% of visits to Greater Sudbury (15,500 person visits) included trips to cultural performances. This represents almost one-third of the total visitor volume that frequented cultural performances as part of their trip to Northeastern Ontario, and 14% to Northern Ontario.

PERSON VISITS BY THOSE THAT PARTICIPATED IN CULTURAL ACTIVITIES - 2014

	Greater Sudbury	% of Total Person Visits	Northeastern ON	Northern ON	Greater Sudbury Share NE ON	Greater Sudbury Share N ON
Festivals/Fairs	7,300	1%	81,400	156,400	9%	5%
Cultural Performances	15,500	1%	57,100	113,900	27%	14%
Museums/Art Galleries	22,300	2%	68,000	149,100	33%	15%
Total Visits W Cultural Activity Participation	45,100	4%	206,500	419,400	22%	11%

Source: TSRC/ITS 2006-14, Statistics Canada, MTCS

The following chart shows the volume of visitors engaging in cultural activities on trips to North Central and Northwest Ontario, in relation to Northeastern Ontario, in 2014.

PERSON VISITS BY THOSE THAT PARTICIPATED IN CULTURAL ACTIVITIES - RTO 13 - 2014

	Greater Sudbury	% of Total Activities	Northeastern ON (RTO 13A)	% of Total Activities	North Central ON (RTO 13B)	% of Total Activities	Northwest ON (RTO 13C)	% of Total Activities
Festivals/Fairs	7,300	1%	81,400	2%	55,100	3%	44,400	2%
Cultural Performances	15,500	1%	57,100	1%	36,100	2%	31,300	1%
Museums/Art Galleries	22,300	2%	68,000	2%	50,900	3%	72,500	3%
Total Visits W Cultural Activity Participation	45,100	4%	206,500	5%	142,100	8%	148,200	7%
Total Number of Activities Participated In	1,070,041	100%	4,319,600	100%	1,874,700	100%	2,268,800	100%

Source: TSRC/ITS 2006-14, Statistics Canada, MTCS

Science North represents a core leisure, cultural and educational demand generator for visitors to Greater Sudbury and Northeastern Ontario overall. As another indicator of visitor interest to cultural institutions, attendance levels at Science North, including the Dynamic Earth attraction, grew from approximately 194,000 in 2014/15 to 207,000 in 2015/16. Year-to-date data for the 2016/17 fiscal year indicate a 7% increase over the same period in 2015/16.

Accommodation Market Overview

In order to more precisely identify hotel market trends as they relate to the potential GSSC, CBRE has prepared an accommodation market overview using data collected by CBRE Hotels. CBRE Hotels collects top line (occupancy and average daily rate) data on close to 1,900 properties across Canada representing over 60% of the Canadian industry's 380,000 rooms. Our database is considered a standard source of reliable data for most markets.

Hotel Supply

The Sudbury accommodation market is comprised of 19 properties, which offer a total of 1,669 rooms. Meeting and convention space offered within Sudbury hotels equates to approximately 62,400 square feet, ranging from approximately 300 square feet offered at the Best Western to almost 16,000 square feet offered at the Radisson Hotel. Overall, the Radisson Hotel Sudbury, Holiday Inn Sudbury and Lexington Hotel offer the largest spaces, with at least 10,000 square feet of meeting and convention space each. A map showing the location of each hotel property in relation to the proposed GSSC site is included on the next page.

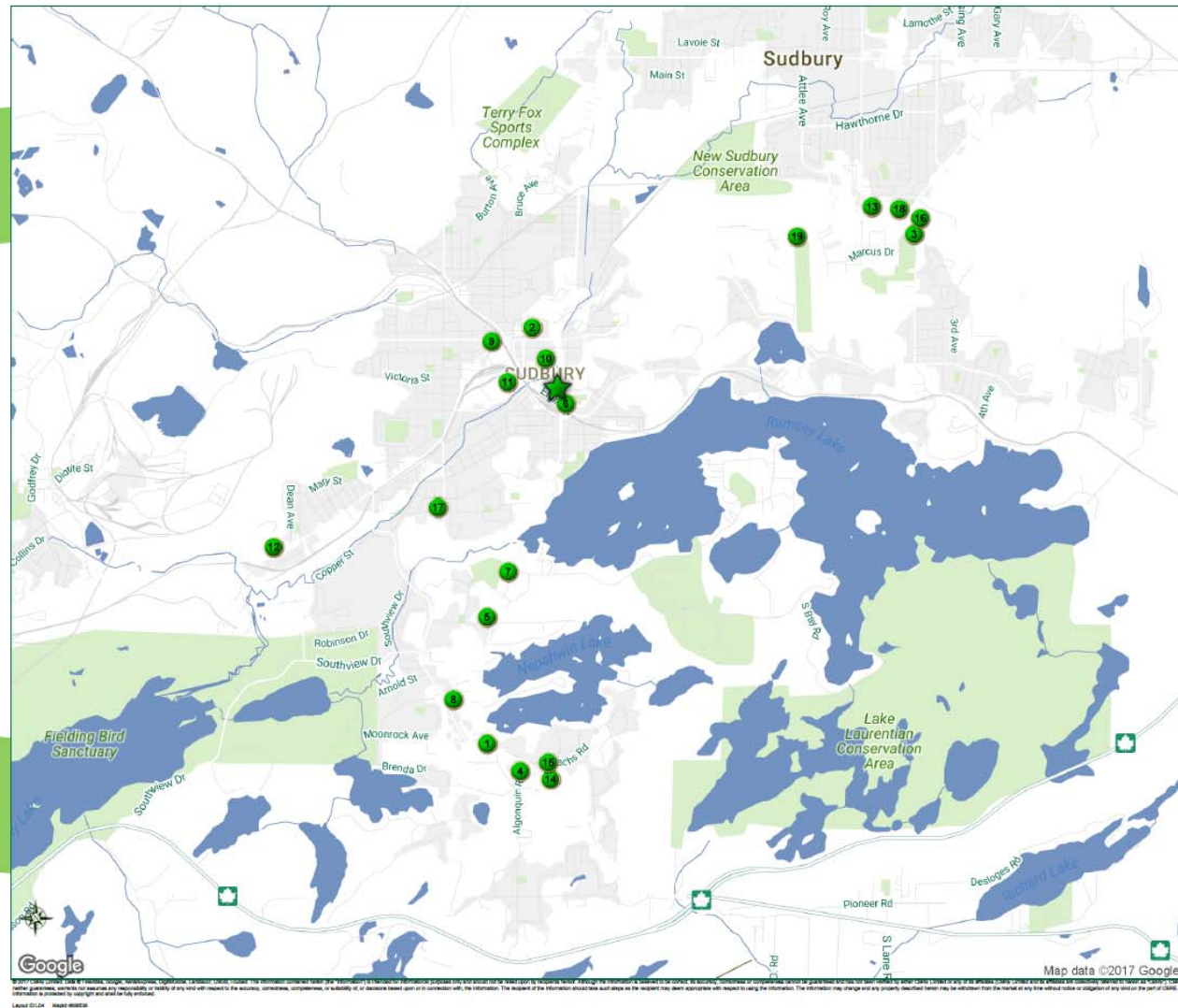
HOTEL MEETING SPACE SUDBURY, ON

#	Property	Rooms	M&C SF
1	Radisson Hotel Sudbury	146	15,890
2	Holiday Inn Sudbury	140	10,556
3	Lexington Hotel	75	9,776
4	Clarion Hotel Sudbury	100	5,618
5	Quality Inn & Conference Centre	98	5,318
6	Ambassador Hotel	45	5,000
7	Econo Lodge Sudbury	28	3,375
8	TownePlace Suites Sudbury	105	1,938
9	Travelodge Sudbury	140	1,872
10	Hampton Inn Sudbury	121	874
11	Microtel	100	750
12	Homewood Suites Sudbury	85	635
13	Fairfield Inn & Suites Sudbury	81	538
14	Super 8 Sudbury	85	
15	Comfort Inn Sudbury	78	
16	Comfort Inn East Sudbury	79	
17	Travelway Inn	83	
18	Knights Inn	35	
19	Best Western Downtown Sudbury	45	300
Total		1,669	62,440

Source: CBRE Limited Research

ACCOMMODATION MARKET MAP

- ★ Proposed GSSCP Site
- 1 Super 8 Sudbury
- 2 Radisson Hotel Sudbury
- 3 Comfort Inn East Sudbury
- 4 Comfort Inn Sudbury
- 5 Travelodge Sudbury
- 6 Quality Inn & Conference Centre Sudbury
- 7 Travelway Inn Sudbury
- 8 Holiday Inn Sudbury
- 9 Clarion Hotel Sudbury
- 10 Best Western Downtown Sudbury Centreville
- 11 Lexington Hotel
- 12 Econo Lodge Sudbury
- 13 Fairfield Inn & Suites Sudbury
- 14 Hampton Inn Sudbury
- 15 Homewood Suites Sudbury
- 16 TownePlace Suites Sudbury
- 17 Knights Inn Sudbury
- 18 Ambassador Hotel Sudbury
- 19 Microtel Inn & Suites Sudbury



CBRE

Historic Performance

Based on our research, the hotel market has achieved the following results in recent years:

ACCOMMODATION MARKET PERFORMANCE RESULTS										
Year	Rooms Available	% Change	Rooms Occupied	% Change	Occupancy	Change	ADR	% Change	RevPAR	% Change
2012	598,965	-	387,188	-	64.6%	-	\$109.95	-	\$71.08	-
2013	600,606	0.3%	380,522	-1.7%	63.4%	-1.3	\$109.10	-0.8%	\$69.12	-2.8%
2014	596,775	-0.6%	372,420	-2.1%	62.4%	-1.0	\$108.83	-0.2%	\$67.92	-1.7%
2015	573,050	-4.0%	388,236	4.2%	67.7%	5.3	\$114.11	4.8%	\$77.31	13.8%
2016	588,380	2.7%	390,031	0.5%	66.3%	-1.5	\$113.51	-0.5%	\$75.25	-2.7%
Compounded Annual Growth Rate	-0.4%		0.2%		0.6%		0.8%		1.4%	
March 2016 YTD	143,052	-	80,231	-	56.1%	-	\$110.09	-	\$61.74	-
March 2017 YTD	151,970	6.2%	80,781	0.7%	53.2%	-2.9	\$112.46	2.2%	\$59.78	-3.2%

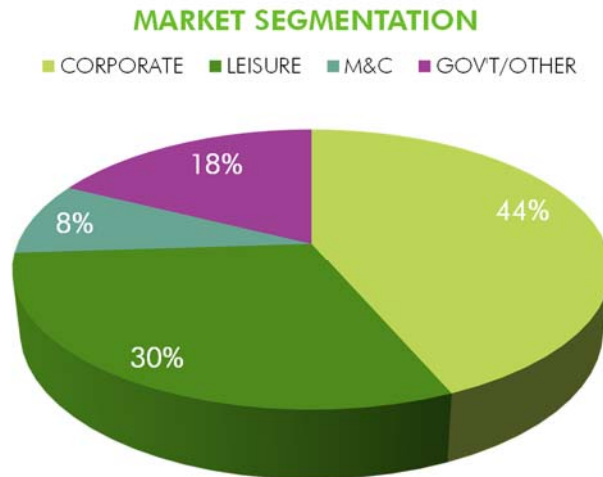
Source: CBRE Hotels

- The hotel market represents a range of property types, inclusive of full service, limited service, focused service and extended stay-properties in Sudbury, Ontario.
- Over the past five years, room supply has fluctuated. In 2015, the market experienced a decline of 4% in supply, as a result of 57 rooms coming out of inventory for renovation in January 2015 at the Holiday Inn Sudbury. In 2016, 42 rooms were added back to the overall inventory on an annualized basis, with the opening of the new 100-room Microtel Inn & Suites Sudbury in July 2016.
- In line with a decrease in supply, demand growth increased to 4.3% in 2015. This was followed by minimal demand growth of 0.4% in 2016, accompanied by a 2.7% increase in supply.
- Market Average Daily Rate ("ADR") increased at a compounded annual rate of 0.8% over the historic period, increasing from \$109.95 in 2011 to a high of \$114 in 2015. After achieving growth of 4.8% in 2015, ADR fell by 0.5% in 2016 to \$113.52.
- As a result of increased room night demand and ADR growth, Revenue Per Available Room ("RevPAR") growth reached 13.8% in 2015. With larger growth in supply than in occupied room nights and ADR, RevPAR decreased by 2.7% in 2016 to \$75.
- As of year-to-date March 2017, although market occupancy was down 3 points at 53%, ADR was up 2.0% compared to the same period in 2016. As a result of 6.2% growth in supply, coupled with a larger decrease in occupancy than an increase in ADR, RevPAR showed a 3.2% decline in YTD March 2017 over the same period in 2016.

Segmentation

In most markets, overall demand varies based on the nature of travel. Lodging demand is typically generated from four different segments: Corporate, Group/Meeting, Leisure travelers, and Other which includes government, contract, and/or crew business.

On the basis of CBRE Hotels market research, and discussions with local hoteliers the estimated market segmentation for the Sudbury hotel market in 2016 is presented below:



Source: CBRE Hotels

DEMAND SEGMENTATION - HOTEL MARKET 2016

Segment	Room Night Demand	%
CORPORATE	169,712	43.5%
LEISURE	118,598	30.4%
M&C	32,821	8.4%
GOVT/OTHER	68,695	17.6%

Compiled by CBRE Hotels

- With approximately 169,700 occupied room nights, or 44% of total nights, the corporate segment made up the largest proportion of demand within the market in 2016.
- The leisure segment accounted for about 118,600 occupied room nights, comprising 30% of market demand.
- The government/other segment generated about 68,700 occupied room nights or 18% of demand within the competitive market.
- The meeting/conference segment generated the least amount of demand at approximately 32,800 room nights, or 8% of demand within the market.

Room Supply Changes

Based on discussions with local hotel operators and representatives of the City of Greater Sudbury planning and economic development departments, there are several new hotel developments proposed or under construction within the Sudbury accommodation market. These projects are summarized below:

SUMMARY OF PROPOSED NEW SUPPLY

No.	Name	Rooms	Probability	Type	Opening Date	Status
1	Microtel Inn & Suites Sudbury (balance of opening)	58	100%	Limited Service Hotel	1-Jan-17	OPEN
2	Hilton Garden Inn	119	100%	Full Service Hotel	1-Jan-19	PLANNING STAGES
Total		177				

Source: CBRE Hotels

- The Microtel Inn & Suites Sudbury opened in July 2016 with a total of 100 rooms. On an annualized basis, this equated to 42 rooms being added to the market in 2016, with the remaining 58 rooms coming in within 2017.
- A 119-room Hilton Garden Inn is proposed for the corner of Kingsway and Barrydowne Road (1400 Kingsway) within a busy shopping district.² The proposed hotel recently received building permits and construction of the hotel is expected to begin in May to June, 2017, with completion slated for early 2019.

CBRE has made several attempts to determine the level of new hotel supply entering the marketplace, however, it is impossible to determine every hotel that will be developed in the future, when they will be completed, or their potential impact on the market. As such, we have only included those properties that have received final building permits and the projects have been confirmed by Planning officials.

Implications for GSSC

Approximately 164,000 people reside within a 1-hour drive of the proposed GSSC, and this population is expected to increase by over 2% to reach about 168,000 residents by 2021. Furthermore, with about 65,000 Sudbury residents or 36% of the population represented by Prizm5 groups demonstrating a general interest in attending local venue concerts, theatre and/or playhouse productions, expectations bode well for continued growth in residential interest for the proposed performing arts centre component of the GSSC.

The introduction of new live performance and sporting facilities, such as the GSSC, will help to generate increases in ticket prices for all venues, thereby improving overall revenues for existing facilities. New cultural facilities will also add both to Sudbury's destination appeal and to its potential to generate incremental income, such as retail sales for the City.

² Source: www.thesudburystar.com

With regard to visitation levels, Greater Sudbury attracted 1.2 million visits in 2014, achieving growth of 11% over 2010. Looking at length of stay, overnight visits comprised 46% (45,700 visits) of total trips to Sudbury. Of total Greater Sudbury visits, approximately 2% of trips (21,100 visits) were made for meetings, conventions and conferences, and about 1% of total visits (15,500 visits) included trips to cultural performances. These statistics are strongly tied to the availability of accommodations in the Sudbury market.

Sudbury currently hosts 19 accommodation properties, which offer a total of 1,669 rooms and approximately 62,700 square feet of meeting and conference space. In 2016, with the opening of the new 100-room Microtel Inn & Suites Sudbury in July 2016, a 3% supply increase was accompanied by less than 1% demand growth, but Market Average Daily Rate (“ADR”) increased to a 5-year high of \$114. While we have not conducted a detailed market analysis, it is expected that supply growth will outpace demand growth and that the Sudbury accommodation market will experience an erosion of occupancy levels over the 2017-2019 period.

From a demand segmentation perspective, Sudbury is largely a corporate transient market (40%), with the meeting/conference segment generating only 8% of hotel room night demand. This is largely a function of the capacity of existing meeting and convention venues, as well as booking windows for large-scale events.

The City of Greater Sudbury is known as both a world class mining centre, and regional centre for business and financial services, health care and research, tourism, education and government for Northeastern Ontario. In general, Greater Sudbury is well positioned for future increased visitation to the area. However, despite efforts to promote Sudbury as a cultural tourism centre and an attractive destination to hold meetings and conventions and, without a dedicated facility for either purpose it has been difficult to effectively grow these markets directly.

Further, the live performance function of the Synergy Centre will not be a visitor attraction in itself. Visitors will be drawn to the performing arts product on offer in the venue at any given time. While visitor numbers for live performance events in the Synergy Centre would not be expected to be large, particularly in the early years, there is significant potential for growth in this market segment both in the number of visitors and in visitor spending – as previously noted in this report, cultural tourists spend nearly twice as much per visit as non-cultural tourists.

Also, since the founding of Northern Lights Festival Boreal in 1972, Sudbury has been a destination for cultural tourism in the summer with festival attendance at the Grace Hartman Amphitheatre of more than 10,000 every year. Programming in the Synergy Centre can therefore be built on this established market base both through complimentary summer programming and through offerings throughout the season which would appeal to this market segment. Further, many conferences offer attendees a private concert as part of the conference experience. This amenity is most common in corporate events and the Greater Sudbury Synergy Centre would be adding value to its sales appeal to conference planners if it had the capacity for concerts.



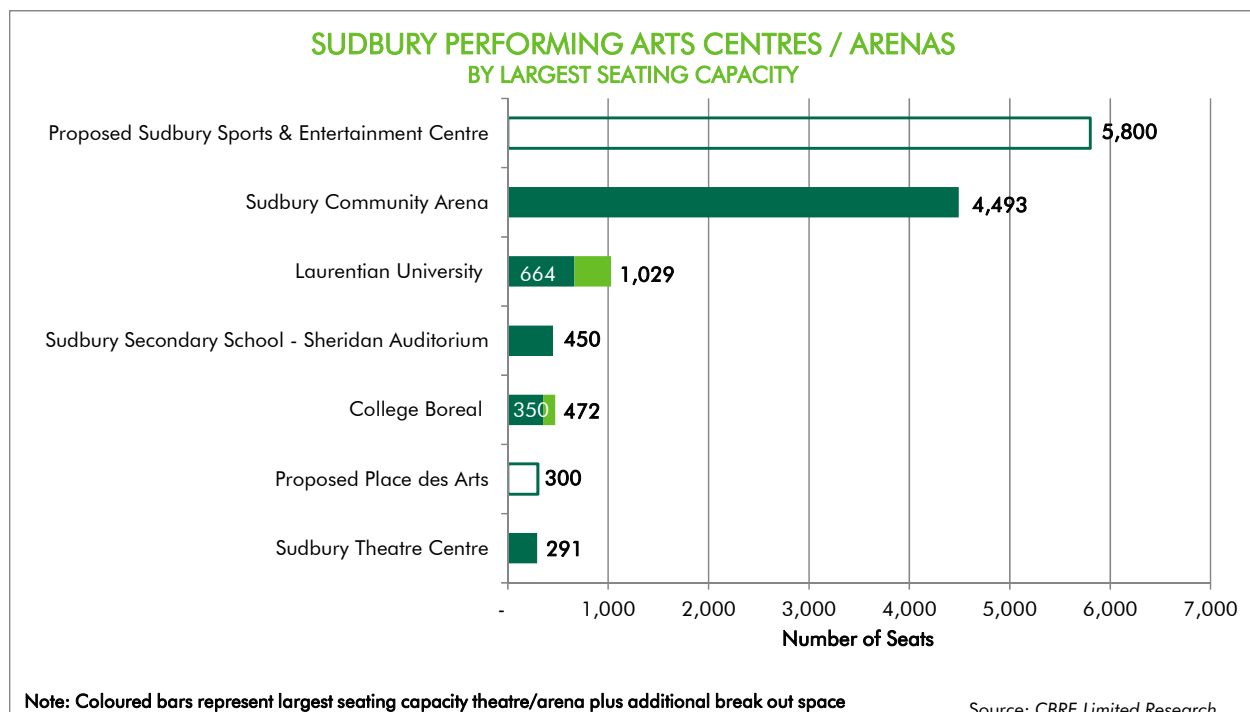
COMPETITIVE PERFORMING ARTS CENTRE SUPPLY AND DEMAND ANALYSIS

Introduction

In order to define the size of the market in which the proposed GSSC would compete and to give insight into what the proposed facility program should include, the following section examines existing and proposed performing arts centres/arenas in Sudbury, other comparable Northern Ontario facilities and other competitive Ontario performing arts centres.

Sudbury Performing Arts Supply

In the local marketplace, there are currently 5 venues that are being used to host performing arts events and concerts, offering in the range of 291 to 4,493 seats. The only purpose-built arts centre is the Sudbury Theatre Centre, while the other venues would all be categorized as having an alternative primary use (Secondary School, University, College or Arena). Excluding the subject GSSC, there are three major projects currently proposed for Sudbury, each of which would add seats into the existing market. The comparative seating capacity of existing and proposed Sudbury performing arts centres/arenas is summarized in the graph below.



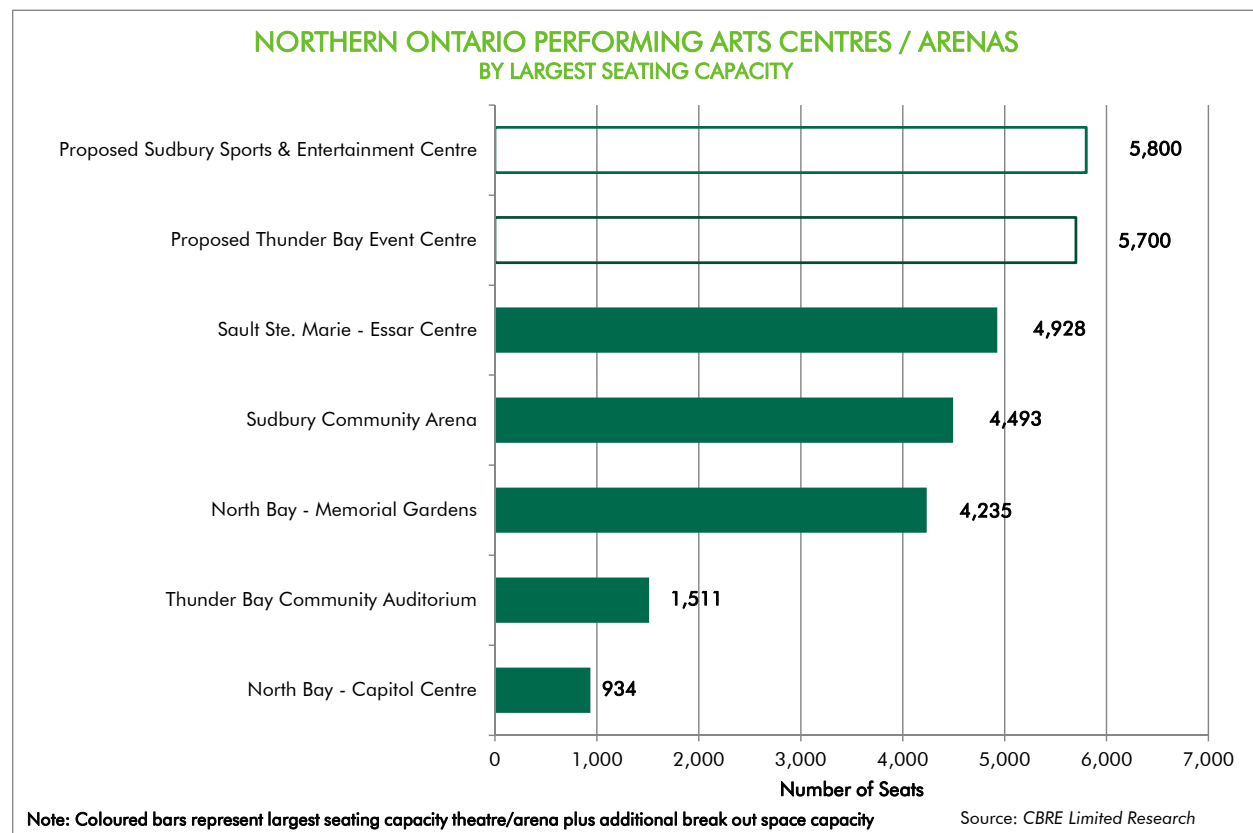
Although the Sudbury Community Arena provides the most seats among current venues, it is home to the OHL's Sudbury Wolves and is primarily utilized for large scale concert-type events during the non-ice season from May to August. Although Laurentian University's Fraser Auditorium is a mid-size venue, it is essentially a lecture hall. Its location and ownership – within an academic building at Laurentian – are additional disadvantages. By comparison, although the Sudbury Theatre Centre only has 291 seats, it is a very experienced and capable producer having successfully presented a full season annually for over four decades. Under the right conditions, STC could produce larger events at the subject GSSC, but only on an occasional basis.

In terms of proposed facilities, the Place des Arts could easily add 20,000 to 40,000 or more new tickets into the marketplace on an annual basis. The arrival of Place des Arts will formalize and sustain Sudbury's tradition of small venues, yet the 300-seat theatre will be housed within a multi-use building with 7 other tenants focusing primarily on the needs of the Francophone market in Sudbury.

Similarly, the advent of a new arena/entertainment centre will satisfy the need to accommodate popular music concerts drawing 2,000 or more. The core business of the proposed new arena/entertainment centre will be ice sports and large scale trade shows. The arena will have the capacity to create a temporary "concert bowl" within this venue, which will provide the capacity and reduce the risk associated with a dedicated facility for large concerts. It would also be effectively replacing the existing Sudbury Community Arena.

Northern Ontario Performing Art Centre / Arena Venues

In addition to local competition, the proposed GSSC would compete for attracting productions, as well as demand amongst large Northern Ontario venues with over 900 seats each. As shown below, Northern Ontario venues are primarily comprised of arenas/sports complexes that have large amounts of fixed seating for events such as concerts, as well as convertible ice surfaces for trade shows. The most comparable facility to the proposed GSSC would likely be North Bay's Capitol Centre, since it is a purpose built performing arts venue. Existing facilities in Northern Ontario offer in the range of 934 to 4,928 seats.



Other Comparable Ontario Performing Arts Centres

At the present time, there is a considerable amount of product touring throughout Ontario (identified in this report as the “Ontario Presents” network) that could be attracted to Sudbury both to serve local audiences and to provide usage for the Synergy Centre.

A survey of selected mid-size live performance venues in various performing arts markets across Ontario outside central Toronto indicates that the average seating capacity is in the order of 900 seats.

COMPARABLE MID-SIZE ONTARIO LIVE PERFORMANCE VENUES

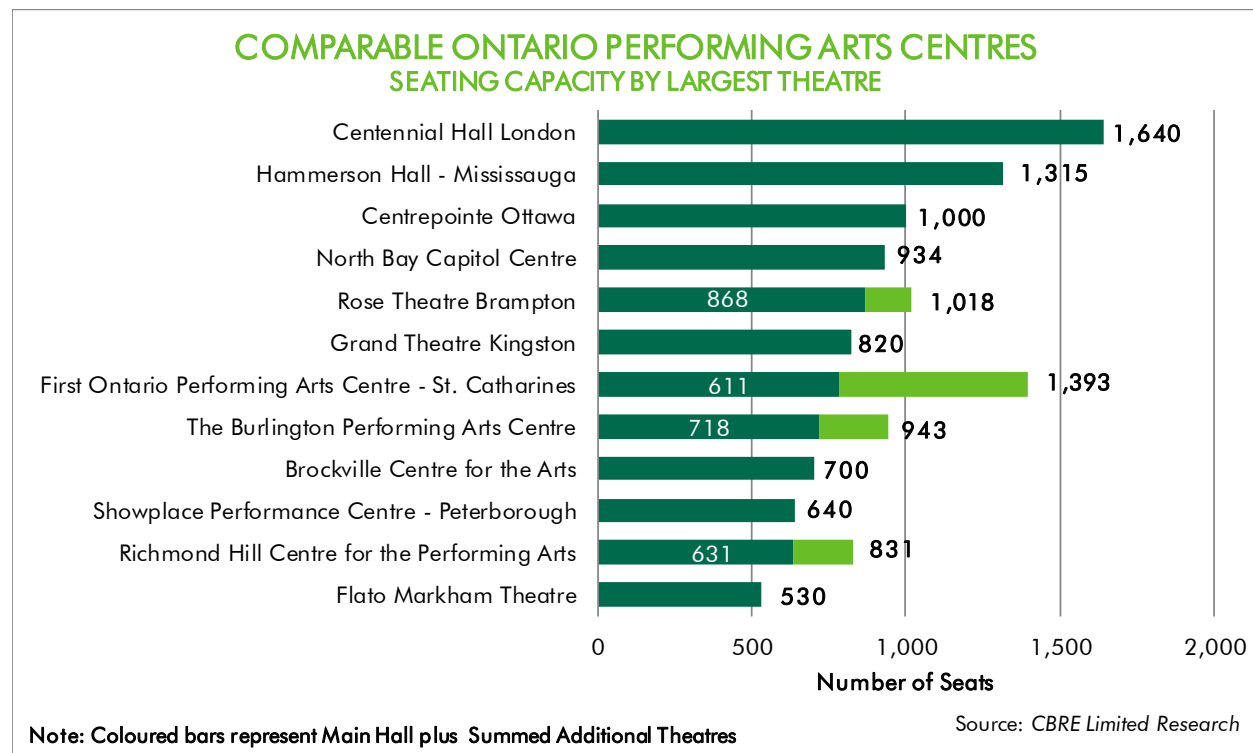
Facility	Approximate # of Seats – Main Hall
Flato Markham Theatre	530
Richmond Hill Centre for the Performing Arts	631
Showplace Theatre Peterborough	640
Brockville Centre for the Arts	700
Burlington Performing Arts Centre	718
First Ontario Performing Centre – St. Catharines	782
Grand Theatre Kingston	820
Rose Theatre Brampton	868
North Bay Capitol Centre	934
CentrepoinTE Ottawa	1,000
Hammerson Hall, Mississauga	1,315
Centennial Hall London	1,640

Source: CBRE Limited & Novita Interpares

The following table highlights the total number of theatre style seats available at competitive Ontario performing arts venues that would be considered comparable to the proposed GSSC recommended facility program.

It should be noted that it is difficult to make correlations between seat count and market size. For example, major municipalities such as Newmarket and Vaughan have venues of 400 seats, but they are also in close proximity to the City of Toronto, which is comparatively saturated with venues and other related infrastructure (i.e., restaurants, accommodations, retail, etc.). Similarly, Oakville’s theatre is about 500 seats, as is the theatre in Milton.

The Capitol Centre in North Bay is a purpose built performing arts centre with a seating capacity comparable to GSSC. When the GSSC opens, it will be able to offer the same programming as North Bay (particularly if the GSSC is on the Ontario Presents circuit) and this business which is currently going out of town will be captured locally.



Demand for Performing Arts - Sudbury

Estimates provided to the GSSC Working Group by previous consultants identified 500,000 attendees at 2,000 events by 31 organizations in 2012 in Sudbury. This number may be an accurate reflection of attendance at all public events in Sudbury in that year, but it is highly misleading if it is intended to reflect the potential for live performance attendance in a market in the order of 170,000 persons.

If, on the other hand, this were a true estimate of performing arts attendance, it would indicate that the Sudbury market is already saturated.

The results of recent long term audience studies (e.g., Rand) indicate that live performance is holding its own in the digital age but it is only doing so because of a new understanding and a much increased effort in audience development, particularly in the cultivation of market niches.

In the very near future, it will be necessary to determine the true base number of the existing live performance ticket market in Sudbury, its potential for growth and the strategies that will produce the desired result.

Implications for GSSC

Within Sudbury there are 5 venues that range in size from 290 to 4,500 seats and are currently used to host performing arts events/concerts. Of these, the only purpose-built arts centre is the Sudbury Theatre Centre, which offers 291 seats. In addition to current supply, there are three proposed venues including Place des Arts (300 seats), the Library (100 seats) and the Sudbury Sports & Entertainment Centre (5,800 seats). Based on current and proposed supply, it appears that there is a gap in Sudbury's mid-sized live performance facility inventory.

A survey of selected mid-size live performance venues in various performing arts markets across Ontario outside central Toronto indicates that the average seating capacity is approximately 900 seats.

In terms of other proposed facilities in Sudbury, the Place des Arts would not be directly competitive with the offerings in a larger venue such as that proposed for the Greater Sudbury Synergy Centre, but it would add new competition for leisure spending, as would the proposed Sports and Entertainment Centre. Increased seating capacity for live events in a new arena/entertainment centre would add a considerable number of tickets, even without increasing the number of concerts which have been typically offered per season. All performing arts markets benefit from having a range of venues which can offer a variety of product appealing to the many tastes and preferences of the audiences in their catchment area. Markets with large populations make it possible for many facilities to co-exist and operate at efficient levels. Small markets need to cater to the same wide range of tastes and preferences but have fewer people to purchase tickets in each sub-market segment. Sudbury is in this latter category. However, should all of these facilities be developed, Sudbury would still have a gap in its cultural facility inventory – that being a mid-size live performance centre (which typically seats 700 to 1,200).

In terms of demand, while Sudbury has a vibrant live performance scene, there is currently very limited capacity in the cultural community to produce or present events for a mid-size venue. Apart from festivals, the Sudbury Symphony Orchestra is currently the only local product source with a proven record of filling more than 700 seats (at a current rate of 6 to 10 times a year.) No other current local producer appears to have product for a mid-size venue. Some of these producers may have the ability to grow, but this is most likely a longer term proposition.

The Sudbury Theatre Centre is a very experienced and capable producer having successfully presented a full season annually for over four decades in its 300 seat facility. Under the right conditions, STC could produce or present larger events but only on an occasional basis, yet, the Sudbury Theatre Centre will soon be sharing its market with Place des Arts, and its energies and resources will be spent in this direction.

The creation of a mid-size venue would definitely help in the development of local product but this is a longer term process requiring a deliberate effort toward defined cultural goals. Consequently, in the near term future, most product for a mid-size venue in Sudbury would come from the touring circuit.

Most civic theatres in Ontario belong to a collaborative network (identified in this report as the “Ontario Presents.”) Ontario Presents is a province-wide network of performing arts touring and presenting organizations which work co-operatively to distribute live shows across Ontario. As a non-profit service agency, Ontario Presents also offers a wide variety of programs and services to assist local organizations in all aspects of presenting. Any presenter in Sudbury can join Ontario Presents.

Through its block booking program, Ontario Presents would be a prime source for product which is already touring in Ontario but not otherwise coming to Sudbury. By participating in the Ontario Presents touring network, the Synergy Centre would have access to a wide range of live performance attractions catering to local tastes and preferences which are not currently being served.

There are several commercial presenters who provide touring product across Ontario and who have been active over the years in the Sudbury market. These presenters include Canadian companies such as Jones Entertainment Group and US companies such as Live Nation. These and other presenters offer popular entertainment acts and have tended to focus on the Sudbury arena with its large seating capacity, better income potential and reduced risk.

As noted in this report, the core business of the proposed Synergy Centre will be space rental. The Synergy Centre will rent space to conference and convention organizers and to presenters of live entertainment. There are local live entertainment presenters such as the Sudbury Symphony Orchestra who are already presenting in Sudbury and there are other organizations which may respond to the opportunities created by a new facility. Service clubs are occasional but regular presenters in many communities. A new local presenting organization could also be created specifically to present in the Synergy Centre. Such a local presenting organization would likely access product from the Ontario Presents network or it might partner with managers and promoters which represent product suitable for a 950-seat venue. Managements such as the Feldman Agency have a large roster of suitable popular acts and promoters such as JCL Productions and Sonic Concerts also represent current music talent. Some live acts can be booked through genre organizations (e.g., Bluegrass Canada) or specialist promoters such as Balkanto. The Jones Entertainment Group has also had a relationship with Sudbury’s Summerfest.

Based on previous recommendations, research and analysis completed for the subject study, and discussions with the GSSCP Working Group, it has been determined that the appropriate size for a venue to fill Sudbury’s live performance venue gap and accommodate demand is one with a capacity of 950 seats.



COMPETITIVE MEETING AND CONFERENCE VENUE SUPPLY ANALYSIS

Introduction

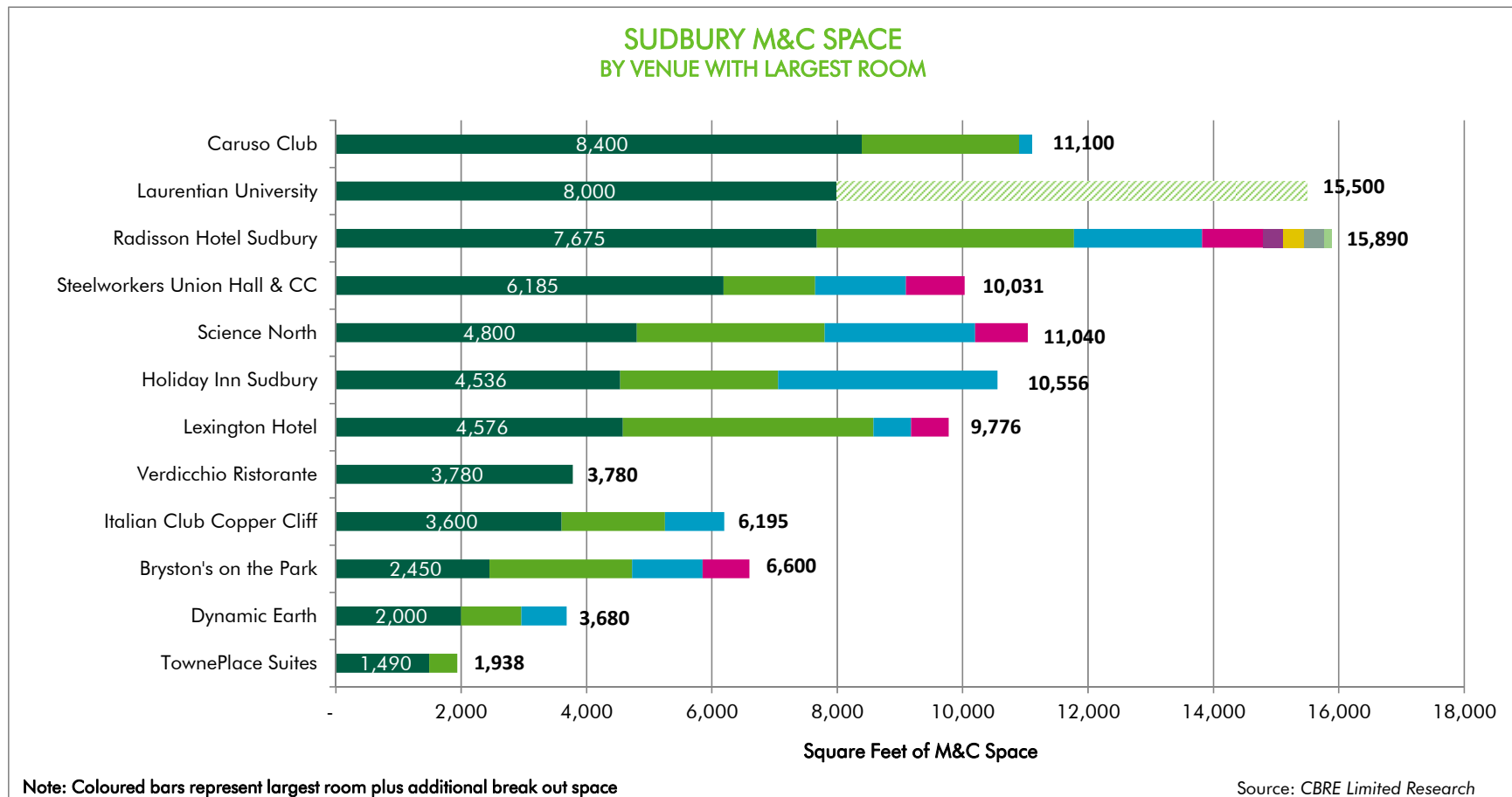
The following section examines the meeting and convention venue supply in which the proposed GSSC facility would compete. Locally, there are a number of hotels and other unique meeting/conference venues in Sudbury that would compete with the GSSC for small to mid-scale meeting, conference, and social event business. With a centralized location in Northeastern Ontario, the proposed venue would also compete with sizeable hotel venues in other areas of Northern Ontario for meeting and event business and on a larger scale with Tier 3 Convention Centres for national convention demand.

For the purposes of analysis, venues examined in the following discussion have been presented in order of largest contiguous room offered, to give insight into the maximum size of conferences that can be hosted. It should also be noted that capacity estimates per room/venue have been estimated at 12 square feet per person.

Sudbury Meeting and Conference Venues

Within the local Sudbury market, three hotels offer in excess of 10,000 square feet of rentable space and would compete with the proposed GSSC for regional social and corporate events such as banquets, holiday parties, and corporate meetings and training sessions. They would also compete for small to mid-sized association, and convention business at the local, provincial and national level. In addition to hotels, other venues such as Societa Caruso, Laurentian University, Steelworkers Union Hall and Convention Centre and Science North are positioned effectively to attract local groups hosting social or business-related meetings and events. The following graph provides a summary of competitive Sudbury meeting and conference venue offerings, sorted by the largest contiguous room available.

The total size of local competitive meeting and conference facilities equates to approximately 106,400 square feet of space offered at 11 venues. Total space offerings range from a low of just under 2,000 square feet provided at the TownePlace to a high of approximately 16,000 square feet offered at the Radisson Hotel Sudbury. With regard to the largest meeting room offered, square footage ranges from 1,500 square feet to an estimated 8,400 square feet at Societa Caruso, which equates to a maximum conference capacity of 125 to 700 attendees respectively. Due to a shortage of venues that have the ability to host functions in excess of 350 persons in one space, as well as a low level of audiovisual capabilities and a lack of consistency in quality service at some local venues, it appears that there is an opportunity to increase meeting/conference activity in Sudbury by providing adequate meeting space.



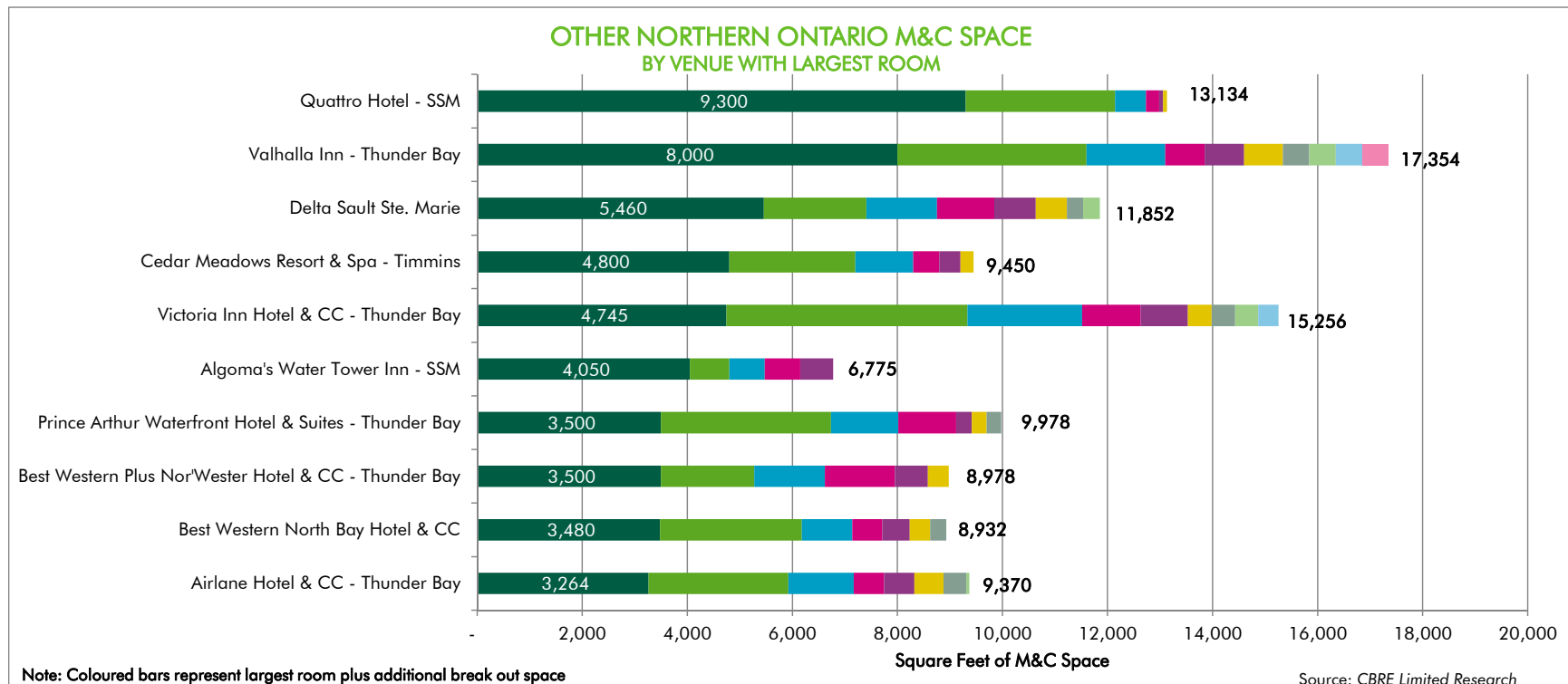
SUDBURY M&C SPACE -ESTIMATED CAPACITY OF LARGEST MEETING ROOM

Property	Largest Meeting Room	Estimated Capacity (12 SF per person)
Caruso Club	8,400	700
Laurentian University	8,000	667
Radisson Hotel Sudbury	7,675	640
Steelworkers Union Hall & CC	6,185	515
Science North	4,800	400
Holiday Inn Sudbury	4,536	378
Lexington Hotel	4,576	381
Verdicchio Ristorante	3,780	315
Italian Club Copper Cliff	3,600	300
Bryston's on the Park	2,450	204
Dynamic Earth	2,000	167
TownePlace Suites	1,490	124
AVG	4,791	399

Source: CBRE Limited Research

Other Northern Ontario Meeting and Conference Venues

Within other major Northern Ontario cities, there are a number of hotels that offer more than 7,000 square feet of meeting and event space and as such would also compete with the proposed GSSC. The total size of these competitive facilities range from 7,000 square feet offered at the Airline Hotel and Conference Centre to 17,000 square feet offered at Valhalla Inn. When considering largest room offerings, the Quattro hotel offers the biggest room at 9,300 square feet (estimated capacity of 775 persons), followed by the Valhalla Inn which offers an 8,000 square feet room (capacity of 667 persons).



OTHER NORTHERN ONTARIO M&C SPACE -ESTIMATED CAPACITY OF LARGEST MEETING ROOM

Property	Largest Meeting Room	Estimated Capacity (12 SF per person)
Quattro Hotel – SSM	9,300	775
Valhalla Inn – Thunder Bay	8,000	667
Delta Sault Ste. Marie	5,460	455
Cedar Meadows Resort & Spa – Timmins	4,800	400
Victoria Inn Hotel & CC – Thunder Bay	4,745	395
Algoma's Water Tower Inn – SSM	4,050	338
Prince Arthur Waterfront Hotel & Suites – Thunder Bay	3,500	292
Best Western Plus Nor'Wester Hotel & CC – Thunder Bay	3,500	292
Best Western North Bay Hotel & CC	3,480	290
Airlane Hotel & CC – Thunder Bay	3,264	272
AVG	5,010	417

Source: CBRE Limited Research

Tier 3 Canadian Convention Centres

Tier 3 Convention Centres are defined as stand-alone Canadian convention facilities offering less than 50,000 square feet of rentable space. As a Tier 3 Canadian Convention Centre, the proposed GSSC would compete for national convention demand amongst other national Tier 3 Centres. The following table provides a summary of the rentable space provided within Tier 3 Canadian Convention Centres, as well as total city hotel room inventory and estimated 2016 population.

The size of the convention centres ranges from 19,800 square feet provided at the Fredericton Convention Centre to 48,500 offered at the London Convention Centre. As shown below, Tier 3 Centres offer approximately 11 (Prince George, Fredericton) to 108 square feet (Chatham-Kent) of meeting space per hotel room.

Tier 3 Canadian Convention Centre Supply, Hotel Room Inventory and Estimated Population - 2016

Convention Centre	Location	Total M&C SF	Estimated Capacity	Hotel Room Inventory	M&C SF Per Hotel Rm	Est. CMA Population 2016
London Convention Centre*	London, ON	48,452	4,038	3,489	14	509,605
Blue Mountain Convention Centre	The Blue Mountains, ON	48,377	4,031	1,590	30	19,734
Chatham-Kent John D. Bradley Convention Centre	Chatham-Kent, ON	39,703	3,309	367	108	106,115
Prince Edward Island Convention Centre*	Charlottetown, PE	36,099	3,008	1,441	25	69,561
Penticton Trade and Convention Centre	Penticton, BC	34,165	2,847	1,498	23	41,946
St. John's Convention Centre*	St. John's, NL	33,332	2,778	2,729	12	209,555
Vancouver Island Conference Centre	Nanaimo, BC	24,853	2,071	922	27	103,809
Saint John Trade & Convention Centre*	Saint John, NB	24,735	2,061	1,560	16	126,759
Prince George Conference & Civic Centre	Prince George, BC	22,800	1,900	2,089	11	87,451
Fredericton Convention Centre**	Fredericton, NB	19,834	1,653	1,753	11	98,501

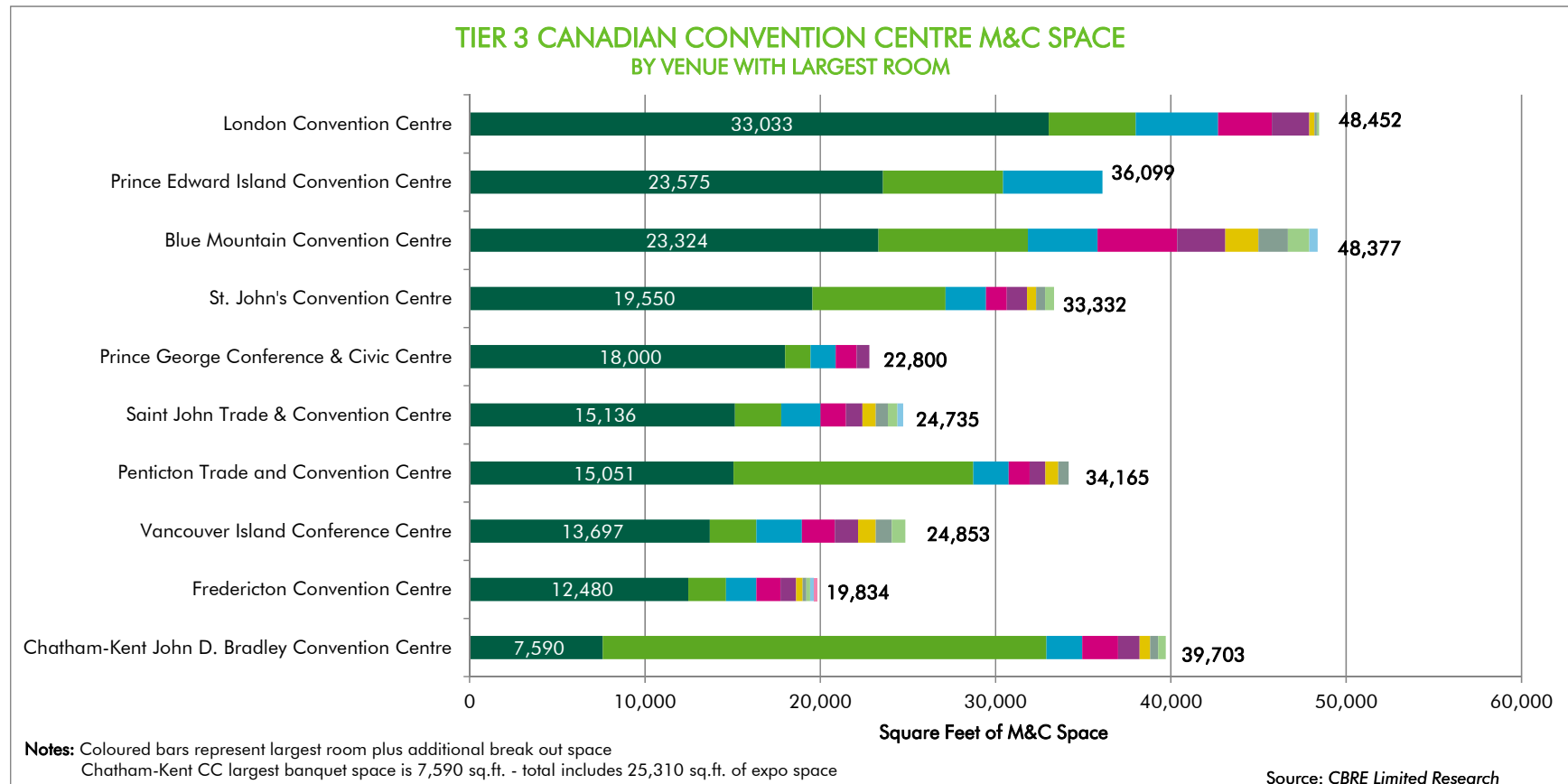
Notes: *Physically connected to a hotel (e.g. by pedway)

** To be connected by pedway to a new Hilton Garden Inn hotel, which is set to open in 2018

CMA for Blue Mountain Convention Centre is Collingwood, Ontario.

Sources: CBRE Limited, Environics Analytics Sitewise 2016

The graph presents Canadian Tier 3 Convention Centres by the largest contiguous room offered. As shown, the London Convention Centre has the largest room at 33,033 square feet, after completing a main floor renovation that was under construction from the end of 2015 until August 1st, 2016. Comparatively, the Chatham-Kent John D. Bradley Convention Centre's largest banquet room is the smallest at 7,590 square feet.



Implications for GSSC

A combined total of approximately 97,000 square feet of space is offered at 11 competitive meeting and conference venues in Sudbury. On a per venue basis, total meeting and conference space ranges from 3,680 to 15,890 square feet, with the size of the largest meeting room offered in the range of 2,000 to 8,400 square feet. In order to accommodate larger events in Sudbury, it appears that there is a need for a venue that provides more than 9,000 square feet of space in its' largest room.

When considering other Northern Ontario cities, the total size of competitive facilities ranges from 7,000 to 17,000 square feet in size, with the largest room offerings from 3,000 to 9,300 square feet. As a result, in order to compete with major venues in other Northern Ontario cities, the proposed GSSC should offer at least 9,500 square feet of space in its single largest room.

On a larger scale, competitive Canadian Tier 3 Convention Centres offer between 20,000 to 48,500 square feet each. Overall, Tier 3 Centres offer an estimated 11 to 108 square feet of meeting space per hotel room. In order to hold a competitive position with the smaller Tier 3 Convention Centres, it appears that the proposed GSSC would have to offer between 19,000 to 25,000 square feet of meeting and convention space, with the size of the largest room in the range of 8,000 to 15,000 square feet. In order to accommodate convention demand, additional breakout rooms would also be required.

When interviewed, local stakeholders highlighted their frustrations of planning large events in Sudbury due to a lack of appropriately sized venues, as well as poor sound systems/audiovisual capabilities at many facilities. Specifically, they identified a shortage of Sudbury venues that have the ability to host conventions in excess of 300 people (with adequate breakout space) and banquets of more than 500 persons.

Stakeholders identified that the only venue with the ability to comfortably host conventions and conferences of 300 people with at least 4 breakout rooms and capacity for a trade show would be the Holiday Inn, while smaller conferences of 200 people or less can be accommodated at Bryston's by using the Main Hall, Library, the Bryston Room and basement for breakout sessions.

Finding banquet spaces for large groups of more than 500 people was also identified as a challenge. As a result of having the largest banquet room, Caruso Club typically becomes the default venue used for large groups, however available parking can be problematic. Steelworkers Union Hall & Conference Centre can also be used to host large banquets, however can be less flexible than other venues, has lower quality food offerings, and has preferred customers/special events that take precedent over others. Smaller banquets of 200 people can be comfortably held in Natura Event Space at Verdicchio Ristorante, a well-equipped facility that offers screens and projectors to groups and is known for quality food and beverage offerings.

Due to a shortage of venues that have the ability to host functions in excess of 300 persons in one space, as well as a low level of audiovisual capabilities and a lack of consistency in quality service at some local venues, it appears that there is an opportunity to increase meeting/conference activity in Sudbury by

providing adequate meeting space. With 13,000 square feet in a main plenary room, and 6,500 square feet of additional meeting and breakout rooms, the GSSC will become the only venue in Sudbury with the potential to host large-scale conventions, inclusive of a trade show component, for groups of over 300 people.

In order to gain a competitive position within the market, the Greater Sudbury Synergy Centre would need to be able to host more than 300 people for conferences/conventions (including supportive breakout space) and more than 500 people for banquets, while also providing adequate available parking. In addition, the Centre would need to provide a consistent level of high quality service, top-of-the-line audiovisual capabilities and quality food and beverage offerings.



COMPETITIVE MEETING AND CONFERENCE DEMAND ANALYSIS

Introduction

For the purposes of analysis, CBRE collected historic performance data from the competitive meeting & conference venue market, and assembled event data through a number of sources including: CBRE's internal Trends in the Hotel Industry database, interviews with General Managers and Sales & Marketing Directors at competitive hotels and meeting/conference venues, and secondary research.

CBRE also collected historic event data from the competitive Tier 3 Convention Centres across Canada. Event data was assembled through a number of sources including: interviews with Convention Centre operators, Convention Centre and DMO Annual Reports, and secondary research.

Competitive Tier 3 Conference Centre Market

The proposed Greater Sudbury Synergy Centre will compete against other Tier 3 Conventions Centres for Convention demand at the provincial and national level, with the majority of Meetings and Food & Beverage demand derived from the local and regional hotel and resort market.

For the purposes of the subject market assessment, the various types of Convention Centre demand have been stratified into 6 segments as summarized in the following table, with CBRE's market analysis undertaken at both the national and local level.

COMPETITIVE CONVENTION CENTRE DEMAND ANALYSIS

Convention Centre Demand Segmentation		CBRE Competitive Analysis
1.	Conventions - Provincial/Regional - National - US/International	<u>Provincial/Regional</u> <u>National Level:</u> Tier 3 Convention Centres,
2.	Trade Shows	
3.	Consumer Shows	
4.	Meetings & Conferences	<u>Local/Regional Level:</u> Sudbury and Other Northern Ontario
5.	Food & Beverage – Social Events	
6.	Other Events	

Source: CBRE Limited

Conventions

Types of Convention Demand

Convention demand includes: Canadian and provincial associations, international associations, US associations; corporate planners, and the incentive groups and third party planners, which include site selection agencies such as Helms Briscoe, Experient, Meetings Direct, etc. Association-hosted events provide the largest share of business for Convention Centres.

Canadian associations comprise the majority of Convention/Conference demand amongst the Tier 3 competitive supply. These associations tend to rotate their conventions across the country in an east, central, west pattern, with a requirement for large exhibition space and a number of breakout rooms. This market tends to book one to four years ahead and looks for competitive rates for both hotels and meeting venues.

Provincial/regional associations tend to be smaller and even more budget conscious and rotate within the province. Depending on their charter, these associations may be limited to where they can meet – for example, only in Ottawa or Toronto.

The **international association** segment is seen as a long term investment, with the larger Tier 1 cities attracting the majority of international demand to Canada (Toronto, Montreal and Vancouver). Although international associations are moving towards internal professional management, the majority of these associations still work under a volunteer basis or are managed by 3rd party association management firms. Booking windows of three to six years are typical and competition for this segment is much greater as these associations must rotate meetings around the globe to member countries. Furthermore, these organizations tend to consider destinations which will help increase their profile and/or cause. International associations look to destinations willing to not only act as host but help offset the costs associated with the convention. Successful international association destination hosts require local champions or ambassadors to agree to chair or lobby on behalf of the destination. Canadian sister association approval must generally be solicited before moving to an international invitation to host.

The **US association** market already tends to do meetings and conventions in Canada. This market is aware of Canada's Tier 1 cities, but would not be as familiar with Tier 3 destinations. The larger association conventions prefer to work with the local city DMO to secure this type of business.

In terms of the **corporate** segment, most large corporations have a dedicated meetings manager and/or meetings department. These organizations tend to look for destinations offering mid to upscale hotel room blocks, state of the art meeting facilities and a culturally diverse offering. With the global distribution of offices, these large corporations tend to move their meetings around the country and/or the world. These meetings tend to have shorter booking windows of less than 2 months to 1 year and tend to ask for fewer financial concessions of host cities, in comparison to the association meetings market.

Within the Convention segment, the proposed Greater Sudbury Synergy Centre will largely compete for **Provincial and Regional Association demand**.

Convention Demand – Competitive Tier 3 Market Performance 2015-2016

In 2015, the 9 competitive Tier 3 Canadian Convention Centres hosted an estimated 150 conventions, for an average of 17 conventions per Centre. In 2016, Convention demand at 10 Tier 3 Centres increased to an estimated 157 conventions, representing 5% growth. Of the 157 Conventions hosted in the competitive market in 2016, approximately 47% of demand was comprised of conventions of less than 250 delegates, with 41% being conventions of 251-500 delegates in size, 10% being conventions of 501-1,000 delegates, and just 3% being events of over 1,000 delegates. As a point of comparison, the estimated number of conventions hosted at standalone convention centres across Canada on an annual basis (including Tier 1 and Tier 2 centres) is in the range of 550-650.

TIER 3 CONVENTION CENTRES HISTORIC DEMAND

CONVENTIONS BY SIZE	2015	2016
<250	74	73
251-500	60	64
501-1,000	13	16
1,000+	3	4
TOTAL CONVENTIONS	150	157

Source: CBRE Limited

The majority of delegates hosted by the competitive Tier 3 Convention Centres in 2015 (79%) originated from within Ontario, with approximately 18% stemming from the rest of Canada and 2% from U.S. and International sources.

Trade and Consumer Shows

Types of Exhibition Demand

Trade Shows are business related events which can be stand-alone exhibitions or associated with major Conventions. Trade Shows form an important component of many association conferences by providing a revenue source for the event. Tradeshow require column free exhibition space, meeting rooms, AV capabilities and are increasingly incorporating more digital technology to track trading at the event.

Consumer Shows are public events, where exhibitors display and sell services and goods to consumers, and typically charge an admission fee. Attendees come to shop and learn. Stand-alone exhibitions are often developed and owned by entrepreneurial exhibition organizers, with a number of the larger exhibitions hosted in major cities across Canada.

Trade and Consumer Shows can also be combined events, open to attendees and then open to the public. Trade and Consumer Shows tend to be held in Tier 1 and 2 Centres, as these facilities offer dedicated exhibition space and are located in major urban centres. Demand for Consumer Shows is largely derived from the local resident population.

Exhibition Demand – Competitive Tier 3 Market Performance 2015-2016

Between 2015 and 2016, the competitive Convention Centre market hosted an estimated 20 to 23 Trade Shows, for an average of 2 Trade Shows per Centre. The number of Consumer Shows within the competitive market averaged less than 50. Each Convention Centre attracted an average of 3 Consumer Shows in both 2015 and 2016.

Meetings and Conferences

The competitive Tier 3 Convention Centres hosted an estimated 1,600 meetings and conferences in 2016, of which approximately 39% were local meetings of one day in duration and not requiring overnight accommodation, and 61% were non-local meetings and conferences. On average, each Convention Centre attracted 159 to 187 meetings annually over the past 2 years.

Food & Beverage/Social Events

Food & Beverage demand at Convention Centres is derived from banquet functions associated with conventions, conferences and meetings as well as locally based social events, including Christmas parties, weddings, galas, fundraising events, etc.

The competitive Tier 3 Convention Centre market catered to an estimated 530 banquets in 2016, averaging 53 food and beverage events per Centre.

Other Events

Other types of demand within the competitive Tier 3 Convention Centre market include all other events not specifically described within the former demand segments, including but not necessarily limited to: concerts, dances, graduations, award ceremonies, sports-related and other special events. Based on the competitive market analysis, comparable Tier 3 Conventions Centres attracted approximately 550 other events in 2016, for an average of 55 events per Centre.

The following chart highlights historic demand at Tier 3 Convention Centres of a comparable size to the subject Greater Sudbury Synergy Centre over the last 2 years by event type and average events per centre.

TIER 3 CONVENTION CENTRES HISTORIC DEMAND

EVENTS BY TYPE	2015	2016
Conventions/Conferences	150	157
Trade Shows	20	23
Consumer Shows	44	47
Meetings	1,681	1,589
Food & Beverage	545	529
All Other Events	569	553
TOTAL	3,009	2,898
AVG PER CONV CENTRE	2015	2016
Conventions/Conferences	17	16
Trade Shows	2	2
Consumer Shows	5	5
Meetings	187	159
Food & Beverage	61	53
All Other Events	63	55
AVG EVENTS PER CENTRE	334	290

Source: CBRE Limited

Sudbury Hotel & Event Venue Market

In addition to competing with Tier 3 Convention Centres for events, the proposed Greater Sudbury Synergy Centre would also compete for meeting and event demand with popular local venues and hotels that offer a significant amount of event space. The following table summarizes the total space offerings at competitive local venues and hotel event spaces. Twelve local event facilities were identified, representing a total of 42 available rooms and approximately 100,000 square feet of rentable space.

As the second largest venue, Laurentian University offers upwards of 15,500 square feet of event space, however, a significant portion of this space (approximately 7,500 square feet) is dedicated classroom or lecture hall space, which are largely used for internal meetings, thereby not producing rental revenue.

Interviews with local event facilities were conducted to assess the current and future demand dynamics within the Sudbury market. The following table presents the market results based on these interviews, as well as our knowledge of the local Sudbury event market.

EXISTING SUDBURY COMPETITIVE M&C MARKET

Facilities	Total
Event Venues	12
Function Rooms	42
Total Square Feet	98,586
Total Seating Capacity	8,213
Average Seating Capacity per room	196
Utilization	Total
Monday to Wednesday	30.2%
Thursday and Friday	26.6%
Saturday	44.1%
Sunday	7.5%
Total	28.0%
Events	Total
Monday to Wednesday	1,994
Thursday and Friday	1,164
Saturday	963
Sunday	165
Total	4,285
Segmentation	Total
Conventions/Conferences	1.7%
Meetings	76.1%
Social Banquets	11.8%
Weddings	6.4%
Other	4.0%
Total	100.0%
Events	Total
Conventions/Conferences	72
Meetings	3,261
Social Banquets	504
Weddings	276
Other	172
Total	4,285

Source: CBRE Limited

As shown, local event facilities typically operate at 28% utilization, with much higher rates of utilization on Saturdays, followed by Mondays and Wednesdays. There are approximately 4,300 events currently existing

in the local market, with 76% of these being meetings, 12% being social banquets such as holiday parties, retirement parties, and anniversaries, 6% being weddings and 2% being conventions/conferences. The remainder (4% of events) are other events such as graduations or concerts. The average cheque within the competitive set of the competitive event and banquet facilities in Sudbury is in the range of \$20-\$35 per person.

It should be noted, however, that the recommended facility program and utilization projections for the subject GSSC have been based on the facility's potential to compete within the Tier 3 Canadian Convention Centre market, and generate new demand for the City of Greater Sudbury. Although the GSSC will operate within the Sudbury hotel and event venue market, it will not be positioned to compete directly for small meetings and banquets with local Sudbury facilities.



RECOMMENDED GSSC FACILITY PROGRAM

Introduction

Based on the market and comparable research, the following section details the recommended development program for the proposed Greater Sudbury Synergy Centre as a multi-use performing arts and conference centre offering 19,500 square feet of rentable space, with the main plenary/live performance hall featuring 13,000 square feet and 950 theatre-style seats. At this size, the GSSC could effectively compete for large meeting and conference groups in excess of 300 persons, and banquets of up to 900 persons.

The live performance function of the Greater Sudbury Synergy Centre will be accommodated in the same physical space as the main function room through the use of a convertible seating system that will transform the space from a flat floor (banquet) format to a tiered seating (theatre) format. At 10 square feet per seat, this 13,000 square foot room would accommodate 9,500 square feet for seating, 2,500 square feet for a stage and 1,000 square feet for related backstage assembly and circulation. From this perspective, the GSSC will also have the capacity to host live performances of over 650 persons.

In order to best accommodate the current gap in the market in terms of meetings and conferences, banquets, and live performances, and meet the core mandate of the Greater Sudbury Synergy Centre, the following chart provides the recommended facility program. Capacities for each meeting room are based on 12 square feet per delegate, with banquet capacity based on 15 square feet per person (based on round tables of 8 to 10 persons).

As shown in the following table, including both rentable space (19,500 SF) and support space (23,700 SF), the net building requirement is 43,200 square feet, which when grossed up at 40% equates to a 60,500 square-foot building footprint.

GREATER SUDBURY SYNERGY CENTRE PROJECT PRELIMINARY FACILITY PROGRAM

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				
Public Lobby/Crush Space/Connection Corridors	11,500	Connection Corridors, AV Support Room, Drop Off, Weather vestibule, Box office, Box office administration, Main Lobby Assembly, Coat Check, Public washrooms, FOH Manager Station, Fixed Bar(s), Storage of bar supplies/portable bars, Storage of chairs/tables, Janitor's room, Storage for lobby		
Administration	1,300	Reception Area, Management and Administration Offices, Internal Meeting Room, Kitchenette, Printing Room		
Live Performance Support	1,200	Production Manager/Technical Director Office, Visiting Company Office, Dressing Rooms, Green Room, Audio Storage/Workroom, Lighting Storage/Workroom, Stage Maintenance Workroom		
Convention Meeting Support	5,400	Chef's Office, Kitchen/Food prep/ Plating/Dishwashing, Freezer and Cold Storage, Dry Storage for tableware/linens, etc, Storage for chairs/tables/platforms		
Common Support Space	1,600	Staff/performance entrance, Staff locker rooms (M&F), Common washrooms, Communications/broadcast room, Main Loading Dock, Secure holding room, Recycling room, Custodian's office, Janitorial equipment and supplies		
Building Technology and Services	2,700	HVAC Room, Main electrical room, Emergency power room, Water main/sprinkler system		
Subtotal - Support Space	23,700			
NET BUILDING	43,200			
Gross Up (40%)	17,300			
TOTAL BUILDING	60,500			

Source: CBRE Limited & Novita Interpares

As shown in the following table, in terms of the meeting/conference and banquet function, the facility program at the proposed GSSC includes the main plenary room and 4 smaller meeting rooms, with the potential to breakout to 10 rooms, which is in line with other Tier 3 Convention Centres of comparable size in order to accommodate multiple functions in the same venue.

The Plenary / Ballroom is expected to cover 13,000 square feet, divisible by 3, with a reception capacity of 1,000 guests (or banquet capacity of 867), and could be combined to make either one large space or up to 3 alternative combinations. These configurations would be appropriate for exhibition, banquet and tradeshow functions, as well as larger convention groups.

Meeting Room configurations range from 250 square feet to 3,500 square feet. Meeting Room 1 is divisible by 2 and can accommodate groups of 125 and 167 separately, or 292 combined, while Meeting Room 2 (divisible by 3) can accommodate groups of 42, 63, 104 or 208 combined. Meeting Rooms 3 and 4 both have a capacity of 21 in classroom style at 12 square feet per person.

As noted, we believe that the overall size of the facility, the total square footage allotted to the main plenary (13,000 square feet), and the overall meeting space (6,500 square feet), have all been appropriately allocated. As currently configured, the "comfort capacity" of the facility for one convention in the range of **500 delegates**, who would require 6,000 square feet of primary meeting space in one room, 7,000 square feet of "dining" space in a second room, and at least 3,000 square feet of tradeshow space in a third room or in the crush space, with a further 6,000 square feet of meeting breakout space. No other facility in Sudbury has the potential to comfortably host more than one convention of more than 300 delegates.

GREATER SUDBURY SYNERGY CENTRE - RENTABLE MEETING/CONFERENCE SPACE

Rentable Space	Total SF	Divisibility	Breakouts (SF)	Capacity
Plenary/Live Performance Hall	13,000	3		1,083
Ballroom A			6,000	500
Ballroom B			4,000	333
Ballroom C			3,000	250
Meeting Room 1	3,500	2		292
			2,000	167
			1,500	125
Meeting Room 2	2,500	3		208
			1,250	104
			750	63
			500	42
Meeting Room 3	250	1	250	21
Meeting Room 4	250	1	250	21
TOTAL RENTAL SPACE	19,500	10	19,500	1,625

Source: CBRE & Novita Interpares

Addendum “A” graphically depicts the proposed GSSC’s positioning within the Performing Arts markets in Sudbury, Northern Ontario and Ontario; and within the Sudbury, Northern Ontario and Tier 3 Canadian Convention Centre markets, with 19,500 square feet of rentable space and 950 theatre-style seats.

Plenary / Live Performance Hall Design

The 13,000 square foot plenary room will be a three storey, clear span space capable of being divided into three small rooms through the use of motorized partition walls. The room will therefore provide multiple flat floor formats for meetings and banquets. When used in the live performance format, an automated seating system will provide 750 seats on tiers. These seating tiers will occupy about 50% of the floor area. At the top of the seating tiers and above the lobby, a mezzanine balcony will provide a further 200 fixed seats. The flat floor area facing the tiered seating will be used as the stage and backstage assembly/circulation. Above the stage, a motorized rigging system will allow for the quick installations of the masking draperies and track that will define the stage area. The stage area may be made larger or smaller depending on the type of performance. Also above the stage, there will be a lighting grid with automated fixtures for lighting the performance. The room will be designed with a low noise HVAC system and appropriate acoustic treatment of the walls.

GSSC Capital Cost Projections

Indicative capital cost estimates for the proposed GSSC have been prepared based on the recommended facility size of 60,480 square feet. CBRE and Novita have prepared high level cost estimates based on benchmarked capital costs from comparable precedent conference centres, performing arts centre and industry estimates.

Preliminary capital costs for the project, as proposed, have been estimated at approximately **\$60 Million**, with an additional \$2.5 Million estimated for Production and Operational Development, for a total of approximately \$63 Million.

Production and Operational Development is an essential aspect of public venue development, particularly with the proposed dual-functionality of the GSSC. The estimated \$2.5 Million is expected to cover the following tasks:

1. Capital Development
 - a. Capital Revenue Plan
 - b. Funder and Donor Cultivation
 - c. Partnerships and Sponsorships
 - d. Capital Project Oversight
2. Operational Development

- a. Recruitment of CEO
 - b. Operational Plan and 5 Year Budget
 - c. Information and Communication Platform
3. Pre-opening Operations
- a. Temporary Office
 - b. Operating Protocols, Manuals and Job Descriptions
 - c. Staff Recruitment and Training
 - d. Market Development and First Year Sales
4. Launch
- a. Communications Plan
 - b. Launch Budget
 - c. Opening Week Events

GSSC CAPITAL COSTS - PRELIMINARY ESTIMATE

	Sq.Ft.	TOTAL
Construction Cost	60,480	\$33,264,000
Seating & Staging Technology		\$8,086,000
FF&E		\$5,000,000
Subtotal - Building Costs		\$46,350,000
Soft Costs		\$6,952,500
Contingency		\$6,952,500
Total Capital Cost (rounded)		\$60,255,000
Production & Operational Development		\$2,500,000

Source: CBRE & Novita Interpares Preliminary Estimate

NOTE: total project costs cannot be confirmed until a full schematic design for the building has been prepared, and the designated site is confirmed.

Given the multiple uses of this facility and its proposed location in the Downtown core, the City will be in a good position to leverage available Provincial and Federal government funding opportunities, which may not be the case for other large-scale development projects currently being proposed for Greater Sudbury.



MARKET AND OPERATING PROJECTIONS

Introduction

Market projections have been prepared for both the competitive Sudbury conference/event venue and Tier 3 Convention Centre market, along with the Sudbury and Ontario Performing Arts Centre market, together with 5-year utilization forecast for the Greater Sudbury Synergy Centre based on an opening date of 2021. Projections for the subject facility include the number of events by type, as well as delegates / attendees and incremental room nights generated for the City of Greater Sudbury.

Market Demand Analysis – Conference Centre Component

Based on historic demand levels, competitive supply factors and economic forecasts, 5-year projections have been prepared for the competitive Tier 3 Convention Centre market, in terms of Conventions/Conferences, Trade and Consumer Shows, Meetings, Food & Beverage, and Other Events.

Conservative growth rates of 1.0% per annum have been forecast for each of the demand segments over the next 4 years (2017 to 2020). With the proposed Greater Sudbury Synergy Centre entering the market in 2021, the total number of events has been projected to increase to 3,078, increasing to 3,219 by 2025.

COMPETITIVE MARKET FORECAST - PROPOSED GREATER SUDBURY SYNERGY CENTRE

Supply Projections ¹	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Supply										
Number of Convention Centres	10	10	10	10	10	11	11	11	11	11
Total Square Feet	315,981	332,647	332,647	332,647	332,647	352,147	352,147	352,147	352,147	352,147
Supply growth		0.0%	0.0%	0.0%	0.0%	10.0%	0.0%	0.0%	0.0%	0.0%
Demand Projections²	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Conventions/Conferences										
Number of Events	157	158	160	162	163	167	170	172	174	175
demand growth		0.9%	1.0%	1.0%	1.0%	2.3%	1.9%	1.0%	1.0%	1.0%
Trade Shows										
Number of Events	23	23	23	24	24	25	25	25	26	26
demand growth		1.0%	1.0%	1.0%	1.0%	3.0%	2.0%	1.0%	1.0%	1.0%
Consumer Shows										
Number of Events	47	47	48	48	49	51	52	52	53	53
demand growth		1.0%	1.0%	1.0%	1.0%	4.0%	2.0%	1.0%	1.0%	1.0%
Meetings										
Number of Events	1,589	1,605	1,621	1,637	1,654	1,687	1,712	1,729	1,746	1,764
demand growth		1.0%	1.0%	1.0%	1.0%	2.0%	1.5%	1.0%	1.0%	1.0%
Food and Beverage										
Number of Events	529	534	540	545	550	561	570	576	581	587
demand growth		1.0%	1.0%	1.0%	1.0%	2.0%	1.5%	1.0%	1.0%	1.0%
All Other										
Number of Events	553	559	564	570	575	587	596	602	608	614
demand growth		1.0%	1.0%	1.0%	1.0%	2.0%	1.5%	1.0%	1.0%	1.0%
Summary³	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total										
Conventions/Conferences	157	158	160	162	163	167	170	172	174	175
Trade Shows	23	23	23	24	24	25	25	25	26	26
Consumer Shows	47	47	48	48	49	51	52	52	53	53
Meetings	1,589	1,605	1,621	1,637	1,654	1,687	1,712	1,729	1,746	1,764
Food and Beverage	529	534	540	545	550	561	570	576	581	587
All Other	553	559	564	570	575	587	596	602	608	614
Total Events	2,898	2,927	2,956	2,986	3,016	3,078	3,125	3,156	3,188	3,219

¹ Supply Projections - Based on the annual growth in the # of function rooms

² Demand Projections - Based on annual growth in the # of events by day of the week

³ Summary - The # of events based on the demand projections. Utilization is the number of actual events divided by the total possible events (operating days X # of function rooms)

Source: CBRE Limited

GSSC Meeting/Conference and Banquet Utilization Forecasts

The market potential for M&C events at the proposed Greater Sudbury Synergy Centre has been based on the following factors:

- Economic influences;
- Competitive supply factors;
- Stakeholder engagement; and
- Sudbury's current situation and potential as a meetings destination.

In projecting utilization rates for the proposed GSSC during its first 5 years of operation, the concept of "fair market share" has been utilized. This concept states that a facility or destination will attract event demand in the same proportion as its share of function space and its destination. The basis assumption is that all things are equal, however: different hotels/resorts, Convention Centres and destinations achieve different levels of market penetration based on various competitive factors including location, access, venue, accommodation supply, delegate/consumer preferences, pricing, incentives and marketing and sales strategies. Market penetration levels in excess of 100% (fair market share) indicate that a Convention/Conference Centre and/or Destination Host City possess competitive advantages relative to the market as a whole; while competitive weaknesses are reflected in penetrations of less than 100%. Fair market share is a universally accepted analytical tool used to measure the market position of hospitality assets relative to its completion.

The following tables provide a summary of CBRE's demand projections for the proposed GSSC from all event types, relative to its competitive Tier 3 Convention Centre market. In its first year of operation, the GSSC is projected to attract 14 major conventions, increasing to 16 conventions per year, by its stabilized 3rd year of operation. Given that Sudbury is the largest centre in Northern Ontario, with a diversified economy, excellent transportation connectivity to Southern Ontario and Quebec, and is bilingual, the City is well positioned to attract meetings and conventions in the education, health care, mining, environmental and tourism sectors as well as municipal, provincial federal government and indigenous group meetings. Examples include, but are not limited to: Associations of Municipalities of Ontario, Ontario Association of Chiefs of Police, Economic Development Council of Ontario, Canadian University Boards Association, Ontario Builders Association, Ontario Association of Radiologists, Ontario Provincial Planners Institute, Ontario Motorcoach Association, Travel Media Association, Astrophysics Conference, Canadian Association of Science Centres, North American Mining Expo, etc.

The GSSC is not expected to attract its fair share of Trade and Consumer Shows, since most of these events have historically been held at the Sudbury Arena, and will likely be part of the event demand attracted to the new Sports and Entertainment Complex planned for Sudbury. Trade and Consumer Show Events at the GSSC will be of a quality level that requires higher caliber service and facilities, i.e. wedding shows, as opposed shows featuring large scale equipment, etc. A key part of GSSC management's strategic focus will be to focus on trade shows as a function of convention business, as opposed to stand-alone trade and consumer shows.

Overall, the new GSSC is projected to attract 188 M&C related events (conventions, trade and consumer shows, meetings, social banquets, weddings and other events) in its first year of operation, increasing to 221 events by Year 5. The Greater Sudbury Synergy Centre is projected to achieve less than its fair market

share of event business amongst its competitive Convention Centre market, ranging from 67% in Year 1 to 77% in Year 3.

**PROPOSED GREATER SUDBURY SYNERGY CENTRE
SUDBURY, ONTARIO
MEETING AND CONVENTION PROJECTIONS**

SUPPLY	2021	2022	2023	2024	2025
PROPOSED GREATER SUDBURY SYNERGY CENTRE	1	1	1	1	1
Total Supply	11	11	11	11	11
Fair Share of Supply	9.1%	9.1%	9.1%	9.1%	9.1%
DEMAND PROJECTIONS	2021	2022	2023	2024	2025
Conventions/Conferences					
Number of Events	167	170	172	174	175
Fair Share of Events	15	15	16	16	16
Penetration Rate	90%	95%	100%	99%	98%
Total Events Captured	14	15	16	16	16
Ratio to Total Events	7.3%	7.2%	7.1%	7.1%	7.1%
Trade Shows					
Number of Events	25	25	25	26	26
Fair Share of Events	2	2	2	2	2
Penetration Rate	50%	60%	75%	74%	74%
Total Events Captured	1	1	2	2	2
Ratio to Total Events	0.6%	0.7%	0.8%	0.8%	0.8%
Consumer Shows					
Number of Events	51	52	52	53	53
Fair Share of Events	5	5	5	5	5
Penetration Rate	30%	40%	40%	40%	39%
Total Events Captured	1	2	2	2	2
Ratio to Total Events	0.7%	0.9%	0.9%	0.9%	0.9%
Meetings					
Number of Events	1,687	1,712	1,729	1,746	1,764
Fair Share of Events	153	156	157	159	160
Penetration Rate	85%	88%	90%	89%	88%
Total Events Captured	130	136	141	141	141
Ratio to Total Events	69.3%	66.6%	64.0%	64.0%	64.0%
Food & Beverage					
Number of Events	561	570	576	581	587
Fair Share of Events	51	52	52	53	53
Penetration Rate	40%	50%	58%	57%	57%
Total Events Captured	20	26	30	30	30
Ratio to Total Events	10.9%	12.7%	13.7%	13.7%	13.7%
All Other Events					
Number of Events	587	596	602	608	614
Fair Share of Events	53	54	55	55	56
Penetration Rate	40%	45%	55%	54%	54%
Total Events Captured	21	24	30	30	30
Ratio to Total Events	11.2%	11.9%	13.6%	13.6%	13.6%
Total Demand					
Market Major Events	3,078	3,125	3,156	3,188	3,219
Fair Share of Market Events	280	284	287	290	293
Total Major Events Captured	188	204	221	221	221
Market Penetration	67%	72%	77%	76%	76%
TOTAL EVENTS	188	204	221	221	221

Source: CBRE Limited

In estimating the number of delegates to be hosted by the new GSSC and associated room nights generated, the following assumptions have been utilized for each type of event:

Conventions/Conferences

- Conventions and conferences of less than 250 delegates will average 200 persons, with larger Conventions of 251-500 delegates attracting 400 attendees, and Conventions of over 500 averaging 600 delegates.
- The average Convention will be 2 days in duration.
- Approximately 75% of delegates will stay overnight, at an average of 2 nights, with a multiple occupancy factor of 1.2 guests per room.

Based on these assumptions, the GSSC is projected to attract 4,375 convention delegates and an estimated 5,470 room nights from its 14 Conventions in Year 1, increasing to 5,000 delegates and 6,250 room nights by Year 3.

In terms of the estimated value at projected conventions and conferences at the GSSC, based on the average spending profile of convention attendees in Canada as at 2014, and Average Daily Rate estimates for accommodations in Sudbury, the typical convention delegate is expected to spend \$248 per diem. This equates to total spending of \$1.3 Million on the 16 conventions projected to be hosted by the GSSC in 2023, or an estimated value of **\$82,700 per convention in off-site delegate spending**, not including spending associated with meals and other expenditures at the events on-site at the GSSC.

Trade Shows

- Trade Shows will average 500 attendees.
- The average Trade Show will be 2 days, with 60% of attendees staying overnight for 1.5 nights, based on single occupancy.

The GSSC is projected to attract 560 delegates and 505 room nights during its first year of operation, increasing to 865 attendees and approximately 780 room nights by Year 3.

Consumer Shows

- Consumer Shows will average 1,000 attendees.
- The average Consumer Show will be 3 days, with 10% of attendees staying overnight for 1 night, based on 2 guests per room.

The GSSC is projected to attract 1,385 attendees and 70 room nights during its first year of operation, increasing to 1,905 attendees and 95 room nights by Year 3.

With the new Sports and Entertainment Centre projected to open in the Sudbury market over the same time period as the GSSC, it has been assumed that most of the Trade Show and Consumer Show demand in the Sudbury market will go to that facility. Trade and Consumer Show Events at the GSSC will be of a quality level that requires higher caliber service and facilities, i.e. wedding shows.

Meetings

- The typical meeting hosted at the GSSC will be 1.2 days in duration at an average size of 75 delegates.
- An estimated 35% of guests will stay overnight, at an average of 1.2 nights, based on 1.1 guests per room.

The number of delegates attending meetings at the Synergy Centre has been estimated at 9,775 in Year 1 increasing to 10,610 by Year 3. This demand segment will generate 3,730 room nights in Year 1, increasing to 4,050 room nights by Year 3.

Food & Beverage Events

- Food and Beverage related events are expected to be 1 day events with an average of 350 persons.
- These types of events will attract larger guest parties, of which an estimated 20% will require overnight accommodations, averaging 2.0 guests per room and 1 night in duration.

By its 3rd year of operation, the Synergy Centre is expected to host 10,625 guests stemming from Food & Beverage Events, generating 1,060 room nights for the City.

Other Events

- Other events are expected to be 1 day events with an average of 300 persons.
- An estimated 30% of attendees will require overnight accommodations, averaging 1.2 guests per room and 1 night in duration.

By its 3rd year of operation, the Greater Sudbury Synergy Centre is expected to host 9,025 guests stemming from Other Events, generating 1,355 room nights for the City.

Total Delegates and Room Nights

The following table provides a summary of the total delegates and room nights generated by the proposed Greater Sudbury Synergy Centre over its first 5 years of operation.

Based on the preceding analysis, the GSSC is forecast to host 221 M&C related events, attracting 38,000 delegates/attendees, which in turn will generate 13,860 room nights by its 3rd year of operation. An estimated 50% of room nights generated by functions held at the Synergy Centre will be incremental new demand for the City, equating to an estimated 6,750 additional room nights.

PROPOSED GREATER SUDBURY SYNERGY CENTRE
TOTAL PROJECTED DELEGATES/ATTENDEES AND ROOM NIGHTS GENERATED

	Year 1	Year 2	Year 3	Year 4	Year 5
Type of Event					
Conventions/Conferences	14	15	16	16	16
Trade Shows	1	1	2	2	2
Consumer Shows	1	2	2	2	2
Meetings	130	136	141	141	141
Food & Beverage	20	26	30	30	30
Other Events	21	24	30	30	30
Total Events	188	204	221	221	221
Delegates					
Conventions/Conferences	4,370	4,700	5,000	5,000	5,000
Trade Shows	560	690	870	870	870
Consumer Shows	1,390	1,890	1,910	1,910	1,910
Meetings	9,770	10,210	10,610	10,610	10,610
Food & Beverage	7,150	9,070	10,620	10,620	10,620
Other Events	6,320	7,310	9,030	9,030	9,030
Total Delegates	29,560	33,870	38,040	38,040	38,040
Event Days					
Conventions/Conferences	32	34	37	37	37
Trade Shows	2	3	3	3	3
Consumer Shows	3	4	4	4	4
Meetings	156	163	170	170	170
Food & Beverage	20	26	30	30	30
Other Events	21	24	30	30	30
Total Event Days	235	255	274	274	274
Delegate Days					
Conventions/Conferences	10,250	11,020	11,720	11,720	11,720
Trade Shows	1,120	1,370	1,730	1,730	1,730
Consumer Shows	2,770	3,770	3,810	3,810	3,810
Meetings	11,730	12,260	12,730	12,730	12,730
Food & Beverage	7,150	9,070	10,620	10,620	10,620
Other Events	6,320	7,310	9,030	9,030	9,030
Total Delegate Days	39,340	44,800	49,640	49,640	49,640
Room Nights					
Conventions/Conferences	5,470	5,880	6,250	6,250	6,250
Trade Shows	500	620	780	780	780
Consumer Shows	70	90	100	100	100
Meetings	3,730	3,900	4,050	4,050	4,050
Food & Beverage	890	1,130	1,330	1,330	1,330
Other Events	1,580	1,100	1,350	1,350	1,350
Total Room Nights	12,240	12,720	13,860	13,860	13,860
2023 Projected M&C Room Nights in Sudbury			34,840		
Incremental New M&C Room Nights to Sudbury			6,750		

Source: CBRE Limited

GSSC Performing Arts Utilization Forecasts

As discussed, the core business of the GSSC will be to host meetings/conference and banquet style events. When not in use for the afore-mentioned 235 to 275 meeting/conference related event days, the Greater Sudbury Synergy Centre will have the unique potential to host live performances and related events, offering 750 automated lift-style seats and 200 balcony seats in the main live performance hall.

The market potential for live performance events at the proposed Synergy Centre has been based on the following factors:

- Economic influences;
- Competitive supply factors;
- Stakeholder engagement; and
- Sudbury's current situation and potential as a cultural centre and performing arts destination.

In estimating the number of live performance events to be hosted by the new GSSC, the following assumptions have been utilized for each type of event:

Sudbury Produced Shows

- **Sudbury Symphony**
 - o The Sudbury Symphony is currently utilizing the Fraser Auditorium at Laurentian University, along with the Glad Tidings Church and All Nations Church, to produce up to 10 shows annually, with an average attendance of 700 persons. With the new GSSC, the Symphony has the potential to increase its performances to 12 per year.
- **Laugh Out Loud Festival**
 - o Laugh Out Loud Comedy Festival spans 5 days in March, over 2 weekends and includes 5 small shows that typically have an attendance of 140 people each. Currently, the Festival uses a variety of different venues to host shows, however they used to use the Sudbury Arena for two primary mainstage shows where they sold upwards of 2,000 tickets. The Festival is looking to produce large shows again, and the proposed GSSC would be able to accommodate their needs for an estimated 2 events that span 4 days each per year.
- **Sudbury Theatre Centre (STC) events**
 - o There are approximately 400 to 500 seasonal subscriptions at the Sudbury Theatre Centre. The STC can currently only be used for one event at a time and with access to a second venue like the GSSC, they could undertake multiple events. If developed, it has been estimated that the GSSC would host up to 2 to 3 events produced by the STC.
- **Summer Events**
 - o On an annual basis, Sudbury hosts a variety of summer events. An assumption has been made that if developed, the GSSC could be used to accommodate existing/potential summer event activities/shows would be able to do 2 events, each over 2 days.

Touring Shows

- **Ontario Presents**
 - o Most civic theatres in Ontario belong to a network (Ontario Presents) which shares booking information and tour coordination. This network would be a prime source for product at the GSSC, which might tour to a mid-size venue in Sudbury. Based on a review of other mid-size Ontario venues that belong to the network, it has been estimated that at

least 10 to 12 Ontario Presents productions could be hosted at the GSSC per year, with some productions held over 2 nights, and others one night, for an average of 1.5 nights.

- **Convention Market / Private Shows**
 - o Many conferences offer attendees a private concert as part of the conference experience. This amenity is most common in corporate events and the Greater Sudbury Synergy Centre would be adding value to its sales appeal to conference planners if it had this capacity. The Greater Sudbury Synergy Centre's convention function is a potential market (through private concerts) for its live performance function. The GSSC is projected to attract 2 to 3 convention-related private shows on an annual basis.

Total Performing Arts Events

The following table provides a summary of the total delegates and room nights generated by the proposed Greater Sudbury Synergy Centre over its first 5 years of operation.

Based on the preceding analysis, the Greater Sudbury Synergy Centre is forecast to host 34 live performance events over 51 event days, attracting 36,800 attendees, of which 53% will derive from the resident market and 47% will be overnight and same-day visitors to Sudbury.

PROJECTED GSSCP PERFORMING ARTS EVENTS AND ATTENDANCE LEVELS BY MARKET - (2021-2023)

Number of Performance Events	2021		2022		2023	
Sudbury Symphony	10		11		12	
Laugh out Loud - Com Festival	2		2		2	
Sudbury Theatre Centre	2		3		3	
Ontario Presents	10		11		12	
Conv/Private Events	2		3		3	
Summer	2		2		2	
TOTAL EVENTS	28		32		34	
Number of Performance Dates	2021		2022		2023	
Sudbury Symphony	10		11		12	
Laugh out Loud - Com Festival	8		8		8	
Sudbury Theatre Centre	4		6		6	
Ontario Presents	15		17		18	
Conv/Private Events	2		3		3	
Summer	4		4		4	
TOTAL PERFORMANCE EVENT DAYS	43		49		51	
Available Market Segments	2021		2022		2023	
	Total	% of Total	Total	% of Total	Total	% of Total
Resident Market	17,400	57%	18,400	53%	19,500	53%
Overnight Tourists	9,900	32%	12,600	37%	13,800	37%
Same-Day Tourists	3,400	11%	3,500	10%	3,500	10%
TOTAL ATTENDANCE	30,700	100%	34,500	100%	36,800	100%

Source: CBRE Limited and Novita Interpares

Estimated spending on performances at the GSSC in 2023, based on off-site resident and visitor spending (i.e. on meals, local transportation, etc.), as well as projected Average Daily Rates for Sudbury accommodations, has been forecast to reach \$790,700. This equates to an estimated value of **\$23,300 per performing arts event in off-site delegate spending**, not include ticket costs or any food and beverage consumer on-site at the GSSC.

Preliminary GSSC Operating Revenue and Expense Forecast

Operating Projections have been prepared for the proposed GSSC over a five-year projection period. In preparing these projections, we have compared the operating performance of other Tier 3 Canadian Convention Centres, and Sudbury area hotels & other venues with meeting space, as well as Performing Arts Centres across Ontario. Projections for the subject Greater Sudbury Synergy Centre's results are based on a number of variables, including, but not limited to: the size of the building, occupied space, the number of events/event days, the number of attendees/attendee days and inflation. It should be noted that financial operating projections for the Centre are net of any property taxes.

Preliminary GSSC Staffing Schedule

The total Year 1 full-time staffing requirements for the proposed Greater Sudbury Synergy Centre have been presented in the following table. As shown, an estimated 8 full-time equivalent positions are recommended, which based on industry standards and comparable facilities, equates to \$637,500 in payroll and benefits in Year 1.

PROPOSED GREATER SUDBURY SYNERGY CENTRE MANAGEMENT STAFFING SCHEDULE

Position	Payroll
General Manager	\$100,000
Executive Assistant	\$50,000
Bookkeeper	\$50,000
Director of Marketing	\$80,000
Director of Events	\$65,000
A/V Technician	\$50,000
Facility Manager	\$65,000
Asst Facility Manager	\$50,000
Total Payroll	\$510,000
Benefits (25%)	\$127,500
TOTAL PAYROLL & BENEFITS	\$637,500

Source: CBRE Limited and Novita Interpares

Departmental Revenues and Expenses

Space Rental Analysis

Meeting & Convention Events

Space rental rates for Conference Centres tend to be negotiated according to a number of factors, including: the size and duration of the event; ancillary revenues generated from food and beverage activities; exhibition requirements; and the number of room nights required from the hotel sector. Generally speaking, rental rates are highest for conventions, multi-day large meetings and conferences, and lowest for local meetings and other events.

The following table provides an overview of Year 1 rental rates for the proposed GSSC based on rates achieved at comparable Tier 3 Convention Centres. Rates have been inflated by 2% on an annual basis for the balance of the project period, to increase with inflation. The model reflects an effective rental income at 90% of the total for each year, after discounting, equating to \$0.05 per available rentable square foot. Space discounting would be required to negotiate for major events that generate multiple room nights in the Sudbury market. The Convention Centre should not provide discounts for small social events and local meetings.

GSSC M&C Space Rental Rates

Assumptions	Sq.Ft.	Rental Rates	Per Sq.ft.
Plenary/PAC/Ballroom	13,000	\$5,000	\$0.38
Meeting Room 1	3,500	\$1,575	\$0.45
Meeting Room 2	2,500	\$1,125	\$0.45
Meeting Room 3	250	\$113	\$0.45
Meeting Room 4	250	\$113	\$0.45
Lobby Reception	3,929	\$1,768	\$0.45
Year 1 Achieved Rental Income from M&C Events		\$354,100	\$0.05

Source: CBRE Limited

Performing Arts Events

Rental rates for the Performing Arts venue have been based on a range of per seat rates, as depicted in the following table.

GSSC Performance Venue Rental Rates

Assumptions	Seats	Rate	Revenue	Per Sq.Ft.
	950	\$2.00	\$1,900.00	\$0.15
	950	\$3.00	\$2,850.00	\$0.22
	950	\$4.00	\$3,800.00	\$0.29
	950	\$5.00	\$4,750.00	\$1.36
Rehearsals			\$1,000.00	\$0.08
Set Up Take Down		50% of Rental Rate		
AVG Rental Rate			\$3,325	\$0.26
Year 1 Achieved Rental Income from PAC Events			\$149,650	

In Year 1, the GSSC is projected to host 28 Performing Arts events at an average rental rate of \$3,325, 10 Symphony rehearsals at \$1,000 and 28 set up/take down days at an average of \$1,662, for a total of just under \$150,000 in venue rental income, increasing to just under \$200,000 by Year 5.

Space Rental Expenses

Space rental expenses include payroll and benefits associated with a Director of Events, cost of labour for set up and tear down of events, and a Box Office Charge of \$2.50 per performing arts ticket assuming the subject GSSC runs its own box office.

In the proposed GSSC's 1st year of operation, direct expenses are projected at an estimated \$251,300, or 50% of total event revenues.

Retail/Merchandising

Retail/merchandising income has been estimated at \$1.50 per capita, with 50% cost of goods sold, for net retail income of \$45,000 in Year 1, increasing to over \$60,000 by Year 5.

Food and Beverage Analysis

For the purposes of our analysis, we have assumed that the Food and Beverage will be outsourced to a third party operator.

Food and beverage revenues have been projected on a delegate day basis, at \$20.23 per capita in Year 1, increasing by inflation and utilization for the balance of the projection period.

At these levels, the proposed GSSC is expected to generate \$1.4 Million in revenues for Year 1, increasing to approximately \$1.9 Million by Year 5. At a 15% commission rate, the GSSC is projected to generate \$212,600 in F&B commissions in Year 1, increasing to \$290,000 by Year 5.

Other Event Services Analysis

Other revenue sources include income from customer services for exhibit set-up for third parties, A/V and equipment rental, promotions and other minor sources of income. A/V and other operating revenues have been estimated at an average of \$695 in Year 1 which at 188 event days equates to total revenues of \$130,600 in Year 1, increasing to \$166,400 by Year 5 of operation.

Other Event Services payroll and benefits include A/V Technician at \$50,000 plus benefits, and direct operating expenses, which have been projected at 10% of other event revenues. Total expenses approximate \$

76,800 or 59% of Other Event Services revenues in Year 1, decreasing to an estimated 51% of revenues by Year 5.

Undistributed Expenses

Administration and General

This category includes the salary and wages of administrative staff, credit card commissions, cash overages and shortages, bad debt expense, data processing, executive office expenses, general insurance, professional fees, security and travel. Salaries and wages include the General Manager, Executive Assistant, and Bookkeeper at \$204,000 plus 25% for employee benefits in Year 1.

Other Administrative expenses, including professional fees/services, finance charges and other direct costs have been estimated at approximately \$51,000 in Year 1, increasing to an estimated \$55,000 by Year 5.

As such, total administrative and general expenses have been estimated at \$306,000 in Year 1, or 29% of total revenues.

IT and Communications

This category consolidates all system-related technology expenses and includes four major categories: labour costs and related expenses, cost of services, system expenses and other expenses. IT and Communications have been estimated at \$54,000 in Year 1 increasing to \$58,600 by Year 5.

Marketing

A Marketing Director will oversee the Sales and Marketing Department. The total payroll and benefits for the department have been estimated at \$102,000 in Year 1, increasing with inflation to an estimated \$110,400 by Year 5.

It has also been forecast that the department will budget \$40,000 towards sales and promotion. Total marketing and sales expenses are expected to reach \$142,800 in Year 1, or 13% of gross revenues.

Property Operation and Maintenance

This expense category consists of salaries, wages and employee benefits for a Facility Manager, and an Assistant Facility Manager, normal building maintenance, electrical and mechanical equipment, grounds maintenance, operating supplies, maintenance contracts, furniture cleaning and repair, waste removal and uniforms. For the purposes of these projections, we have allocated \$207,800 in Year 1, increasing to \$225,000 by Year 5, representing 16% of total revenues.

Utilities

Energy expenses, related to the heat, light and power of the GSSC, have been projected at \$4.50 per square foot, equating to \$277,600 in Year 1 for a total building of 60,480 square feet, increasing to over \$300,000 by Year 5.

Other Fixed Charges

Management Fee

For the purposes of this analysis, we have assumed that the GSSC will be operated by a 3rd party management firm, at an annual fee of \$100,000 in Year 1, increasing by inflation thereafter.

Insurance

Insurance expenses have been estimated at \$25,000 in current dollars inflated to \$27,100 in Year 1, increasing by inflation for the remainder of the projection period.

Provision for Capital Replacement

A reserve for asset replacement has been included to account for the replacement of furnishings and fixtures as required to maintain the quality of product offered by the GSSC. As a percentage of gross revenues, these expenditures have been projected at 3.0% per year. This will amount to just under \$200,000 over the five-year projection period.

Operating Forecasts

Operating forecasts for the first five years of operation have been based on 19,500 square feet of rentable space and 950 seats, with the Greater Sudbury Synergy Centre hosting 221 M&C events and 274 event days as well as 34 Performing Arts events over 51 event days by its stabilized year of operation (Year 5).

As shown in the following operating statement, the subject GSSC is projected to operate at a net loss of \$460,000 in Year 1, decreasing to a net loss of \$311,000 by Year 5.

PROFORMA STATEMENT of INCOME and EXPENSES
PROPOSED GREATER SUDBURY SYNERGY CENTRE
2021 - 2025

	2021		2022		2023		2024		2025
Facility									
Rentable Space (sq.ft.)	19,500		19,500		19,500		19,500		19,500
# Seats	950		950		950		950		950
Total Building (sq.ft.)	60,480		60,480		60,480		60,480		60,480
M&C Events									
Conventions/Conferences	14		15		16		16		16
Trade Shows	1		1		2		2		2
Consumer Shows	1		2		2		2		2
Meetings	130		136		141		141		141
Social Banquets	20		26		30		30		30
Other Events	21		24		30		30		30
Total M&C	188		204		221		221		221
Total M&C Event Days	235		255		274		274		274
Total M&C Attendees	29,600		33,900		38,000		38,000		38,000
Total M&C Attendee Days	39,300		44,800		49,600		49,600		49,600
PAC Events									
Sudbury Produced	16		18		19		19		19
Touring Shows	12		14		15		15		15
Total PAC Events	28		32		34		34		34
Total PAC Event Days	43		49		51		51		51
Total PAC Attendees	30,700		34,500		36,800		36,800		36,800
TOTAL EVENTS									
TOTAL EVENT DAYS	216		236		255		255		255
TOTAL ATTENDANCE	60,300		68,400		74,800		74,800		74,800
TOTAL ATTENDEE DAYS	99,600		113,200		124,400		124,400		124,400
REVENUES									
M&C Space Rentals	\$354,100	33%	\$398,800	33%	\$442,300	33%	\$451,100	33%	\$460,200
PAC Space Rentals	\$149,700	14%	\$174,000	14%	\$188,900	14%	\$192,700	14%	\$196,500
Total Space Rentals	\$503,800	48%	\$572,800	47%	\$631,200	47%	\$643,800	47%	\$656,700
Box Office Chgs	\$122,800	12%	\$140,760	12%	\$153,147	11%	\$156,210	11%	\$159,334
Retail / Merchandising (Net)	\$90,400	9%	\$104,600	9%	\$116,800	9%	\$119,100	9%	\$121,500
Food & Beverage Commission	\$212,600	20%	\$244,800	20%	\$277,500	21%	\$283,100	21%	\$288,800
AV Rentals	\$130,600	12%	\$144,900	12%	\$159,900	12%	\$163,100	12%	\$166,400
TOTAL REVENUES	\$1,060,200	100%	\$1,207,860	100%	\$1,338,547	100%	\$1,365,310	100%	\$1,392,734
DEPARTMENTAL EXPENSES									
Space Rentals	\$251,300	50%	\$276,800	48%	\$296,000	47%	\$301,900	47%	\$307,900
Retail Cost of Goods Sold	\$45,200	50%	\$52,300	50%	\$58,400	50%	\$59,550	50%	\$60,750
AV Rental Costs	\$76,800	59%	\$79,500	55%	\$82,300	51%	\$84,000	52%	\$85,600
Total Departmental Expenses	\$373,300	35%	\$408,600	34%	\$436,700	33%	\$445,450	33%	\$454,250
UNDISTRIBUTED OPERATING COSTS									
Administration & General	\$306,000	29%	\$312,100	26%	\$318,400	24%	\$324,700	24%	\$331,200
Information & Telecommunications	\$54,100	5%	\$55,200	5%	\$56,300	4%	\$57,400	4%	\$58,600
Sales and Marketing	\$142,800	13%	\$145,700	12%	\$148,600	11%	\$151,500	11%	\$154,600
Property Operations & Maintenance	\$207,800	20%	\$212,000	18%	\$216,200	16%	\$220,500	16%	\$225,000
Utilities	\$277,600	26%	\$283,200	23%	\$288,800	22%	\$294,600	22%	\$300,500
Total Undistributed Expenses	\$988,300	93%	\$1,008,200	83%	\$1,028,300	77%	\$1,048,700	77%	\$1,069,900
OTHER FIXED CHARGES									
Management Fee	\$100,000	9%	\$102,000	9%	\$104,000	9%	\$106,100	9%	\$108,200
Insurance	\$27,100	3%	\$27,600	2%	\$28,200	2%	\$28,700	2%	\$29,300
Reserve for Asset Replacement	\$31,800	3%	\$36,200	3%	\$40,200	3%	\$41,000	3%	\$41,800
Total Fixed Charges	\$158,900	15%	\$165,800	14%	\$172,400	13%	\$175,800	13%	\$179,300
NET OPERATING INCOME	-\$460,300	-43%	-\$374,700	-31%	-\$298,900	-22%	-\$304,600	-22%	-\$310,700

Source: CBRE Limited and Novita Interpares



GSSC ECONOMIC IMPACT

Introduction

While most conference centres and performing arts centres are viewed by municipal ownership as “loss” leaders, it is recognized that they also contribute essential economic activity that drives new tax revenues, economic benefit and employment from other services and establishments like hotels, restaurants and retail stores. It is largely because of this benefit that communities “accept” annual losses from facility operations because it is the sole or primary source of new business activity in the central business district.

For the purposes of this analysis, the economic impact of the capital investment for the proposed GSSC has been calculated, followed by the impact of its operation by the venue’s first stabilized year (Year 3, 2023), together with the impact of off-site visitor spending. A summary for the total economic impact of capital investments, operations and off-site visitor spending follows.

Estimating the Economic Contribution of Business Events in Canada

The number of meetings and conventions, live performances and arts events and the amount of revenue they can generate, has fluctuated historically in line with the global economy, but the value of the sector has always been somewhat vague. Only now are governments starting to recognize that the meetings and performing arts sectors can create a genuine economic contribution, separate from the hospitality industry.

Until recent years, there has been a knowledge gap in the measurement of the meetings and business events sector’s contribution to the national, regional and local economies. The knowledge gap has now been addressed through 3 national studies:

- In 2006, MPI Foundation Canada initiated the first-ever national study of the economic contribution of meetings activity (The Economic Contribution of Meetings Activity in Canada, released in 2008 for base year 2006);
- In 2009, an update of the Canadian Economic Impact Study (CEIS 2.0) was undertaken through modeling the original data linked to officially reported tourism statistics that extended the timeframe for reported meetings activity in 2008; and
- Building on the foundation of the previous work, in July 2014, the 2012 Canadian Economic Impact Study (CEIS 3.0) was released using 2012 as the base year, with economic contributions reported not only at the national level, but also at the regional and municipal levels. The 2012 CEIS 3.0 study was commissioned by the Meeting Professionals International Foundation of Canada (MPIFC) and was undertaken by Maritz Research Canada, the Conference Board of Canada Greenfields Services Inc. and the Canadian Tourism Human Resource Council, with input gathered through 3,400 completed surveys from venue managers, meeting organizers, exhibitors, speakers, delegates, and destination marketing organizations (DMOs).³

³ Meetings Activity Profile Report (CEIS 3.0), 2012 Base Year, pg. 3

If developed, the direct operating and capital expenditures made by the GSSC will affect every aspect of economic activity, however will not be a true measure of its economic impact. This identifies only part of the effects of management's and visitor spending on the economy, which is illustrated by tracking the impact of expenditures through the various sectors of the economy. For example, when a meeting includes food and beverage components (initial expenditures), it can be traced back through the wholesale, food and related industries, to the agricultural producers.

The initial expenditure will, firstly impact the front line business (Direct Impact). In this case, the GSSC's rentals/performances are the front line businesses. Direct Impacts are the effects associated with the "first round" of expenditures related to the activities under study, including:

- Labour income paid to employees;
- Purchases of goods and services used in the operations (e.g. event supplies); and
- Sales and other indirect taxes paid to governments in conjunction with the above expenditures.

The GSSC will create demands on their suppliers, and those suppliers will create demands on their suppliers, generating further income, employment and taxes (Indirect Impact). The supplier purchases materials, services and equipment to sustain the requirements generated by tourism expenditures and his/her purchases in turn give rise to employment, income and taxes in those industries supplying them, and so on.

This is not the end. Industries generate income and this is re-spent by households and businesses on consumption and investment, creating even more demands in the economy (Induced Impacts). All of this economic activity is in response to the original Centre's operating and/or visitor's expenditure.

The same kind of economic activity can also be traced by the initial capital investment to build the proposed facility. Specifically, it can be traced to capital costs involved in undertaking construction of the new facility, seating and staging technology, and furniture, fixtures and equipment for example.

The definition of Economic Impact refers to the employment and the value-added accruing to the residents of Greater Sudbury, and at the provincial level. Employment impacts are measured in **jobs**. This includes full-time, part-time, seasonal employment, as well as both 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 commonly 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; and
- 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.

The Economic impacts presented in this study measure the **direct, indirect and induced impacts**.

Economic Impact of Capital Investment

As shown in the following table, an estimated \$63 million will be spent in the initial capital expenditure required to develop the GSSC.

Value Added Impacts

The additional value associated with the initial capital investment has been estimated at \$23.3 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 \$6.2 million has been estimated for induced impacts. Of the \$29.5 million in total GDP generated by the capital investment, 94% (\$27.8 million) is expected to directly benefit Greater Sudbury.

Employment Impacts

Approximately \$21 million will trickle down into wages and salaries from the \$29.5 million in Provincial GDP. Close to \$20 million (94%) of wages and salaries will be retained within Greater Sudbury. These wages will support 164 direct, 41 indirect and 60 induced jobs in Ontario, for a total of 265 jobs province-wide.

Revenues to Government

The capital investment for development of the GSSC will contribute to total annual direct taxes of close to \$9 million in Sudbury, with approximately \$4 million in Federal Taxes, \$4 million in Provincial Taxes and \$778,000 in Municipal Taxes.

ECONOMIC IMPACTS OF CAPITAL INVESTMENT GREATER SUDBURY SYNERGY CENTRE

Total Impact of Capital Investment				
	Greater Sudbury	Rest of Ontario	TOTAL	
Total Capital Spending	\$62,755,000			
Gross Domestic Product (GDP)				
Direct	\$18,772,000	\$433,000	\$19,205,000	65%
Indirect	\$3,576,000	\$485,000	\$4,061,000	14%
Induced	\$5,453,000	\$751,000	\$6,204,000	21%
Total	\$27,801,000	\$1,669,000	\$29,470,000	100%
Labour Income				
Direct	\$13,487,000	\$317,000	\$13,804,000	66%
Indirect	\$2,633,000	\$357,000	\$2,990,000	14%
Induced	\$3,613,000	\$539,000	\$4,152,000	20%
Total	\$19,733,000	\$1,213,000	\$20,946,000	100%
Employment (Jobs)				
Direct	160	4	164	62%
Indirect	36	5	41	15%
Induced	52	8	60	23%
Total	248	17	265	100%
Direct Taxes				
Federal	\$3,935,000	\$79,000	\$4,014,000	46%
Provincial	\$3,903,000	\$61,000	\$3,964,000	45%
Municipal	\$778,000	\$1,000	\$779,000	9%
Total	\$8,616,000	\$141,000	\$8,757,000	100%
Total Taxes				
Federal	\$6,299,000	\$313,000	\$6,612,000	51%
Provincial	\$5,317,000	\$244,000	\$5,561,000	43%
Municipal	\$844,000	\$5,000	\$849,000	7%
Total	\$12,460,000	\$562,000	\$13,022,000	100%

Sources: CBRE Limited and Ontario Ministry of Tourism, Culture and Sport TREIM Model

Economic Impact of Operations

The following table provides a summary of the economic impacts of expenditures related to projected GSSC operations within Greater Sudbury and the rest of Ontario.

Value Added Impacts

Projected operating revenue of \$3.2 million by the third stabilized year (2023) will translate into an estimated \$2.4 million in Gross Domestic Product for Greater Sudbury on a direct and indirect basis, with a further \$50,000 benefiting the balance of the province. An additional \$824,000 will be realized in induced impacts provincially through the re-spending of labour income and the profits generated by direct and indirect businesses benefitting from projected on-site visitor and operating expenditures at the GSSC.

Overall the GSSC is projected to generate \$3.1 million in GDP for Greater Sudbury in 2023.

Employment Impacts

Of the \$2.4 million in direct and indirect GDP generated for the province, an estimated total of \$2.1 million would filter down into wages and salaries within Ontario, with about 98% expected to be retained in Greater Sudbury. The GSSC's related induced spending would contribute a further \$551,000 in wages and salaries within Ontario, of which \$493,000 (89%) would benefit Sudbury.

Greater Sudbury would retain 96% (25 jobs) of the total 26 jobs created by the GSSC.

Revenues to Government

All levels of government would benefit from the GSSC's operational revenue. By 2023, the annual operation of GSSC would generate an estimated \$400,000 in Federal Government Taxes, a further \$361,000 in Provincial Taxes and \$3,000 in Municipal Taxes (direct taxes) province-wide.

ECONOMIC IMPACT OF PROJECTED OPERATIONS GREATER SUDBURY SYNERGY CENTRE

Total Impact of Projected Operations - Year 3 (2023)				
	Greater Sudbury	Rest of Ontario	TOTAL	
Total Revenue	\$3,197,000			
Gross Domestic Product (GDP)				
Direct	\$1,785,000	\$25,000	\$1,810,000	56%
Indirect	\$589,000	\$25,000	\$614,000	19%
Induced	\$744,000	\$80,000	\$824,000	25%
Total	\$3,118,000	\$130,000	\$3,248,000	100%
Labour Income				
Direct	\$1,710,000	\$18,000	\$1,728,000	64%
Indirect	\$398,000	\$18,000	\$416,000	15%
Induced	\$493,000	\$58,000	\$551,000	20%
Total	\$2,601,000	\$94,000	\$2,695,000	100%
Employment (Jobs)				
Direct	13	0	13	50%
Indirect	5	0	5	19%
Induced	7	1	8	31%
Total	25	1	26	100%
Direct Taxes				
Federal	\$396,000	\$4,000	\$400,000	52%
Provincial	\$358,000	\$3,000	\$361,000	47%
Municipal	\$3,000	\$0	\$3,000	0%
Total	\$757,000	\$7,000	\$764,000	100%
Total Taxes				
Federal	\$671,000	\$24,000	\$695,000	54%
Provincial	\$563,000	\$19,000	\$582,000	45%
Municipal	\$13,000	\$0	\$13,000	1%
Total	\$1,247,000	\$43,000	\$1,290,000	100%

Sources: CBRE Limited and Ontario Ministry of Tourism, Culture and Sport TREIM Model

Economic Impact of Off-Site Visitor Spending

In addition to on-site spending at the venue itself, visitors to the GSSC will generate off-site expenditures at related businesses in Greater Sudbury. The following discusses the methodology used to estimate off-site visitor spending, as well as the related economic impact of visitor spending.

Estimated Off-Site Visitor Spending

Based on findings of the 2012 Canadian Economic Impact Study (CEIS 3.0), the table below shows the average spending of all meeting and business event attendees by expenditure category and origin. On average, international attendees have the highest spend at \$3,135; followed by domestic attendees at \$952, while local, non-tourist attendees spend the least amount at \$194. Excluding meeting registration fees which will benefit the Convention organizer and transportation costs, the average expenditure ranges from \$95 for local domestic delegates, \$349 for national delegates and \$1,003 for international delegates.

MEETING & CONVENTION ATTENDEE'S AVERAGE EXPENDITURES BY POINT OF ORIGIN

Meeting Expenditure Category	Local	National	Int'l
Meeting Registration Fees	\$71	\$100	\$228
Fees for Optional Program Elements (receptions, golf events, etc)	\$8	\$14	\$135
Accommodations	\$27	\$276	\$571
Food and Beverage	\$48	\$139	\$238
Air Transportation	\$0	\$219	\$1,261
Rail Transportation	\$1	\$5	\$59
Water Transportation	\$0	\$3	\$12
Public Ground Transportation	\$1	\$4	\$19
Taxi	\$5	\$17	\$104
Car Rental	\$4	\$37	\$58
Gas	\$12	\$43	\$27
Vehicle Maintenance	\$0	\$1	\$2
Tolls and Parking	\$4	\$7	\$8
Other Transportation	\$0	\$2	\$13
Retail Spending	\$6	\$50	\$165
Travel Services	\$1	\$3	\$36
Spectator Sports	\$1	\$3	\$16
Performing Arts	\$1	\$5	\$31
Museums, Historical Sites, Zoos and Parks	\$0	\$4	\$30
Tours and Sightseeing	\$1	\$5	\$109
Other Entertainment and Recreation	\$3	\$16	\$13
Other	\$0	\$1	\$0
TOTAL	\$194	\$952	\$3,135
Less Mtg Registration & Transportation & Accommodation Costs	\$95	\$349	\$1,003

Source: The Economic Contribution of Business Events in Canada, 2012 Base Year, Published July 2014

For the purposes of this analysis, we have excluded meeting registration fees and transportation costs to the destination to better reflect visitor spending that would more likely occur in the local Sudbury economy. Average accommodation spends have also been replaced with the average daily rates achieved by primary Sudbury Hotels. The table below provides a summary of the resulting average of GSSC attendee expenditures by origin, inflated to 2021.

**AVERAGE SPENDING PROFILE BY GSSC
ATTENDEES, 2021**

	Avg Spend
Provincial Delegates	\$109
National Delegates	\$401
International Delegates	\$1,152
Primary Sudbury Hotels ADR	\$138

Source: *The Economic Contribution of Business Events in Canada, 2012 Base Year, Published July 2014*

and CBRE Assumptions inflated to 2021

The estimated visitor spending generated by the GSSC is highlighted in the following table and has been based on event utilization projections, as well as estimates of spending by out of town visitors. Based on our analysis, the GSSC would generate direct spending of \$6.3 million, which equates to an average of \$17,000 per day for Sudbury businesses, or \$84 for every person who attends a meeting/convention or event at the Centre (74,800 local and non-local attendees). Furthermore, total off-site visitor spending has been estimated \$3.1 million per annum.

The highest yielding events hosted at the GSSC would be conventions and conferences, which are projected to generate \$82,700 per event in off-site visitor spending within the City of Greater Sudbury.

ESTIMATED VISITOR SPENDING GENERATED BY GREATER SUDBURY SYNERGY CENTRE

Events	2023	
Conventions	16	
Trade/Consumer Shows	4	
Meetings/ Social	202	
Total M&C Events	221	
Performing Arts	34	
TOTAL GSSC EVENTS	255	
M&C Delegates	38,030	
M&C Delegate Days	49,643	
PAC Attendees	36,800	
Total Delegates/Attendees	74,830	
Visitor Spending	Total Spending	Per Event
Convention Delegate Spending	\$1,292,000	\$82,678
Trade Show & Consumer Show Visitor Spending	\$140,100	\$38,520
Non Resident Meeting Spending	\$525,500	\$3,715
F&B and Other Event Visitor Spending	\$312,200	\$5,166
Off Site M&C Visitor Spending	\$2,269,800	\$8,895
Performing Arts Visitor Spending	\$790,700	\$23,256
TOTAL OFF SITE VISITOR SPENDING	\$3,060,500	\$11,994
On Site Spending at GSSC	\$3,197,300	\$12,530
TOTAL VISITOR AND GSSC SPENDING	\$6,258,000	\$24,525
<i>Avg Spending Per Day</i>	\$17,000	
<i>Avg Spending Per Capita</i>	\$84	

Source: CBRE Estimates

Economic Impact of Off-Site Visitor Spending

Based GSSC's total estimated visitor off-site spending of \$3.1 million in 2023, the following table summarizes the expected impact of visitor expenditures to related businesses in Greater Sudbury.

Value Added Impacts

Of the \$3.1 million in total off-site spending that GSSC visitors are expected to generate, an estimated \$1.9 million would be contributed to Gross Domestic Product for Ontario, with \$1.8 million (94%) in GDP for Greater Sudbury.

Employment Impacts

Approximately \$1.3 million (67%) of the provincial GDP generated by GSSC's visitor off-site spending will go towards wages and salaries within Ontario. An estimated \$1.2 million of these wages and salaries will be retained in Greater Sudbury. These wages will support 28 jobs in the province, with 96% of jobs (27 jobs) located in Greater Sudbury.

Revenues to Government

Off-site visitor spending would contribute to total annual direct taxes of \$562,000 in Greater Sudbury, with approximately \$274,000 in Federal Taxes, \$286,000 in Provincial Taxes and \$2,000 in Municipal Taxes.

ECONOMIC IMPACTS OF ESTIMATED OFF-SITE VISITOR SPENDING GREATER SUDBURY SYNERGY CENTRE

Total Impact of Estimated Visitor Spending - Year 3 (2023)				
	Greater Sudbury	Rest of Ontario	TOTAL	
Total Visitor Spending	\$3,061,000			
Gross Domestic Product (GDP)				
Direct	\$1,129,000	\$0	\$1,129,000	59%
Indirect	\$363,000	\$69,000	\$432,000	23%
Induced	\$301,000	\$46,000	\$347,000	18%
Total	\$1,793,000	\$115,000	\$1,908,000	100%
Labour Income				
Direct	\$737,000	\$0	\$737,000	58%
Indirect	\$263,000	\$51,000	\$314,000	25%
Induced	\$197,000	\$33,000	\$230,000	18%
Total	\$1,197,000	\$84,000	\$1,281,000	100%
Employment (Jobs)				
Direct	20	0	20	71%
Indirect	4	1	5	18%
Induced	3	0	3	11%
Total	27	1	28	100%
Direct Taxes				
Federal	\$274,000	\$0	\$274,000	49%
Provincial	\$286,000	\$0	\$286,000	51%
Municipal	\$2,000	\$0	\$2,000	0%
Total	\$562,000	\$0	\$562,000	100%
Total Taxes				
Federal	\$471,000	\$22,000	\$493,000	55%
Provincial	\$388,000	\$17,000	\$405,000	45%
Municipal	\$5,000	\$0	\$5,000	1%
Total	\$864,000	\$39,000	\$903,000	100%

Sources: CBRE Limited and Ontario Ministry of Tourism, Culture and Sport TREIM Model

Total Economic Impact of GSSC Operations & Off-Site Visitor Spending

The following table summarizes the total estimated economic impacts that are expected to be produced by the GSSC after stabilization as a result of operations and off-site visitor spending. In 2023, the GSSC is expected to contribute a combined \$6.3 million in spending from both its operation and off-site visitor expenditures. This translates into province-wide GDP generation of \$2.9 million in direct impacts and \$2.2 million in indirect and induced impacts.

As a result, the direct economic activity created in Greater Sudbury has been estimated at \$3.9 million, with an additional \$1.0 million of GDP produced by indirect and induced sources. Overall, the GSSC is expected to support a total of 33 direct jobs in Greater Sudbury with salaries and wages of \$2.4 million. Furthermore, the GSSC will benefit all levels of government, contributing \$1.3 million in direct taxes, of which 99% will benefit Greater Sudbury.

**TOTAL ECONOMIC IMPACT OF OPERATIONS & OFF-SITE VISITOR SPENDING
GREATER SUDBURY SYNERGY CENTRE**

Total Impact of Operations & Off-Site Visitor Spending - Year 3 (2023)				
	Greater Sudbury	Rest of Ontario	TOTAL	
Total Operations & Off-Site Visitor Spending, 2023	\$6,258,000			
Gross Domestic Product (GDP)				
Direct	\$2,914,000	\$25,000	\$2,939,000	57%
Indirect	\$952,000	\$94,000	\$1,046,000	20%
Induced	\$1,045,000	\$126,000	\$1,171,000	23%
Total	\$4,911,000	\$245,000	\$5,156,000	100%
Labour Income				
Direct	\$2,447,000	\$18,000	\$2,465,000	62%
Indirect	\$661,000	\$69,000	\$730,000	18%
Induced	\$690,000	\$91,000	\$781,000	20%
Total	\$3,798,000	\$178,000	\$3,976,000	100%
Employment (Jobs)				
Direct	33	0	33	61%
Indirect	9	1	10	19%
Induced	10	1	11	20%
Total	52	2	54	100%
Direct Taxes				
Federal	\$670,000	\$4,000	\$674,000	51%
Provincial	\$644,000	\$3,000	\$647,000	49%
Municipal	\$5,000	\$0	\$5,000	0%
Total	\$1,319,000	\$7,000	\$1,326,000	100%
Total Taxes				
Federal	\$1,142,000	\$46,000	\$1,188,000	54%
Provincial	\$951,000	\$36,000	\$987,000	45%
Municipal	\$18,000	\$0	\$18,000	1%
Total	\$2,111,000	\$82,000	\$2,193,000	100%

Sources: CBRE Limited and Ontario Ministry of Tourism, Culture and Sport TREIM Model



CONCLUSIONS AND OTHER CONSIDERATIONS

GSSC as a Multi-Purpose Facility

While the core business of the Greater Sudbury Synergy Centre will be to attract conventions, conferences and trade shows, having the capacity to convert the largest room into a mid-size live performance venue will both serve the need for performing arts growth in Sudbury, but also reduce the risk associated with creating a full blown mid-size venue into a market that is not developed enough to sustain a dedicated building. The Greater Sudbury Synergy Centre's convention function is also in itself a potential market for the live performance function (i.e., through private concerts).

Similarly, the core business of the proposed new Sports and Entertainment Centre in Sudbury will be ice sports and large scale trade and consumer shows. Having the capacity to create a temporary "concert bowl" within this venue will, in the same way, provide the capacity and reduce the risk associated with a dedicated facility for large concerts. A new arena with a larger capacity will take a large percentage of the household spending in Sudbury in the combined live performance and sport events market and, depending upon the number of concerts it presents, on the performing arts spending in particular. While it is not within the scope of this report to consider the impact of the new facilities on existing facilities, it will be necessary at some point to address the question of impact on the operation of existing facilities in Sudbury.

While the focus of the present work is on the business case concept for live performance in the Greater Sudbury Synergy Centre, there is a need as planning goes forward to take into account the current societal and demographic changes including changing patterns in attendance at live performance events; socio-demographic changes in tastes and preferences and modes of participation; local demographic projections, etc.

Further, although the core business of the Synergy Centre will be space rental, there may be organizations who wish to develop live performance product based on opportunities created by a new facility, (i.e. service clubs). A local presenting organization would likely access product from the Ontario Presents network or it might partner with managers and promoters which represent product suitable for a 950 seat venue.

Governance Considerations

Based on previous studies and consultations with Greater Sudbury City Council, it was decided that Council may wish to participate in the governance of the Centre under a structure similar to that employed by the City of North Bay, in the operation of the North Bay Capitol Centre. The Capitol Centre is governed by a 15-member board, which includes one elected City of North Bay Councillor, one liaison for the North Bay Symphony Orchestra, one liaison for the WKP Kennedy Art Gallery, and nine citizens elected by the Board of the Capitol Centre and its membership. The Capitol Centre's General Manager, reports to the board, and has approximately 7 full-time staff, 30 part-time employees and up to 70 volunteers.

Convention Centres and Performing Arts venues are typically publically-owned and operated and/or managed by a 3rd party. Assuming that the City of Greater Sudbury is the owner of the Greater Sudbury Synergy Centre, it is expected that the City would contract out all aspects of the operations, as opposed to

internalizing them. The success of the contract-out model depends on (1) carefully detailed contracts, (2) realistic performance expectations and (3) very diligent market development work in the pre-opening years. If the City chooses to contract-out, reporting by the contracting company should be quarterly in the early years.

The Centre will require professional service in terms of Management, Marketing and Sales, Programming Productions, Food and Beverage catering, and AV and technical logistical services. Given the multiple use of the Centre (Convention Centre, Performing Arts Venue, Banquet facility, etc.), and project partners, it will be imperative to set up policies and procedures related to:

- Programming – Assigning of space usage and activity
- Rental Rate Structure
- Booking Policies
- Cancellation Policies
- Conflict resolution protocol between groups competing for schedules/event placement
- Regional market considerations when bidding for large events bringing in outside demand versus local priorities.

Furthermore, programming the Centre with arts and cultural events and selling the venue for Meetings and Conferences may require 2 different skill sets. In negotiating a contract agreement with a potential facility manager, consideration should be given to including an incentive fee with specific criteria related to achieving agreed upon operating performance results.

Other details relevant to the proposed governance of the GSSC are as follows:

- If owned by a corporation, it would be a non-profit and the non-profit corporation would apply to CRA to be a registered charity (in order to be able to provide tax receipts for private donations).
- The board of the non-profit corporation would be comprised of community leaders representing the stakeholders.
- The City would have the right to appoint one or more persons to the board.
- As soon as possible, the board would develop its goals and objectives, by-laws and policies, etc. In collaboration with the City, the board would develop its business plan for the first five years.
- Based on its five-year business plan, the board would enter into a partnership agreement with CGS whereby the parties would set out their mutual commitments for the operation of this public asset based on commonly held goals.
- In collaboration with knowledgeable HR professionals and using industry norms, the board will develop the job description of its General Manager and will enter into a national search for the best candidate. The GM would report to the board; all other staff report to the GM.

- In collaboration with the GM, the board would create a series of key performance indications (related to overall goals) which would form the regular reporting format for the GM. Reporting would be quarterly.
- The board will create and maintain a governance manual and we ensure that every member of the board fully understands her/his role and obligations as a director of the corporation.

Automated Seating System for the Greater Sudbury Synergy Centre

In terms of selecting and purchasing an automated seating system for the Centre, management of the River Rock and Hard Rock Casinos recommended that the City of Greater Sudbury negotiate an annual preventive maintenance program into any prospective sales agreement with the supplier. Currently, Great Canadian Casinos brings in 1 to 2 maintenance people from the manufacturer once per year, for 2 weeks – 1 week per venue – to undertake an annual preventive maintenance program of the system. Typically, maintenance is done during July, because it is a slow month. Overall, management has been pleased with the operation of their system and attributes its performance success to these annual maintenance checks.

Other Cultural Uses for the Synergy Centre

It is our understanding that in addition to its role as a live performing arts venue, the Greater Sudbury Synergy Centre is considering building space for related cultural uses (office, rehearsal spaces) on an occasional or full time rental basis.

The current proposal projects 171 days of “classes” and 100 days of “rehearsals.” Experience in other centres and the realities of economics in the non-profit sector suggest that these uses will gravitate to low-rent facilities and that the proposed facilities would need to be offered well below market rates to be attractive.

Given these realities and the fact that the Synergy Centre’s main identity is as a venue for meetings and conventions, this report recommends that other cultural functions (offices, rehearsal facilities, etc.) not be included in the GSSC programming.

Implications of Adjacent Hotel Development and Parking Considerations

In 2016, the 19 hotels and motels comprising Sudbury's primary accommodation market, represented by 1,669 rooms, achieved an annual occupancy of 66% at an average daily rate of \$113. With the opening of the 100-room Microtel in July 2016, this new supply is still expected to impact the market by almost 4% in 2017. Another 119-room hotel development (Hilton Garden Inn) is expected to enter the market by 2019, increasing supply by a further 7%, for a total of 20 hotel properties representing 1,788 rooms. While we have not conducted a detailed market analysis, it is expected that supply growth will outpace demand growth and that the Sudbury accommodation market will experience an erosion of occupancy levels over the 2017-2019 period. In the absence of significant new demand generators, it is unlikely that the Sudbury accommodation market could support significant additional new supply growth over the short to mid-term period (the next 3-5 years), and should additional new hotel development occur, it will likely be focused outside the downtown core, in closer proximity to the primary corporate and tourism demand generators.

The new GSSC, has the potential to be a significant new demand generator. The opening of the new GSSC is expected to induce Meeting & Convention room night demand to the Sudbury market. In 2016, the Sudbury market generated approximately 32,800 room nights from the M&C market, or 8% of total accommodation demand. **By 2023, the operation of the GSSC represents a potential 25% increase in Meeting/Convention demand levels to the City compared to levels achieved today**, which equates to about 8,000 room nights. In addition, the live entertainment and other events at the GSSC will attract additional overnight accommodation demand into the downtown core. However, these levels of demand unto themselves are not sufficient to support a hotel.

As noted, in a market like Greater Sudbury, most of the demand generation occurs in the suburban areas, as this is where many of the business parks and attractions (e.g., Science North and Dynamic Earth) are located. The development of the GSSC in the downtown core will be attractive to hotel developer due to its potential for new retail and other business generation, but the GSSC alone will not generate enough year-round demand on its own to sustain hotel development. As such, a potential adjacent hotel would have to depend on other traditional sources of overnight demand (i.e., corporate transient, leisure groups, government stay, etc.).

At the same time, we know that Sudbury accommodation market has 119 new hotel rooms entering the market by 2019 in addition to the 2016 opening of the 100 room Microtel, representing a 10% increase in supply. It will take time for this new accommodation supply to be absorbed, and demand to normalize. Incremental new demand being generated by the GSSC as of 2021 could provide justification for accommodation supply growth, but it is not only demand that justifies hotel development. It is also a function of capital costs, the type of property that makes the most sense for the market, and economic viability.

Our determination of the most suitable product to be considered for development would be based on factors that best meet market demand, and would also lead to the greatest level of investor interest and

support from the traditional lending community. By conducting our analysis on the product type that would have the greatest appeal to the traditional hotel investment market, this would allow the City the greatest chance of attracting a serious developer/investor with the capabilities and knowledge to develop a successful hotel operation. It should also be noted that hotel companies do not invest in hotels, they franchise or manage properties for a fee.

Through further analysis in a subsequent study, it could be determined that the development of a branded focused service hotel, in the range of 150 rooms may be most appropriate for development adjacent to the GSSC. Examples of brands would include, but are not limited to, Courtyard by Marriott, Hyatt Place, Hilton Garden Inn, Aloft, and ALT. Branding would be recommended as it would not only enhance the marketability of a project, but would also enhance the potential for project financing. Focused service properties are typically recommended in relation to convention / public facility development for the following primary factors:

- This level of hotel can appeal to a broad range of guests and types of travelers.
- The design prototypes for these brands are of strong quality.
- This level of hotel is more cost effective to develop relative to full service level hotels.
- This level of hotel is more cost effective to operate relative to full service hotels.

Furthermore, a focused service hotel generally costs in the range of \$150,000 to \$180,000 per room to construct, while a full service hotel can cost in the range of \$250,000 to \$300,000 per room to construct. As a general rule of thumb, for every \$1,000 spent in construction costs the hotel needs to achieve \$1 in ADR to justify the cost of the investment. At this level, a full service hotel would need to command a rate in the range of \$200 to \$300 to justify the costs. Within the competitive market, it is not reasonable to expect to achieve rates at this level with the strongest performers all achieving average daily rates under \$160 in 2016. In addition, focused service hotels have already proven to be successful within the competitive market and to outperform their competitors.

Based on our experience in the industry and knowledge of comparable hotel construction projects, these hotel developments require approximately 2.0 acres of land, to allow for the appropriate surface parking coverage. With respect to hotel development adjacent to the GSSC, development on a smaller site as part of a mixed use development would necessitate the development of a parking structure, resulting in higher capital costs, impacting investment returns. This type of investment would require dedicated parking to support the hotel in the range of 100-150 parking stalls, which could cost in the range of \$4.0 to \$5.0 Million. The viability of hotel would not only be contingent on stronger market conditions, but at minimum would also likely require that the incremental parking costs be absorbed by the balance of the project. As a result, while a hotel development would be a positive market factor in support of utilization levels at the GSSC, it would likely be a financial drain on the project, if the hotels parking needs/costs have to be absorbed. These conclusions are preliminary in nature, and would need to be substantiated by a more detailed analysis. However, our experience with other comparable projects in other comparable communities has been similar.

The potential for a new hotel in the downtown core will also be contingent on Council's approvals on any large-scale development initiatives for the Central Business District. Similarly, parking will need to be addressed as part of the overall downtown development plan.

We are not planners, and as such, it should be noted that our commentary relative to parking requirements for the GSSC itself is preliminary in nature. From a theatre perspective, the GSSC will require access to between 400-450 parking stalls in reasonable proximity to the venue, potentially with a portion of these on site. Due to the nature of events occurring primarily in the evenings and on weekends, availability to parking elsewhere in the downtown core would lessen the challenge for the GSSC to offer parking on site. The bigger challenge from a parking perspective is in relation to the convention market. These events occur predominantly on weekdays, when parking is already deficient in the downtown core, and will become a greater challenge when the GSSC is built on the identified site. Assuming some level of adequate parking is available elsewhere in the downtown during the day for conventions, dedicated parking of 150-200 vehicles for the GSSC might be sufficient.

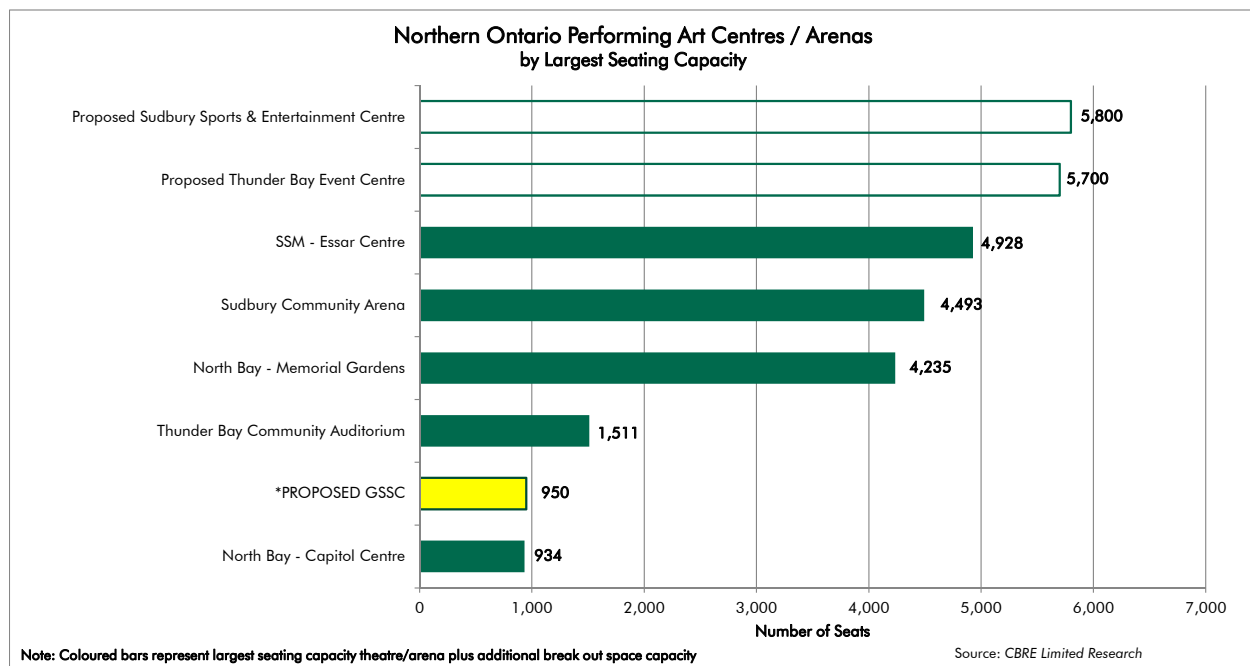
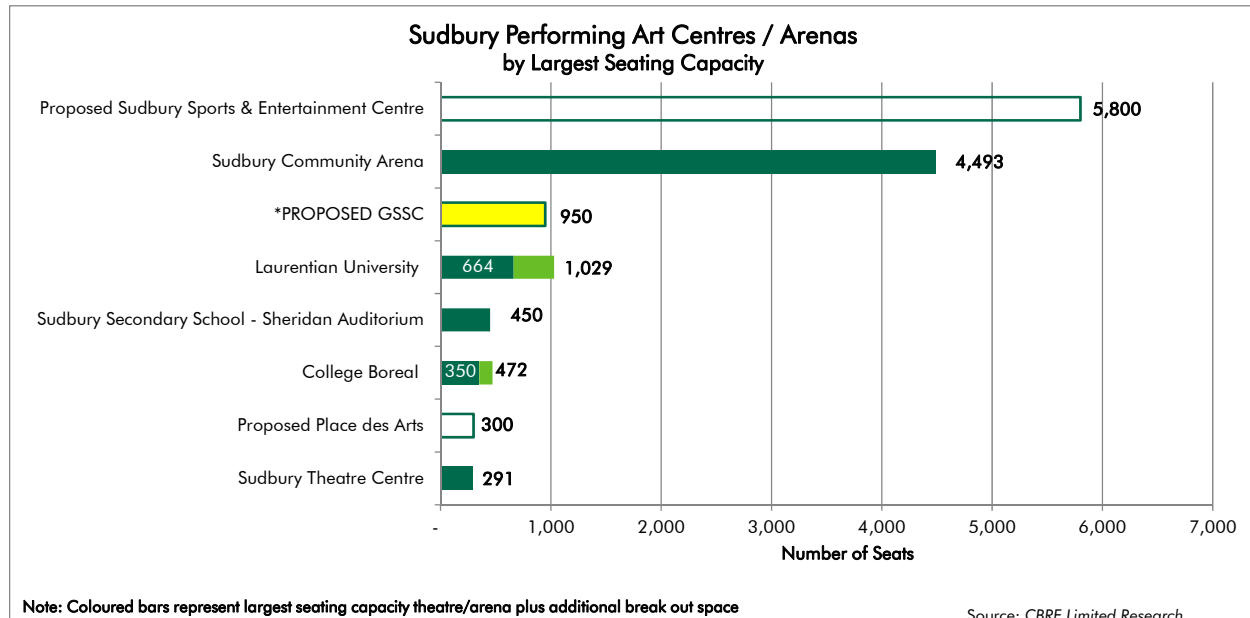
Based on these preliminary assumptions, the GSSC would require 150-200 dedicated parking stalls without an adjacent hotel, and 250-300 stalls with an adjacent hotel.

Ultimately, while there may be an opportunity for further hotel development in the downtown core, the prospect is seen as a mid to long term initiative, and will require additional studies, which has not been considered within the current mandate for the GSSCP.

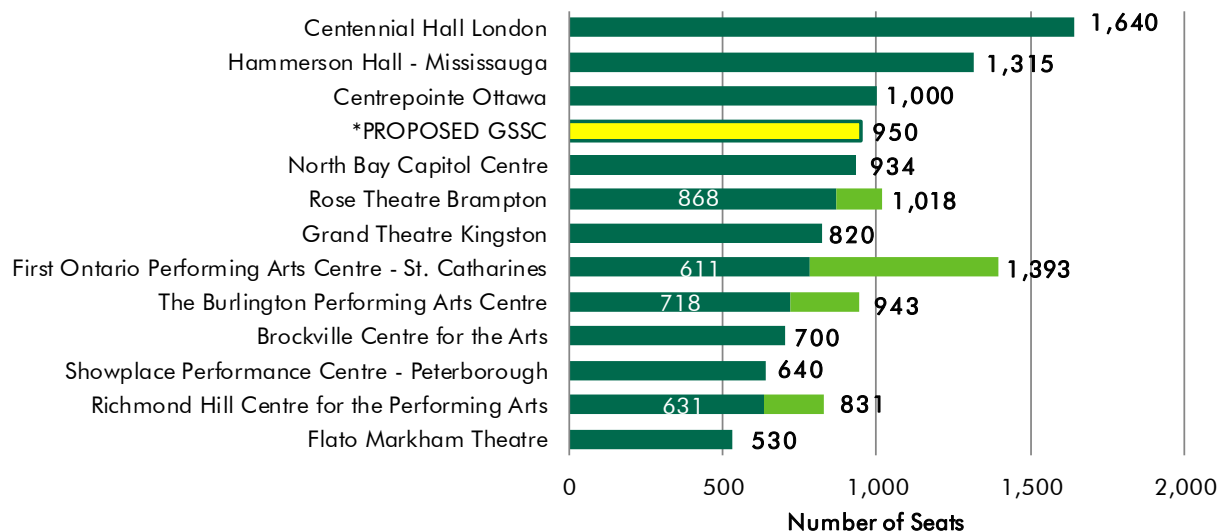
Addendum "A"
Proposed GSSC Positioning



Proposed GSSC Positioning



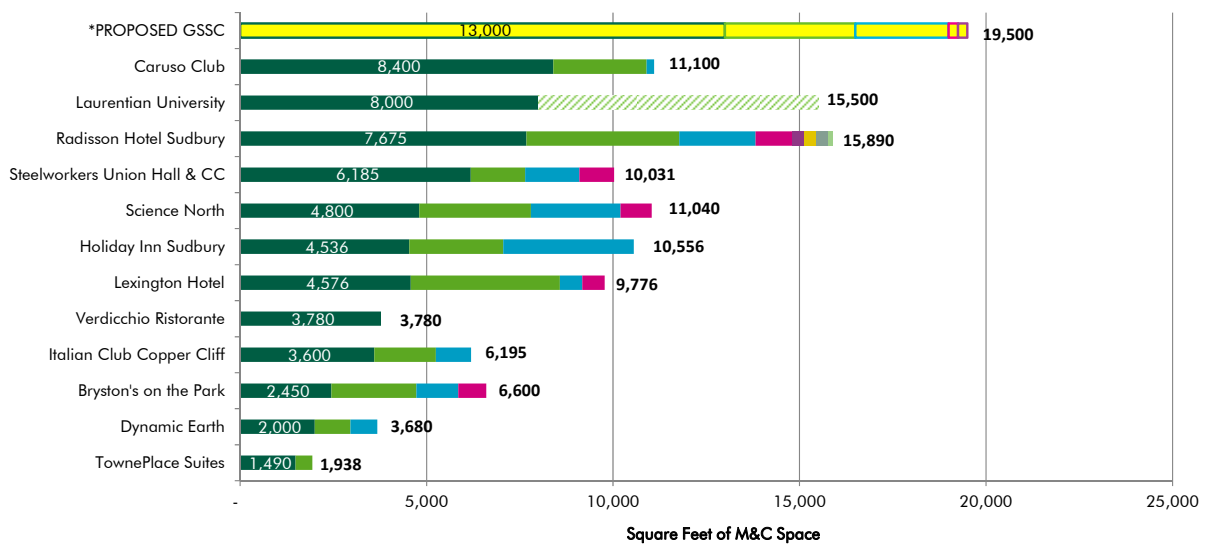
Comparable Ontario Performing Arts Centres Seating Capacity by Largest Theatre



Note: Coloured bars represent Main Hall plus Summed Additional Theatres

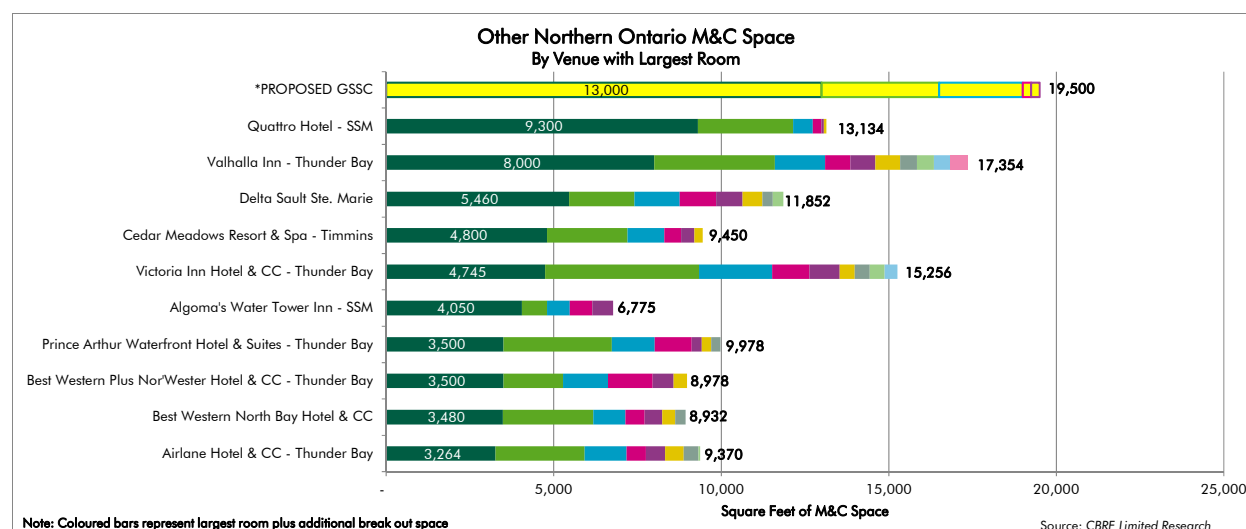
Source: CBRE Limited Research

Sudbury M&C Space By Venue with Largest Room



Note: Coloured bars represent largest room plus additional break out space

Source: CBRE Limited Research



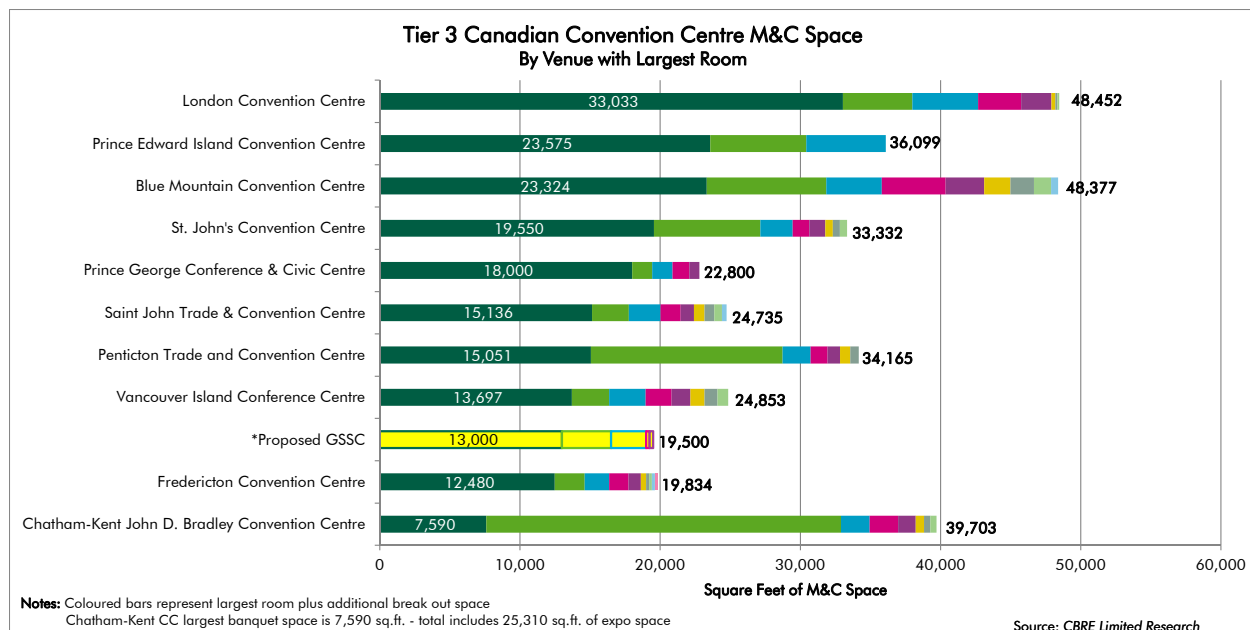
Tier 3 Canadian Convention Centre Supply, Hotel Room Inventory and Estimated Population - 2016

Convention Centre	Location	Total M&C SF	Estimated Capacity	Hotel Room Inventory	M&C SF Per Hotel Rm	Est. CMA Population 2016
London Convention Centre*	London, ON	48,452	4,038	3,489	14	509,605
Blue Mountain Convention Centre	The Blue Mountains, ON	48,377	4,031	1,590	30	19,734
Chatham-Kent John D. Bradley Convention Centre	Chatham-Kent, ON	39,703	3,309	367	108	106,115
Prince Edward Island Convention Centre*	Charlottetown, PE	36,099	3,008	1,441	25	69,561
Penticton Trade and Convention Centre	Penticton, BC	34,165	2,847	1,498	23	41,946
St. John's Convention Centre*	St. John's, NL	33,332	2,778	2,729	12	209,555
Vancouver Island Conference Centre	Nanaimo, BC	24,853	2,071	922	27	103,809
Saint John Trade & Convention Centre*	Saint John, NB	24,735	2,061	1,560	16	126,759
Prince George Conference & Civic Centre	Prince George, BC	22,800	1,900	2,089	11	87,451
Fredericton Convention Centre**	Fredericton, NB	19,834	1,653	1,753	11	98,501
Proposed GSSC Sudbury	Sudbury, ON	19,500	1,625	1,669	12	166,694

Notes: *Physically connected to a hotel (e.g. by pedway)

** To be connected by pedway to a hotel, which is set to open in 2018

Sources: CBRE Limited, Environics Analytics Sitewise 2016





Addendum “B”

Assumptions and Limiting Conditions

Assumptions and Limiting Conditions

1. This report has been prepared at the request of the City of Greater Sudbury for the purpose of providing a review of the work completed to date on the Greater Sudbury Synergy Centre Project. It is not reasonable for any person other than the person or those to whom this report is addressed to rely upon this appraisal without first obtaining written authorization from the client and the author of this report. This report has been prepared on the assumption that no other person will rely on it for any other purpose and all liability to all such persons is denied.
2. This report has been prepared at the request of the City of Greater Sudbury and for the exclusive (and confidential) use of, the recipient as named herein and for specific purpose and function as stated herein. All copyright is reserved to the author and this report is considered confidential by the author and the client. Possession of this report, or a copy thereof, does not carry with it the right to reproduction or publication in any manner, in whole or in part, nor may it be disclosed, quoted from or referred to in any manner, in whole or in part, without the prior written consent and approval of the author as to the purpose, form and content of any such disclosure, quotation or reference. Without limiting the generality of the foregoing, neither all nor any part of the contents of this report shall be disseminated or otherwise conveyed to the public in any manner whatsoever or through any media whatsoever or disclosed, quoted from or referred to in any report, financial statement, prospectus, or offering memorandum of the client, or in any documents filed with any governmental agency without the prior written consent and approval of the author as to the purpose, form and content of such dissemination, disclosure, quotation or reference.
3. The estimated market value of the real estate, which is the object of this appraisal, pertains to the value of the freehold or fee simple estate in the real property. The property rights appraised herein exclude mineral rights, if any.
4. The estimate of value contained in this report is founded upon a thorough and diligent examination and analysis of information gathered and obtained from numerous sources. Certain information has been accepted at face value, especially if there was no reason to doubt its accuracy. Other empirical data required an interpretative analysis pursuant to the objective of this appraisal. Certain inquiries were outside the scope of this mandate. For these reasons, the analyses, opinions and conclusions contained in this report are subject to the following Contingent and Limiting conditions.
5. The property has been valued on the basis that title to the real estate herein appraised is good and marketable.
6. The author of this report cannot accept responsibility for legal matters, questions of survey, opinions of title, hidden or unapparent conditions of the property, toxic wastes or contaminated materials, soil or sub-soil conditions, environmental, engineering or other technical matters, which might render this property more or less valuable than as stated herein. If it came to our attention as the result of our investigation and analysis that certain problems may exist, a cautionary note has been entered in the body of the report.

7. The legal description of the property and the area of the site were obtained from the Registry Office. Further, the plans and sketches contained in this report are included solely to aid the recipient in visualizing the location of the property, the configuration and boundaries of the site and the relative position of the improvements on the said lands.
8. The property has been valued on the basis that the real estate is free and clear of all value influencing encumbrances, encroachments, restrictions or covenants except as may be noted in this report and that there are no pledges, charges, liens or special assessments outstanding against the property other than as stated and described herein.
9. The property has been valued on the basis that there are no outstanding liabilities except as expressly noted herein, pursuant to any agreement with a municipal or other government authority, pursuant to any contract or agreement pertaining to the ownership and operation of the real estate or pursuant to any lease or agreement to lease, which may affect the stated value or saleability of the subject property or any portion thereof.
10. The interpretation of the leases and other contractual agreements, **pertaining** to the operation and ownership of the property, as expressed herein, is solely the opinion of the author and should not be construed as a legal interpretation. Further, the summaries of these contractual agreements, which appear in the Addenda, are presented for the sole purpose of giving the reader an overview of the salient facts thereof.
11. The property has been valued on the basis that the real estate complies in all material respects with any restrictive covenants affecting the site and has been built and is occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. (It is recognized there may be work orders or other notices of violation of law outstanding with respect to the real estate and that there may be certain requirements of law preventing occupancy of the real estate as described in this report. However, such circumstances have not been accounted for in the appraisal process).
12. Investigations have been undertaken in respect of matters, which regulate the use of land. However, no inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in this report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of this property. To be certain of such compliance, further investigations may be necessary.
13. The property has been valued on the basis that all rents referred to in this report are being paid in full and when due and payable under the terms and conditions of the attendant leases, agreements to lease or other contractual agreements. Further, it is assumed that all rents referred to in this report represent the rental arrangements stipulated in the leases, agreements to lease or other contractual agreements pertaining to the tenants' occupancy, to the extent that such rents have not been prepaid, abated, or inflated to reflect extraordinary circumstances, and are full enforceable notwithstanding that such documentation may not be fully executed by the parties

thereto as at the date of this appraisal, unless such conditions have been identified and noted in this report.

14. The data and statistical information contained herein were gathered from reliable sources and are believed to be correct. However, these data are not guaranteed for accuracy, even though every attempt has been made to verify the authenticity of this information as much as possible.
15. The estimated market value of the property does not necessarily represent the value of the underlying shares, if the asset is so held, as the value of the share could be affected by other considerations. Further, the estimated market value does not include consideration of any extraordinary financing, rental or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary market value of the property, unless the effects of such special conditions, and the extent of any special value that may arise as a result, have been described and measured in this report.
16. Should title to the real estate presently be held (or changed to a holding) by a partnership, in a joint venture, through a Co-tenancy arrangement or by any other form of divisional ownership, the value of any fractional interest associated therewith may be more or less than the percentage of ownership appearing in the contractual agreement pertaining to the structure of such divisional ownership.
17. In the event of syndication, the aggregate value of the limited partnership interests may be greater than the value of the freehold or fee simple interest in the real estate, by reason of the possible contributory value of non-realty interests or benefits such as provision for tax shelter, potential for capital appreciation, special investment privileges, particular occupancy and income guarantees, special financing or extraordinary agreements for management services.
18. Should the author of this report be required to give testimony or appear in court or at any administrative proceeding relating to this appraisal, prior arrangements shall be made therefore, including provisions for additional compensation to permit adequate time for preparation and for any appearances, which may be required. However, neither this nor any other of these assumptions nor limiting conditions is an attempt to limit the use that might be made of this report should it properly become evidence in a judicial proceeding. In such a case, it is acknowledged that it is the judicial body, which will decide the use of this report, which best serves the administration of justice.
19. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of market value expressed herein, as of the effective date of this appraisal, cannot necessarily be relied upon as of any other date without subsequent advice of the author of this report.
20. The value expressed herein is in Canadian dollars.
21. This report is only valid if it bears the original signature(s) of the author(s).