

AN ANALYSIS OF NEW AND/OR EXPANDED EVENT AND CONVENTION FACILITIES IN SASKATOON

**Prepared for:
SaskTel Centre, TCU Place and the City of Saskatoon**

March 2018

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Volume I: SaskTel Centre

Volume II: TCU Place

1. INTRODUCTION

INTRODUCTION

Saskatoon is a growing community and is currently the 17th largest metropolitan centre in Canada with a population of over 250,000. Between 2006 and 2014, Saskatoon experienced a prolonged economic boom, with rapid growth driven by residents returning from out-of-province for unprecedented job opportunities created by a booming resource economy. Saskatchewan is rich in natural resources with uranium, oil, potash and farming representing the foundation of the region's economy. Although the economy has slowed since 2014, the City of Saskatoon (the "City") is planning ahead to ensure the right decisions are made now to prepare for a future population of 500,000.

TCU Place and SaskTel Centre are City-owned public assembly facilities. Each venue is managed through a non-profit corporation and governed by a twelve person board of directors comprised of City political and administrative representatives as well as citizens selected by City Council. The facilities are mandated to enrich the community by bringing convention, educational and entertainment oriented programming to the region whilst doing so within an environment that demonstrates fiscal responsibility, customer service and safety for all.

Both SaskTel Centre (which opened in 1988) and TCU Place (originally opened in 1968 with a significant expansion some 40 years later) are aging. The City is looking to identify the optimal courses of action so as to continue to attract top quality convention, sports and entertainment business and so that the facilities meet the needs of the growing region.

In 2016 the Boards, with support from the City, issued a Request for Proposals (RFP) to engage consulting services to complete a building condition assessment as well as an over-arching market, financial and economic analysis together with options for expanded or new venues.

HLT Advisory together with Conventional Wisdom and Convergence Design were engaged to complete the assignment. This report, including the two background volumes, contain the result of the analysis.

OBJECTIVES AND SCOPE OF WORK

OBJECTIVES

The Request for Proposal issued by the Boards was designed to deliver an approach to civic infrastructure (i.e., convention centre and entertainment venue) that:

- Attracts top quality convention, sports and entertainment business
- Facilitates urban redevelopment
- Enhances the City's municipal image
- Stimulates both the City Centre (Downtown) and regional economy
- Meets the needs of the sports and entertainment providers (Blades, Rush, Symphony, concert & event promoters, etc.)
- Hosts a broad variety of activities and events in the facilities
- Integrates economic, environmental, social and cultural sustainability.

The RFP also contained process objectives focused on 'future proofing' facilities for changing industry trends, identifying a range of redevelopment/relocation options and associated costs/financing tools as well as ultimately meeting community expectations and instilling community support for the study findings.

SCOPE OF WORK

The overall scope of work set out in the Request for Proposal was broken into two phases.

To complete Phase I of the study we analyzed historical data at both SaskTel Centre and TCU Place, conducted an extensive interview process, toured and conducted physical assessments of both venues, evaluated the competitive environment and undertook comparative analysis of selected North American cities with similar characteristics to Saskatoon.

Phase II focused on location attributes for expanded/relocated venues together with financial, economic impact and financing characteristics. Fieldwork was largely complete by Autumn of 2017.

The findings and conclusions are contained in this report with detail on each of the two venues contained in the attached background Volumes.

ORGANIZATION OF THIS REPORT

This report has been prepared in three parts, as follows:

- Main Report—contains the core findings and conclusions of the Phase I and Phase II analysis including excerpts from each of the technical volumes below.
- Volume I—contains a detailed examination of SaskTel Centre including a building condition assessment, utilization and financial analysis, competitive influences and project event loads (and required space requirements).
- Volume II—contains a detailed examination of TCU Place including a building condition assessment, utilization and financial analysis, competitive influences and project event loads (and required space requirements).

Appendix 1 contains a listing of all individuals interviewed as part of this process.

2. SASKATOON CONTEXT

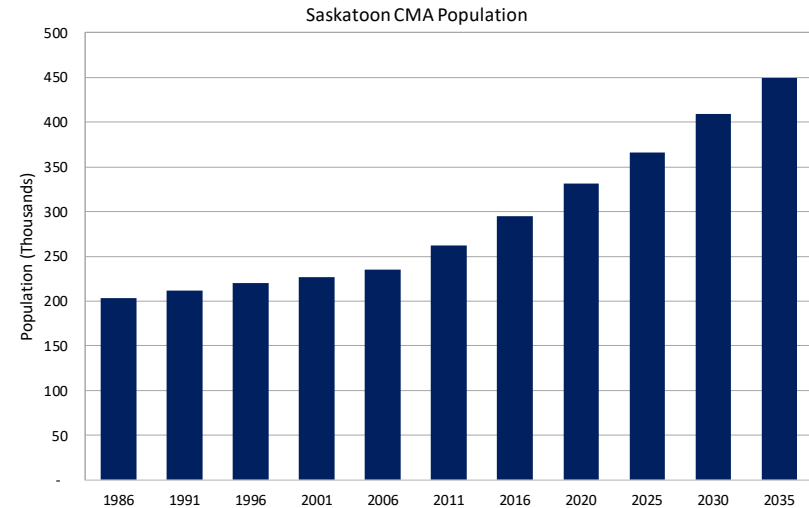
SASKATOON: A GROWING CITY

Over the past decade Saskatoon has been one of Canada's fastest growing cities. In the most recent census (2016), the City of Saskatoon's population grew to 246,376 from 222,246 in 2011. The Saskatoon census metropolitan area posted a population count of 295,095 compared with 262,215 in 2011. Population growth greater than 10% far exceeded that of Saskatchewan (6.3%) and Canada (5%).

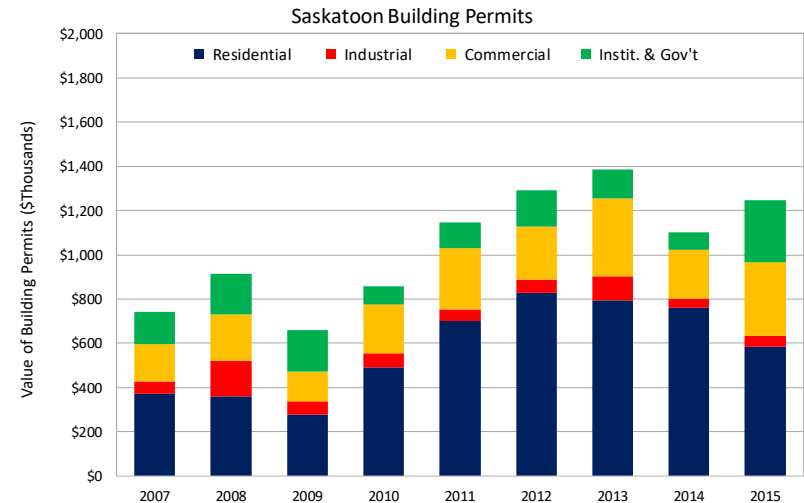
The Conference Board of Canada predicts that Saskatoon is among five cities (together with Calgary, Edmonton, Hamilton and Montreal) in a five-way tie for 7th place in growth of major Canadian cities at 2%. Vancouver and Toronto led the growth projections at 2.8% and 2.6% respectively.

Saskatoon's Growth Plan to Half a Million, prepared by Urban Systems Ltd. for the City of Saskatoon (April 2016), speaks to a doubling of the City's population over the next 30 to 40 years.

The strength of the Saskatoon economy is evidenced by construction activity across residential, commercial, industrial and institutional sectors. Saskatoon accounts for almost half of the total value of building permits issued in Saskatchewan and more than Regina.



Source: HLT Advisory Inc. based on Statistics Canada data (historic population) and City of Saskatoon projections (future population).



Source: HLT Advisory Inc. based on Government of Saskatchewan Bureau of Statistics data.

Final Report: March 2018

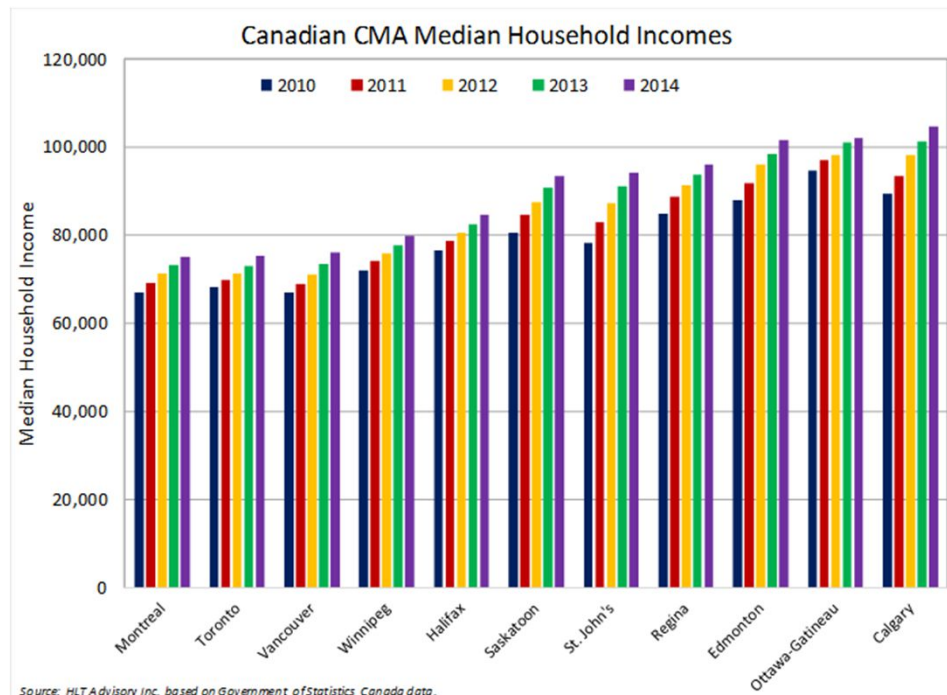
SASKATOON: A PROSPEROUS CITY

Saskatoon is a prosperous city when measured by the median household income of residents. Median incomes are almost 20% greater than the national average and within 10% of leading western Canadian cities such as Calgary and Edmonton. Even allowing for the current economic uncertainty, Saskatoon fares well when compared with much larger centres.

Comparing median household income with average housing price provides additional insight into the prosperity of Saskatoon residents.

Average Price of a Home by City (March 2017)	
	\$
Vancouver	991,690
Toronto	916,567
Calgary	472,491
Ottawa	388,400
Edmonton	371,680
Montreal	359,708
Saskatoon	343,112
Regina	316,341
Winnipeg	298,329
Halifax	294,246
St. John's	287,035

Source: The Canadian Real Estate Association



Alan Arcand, Associate Director of the Conference Board's Centre for Municipal Studies predicts that "Services" (e.g., information technology, finance, insurance, real estate, retail), rather than resources or energy, will drive economic growth in Saskatoon. Resources and utilities, the two largest sectors in Saskatoon, will be largely flat. Further, that the modest economic growth seen in both Saskatoon and Regina this year is expected to be followed by slightly stronger gains in 2017, although growth will remain well below pre-recession levels."

ECONOMIC MAKE UP

Saskatchewan's economy has historically been associated with agriculture and resource extraction (wheat, livestock, potash, oil). Saskatoon has benefitted from these industries in many ways including as the home base to several large corporations (and major employers) including Federated Cooperatives, PotashCorp, Canpotex and Cameco. These large organizations, and a growing number of small and medium-sized businesses (including home-based businesses) create significant employment and disposable household incomes as well as support for sport, entertainment and convention activities across the city.

Canadian Head Office (2007-2016)			
CMA	2007	2016	Total Growth
Toronto	273	264	-3%
Calgary	109	134	23%
Vancouver	80	92	15%
Montreal	86	73	-15%
Winnipeg	25	24	-4%
Edmonton	22	20	-9%
Ottawa	14	18	29%
Regina	13	11	-15%
Saskatoon	8	9	13%

Source: HLT Advisory Inc. based on FP500 2007 and 2015 Databases.

Saskatoon Licensed Businesses by NAICS Sector						
	2010	2011	2012	2013	2014	2015
Agriculture, Forestry & Fishing	10	8	10	13	12	14
Mining, Oil & Gas Extraction	31	37	47	51	51	46
Construction	1,547	1,667	1,780	1,924	1,957	2,013
Manufacturing	451	458	471	472	471	472
Trade (Wholesale & Retail)	2,034	2,040	2,046	2,023	2,039	2,072
Transportation & Warehousing	276	264	266	264	270	282
Finance, Insurance, Real Estate & Leasing	491	499	517	528	553	539
Professional, Scientific & Technical Services	1,155	1,215	1,271	1,310	1,324	1,335
Business, Building & Other Support Services	676	693	723	757	787	801
Educational Services	207	220	231	235	233	240
Health Care & Social Assistance	442	466	483	483	485	498
Information, Culture & Recreation	302	305	298	306	329	321
Accommodation & Food Services	588	606	630	650	668	697
Other Services	1,089	1,154	1,174	1,237	1,265	1,329
Total All Sectors	9,299	9,632	9,947	10,253	10,444	10,659

Source: HLT Advisory Inc. based on the Annual Report of Business Information for the City of Saskatoon.

TOURISM ACTIVITY

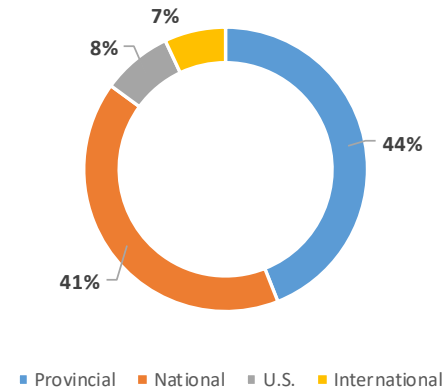
Saskatoon is an established regional tourist centre as well as having generated visitation from much farther afield. According to Tourism Saskatoon, Saskatoon hosts several times as many visitors (including both day and overnight) than the City's core population.

Using data derived from Statistics Canada's travel surveys, Tourism Saskatoon estimates that about half of total visitors to Saskatoon are from elsewhere in the Province. This supports the regional economic hub and trading centre positioning defined by the Saskatoon Regional Economic Development Authority. These data also reinforce the importance of the regional market for tickets sales whether to sporting, cultural or other entertainment product (as well as provincial conventions and trade shows).

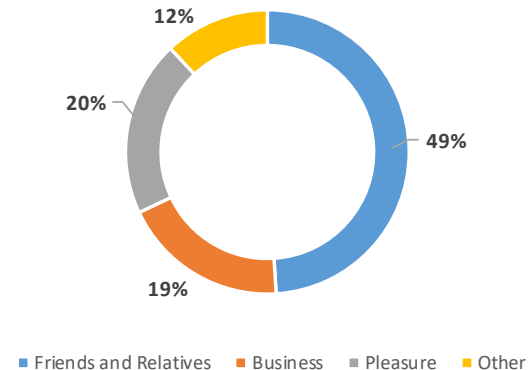
Almost half the visitors to Saskatoon travel for purposes of visiting friends and family. A considerable 20% travel for business (including convention purposes).

The 2015 – 2019 Tourism Saskatoon Strategic Plan focuses on three target areas: meetings, conferences and conventions; leisure travel; and sport tourism. The Plan notes several positive developments in Saskatoon including an expansion of the Saskatoon airport, additional hotel capacity and an effective relationship between Tourism Saskatoon and Saskatoon hotels in managing the Destination Marketing Program.

Saskatoon Visitors: Place of Origin



Saskatoon Visitors: Trip Purpose



Derived by Tourism Saskatoon from Statistics Canada's 2011 International Travel Survey and Travel Survey of the Residents of Canada

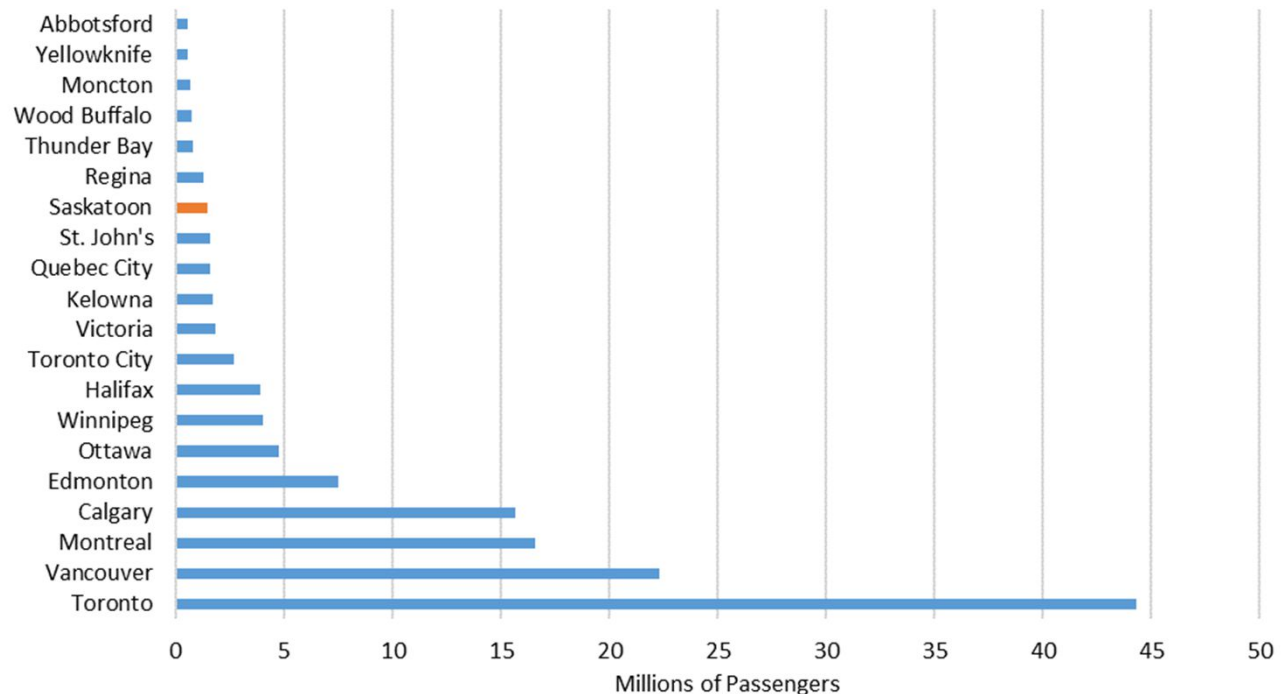
AIR ACCESS

Air access is a fundamental requirement of convention destinations that draw significant numbers of delegates from outside the local and regional marketplaces. Frequency, timing, cost and capacity are the four key parameters considered by meeting planners. is a regional tourist centre as well as having generated visitation from much farther afield. Despite an attractive, modern airport Saskatoon is constrained with respect to regularly scheduled air service.

Non-stop domestic flights are available (year round) from Vancouver, Calgary, Edmonton, Regina, Winnipeg, Toronto and several northern locations. Seasonal service is available to/from Ottawa. Minneapolis is currently the only full-year trans-border destination; seasonal services are offered to Las Vegas and Phoenix.

Air access is suitable for regional/western Canadian conventions and some national conventions provided routing through Toronto is not problematic. However, truly national events, and to a greater extent U.S.-based events, will likely find air access a negative factor in considering Saskatoon for a significant event.

Passenger Traffic at Canada's Busiest 20 Airports (2016)



Source: Individual airport authorities

HOTEL INVENTORY

Of equal importance (even greater importance for regional conventions and events) is availability and range of hotel product. Downtown Saskatoon contains some 1,500 rooms across a variety of major international chains. The largest downtown hotels also contain the most meeting/ballroom space, which is often used to supplement space at TCU Place for some events. The Sheraton and Delta hotels (located across the street from each other) are regularly positioned as a “combination” convention option for groups up to ~500 delegates.

New hotel additions in Saskatoon include the Alt River Landing (155 rooms scheduled to open in 2018), Holiday Inn Express (126 rooms to open in 2019) and a Staybridge Suites (85 rooms to open in 2019).

Saskatoon Hotel Inventory	
	Rooms
Downtown Hotels	
Radisson Hotel - Saskatoon	291
Sheraton Cavalier Hotel Saskatoon	237
Delta Bessborough Hotel	225
Hilton Garden Inn - Saskatoon Downtown	180
Park Town Hotel	173
Holiday Inn Saskatoon Downtown	159
Ramada Hotel	148
Quality Inn & Suites	106
Downtown Total Rooms	1,519
Full-service and Large Suburban Hotels	
Travelodge Hotel - Saskatoon	261
Saskatoon Inn Hotel and Conference Centre	257
Sandman Hotel- Saskatoon	190
Heritage Inn - Saskatoon	167
Northwoods Inn	158
Courtyard by Marriott - Saskatoon Airport	140
Hampton Inn & Suites Saskatoon Airport	137
TownePlace Suites Saskatoon	125
Holiday Inn Express Hotel & Suites - Saskat	122
Four Points by Sheraton Saskatoon	119
Four Points by Sheraton Saskatoon	119
Home Inn & Suites Saskatoon South	102
Best Western Plus East Side	101
MainStay Suites Saskatoon	101
Days Inn Saskatoon	101
Hampton Inn Saskatoon South	100
Suburban Total Rooms	2,300
Downtown and Suburban	3,819
Source: HLT Advisory	

IMPLICATIONS FOR RENOVATION/EXPANSION

Saskatoon is well positioned as a regional economic, tourism and retail hub. The local economy, while affected by worldwide commodity prices, is believed to be fundamentally sound. Population growth has been strong and the demographic make up on the community is evolving to include a broader demographic profile. A preponderance of home-based businesses (demonstrating a certain economic resiliency) as well as municipal vibrancy evidenced by new construction projects, a new art gallery and plans for more comprehensive transit combine to make Saskatoon an attractive and economically-vibrant community.

From an entertainment viewpoint, the City's strong median income, younger demographic and proven history of hosting major concert, sport and entertainment events are all positive. The City's adoption of the Saskatchewan Rush lacrosse reinforces this view. Continued local (and regional) support for these activities is a reasonable assumption.

From a convention viewpoint, Saskatoon is a strong regional performer. A solid base of provincial conventions is supplemented by several annual national and international conventions, the latter driven in part through a close association with the University of Saskatchewan. Maintenance of historical convention event loads is a reasonable expectation. Air access, climate and lack of a strong local (i.e., Saskatchewan) membership base in national associations will likely temper the interest in Saskatoon outside the region.

3. FACILITY CONDITION ASSESSMENTS

METHODOLOGY AND APPROACH

As part of its engagement, the HLT Advisory team performed a facility condition assessment of the SaskTel Centre arena and TCU Place Convention Centre. The purpose of these reviews is to determine whether the facilities are of fundamental value worthy of major renovation or candidates for replacement.

The consultants toured the venues on March 14-15, 2017 accompanied by management to analyze the physical and programmatic conditions of the site and virtually all spaces within the building. Staff were interviewed to gain a broad understanding of building systems, operations and technology.

A qualitative overview of each facility's physical condition was undertaken including interior/exterior appearance and probable lifespan of existing building systems and components. These overviews were based on visual observation only and did not involve detailed code compliance or engineering study of structural, mechanical, electrical, plumbing or fire protection systems.

A qualitative overview of each facility's programmatic conditions assessed whether the venues meet the standards of today's contemporary facilities in similar demographic markets. This overview focused on patron experience, flexibility and adaptability to potential client uses, spatial / dimensional conditions and back-of-house serviceability.

In the case of the SaskTel Centre we also reviewed several documents detailing building condition including: the SaskTel Technical Building Information Version 2015 and illustrative color drawings, the Credit Union Centre Master Plan Study of 2013, the Credit Union Centre Event Traffic and Parking Study of 2013 by Parsons Brinkerhoff, and the Saskatoon Credit Union Centre Strategic Plan of 2013-2018.

The detailed reports on each venue are included in the Appendices.

FACILITY OVERVIEW

SaskTel Centre

SaskTel Centre is the largest public assembly venue in Saskatchewan, able to host events for up to 15,000 people. Located ten minutes north of downtown Saskatoon and five minutes from the airport, the arena is served by Highway 16 and Provincial Highway 11/12.

The arena serves two distinct client groups: team sports and touring entertainment companies, the latter being driven by promoters who evaluate competitive facilities according to five essential criteria:

- Seating capacity/supporting demographics
- Building conditions
- Vehicular access and parking
- Adjacency to prior and following stops on tour
- Profit potential - revenue and expenses

Arena venues should present a “sense of occasion” to the patron, with a focus on creating an event experience worthy of the price for admission.

TCU Place

Constructed in 1968 as the Saskatchewan Centennial Auditorium, the 2,021-seat Sid Buckwold Theatre is the anchor of the arts and convention complex. The facility was renamed TCU Place during an expansion in 2006 that added two levels of divisible meeting space and back of house connectivity at the lowest level of the original auditorium.

The facility not only serves event planners hosting conventions, meetings and trade shows but also entertainment events such as smaller concerts as well as resident symphony, opera and ballet groups.

TCU Place is directly connected to the Midtown Plaza mall, which generates public through-traffic and can complicate event security and internal operations.

CONCLUSIONS: TCU PLACE

TCU Place consists of two distinct parts: the 1968 theatre and the 2006 expansion. Each responds to different user requirements and design evolution. Unfortunately, the two parts of the complex don't present a unified concept to clients and don't fully satisfy typical convention requirements for concurrent exhibition, meetings and banquet service.

From a purely convention-centric point of view, the theatre at nearly 50 years old is rapidly approaching, if not already exceeding, its useful life. The effort and cost to bring that portion of the facility up to current design standards and codes may exceed its replacement cost.

The design challenge then becomes how to leverage the 2006 expansion into a fully-integrated, modern convention centre and provide for potential expansion over a 30 to 40-year projected life cycle. The current site is constrained and additional land would allow a more cost-effective design and preserve options for future growth to match Saskatoon's *Growth Plan to Half a Million*.

To summarize the Task Three Facility Condition Assessment:

- The quality of materials, finishes and systems differ greatly between the Sid Buckwold Theatre and the 2006 Expansion
- A significant backlog of deferred major capital expenditures is evident. Despite these major capital items (related to building age) requiring attention, day-to-day maintenance of the building has been well managed.
- Costs for maintenance, upgrades and replacement of aging or outdated building components and systems appear to be increasing rapidly.

TCU Place falls behind current industry trends of flexible, adaptable spaces with high ceilings, excellent room acoustics and dedicated display space. The main kitchen is not only dated but not proximate to the main banquet room. While the 2006 Expansion area has excellent audiovisual and IT/Wi-Fi capacity to meet current industry practices, electrical power distribution to meeting and display spaces is insufficient.

CONCLUSIONS: SASKTEL CENTRE

The Request for Proposal directed the consulting team to consider repair and renovation of SaskTel Place versus replacement (at the current location or elsewhere). Given the facility condition assessment, we conclude SaskTel is quickly approaching its end of useful life. A renovation option would be extensive and potentially of an intensity replicating the time and investment of a complete replacement.

If the City chooses to renovate / expand SaskTel, it will remain an older building, built for a different era when public assembly design was conceived simply to observe the event. Further, a major investment in renovation effectively doubles down on an unfortunate siting decision that located SaskTel Centre on the periphery of Saskatoon's urbanized area, a condition that has not substantially changed in 40 years. Today's competitive venues extend the patron's opportunity to spend both time and money within the venue.

To summarize the Task Three Facility Condition Assessment:

- Quality levels of materials, finishes and systems are functional with the exception of the HVAC system, single elevator, undersized kitchen, undersized administrative offices and single loading dock.
- SaskTel lacks the exterior and interior appeal of contemporary venues. The building image is dated.
- Parking is slightly undersized and vehicular access requires a significant overhaul.
- Current industry trends, focused on a "total spectator experience" not possible within the current building envelope, require expanded ticket lobbies, broader concourses, more food and beverage ("F&B") and retail outlets, and suites with dedicated concourses and restrooms.
- Concert promoters require taller event spaces and more capacity for rigging.
- Lack of a practice sheet of ice.
- Updates to building codes over time have greatly increased the number of washroom fixtures required for this size facility and associated requirements to provide a smoke-protected seating area.
- Costs for maintenance and requests for upgrades and replacement of aging or outdated building components and systems appear to be increasing rapidly.
- Immediate repairs to seating often consists of cannibalizing parts from salvaged equipment.
- The arena lighting, scoreboard and house sound system are contemporary, but demand for Wi-Fi in event spaces exceeds current bandwidth and is growing exponentially.

SaskTel Centre is far from a contemporary facility operating in an increasingly competitive marketplace.

4. MARKET POTENTIAL AND SIZE PARAMETERS

METHODOLOGY

The approach to projecting potential event loads at SaskTel Centre and TCU Place (and subsequent space requirements) involved a thorough analysis of current operating data (e.g., building utilization, space usage, revenue, seasonality, repeat factors), interviews with past and potential future users, discussions with venue management and Tourism Saskatoon as well as a scan of competitive and comparable venues.

SaskTel Centre

The base considerations in determining event load venue size were permanent tenant(s)—in the case of SaskTel Centre the permanent tenant is the Saskatoon Blades and, more recently the Saskatchewan Rush.

Additional considerations included concerts/family shows and other ambulatory events that choose the SaskTel Centre as a performance venue. These shows have generated visitation levels well in excess of 12,000 (capacity varies based on stage set up and other factors) and demonstrate a local/regional demand for entertainment at SaskTel.

Both the sports tenants and concert/family events were considered in determining event load.

TCU Place

The primary consideration at TCU Place was convention and other events likely to bring delegates to Saskatoon from out of town. Consideration was given to historical convention activity (including a significant number of repeat users...mostly Saskatchewan-based associations or corporations) and anticipated future bookings. TCU Place (and Tourism Saskatoon) also maintains a listing of “turnaway” events (events that looked at Saskatoon but elected to host an event elsewhere). Turnaway events provided insight into Saskatoon’s competitive positioning as well as that of TCU Place.

SASKTEL CENTRE: PROJECTED EVENT LOAD

Given the historical operating results at SaskTel Centre, the universe of potential concert/family events and current venue supply parameters we developed a stabilized event load projections by type. The projections reflect the analysis undertaken for SaskTel Centre as well as our knowledge of the sport and entertainment industry in western Canada and beyond.

	2014 - 2016 Average			Worst Case			Most Likely Case			Best Case		
	Events	Tickets Sold	Tickets Sold/Event	Events	Tickets Sold	Tickets Sold/Event	Events	Tickets Sold	Tickets Sold/Event	Events	Tickets Sold	Tickets Sold/Event
Hockey	43	120,239	2,807	36	100,800	2,800	36	108,000	3,000	36	115,200	3,200
Lacrosse	13	131,901	10,146	9	85,500	9,500	9	90,000	10,000	9	103,500	11,500
Concerts	21	155,736	7,358	19	133,000	7,000	22	165,000	7,500	25	212,500	8,500
Family/Comedy	6	44,405	7,619	7	45,500	6,500	12	90,000	7,500	15	112,500	7,500
Trade Shows	5	-	-	3	-	-	6	-	-	9	-	-
Other	6	12,083	1,921	6	12,000	2,000	10	25,000	2,500	14	35,000	2,500
	93	464,363	4,975	80	376,800	4,710	95	478,000	5,032	108	578,700	5,358

Source: HLT Advisory based on stated assumptions

The following assumptions underlie the projections:

- General—the worst case is equal or slightly better than the lowest year of the past three; the most likely case approximates the historical three-year average.
- Hockey—Total events reflect the WHL regular season (without estimates for playoffs).
- Lacrosse—Total home games as per current NLL season.
- Concerts—similar to past performance but Best Case allows for a 4 to 5 event increase given newer and more efficient structure.
- Family/Comedy shows—increase in event load reflects ability to better “size” the building to accommodate smaller events (this results in average attendance below the historical average).
- Trade shows—assumes a more efficient building is better equipped to host flat-floor exhibitions.
- Other—assumption of a downtown/more central location generated greater event activity. This assumption would decrease to historical levels if SaskTel remains at the current location.

Preparation of the assumptions considered Saskatoon’s Growth Plan to Half a Million but determined that population growth of this magnitude will not generate demand for a larger facility. However, design of a new facility should consider potential scalability.

TCU PLACE: PROJECTED EVENT LOAD

Given the historical operating results at TCU Place, the universe of potential convention events and current competitive Canadian convention centre supply we developed stabilized convention projections by attendee origin. The projections reflect the analysis undertaken for TCU Place as well as our knowledge of the convention industry.

TCU Place Convention Projections						
Geography	2014-2016 Average			Stabilized Year		
	Events	Attendance	Average Attendance	Events	Attendance	Average Attendance
Local	12	7,242	604	12	7,200	600
Provincial	15	13,547	903	18	19,000	1,056
National	6	2,767	461	8	4,500	563
International	2	1,108	554	3	1,600	533
Total	35	24,664	705	41	32,300	788
<i>Source: HLT Advisory Inc. based on TCU Place data and HLT estimates.</i>						

The following assumptions underlie the projections:

- Local events are projected to remain unchanged with the redevelopment of TCU Place.
- TCU Place is projected to host an additional 3 provincial conventions annually and attract an additional ~5,500 delegates. These events are larger events with an exhibit component that are currently being lost to other centres (e.g. Prairieland) because TCU Place's exhibit space is seen as prohibitive.
- TCU Place is projected to host an additional 2 national conventions annually and attract an additional ~1,800 delegates. These are events currently lost to other Canadian centres (primarily in Western Canada).
- TCU Place is projected to host one additional international convention annually and attract an additional ~500 delegates.

TARGET FACILITY PARAMETERS

SaskTel Centre

The historical performance of SaskTel Centre (including the two primary tenants), together with potential opportunities in the concert and family show market, indicates current seating is adequate to meet demand (although support amenities such as concessions and washrooms are lacking).

SaskTel Centre: Renovation/Expansion/Relocation Parameters			
	Actual	Minimum	Target
Total Seats	15,000	12,000	15,000
Suites	50	50	50
Area per Suite	300	500	500
Club Seats	unknown	1,000	1,000
Support amenities (Square Feet)			
Toilets	10,000	15,000	17,000
Concessions	5,000	8,000	10,000
Merchandising	1,000	4,000	4,000
Restaurant (two, different themes)	5,000	8,000	10,000
Kitchen, Offices Commissary	unknown	10,000	10,000

Source: HLT Advisory and Conventional Wisdom

- ❖ Target sizes reflect market demand; Minimum sizes denote a level under which SaskTel Centre is no longer competitive
- ❖ Actual areas are approximate and expressed in square feet, measured from illustrative color drawings provided by Owner. Not confirmed by field measurement.
- ❖ SaskTel has sufficient back-of-house space at the event level but is lacking elements within that space such as elevator capacity
- ❖ Subject to code compliance and related due diligence in site stage.

This conclusion recognizes that in any given year capacities of +/- 10% (or more) could be justified given factors ranging from success of principal sports teams to availability of touring acts.

TCU Place

Historical operating performance of TCU Place, together with turnaway metrics used by both TCU and Tourism Saskatoon, suggest that any space-based justification for loss of business at TCU is more a function of quality and layout of space than amount of space. The addition of significant space in Saskatoon is not believed to be a requirement for improving convention activity.

Nevertheless the space parameters defined in this report address actual versus "marketed" spaces by comparing recommended space to both the gross and net space available. The latter reflects only the dedicated exhibit, ballroom and meeting spaces available without consideration of adjacent pre-function and circulation space.

Existing and Target TCU Place Space Parameters			
	Current Grossed Up	Net*	Target Net
Exhibit space**	23,000	18,600	30,000
Ballroom***	22,400	17,000	22,000
Meeting Space****	18,000	14,000	25,000
Total	63,400	49,600	77,000

Source: HLT Advisory, Conventional Wisdom

*Net space excludes pre-function areas and circulation

** Existing includes Centennial Hall and West Room

***Existing includes Salon Grand

****Existing includes Grand Gallery and Regal A&B

5. LOCATION, CO-LOCATION AND PREFERRED SITE CHARACTERISTICS

CURRENT SITUATION

The primary finding from the building condition analysis (contained in the Volumes I and II, specific to each venue) is the realization that both buildings are approaching an end-of-useful-life condition (although the newer components of TCU Place are in relatively good state-of-repair, design deficiencies such as the lack of vertical circulation, inhibits efficient operation). In addition, despite thorough attention to core maintenance and repair needs, deterioration of major building systems and components will continue given the age of the structures.

Other factors informing our view of the near end-of-useful-life condition are:

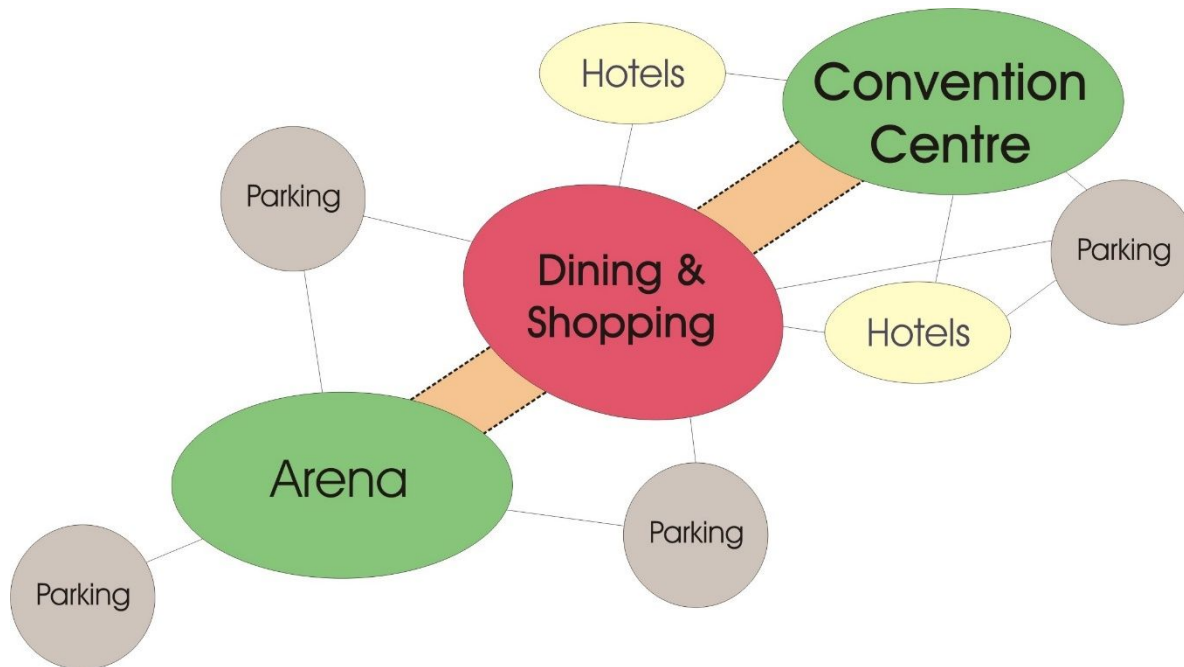
- Building codes have changed dramatically from the time these facilities were originally constructed, and significant renovations often require the entire building be brought up to compliance with the latest building code. This could affect exit strategy and capacity, toilet counts, HVAC systems and ventilation, accessibility for the disabled, fire alarms and life safety systems.
- The timetable to develop a new modernization program, finalize project funding, design and construct these improvements could easily take another five to eight years.
- Designing major renovations incurs significant cost and risk of increasing the scope of work.

Another consideration for both the arena and convention centre is loss of business and disruption to hosted events while undertaking the level of capital improvements necessary to bring the buildings up to modern standards. Similar projects in other cities have followed two renovation paths: sequential partial closure and reconstruction, which can significantly increase time to completion and cost for oversight and inflation; and total building closure of between two and three years, which negatively affects those vendors and commercial businesses dependent on events held in the facilities.

These factors suggest that in addition to any renovation program that might address venue shortcomings, a complete replacement option(s) should also be considered. Such an option is possible on a stand-alone basis or with both the convention centre and arena/entertainment venue under the same roof.

SITE SELECTION CONTEXT

Across North America, cities have benefitted from locating arenas within hospitality districts featuring clubs, bars, restaurants and theatres that encourage patrons to arrive early, leave late, spend beyond ticket purchase and, through their extended stay, dissipate traffic congestion over a longer period. Ideally the district offers not only food and entertainment opportunities, but a pleasant environment featuring attractive pedestrian walks and outdoor event and party spaces with seasonal water / ice features.



The placement of arenas and convention centres within a community is only one element in a larger economic development composition. The guest experience at an event includes pre- and post- activities from dinner before or after a show to tailgating in the parking lot. Local residents may see things through a lens of surface roads and familiar places, while a tourist's visualization may begin with provincial highways or the regional airport and a taxi to a nearby hotel. While the two sets of attendees may have very different intentions, the audience expectation is for the total immersion in the experience of the day's event that makes for lasting memories.

CATALYTIC IMPACTS OF ENTERTAINMENT DISTRICTS

The location of convention centres and/or arenas in the downtown core have not only had positive impacts on the visitor/fan experience but also have resulted in a catalytic effect on downtown development. New construction, repurposing of existing buildings and a broader mix of use types (e.g. commercial, retail, residential) are three common outcomes. These impacts have been noted in major North American cities as well as cities comparable in size to Saskatoon. The three case study cities offer useful examples (see additional detail in Appendix 62):

- Des Moines—The Iowa Event Center has transformed previously underutilized buildings into a focal point for downtown Des Moines. The new 300-room hotel scheduled to open next year (partially City-funded) is matched with new residential, retail and commercial development. The landscape of downtown Des Moines is changing but everywhere you look there's a familiar sight – the signs of construction. "We are literally building our city's core right now," said Tiffany Tauscheck, with the Greater Des Moines Partnership.
- London—the development of the Labatt Centre (now Budweiser Gardens) in 2002 is widely regarded as the catalyst for the new public market and train station, library and a number of residential towers (more than 1,000 units). The City of London and Downtown London continue to build on the initiative by designating target improvement zones, identifying funding for specific initiatives (e.g., façade improvements and providing input into the official plan).

"People are excited again about downtown," says London Mayor Anne Marie DeCicco. "We are a little bit hipper and cooler now," she says, adding that street life has returned to the downtown core to the benefit of shop owners, restaurants and bars. [Globe & Mail, November 18, 2003]

- Spokane—One of the oldest entertainment districts (grounded in hosting the World's Fair in 1974) the Public Facilities District is a key element of "Downtown Spokane." Since 1999, over \$4 billion has been privately and publicly invested in over 800 construction, renovation, redevelopment, and infrastructure projects within the downtown. The District is seen as having an integral role in raising the profile and livability of the downtown.

Examples of Major North American Entertainment Districts:

- Ice District (Edmonton)
- True North Square (Winnipeg)
- Gaslamp District (San Diego)
- District Detroit (Detroit).
- LA Live (Los Angeles)
- Air Canada Centre precinct (Toronto)

Smaller Market Examples where an arena has spurred revitalization:

- Prospera Place (Kelowna)
- Meridien Centre (St. Catharines)
- Save-on-Foods Memorial Arena (Victoria)

Additional detail on the value of entertainment centres is contained in Appendix 2.

VENUE-SPECIFIC SITE SELECTION CONTEXT

SaskTel Centre

The SaskTel Centre arena is currently located on the edge of an industrial park in the northwest quadrant of the city. The location is devoid of restaurant, bar, club and entertainment options that encourage patrons' early arrival and late departure, thus minimizing patron spending, supporting employment and tax revenue. At SaskTel, the patron simply arrives, sits in his / her seat and departs at the final buzzer, the event experience limited to the event itself. In this scenario, patrons tend to arrive just before and leave immediately after the event, overloading roads, intersections and highways.

Major arenas often become symbols of urban success, growth, recognition and prestige. Prominent and highly visible sites with views of the city are desirable, and those having access to parks, trails or natural features such as rivers or lakes are extraordinarily rare. An iconic image can be realized as the new "brand" of the City. The above considerations are essential to site selection should a new arena be developed.

TCU Place

TCU Place is well-situated on the western edge of the central business district that flanks the South Saskatchewan River. A variety of hotels available at multiple price points are available within a four-block radius. A multitude of restaurants are within walking and a shopping mall is directly connected to TCU Place. These amenities are patronized by residents and visitors alike, but the creation of a district with a unique identity that can be marketed as an experience-based destination will require imagination and design standards to be fully realized. The pieces are there, the composition is not.

The success of the convention centre relies on visitors having access to other elements of the hospitality infrastructure – hotels, restaurants, entertainment and retail – to address the time not spent inside TCU Place. Saskatoon has the benefit of having all of these in place proximate to the existing centre and, for that reason, future renovation and/or expansion should target downtown sites. Recreating a hospitality district in another part of the city would be cost-prohibitive and artificial, major hurdles to those seeking a unique Saskatchewan destination experience.

DESIGN TRENDS/CONSIDERATIONS

Although arguably too early in the conceptualization and planning process, some overarching commentary on design considerations may help inform the site location and co-location decisions. These considerations are presented for individual venues; considerations relevant to both venues are also outlined.

Arenas

- Adaptability to different event types (capability of moving from a 3,000 to 5,000-seat venue up to a 15,000-seat venue)
- Multi purpose—needs to ensure integration within the community
- Integration with neighbours—a focal point but a magnet for the downtown that also integrates with surrounding businesses and residents
- The “fan experience”—evolution of the customer (largely age-based); no longer content to sit in their seat for entire event but still want to be connected to activity (tech, sight lines, parking); standing areas have increased in relevance
- Technology—from point of sale to capture of fan information (evolution of the “internet of things”)
- The arrival zone needs to be welcoming and connected to the outside

Convention Centres

- Authenticity—the ability to connect the user/attendee with the community/destination in which it is located
- Flexibility—walls, seating ceiling heights, soundproofing, daylight. As much flexibility as possible to anticipate all possible usage types.
- Technology—audio, video/visual, data delivery, power, lighting, climate control and adaptability to future needs
- Interactivity—not only focused on involvement of on-site attendees but the ability to network in those from outside
- Networking spaces—space that enable (even encourage) impromptu, informal gatherings of attendees
- Outdoor spaces—a trend in more southern climates that could be provided through use of glass—effectively a “winter garden” of sorts.
- Food and beverage—better quality and a connection to the destination

Common elements

- Sustainability—both from a building operations (cost) perspective and given customer demand.

6. LOCATION OPTIONS AND PROJECT COST

INTRODUCTION

The previous chapter set out broad preferred characteristics for sites capable of accommodating SaskTel Centre and/or TCU Place. These characteristics display a downtown bias, given a recent and current trend towards siting these large urban infrastructure projects in the heart of the urban core.

While these initial preferences were taken into account the City wished to embark on a broader analysis of potential locations to include not only downtown but also suburban options. The process required input from both venues as well as City departments with an interest in such a project. As a result, a multi-step process was undertaken as follows:

- Initial Workshop (July 6th) to capture input from relevant City departments, venue management and the consulting team. The workshop was preceded by an extensive City tour to understand potential location options, transportation and urban linkages, development challenges and related issues. The workshop culminated in identification of potential locations for evaluation; all suburban locations were eliminated in this phase in favour of downtown options.
- Conference call (August 4th) to review an evaluation matrix of the long-list downtown locations. This call eliminated several locations.
- Second workshop (August 30th) to further review potential building locations. This workshop culminated in identification of location options (in addition to renovation of the existing SaskTel Centre) for which we developed capital cost estimates.
- The July 6th workshop initiated a broad discussion of options. Workshop participants, as well as and other representatives of the City and both venues, were engaged throughout the process.

Note: In all options the Sid Buckwold Theatre was assumed to remain in its current location. The capital cost estimates include an allocation to undertake necessary repairs and modernization to the theatre.

CITYWIDE SITE OPTIONS

As noted on the previous slide, the identification of potential locations for a new SaskTel Centre and/or TCU Place included not only a number of sites located in the downtown core but also several suburban sites. Downtown and suburban sites offer a variety of advantages and disadvantages. Some of these are generic, applying to any (or most) municipalities, others are more specific to the city under consideration. The study team used the large format 3D study models to provide a sense of building and site scale. These are included in Appendix 3.

Several suburban sites were identified given the:

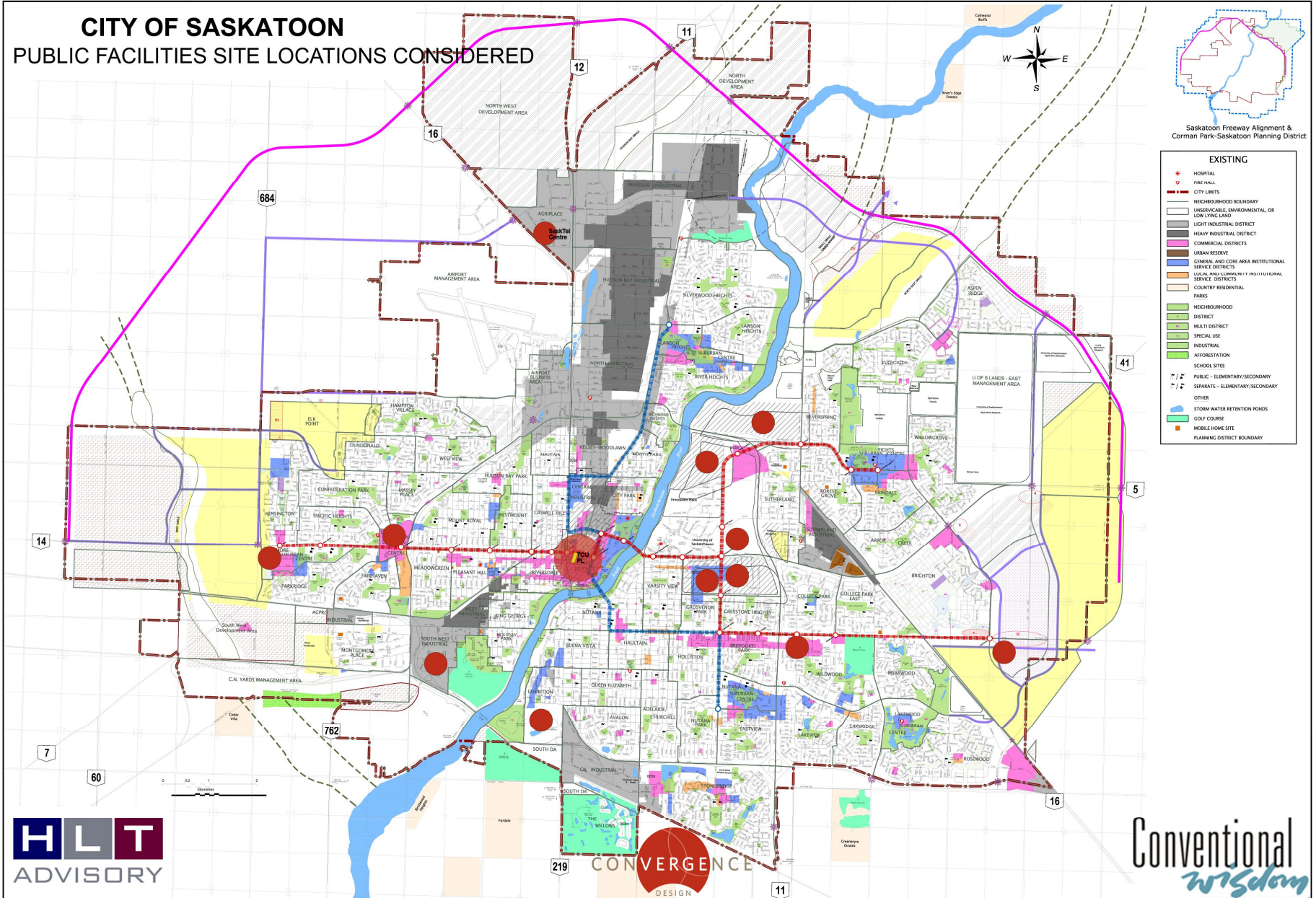
- Location on Bus Rapid Transit Routes (advantageous access)
- Location of Circle Drive (advantageous access)
- Location near Transit Village sites as identified in Saskatoon's Growth Plan to Half a Million

In the end however, consensus formed around a downtown location for both venues. From a convention centre perspective, a downtown location is seen as a key requirement of convention/conference/meeting planners given the greatest concentration of quality hotels, a range of food and beverage offerings, entertainment, tourist amenities and retail offerings. Downtown Saskatoon offers the best mix of these necessary features.

From the arena/SaskTel Centre perspective, a downtown location (and potential co location with TCU Place) was also seen as preferable for several reasons. The same concentration of hotel/food/beverage offerings seen as attractive to meeting planners would support arena activity (with benefits accruing from pre- and post-event arena activity). Post event traffic will disperse in multiple directions (as opposed to the current southward orientation from SaskTel Centre and one-way dispersion from almost all other suburban sites); the downtown core also offers multiple parking options exist and an existing employment base already in the core. Finally, as corroborated by numerous other North American venue decisions over the past couple of decades, these types of high-profile projects can have a positive effect on city morale, prestige and prominence. Additional information is provided in the case study analysis in Appendix 2.

CITYWIDE SITE OPTIONS (CONT'D.)

CITY OF SASKATOON PUBLIC FACILITIES SITE LOCATIONS CONSIDERED



LONG LIST SITE EVALUATION MATRIX

As the study focus narrowed to downtown Saskatoon, a number of locations were identified by the project team (both consultants and stakeholders). At this stage, the locations were not designated either exclusively for convention or arena functions (or both).

Using an evaluation matrix that has been a standard practice for Convergence Design, the locations were evaluated on the basis of the listed criteria, specifically in the following categories:

- Urban design issues (e.g., compatibility with adjacent land uses, user experience, proximity to dining/retail)
- Transportation (e.g., vehicular access, pedestrian access, parking)
- Cost factors (e.g., land acquisition, site development, building construction)
- Acquisition and timing (e.g., ability to meet timetable)

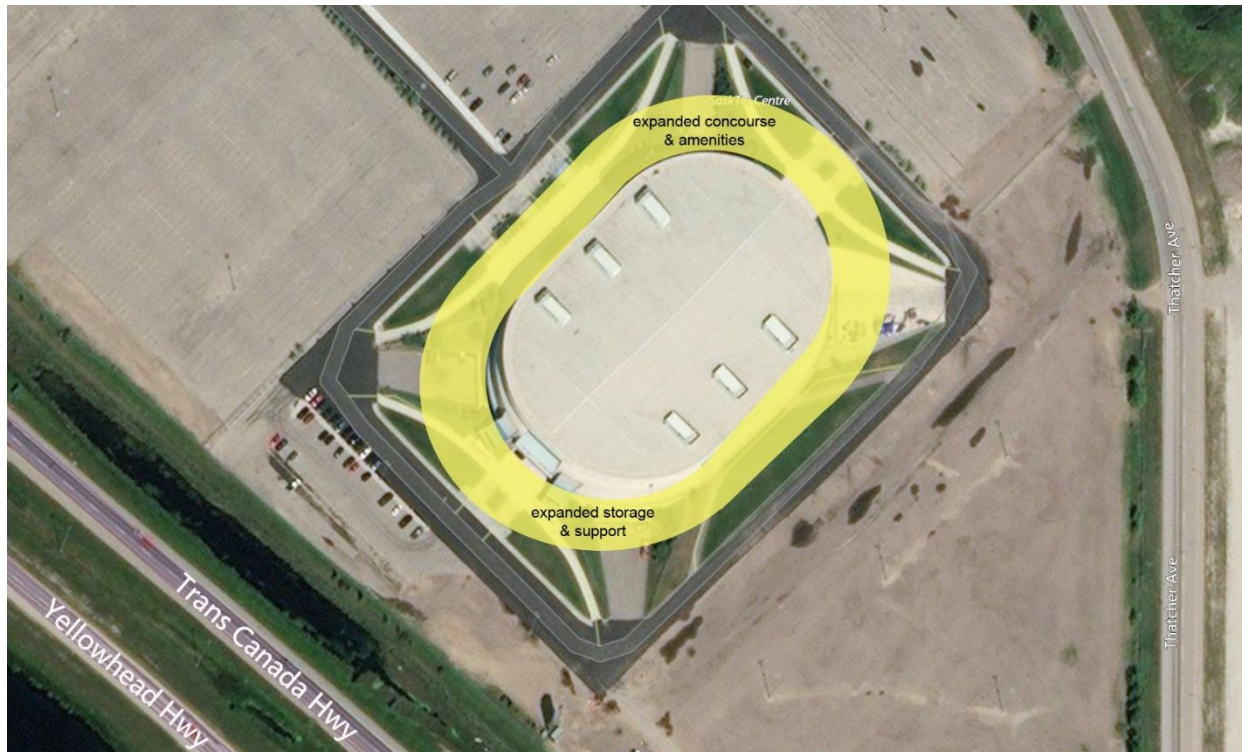
The analysis was also informed by City plans/initiatives including the Downtown Parking Strategy and Imagine Idylwyld.

After discussion with the stakeholders, the team elected to weigh the first category of criteria, Urban Design Issues, at a higher level than the other criteria, owing to the importance of locating facilities where they will maximize both their own internal economic performance as well as the economic performance of existing businesses (primarily but not exclusively restaurants and hotels) and create opportunities for new or emerging businesses to thrive.

From this process several locations were identified for further consideration (referred to in the remainder of this report as “the Downtown Locations”). The specifics of these Downtown Locations will be kept confidential.

SASKTEL CENTRE RENOVATION

While the study team supports the notion of moving arena facilities to the downtown, one of the options considered was renovating SaskTel Centre. This option envisioned the addition of a ring of approximately 50,000 square feet of new space surrounding most or all of the existing structure, which, along with an overall refresh, would not only create a new image for the building, but would address some of the most serious deficiencies in both front-of-house space (washrooms, concessions lounges and service areas) and back-of-house space (loading, marshalling, storage, F&B).



Renovation of the existing venue however, will not address the unfortunate siting decision that located SaskTel Centre on the periphery of Saskatoon's urbanized area.

This option is reflected in the cost estimates following.

ORDER OF MAGNITUDE COST ESTIMATES

Order-of-magnitude capital costs were prepared for the Downtown Locations. The “low” (\$330 million) and “high” (\$375 million) capital cost estimates reflect the cost range for the Downtown Locations. The estimates are provided in the adjacent table. Comments with respect to the capital cost estimates include:

- Inflation in the construction economy is difficult to predict with accuracy, but a 3% per year figure would tend to track historic averages. If the project is not expected to commence within the next 24 months a larger inflation rate may be prudent.
- Different building and site costs between the Downtown Locations reflect variances in difficulty of construction at that location. For confidentiality reason we have not disclosed specifics of these variances.
- Cost of land acquisition and the costs associated with relocation of existing uses is not included in these estimates.
- Costs to provide necessary infrastructure (e.g., roads, walkways, bus routes) have not been included.

The Boards of SaskTel Centre and TCU Place should allow for, at a minimum, an additional 10% (or more) to accommodate land acquisition, demolition/relocation of existing users and/or related transaction costs.

	Range of Capital Cost (\$'000's)		Renovate SaskTel Centre
	New Construction Low	High	
1. Land Acquisition	TBD	TBD	0
2. Construction			
Arena	172,192	177,896	80,600
Convention Centre	57,164	88,040	-
Buckwold Theatre Renova	18,352	18,352	-
Additional Parking	7,750	7,750	-
Sub total (Rounded Up)	255,458	292,038	80,600
3. Soft Costs			
Fees	25,600	29,200	8,060
FF&E	15,360	17,520	484
Offsite	700	1,900	2,500
Sub total (Rounded Up)	41,660	48,620	11,044
Construction and Soft Cost:	297,118	340,658	91,644
4. Contingency @ 10%	29,700	34,100	9,200
5. Total (Rounded)	330,000	375,000	101,000

Source: Convergence Design

Capital cost does not include land acquisition, demolition or related transaction costs.

FUTURE EXPANSION

Saskatoon's *Growth Plan to Half a Million*, prepared by Urban Systems Ltd. for the City of Saskatoon (April 2016), speaks to a doubling of the City's population over the next 30 to 40 years. As such, major infrastructure projects such as arenas and convention centres must consider future needs during the initial planning process. The implications of forward planning differ by building:

- **Arenas**—Expansion of arenas tends to be difficult, and, when actually attempted, expensive. The long-span structure of an arena is typically designed to tightly bracket the seating bowl to minimize structural costs. Therefore, making the arena significantly taller or wider than it needs to be for the given spectator count can seem like an unnecessary expense.

The recommended arena capacity of 15,000, even with regional population growth targets in excess of 1 million, still compares favorably with Canadian NHL arena capacities such as those in Edmonton (18,641), Calgary (19,289). Vancouver (18,910) and Toronto (18,800).

A reasonable expansion strategy for an arena is to oversize the building vertically, allowing for additional rows of seats to be added, either at the top of existing tiers, or in a new separate tier. But even this approach can add significant cost to the initial construction. Each of the Downtown Locations could be expanded vertically. The cost and acceptability of such a potential future adjustment should be a consideration when selecting among the Downtown Locations.

- **Convention centres**—prudence dictates that convention centres always be planned with an eye toward future expansion. In urban (downtown) locations, that means aggressively seeking opportunities to acquire adjacent parcels of land (including adjacencies across streets), with an eye toward the long term. In the near term, these parcels can be leased to other uses or used for parking.

Acquiring land parcels for future expansion is not necessary at project commencement, but the project should be designed with future expansion in mind (taking into account the most likely options for such expansion. Future expansions that require road closures, reconfiguration of access points (for goods or people) and costly additions should be avoided. Options on adjacent land parcels are often used as a means to solidify future growth plans.

ADAPTIVE REUSE OF SASKTEL CENTRE

SASKTEL CENTRE ADAPTIVE REUSE CONSIDERATIONS

Historically, adaptive reuse of large public assembly facilities such as arenas and stadiums has proven to be a significant challenge in most communities where new structures are built. The majority of these have been demolished, the facility deemed obsolete or otherwise unsatisfactory to current market trends. On the plus side, the adjacent private investment catalyzed by these buildings have created significant value in the land, providing attractive redevelopment opportunities with resultant property tax revenue.

Because of its location on the periphery of Saskatoon and the industrial nature of its surroundings, a possible adaptive reuse of SaskTel Centre would be a conversion to an industrial / manufacturing / distribution centre. Possibilities would include removing the bowl and adding interstitial floors to make use of the arena's height. This approach is currently being explored to redevelop the Houston Astrodome. Proximity to the airport and Highway 16 provide multiple modes for transporting cargo.

OTHER ADAPTIVE REUSE OPTIONS INCLUDE:

Recreation Center – It may be possible to reuse the existing ice floor and equipment, selectively demolish large portions of the arena (including the roof) and provide additional recreational facilities – second ice sheet, exercise and sports rehabilitation. Kemper Arena in Kansas City is undergoing such a renovation at present for youth sports.

Megachurch – Lakewood Church in Houston, Texas, acquired The Summit, the city's original NBA arena, when the new Toyota Center opened in 2003. The arena continues to be used as a house of worship but serves a much larger community and is home to both network-broadcast and Internet-streamed services.

In each of the above options, the true property value should be offset by the cost to demolish the arena and make infrastructure improvements necessary for comparison to a green-field site and new construction.

7. FINANCIAL ANALYSIS

INTRODUCTION

The methodology employed in estimating event load and the corresponding estimates of revenue and expense for both SaskTel Centre and TCU Place have been prepared based on our knowledge of the Canadian public-assembly venue industry and available benchmark data, including actual operating data from SaskTel Centre and TCU Place. Unanticipated events and circumstances will occur; therefore, the actual results achieved will vary from the projections presented.

SaskTel Centre and TCU Place generate revenues from multiple sources (i.e., different types and sizes of events); each event type has somewhat different operating and expense profiles. Unallocated costs (e.g. costs of maintaining the building, administration and general expenses) have a much more similar profile. For the purposes of detailing revenue and expense assumptions, with which to estimate possible financial performance, HLT assumed:

- Revenues for future events are derived from historical event activity at SaskTel Centre and TCU Place, adjusted for size (e.g. the expansions will permit larger events) and efficiency (e.g., redevelopment may permit more revenue generation).
- Other revenues (e.g., food and beverage) will increase proportionately to event revenues.
- Direct event operating expenses of SaskTel Centre and TCU Place will reflect a percentage of revenue based on historical event activity or costs based on a per square foot of building area basis (e.g., maintenance).
- Unallocated costs (e.g., energy, administrative payroll) are based on overall business volumes (e.g., payroll) or allocated on a per square foot basis (e.g., energy). HLT has not attempted to factor in savings that might occur on various expense items as a result of building technologies.

The projections are built for a stabilized year (i.e. the year in which the target event load on pages 22 and 23 are achieved) and adjusted from this point. For SaskTel Centre we assumed the stabilized year is the second full year of operation (given an orientation to a local market and less lead time required to ramp up operations). We assumed the third full year of operations was the appropriate timing for TCU Place to reach stabilization given a longer lead time to plan and host events.

Adjustments beyond the stabilized year reflect growth in revenue of 1.5% annually and growth in expenses of 2.5% annually. Revenue adjustments at a slower pace than expense adjustments reflect contracted revenues (e.g., rents, sponsorship amounts) while virtually 100% of expenses are expected to vary annually.

Note: Until actual site decisions are made, a single revenue and expense analysis was prepared which is broadly representative of any downtown location option.

REVENUE AND EXPENSE ASSUMPTIONS: SASKTEL CENTRE

To project revenue and expenses for a new SaskTel Centre, HLT used a methodology relying on historic financial performance and key assumptions. The methodology and key assumptions used are described in the bullets below:

- For variable event revenue and expenses (e.g. ticket sales, food and beverage revenue/expenses, artist fees), HLT calculated historic per attendee metrics and assumed similar per attendee revenue and expense for future events.
- In the case of future food and beverage revenue, an additional 10% is assumed to account for an improved food and beverage offering as a result of more points-of-sale (shorter concession lines/reduced wait times) and a more efficient kitchen/prep areas enabling a broader product offering.
- An increase of 50% in sponsorship revenue to account for more banner space in the new building and a new naming rights agreement. Actual sponsorship revenue will vary based on circumstances at the time sponsorship arrangements are finalized (e.g., league standing of the permanent tenants).
- An increase in Other Income, proportionate to the increase in business volumes. The majority of Other Income is comprised of corporate suite leases, other ticketing fees, and ATM fees. All of these revenue items can be expected to increase proportionately as the volume of attendees visiting the building increase.
- Wages and Benefits are projected to increase by 10%. Some efficiencies in building operations are anticipated as business volumes grown, but overall wages and benefits are still projected to increase. *Note: Wages and Benefits on individual building operating statements do not account for any potential shared services between a co-located SaskTel Centre and TCU Place.*
- Other Expenses are projected to decrease by 5% in the new SaskTel Centre. SaskTel has already made some utilities and energy savings in it's existing building, and it is anticipated that a new building will require less utilities and maintenance spending. Given that specific characteristics of the building are not yet determined, exact utilities and building maintenance can not be determined so a conservative decrease has been projected.

These assumptions are reflected in the following table.

OPERATING PROJECTIONS: SASKTEL CENTRE

Based on on the projected event load described on page 22 of the report (most likely case) and the methodology and assumptions described on the previous page, the adjacent table shows HLT's operating statement projections.

- Direct Event Revenue is projected to increase from \$16.4 million to \$19.8 million in Year 2 (Stabilized Year).
- Direct Event Expenses are projected to increase from \$12.5 million to \$14.9 million in Year 2 (Stabilized Year).
- Other Revenue is projected to grow by 27%, from \$4.3 million to \$5.1 million in Year 2 (Stabilized Year).
- Other Expenses are projected to increase slightly, from \$5.7 million to \$5.9 million in Year 2 (Stabilized Year).
- Overall, SaskTel Centre's Operating Margin is projected to increase from \$2.4 million to \$4.1 million in Year 2 (Stabilized Year).

SaskTel Centre Statement of Projected Operations						
	2014-2016	Year 1	Year 2	Year 3	Year 4	Year 5
Event Revenue						
Ticket Sales/Rental	\$11,416,803	\$12,240,042	\$13,593,076	\$13,594,017	\$13,797,928	\$14,004,896
Food and Beverage	\$3,681,519	\$4,091,260	\$4,482,475	\$4,549,712	\$4,617,958	\$4,687,227
Other Event Revenue	\$1,254,575	\$1,541,641	\$1,690,440	\$1,693,477	\$1,718,879	\$1,744,662
Total Event Revenue	\$16,352,898	\$17,872,943	\$19,765,992	\$19,837,206	\$20,134,765	\$20,436,786
Event Expenses						
Artist Fees	\$6,774,058	\$7,024,439	\$7,802,465	\$7,803,020	\$7,998,095	\$8,198,048
Food and Beverage	\$1,232,458	\$1,409,302	\$1,555,842	\$1,594,738	\$1,634,606	\$1,675,472
Other Event Expenses (Incl. Staff)	\$4,514,083	\$5,022,190	\$5,537,444	\$5,547,066	\$5,685,743	\$5,827,887
Total Event Expenses	\$12,520,599	\$13,455,931	\$14,895,750	\$14,944,824	\$15,318,445	\$15,701,406
Event Profit	\$3,832,299	\$4,417,012	\$4,870,241	\$4,892,382	\$4,816,320	\$4,735,380
Other Revenue						
Sponsorship	\$1,206,424	\$1,809,637	\$1,809,637	\$1,836,781	\$1,864,333	\$1,892,298
Other Income	\$3,112,595	\$3,337,037	\$3,337,037	\$3,387,092	\$3,437,899	\$3,489,467
Total Other Revenue	\$4,319,020	\$5,146,673	\$5,146,673	\$5,223,874	\$5,302,232	\$5,381,765
Other Expenses						
Wages and Benefits	\$3,004,683	\$3,305,151	\$3,305,151	\$3,387,780	\$3,472,474	\$3,559,286
Other	\$2,704,778	\$2,569,539	\$2,569,539	\$2,633,777	\$2,699,622	\$2,767,112
Total Other Expenses	\$5,709,461	\$5,874,690	\$5,874,690	\$6,021,557	\$6,172,096	\$6,326,399
Operating Margin	\$2,441,858	\$3,688,995	\$4,142,225	\$4,094,698	\$3,946,455	\$3,790,747
% Change Over 2014/2016		51.1%	69.6%	67.7%	61.6%	55.2%

Source: HLT Advisory Inc. based on SaskTel data and HLT estimates.

Note: Depreciation and CBCM Reserves Allocation have not been included in the Statement of Projected Operations.

Note: additional lease revenue may be generated if at-grade spaces opening on to adjacent streets (e.g., a restaurant or retail space) are incorporated into the building design.

REVENUE AND EXPENSE ASSUMPTIONS: TCU PLACE

To project revenue and expenses of TCU Place following expansion, HLT used a methodology relying on historic financial performance and key assumptions. The methodology and key assumptions used are described in the bullets below:

- Variable event impacts were calculated based on stabilized event projections. Additional convention and trade show events are summarized in the adjacent table.
- For convention and trade show event revenue and expenses (e.g. Space Rental revenue, F&B revenue, direct expenses, etc.), historic per/attendee metrics were assumed, similar per attendee revenue and expense for future events. The change in direct revenue and expenses was based on incremental convention and trade show events projected by HLT.
- No changes were projected for theatre revenue, box office fee revenue, and direct theatre expenses as there are no anticipated changes to the operations of the theatre.
- Other Revenue was adjusted proportionate to the increase in event revenue and theatre revenue items (18% increase in event revenue, and no increase in theatre and box office revenue).
- Unallocated direct expenses were increased by 14%, proportionate to the change in total revenue.
- No changes were assumed for maintenance and administration salaries and benefits associated with the expansion. *Note: Salaries and Benefits on individual building operating statements do not account for potential shared services between SaskTel Centre and TCU Place.*
- Other Expenses are projected to increase by 15% due to the expanded space. While the new building is expected to be more energy efficient, the added footprint will cause utilities to increase. The 15% increase equates to an ~\$200,000 increase in annual utilities expense, consistent with the increase in utilities cost TCU Place experienced with the previous expansion. This is a conservative projection based on the high end of the square footage range of the potential development on the Downtown Locations.

These projections deliberately avoid inclusion of events that could be diverted from existing Saskatoon venues (e.g., smaller to mid-sized banquet, consumer show and trade show events from Prairieland Park) as, in consultation with the client, it was determined that inclusion of these events would bolster TCU Place performance at the expense of other City or not-for-profit venues.

TCU Place Event Projections						
	2014-2016 Average			Stabilized Year		
	Events	Attendance	Average Attendance	Events	Attendance	Average Attendance
Conventions	35	24,664	705	41	32,300	788
Trade Shows	8	4,887	637	10	7,887	789

Source: HLT Advisory Inc. based on TCU Place data and HLT estimates.

OPERATING PROJECTIONS: TCU PLACE

Based on the event load projections on page 23 of the report and the methodology and assumptions described on the previous page, the adjacent table shows HLT's operating statement projections.

- Total Revenue is projected to increase from \$11.2 million to \$12.9 million in Year 3 (Stabilized Year).
- Direct Event Expenses are projected to increase from \$6.1 million to \$7.0 million Year 3 (Stabilized Year).
- Plant Maintenance/Administration Expenses are projected to increase slightly, from \$3.3 million to \$3.8 million Year 3 (Stabilized Year).
- Overall, TCU Place's operating margin is projected to increase modestly from \$1.8 million to \$2.1 million annually.

TCU Place Statement of Projected Operations						
	2014-2016	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue (Excl. Theatre)						
Space Rental	\$657,398	\$737,393	\$777,390	\$757,391	\$768,752	\$780,283
Food & Beverage	\$5,765,583	\$6,469,474	\$6,821,420	\$6,645,447	\$6,745,129	\$6,846,306
Other	\$1,896,710	\$2,316,326	\$2,526,134	\$2,421,230	\$2,457,549	\$2,494,412
Total Revenue (Excl. Theatre)	\$8,319,691	\$9,523,193	\$10,124,944	\$9,824,068	\$9,971,429	\$10,121,001
Theatre Revenue	\$1,756,666	\$1,783,016	\$1,809,761	\$1,836,908	\$1,864,461	\$1,892,428
Box Office Fee Revenue	\$496,148	\$503,591	\$511,144	\$518,812	\$526,594	\$534,493
Other Revenue	\$638,885	\$713,654	\$752,090	\$736,012	\$747,052	\$758,258
Total Revenue	\$11,211,390	\$12,523,453	\$13,197,939	\$12,915,799	\$13,109,536	\$13,306,179
Direct Expenses						
Non-Theatre	\$4,250,486	\$4,890,947	\$5,211,177	\$5,051,062	\$5,177,339	\$5,306,772
Theatre	\$842,994	\$842,994	\$842,994	\$842,994	\$864,069	\$885,671
Unallocated	\$965,945	\$1,078,989	\$1,137,101	\$1,112,792	\$1,140,612	\$1,169,127
Total Direct Expenses	\$6,059,425	\$6,812,930	\$7,191,272	\$7,006,849	\$7,182,020	\$7,361,570
Plant Maintenance/Administration						
Salaries and Benefits	\$2,017,002	\$2,067,427	\$2,119,113	\$2,172,091	\$2,226,393	\$2,282,053
Other Expenses	\$1,317,011	\$1,514,563	\$1,552,427	\$1,591,238	\$1,631,019	\$1,671,794
Total Plant Maintenance/Administration	\$3,334,013	\$3,581,990	\$3,671,540	\$3,763,328	\$3,857,412	\$3,953,847
Total Expenses	\$9,393,438	\$10,394,920	\$10,862,812	\$10,770,177	\$11,039,431	\$11,315,417
Operating Margin	\$1,817,952	\$2,128,533	\$2,335,127	\$2,145,622	\$2,070,105	\$1,990,762
Source: HLT Advisory Inc. based on SaskTel data and HLT estimates.						

Note: Amortization has not been included in the Statement of Projected Operations.

COMBINED OPERATIONS

HLT analyzed other jurisdictions with arena/convention centre complexes and found many have experienced labour efficiencies associated with operating two venues. While a review of potential labour savings opportunities associated with shared operations of the two venues is not within the scope of this assignment, it is important to acknowledge these savings when looking at financial impacts.

A payroll reduction of 10% applied to non-event payroll expense (including benefits and associated costs) was assumed (approximately \$550,000 annually), as a result of efficiencies realized through joint operations (e.g., consolidation of management/administration, security and maintenance payroll).

SaskTel and TCU Place Combined Statement of Projected Operations (Uninflated)						
	2014-2016	Year 1	Year 2	Year 3	Year 4	Year 5
Combined Revenue	\$31,883,308	\$35,543,070	\$38,110,604	\$37,976,879	\$38,546,532	\$39,124,730
<u>Expenses</u>						
Non-Event Payroll Expense	\$5,021,685	\$5,372,578	\$5,424,264	\$5,559,870	\$5,698,867	\$5,841,339
Less: Efficiencies due to shared operations		(\$537,258)	(\$542,426)	(\$555,987)	(\$569,887)	(\$584,134)
Revised Non-Event Payroll Expense Payroll	\$5,021,685	\$4,835,320	\$4,881,837	\$5,003,883	\$5,128,980	\$5,257,205
Other Expenses	\$22,601,813	\$24,352,963	\$26,208,989	\$26,176,688	\$26,831,105	\$27,501,883
Total Expenses	\$27,623,498	\$29,188,284	\$31,090,826	\$31,180,572	\$31,960,086	\$32,759,088
Operating Margin	\$4,259,810	\$6,354,786	\$7,019,778	\$6,796,308	\$6,586,447	\$6,365,642
% Change Over 2014/2016		49.2%	64.8%	59.5%	54.6%	49.4%
Source: HLT Advisory Inc. based on SaskTel and TCU Place data and HLT estimates.						

Once factoring in additional labour efficiency, the net change in operating margin from existing to future operations is \$2.76 million annually (based on stabilized Year 2). This analysis should be further refined should the decision be made to proceed with one or both building redevelopments; the analysis should include potential efficiencies of all building operations including governance.

8. ECONOMIC IMPACT ANALYSIS

INTRODUCTION

This section addresses the economic impacts derived from construction and operation of a modified SaskTel Centre and/or TCU Place. Economic impacts include the direct, indirect, and induced impacts for both SaskTel Centre and TCU Place operations and incremental tourism impacts (annual and recurring each and every year for the life of the facility) and construction phase (cumulative over the period of construction). All impacts are considered incremental to the Base Case (status quo) scenario.

Direct impact is the total initial expenditure, usually construction or operating outlays. Indirect impact is the secondary impact that includes inter-industry transactions; purchases of inputs from supporting industries. Induced impact is the additional impact from changes in household spending as industries modify labour input requirements in response to altered levels of demand for output. The specific impacts discussed in this chapter include:

- GDP—a measure of net economic activity within a prescribed geographic area.
- Employment—the number of full-time equivalent (operations) or full-year equivalent (construction) jobs.
- Labour income—including wages, salaries, and employer contributions to pensions and benefit packages.

Throughout this report, these impacts are shown at both a Saskatoon and Saskatchewan (province-wide) level.

METHODOLOGY

To estimate the economic impacts of SaskTel Centre/TCU Place, separate economic models were employed for Saskatchewan and Saskatoon using the latest provincial input-output tables available. SJ Research Services was engaged to apply these models to inputs generated through the market and financial analysis sections of this report.

SJ Research Services offers economic consulting services in western and arctic Canada ranging from economic impact analysis, economic and population forecasting by province and small area to user-friendly economic impact models. The company is based in Regina. Clients have included Tourism Saskatchewan, Saskatchewan Ministry of the Economy, PotashCorp, SREDA, and the Saskatoon Airport Authority.

The full SJ Research Services report is contained in Appendix 4.

ECONOMIC IMPACT FROM CONSTRUCTION (ONE-TIME)

The base data used to calculate construction impacts for SaskTel Centre and TCU Place redevelopment were the capital costs outlined in Chapter Six for the “low” and “high” scenarios among the Downtown Locations. The options include an allowance for upgrades to the Sid Buckwold Theatre.

SJ Research Services adjusted for import leakages across both the construction and professional, technical, and scientific services industries (fees). Contingencies were allocated proportionally. Furniture, fixtures, and equipment were assumed to be imported services. Remaining leakages, largely from imported goods and services, were industry averages for both Saskatchewan and Saskatoon. Direct construction impacts were generated by the model.

In these large construction projects, community benefits agreements are often used to ensure local labour benefits.

Economic Impacts from Construction (SaskTel Centre and TCU Place)			
	New Construction		Renovate
	Low	High	SakTel Centre
Gross Domestic Product (\$M)			
Direct	116.5	133.3	37.6
Indirect	60.0	68.7	19.4
Induced	55.7	63.8	18.0
Total Gross Domestic Product	232.2	265.8	75.0
Employment (Positions)			
Direct	1,072.0	1,227.0	346.0
Indirect	386.0	442.0	125.0
Induced	561.0	643.0	181.0
Total Employment	2,019.0	2,312.0	652.0
Labour Income (\$M)			
Direct	64.7	74.0	20.9
Indirect	21.7	24.8	7.0
Induced	22.9	26.2	7.4
Total Labour Income	109.3	125.0	35.3

ECONOMIC IMPACT FROM OPERATIONS & TOURISM (ANNUAL)

Annual economic impacts of SaskTel Centre and TCU Place are, and will be, generated from two sources:

- Operations—specifically the labour expenditures and purchase of good and services to support the hosting of concerts, sporting events, conventions and conferences as well as other facility events as projected in Chapter 5. HLT worked with representatives of SaskTel Centre and TCU Place to derive incremental expenses, revenues and employment from operations. Revenues were used as incremental gross output and were assigned to the “Arts, Entertainment and Recreation Industry”. Other expenses were assigned to the appropriate Input/Output industry category and model default import leakages were applied. Incremental employment was estimated using industry average annual wages and estimated incremental payroll.
- Tourism—the economic impact from tourism consists of visitors spending money on products and/or service in the area under study. The direct recipients of visitor expenditures use these dollars to earn income, pay wages, and pay taxes thus creating a direct impact on the local economy. Direct tourism expenditures were derived as follows:
 - Projected event load estimates together with input (based on past experience) of visitor origin (i.e., Saskatoon, within province, other Canada and international). Length of stay by trip purpose (convention/meeting) was assumed to be Provincial (3 days/2 nights), National (4 days/3 nights) and International (5 days /4 nights). SaskTel events generating out-of-town visits were assumed to generate a single night stay.
 - Total spending was broken into: auto transportation, accommodation, food and beverage, amusement and recreation, and retail.
 - Statistics Canada spending per visitor per trip was aggregated into input-output commodities/industries: Retail Trade, Arts, Entertainment and Recreation, Accommodation and Food Services.

Impacts are shown on a province-wide basis for each venue on the following page. A detailed breakout for Saskatoon and the rest of the province is included in Appendix 4.

Note: a major event (e.g., Garth Brooks concert, large convention) could significantly increase the results. Event projections reflect a stabilized year.

ECONOMIC IMPACT FROM OPERATIONS & TOURISM (ANNUAL)

Economic impacts generated by **SaskTel Centre** reflect an operations focus given the concentration of activity generated by residents of Saskatoon. Operations account for \$20.5 million of the total \$21.9 million Gross Domestic Product. Employment and Labour Income reflect a similar bias.

Sasktel Centre Economic Impacts (Operations and Tourism)

	Operations	Tourism	Total
Gross Domestic Product (\$M)			
Direct	12.7	0.7	13.4
Indirect	2.4	0.3	2.7
Induced	5.5	0.4	5.9
Total	20.5	1.4	21.9
Employment (Positions)			
Direct	218	19	237
Indirect	16	2	18
Induced	54	4	58
Total	288	26	314
Labour Income (\$M)			
Direct	5.9	0.5	6.4
Indirect	0.8	0.2	1
Induced	2.2	0.3	2.5
Total	9.0	0.9	9.9

Note: Columns may not add due to rounding

TCU Place generates a much greater proportion of impact from tourism spending (e.g., spending at Saskatoon hotels and restaurants). Tourism spending accounts for 60% of total \$20.7 million Gross Domestic Product. Employment and Labour Income impacts are also weighted towards tourism spending.

TCU Place Economic Impacts (Operations and Tourism)

	Operations	Tourism	Total
Gross Domestic Product (\$M)			
Direct	4.3	6.6	10.9
Indirect	1.7	2.3	4
Induced	2.1	3.6	5.7
Total	8.2	12.5	20.7
Employment (Positions)			
Direct	80	174	254
Indirect	12	20	32
Induced	21	36	57
Total	113	231	344
Labour Income (\$M)			
Direct	2.2	4.9	7.1
Indirect	0.6	1.4	2
Induced	0.9	2.4	3.3
Total	3.7	8.7	12.4

Note: Columns may not add due to rounding

INCREMENTAL IMPACTS AND THE STATUS QUO

Economic impact analysis typically focuses on the incrementality caused by a particular action, in this case the redevelopment of SaskTel Centre and/or TCU Place. Incrementality in this context reflects the net increase in operations and tourist visitation impacts; increases that would not happen but for the new build or expansion of these venues. Construction impacts are assumed to be 100% incremental so are less of a factor in this discussion.

Varying degrees of data exist to compare projected future economic impacts from operations and tourism to past economic activity at SaskTel Centre and TCU Place.

SaskTel Centre

SaskTel Centre engaged the Saskatoon Regional Economic Development Authority to conduct an economic impact study in 2016. The study found that operation of, and visitors generated by, SaskTel Centre produced \$43 million of Gross Domestic Product, \$27 million labour income and 917 full-time equivalent jobs. These figures reflect average annual results over the period 2007 to 2014.

Given these historical figures, the development of a new SaskTel Centre will generate a 50% increase in Gross Domestic Product and about a 1/3 more labour income and employment. In any given year, a major concert or other event could see these impacts spike and the spike could be considerable (such as following the Garth Brooks concert).

TCU Place

TCU Place does not conduct formal, regular economic impact analysis on overall operations. TCU Place has undertaken ad hoc economic impact calculations on an event-by-event basis as well as a more formal study in 2013 that identified the **direct** Gross Domestic Product attributable to all TCU Place convention visitation. The estimated GDP was \$6.5 million.

Because the TCU Place historical economic impact number is dated (2013) and produced on an informal basis, direct comparison to the incremental operations and tourism visitation projection is likely not appropriate. Nevertheless the incremental value associated with the increase in national and international events demonstrates the importance of convention activity to Saskatoon.

INCREMENTAL IMPACTS AND THE STATUS QUO (CONT'D.)

The key consideration however, with respect to incremental economic impact, is not the potential upside generated by new venues but the potential negative impact on current visitation levels that could be caused by deteriorating venues. Such deterioration, despite an effective maintenance program and adequate capital upkeep, has resulted (and will continue to result) from the simple aging of building mechanical and related systems...made even more pronounced given the new venues within a wider geographic area (e.g. Edmonton Ice District, Winnipeg Convention Centre).

For SaskTel Centre (where building issues are more acute) declining economic impact will result from fewer event producers choosing the venue. Saskatoon offers an attractive, captive market (concert venue options for Saskatoon residents involve a 1,000-kilometer round trip to Edmonton; Regina offers no like-sized indoor venue). However SaskTel Centre's shortcomings (e.g. lack of rigging points, weight restrictions on trusses, inadequate air conditioning, limited concession space) will, over time, result in an erosion of activity (primarily concerts). This erosion will likely be gradual but, through a building or building system failure, could be significant and abrupt.

The more recent addition at TCU Place will stave off similar problems for a longer period of time, but TCU Place, as currently configured, is simply not competitive in today's market. As a result, Saskatoon will be at a disadvantage in a highly competitive marketplace.

IMPACTS FROM DOWNTOWN VS. SUBURBAN DEVELOPMENT

In the case study cities (Des Moines, London and Spokane) described earlier some information was provided on the catalytic impact of downtown venues. Economic impact-related findings are briefly outlined below; further detail is contained in Appendix 2.

Edmonton, Alberta	London, Ontario	Winnipeg, Manitoba
Once completed, the ICE District will be the largest mixed-use sports and entertainment district in Canada. The \$2.5 billion dollar investment will cover 25 acres of central Edmonton and will include a casino, hotel, skating rink, public park, restaurants, retail outlets, office space and over 1,000 residential units. Edmonton Mayor Don Iveson believes the arena will be a primary component of downtown Edmonton's transformation, and will lead to growth and development for the downtown core (Wescott, 2014). Part of the motivation to build the arena was providing a catalyst to other developments in the Edmonton downtown area. Although early days in a large and long-term project, the area has already seen the benefits of the arena. Professor of sports management Dan Mason notes the positive effects to date from building the arena due to the real estate development taken on by the Katz group on the land surrounding the arena known as the ICE District. Once the project is completed a truer picture of the impacts will be determined.	Prior to development of Budweiser Gardens and the new public market (Covent Garden), downtown London was plagued by empty store fronts and was attracting few residents. According to Janette Macdonald, executive director of Downtown London, Budweiser Gardens has been a valuable development catalyst, consistently outperforming its initial projected attendance targets. Over the past ten years the Gardens are credited with: • providing downtown London with a rejuvenated attitude, with most inhabitants in the area now between 20 and 40 years of age (Sims, 2014). • Increasing taxable assessment of 61% over the last ten years (currently \$1 billion). • \$130 million in public investment in the area, \$360 million in private investment • 150 new businesses to the downtown core	Since 2005 Winnipeg's downtown has experienced new investment of \$2 billion, a further \$265 million proposed, 1,812 residential units built/under construction, 865 residential units planned, 221 hotel units built/under construction, and 400+ hotel units planned. Central to this change in the revitalization of Winnipeg's downtown is the MTS Centre. These large infrastructure developments including the recently-expanded RBC Convention Centre have attracted residential and new businesses to the area (a 45% increase in downtown population since the 1980's (Downtown Winnipeg Market Research [DWMR], N.D.). This is in sharp contrast to the state of downtown Winnipeg prior to these investments. Downtown Winnipeg is now the most rapidly advancing high income area in Winnipeg with over 5,000 new office workers in the core since 1999 (Downtown Winnipeg BIZ, 2010).

9. CAPITAL SOURCES

INTRODUCTION

For the most part, the funds to build major public assembly buildings in Canada—such as convention centres and sport stadia/arenas, with the exception of a few NHL arenas—have been sourced through one or more levels of government.

Canada's larger convention centres (i.e. Toronto, Montreal, Vancouver) are provincially owned and majority financed. Smaller and mid-scale convention centres (e.g. Saskatoon, Regina, Calgary, Edmonton) are generally a municipal responsibility. Arena and stadiums have most often been funded at the local and provincial level, with limited federal involvement (except where these venues have been part of an international sporting event bid).

This approach differs markedly from that in the United States where the majority of similar venues (again excluding some major professional venues) have been principally funded through public bond offerings. The principal and interest for which are raised through existing (or most often increased/new) dedicated taxation or hotel room stays, rental cars, taxis, etc. The approach to raising capital funds through increases to general sales tax or hotel tax also permits the creation of reserve funds (to support ongoing operations).

COMPARATIVE DATA

The table below summarizes several Canadian arenas, stadia and convention centres, noting the total capital cost and source(s) of funds. The Other funding sources noted in the table are explained more fully on the following page.

Capital Cost and Capital Sources: Selected Canadian Entertainment and Convention Venues (\$million)

			-----Public Sector-----			Private Sector	-----Other-----					
	City	Year	City	Prov	Fed.		Debt	TIF	Ticket Surcharge	Tourism Tax	Other	Total
<u>Arenas/Stadia</u>												
MTS Centre	Winnipeg	2004	40.5 from 3 levels			93.0						133.5
Saddledome	Calgary	1993	31.5	31.5	34.7							97.7
Rogers Centre (GM Place)	Vancouver	1995				160.0						160.0
Bell Centre (Molson Centre)	Montreal	1996				270.0						270.0
Canadian Tire Centre (Corel)	Ottawa	1996		27.0		143.0						170.0
Rogers Place	Edmonton	2016	81.0			132.5		145.0	125.0			483.5
Videotron Centre	Quebec City	2015	185.0	185.0		TBD						370.0
BMO Field	Toronto	2007	9.8	8.0	27.0	18.0						62.8
TD Place	Ottawa	2015	130.0									130.0
Tim Hortons Field	Hamilton	2015	54.3	22.3	69.1							145.7
Mosaic Field	Regina	2017	73.0	80.0		25.0			100.0			278.0
Save-On Foods Arena	Victoria	2005	28.0									28.0
WCFU Centre	Windsor	2008	60.1									72.1
TBD	Moncton	2018	92.0	21.0								113.0
<u>Convention Centres</u>												
International Trade Centre	Regina	2017	11.0	11.0	11.0						4.0	37.0
Vancouver Convention Centre	Vancouver	2010		540.0	222.0					90.0	30.0	882.0
Shaw Centre	Ottawa	2011	40.0	60.0	50.0		40.0					190.0
Scotiabank Convention Centre	Niagara Falls	2011		35.0	35.0						30.0	100.0
RBC Convention Centre	Winnipeg	2016	51.0	51.0	47.0			33.0				182.0
Halifax Convention Centre	Halifax	2018	58.9	58.9	51.4							169.2

Source: HLT Advisory Inc. based on public sources and industry knowledge

FUNDING OPTIONS

Several other approaches have been used to augment public-sector funding for new/expanded venues, such as:

- Ticket surcharges—a fixed amount placed on individual ticket sales as a payment scheme to capital usually provided by one level of government. A common practice in many Canadian cities for new construction and ongoing upkeep.
- Tax increment financing (sometimes called community redevelopment or enhancement levies)—allocation of incremental property tax revenues earned through new development proximate to the new/expanded venue. This approach was used to support the Edmonton Ice District.
- Business improvement levy—an approach originated by businesses within a defined geographic area to divert an increase in property tax within that defined area towards debt service. This approach was used, in part, to fund the Scotiabank Convention centre in Niagara Falls.
- Upfront capital contribution by suppliers—advance payment of anticipated revenue by suppliers to a convention centre or arena. This approach has been common for consumables (e.g., pouring rights), less so for services such as telecommunications. The Vancouver Convention Centre raised significant upfront capital through this approach.
- Tourism taxes—in those provinces with legislated hotel taxes, portions of these funds have been diverted to capital cost. Tourism Vancouver, the recipient of hotel tax revenue in the City, committed to an annual funding stream as part of the Vancouver Convention Centre capital commitments.
- Sponsorship/naming rights—this approach is more common for sports facilities than convention centres but, of late, has become more common with amounts of \$200,000 to \$400,000/annum suggested.

Major professional arenas command significant sums (with the recent Scotiabank/Maple Leaf Sports and Entertainment deal for \$800 million setting a new standard). A more realistic expectation in smaller market communities ranges between \$300,000 and \$500,000.

Selected Naming Rights Deals--Canadian Arenas/Stadiums

Location	Name	Sponsor	Per Annum	Term	Total	Commenced	Seats
Montreal	Bell Centre	Bell	3,197,000	20	63,940,000	2003	21,270
Vancouver	Rogers Arena	Rogers	6,000,000	10	60,000,000	2010	18,600
Toronto	Air Canada Centre	Air Canada	2,000,000	20	40,000,000	1999	20,000
Calgary	Scotiabank Saddledome	Scotiabank	1,000,000	20	20,000,000	2010	19,300
Ottawa	Canadian Tire Centre	Canadian Tire	1,750,000	8	14,000,000	2013	19,200
Saskatoon	SaskTel Centre	SaskTel	360,000	10	3,600,000	2014	14,000
Kingston	Rogers K-Rock Centre	Rogers	330,000	10	3,300,000	2008	5,700
St. Catharines	Meridian Centre	Meridien Credit Union	209,200	25	5,230,000	2013	5,300
Kamloops	Sandman Centre	Sandman Hotel Group	175,000	10	1,750,000	2015	5,500
London	Budweiser Gardens	Anheuser-Busch InBev	640,000	10	6,400,000	2012	9,100

Source: HLT Advisory Inc. based on public sources and industry knowledge

10. CONCLUSIONS

CONCLUSIONS

The objectives set out by the Boards of SaskTel Centre and TCU Place (with support from the City) in commissioning this study were to complete building condition assessments as well as to prepare an over-arching market, economic and financial analysis together with options for expanded or new venues. HLT Advisory together with Conventional Wisdom and Convergence Design (and economic impact support by SJ Research Services), have completed our scope of work and offer the following conclusions:

- Saskatoon is a growing, prosperous mid-tier city that has proven support for entertainment (sport, music, performing arts) and as a regional convention market (with some potential farther afield).
- TCU Place and SaskTel Centres have served the population of Saskatoon, and visitors to the city, but are nearing the ends of their useful lives.
 - While elements of TCU Place are reasonably contemporary, key components of the original building (e.g., kitchens, loading docks) are required to service the remainder of the structure, making the overall building program problematic. The mismatch in size of component parts (e.g., 2,000-seat theatre and ballroom for ~1,200) means the building cannot operate at peak efficiency.
 - SaskTel Centre is producing event activity and attendance levels that exceed the venue's ability to operate efficiently and comfortably.
 - Only the most intensive (and expensive) retrofits will extend the life of these structures in a meaningful way (but still resulting in less than state-of-the-art venues).
- Demand exists to support future operations of both TCU Place and SaskTel Centre but likely not at levels exceeding, in any meaningful way, current demand.
 - Convention demand will continue to be somewhat hampered by limited air access, but could be overcome for regional, western Canadian and targeted national events.
 - SaskTel Centre's two permanent sports tenants are expected to continue to provide a base of operations; the volume of concert and family show activity cannot be influenced but SaskTel has a proven track record of securing its "fair share."

CONCLUSIONS (CONT'D.)

- The Saskatoon Downtown core was determined to be the ideal location for new or expanded venues, as
 - Analysis of public assembly venue expansion in other North American cities of varying sizes demonstrated an array of positive benefits from locating convention centres and sports venues in, or proximate to, the downtown core. Co-location, and in some case joint operation as part of an “entertainment district” have proven even more successful.
 - The current location of SaskTel Centre, in addition to its state of repair, implies serious consideration of a new structure.
 - The Sid Buckwold Theatre will be retained on site.
- Capital costs associated with the Downtown Locations (assuming development of both the arena and convention centre) range from \$330 to \$375 million, including a \$18.5 million allowance for necessary improvements (mainly building systems) to the Sid Buckwold Theatre, but excluding land and related servicing costs. This compares to an \$101 million price tag to renovate the existing SaskTel Centre.
- Gains in operating cash flow are more pronounced for the downtown arena (about 65% greater in Year 2) than an enlarged convention centre (about a 20% gain by Year 3) given the ability to host a broader range of event types.
- Incremental economic impacts are modest however, failure to address building deficiencies will result in reduced event activity and associated revenues over time. The condition of both venues (but more notably SaskTel Centre) is so acute that failure to address these needs could result in an abrupt loss of business due to building failure.
- Some limited capital might be available through sponsorship and other creative means but the most likely source will be by municipal borrowing augmented by support from other levels of government.

APPENDICES

APPENDIX 1: INTERVIEWEES

INTERVIEWEES

City of Saskatoon	Charlie Clark, Mayor Lesley Anderson, Director of Planning and Development	AEG Live Airline Hotels Downtown Saskatoon Holiday Inn Downtown	Mark Norman, Senior Vice President, Global Touring Dean Hartsook, Director of National Sales, Brent Penner, Executive Director Amar Vasani, Director of Sales,
SaskTel Centre	Adele Buettner, Chair of the Board Jack Brodsky, Chair of the Futures Committee Will Lofdahl, Chief Executive Officer Scott Ford, Executive Director John Howden, Director of Business Development	Live Nation Canada North Saskatoon Business Assoc.	Riley O'Connor, Chairman Keith Moen, Executive Director
TCU Place	Om Kochar, Chair of the Board Don Ravis, Futures Committee Member Bob Korol, Chief Executive Officer Suzanne Decker - Director of Sales & Marketing Dave Keegan, Sales Executive Tracy Randall, Manager of Sales Tammy Watt, Director of Operations	Prairieland Park Radisson Hotel Saskatoon Airport Saskatoon Blades Saskatoon Chamber of Commerce Saskatoon Hotel Association	Mark Regier, Chief Executive Officer Amanda Cisecki, Director of Sales & Marketing Stephen Maybury, President and CEO Mike Priestner, Owner Kent Smith-Windsor, Executive Director Dale Grant, Chair (General Manager, Sheraton Cavalier)
Case Studies			
Des Moines	Chris Connolly (GM), Iowa Events Center Lori DaSilve (CEO), London Convention Centre Brian Ohl (Regional VP and GM) Budweiser Gardens Kevin Twohig (CEO), Spokane Public Facilities District	Saskatoon Rush	Bruce Urban, Owner Al Ryz, NALL Governor
London		Saskatoon Symphony Orchestra Sheraton Cavalier Tourism Saskatoon	Mark Turner, Executive Director Shawna Nelson, Director of Sales and Marketing, Todd Brandt, President and CEO Brad Peters, Dir. International Sales & Tradeshow Development Candace Schierling, Dir. National Conventions & Event Marketing Tara Stobbe, Convention and Event Sales Executive
Spokane			
General	Frank Russo (EVP), Spectra Venue Management	Meeting Planners Federated Co-op SGI Annual Convention	Sheldon Stener, General Counsel and Corporate Secretary Niels Witbraad Toni Ennis, Meeting Planner
			Don Atchison, former Mayor of Saskatoon

APPENDIX 2: CASE STUDY WRITE UPS

Des Moines, Iowa

London, Ontario

Spokane, Washington

INTRODUCTION

In order to provide some context on how other North American cities have approached the development and/or renovation of major convention and sports/entertainment venues, we looked at three “case study” cities. Selection of the cities was undertaken in consultation with the City of Saskatoon as well as representatives of SaskTel Centre and TCU Place. Considerations for selecting case studies included:

- Comparability of host cities (population, industrial base).
- Venue characteristics (capacity, event profile)
- Similarity of permanent arena tenants (e.g., comparable league tier)
- Availability of information.

Following consideration of these factors we selected the following three case studies:

- Des Moines, Iowa (Iowa Event Center)—a multi component structure offering convention and arena facilities under the same roof.
- London, Ontario (London Convention Centre, Budweiser Gardens)—two proximate venues owned by the City of London but with separate management.
- Spokane, Washington (Spokane Public Facilities District)—a single entity operating three nearby, but separate venues.

A brief summary of each case study follows together with key findings from our review. Data, opinions and performance characteristics were obtained from publicly-available information as well as through telephone interviews with management of each venue.

KEY FINDINGS

Key findings from the case studies have been bundled together in several categories, as follows:

- Location—each of the case studies is located in the downtown of the respective host city, some closer than others. While the venue location was known when the case study was selected for this study, the downtown location of each case study reinforces:
 - The need for adjacent hotel infrastructure to support convention uses;
 - The trend towards downtown locations for major arena projects (most recent NHL and NBA arenas are located downtown as are a significant proportion of venues used by second and third tier hockey and basketball teams); and
 - Access for residents and visitors alike, not only to the venue but also to supporting services such as food, beverage and retail, is more easily provided in a downtown setting.
- Catalytic effect of development—each of these projects has had a marked impact on existing streetscapes, commercial/residential buildings (e.g., investments to improve and upgrade) as well as being the underlying motivator for additional development. Budweiser Gardens (London) provides a strong example given the improvements to the Covent Garden Market and introduction of adjacent residential.
- Joint marketing—each of the venue representatives spoke about the need to work collaboratively with the destination marketing organization (i.e., in Saskatoon, Tourism Saskatoon) to promote the city and each venue. While the events rarely use both buildings on a structured basis (i.e. shuttling delegates/event participants back and forth), many examples exist where one venue is the principal host and the other venue serves in a support role (i.e., The Briar held at Budweiser Gardens with social and reception functions hosted at the London Convention Centre).
- Joint operations—some opportunity exists to share staff and other resources if the venues are located proximate to each other.
- Joint governance—really only applicable to the Spokane Public Facilities District case study, the governance of three venues through a single entity seems to have brought clarity of vision, operations and economic development focus to Spokane.

APPENDIX 2: CASE STUDIES DES MOINES, IOWA

IOWA EVENTS CENTER (DES MOINES, IOWA)

Polk County initiated the Iowa Events Center with the takeover and subsequent operation of Veterans Memorial Auditorium and the Convention Complex from the City of Des Moines. Subsequent modifications to this central downtown Des Moines complex has resulted in the Iowa Events Center consisting of three contiguous components:

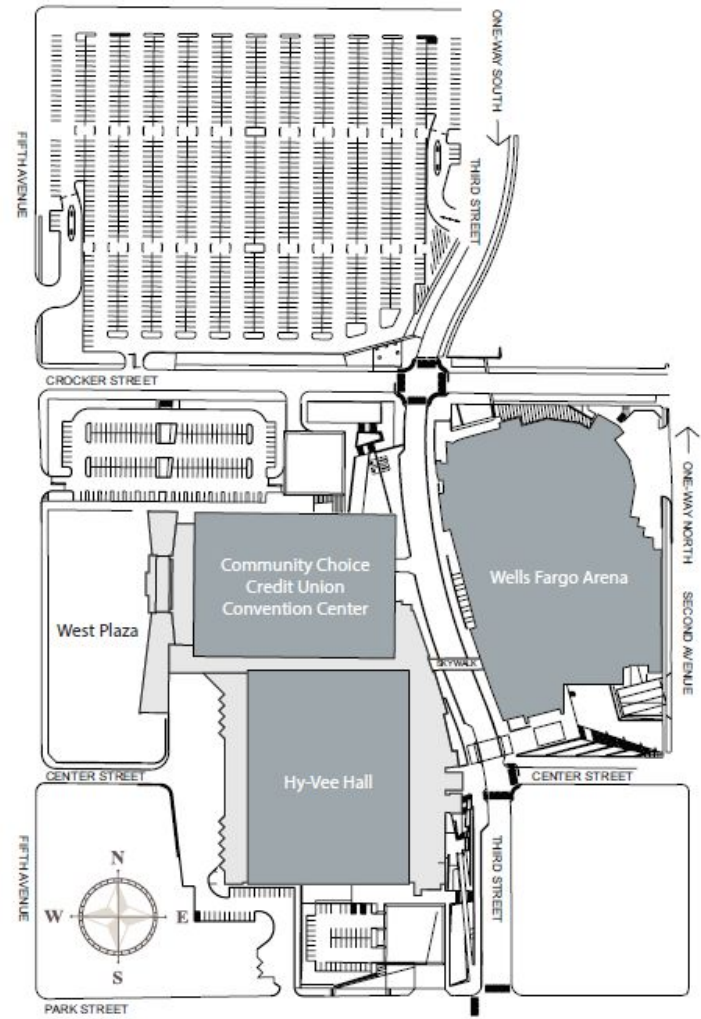
- Wells Fargo Arena: 17,000 seats opened in 2005
- Hy-Vee Hall: 100,000 square feet of exhibit space opened in 2004
- Community Choice Credit Union Convention Center: Opened in 2012 on the location of the former Veterans Memorial Auditorium

A 330-room hotel is expected to open proximate to the Center within a year.

The statement of purpose for the Center reads, in part:

The Iowa Events Center is the premier convention and live entertainment facility in the Midwest, combining state-of-the-art facilities with a professional, energetic staff that work hard to provide successful events and lifelong memories to all citizens of Iowa. Hosting events that range from family shows to concerts, sporting events to trade shows and conventions, the facilities serve an integral role in boosting tourism and local traffic to restaurants, retail and parking facilities in downtown Des Moines.

The Iowa Events Center is managed by Spectra Venue Management.



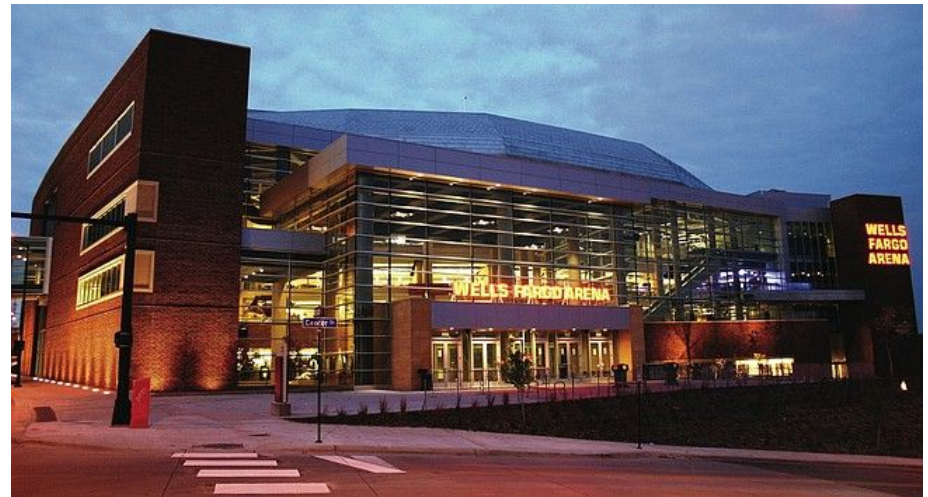
WELLS FARGO ARENA

The arena is home to three professional sports teams including the NBA (D League) Iowa Energy, the American Hockey League's Iowa Wild and the Indoor Football League's Iowa Barnstormers generating about 70 event days/annum.

As the State of Iowa's principal sports facility, the Iowa Event Center hosts a significant number of community and school-based events. In 2016, State Championships were responsible for bringing more than 192,000 people to Wells Fargo Arena in a little under one month.

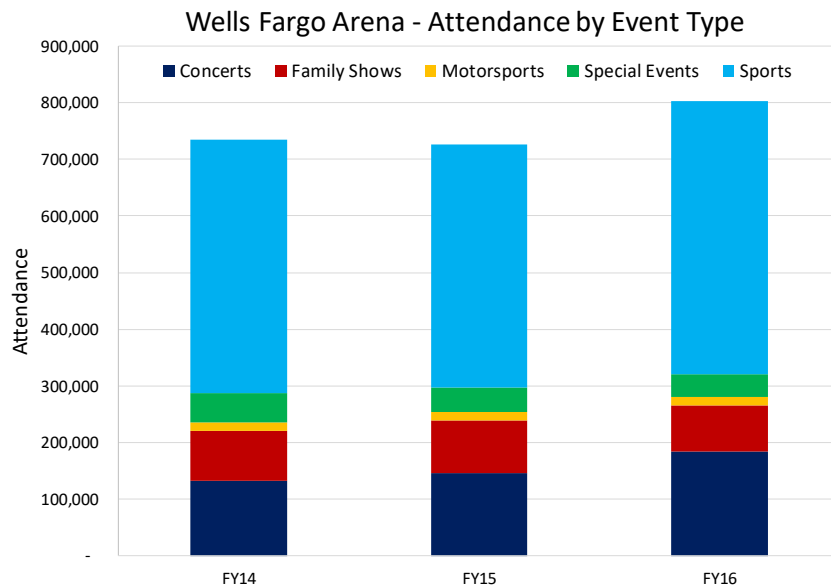
Wells Fargo Arena Seating Capacity	
Configuration	Seats
End Stage Concert	16,285
Center Stage Concert	16,980
Hockey	15,181
Basketball	16,110
Arena Football	15,175

Source: HLT Advisory Inc. based on Iowa Events Center Annual Report.

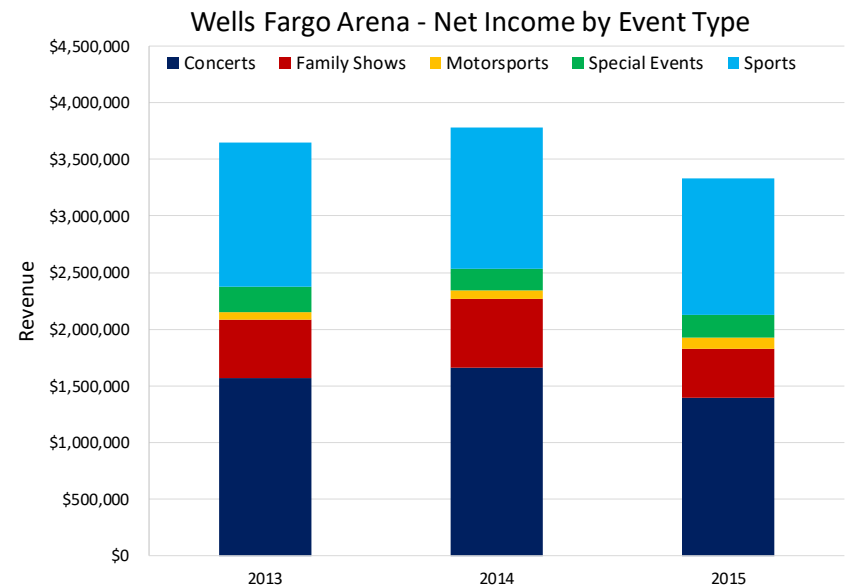


WELLS FARGO ARENA

Detailed operating data reveal how the different venue users/uses affect attendance and revenues. Concerts, on a per-attendee basis, generate the greatest revenue for the Center. Family shows, motor sports and special events are relatively consistent. Sports events (including Center tenants as well as state championships and other sport-based community events) generated far greater usage than indicated by revenue levels.



Source: HLT Advisory Inc. based on Spokane Public Facilities District Annual Reports.



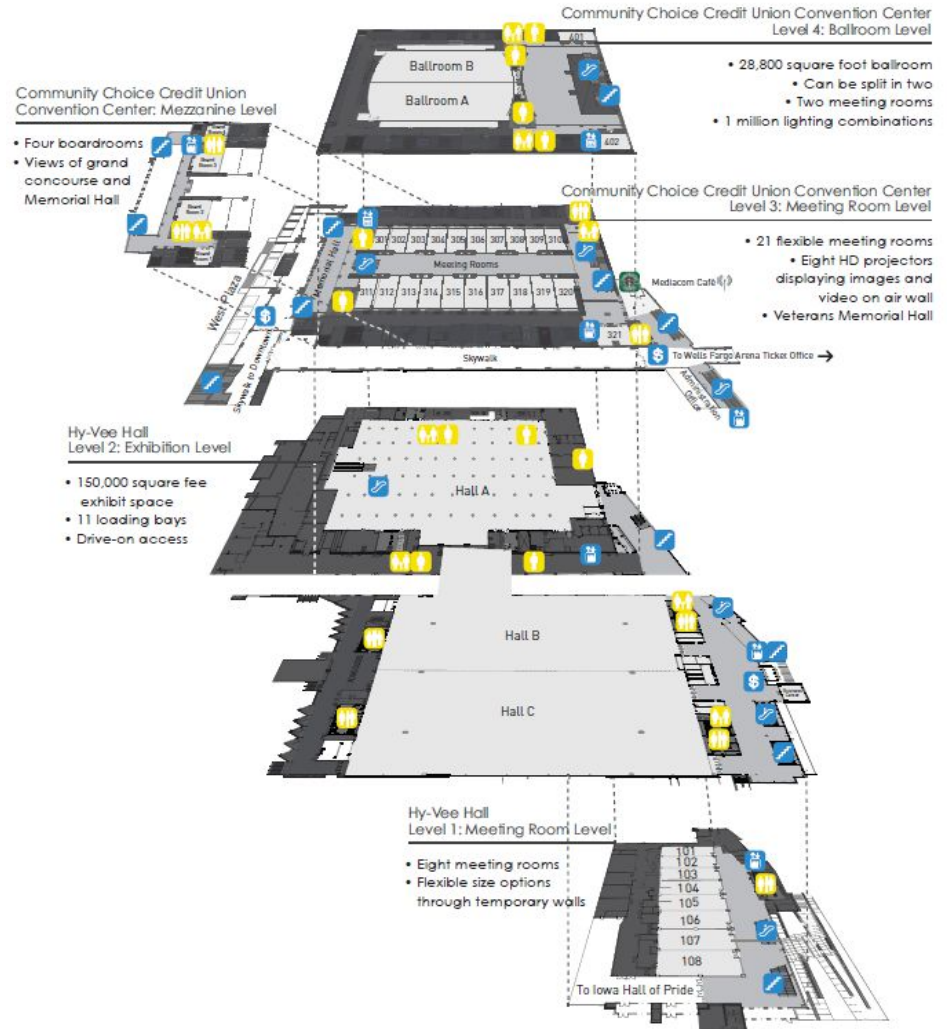
Source: HLT Advisory Inc. based on Spokane Public Facilities District Annual Reports.

COMMUNITY CHOICE CREDIT UNION CONVENTION CENTER

The Community Choice Credit Union Convention Center is the largest such facility in the state of Iowa. Created through the addition of an exhibit hall over the former Veterans Memorial Auditorium the venue is positioned as the principal venue for state and regional association and government-related convention, meeting and trade show activity.

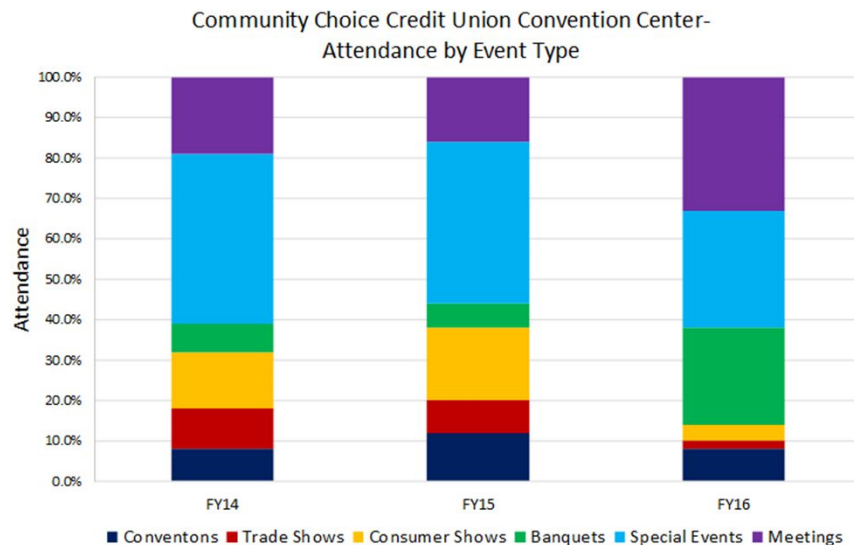
Community Choice Credit Union Convention Center & Hy-Vee Hall	
Space	Square Footage
Exhibit Space	150,000
Ballroom Space	28,800
Meeting Space	47,625
Total Rentable Space	226,425

Source: HLT Advisory Inc. based on facility website.

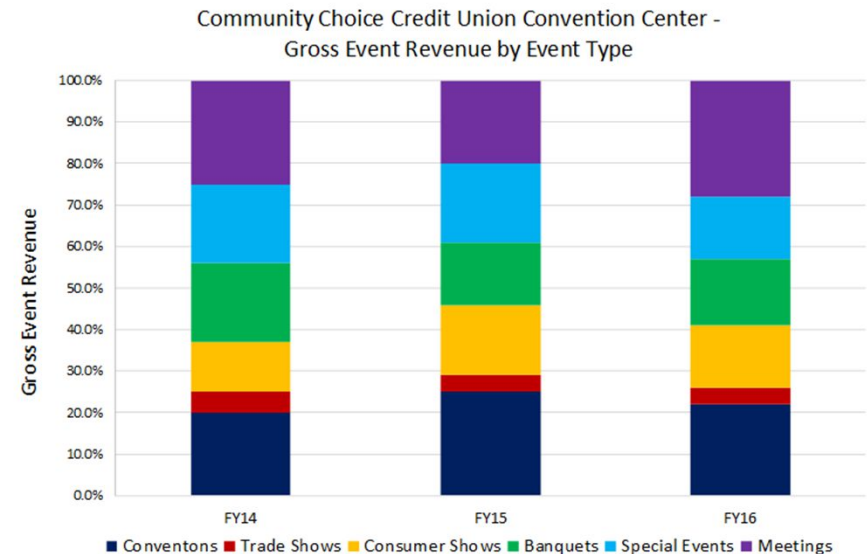


COMMUNITY CHOICE CREDIT UNION CONVENTION CENTER

The Center's convention and exhibit capacity is significant although convention and trade show activity accounts for less than one third of either total attendance or venue revenue. Banquets, special events and meetings generate as much as 55% of attendance and 40% of revenue, reflecting the Center's role in supporting local- and state-based community activities (including sports and celebratory events).



Source: HLT Advisory Inc. based on Iowa Events Center Annual Reports.



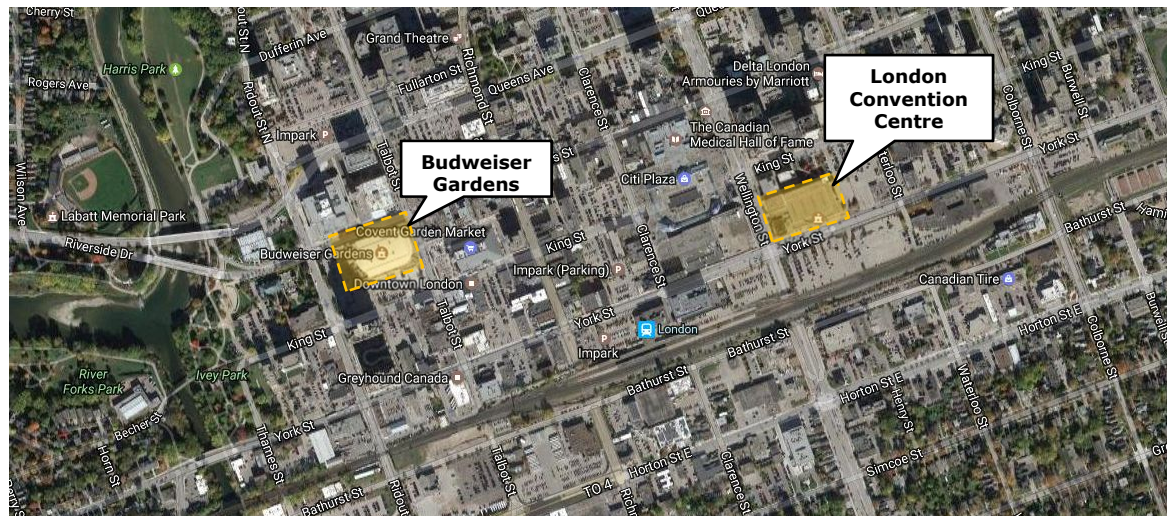
Source: HLT Advisory Inc. based on Iowa Events Center Annual Reports.

APPENDIX 2: CASE STUDIES LONDON, ONTARIO

LONDON, ONTARIO

London, Ontario is a city of some 380,000 located at roughly the mid way point between Toronto and Detroit, Michigan. The similarities between Saskatoon and London include the presence of a major university, a strong agricultural industry (within and surrounding both cities) and location on a major highway connecting larger centres (albeit the population between Toronto and Detroit is much greater than between Winnipeg and Edmonton or Calgary).

The City of London owns two significant public venues: the London Convention Centre and Budweiser Gardens (built as a public-private partnership and originally opened as the Labatt Centre). Both venues are located in the downtown core, approximately four blocks apart. While each has separate management (Budweiser Gardens is operated under contract by Spectra; the convention centre is operated by City employees through an independent Board of Directors), the local destination marketing organization (Tourism London) works with both venues to facilitate joint bidding for sport and other community events. London has hosted The Briar and World Figure Skating championships using both venues.



BUDWEISER GARDENS

Budweiser Gardens is managed by Spectra on behalf London Civic Centre (LP), a public private partnership created to develop and operate the venue. The City earned/earns a share of the net profits over the life of the partnership ranging from 20% up to year five to 70% beyond year ten.

The statement of purpose for Budweiser Gardens reads, in part:

The venue not only strives to meet the needs of the community through diverse programming, it also stands as a landmark of city civic pride and community accessibility, promoting a sense of vibrancy and culture while also providing a wide range of public sports and entertainment.

The development and operation of Budweiser Gardens is credited for significant residential and commercial development on adjacent land parcels as well as the reinvestment and gentrification of existing structures.

Budweiser Gardens			Seats
Concert	up to		10,000
Hockey			9,090
Theatrical production			3,200
Premium seats			1,100
Boxes			38

Source: HLT Advisory based on facility website



BUDWEISER GARDENS

Budweiser Gardens has routinely generated 125 to 150 events per annum with total attendance in the 600,000 range. Significant swings in attendance (and corresponding revenue, though not always net profit) have resulted from hosting playoff games and one-time events (e.g., Briar, Memorial Cup). Budweiser Gardens is home to the London Knights (Ontario Hockey League) and London Lightning (National Basketball League of Canada).

The importance of one-off events and the number of concert events is evident in the “direct event income” and “net income” lines. The mix of events in any given year is largely consistent with variances in concerts and family shows most pronounced (as well as playoff games for the permanent venue tenants, the Knights and Lightning). Budweiser Gardens is viewed positively from the concert promotion industry (despite location between two major cities) often receiving accolades from Pollstar and related concert attendance and event tracking organizations.

Budweiser Gardens Event Breakdown

	2014	2015	2016
London Knights	40	41	45
London Lightning	26	19	29
Concerts	24	21	18
Family Shows	16	14	22
Performing Arts	14	16	20
Sport misc.	17	9	7
Other	9	7	6
	146	127	147

Source: HLT Advisory and Budweiser Gardens Annual Reports

Budweiser Gardens Attendance and Financial Summary

	2014	2015	2016
Paid Attendance	669,499	576,859	586,919
Direct Event Income	1,887,450	611,214	781,296
Ancillary Income	1,422,923	2,125,085	1,770,821
Total Event Income	3,310,373	2,736,289	2,552,117
Other Income	3,590,991	3,745,666	3,482,830
Total Income	6,901,364	6,481,965	6,034,947
Indirect Expenses	6,472,864	6,224,114	5,645,886
Net income	428,500	257,851	389,061

Source: HLT Advisory and Budweiser Gardens Annual Reports

LONDON CONVENTION CENTRE

The London Convention Centre is a City-owned, City-managed venue focused on generating economic benefit for the community. The Centre's mandate states:

The London Convention Centre will be the preferred venue for customized knowledge transfer and entertainment experience by delighting guests with every act.

The Centre is relatively small (when compared with TCU Place (as well as Des Moines and Spokane) but just underwent a significant makeover to improve space layout/usage as well as modernization of theme and design. The Centre offers just over 40,000 square feet of dedicated space (in addition to public areas); the high-quality meeting and ballroom space can be, and often is, used as exhibit space. For purposes of this study all space is shown as ballroom or meeting given quality and position.

London deals with several similar challenges as Saskatoon, notably lack of air service (although VIA Rail provides an alternate means) and location of hotels (including some of the largest in the community) located in the downtown core. The London Convention Centre also must compete with Western Fair, a large exhibition venue suitable for trade and consumer shows (and a similar profile to Prairieland Park).

London Convention Centre	
Space	Square Footage
Exhibit Space	-
Ballroom Space	10,324
Meeting Space	33,033
Total Rentable Space	43,357

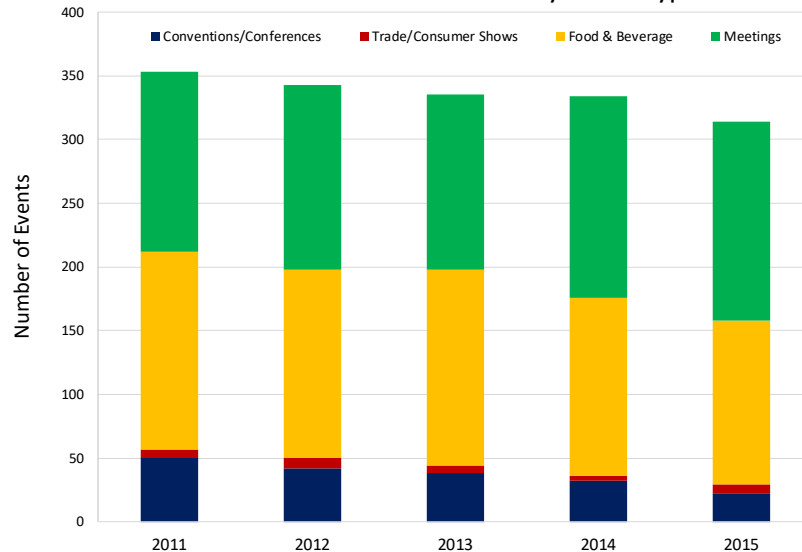
Source: HLT Advisory Inc. based on facility web site.



LONDON CONVENTION CENTRE

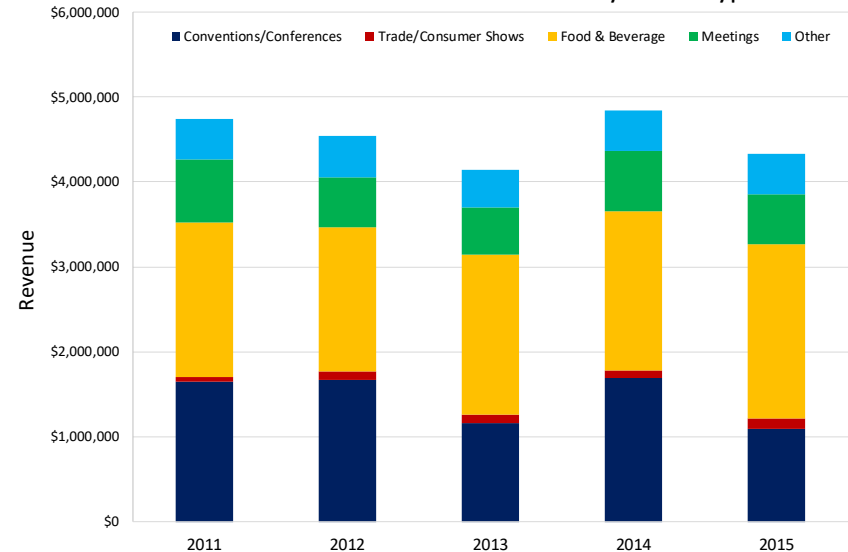
The Centre focuses on province-wide and regional events as well as tapping into opportunities generated from the University of Western Ontario and the City's strong financial services base. Conventions generate significant revenue for the Centre (if not attendance, when compared with other event types). The presence of Western Fair limits the Centre's opportunities in the trade and consumer show marketplace (similar to Saskatoon). Food and beverage events are the strongest generator of both attendance and revenue; the Centre is seen as "the" host for higher-end social, catering, fundraising and celebratory events.

London Convention Center - Events by Event Type



Source: HLT Advisory Inc. based on London Convention Centre data.

London Convention Center - Revenue by Event Type



Source: HLT Advisory Inc. based on London Convention Centre data.

APPENDIX 2: CASE STUDIES SPOKANE, WASHINGTON

SPOKANE PUBLIC FACILITIES DISTRICT (SPOKANE, WA.)

The Spokane Public Facilities District ("District") was created in 1989 by the Washington State Legislature as an independent taxing authority and a taxing district as defined in the state Constitution. The District was authorized to "acquire, construct, own and operate sports and entertainment facilities with contiguous parking facilities." The Spokane City Council and Board of Spokane County Commissioners each elect two representative to the District Board. A fifth independent member is selected by these four, for a total of five.

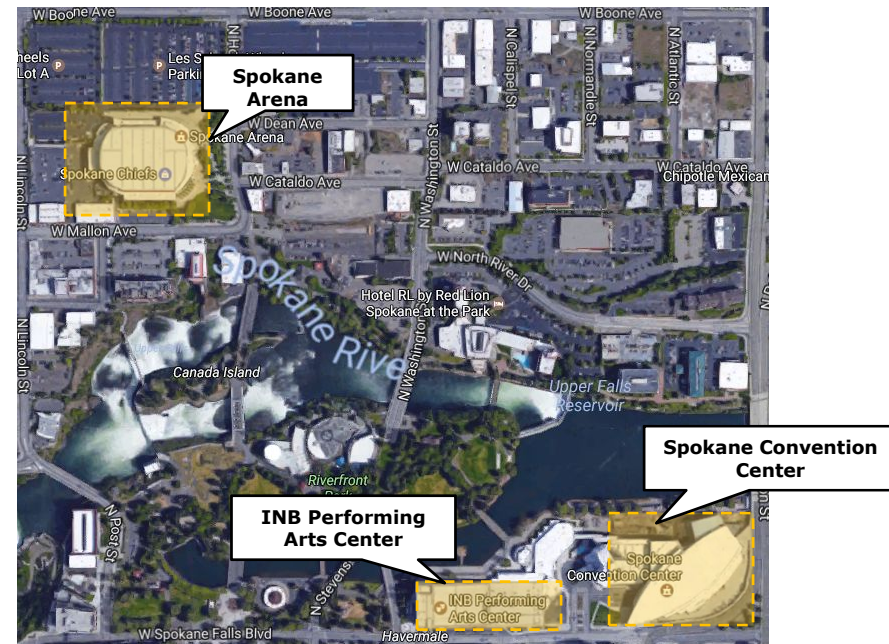
The District consists of three principal components:

- Spokane Veterans Memorial Arena
- Spokane Convention Center
- INB Performing Arts Center

The District is self financing through tax-based bonds and recently sold property (used for parking) to a developer looking to construct a 700-room hotel adjacent to the convention centre. This transaction resulted in a one-time payment as well as ongoing payments.

The District is accountable to both the City of Spokane and the Spokane County. Detailed performance reporting on a building-by-building and aggregate level is undertaken on an annual basis.

The District manages the three venues (and extensive parking) through its own employees and through contracted services for food & beverage, cleaning, ticketing, etc.



SPOKANE ARENA

The arena is home to the Spokane Chiefs (Western Hockey League, same as the Saskatoon Blades) and Spokane Empire (indoor Football League) as well as hosting an array of concert, family and community events.

Spokane Arena Seating Capacity	
Configuration	Seats
End Stage Concert 360	11,661
End Stage Concert 270	10,988
End Stage Concert 180	10,882
Hockey	9,916
Basketball	11,736
3/4 House	8,039
Center Stage Concert	11,660

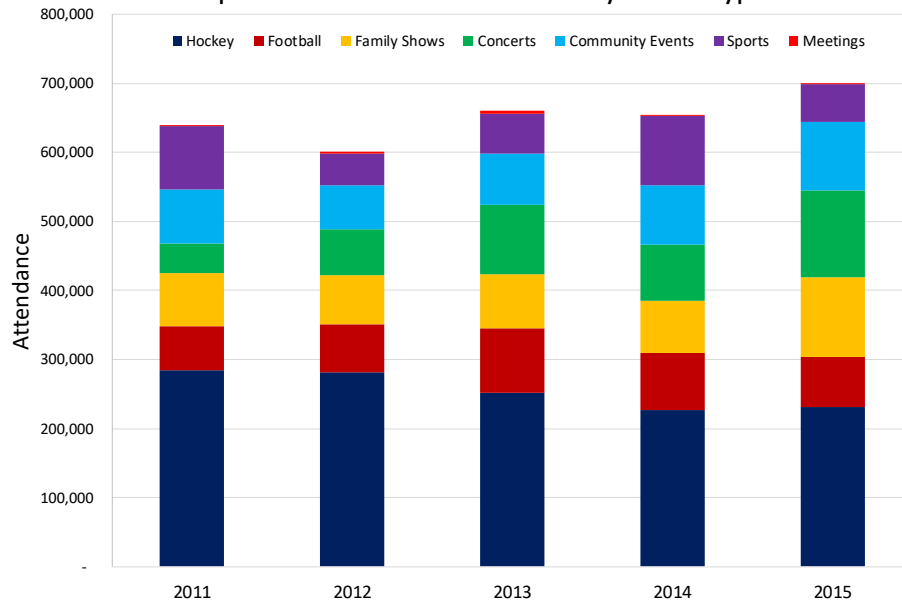
Source: HLT Advisory Inc. based on facility web site.



SPOKANE ARENA

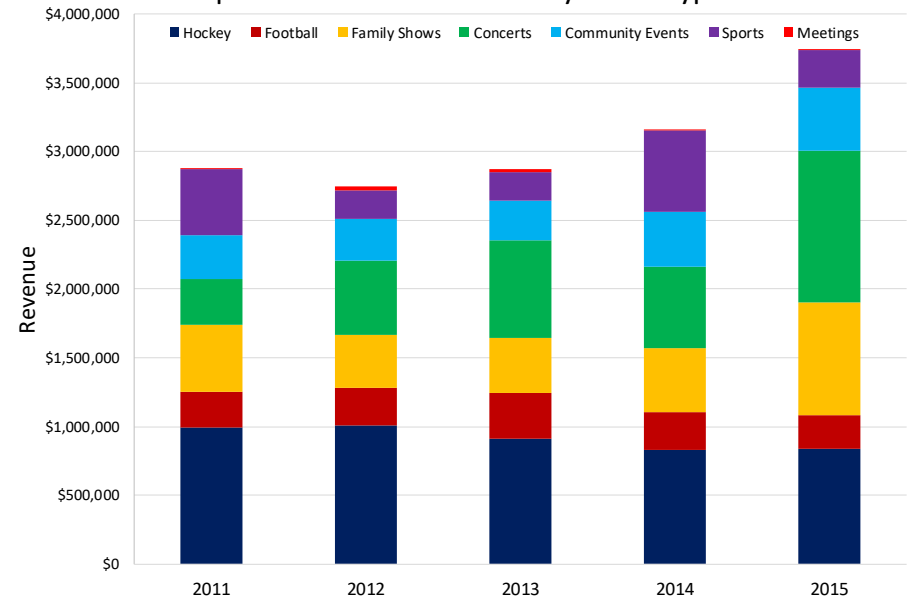
Similar to SaskTel Centre, the Spokane arena generates strong attendance figures from the permanent sports tenants: the Spokane Chiefs and Spokane Empire. Revenues however, are proportionally less and have been falling in recent years. Family shows and concerts generate revenue on a much greater scale than associated attendance (again similar to SaskTel Centre). Concert activity was particularly strong in 2015, accounting for the substantial increase in revenue.

Spokane Arena - Attendance by Event Type



Source: HLT Advisory Inc. based on Spokane Public Facilities District Annual Reports.

Spokane Arena - Revenue by Event Type



Source: HLT Advisory Inc. based on Spokane Public Facilities District Annual Reports.

INB PERFORMING ARTS CENTER

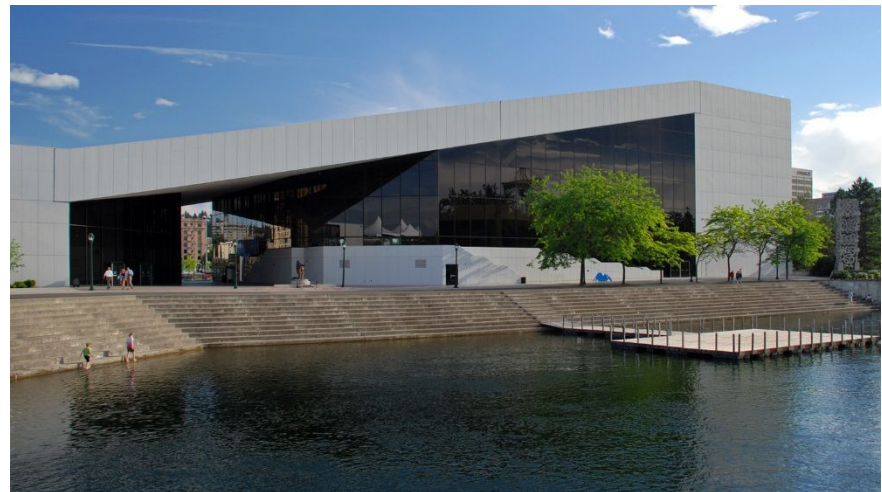
Opened as the Spokane Opera House, a legacy project of the 1974 World's Fair the mandate of the INB Performing Arts Centre is:

To operate as a community facility - providing first class performing and meeting surroundings with excellent service at affordable use rates to local performing arts groups, event presenters, meeting planners and school districts, thereby enhancing the quality of life for all citizens and serving the economic well-being of the community and enhancing the quality of life.

The theatre's web site notes that it is adaptable for symphony concerts, ballet, grand opera, road shows, country and rock music spectacles, musical stage productions, travelogues, conventions and lectures.

INB Performing Arts Center	
Level	Seats
Orchestra Level	1,803
Pit	76
Terrace Level	476
Balcony	345
Total	2,700

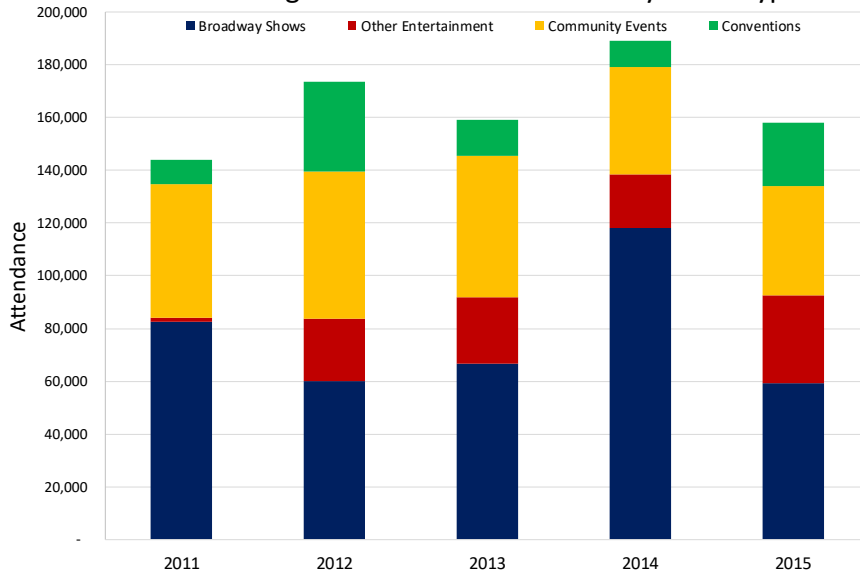
Source: HLT Advisory Inc. based on facility web site.



INB PERFORMING ARTS CENTER

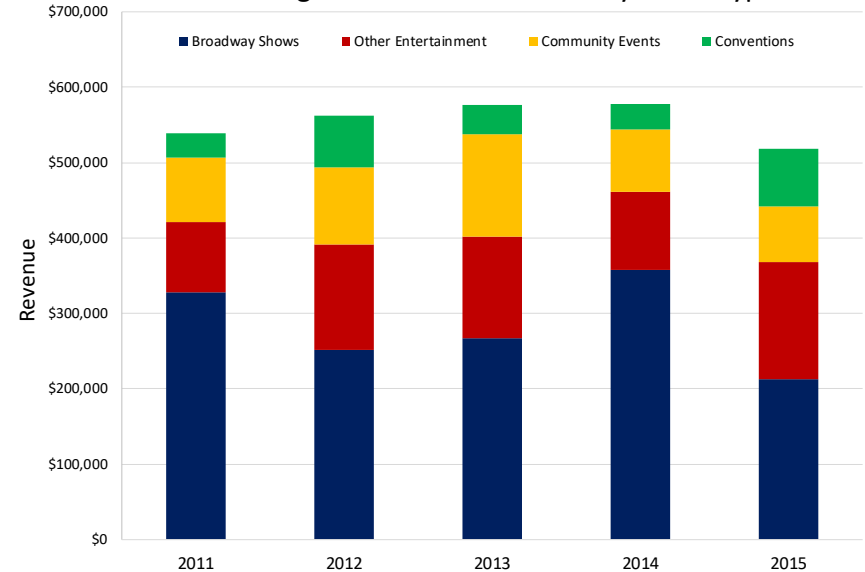
The INB Performing Arts Center hosts about 100 events annually. The Center has no permanent tenants (e.g., symphony orchestra); instead all events are one-offs or multi-day runs of Broadway or entertainment product. Broadway shows account for the majority of attendance and venue revenue. The theatre is also extensively used to support public school and post-secondary graduation occasions.

INB Performing Arts Center - Attendance by Event Type



Source: HLT Advisory Inc. based on Spokane Public Facilities District Annual Reports.

INB Performing Arts Center - Revenue by Event Type



Source: HLT Advisory Inc. based on Spokane Public Facilities District Annual Reports.

SPOKANE CONVENTION CENTER

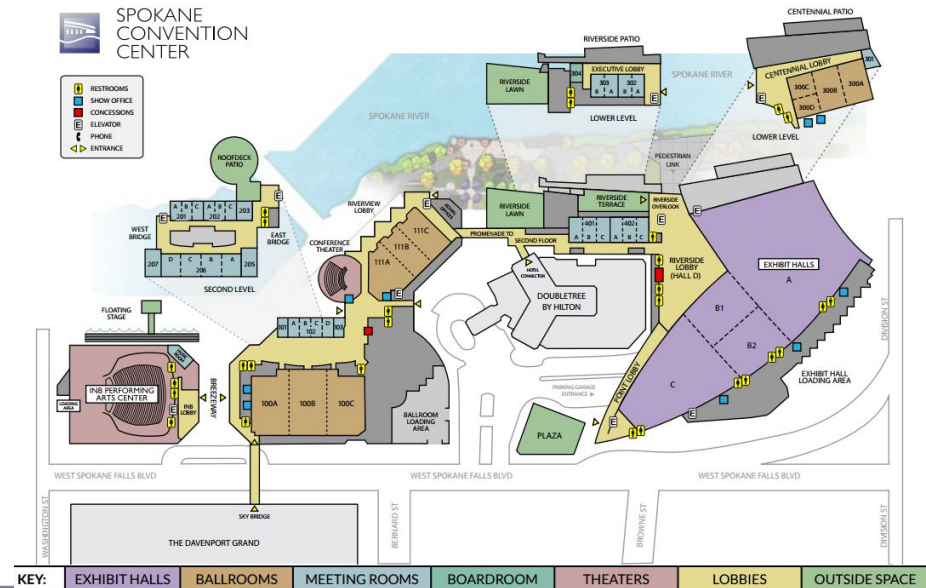
The mission of the Spokane Convention Center is to:

"...provide excellent physical surroundings, equipment, and support services to conventions, trade shows, consumer shows, events and local celebrations - striving toward a balance of all, but maintaining a thrust toward attracting out-of-town visitors, thereby maximizing community economic impact."

The convention centre is located in Spokane's downtown core near hotel, entertainment and shopping as well as the INB Performing Arts Center. The 2015 expansion saw the Center increased to be the largest facility in the region.

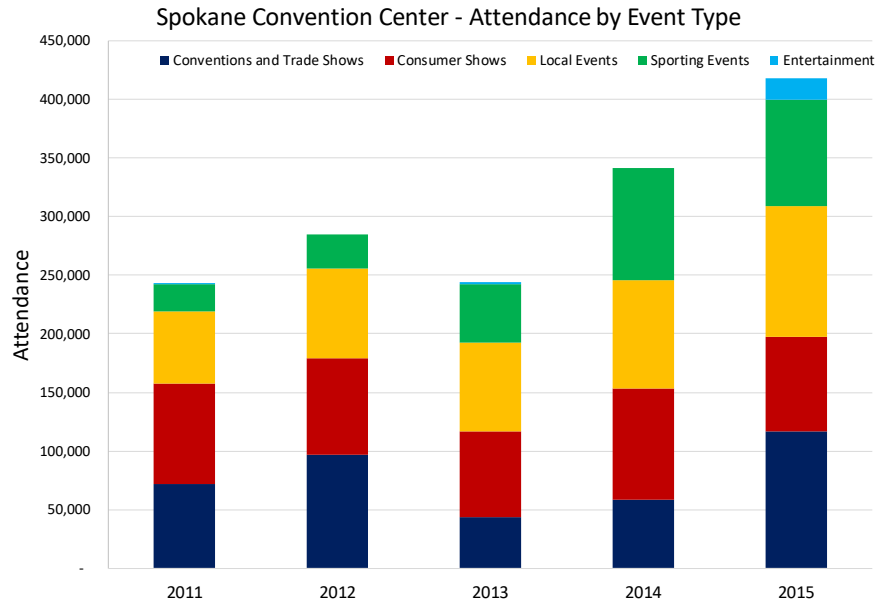
Spokane Convention Center	
Space	Square Footage
Exhibit Space	120,000
Ballroom Space	50,530
Meeting Space	26,495
Theater	5,782
Total Rentable Space	202,807

Source: HLT Advisory Inc. based on facility web site.

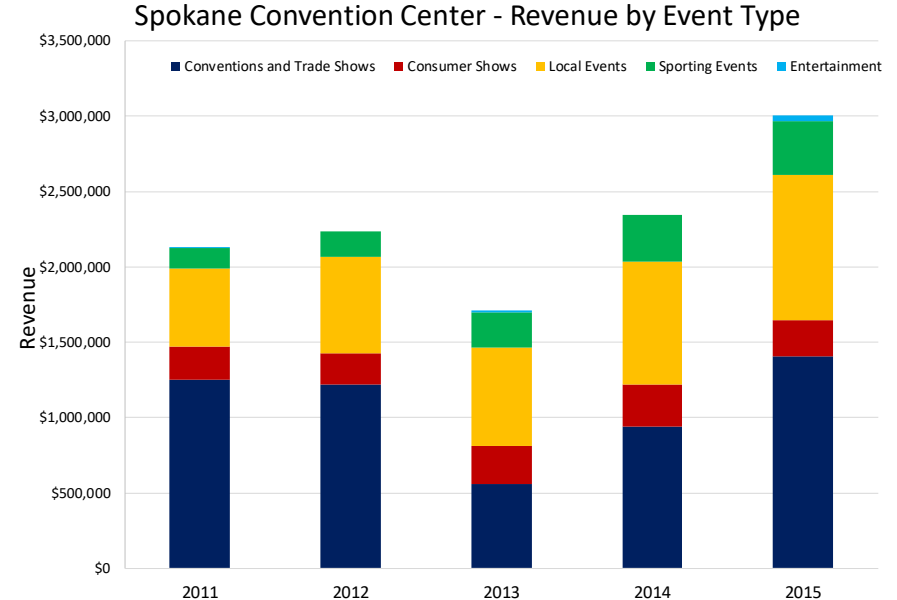


SPOKANE CONVENTION CENTER

The Spokane Convention Center host a wide range of events including not only conventions (mostly state and regional) but also sports competitions, consumer shows, entertainment and local events. Conventions account for an increasing proportion of Center revenue (just under half in the most recent year) and presumably significant economic impact in the community. Conventions produce much less foot traffic through the Center compared with consumer shows and local events.



Source: HLT Advisory Inc. based on Spokane Public Facilities District Annual Reports.



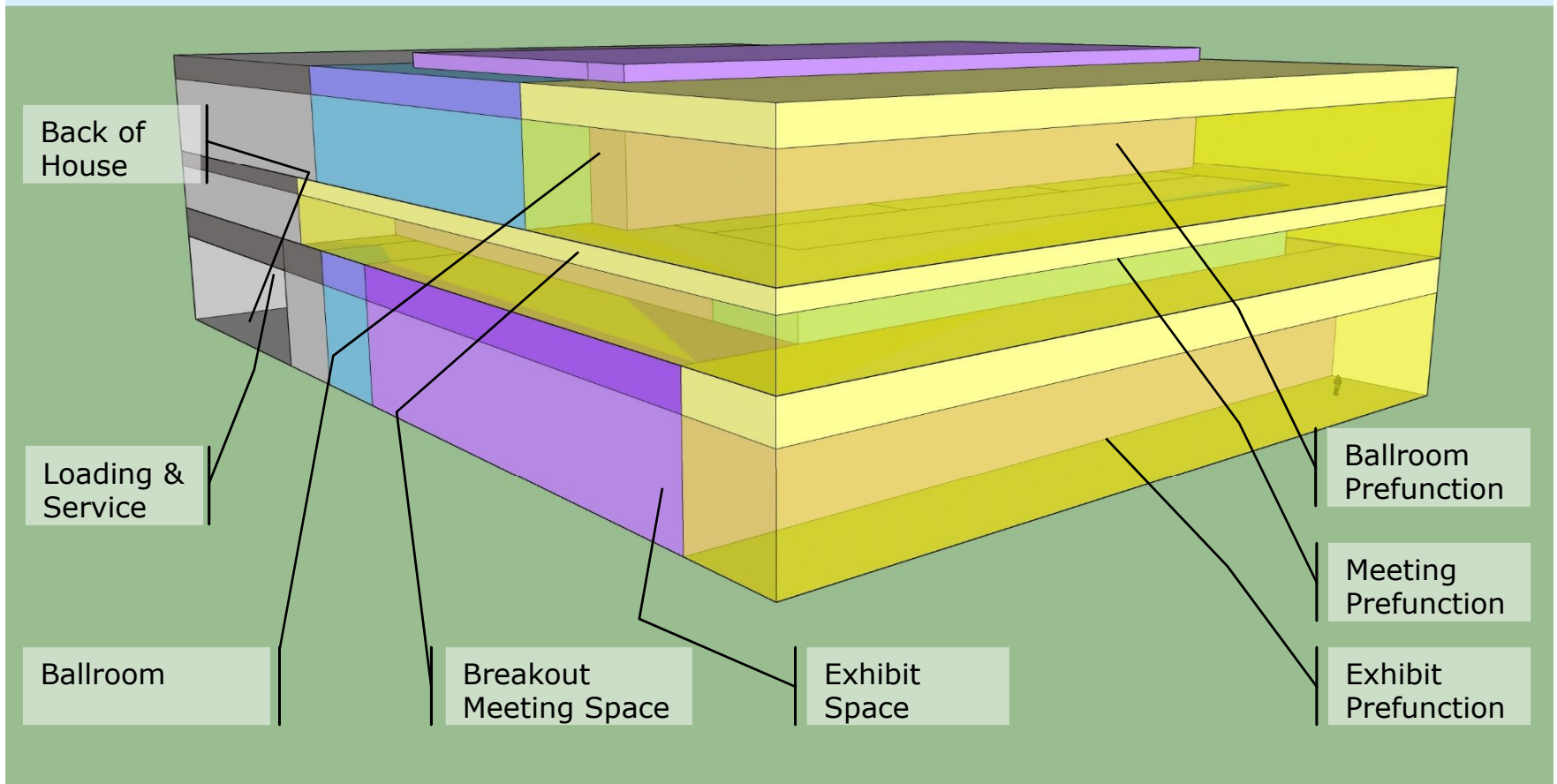
Source: HLT Advisory Inc. based on Spokane Public Facilities District Annual Reports.

APPENDIX 3: LARGE FORMAT 3D STUDY MODELS

CONVENTION CENTRE 3D STUDY MODEL

Hypothetical convention centre model.

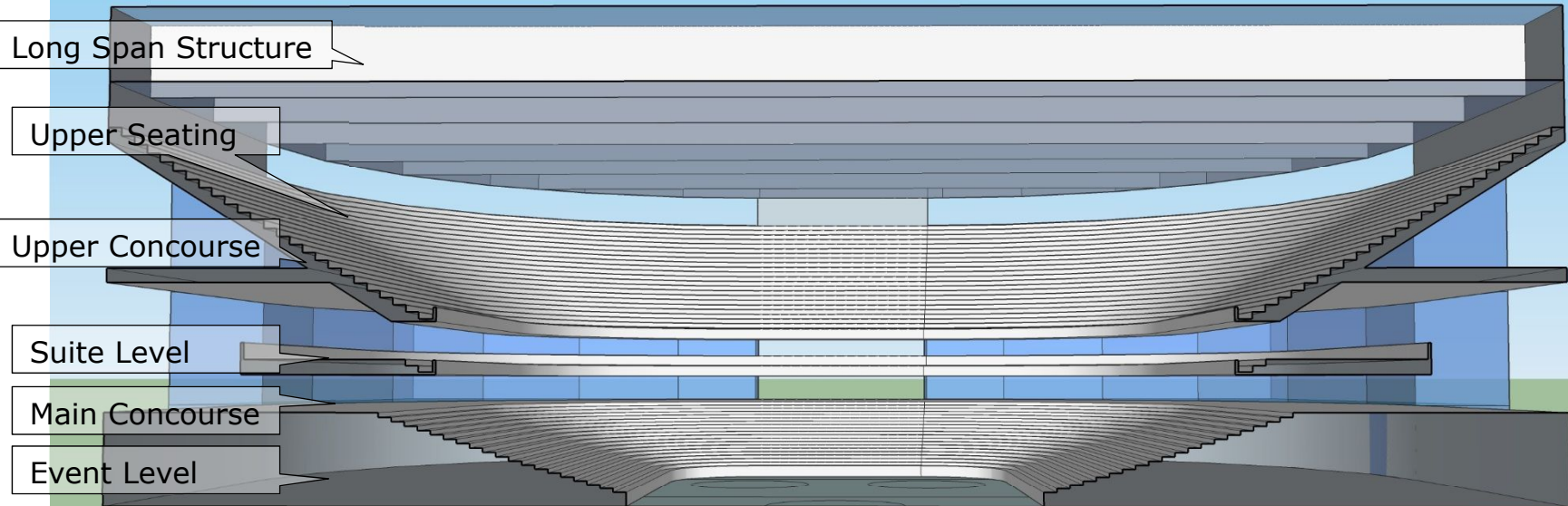
Public space is shown in yellow, function space in violet, support space in blue and grey



ARENA 3D STUDY MODEL

Hypothetical arena model.

Assumes 15,000 seats, 50 suites, club seating, and modern spectator amenities.



APPENDIX 4: SJ RESEARCH SERVICES ECONOMIC IMPACT STUDY

Summary of Results

Operationally (including tourism), an expanded/renovated SaskTel Centre is expected to add \$21.9M to provincial GDP annually, \$18.7M to City GDP, and sustain 314 jobs per year provincially and 266 locally.

Operationally (including tourism), an expanded TCU is estimated to add \$20.7M to provincial GDP annually, \$16.8M to City GDP, and sustains 344 jobs per year provincially and 286 locally.

Construction is estimated to add between \$75M and \$266M to Provincial Gross Domestic Product (GDP), \$45.5M and \$161M to local GDP, and create between 635 and 2312 person years of employment provincially and 342 and 1213 person years locally, depending on the construction scenario chosen.

Results below are the sum of direct, indirect, and induced impacts for both SaskTel Centre and TCU Place operations and incremental tourism impacts (annual and recurring each and every year for the life of the facility) and construction phase (cumulative over the period of construction). All impacts are considered incremental to the Base Case (status quo) scenario. Operation impacts include facility operations, tourist spending impacts for concerts, sporting events, conferences and other facility events. Direct impact is the total initial expenditure, usually construction or operating outlays. Indirect impact is the secondary impact that includes inter-industry transactions; purchases of inputs from supporting industries. Induced impact is the additional impact from changes in household spending as industries modify labour input requirements in response to altered levels of demand for output. GDP measures net economic activity within a prescribed geographic area. It represents the payments made to final factors of production: labour, unincorporated business profits, and other operating surplus (corporate profits, interest income, inventory valuation adjustments, and capital consumption allowances). Gross domestic product excludes the value of intermediate goods and services used in production. Labour income includes wages, salaries, and employer contributions to pensions and benefit packages.

Table Summary of Annual Provincial Impacts – SaskTel Centre Operations and Tourism

Provincial Impacts – Operations and Tourism	Gross Domestic Product (\$M)	Employment (Positions)	Labour Income (\$M)
Operations	20.5	288	9.0
Tourism	1.4	26	0.9
Total Impact	21.9	314	10.0

Table Summary of Annual Saskatoon Impacts – SaskTel Centre Operations and Tourism

Saskatoon Impacts – Operations and Tourism	Gross Domestic Product (\$M)	Employment (Positions)	Labour Income (\$M)
Operations	17.6	244	7.5
Tourism	1.1	21	0.7
Total Impact	18.7	266	8.2

Table Summary of Annual Provincial Impacts – TCU Operations and Tourism

Provincial Impacts – Operations and Tourism	Gross Domestic Product (\$M)	Employment (Positions)	Labour Income (\$M)
Operations	8.2	113	3.7
Tourism	12.5	231	8.7
Total Impact	20.7	344	12.3

Table Summary of Annual Saskatoon Impacts – TCU Operations and Tourism

Saskatoon Impacts – Operations and Tourism	Gross Domestic Product (\$M)	Employment (Positions)	Labour Income (\$M)
Operations	7.0	95	3.1
Tourism	9.8	191	6.8
Total Impact	16.8	286	9.9

Table Summary of Cumulative Provincial Impacts – Construction

Provincial Impacts	Gross Domestic Product (\$M)	Employment (Positions)	Labour Income (\$M)
SaskTel Centre Renovation	75.0	653	35.3
"Low" Scenario	232.2	2020	109.3
"High" Scenario	265.8	2312	125.1

Table Summary of Cumulative Saskatoon Impacts – Construction

Provincial Impacts	Gross Domestic Product (\$M)	Employment (Positions)	Labour Income (\$M)
SaskTel Centre Renovation	45.5	342	20.9
"Low" Scenario	140.8	1060	64.8
"High" Scenario	161.2	1213	74.2

Methodology and Results

Methodology

To estimate the SaskTel Centre/TCU Place's benefits, separate economic models were employed for Saskatchewan and Saskatoon using the latest provincial input-output tables available. An input-output table is a means of presenting a detailed analysis of the process of production and the use of goods and services (products) and the income generated in that production. The Saskatchewan model is rectangular in nature with 35 industries and 66 commodities and based on a standardized methodology (Statistics Canada's) and will yield results similar to Statistics Canada's inter-provincial model and the Conference Board of Canada's STEAM Model. Model description and definitions are available in Appendix A. Key to this analysis was the estimation of impacts at the regional level for the Saskatoon region. Regional level impacts were estimated by constructing a separate economic impact model for the region using regional employment by industry to estimate regional output, a community hierarchy model to assess regional trade flows and leakages, and re-balancing to ensure model cohesiveness. The Saskatoon model is a square model with 25 industries. A more detailed discussion of the regional input-output models is available in Appendix B.

SaskTel Centre/TCU Place operational impacts were calculated by creating a mixed endogenous–exogenous model. This approach allows modification of the input structure of the expanding industry to reflect the output and input structure of a new development or event. This approach is appropriate when the input structure of the new differs significantly from the input structure of the impacted industry. Impacted industries in this study were the Construction industry for the stadium construction phase and the Arts, Entertainment and Recreation industry (which includes professional sports, concerts, and sporting and entertainment venues) for the operations phase. In this study, the labour income and employment coefficient in the model was adjusted to reflect estimated employment and income paid to labour. A detailed account of the mixed endogenous–exogenous model methodology is available in Appendix C. Under this approach gross revenues are treated as industry gross output and expenses are assigned to either inter-industry purchases or final value added (wages, amortization, and profits).

Spending by tourists (living greater than 80km away) is estimated using expected attendance, previous study assumptions regarding origin of attendees, and Statistics Canada survey-based spending on travel, accommodations, entertainment, food and beverage, and retail.

Detailed Results

All impacts are considered incremental to the Base Case (status quo) scenario. Operation impacts include facility operations, tourist spending impacts for concerts, sporting events, conferences and other facility events. Construction impacts stem from projected investment. Impacts are presented in terms of gross domestic product at basic prices, employment and labour income and government tax revenues by type. Provincial results are available at the 35 industry level of detail but were aggregated to 25 industries to provide comparisons with Saskatoon results. Gross domestic product measures net economic activity within a prescribed geographic area. It represents the payments made to final factors of production: labour, unincorporated business profits, and other operating surplus. Gross domestic product excludes the value of intermediate goods and services used in production. Construction employment is cumulative and measured in person years (PYs). Operational employment is measured in positions and includes a mix of both full and part-time positions. Labour income includes wages, salaries, and employer benefits.

Impacts are presented for Saskatoon, the province as a whole, and the rest of the province outside of Saskatoon (ROP).

Operation Impact

SaskTel Centre/TCU Place incremental operation impacts include facility operations for concerts, sporting events, conferences and other facility events and were provided by the client. SaskTel Centre/TCU Place provided data for incremental operating expenses, revenues and employment. Revenues were used as incremental gross output and were assigned to the "Arts, Entertainment and Recreation Industry". Other expenses were assigned to the appropriate IO industry category and model default import leakages were applied. Incremental employment was estimated using industry average annual wages and estimated incremental payroll.

Estimated incremental total gross output of SaskTel Centre/TCU Place was \$24.7 million and \$12.4 million respectively, including \$6 million and \$2 million in wages and employee benefits. Direct estimated incremental employment is 221 and 74.

Table SaskTel Centre Operation Impact – Province

Gross Domestic Product (\$M)	
Direct	12.7
Indirect	2.4
Induced	5.5
Total Gross Domestic Product	20.5
Employment (Positions)	
Direct	218
Indirect	16
Induced	54
Total Employment	288
Labour Income (\$M)	
Direct	5.9
Indirect	0.8
Induced	2.2
Total Labour Income	9.0

Table SaskTel Centre Operation Impact - Saskatoon

Gross Domestic Product (\$M)	
Direct	12.7
Indirect	2.3
Induced	2.6
Total Gross Domestic Product	17.6
Employment (Positions)	
Direct	218
Indirect	13
Induced	13
Total Employment	244

Labour Income (\$M)	
Direct	5.9
Indirect	0.8
Induced	0.8
Total Labour Income	7.5

Table SaskTel Centre Operation Impact – ROP

Gross Domestic Product (\$M)	
Direct	0.0
Indirect	0.0
Induced	2.9
Total Gross Domestic Product	2.9
Employment (Positions)	
Direct	0
Indirect	2
Induced	42
Total Employment	44
Labour Income (\$M)	
Direct	0.0
Indirect	0.0
Induced	1.5
Total Labour Income	1.5

Table TCU Operation Impact - Province

Gross Domestic Product (\$M)	
Direct	4.3
Indirect	1.7
Induced	2.1
Total Gross Domestic Product	8.2
Employment (Positions)	
Direct	80
Indirect	12
Induced	21
Total Employment	113
Labour Income (\$M)	
Direct	2.2
Indirect	0.6
Induced	0.9
Total Labour Income	3.7

Table TCU Operation Impact - Saskatoon

Gross Domestic Product (\$M)	
Direct	4.3
Indirect	1.7
Induced	1.0
Total Gross Domestic Product	7.0
Employment (Positions)	
Direct	80
Indirect	10
Induced	5
Total Employment	95
Labour Income (\$M)	
Direct	2.2
Indirect	0.6
Induced	0.3
Total Labour Income	3.1

Table TCU Operation Impact - ROP

Gross Domestic Product (\$M)	
Direct	0.0
Indirect	0.0
Induced	1.1
Total Gross Domestic Product	1.1
Employment (Positions)	
Direct	0
Indirect	2
Induced	16
Total Employment	18
Labour Income (\$M)	
Direct	0.0
Indirect	0.0
Induced	0.6
Total Labour Income	0.6

Tourism Impact

The economic impact of tourism begins when a visitor to an area spends any amount of money on any product or service in that area. The direct recipients of visitor expenditures use these dollars to earn income, pay wages, and pay taxes thus creating a direct impact on the local economy. The benefits to the local economy extend beyond the direct impact of these dollars. Visitor expenditures create a chain effect. When businesses and their employees spend their income in the region (either through businesses purchasing from suppliers or employees spending their wages in the region) they create indirect and induced impacts by supporting additional jobs, wages, salaries, proprietary income and tax revenues. The sum of the direct, indirect and induced impact equals the total economic impact of traveler expenditures.

Direct tourism expenditures were derived as follows:

- TCU Place staff provided estimates of incremental conference attendance door counts and percentages of non-local attendees: 95% within province, 15% from out of province (but within Canada), and 5% international. Length of stay by trip purpose (convention/meeting) was assumed to be Provincial (3 days/2 nights), National (4days/3 nights) and International (5 days /4 nights).
- SaskTel Centre provided estimates of incremental tourist visits for Concerts, Family/Comedy, Trade Shows and Other. Attendance source estimated by SREDA at 59% of attendance was from the Saskatoon Region, 28% from the rest of Saskatchewan and 13% out of province. For family/comedy and "other", 70% local, 25% provincial (non-local) and 5% out of province was assumed. A single day/night stay was deemed appropriate.
- TSC data for Canadian and Saskatchewan visitor spending per visitor per trip by category was used to break down total spending into: auto transportation, accommodation, food and beverage, amusement and recreation, and retail.
- TSC spending per visitor per trip was aggregated into input-output commodities/industries: Retail Trade, Arts, Entertainment and Recreation, Accommodation and Food Services.
- It was assumed that there is sufficient capacity (hotel rooms and restaurants) within the Saskatoon Regional economy to accommodate non-local spending. As a result direct impacts were not adjusted by imports from outside of the region. However, indirect and induced impacts were adjusted for leakages, reflecting purchases by directly impacted businesses from outside the region and out shopping by directly and indirectly impacted employees.

Table SaskTel Centre Tourism Impact - Province

Gross Domestic Product (\$M)	
Direct	0.7
Indirect	0.3
Induced	0.4
Total Gross Domestic Product	1.4
Employment (Positions)	
Direct	19
Indirect	2
Induced	4
Total Employment	26
Labour Income (\$M)	
Direct	0.5
Indirect	0.2
Induced	0.3
Total Labour Income	0.9

Table SaskTel Centre Tourism Impact - Saskatoon

Gross Domestic Product (\$M)	
Direct	0.7
Indirect	0.2
Induced	0.2
Total Gross Domestic Product	1.1
Employment (Positions)	
Direct	19
Indirect	1
Induced	1
Total Employment	21
Labour Income (\$M)	
Direct	0.5
Indirect	0.1
Induced	0.1
Total Labour Income	0.7

Table SaskTel Centre Operation Impact - ROP

Gross Domestic Product (\$M)	
Direct	0.0
Indirect	0.1
Induced	0.2
Total Gross Domestic Product	0.3
Employment (Positions)	
Direct	0
Indirect	1
Induced	3
Total Employment	4
Labour Income (\$M)	
Direct	0.0
Indirect	0.1
Induced	0.2
Total Labour Income	0.2

Table TCU Tourism Impact – Province

Gross Domestic Product (\$M)	
Direct	6.6
Indirect	2.3
Induced	3.6
Total Gross Domestic Product	12.5

Employment (Positions)	
Direct	174
Indirect	20
Induced	36
Total Employment	231
Labour Income (\$M)	
Direct	4.9
Indirect	1.4
Induced	2.4
Total Labour Income	8.7

Table TCU Tourism Impact - Saskatoon

Gross Domestic Product (\$M)	
Direct	6.6
Indirect	1.6
Induced	1.5
Total Gross Domestic Product	9.8
Employment (Positions)	
Direct	174
Indirect	9
Induced	7
Total Employment	191
Labour Income (\$M)	
Direct	4.9
Indirect	1.0
Induced	1.0
Total Labour Income	6.8

Table TCU Tourism Impact - ROP

Gross Domestic Product (\$M)	
Direct	0.0
Indirect	0.7
Induced	2.1
Total Gross Domestic Product	2.7
Employment (Positions)	
Direct	0
Indirect	11
Induced	29
Total Employment	40
Labour Income (\$M)	
Direct	0.0
Indirect	0.5
Induced	1.4
Total Labour Income	1.9

Capital Construction Impacts

Construction/renovation costs for a renovated SaskTel Centre as well as a “Low” and “High” construction cost range for both a new arena and convention centre were provided by the client.

	Range of Capital Cost (\$'000's)		Renovate SaskTel Centre
	New Construction Low	High	
1. Land Acquisition	TBD	TBD	0
2. Construction			
Arena	172,192	177,896	80,600
Convention Centre	57,164	88,040	-
Buckwold Theatre Renova	18,352	18,352	-
Additional Parking	7,750	7,750	-
Sub total (Rounded Up)	255,458	292,038	80,600
3. Soft Costs			
Fees	25,600	29,200	8,060
FF&E	15,360	17,520	484
Offsite	700	1,900	2,500
Sub total (Rounded Up)	41,660	48,620	11,044
Construction and Soft Cost	297,118	340,658	91,644
4. Contingency @ 10%	29,700	34,100	9,200
5. Total (Rounded)	330,000	375,000	101,000
<i>Source: Convergence Design</i> <i>Capital cost does not include land acquisition, demolition or related transaction costs.</i>			

These were adjusted for Model default import leakages and applied as an exogenous shock to Final Demand across both the construction and professional, technical, and scientific services industries (fees). Contingencies were allocated proportionally. Furniture, fixtures, and equipment were assumed to be imported services. Remaining leakages, largely from imported goods and services, were industry averages for both Saskatchewan and Saskatoon. Direct construction employment was Model generated.

Table SaskTel Centre Renovation Construction Impact - Province

Gross Domestic Product (\$M)	
Direct	37.6
Indirect	19.4
Induced	18.0
Total Gross Domestic Product	75.0
Employment (Positions)	
Direct	346
Indirect	125
Induced	181
Total Employment	653
Labour Income (\$M)	
Direct	20.9
Indirect	7.0
Induced	7.4
Total Labour Income	35.3

Table SaskTel Centre Renovation Construction Impact - Saskatoon

Gross Domestic Product (\$M)	
Direct	27.8
Indirect	12.0
Induced	5.7
Total Gross Domestic Product	45.5
Employment (Positions)	
Direct	256
Indirect	59
Induced	28
Total Employment	342
Labour Income (\$M)	
Direct	15.4
Indirect	3.8
Induced	1.7
Total Labour Income	20.9

Table SaskTel Centre Renovation Construction Impact - ROP

Gross Domestic Product (\$M)	
Direct	9.8
Indirect	7.4
Induced	12.3
Total Gross Domestic Product	29.5
Employment (Positions)	
Direct	90
Indirect	66
Induced	154
Total Employment	310
Labour Income (\$M)	
Direct	5.5
Indirect	3.2
Induced	5.7
Total Labour Income	14.4

“Low” Scenario Construction Impact - Province

Gross Domestic Product (\$M)	
Direct	116.5
Indirect	60.0
Induced	55.7
Total Gross Domestic Product	232.2
Employment (Positions)	
Direct	1072
Indirect	386
Induced	561
Total Employment	2020
Labour Income (\$M)	
Direct	64.7
Indirect	21.7
Induced	22.9
Total Labour Income	109.3

“Low” Scenario Construction Impact - Saskatoon

Gross Domestic Product (\$M)	
Direct	86.1
Indirect	37.0
Induced	17.7
Total Gross Domestic Product	140.8
Employment (Positions)	
Direct	792
Indirect	181
Induced	86
Total Employment	1060
Labour Income (\$M)	
Direct	47.8
Indirect	11.8
Induced	5.1
Total Labour Income	64.8

“Low” Scenario Construction Impact - ROP

Gross Domestic Product (\$M)	
Direct	30.4
Indirect	23.0
Induced	38.0
Total Gross Domestic Product	91.4
Employment (Positions)	
Direct	280
Indirect	205
Induced	475
Total Employment	960
Labour Income (\$M)	
Direct	16.9
Indirect	9.8
Induced	17.8
Total Labour Income	44.5

"High" Scenario Construction Impact - Province

Gross Domestic Product (\$M)	
Direct	133.3
Indirect	68.7
Induced	63.8
Total Gross Domestic Product	265.8
Employment (Positions)	
Direct	1227
Indirect	442
Induced	643
Total Employment	2312
Labour Income (\$M)	
Direct	74.0
Indirect	24.8
Induced	26.2
Total Labour Income	125.1

"High" Scenario Construction Impact - Saskatoon

Gross Domestic Product (\$M)	
Direct	98.5
Indirect	42.3
Induced	20.3
Total Gross Domestic Product	161.2
Employment (Positions)	
Direct	907
Indirect	208
Induced	98
Total Employment	1213
Labour Income (\$M)	
Direct	54.7
Indirect	13.5
Induced	5.9
Total Labour Income	74.2

"High" Scenario Construction Impact - ROP

Gross Domestic Product (\$M)	
Direct	34.8
Indirect	26.3
Induced	43.5
Total Gross Domestic Product	104.6
Employment (Positions)	
Direct	320
Indirect	235
Induced	544
Total Employment	1099
Labour Income (\$M)	
Direct	19.3
Indirect	11.3
Induced	20.3

Detailed Impacts by Industry

Impacts of the proposed facility on the provincial and local economy are persuasive and wide spread. The combined operation and tourism impacts for both SaskTel Centre and TCU Place provide total annual impacts (direct, indirect, and induced) by industry of project operation on the local economy from the beginning of operations forward. The bulk of total and direct activity occurs within the retail, entertainment and recreation, and accommodation and food service industry. Indirect impacts (industries providing inputs to the entertainment, retail, and tourism sectors) are concentrated in finance and wholesale industries. Induced impacts, which represent the additional impacts of consumer spending of wages earned, are limited but concentrated in trade and personal services.

The construction impact tables for SaskTel Centre for both the renovation SW Downtown options represent total cumulative impacts (sum of direct, indirect, and induced) by industry of project construction on the local economies for the widest possible range of outcomes. The bulk of direct activity occurs within the construction industry itself but limited further impacts occur within the manufacturing industry, reflecting the high proportion of structural materials required in facility construction. Indirect impacts are observed in the industries providing inputs to the construction industries: manufacturing, professional and technical services and financial services. Induced impacts, which represent the additional impacts of consumer spending of wages earned, is concentrated heavily within the retail trade and service industries.

Impacts By Industry – Saskatoon – Combined SaskTel Centre Operations and Tourism	Gross Output Impact (\$M)	GDP at Basic Prices Impact (\$M)	Employment Impact (Positions)	Labour Income Impact (\$M)
Crop and Animal Production	0.3	0.1	1	0.0
Forestry and Logging	0.0	0.0	0	0.0
Fishing, Hunting and Trapping	0.0	0.0	0	0.0
Support Activities for Agriculture and forestry	0.0	0.0	0	0.0
Mining and Oil and Gas Extraction	0.7	0.5	0	0.1
Utilities	1.1	0.7	1	0.2
Construction	0.1	0.1	0	0.0
Manufacturing	3.9	1.1	7	0.5
Wholesale Trade	0.4	0.2	2	0.1
Retail Trade	0.6	0.4	8	0.3
Transportation and Warehousing	0.3	0.2	2	0.1
Information and Cultural Industries	0.3	0.2	1	0.1
Finance, Insurance, Real Estate and Rental and Leasing	2.6	1.8	6	0.4
Professional, Scientific and Technical Services	0.1	0.1	1	0.0

Impacts By Industry – Saskatoon – Combined SaskTel Centre Operations and Tourism	Gross Output Impact (\$M)	GDP at Basic Prices Impact (\$M)	Employment Impact (Positions)	Labour Income Impact (\$M)
Administrative and Support, Waste Management and Remediation Services	0.4	0.2	5	0.2
Educational Services	0.0	0.0	0	0.0
Health Care and Social Assistance	0.1	0.1	1	0.0
Arts, Entertainment and Recreation	25.1	12.7	219	6.0
Accommodation and Food Services	0.7	0.3	11	0.3
Other Services (Except Public Administration)	0.0	0.0	0	0.0
Operating, Office, Cafeteria and Laboratory Supplies	0.9	0.0	0	0.0
Travel, Entertainment, Advertising and Promotion	0.0	0.0	0	0.0
Transportation Margins	0.0	0.0	0	0.0
Non-Profit Institutions Serving Households	0.0	0.0	0	0.0
Government Sector	0.2	0.1	1	0.1
Total	37.7	18.7	266	8.2

Impacts By Industry – Saskatoon – Combined TCU Place Operations and Tourism	Gross Output Impact (\$M)	GDP at Basic Prices Impact (\$M)	Employment Impact (Positions)	Labour Income Impact (\$M)
Crop and Animal Production	0.2	0.1	1	0.0
Forestry and Logging	0.0	0.0	0	0.0
Fishing, Hunting and Trapping	0.0	0.0	0	0.0
Support Activities for Agriculture and forestry	0.0	0.0	0	0.0
Mining and Oil and Gas Extraction	0.6	0.4	0	0.1
Utilities	0.9	0.6	1	0.1
Construction	0.2	0.1	1	0.0
Manufacturing	2.7	0.7	5	0.3
Wholesale Trade	1.0	0.6	4	0.3
Retail Trade	5.4	3.5	73	2.5
Transportation and Warehousing	0.4	0.2	2	0.1
Information and Cultural Industries	0.4	0.2	2	0.1
Finance, Insurance, Real Estate and Rental and Leasing	3.3	2.3	8	1.3
Professional, Scientific and Technical Services	0.3	0.2	2	0.1
Administrative and Support, Waste Management and Remediation Services	0.3	0.2	5	0.2

Impacts By Industry – Saskatoon – Combined TCU Place Operations and Tourism	Gross Output Impact (\$M)	GDP at Basic Prices Impact (\$M)	Employment Impact (Positions)	Labour Income Impact (\$M)
Educational Services	0.0	0.0	0	0.0
Health Care and Social Assistance	0.1	0.1	1	0.0
Arts, Entertainment and Recreation	13.6	4.6	88	2.4
Accommodation and Food Services	5.8	2.8	93	2.2
Other Services (Except Public Administration)	0.0	0.0	0	0.0
Operating, Office, Cafeteria and Laboratory Supplies	0.5	0.0	0	0.0
Travel, Entertainment, Advertising and Promotion	0.0	0.0	0	0.0
Transportation Margins	0.0	0.0	0	0.0
Non-Profit Institutions Serving Households	0.0	0.0	0	0.0
Government Sector	0.2	0.1	2	0.1
Total	36.0	16.8	286	9.9

Impacts By Industry – Saskatoon – SaskTel Centre Renovation - Construction	Gross Output Impact (\$M)	GDP at Basic Prices Impact (\$M)	Employment Impact (Positions)	Labour Income Impact (\$M)
Crop and Animal Production	0.5	0.2	1	0.0
Forestry and Logging	0.0	0.0	0	0.0
Fishing, Hunting and Trapping	0.0	0.0	0	0.0
Support Activities for Agriculture and forestry	0.0	0.0	0	0.0
Mining and Oil and Gas Extraction	6.7	4.6	5	0.6
Utilities	0.9	0.6	1	0.1
Construction	67.7	25.7	235	14.2
Manufacturing	6.0	1.6	10	0.7
Wholesale Trade	2.2	1.4	9	0.6
Retail Trade	0.0	0.0	0	0.0
Transportation and Warehousing	1.3	0.7	6	0.4
Information and Cultural Industries	0.9	0.5	4	0.3
Finance, Insurance, Real Estate and Rental and Leasing	7.6	5.2	17	1.0
Professional, Scientific and Technical Services	6.7	4.3	42	2.5
Administrative and Support, Waste Management and Remediation Services	0.3	0.2	4	0.2
Educational Services	0.0	0.0	0	0.0
Health Care and Social Assistance	0.2	0.1	2	0.1

Impacts By Industry – Saskatoon – SaskTel Centre Renovation - Construction	Gross Output Impact (\$M)	GDP at Basic Prices Impact (\$M)	Employment Impact (Positions)	Labour Income Impact (\$M)
Arts, Entertainment and Recreation	0.0	0.0	0	0.0
Accommodation and Food Services	0.0	0.0	0	0.0
Other Services (Except Public Administration)	0.0	0.0	0	0.0
Operating, Office, Cafeteria and Laboratory Supplies	0.0	0.0	0	0.0
Travel, Entertainment, Advertising and Promotion	0.0	0.0	0	0.0
Transportation Margins	0.0	0.0	0	0.0
Non-Profit Institutions Serving Households	0.0	0.0	0	0.0
Government Sector	0.6	0.4	5	0.3
Total	101.6	45.5	342	20.9

Impacts By Industry – Saskatoon – “High” Scenario -Construction	Gross Output Impact (\$M)	GDP at Basic Prices Impact (\$M)	Employment Impact (Positions)	Labour Income Impact (\$M)
Crop and Animal Production	1.6	0.8	4	0.0
Forestry and Logging	0.0	0.0	0	0.0
Fishing, Hunting and Trapping	0.0	0.0	0	0.0
Support Activities for Agriculture and forestry	0.0	0.0	0	0.0
Mining and Oil and Gas Extraction	23.8	16.1	17	2.3
Utilities	3.1	2.0	3	0.5
Construction	239.5	90.8	830	50.2
Manufacturing	21.2	5.8	36	2.4
Wholesale Trade	7.7	4.9	33	2.1
Retail Trade	0.0	0.0	1	0.0
Transportation and Warehousing	4.7	2.6	23	1.3
Information and Cultural Industries	3.2	1.8	14	0.9
Finance, Insurance, Real Estate and Rental and Leasing	26.8	18.4	61	3.6
Professional, Scientific and Technical Services	24.1	15.3	151	9.0
Administrative and Support, Waste Management and Remediation Services	1.2	0.7	16	0.5
Educational Services	0.0	0.0	0	0.0
Health Care and Social Assistance	0.7	0.4	5	0.2
Arts, Entertainment and Recreation	0.0	0.0	0	0.0
Accommodation and Food Services	0.0	0.0	0	0.0

Impacts By Industry – Saskatoon – “High” Scenario -Construction	Gross Output Impact (\$M)	GDP at Basic Prices Impact (\$M)	Employment Impact (Positions)	Labour Income Impact (\$M)
Other Services (Except Public Administration)	0.0	0.0	1	0.0
Operating, Office, Cafeteria and Laboratory Supplies	0.0	0.0	0	0.0
Travel, Entertainment, Advertising and Promotion	0.0	0.0	0	0.0
Transportation Margins	0.0	0.0	0	0.0
Non-Profit Institutions Serving Households	0.1	0.1	1	0.0
Government Sector	2.0	1.3	16	1.1
Total	359.9	161.2	1213	74.2

Government Fiscal Impacts

An expansion in economic activity is expected to generate incremental government revenues. The economic impact model's fiscal module is based on the latest provincial and federal budgets and estimates government revenues as follows:

- Provincial personal income tax is calculated by using the provincial personal income tax rate that would apply to average industry annual income. This is applied to model-generated labour income.
- Federal personal income tax is calculated by using the federal personal income tax rate that would apply to average industry annual income applied to model-generated labour income.
- Corporation income tax is calculated by applying the respective provincial and federal corporate tax rate to incremental corporate profits before taxes calculated by the model.
- Unincorporated business income taxes are calculated by applying the small business tax rate to incremental unincorporated business profits calculated by the model.
- Federal and Provincial sales taxes collected on goods are calculated using an estimated split of federal provincial taxes applied to model generated indirect taxes on products. All model generated indirect taxes on services are considered federal sales and excise tax revenues.
- Local/municipal government fiscal impacts are based on the stable ratio of Regina municipal revenues to regional GDP and the breakdown of Regina revenues by type breakdown local government revenues by component part.

Table Summary of Fiscal Impacts Combined SaskTel Centre Operations and Tourism

Government Revenue Impacts Combined SaskTel Centre Operations and Tourism	Personal Income Tax (PIT)	Corporate Income Tax	Taxes Unincorporated Business Profits	Sales and Excise Taxes	Total Revenue
Federal (\$M)	1.5	0.5	0.3	0.2	2.4

Government Revenue Impacts Combined SaskTel Centre Operations and Tourism	Personal Income Tax (PIT)	Corporate Income Tax	Taxes Unincorp- orated Business Profits	Sales and Excise Taxes	Total Revenue
Provincial (\$M)	1.0	0.4	0.2	0.6	2.2
	Taxes	Fees and Charges	Govern- ment Transfers	Other*	Total Revenue
Municipal (\$M)	0.3	0.1	0.1	0.2	0.7

* Equals user fees transfers from other governments and land development

Table Summary of Fiscal Impacts Combined TCU Place Operations and Tourism

Government Revenue Impacts Combined TCU Place Operations and Tourism	Personal Income Tax (PIT)	Corporate Income Tax	Taxes Unincorp- orated Business Profits	Sales and Excise Taxes	Total Revenue
Federal (\$M)	2.1	0.4	0.3	0.8	3.5
Provincial (\$M)	1.1	0.3	0.2	0.8	2.5
	Taxes	Fees and Charges	Govern- ment Transfers	Other*	Total Revenue
Municipal (\$M)	0.2	0.0	0.1	0.2	0.6

Table Summary of Fiscal Impacts SaskTel Centre Renovation - Construction

Government Revenue Impacts SaskTel Centre Renovation - Construction	Personal Income Tax (PIT)	Corporate Income Tax	Taxes Unincorp- orated Business Profits	Sales and Excise Taxes	Total Revenue
Federal (\$M)	7.5	1.2	1.8	0.4	10.8
Provincial (\$M)	4.0	1.0	1.3	0.5	6.8
	Taxes	Fees and Charges	Govern- ment Transfers	Other*	Total Revenue
Municipal (\$M)	0.7	0.1	0.3	0.5	1.6

Table Summary of Fiscal Impacts SW Downtown Option - Construction

Government Revenue Impacts SW Downtown Option - Construction	Personal Income Tax (PIT)	Corporate Income Tax	Taxes Unincorp- orated Business Profits	Sales and Excise Taxes	Total Revenue
Federal (\$M)	26.6	4.2	6.2	1	38.3
Provincial (\$M)	14.3	3.4	4.5	2	24.1
	Taxes	Fees and Charges	Govern- ment Transfers	Other*	Total Revenue
Municipal (\$M)	2.4	0.5	1.2	1.8	5.7

Experiences in Other Cities with Downtown Entertainment Centres

This portion of the study will assess stadium impacts in other Canadian cities with downtown venues including Edmonton, Winnipeg and London, Ontario. These cities have undertaken similar revitalization projects with a major facility at the centre of their downtown development. Case study material reported for these other Canadian cities will provide some insight into the actual impacts of downtown entertainment centres.

London, Ontario

Significant investment in London Ontario's downtown core neighborhood has led to a stimulation in economic activity in the area. Major projects such as the Covent Garden Market and the Budweiser Gardens arena in particular have been credited with bringing more residents and businesses to the core. Prior to these investments London's downtown was plagued by empty store fronts and was attracting few residents. Since the year 2000 there have been 1135 building permits issued downtown with a total value of \$352,700,000.

According to Janette Macdonald, executive director of Downtown London, the Budweiser Gardens arena has been confirmed as the most valuable of all downtown revitalization initiatives. The project has consistently outperformed its initial projected monetary and attendance targets over the last 10 years, with attendance in particular noted as being persistently 50% higher than initially forecasted. Construction of this arena began in 2001 and concluded in 2002. The Budweiser Gardens seats 9,000 and holds an estimated 150 events (both sporting and non-sporting) every year. It is estimated that the arena brings about 500,000 people per year to the downtown London area and in 2013 alone the Budweiser Gardens attracted 675,631 visitors to 147 events.

Revitalization initiatives such as the arena have provided downtown London with a rejuvenated attitude, with most inhabitants in the area now between 20 and 40 years of age. This is in stark contrast to the state of London's downtown area just 15 years ago. By the late 1990's the downtown area's taxable assessment had decreased \$60 million. By 2011 however, the areas taxable assessment rose approximately 60% from \$564 million to \$902 million. Recently downtown London's tax base surpassed \$1 billion, which is a rise

of 61% over the last ten years. Over the same time period the median household income also increased 46%, which is now twice London's city average.

Other benefits of revitalization initiatives include a \$130 million in public investment in the area, \$360 million in private investment, and an addition of 150 new businesses to the downtown core. Increases in prosperity of the downtown area is in no small part due to large revitalization projects such as the arena, and many acknowledge the arena as being a catalyst in London's downtown economic restoration.

Winnipeg, Manitoba

Winnipeg Manitoba's downtown area has seen substantial financial investment over the years which has garnered an increase in economic growth. Large infrastructure developments including the Centrepont office and retail building as well as the MTS Centre have attracted condo developments and new businesses to the area. There has been an approximate 45.4% increase in the population of downtown Winnipeg since the 1980's with 1,812 housing units being constructed downtown in the last decade (Downtown Winnipeg Market Research. This is in sharp contrast to the state of downtown Winnipeg prior to these investments. Over the period of 1980 to 2000 Winnipeg was experiencing a downturn in economic activity in its downtown core. Vacancies were on the rise and so too was the trend for suburban rather than urban growth. Now downtown Winnipeg is the most rapidly advancing high income area in Winnipeg with over 5,000 new office workers in the core since 1999.

According to Distasio and McCullough the MTS Centre can be considered as one of the important forces in the downtown Winnipeg's transformation, attracting thousands of people to the downtown core and most importantly, during crucial times when office workers are not present. The project to construct the arena was completed by the company True North with work concluding on schedule and on budget in 2004. The multi-use arena has the capacity to hold approximately 15,000 for hockey games and 17,000 for concerts. The MTS Centre is now the 13th busiest in North America and brings approximately 1 million visitors to the centre every year.

Major projects like MTS Centre have allowed downtown Winnipeg to thrive. It is revitalization initiatives such as this that have resulted in population growth in the area with 16,000 now living in the core as opposed to only 12,000 in 2004 (Downtown Winnipeg BIZ, 2010). Across the period of 2005 to 2013 over 100 new projects have been completed in the downtown core. In fact, since 2005 Winnipeg's downtown has seen new investment of \$2 billion in the area, a further \$265 million proposed, and 1,812 residential units built/under construction, 865 residential units planned, and 221 hotel units built/under construction, and 400+ hotel units planned. Central to this change in the revitalization of Winnipeg's downtown is the MTS Centre. It has allowed for the return of the NHL team the Jets and has resulted in other nearby developments; for instance, the Centrepont office and retail building. Prior to the revitalization that has occurred over the last 15 years, there was more growth occurring in suburban areas. Now, more than 130,000 reside within a 7-minute driving distance to Winnipeg's downtown and 13.5 million people attend events held in arts and entertainment venues in downtown Winnipeg annually (Downtown Winnipeg BIZ, 2010).

Edmonton, Alberta

Recently construction was completed on Roger's Place arena in Edmonton, Alberta with the grand opening taking place September 8, 2016. Projects such as this promise to

revitalize Edmonton's downtown core, and Edmonton Oilers owner Daryl Katz believes this will be a catalyst leading to new economic growth and a rejuvenated downtown Edmonton. The direct economic impact of this project to the city of Edmonton is estimated to be \$604.5 million. It was part of the intention of building this arena that this project would lead to other developments in the Edmonton downtown area, and despite the fact that this is a very recent build, already the area is seeing the benefits of having an arena constructed in the downtown core. Professor of sports management Dan Mason states that the city has already seen the positive effects of the arena build on the downtown core due to the real estate development taken on by the Katz group on the land surrounding the arena known as the ICE District.

Once completed, the ICE District will be the largest mixed-use sports and entertainment district in Canada. The \$2.5 billion dollar investment will cover 25 acres of central Edmonton and will include a casino, hotel, skating rink, public park, restaurants, retail outlets, office space and over 1,000 residential units. Daryl Katz states that he's driven to complete these projects by the chance to do something good for the city of Edmonton, and it begins with the Rogers Place arena. Edmonton Mayor Don Iveson has a shared belief with Katz that the arena will be a primary component of downtown Edmonton's transformation, and will lead to growth and development for the downtown core.

The total economic output of the Rogers Place arena is assessed at \$954 million and it is also expected to garner \$401 million in gross domestic product (GDP). Furthermore, it is anticipated that the arena will add roughly 3,800 full-time jobs with \$276 million in wages and salaries. Former president and CEO of the Edmonton Oilers, Patrick LaForge, believes that the arena alone should attract between 2 and 3 million visitors every year to Edmonton's downtown area. The downtown revitalization projects associated with the arena and included within the ICE district are projected to add even more stimulus to the economy. These projects are anticipated to achieve an additional \$205.5 million in gross domestic product (GDP). The associated projects are also projected at adding 1,700 full-time jobs with \$119.2 million in wages and salaries.

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Appendix A: Definitions and Model Description

Direct Impact: total project expenditure, usually construction or operating outlays.

Employment: measured in positions.

Final Demand: sum of personal expenditure, government purchases of goods and services, business and government investment, and net exports.

GDP at factor cost: measure of net economic activity within a prescribed geographic area. It represents the payments made to final factors of production: labour, unincorporated business profits, and other operating surplus (corporate profits, interest income, inventory valuation adjustments, and capital consumption allowances). GDP at factor cost excludes the value of intermediate goods and services used in production.

GDP at market prices: GDP at factor cost plus indirect taxes less subsidies.

Gross Output: total expenditures on local goods and services as well as payments to labour and business profits. Gross output includes double counting because it includes the value of inputs used in production rather than net value added alone.

Indirect Impact: the secondary impact that includes inter-industry transactions, purchases of inputs from supporting industries

Induced impact: the additional impact from changes in household spending as industries modify labour input requirements in response to altered levels of demand for output.

Industry outputs are calculated as $(I - D(I - \mu - \alpha - \beta)B)^{-1}D((I - \mu - \alpha - \beta)e^* + (I - \mu - \beta)X_d + (I - \mu)X_r) = X$

Where:

I = an identity matrix of industry by industry dimension

D = a matrix of coefficients representing commodity output proportions

B = a matrix of coefficients representing commodity input proportions (technical coefficients) by industry

μ = a diagonal matrix whose elements represent the ratio of imports to use

α = a diagonal matrix whose elements represent the ratio of government production to use

β = a diagonal matrix whose elements represent the ratio of inventory withdrawals to use

e^* = final demand categories of consumption, government purchases of goods and services, business and government investment, and inventory additions.

X_d = final demand category of domestic exports

X_r = final demand category of re-exports.

Employment is calculated as a fixed number of positions per dollar of industry output.

Appendix B: Developing Community Level Input-Output Models

The latest available provincial input-output tables at the S-Level from Statistics Canada were used as the starting point. The table represents 25 industries and 18 components of final demand (based on the 2010 S-level aggregation). The tables were converted into industry-by-industry space.

In a square input-output table, each industry in the table can be represented as a column. For example industry 1 can be represented as follows:

Z ₁₁
Z ₁₂
.
.
.
Z ₁₂₅
W ₁
X ₁

z_{ij} = purchases by industry i of products from industry j . The transactions matrix consists of z_{11} to z_{2525} comprise the transactions matrix of 625 (25 x 25) elements.

W_1 = value added or gross domestic product component of industry 1's output which includes wages, salaries, supplementary labour income, unincorporated business profits, incorporate income profits, other income, and depreciation.

X_1 = industry 1's total output, which equals W_1 plus the sum of z_{11} to z_{25} .

To create sub-provincial models, four challenges must be overcome:

- 1) Allocation of provincial gross output by community/region
- 2) Estimation of technical coefficients by industry at a community/regional level
- 3) Estimation of components of gross domestic product by industry at a community/regional level
- 4) Allocation of provincial final demand output by community/region.

Census data on labour force by industry will be used to allocate gross output by industry for the region/community. Regional gross output for industry i is estimated:

$$X^R_i = \text{Labour Force}^R_i / \text{Labour Force}^{SK_i} \times X^{SK_i}$$

Where:

X^R_i = regional gross output for industry i

Labour Force^R_i = regional labour force for industry i

$\text{Labour Force}^{SK_i}$ = provincial labour force for industry i

X^{SK_i} = provincial gross output for industry i

To estimate items in each regional transaction matrix (z_{ij}) it will be assumed in all cases that the provincial input structure will apply to regional industries. The components of the regional transaction matrix are estimated:

$$z^R_{ij} = z^{SK_{ij}} / X^{SK_i} \times X^R_i$$

Where:

z^{R}_{ij} = an element of the regional transactions matrix.

z^{Sk}_{ij} = the corresponding element of the provincial transactions matrix.

The same methodology is used for estimating the components of GDP.

$$W^R_i = W^{Sk}_i / X^{Sk}_i \times X^R_i$$

Where:

W^R_i = regional value added or gross domestic product component of industry i's output

W^{Sk}_i = provincial value added or gross domestic product component of industry i's output

The components of final demand are estimated as follows. Personal expenditures are based on a per capita allocation of provincial spending.

$$PE^R_i = PE^{Sk}_i / Pop^{Sk} \times Pop^R$$

Where:

PE^R_i = Regional personal expenditure on industry i's output

PE^{Sk}_i = Provincial personal expenditure on industry i's output

Pop^{Sk} = Provincial population

Pop^R = Regional population

Gross capital formation (GFCF) or investment by industry is estimated applying the regional share industry to total provincial gross capital formation for each industry. The same approach is used to estimate exports (Xd), imports (M), and inventory changes by industry (VPC)

$$GFCF^R_i = X^R_i / X^{Sk}_i \times GFCF^{Sk}_i$$

$$Xd^R_i = X^R_i / X^{Sk}_i \times Xd^{Sk}_i$$

$$M^R_i = X^R_i / X^{Sk}_i \times M^{Sk}_i$$

$$VPC^R_i = X^R_i / X^{Sk}_i \times VPC^{Sk}_i$$

Where:

$GFCF^R_i$ = Regional investment spending on industry i's output.

$GFCF^{Sk}_i$ = Provincial investment spending on industry i's output

Xd^R_i = Regional exports of industry i's output

Xd^{Sk}_i = Provincial exports of industry i's output

M^R_i = Regional imports of industry i's output

M^{Sk}_i = Provincial imports of industry i's output

VPC^R_i = Regional inventory changes of industry i's output

VPC^{Sk}_i = Provincial inventory changes of industry i's output

Regional public administration employment is used to allocate provincial government current expenditures by region.

$$GCE^R_i = PAE^R / PAE^{Sk} \times GCE^{Sk}_i$$

Where:

GCE^R_i = Regional government current expenditures on industry i's output
 PAE^R = Regional public administration labour force
 PAE^{Sk} = Provincial public administration labour force
 GCE^{Sk}_i = Provincial government current expenditures on industry i's output

It is also necessary to adjust for leakages for intra-provincial imported factors of production.

These are estimated residually: If the sum of the use (both Final Demand and Inter-industry sales) of industry i's output is less than X_i then, intra-provincial exports are used to balance. Similarly, if use is greater than X_i intra-provincial imports are used the balance.

Intra-provincial exports/imports and exports due to out-shopping are estimated by calculating the marginal propensity to out-shop (the ratio of major community per capita retail sales to provincial per capita retail sales and multiplying by PE. Imports and exports are adjusted by this amount.

The estimation of intra-provincial imports into a region/community and incorporation of intra-provincial imports into the region/community model's leakages will constrain local multipliers to values not exceeding provincial level multipliers.

Developing Community/Regional Impact Models

Industry outputs in response to a shock in final demand are calculated as $(I - (I - \mu - \alpha - \beta)A)^{-1}((I - \mu - \alpha - \beta)e^* + (I - \mu - \beta)X_d + (I - \mu)X_r) = X$

Where:

I = an identity matrix of industry by industry dimension

A = a matrix of technical coefficients representing inter-industry purchases (z_{ij}) divided by own industry gross output X_i .

μ = a diagonal matrix whose elements represent the ratio of imports to use

α = a diagonal matrix whose elements represent the ratio of government production to use

β = a diagonal matrix whose elements represent the ratio of inventory withdrawals to use

e^* = final demand categories of consumption, government purchases of goods and services, business and government investment, and inventory additions.

X_d = final demand category of domestic exports

X_r = final demand category of re-exports.

Employment is calculated as a fixed number of positions per dollar of industry output. GDP components are calculated based on a fixed ratio of W_i to industry output.

Appendix C: Mixed Endogenous–Exogenous Input-Output Impacts

In a 3 industry x 3 industry input-output model with industry 3 exogenized, endogenous industry output and final demand X^M

$$\begin{bmatrix} X_1 \\ X_2 \\ Y^L_3 \end{bmatrix}$$

is calculated as follows:

$$X^M = M^{-1} Y^M$$

Where $M =$

$$\begin{bmatrix} (1-a^{L_{11}}) & -a^{L_{12}} & 0 \\ -a^{L_{21}} & (1-a^{L_{22}}) & 0 \\ -a^{L_{31}} & -a^{L_{32}} & -1 \end{bmatrix}$$

$$A^L = (D(I-\mu-\alpha-\beta)B)$$

$Y^M =$

$$\begin{bmatrix} Y^L_1 + a^{L_{13}}X_3 \\ Y^L_2 + a^{L_{23}}X_3 \\ -(1-a^{L_{33}})X_3 \end{bmatrix}$$

$$Y^L = D((I-\mu-\alpha-\beta)e^* + (I-\mu-\beta)X_d + (I-\mu)X_r)$$

Where:

I = an identity matrix of industry by industry dimension

D = a matrix of coefficients representing commodity output proportions

B = a matrix of coefficients representing commodity input proportions (technical coefficients) by industry

μ = a diagonal matrix whose elements represent the ratio of imports to use

α = a diagonal matrix whose elements represent the ratio of government production to use

β = a diagonal matrix whose elements represent the ratio of inventory withdrawals to use

e^* = final demand categories of consumption, government purchases of goods and services, business and government investment, and inventory additions.

X_d = final demand category of domestic exports

X_r = final demand category of re-exports.

VOLUME I: SASKTEL CENTRE

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A. CONTEXT

INTRODUCTION

SaskTel Centre opened in 1988, as Saskatchewan Place and was subsequently named Credit Union Centre before becoming SaskTel Centre in 2014. The venue originally offered 8,000 seats and was designed to accommodate a cross section of sports, entertainment and community events. Subsequent modifications (in 1990 and 2009) increased building capacity to about 15,000 (depending on event type). Visitor loads approaching the full 15,000-person capacity place considerable stress on building amenities and support infrastructure.

SaskTel Centre is home to two permanent tenants (the Saskatoon Blades of the Western Hockey League and the Saskatchewan Rush of the National Lacrosse League) as well as hosting 30 to 40 entertainment events (including major North American touring acts and self-produced shows such as moto-cross). SaskTel draws a regional audience from across Saskatchewan and, to a lesser extent, neighbouring Alberta and Manitoba.

The location of SaskTel Place, on the northern edge of Saskatoon and adjacent to Saskatoon airport, was not made without controversy; several other sites including downtown locations were considered at the time.

The focus of this detailed analysis of SaskTel is to:

- Understand how the building operates including its utilization levels, range of events, revenue generation and related performance issues.
- Assess the building condition and the extent to which it meets current market requirements.
- Project future event loads based on historical activity and market demand.
- Comment on the space necessary to achieve these event load projections.

The following report addresses these requirements.

SaskTel Centre Profile

Capacity:

Hockey: 15,100

Concerts: up to 12,100

Centre-stage concert: 14,370

Floor show (e.g., Moto cross: 9,550

Concert Bowl: 4,898

Luxury suites: 51

Parking: 5,000+

Building footprint: 135,000 SF

MANDATE AND FOCUS

SaskTel Centre is a key piece of civic infrastructure in Saskatoon. In addition to hosting the city's primary hockey franchise (and latterly, the lacrosse franchise), SaskTel Centre has put Saskatoon "on the map" with respect to concert and entertainment events drawing crowds (and revenues) commensurate with larger, NHL-capable venues in Calgary, Edmonton and Winnipeg.

SaskTel Centre is owned by the City of Saskatoon with oversight provided by a stand-alone Board of Directors selected by City Council. The ownership and operating structure is not dissimilar to other community sports/entertainment venues in western Canada.

SaskTel Centre's annual visitation exceeds 800,000 across a broad spectrum of events. The venue draws attendees not only from Saskatoon but across central and northern Saskatchewan but also from adjoining provinces. Despite these visitation levels the age, space constraints, limited amenities and inflexibility of building design inhibit SaskTel from achieving its Mission.

SaskTel Centre

Vision

A dynamic world-class facility creating positive memorable experiences.

Mission

[Credit Union Centre] SaskTel Centre provides world class culture, sport, and live entertainment experiences for the social and cultural enrichment of the region.

From concerts to hockey games, community events to festivals, our programs and events are the core of our operation, attracting nearly 800,000 visitors each year.

B. BUILDING CONDITION ASSESSMENT

BUILDING CONDITION ASSESSMENT

METHODOLOGY

As part of its engagement, the HLT Advisory team performed a facility condition assessment of the SaskTel Centre arena and TCU Place Convention Centre. The purpose of these reviews was to determine whether the facilities are of fundamental value worthy of major renovation or candidates for replacement. This portion of the report is directed to SaskTel Centre.

The first step of the Facility Condition Assessment was review of existing documents including: the SaskTel Technical Building Information Version 2015 and illustrative color drawings, the Credit Union Centre Master Plan Study of 2013, the Credit Union Centre Event Traffic and Parking Study of 2013 by Parsons Brinkerhoff, and the Saskatoon Credit Union Centre Strategic Plan of 2013-2018.

Second, the consultants toured the venue (before and during the WE Day event) accompanied by management to analyze the physical and programmatic conditions of the site and virtually all spaces within the building. Mr. Ian Vingoe interviewed staff to gain a broad understanding of building systems, operations and technology. This process illustrated that despite the best efforts of management and staff, SaskTel struggles operationally due to its age and outdated design.

Mr. Vingoe conducted a qualitative overview of the facility's physical condition; its appearance and probable lifespan of existing building systems and components. This overview was based on visual observation only and did not involve detailed code compliance or engineering

studies of the building's structural, mechanical, electrical, plumbing or fire protection systems.

Mr. Vingoe then conducted a qualitative overview of the facility's programmatic conditions assessing whether the venue meets the standards of today's contemporary facilities in similar demographic markets. This overview focused on seating capacities, spatial / dimensional conditions and site utilization of roads and parking.

FACILITY OVERVIEW

SaskTel Centre is the largest roofed, public assembly venue in Saskatchewan, able to host events for up to 15,000 people. Located ten minutes north of downtown and five minutes from the airport, the arena is served by Highway 16 and Provincial 11/12 routes.

The arena serves two distinct client groups: team sports and touring entertainment companies, the latter being driven by promoters who evaluate competitive facilities according to five essential criteria:

- Seating capacity and supporting demographics
- Building conditions, such as:
 - Ease of load in / load out
 - Rigging capacity
 - Building technology
 - Building acoustics
 - Safety
- Vehicular access and parking
- Adjacency to prior and following stops on tour
- Profit potential - revenue and expenses

BUILDING CONDITION ASSESSMENT

SaskTel Centre is the regional anchor for east-west concert and entertainment tours and does not directly compete with smaller venues (Regina) or the larger markets of Winnipeg, Edmonton and Calgary. Given Saskatoon's limited airline service, the arena serves a provincial drive-in audience for its sporting teams and civic events.

Arena venues should present a "sense of occasion" to the patron, with a focus on creating an event experience worthy of the price for admission.

PHYSICAL CONDITION ASSESSMENT OF SITE

Mr. Vingo toured the facility in winter when much of the site was covered with ice and snow mixed with grit for tire traction, restricting a thorough site condition assessment. The site appeared well maintained despite its age, constant heavy usage by automobiles, buses, tractor trailers and severe weather.

The parking area south of the building shows the heaviest signs of wear and is scheduled for repaving in 2018. Bill Hunter Avenue paving and sidewalks are serviceable. The sloped concrete paving up to patron entrances and down to the arena floor at service entrances appear in good condition with some exceptions. No evaluation of site drainage was possible at the time of the tour.

PROGRAMMATIC ASSESSMENT OF SITE

The 54+/- acre SaskTel site provides free parking for over 5,000 cars, buses and tractor trailers. Most of the parking is paved; overflow parking to the south is a mix of gravel and soil.

At the industry-accepted ratio of 2.5 to 3.0 spectators per car, the parking supports most events although on occasion visitors have parked on adjacent off-site properties. Parking for the disabled is conveniently located closest to the building north of ramps 1 and 4, while buses and tractor trailers park to the south and west of the facility.

The arena location in an industrial park on the northeast corner of Saskatchewan is somewhat barren and uninviting to pedestrians, lacking landscaping, trees and feature areas for outdoor pre/post event activities. There are no adjacent commercial or entertainment opportunities within walking distance that would encourage attendees to extend their visit, increase local spending and reduce peak traffic on adjacent roadways.

SaskTel Centre has a history of traffic complaints and management efforts to address them. Reported times to enter / empty the parking lots vary from 30 to 60 minutes, with mass exit being the worst condition. A 2013 traffic study by Parsons Brinckerhoff included a wide-range of 18 onsite and offsite recommendations covering operations, signage and major highway infrastructure improvements. However, given the arena location in the northwest corner of the city with only a four-lane surface road as the primary link to downtown and the population centers, incremental efficiencies will not keep up with future population growth in the City and traffic problems will only increase over time.

BUILDING CONDITION ASSESSMENT

ASSESSMENT OF BUILDING EXTERIOR

The building exterior condition is satisfactory as materials are generally in fair if aged condition. The original roofing is still in place but will soon require replacement, a remarkable product performance in this climate. The exterior wall and glazing appear watertight. Existing doors, both pedestrian and vehicular appear to operate properly. An operating shortfall is the lack of a snow melt system in the four corner service ramps to the arena, making these minimally useable during extended periods of ice and snow.

PROGRAMMATIC ASSESSMENT OF BUILDING EXTERIOR

The SaskTel Centre was originally constructed in 1986-1988 and has been updated several times over its 30+ year history however, it's mainly opaque exterior has a dated appearance. Without the dramatic glazed architectural concourse or entry lobby common to contemporary venues, the arena does not take advantage of its setting to present the signature image of the facility to event promoters and their patrons.

PHYSICAL CONDITION ASSESSMENT OF BUILDING INTERIOR

The interior of the SaskTel Centre is well maintained and in good condition despite its age. The concrete event floor appears to function well supporting events but suffers some cracking; the ice slab is scheduled for replacement in the next few years. The ice plant and its controls, dasher boards and glazing have been updated to current standards.



Newer telescopic seating surrounds the ice on a portion of its perimeter, while unique and original large steel framed, moveable seating sections expand the usable flat floor to 70,000 square feet.

- **Concourses and Concessions** are clean and well-maintained with functional if undersized directional signage. The interior materials and detailing are serviceable but present no “wow” factor upon entry. With limited glazing and views to the exterior, the concourses are somewhat gloomy and cavernous. An upgrade of graphics and architectural detail, improved concourse lighting and new LED digital graphics would enhance the customer experience.

BUILDING CONDITION ASSESSMENT

- **Spectator Seating:** seats are mostly 19 inches wide rather than 20 inches typical to contemporary venues. Knee space is constricted due to having 30-inch concrete treads per seating row; the current design standard is 33 inches. Much of the seating is original but spare parts have very limited availability; seat groups are being replaced with discarded seats cannibalized for repairs/parts.



General seating is molded plastic back and seat, while preferred seating is offered with padding with seatback cup-holders. Padded seats with cup-holder armrests are provided in the suites. Each type of seat was generally comfortable.

Sightlines are satisfactory with two exceptions: the gondola suites block view of the scoreboard from the upper seating, a condition offset by TV monitors installed on the back of the gondola; and concourse suite views are compromised by patrons entering and exiting arena seating at the top of each aisle. Management has addressed this situation by controlling the aisles with ushers.



- **Acoustic Properties:** acoustic metal deck common to contemporary venues was visible on the wall above the top row of seating and on the underside of the arena roof. One exception is the acoustic reflections from privacy glazing between concourse suites and adjacent aisles.

BUILDING CONDITION ASSESSMENT

- **Electrical Systems:** arena lighting meets industry standards with a contemporary LED system providing 75 fc for hockey vertical, 150 fc horizontal for sports with ample spotlight locations per event. SaskTel features a four-sided LED full-matrix scoreboard. The house sound system has been modernized providing speech clarity for announcements. Arena show power is reported at 3,800+/- amps meeting standards of contemporary venues, and the entire arena is fire protected. Half-house and upper-balcony curtains serve to reduce seating as required for smaller events.
- **Mechanical Systems:** the original 1986 HVAC system was sized only to provide spectator comfort for the original 8,000+/- patrons. As seating has been effectively doubled over the building's lifespan, the HVAC system has not significantly expanded and no longer meets the demands of a larger audience. The under-sized mechanical equipment is most problematic during concerts in the summer months when patrons report excessive heat, particularly in the upper seating deck.
- SaskTel is burdened by aged and corroded water piping, a mixed system of pneumatic and digital HVAC controls, overheating due to exposure to the northwest sun through sloped glazing, cross flow / mixing of hot- and cold-water in toilets,

and lack of air curtains at patron entrances and truck docks. An evaluation and possible replacement of the complete HVAC system is recommended should the arena remain in operation long-term.

PROGRAMMATIC ASSESSMENT OF BUILDING INTERIOR

The interior of the SaskTel Centre illustrates the age and programmatic weakness of the facility in comparison to contemporary facilities. In virtually every category, SaskTel is lacking adequate function space. Overall the Centre's building area of 390,000 +/- gross square feet (25+/- GSF per seat) is programmatically undersized by contemporary standards. A minimum of 30+/- GSF per seat is the current design practice for similar markets. This overall dimensional limitation of the venue is the root cause of specific deficiencies discussed below:

- **Ticketing Lobbies:** located on the north side of the building, these are critically undersized by today's standards, essentially reduced to low-ceiling vestibules. Ticketing and enhanced security measures have significantly increased the time for pre-event screening and the resultant footprint needed for patron processing. Long lines of patrons waiting to enter the building remain outside, a considerable challenge in the harsh winter climate which may detract from the venue's marketability.

BUILDING CONDITION ASSESSMENT



Contemporary ticketing lobbies are larger and provide a tempered environment before purchasing a ticket or entering the building concourses. Large exterior canopies could also protect patron lines from the weather.

- **Narrow Main and Upper Concourses:** the effective width of the main concourse at 20+/- feet and the upper concourse at 15+/- feet are far below contemporary standards, essentially limited to minimum exit widths and public circulation.

Adjacent toilets and concessions intertwine patron lines to each, causing confusion and blocking the concourse. Open stairs between concourse levels compound a sense of overcrowding.



BUILDING CONDITION ASSESSMENT

Originally the lower concourse was wider, but portions were converted to concourse suites. Similarly, the upper concourse has been narrowed at the upper suites, toilets and concessions, and was removed completely at the Original Founders 16 Lounge. While these renovations may have been acceptable at the time of their construction, they do not meet today's good practice standards for concourse design.

Contemporary lobbies are extensively glazed and provide broad open stairs, escalators and elevators to an upper concourse. Separation of patrons at the lobby between the main and upper concourses is a standard feature, allowing patrons to quickly and conveniently access the upper building concourse, seating, washrooms and concessions.

- **Lack of Portals to Upper Deck Seating on the North Side of the Arena Bowl:** while the Original Founders 16 Lounge and team offices are located on this level, the configuration forces all patrons seated in this area to traverse the full length of the seating aisle to access stairs down to the main concourse. Significant congestion in this area was noted during the WE event, even though the upper deck was not fully occupied. Portals on the south side upper deck would be the preferred layout, although these are narrower than found in contemporary venues.
- **Lack of Patron Amenities:** washroom fixture counts in current building codes are dramatically higher than those provided in the existing arena. Upgrading to current codes could potentially require a doubling of

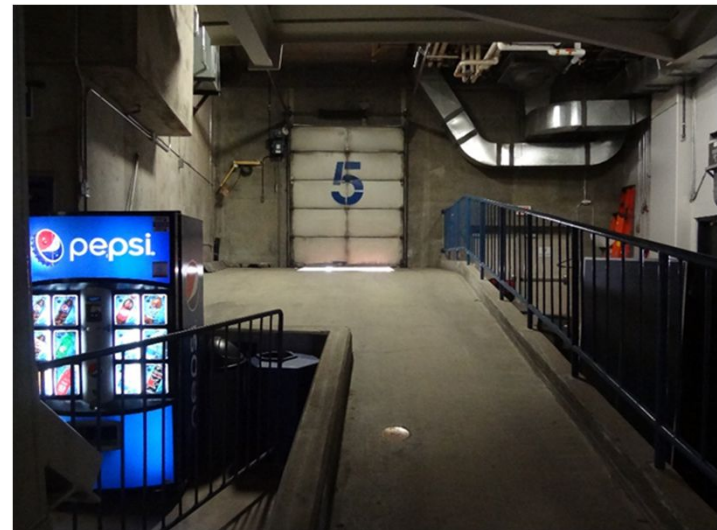
the washroom footprint. Similarly, fixed F&B and merchandising points of sale are roughly half the size of contemporary venues. The visible result of this shortfall is significant congestion and long lines in the concourses, restricting pedestrian movement. Portable POS have been installed where possible, but revenue enhancement opportunities are limited.

- **Size and Configuration of Concourse Suites:** the suites are small by contemporary standards and lack a dedicated restroom within the suite. Modern competitors have a dedicated suite concourse and lobby. Suite patrons "mix" with the general audience, likely reducing market value of suites. End stage / ice sightlines from the suites are blocked by patrons accessing the lower seating bowl. Glass partitions have been installed between suites to enhance privacy between suite patrons and the general audience.
- **Structural Limitations:** the height of the bottom chord of the roof trusses (trim height) at 50+/- feet above the ice floor is too low to provide effective rigging height. Riggers must "bridle" to hanging points over the arena floor, adding setup time and expense to the event.

The load bearing capacity of the ice and surrounding concrete floor slab is limited to 250 lbs./sq. ft., well below the current industry-standard of 350 lbs./sq. ft. The existing concrete reportedly has some cracking (which could not be viewed due to the WE event) that may be a result of tractor trailer and forklift operations.

BUILDING CONDITION ASSESSMENT

- **Constrained Food Service:** the size, location and configuration of the kitchen and elevator access to points of sale are far below contemporary standards. To summarize food service operational constraints:
 - The kitchen was built by converting unused locker spaces
 - No makeup air capability to support cooking hoods
 - No dedicated loading dock or service elevators to concourses and suites
 - Large banquets for up to 3,000 guests require a limited menu with buffet service, restricting the quality and revenue potential of meal services
- **Absence of a Smoke Protected Seating Ventilation System:** in contemporary arenas, a mechanical exhaust system limits the smoke from a fire to 6 feet above the concourses and / or the highest spectator seat, allowing patrons to exit the building safely. Smoke-protected seating is based on experience that death or injury in a fire is far more often caused by smoke than flame.
- **Lack of a Multi Vehicle Loading Dock:** while SaskTel has loading ramps at the four corners of the building, there is only one elevated loading dock served by a narrow ramp to the arena floor and indoor parking for one or two mobile broadcast trailers. This condition is inefficient for load / unload, increasing operating cost for the venue and events. A venue of this size should have six to eight contiguous, weather protected loading docks for concurrent use by food service, broadcast and event vehicles.
- **Limited Wi-Fi Service:** the system currently handles simultaneous use of 6,000 devices with maximum 1 Gigabit bandwidth. Large audiences having multiple devices often overload the system. The technology room supporting Wi-Fi and similar services is undersized and inconveniently located on a mezzanine between the arena floor and main concourse levels.
- **Lack of a Defined, Attractive and Secured Outdoor Space:** contemporary facilities, even in difficult climates like Saskatoon, use outdoor spaces for pre-post game social events and outdoor exhibits to enhance event revenues. SaskTel has an opportunity to develop such an outdoor space if lobby and concourse expansion occurs.



BUILDING CONDITION ASSESSMENT

CONCLUSION

The Request for Proposal directed the consulting team to consider repair and renovation of SaskTel Place versus replacement (at the current location or elsewhere). Given the facility condition assessment, we conclude SaskTel is quickly approaching its end of useful life. A renovation option would be extensive and potentially of an intensity replicating the time and investment of a complete replacement.

If the City chooses to renovate / expand SaskTel, it will remain an older building, built for a different era when public assembly design was conceived simply to observe the event. Today's competitive venues extend the patron's opportunity to spend both time and money within the venue.

To summarize the Task Three Facility Condition Assessment:

- Quality levels of materials, finishes and systems are functional with the exception of the HVAC system, single elevator, undersized kitchen, undersized administrative offices and single loading dock.
- SaskTel lacks the exterior and interior appeal of contemporary venues. The building image is dated.
- Parking is slightly undersized and vehicular access requires a significant overhaul.
- Current industry trends, focused on a "total spectator experience" not possible within the current building envelope, require expanded ticket lobbies, broader concourses, more F&B and retail outlets, and suites with dedicated concourses and restrooms.

- Concert promoters require taller event spaces and more capacity for rigging.
- Lack of a practice sheet of ice. Contemporary arenas are complemented by an additional ice sheet so that the home team can practice without taking the arena offline for other events. The additional ice sheet is also useful for club hockey and figure skating given the smaller building volume can be used without energizing the full arena at far greater operational cost.
- Updates to building codes over time have greatly increased the number of washroom fixtures required for this size facility and are geared toward provision of a smoke-protected seating area.
- Costs for maintenance and requests for upgrades and replacement of aging or outdated building components/systems appear to be increasing rapidly.
- Immediate repairs to seating often consists of cannibalizing parts from salvaged equipment.
- The arena lighting, scoreboard and house sound system are contemporary, but demand for Wi-Fi in event spaces exceeds current bandwidth and is growing exponentially.

SaskTel Centre is far from a contemporary facility operating in an increasingly competitive marketplace.

3. SASKTEL OPERATIONS

INTRODUCTION

Similar to TCU Place, SaskTel Centre is a public venue that generates operating revenue through the provision of space and ancillary services to (and/or with) event producers. Broadly speaking, the types of events held at SaskTel Centre fall into one of the following categories:

- Tenants—Contractual relationships with the Saskatoon Blades (hockey) and Saskatchewan Rush (lacrosse) that cover rent payments for building use (regular season, practice, and playoffs) as well as revenue sharing arrangements for food, beverage, merchandise and luxury suites.
- Rentals—where SaskTel Centre is rented to a facility user or promoter for a fixed fee plus the recovery of out-of-pocket costs for event set-up, stage hands, etc. All trade shows and many concerts operate on a rental basis.
- Co-Promotion—where SaskTel shares revenue and cost with a facility user / promoter for a given event. These arrangements are often a requirement of the performer and transfer significant risk (i.e., the risk of ticket sales) to the venue while retaining much of the upside benefit (i.e., a significant proportion, often in excess of 80%, of the total revenue, with a guaranteed minimum payment); and,
- Promotion/Self Produced—where SaskTel takes 100% of the risk of the event (or self produces the event in the case of moto cross, for example) and responsibility for performer fees and all marketing and associated costs, in exchange for 100% of ticket sales and ancillary revenues.
- Other/community based events (limited revenue) are managed on a case-by-case basis.

Our analysis of SaskTel Centre data focused on key operating metrics related to the event types above, specifically:

- The number and type of events
- Number of attendees per event
- Revenue and margin per event
- Comparable and benchmark data where available

In Phase II additional time will be spent analyzing the financial parameters of the events as well as related revenue sources such as sponsorship, advertising and premium seat/box revenues.

TOTAL EVENT LOAD BY EVENT TYPE

SaskTel Centre has historically generated between 80 and 90 events per annum and, up until 2015, between 300,000 and 400,000 attendees. The relocation of the Saskatchewan Rush from Edmonton to Saskatoon in 2016 has had a marked impact of paid attendance levels with 13 incremental events producing an additional 131,000 attendees (or more than a 33% increase)

SaskTel Number of Events and Attendees by Type									
Event Type	2014			2015			2016		
	Events	Tickets Sold	Tickets Sold/Event	Events	Tickets Sold	Tickets Sold/Event	Events	Tickets Sold	Tickets Sold/Event
Hockey	50	148,649	2,973	41	107,107	2,612	37	104,960	2,837
Lacrosse	-	-	-	-	-	-	13	131,901	10,146
Concert	20	145,308	7,265	19	127,205	6,695	24	194,694	8,112
Family	7	57,423	8,203	9	59,764	6,640	2	16,027	8,014
Comedy	1	4,241	4,241	1	7,190	7,190	-	-	-
Tradeshows	4	-	-	3	-	-	7	-	-
Other	5	3,997	799	6	15,018	2,503	7	17,233	2,462
Total	87	359,618	4,134	79	316,284	4,004	90	464,815	5,165

Source: HLT Advisory Inc. based on SaskTel data.

Concerts are the next greatest generator of paid attendance together with family and comedy shows. On a per-event basis, hockey produces the lowest paid attendance. Recent paid attendance may be attributed to team performance however, with the exception of the 2010/11 to 2012/13 period, average attendance/game has been less than 5,000 since the early 2000s.

Note: Paid tickets for certain events is lower than actual reported attendance (which may include giveaways or other promotions that result in larger reported attendance.

EVENTS BY ATTENDANCE AND NET INCOME

Number of tickets sold per event provides a clearer spectrum of event activity at SaskTel Centre. The impact of the Saskatchewan Rush (lacrosse) is clearly visible within the 10,000 – 12,000 category. The bulk of events in the 1,000 – 3,000 and 2,000 – 5,000 category are Saskatoon Blades games.

SaskTel Events by Size (Tickets Sold)			
Tickets Sold	2014	2015	2016
<1,000	7	3	-
1,000-3,000	31	32	28
3,000-5,000	17	13	11
5,000-7,500	6	5	8
7,500-10,000	4	4	8
10,000-12,500	2	4	6
12,500-15,000	6	6	7
15,000+	2	-	5
No Tickets Sold Data	12	12	17
Total	87	79	90

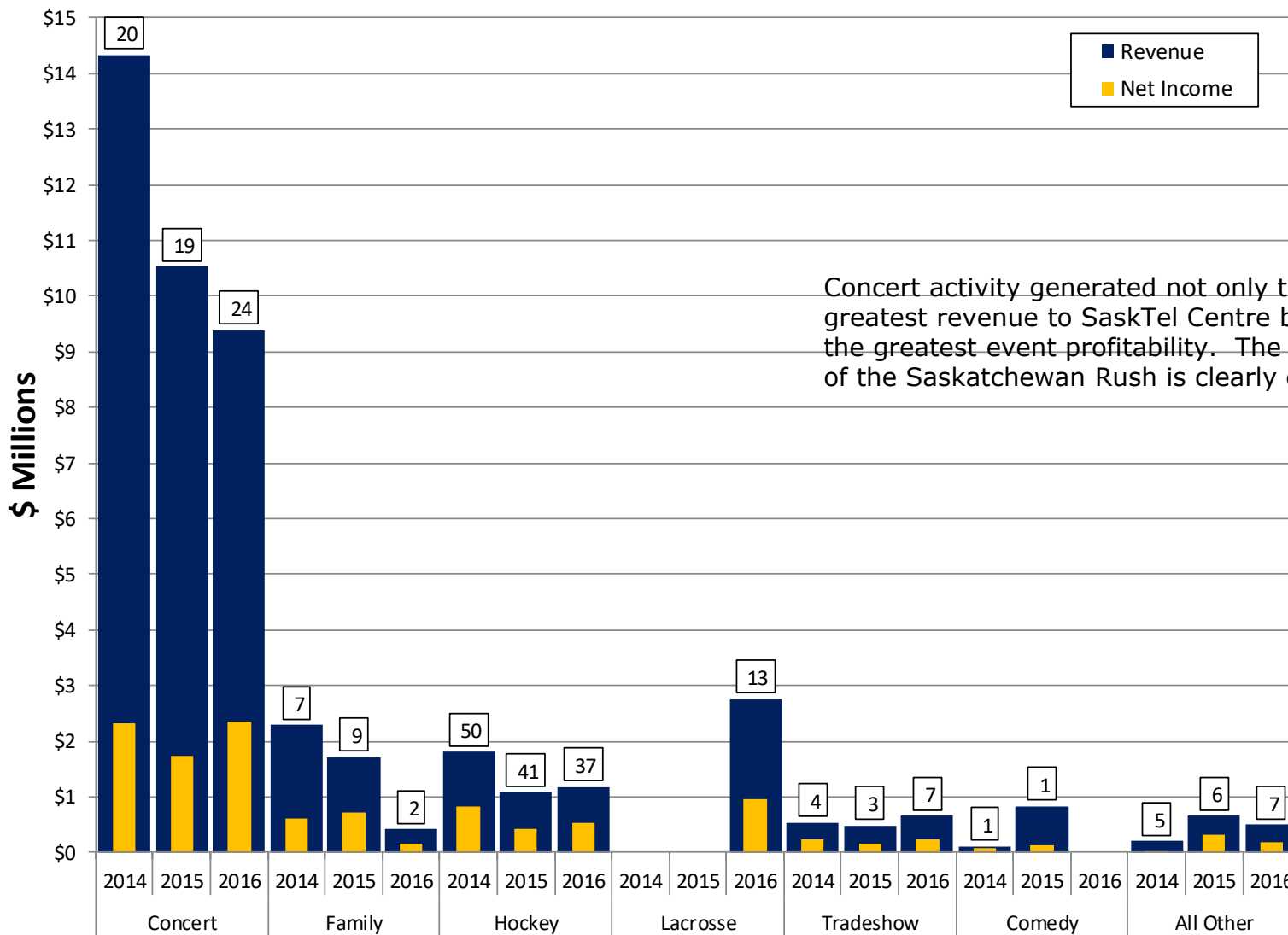
Source: HLT Advisory Inc. based on SaskTel data.

Events are also categorized by net income per event). Concerts account for all/almost all of the \$200,000+ events. When food, beverage and merchandise are included, the Saskatoon Rush accounts for four of the eighteen \$100,000+ events.

SaskTel Events by Size (Net Income per Event)			
Net Income	2014	2015	2016
<\$0	2	7	6
\$0-\$25,000	52	43	40
\$25,000-\$50,000	9	9	7
\$50,000-\$100,000	8	7	19
\$100,000-\$150,000	6	5	13
\$150,000-\$200,000	7	3	2
\$200,000-\$250,000	2	5	2
\$250,000+	1	-	1
Total	87	79	90

Source: HLT Advisory Inc. based on SaskTel data.

SASKTEL REVENUE AND NET INCOME BY EVENT TYPE



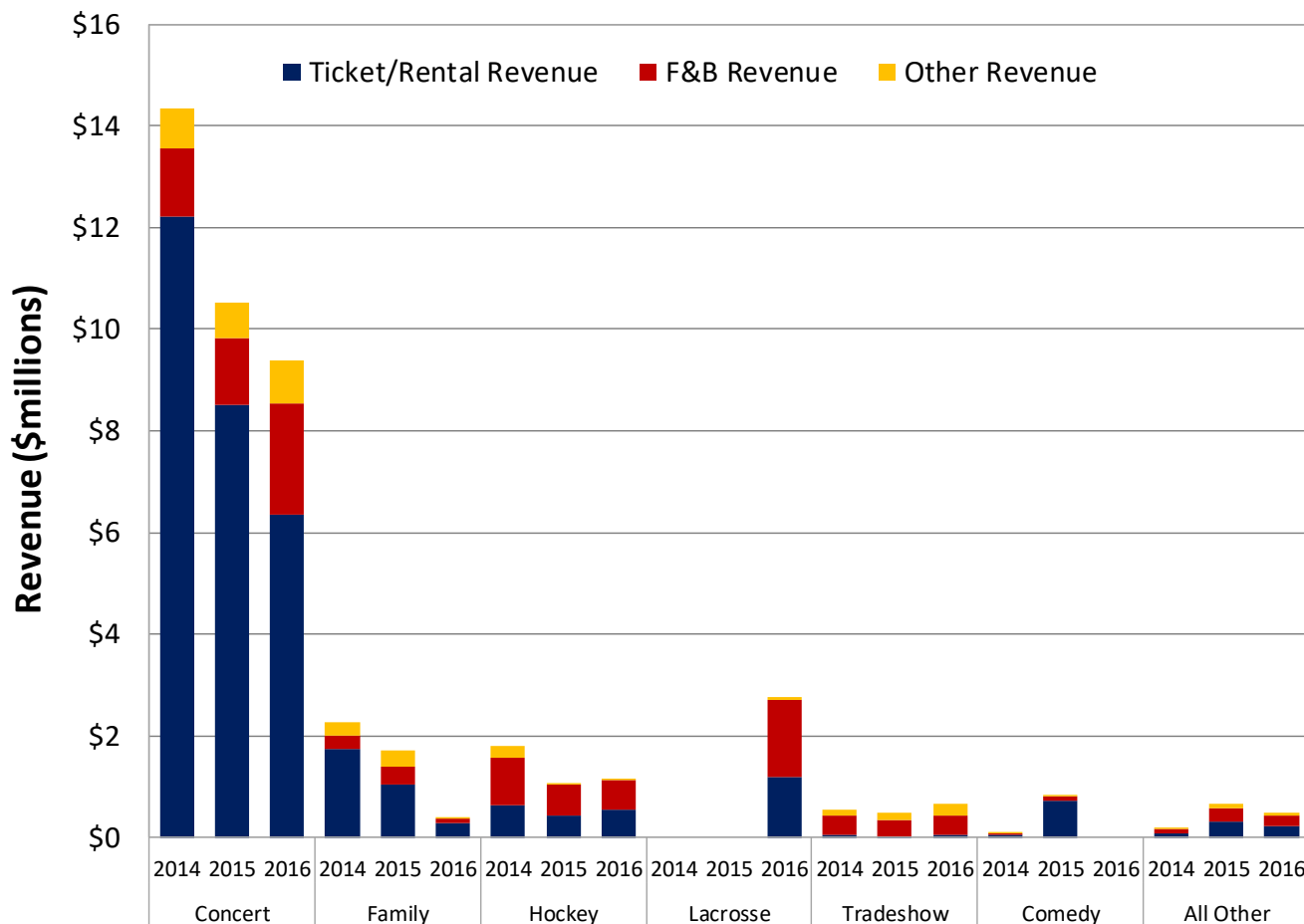
Source: HLT Advisory Inc. based on SaskTel data.

REVENUE BY TYPE

Ticket/Rental revenue to SaskTel Centre from concert events has decreased in the last three years, mainly due to a greater proportion of rental events in 2016 than 2014 (where the majority of concerts were self or co-production).

Ticket sales represent the largest portion of revenue for concert events ranging from 67% (2016) to 85% (2014) of total revenue.

For both hockey and lacrosse, food and beverage is a significantly higher proportion of revenue (49%-59% of total revenue). This can partially be explained by lower ticket prices, but also a function of different audiences at these events.



Source: HLT Advisory Inc. based on SaskTel data.

PROFITABILITY

From 2014 through 2016, SaskTel Centre produced an operating margin ranging from \$1.0 million to \$2.1 million.

The decrease in total ticket sales/rental revenue from 2014-2016 is due to a decrease in the number of self and co-promoted events. As a result, Artist Fees have also decreased over this period.

Food and Beverage Revenue increased significantly in 2016, largely due to SaskTel Centre hosting Saskatoon Rush lacrosse games. The 13 Saskatchewan Rush games accounted for roughly 30% of total food and beverage revenue at SaskTel Centre in 2016.

SaskTel Centre Profitability				
		2014	2015	2016
<u>Revenue</u>				
Ticket Sales/Rental	\$14,495,631	\$11,066,377	\$8,688,402	
Food & Beverage	\$3,015,800	\$3,024,031	\$5,004,727	
Other Event Revenue	\$1,337,291	\$1,218,217	\$1,208,218	
Sponsorship	\$975,054	\$1,356,099	\$1,288,120	
Other Income	\$2,759,938	\$3,004,642	\$3,573,205	
Total Revenue	\$22,583,715	\$19,669,367	\$19,762,672	
<u>Expenses</u>				
Artist Fees (and Socan)	\$9,911,158	\$6,890,352	\$3,520,662	
F&B Cost of Sales	\$969,033	\$895,741	\$1,832,600	
Production Costs	\$1,621,398	\$1,270,295	\$1,123,874	
Other Event Costs	\$2,701,786	\$2,771,898	\$4,052,999	
Wages & Benefits	\$2,894,073	\$3,014,209	\$3,105,766	
Depreciation	\$590,172	\$689,485	\$766,397	
CBCM Reserves Allocation	\$250,000	\$300,000	\$300,000	
Other Expenses	\$2,629,280	\$2,576,509	\$2,908,545	
Total Expenses	\$21,566,901	\$18,408,489	\$17,610,843	
Operating Margin	\$1,016,814	\$1,260,878	\$2,151,830	
<i>Source: HLT Advisory Inc. based on Sask Tel data.</i>				

IMPLICATIONS FOR RENOVATION/EXPANSION

SaskTel Centre is performing reasonably well in a competitive environment. While the Blades are experiencing a low point in paid tickets and total attendance, the Rush has provided a solid, well attended sports addition to the event line up. SaskTel Centre, like all spectator venues, is subject to the needs and variabilities of touring concerts and family shows but has been able to post reasonable volumes over the recent years.

In considering renovation and/or expansion, the following should be taken into account:

- SaskTel achieves near sell-out status for lacrosse games, major touring concerts and selected special events (World Cup) suggesting that Saskatoon can support a building of this size for certain events.
- The building design inhibits revenue generating opportunities—notably food, beverage, merchandise—given lack of space for preparation, storage and sales.
- The building design (and age of certain systems) results in a sub-par experience for some events (e.g., summer concerts where building temperatures exceed comfortable levels). This could result in limiting attendance if not corrected.
- Building profitability is affected by increased repairs and maintenance costs (given age of building), operating costs (e.g., constrained load-in/load-out) and smaller margins on otherwise profitable supplementary revenue areas (e.g., food and beverage).
- The bulk of events (even though not the majority of revenue) require less than 5,000 seats. The ability to comfortably accommodate these events (through curtaining or other means of “scaling” the seating area to suite the event) is important.

While SaskTel Centre is performing well, the continued success will be a function of meeting not only customer/ticket buyer demands but also those of production companies and others charged with responsibility of making venue selection decisions.

D. COMPETITIVE LANDSCAPE

INTRODUCTION

Arenas/entertainment centres (e.g., SaskTel Centre) operate in different competitive environments than convention centres (e.g., TCU Place, excluding the 2,000-seat theatre). While the primary role of a convention centre is to attract events that generate out-of-town visitors, arenas/entertainment centres are primarily designed and sized to serve a predominantly local market. Visitation may be generated from further afield for some events, but the size and scale of the local market largely dictates size and scale of the venue.

The base consideration in determining venue size is the presence of a permanent tenant(s). In the case of SaskTel Centre the permanent tenant is the Saskatoon Blades and, more recently the Saskatchewan Rush. The Blades have averaged less than 5,000 total attendance (less than 3,000 paid) over the past three years, while the Rush average 10,000+ in 2016 (with similar performance this year). However, the Blades play some 40 home games; the Rush less than one third as many.

Additional considerations include concerts/family shows and other ambulatory events that choose the SaskTel Centre as a performance venue. These shows have generated visitation levels well in excess of 12,000 (capacity varies based on stage set up and other factors) and demonstrate a local/regional demand for entertainment at SaskTel. Most of the travelling concert shows that stop in Saskatoon/SaskTel Centre are part of a multi-city tour that includes one or more arenas in major western Canadian cities such as Winnipeg, Regina, Calgary, Edmonton and/or Vancouver. Outdoor stadiums located in these cities (including the new 33,000-seat Mosaic Stadium in Regina) compete for larger touring acts and are generally not competitive with arena-based shows (given size and seasonal/outdoor considerations). As an example, the only concert event scheduled at Mosaic Stadium in 2017 is Guns N' Roses; part of a tour that includes Winnipeg (Investors Group Field), Edmonton (Commonwealth Stadium), and Vancouver BC Place).

Both the sports tenants and concert/family events are considered in the following competitive analysis.

SASKATOON BLADES AND THE WESTERN HOCKEY LEAGUE

The Saskatoon Blades play in one of the largest venues in the Western Hockey League. The only larger venues (Calgary, Edmonton, Portland) also host NHL or NBA franchises. Larger capacity has not resulted in stronger attendance, with Saskatoon in the middle of the 22 team league. Discussions with the Blades' owner surfaced several reasons for lacklustre attendance including venue size and the inability to deliver a suitable "fan experience" with two thirds of the building empty.

WHL Attendance							
Team	Building	2016 Capacity	Attendance				
			2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Calgary Hitmen	Scotiabank Saddledome	19,289	8,973	9,300	8,252	8,462	8,217
Portland Winterhawks	Memorial Coliseum/Moda Center	10,407-18,280	6,075	6,687	7,329	6,980	7,004
Edmonton Oil Kings	Rogers Place	18,641	6,421	7,575	6,743	6,787	6,838
Spokane Chiefs	Spokane Veterans Memorial Arena	10,759	6,443	6,368	6,102	5,829	5,765
Red Deer Rebels	Enmax Centrium	7,111	4,858	5,175	4,949	5,111	5,635
Kelowna Rockets	Prospera Place	6,286	6,082	5,358	5,141	5,328	5,242
Vancouver Giants*	Langley Events Centre	5,276	6,944	7,205	6,266	5,815	5,169
Everett Silvertips	Comcast Arena	8,149	5,278	5,062	4,901	5,089	4,878
Victoria Royals	Save-On-Foods Memorial Arena	7,006	5,660	5,189	4,800	4,840	4,860
Seattle Thunderbirds	ShoWare Center	6,500	4,206	4,036	4,427	4,507	4,792
Regina Pats	Brandt Centre	6,484	4,130	4,246	3,956	4,317	4,563
Saskatoon Blades	SaskTel Centre	15,195	5,048	6,040	4,719	4,563	4,377
Medicine Hat Tigers	Canalta Centre	6,016	4,006	4,006	4,006	4,006	4,248
Brandon Wheat Kings	Westman Communications Group Place	5,102	4,143	3,787	3,529	3,895	4,212
Kamloops Blazers	Sandman Centre	5,464	4,178	4,825	4,148	3,994	3,769
Lethbridge Hurricanes	Enmax Centre	5,470	3,283	3,650	3,089	3,010	3,746
Tri-City Americans	Toyota Center	6,000	4,653	4,495	4,223	4,019	3,718
Moose Jaw Warriors	Mosaic Place	4,414	3,898	3,814	3,613	3,312	3,332
Prince George Cougars	CN Centre	5,971	2,047	1,840	1,693	2,852	3,122
Prince Albert Raiders	Art Hauser Centre	3,366	2,426	5,674	2,496	2,431	2,369
Swift Current Broncos	Credit Union i-plex	3,239	2,204	2,178	2,119	2,162	1,970
Kootenay Ice	Western Financial Place	4,654	2,805	2,411	2,227	2,239	1,957

Source: HLT Advisory Inc. based on stadium websites and the internet hockey database.
 *Moved to Langley Events Centre in 2016. Previous arena was Pacific Coliseum (16,281 capacity).

The profile of WHL team attendance is not dissimilar to other North American major junior hockey leagues. WHL teams play two more home games each in a 72-game season.

ONTARIO HOCKEY LEAGUE COMPARABLES

The Ontario Hockey League draws attendance levels (68-game season) similar to that of the WHL. Only one OHL structure is comparable in size to an NHL venue (Hamilton, whose team until recently played in the American Hockey League). With some exceptions those teams drawing greater visitation are located in larger population centres

		OHL Attendance					
Team	Building	2016 Capacity	Attendance				
			2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
London Knights	Budweiser Gardens	9,046	8,953	8,991	9,018	8,977	9,013
Kitchener Rangers	Kitchener Memorial Auditorium Complex	7,777	6,365	7,212	7,056	6,992	7,012
Oshawa Generals	Tribute Communities Centre	6,125	4,383	4,760	4,860	5,248	5,353
Windsor Spitfires	WFCU Centre	6,500	5,859	5,691	5,306	5,067	4,775
Niagara Ice Dogs	Meridian Centre	5,300	2,982	3,046	2,989	4,328	4,557
Erie Otters	Erie Insurance Arena	6,833	2,855	3,115	4,429	4,947	4,481
Guelph Storm	Sleeman Centre	4,715	3,871	4,266	4,326	4,507	4,232
Kingston Frontenacs	Rogers K-Rock Centre	5,614	2,546	3,439	3,795	3,963	4,130
Sault Ste. Marie Greyhounds	Essar Centre	4,928	4,316	4,149	4,262	4,366	4,071
Hamilton Bulldogs	FirstOntario Centre	17,383	na	na	na	na	3,844
Barrie Colts	Barrie Molson Centre	4,195	3,655	3,731	3,729	3,741	3,830
Ottawa 67's	TD Place Arena	9,862	6,507	5,613	4,305	3,604	3,484
Saginaw Spirit	Dow Event Center	5,527	3,774	3,684	3,691	3,555	3,354
North Bay Battalion	North Bay Memorial Gardens	4,246	na	na	3,366	3,447	3,327
Samia Sting	Progressive Auto Sales Arena	5,500	3,466	3,282	3,019	2,877	3,122
Sudbury Wolves	Sudbury Community Arena	4,640	3,762	3,915	3,787	3,729	3,108
Mississauga Steelheads	Hershey Centre	5,612	na	2,337	2,585	2,906	3,025
Flint Firebirds	Dort Federal Credit Union Event Center	4,021	na	na	na	na	2,984
Owen Sound Attack	Harry Lumley Bayshore Community Centre	3,500	2,871	3,058	2,952	2,951	2,839
Peterborough Petes	Peterborough Memorial Centre	4,329	2,537	2,542	2,512	2,485	2,573

Source: HLT Advisory Inc. based on stadium websites and the internet hockey database.

AMERICAN HOCKEY LEAGUE COMPARABLES

The league with the greatest variance in size of host venue is the American Hockey League, where venues range in size from less than 4,000 to more than 20,000. This 68-game/season league draws among the largest non-NHL attendances. Many AHL teams are located in larger cities than WHL or OHL teams however, most have multiple professional sport options, including the NHL.

AHL Attendance							
Team	Building	2016 Capacity	Attendance				
			2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Hershey Bears	Giant Center	10,500	9,872	10,046	9,664	9,791	9,790
San Diego Gulls	Valley View Casino Center	12,920	na	na	na	na	8,675
Cleveland Monsters	Quicken Loans Arena	10,025 (up to 20,056)	7,845	7,680	8,144	8,331	8,596
Ontario Reign	Citizens Business Bank Arena	9,736	na	na	na	na	8,570
Grand Rapids Griffins	Van Andel Arena	10,834	7,253	7,681	8,220	8,082	8,543
Providence Bruins	Dunkin' Donuts Center	11,075	7,817	8,188	8,135	8,389	8,411
Lehigh Valley Phantoms	PPL Center	9,420	na	na	na	8,163	8,244
Chicago Wolves	Allstate Arena	16,692	7,909	8,230	7,927	7,958	7,963
Manitoba Moose	MTS Centre	15,294	na	na	na	na	7,285
Toronto Marlies	Ricoh Coliseum	7,851	5,480	6,681	6,013	8,347	6,393
Milwaukee Admirals	UW-Milwaukee Panther Arena	9,652	6,226	5,624	5,844	5,809	6,169
San Antonio Rampage	AT&T Center	16,151	7,134	7,067	7,001	6,579	6,137
Rochester Americans	Blue Cross Arena	10,664	5,595	6,314	5,412	6,165	6,067
Charlotte Checkers	Bojangles' Coliseum	8,600	6,768	6,781	6,360	5,822	5,905
Iowa Wild	Wells Fargo Arena	15,181	na	na	5,883	5,659	5,846
St John's IceCaps	Mile One Centre	6,287	na	na	na	na	5,717
Wilks-Barre/Scranton Penguins	Mohegan Sun Arena at Casey Plaza	8,300	6,028	6,038	5,804	5,708	5,655
Syracuse Crunch	Oncenter War Memorial Arena	6,159	5,246	5,399	5,574	5,986	5,410
Bakersfield Condors	Rabobank Arena	10,400	na	na	na	na	5,195
Texas Stars	H-E-B Center at Cedar Park	6,863	5,470	5,146	5,294	5,002	5,067
Rockford IceHogs	BMO Harris Bank Center	5,895	4,244	4,560	4,804	4,834	5,014
Stockton Heat	Stockton Arena	9,737	na	na	na	na	4,647
Hartford Wolf Pack	XL Center	14,750	na	na	4,071	4,468	4,440
San Jose Barracuda	SAP Center	17,562	na	na	na	na	4,432
Bridgeport Sound Tigers	Webster Bank Arena	8,525	4,875	5,300	4,860	4,744	3,940
Utica Comets	Utica Memorial Auditorium	3,860	na	na	3,435	3,720	3,860
Binghamton Senators	Floyd L. Maines Veterans Memorial Arena	4,679	3,578	3,559	3,936	3,773	3,812
Albany Devils	Times Union Center	14,236	3,435	3,860	3,360	3,323	3,366
Springfield Thunderbirds	MassMutual Center	6,800	5,158	4,444	2,185	2,963	3,363
Tucson Roadrunners	Tucson Convention Center	7,440	3,659	3,906	3,787	3,273	3,108

Source: HLT Advisory Inc. based on stadium websites and the internet hockey database.

NATIONAL LACROSSE LEAGUE

The National Lacrosse League (“NLL”) is a nine-team league operating in various forms for 30+ years. The Saskatchewan Rush relocated to Saskatoon and SaskTel Centre in 2015 and have posted among the strongest attendance numbers in the league. Attendance varies widely between teams although has been relatively consistent from year-to-year.

NLL Average Attendance							
Team	Building	2016 Capacity	Average Attendance				
			2013	2014	2015	2016	2017 YTD
Saskatchewan Rush	SaskTel Centre	15,100	na	na	na	11,737	14,905
Buffalo Bandits	KeyBank Center	19,070	15,620	14,611	14,316	15,833	14,441
Colorado Mammoth	Pepsi Center	18,007	13,731	15,706	14,787	13,832	14,114
Calgary Roughnecks	Scotiabank Saddledome	19,289	10,215	10,615	11,642	11,471	10,719
Toronto Rock	Air Canada Centre	18,819	10,729	10,533	10,011	9,159	9,623
Rochester Knighthawks	Blue Cross Arena	10,664	7,353	7,654	7,051	8,164	6,965
New England Black Wolves	Mohegan Sun Arena	7,700	na	na	3,914	3,751	5,287
Georgia Swarm	Infinite Energy Arena	11,355	na	na	na	4,667	3,804
Vancouver Stealth	Langley Events Centre	5,276	na	3,590	3,734	3,758	3,137
League Average			9,437	9,430	8,970	9,152	9,186
Source: HLT Advisory Inc. based on National Lacrosse League data.							

NLL games are high-energy events with continuous music and entertainment programming supporting activities on the field. The league is marketed to a younger demographic (all games are live streamed on NLLTV.com) as much as a “party” as a sports competition.

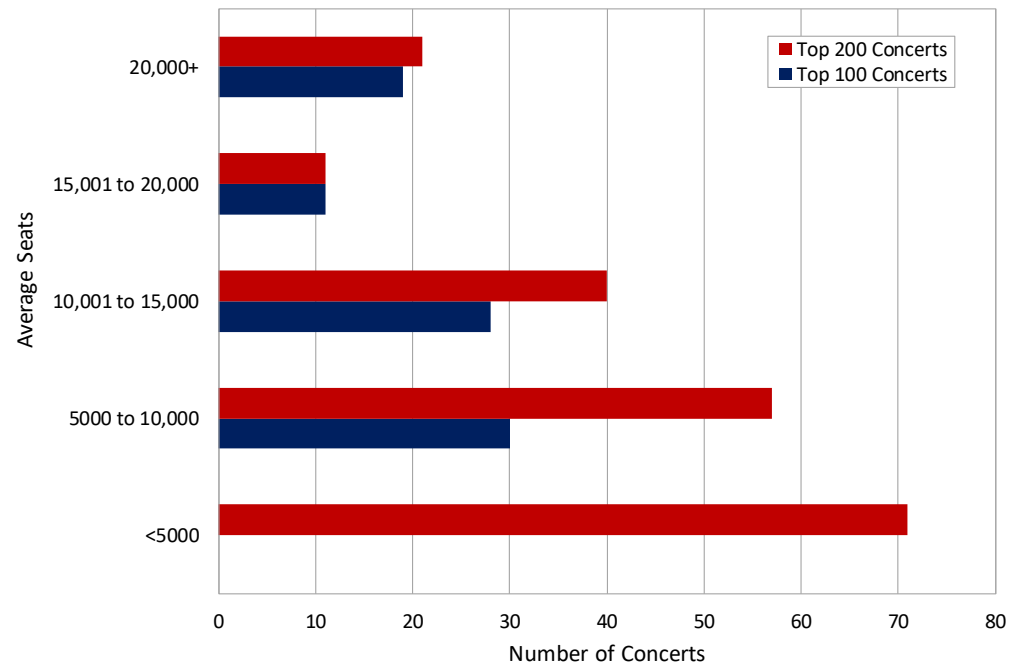
CONCERTS

The importance of touring shows as a source of revenue to musicians (and other entertainers such as comedians) is reinforced by the surging tickets sales and revenues generated from concerts. Pollstar (the definitive source of data for the concert industry) noted in their 2016 Year End Business Analysis that the Top 100 Tours of North America grossed a record US\$3.34 billion, up 7% over the US\$3.12 billion recorded in 2015. The top 100 acts sold a record 43.63 million tickets, more than 1.5 million more tickets greater than the previous year. The average ticket price also hit record levels at US\$76.55 which is up 3% or US\$2.30 over 2015. The US\$3.34 billion recorded in 2016 is more than three times the Pollstar estimate of total gross ticket sales just twenty years ago.

The table differentiates between the average size of the Top 100 highest grossing concerts (blue) and the average size of the Top 200 highest grossing concerts (orange). Most of the 20,000+ events are held outdoors in stadium settings. Smaller events are held in arenas or performing arts centres.

The current seating capacity of SaskTel Centre is capable of accommodating about 70% of the Top 100 shows and more than 80% of the Top 200.

Top 200 Highest Grossing N.A. Concerts by Average Seats (2016)



Source: HLT Advisory Inc. based on Pollstar Year End Top 200 North American Tours, 2016

FAMILY SHOWS

The term “family show” or family event refers to a broad range of theatrical, ice (i.e., skating), dirt (e.g., monster trucks), sport (e.g., Harlem Globetrotters) entertainment (e.g., Disney) and comedy shows.

The majority of North American events are created and produced by a handful of production companies that also control distribution and touring decisions. Many of these are also heavily involved in concerts and other events also staged in arenas, theatres and like buildings. Many of the larger producers run multiple “units” or versions of these shows in order to maximize tour dates. As a result the same show/event can be playing in multiple cities/venues at the same time.

Family shows may not be as lucrative as top-selling concerts but are attractive given that they are booked well in advance, often can run for multiple days and occur in periods of the year less attractive to concert promoters (Christmas and other holiday periods, spring break and autumn/fall).

Selected Touring Family Shows 2016 (North America)			
	Units	Shows	Price (US\$)
AEG Thesestar	2	500	15
Apex Motorsports	3	250	24
Dreamworks Theatricals	30+	3,500+	85
Feld Entertainment	24	5000+	19 - 28
Harlem Globetrotters	3	300	35
Koba	1	50	25
Nitro Circus	3	41	19 - 79
Red Light Management	2	120	25 - 49
Right Angle	1	40	49
Stars on Ice	1	40	48
Vstar	6	1500	10 - 35
WWE	3	350	45
Source: Venues Today, HLT Advisory			

VENUE SELECTION AND SASKTEL CENTRE

Venues (and host cities) are selected for concerts and family shows for a variety of reasons. In completing this study we spoke to senior executives of Live Nation Canada and AEG (promoters of all but three of SaskTel Centres' largest concerts between 2014 and 2016) who noted key considerations including:

- Logistics and travel patterns—most touring concerts in western Canada stay within Canada and travel in a west-east or east-west pattern. Saskatoon is a desirable stop between Winnipeg and either Edmonton or Calgary. Regina has no indoor venue comparable in size to SaskTel.
- Minimum venue size—this will depend on the show but 10,000 + seats (net after staging) makes the venue desirable and in the same league as Winnipeg, Edmonton and Calgary.
- Strength of market and unique demographics—Saskatoon is a proven destination for many genres, notably country.
- Building characteristics—including ability to rig/hang sound and lights, cost of labour, capacity for entourage/trucks and related logistics.

CONCERT ACTIVITY AT SASKTEL CENTRE

SaskTel Centre has consistently played host to some of North America's largest touring acts. In 2014, 2015 and 2016 between five and seven of the highest grossing touring acts have performed at SaskTel Centre.

Top 50 Concerts at SaskTel		
2014	2015	2016
Katy Perry (3)	Shania Twain (10)	Garth Brooks (4)
Fleetwood Mac (5)	Maroon 5 (18)	Justin Bieber (6)
Bruno Mars (9)	Def Leppard (23)	Carrie Underwood (15)
Cher (12)	Ed Sheeran (25)	Dixie Chicks (19)
Blake Shelton (43)	Neil Diamond (27)	Keith Urban (32)
	Motley Crue (39)	The Who (42)
	Eric Church (42)	

Source: Pollstar Year End Top 200 North American Tours, 2014 - 2016

Touring acts may do extensive North American runs or focus on regional geographies. Many of the Top 25 touring acts that bypassed SaskTel Centre in 2016 also missed all of western Canada. Of the Top 25 Saskatoon hosted four acts, well short of Toronto and Vancouver but a comparable level with Calgary, Ottawa and Hamilton...cities more than twice the size.

Top 25 Touring Concerts/Events: Canadian Dates by City									
	Sask.	Tor	Van.	Mont.	Calgy	Edmntn	Winn.	Ham.	Ott.
Beyoncé									
Guns N' Roses		x							
Bruce Springsteen									
Garth Brooks	x					x	x	x	x
Adele		x	x	x					
Justin Bieber	x	x	x	x	x	x	x		x
Coldplay									
Drake		x	x	x		x			
Luke Bryan		x		x	x				
Kenny Chesney		x	x					x	x
Billy Joel									
Paul McCartney			x						
Cirque du Soleil - "Toruk"		x	x	x		x	x		x
Celine Dion				x					
Carrie Underwood	x	x							x
Trans-Siberian Orchestra		x							
Cirque du Soleil - "Kurios"									
Kanye West		x	x	x		x	x		
Dixie Chicks	x	x	x						
Barbra Streisand		x							
Black Sabbath			x	x	x	x	x	x	
Rihanna		x	x	x	x	x	x		
Jason Aldean									
Phish									
Florida Georgia Line									
	4	13	10	9	4	7	6	3	5
Source: Polstar Year End Top 200 North American Tours, 2016									

E. PROJECTED EVENT LOAD AND SPACE IMPLICATIONS

FACTORS AFFECTING EVENT LOADS

The venue supply and content environment facing SaskTel Centre (and Saskatoon) may be summarized as a series of strengths, weaknesses, opportunities and threats.

Strengths

- Growing local population with solid employment levels and household incomes
- Regional centre and tourism “base” in central Saskatchewan
- Proven track record of hosting a variety of events over several decades
- Two permanent tenants (Blades and Rush)
- Knowledgeable management team
- SaskTel provides Saskatoon with a sense of pride through hosting top-level entertainment

Weaknesses

- Competitive and newer facilities in nearby markets (Edmonton, Winnipeg)
- Dated appearance (interior and exterior)
- Inability to scale seating to event (e.g., curtain off unused seats)
- Technical capability of SaskTel places the venue at a competitive disadvantage
- Limited ability to capitalize on event attendance (food, beverage, merchandise) given lack of infrastructure
- Reputation for parking/access challenges

Opportunities

- Known relationships with key concert and event promoters
- Strong relationships with Saskatoon and regional businesses; strong potential market for upselling (sponsors, premium seating)
- Possible joint operation/sales opportunity with a co-located TCU Place
- New Edmonton arena (and potential Calgary sports complex) strengthens western Canadian touring circuit

Threats

- Economic downturn in Saskatchewan lasts longer (or is deeper) than currently forecasted
- Changing demographics..potential mis-match with touring acts
- Potential reduction in number of WHL/NLL games/season (or increase...an opportunity)
- Potential addition of new venue in competitive market (Regina)

PROJECTED EVENT LOAD

Given the historical operating results at SaskTel Centre, the universe of potential concert/family events and current venue supply parameters we developed a stabilized event load projections by event type. The projections reflect the analysis undertaken for SaskTel Centre as well as our knowledge of the sport and entertainment industry in western Canada and beyond.

	2014 - 2016 Average			Worst Case			Most Likely Case			Best Case		
	Events	Tickets Sold	Tickets Sold/Event	Events	Tickets Sold	Tickets Sold/Event	Events	Tickets Sold	Tickets Sold/Event	Events	Tickets Sold	Tickets Sold/Event
Hockey	43	120,239	2,807	36	100,800	2,800	36	108,000	3,000	36	115,200	3,200
Lacrosse	13	131,901	10,146	9	85,500	9,500	9	90,000	10,000	9	103,500	11,500
Concerts	21	155,736	7,358	19	133,000	7,000	22	165,000	7,500	25	212,500	8,500
Family/Comedy	6	44,405	7,619	7	45,500	6,500	12	90,000	7,500	15	112,500	7,500
Trade Shows	5	-	-	3	-	-	6	-	-	9	-	-
Other	6	12,083	1,921	6	12,000	2,000	10	25,000	2,500	14	35,000	2,500
	93	464,363	4,975	80	376,800	4,710	95	478,000	5,032	108	578,700	5,358

Source: HLT Advisory based on stated assumptions

The following assumptions underlie the projections:

- General—the “worst case” is equal or slightly better than the lowest year of the past three; the most likely case approximates the historical three-year average.
- Hockey—Total events reflect the WHL regular season (without estimates for playoffs)
- Lacrosse—Total home games as per current NLL season.
- Concerts—similar to past performance but Best Case allows for a 4 to 5 event increase given a newer and more efficient structure (permitting lower cost/more efficient move in/out and greater concession (F&B and retail potential).
- Family/Comedy shows—increase in event load reflects the ability to better configure the seating area to accommodate a wider range of events (this results in average attendance below the historical average).
- Trade shows—assumes a more efficient building is better equipped to host flat-floor exhibitions.
- Other—assumption of a downtown/more central location generated greater event activity (community and other events now held at Prarieland Park or other City venues). This assumption would decrease to historical levels if SaskTel remains at the current location.

In summary, the opportunity for SaskTel Centre is as much one of better servicing (and generating more revenue) the existing customer and tenant base than securing significantly more events (although a modest increase in event load is a reasonable expectation).

MINIMUM SPACE AND SEATING REQUIREMENTS

The historical performance of SaskTel Centre (including the two primary tenants), together with potential opportunities in the concert and family show market, indicates that current SaskTel Centre capacity is adequate to meet demand. This conclusion recognizes that in any given year capacities of +/- 10% (or more) could be justified given factors ranging from success of principal sports teams to availability of touring concert and family acts.

Past experience with arena, convention centre and related entertainment venues however, requires a degree of flexibility at the planning stage given unknowns with respect to site availability/size, capital costs and desire to invest in recreation/entertainment infrastructure. In the case of SaskTel Centre, seating capacity is adequate but supporting amenities clearly are not (based on the building condition assessment), leading to two broad options: an extensive (and costly) renovation or a new structure. As a result, a degree of flexibility is necessary when approaching the site selection and financial/economic feasibility sections. Therefore we are proposing "minimum" and "target" parameters for a renovated or new structure, as follows:

SaskTel Centre: Renovation/Expansion/Relocation Parameters			
	Actual	Minimum	Target
Total Seats	15,000	12,000	15,000
Suites	50	50	50
Area per Suite	300	500	500
Club Seats	unknown	1,000	1,000
	15,380	13,550	16,550
Support amenities (Square Feet)			
Toilets	10,000	15,000	17,000
Concessions	5,000	8,000	10,000
Merchandising	1,000	4,000	4,000
Restaurant (two, different themes)	5,000	8,000	10,000
Kitchen, Offices Commissary	unknown	10,000	10,000
Total	21,000 +	45,000	51,000

Notes:

Actual areas are approximate and expressed in square feet, measured from illustrative color drawings provided by Owner. Not confirmed by field measurement.

SaskTel has sufficient back-of-house space at the event level but is lacking elements within that space such as insufficient elevators.

Subject to code compliance and related due diligence in site stage

These parameters will be further validated at the site option and community input stages. Additional building components (e.g., food court, meeting space) will depend on various factors including the site selected.

FLEXIBILITY

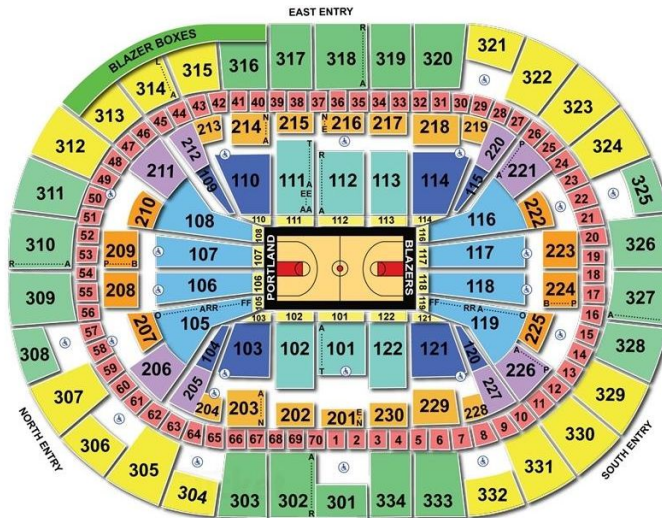
In addition to the gross size and capacity considerations a number of operational considerations are relevant at this stage, including:

- Flexibility—SaskTel Centre hosts events where visitation ranges from less than 5,000 to over 12,000. the structure should be able to accommodate all events types and provide an “event experience” that is scalable to the audience involved. The following page provides two examples (Moda Center | Portland and Quicken Loans Center | Cleveland) where 18,000+ seat arenas are scaled back to comfortably accommodate WHL/AHL tenants.
- Contemporary—expectations of sports/entertainment venues have changed substantially since the SaskTel Centre was opened. Any renovation should thoroughly address current user expectations with respect to service and product offerings.
- Back-of-house—the multiple retrofitting of SaskTel Centre to accommodate more seating has left the building woefully short of necessary support infrastructure.
- Bigger and more demanding touring events—Whether the ability to rig/hang complicated sound and light systems or the ability to accommodate a caravan of semi-trailers, the expectation of today’s touring show producers are greater than ever.

LARGE ARENA SEATING CONFIGURATIONS

Moda Center

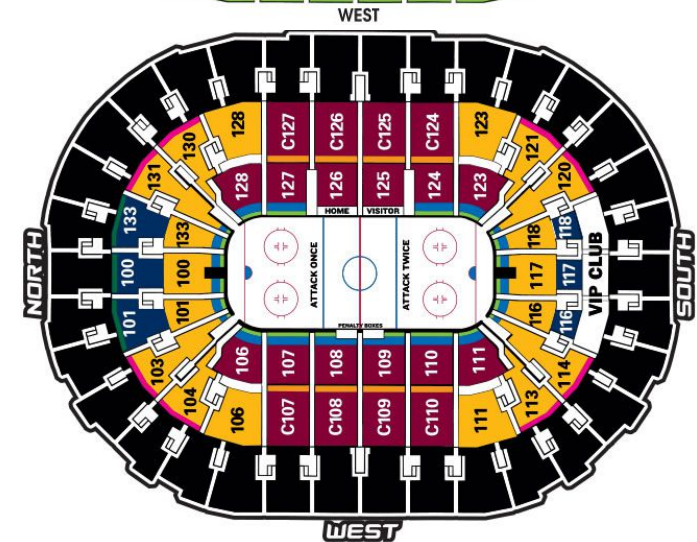
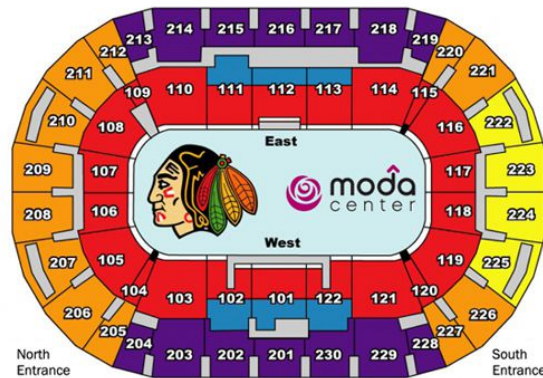
NBA Seating Chart



Quicken Loans Arena



WHL/AHL Seating Chart



VOLUME II: TCU PLACE

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A. CONTEXT

TCU PLACE HISTORY AND COMPONENTS

TCU Place first opened in 1968 as the Centennial Auditorium (now the Sid Buckwold theatre). Construction began in 1967 as a project to commemorate Canada's one hundredth birthday.

In 2006 an expansion project was commenced that added some 52,000 square feet of (then) contemporary meeting and banquet space

Today, TCU Place is rented as a ~75,000 square foot convention facility although several rooms are marketed to include pre-function and lobby spaces:

- Centennial Hall (original building)- 23,000 square feet (including pre function space, net space is closer to 18,800 square feet) usually sold as exhibit or flex space. Located underneath the Sid Buckwold theatre. This space has different floor levels, preventing a single, continuous exhibit floor for trade show or banquet purposes.
- Gallery Hall (2006 addition) – 14,600 square feet of flexible space located on the main floor and divisible in to 4 spaces between 2,000 and 2,500 sf.
- Salon Grand (2006 addition) – 22,400 square foot main ballroom of TCU Place located on the second floor. This space is divisible in to 5 rooms ranging from 2,100 sf to 3,500 sf.
- Regal Hall – 8,400 square feet of meeting space on the main floor. Net space is closer to 4,800 square feet without incorporating portions of the theatre lobby. This space is often used as support space for other events primarily hosted in the exhibit space or Sid Buckwold Theatre.
- Other meeting space consists of the Green Room, a rehearsal hall and West Room. These spaces are available but not easily accessed and not contiguous with other rentable areas.
- Sid Buckwold Theatre – The 2,021 seat theatre originally built in 1968; the theatre is the primary performing arts space in Saskatoon.

TCU Place Rentable Space Parameters	
	Square Footage
Centennial Hall	23,000
Gallery Hall	14,600
Salon Grand (Ballroom)	22,400
Regal Hall	8,400
Other Meeting Space	5,430
Total Rentable Space	73,830
Sid Buckwold Theatre (seats)	2,021
Source: HLT Advisory Inc. based on TCU Place data.	

THE MANDATE OF TCU PLACE

TCU Place is owned by the City of Saskatoon. The ownership structure is similar to Canada's other Tier 2 centres (e.g., Calgary, Edmonton, Winnipeg) which are municipally owned although exceptions exist such as in Ottawa and Halifax (which are also owned by the Province). This structure differs from Tier 3 centres (Montreal, Toronto, and Vancouver) which are provincially owned.

The mandate of TCU Place is:

"To be a regional gathering place and a leader in promoting and delivering local, provincial, national and international experiences in arts, culture, conventions and special events."

TCU Place is unique among convention centres in Canada due to the inclusion of a 2,000 seat theatre as part of the offering. Among Canadian convention centres only Saskatoon and Toronto have an attached theatre of greater than 1,000 seats, and Toronto's theatre is significantly smaller (~1,200 seats).

The operation of the theatre is unique given the emphasis on public use and serving the local population, whereas Canadian convention centres are generally focused on economic impact and bringing out-of-town delegates in to the City.

WHY BUILD A CONVENTION CENTRE?

Most North American convention centres were built and are operated as a means of generating economic impact in a given city and/or region. Economic impact is maximized by giving priority to those events attracting the largest number of out-of-town visitors (i.e., delegates to and organizers of regional, national and international conventions). Bottom-line orientation is often not a priority, as the “success” of many convention facilities is not measured by profitability for the convention venue itself but rather by the volume of spending at the community level. As a result, convention centres are often used as a destination attractor, with competition on a “price” basis becoming much more common as municipalities (and related levels of government) recognize the value of convention events. In fact, some destinations not only have the ability to provide the convention centre for free (generally second- and third-tier U.S. cities, but a growing number of Tier One and Tier Two U.S. and Canadian cities as well) but these cities are also aggressively doing so, provided the economic impact of the event is significant enough. The focus on generating economic impact explains several characteristics of the industry, including:

- The tendency towards ownership, and often management, by local or regional governments of North American convention centres. This situation is more pronounced in Canada where every major convention centre is owned and operated by a municipal or provincial government entity.
- Restrictions (sometimes express) on competing for events (i.e., banquets, smaller meetings) that could be accommodated within privately-owned facilities (i.e., large hotels, privately-or publicly-owned trade show facilities) located within the host destination.
- Exemptions from municipal property taxes.
- Recognition that success is dependent on the development and funding of a long-term marketing strategy given that lead times required to secure conventions are often 5+ years long—and often several years longer for larger, international events.

From an operations and revenue-generating standpoint however, “conventions” are just one of several types of events that can be accommodated in a convention centre. Exhibitions (i.e., business-to-business events such as trade shows and business-to-consumer events such as consumer shows) as well as smaller-scale conferences and meetings may also be held in convention facilities. The extent to which these events are targeted by a convention facility, as opposed to a local hotel or trade/consumer show facility depends on the aggressiveness and mandate of the convention centre in a specific location—as well as the number/quality of and the relationships with these other space providers.

RELATIVE VALUE OF EVENTS

All public assembly events are not created equally. Tradeshows, conventions, consumer shows, congresses and related public-assembly events may use similar facilities—often due to a lack of purpose-built alternatives—but the “ideal” facility for each use type is substantially different. Conventions require significant amounts of meeting space while trade and consumer show organizers look to the functionality of the exhibition area as the key venue selection criterion. The primary objective of a tradeshow is to bring the sellers of goods or services, within a specific industry, together with buyers. While the general public is usually not invited to a tradeshow, consumer shows (e.g., Boat Show, Home and Garden Show) focus on selling product to the resident/area population. Prairieland Park addresses Saskatoon’s needs for most trade and consumer shows.

	Conventions	Tradeshows	Meetings	Consumer Shows
Market focus	Information exchange between professional groups and associations	- Forum to bring industry buyers and sellers together - Sometimes sponsored by trade or technical associations - Can be accompanied by conventions, meetings, seminars	- Smaller corporate or association meetings - More specific in purpose than a convention - Includes local business meetings, management and technical meetings.	- Public shows where suppliers display/sell goods directly to public - Typically charge admission
Attendance Profile	- Most out-of-town attendance - Of all event types most often combined with vacation	- Some out-of-town attendees and exhibitors - Visit seldom combined with vacation, spouse rarely accompanies delegate	Varies by event	Mostly local and regional attendees
Facility Needs	- High quality meeting rooms with advanced technology - Banquet facilities - Exhibit space varies by group - Adjacent hotel rooms	- Exhibit/display space intensive - Suitable loading facilities - Some but increasing number/size of meeting rooms - Nearby hotel rooms	- High quality meeting rooms with audio-visual capabilities - Meeting rooms - Nearby hotel rooms	- Exhibit space intensive - Extensive parking requirements
Rotation Between Cities (Assoc. only)	Rotation determined by charter	- Meet in major markets; maximize number of buyers and sellers - Little rotation	No rotation	Local/regional only
Economic Impact	High economic impact	Moderate economic impact	Limited economic impact	Little economic impact

IMPLICATIONS FOR EXPANSION

TCU Place is a unique, hybrid building offering both convention space and a fixed-seat theatre. The uniqueness is exacerbated as the theatre is well used, independently of the convention needs, as Saskatoon's primary performing arts venue. Convention and performing arts are not necessarily in conflict, but limited synergies exist...particularly given the mis match of sizes (i.e., the capacity of the Grand Salon is 1,200 for a banquet set up versus more than 2,000 in the theatre).

A further potential conflict is the dual interpretation of the mission statement. While the mission statement clearly sets out the mandate for TCU Place as "the regional gathering place and a leader in....arts, culture, conventions and special events" an "economic benefit" purpose is assumed for the convention centre component and a "public good" focus for the theatre component. Again, not necessarily in conflict but quantifying public good is somewhat outside the scope of this mandate.

In completing this assignment we have assumed that a 2,000-seat theatre is a core element of Saskatoon's entertainment infrastructure and would be maintained (either at the existing location, as part of a new convention centre or as a stand-alone venue, regardless of decisions on the convention centre component). The primary focus of this analysis however, has been directed towards the potential for generating more and larger conventions, meetings and similar events that draw visitation from outside the immediate area.

B. BUILDING CONDITION ASSESSMENT

METHODOLOGY AND OVERVIEW

METHODOLOGY

As part of its engagement, the HLT Advisory team performed a facility condition assessment of the SaskTel Centre arena and TCU Place Convention Centre. The purpose of these reviews was to determine whether the facilities are of fundamental value worthy of major renovation or candidates for replacement. This portion of the report is directed to TCU Place.

The consultants toured the venue on March 14-15th, accompanied by management, to analyze the physical and programmatic conditions of the site and virtually all spaces within the building. Richard Schmidt interviewed staff to gain a broad understanding of building systems, operations and technology.

Mr. Schmidt conducted a qualitative overview of the facility's physical condition - its appearance and probable lifespan of existing building systems and components. This overview was based on visual observation only and did not involve detailed code compliance or engineering study of the building's structural, mechanical, electrical, plumbing or fire protection systems.

Mr. Schmidt also conducted a qualitative overview of the facility's programmatic conditions assessing whether the venue meets the standards of today's contemporary facilities in similar markets. This overview focused on patron experience, flexibility and adaptability to potential client uses, spatial / dimensional conditions and back-of-house serviceability.

FACILITY OVERVIEW

Constructed in 1968 as the Saskatchewan Centennial Auditorium, the 2,021-seat Sid Buckwold Theatre is the anchor of the arts and convention complex. The facility was renamed TCU Place during an expansion that commenced in 2006, by adding two levels of divisible meeting space and back of house connectivity at the lowest level of the original auditorium.

The facility serves three distinct client groups: event planners hosting conventions, meetings and trade shows, and entertainment such as smaller concerts and resident performing arts groups for symphony, opera and ballet.

TCU Place is directly connected to the Midtown Plaza mall, which generates public through-traffic and can complicate event security and internal operations.

ASSESSMENT OF SITE

The site visit occurred in winter following a significant snowfall, making it difficult to determine pavement and hardscape conditions. The two primary entrances (theatre and conference areas) are served by a circle drive that can accommodate only a few cars and is too small for shuttle buses. Shuttle busses typically stage on Auditorium Drive. Little exterior weather protection is offered to visitors arriving by bus, car or on foot, who then track winter snow/salt/grit into the building.

SITE ASSESSMENT



No adjacent sites exist for a contiguous expansion of the convention centre. There are significant open lands directly to the north (car parkade) and a wedge-shaped parcel to the west across Auditorium Drive beyond the YMCA, which is on the City's list of proposed parking structures per the 2016 Downtown Parking Strategy.

There are two select-service hotels proximate to the site (Holiday Inn and Hilton Garden Inn) and several business-class hotels about four blocks away.

A service yard is located behind the auditorium with access to the Stage Door and a freight elevator serving the kitchen, Centennial Hall and upper back-of-house mezzanines. Conspicuous in its absence is any kind of loading dock; all materials must be offloaded at grade by forklift and moved through the convention center by pallet jack or manually. The cooling towers serving the lower level central plant are remote from the building and located across Auditorium Drive opposite the service yard.



INTERIOR AND EXTERIOR PROGRAMMATIC ASSESSMENT

PROGRAMMATIC AND PHYSICAL CONDITION ASSESSMENT OF BUILDING EXTERIOR

Given the relative newness of the TCU Place 2006 expansion project, the facility appears to be well-maintained and in good condition. The building arrival gives a pleasant and modern first impression to visitors that carries through the expansion but not the theatre lobby.

Portions of the back-of-house and theatre fly loft have reported problems with louvers and air intake related to smoke evacuation and control systems.



PROGRAMMATIC ASSESMENT OF BUILDING INTERIOR

Arrival Zone and Lobbies: the visitor's first impression at the entrance drive is that this is two distinct buildings that have been somewhat joined together. Having separate entrances and lobbies for the theatre and conference areas divides the audience; there is no sense of place or easy orientation for attendees using the entire complex. More problematic is that both lobbies are severely undersized, leaving people standing outside and holding the doors open in winter.



TICKETING AND WAY FINDING

Ticketing and Registration: a built-in ticketing office is located off the theatre lobby with access to a large coat-check alcove. This general-access lobby is too small to accommodate the typical audience for conventions, much less a full-theatre event.

The theatre lobby can be subdivided into meeting rooms using operable walls, further putting pressure on proper pre-function spaces and their related activities. Low ceilings and dark, outdated finishes and lighting are unflattering relative to daylight flooding the pre-function lobby on the upper level.



Way Finding: directional signage is present but undersized for directing large audiences through a counter-intuitive floor plan. Digital message panels promote upcoming events.

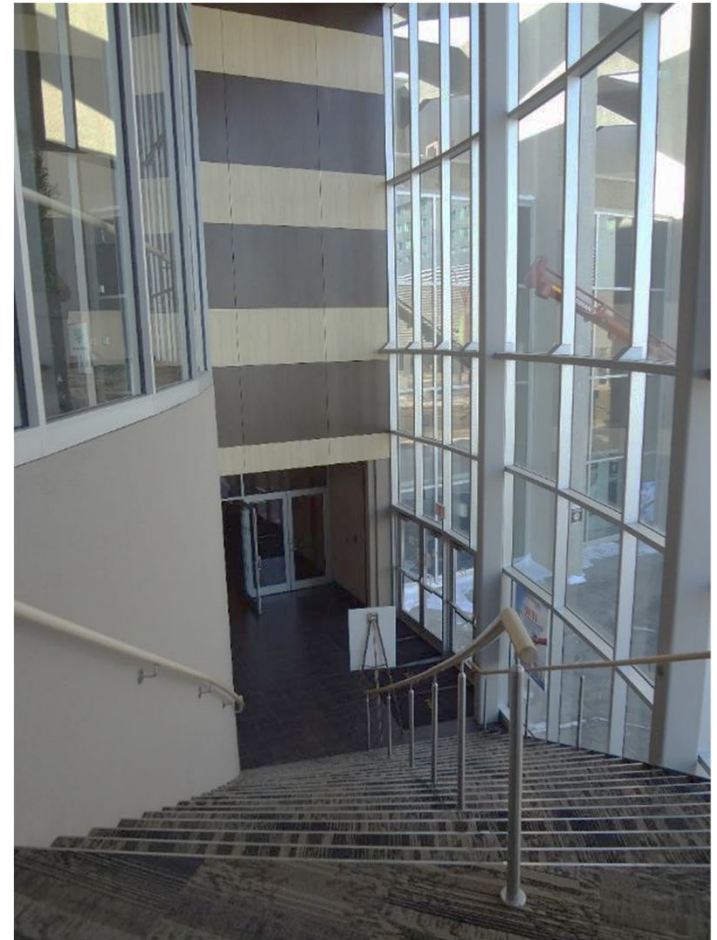


VERTICAL CIRCULATION AND SECURITY

Vertical Circulation: Most multi-level public assembly buildings use escalators to move large numbers of attendees quickly between levels. The TCU Place expansion has a steep monumental stair and a single passenger elevator to move groups up to 1,500 people, resulting in queuing out the lobby doors and across the front of the building. Two interior stairs are the main link between the theatre lobby and the lower level Centennial Hall.



Event Security: while convenient, the interior connectivity to the Midtown Plaza shopping mall raises issues of pedestrian through-traffic unrelated to conventions and theatre events. Conventions may tend to move registration, badge-check and security up to the First Floor, further impacting lease space available and effectively relegating the ground floor Gallery to support functions or low-value activities.



An alternative location for a large registration would be in pre-function outside of Centennial Hall. From a security standpoint, this puts a lot of attendees deep inside the facility before being security screened or receiving a badge.

IMPLICATIONS FOR EXPANSION

Flexibility of Spaces: with a theatre capacity of 2,000 vs. convention target group of 500-1,000, a mismatch of event spaces exists relative to the target client base. The 2006 meeting rooms provide the level of finish, variable sizes and audiovisual/IT connectivity expected in a modern convention center with one exception: there are no in-floor utilities - electrical power, audiovisual, IT or water/drain. While there is supplemental power available in back-of-house service areas, routing extension cables to user locations adds cost and potential trip hazards that could have been avoided.



Exhibition / Display Space: relative to competitor convention centers, TCU Place is better suited to hosting conferences than conventions with exhibits. The facility does not have flat-floor exhibit space; Centennial Hall has a low ceiling, irregular column spacing and a sunken floor area bisected by an operable wall that necessitates manually installing a base panel to fill the void. There is no direct access for larger displays – materials are transported from the service yard via freight elevator passing directly through the banquet kitchen setup and plating area, an obvious health concern.



IMPLICATIONS FOR EXPANSION

Food and Beverage: the main banquet kitchen is on the lowest level in the southwestern corner of the complex; the largest and highest quality banquet space is on the uppermost level in the opposite corner of the complex. Meeting client expectations for competitive banquet service demands extraordinary effort by staff, often finish plating in remote or temporary service pantries. Without significant and redundant service elevator capacity, staff have resorted to hand-carried trays on occasion.

Material Handling: theatre loading area is not weather protected, off-street service yard has access to a single freight elevator serving the main stage, lower level kitchen and upper level back of house areas. There are no recessed-well docks for tractor-trailers and no shore power for entertainer RVs.

The 2006 expansion is served front-of-house by a single service elevator to load the salons. Vendors and exhibitors often park on the entry circle, conflicting with public access to the lobbies.

Physical Plant: The original 1960s boilers are still in use but the highly-constrained work space challenges regular cleaning and maintenance of them. Efforts to replace or rebuild the boilers in place have not been funded.

Electrical panels and HVAC distribution equipment have been upgraded over time as parts and systems fail. There does not appear to be a long-term capital reserve and replacement schedule in place for major building systems.



IMPLICATIONS FOR EXPANSION

Low Voltage Control Systems: the two sides of the convention complex generally run independently of each other with regard to lighting, dimming, audiovisual and environmental HVAC controls. The theatre relies on manual switches, slide dimmers and dials in client-usable spaces. Modern digital controls were used in the 2006 expansion, but the site visit did not include a detailed inspection that could verify centralized versus local area interfaces.

PHYSICAL CONDITION ASSESSMENT OF BUILDING INTERIOR

To restate an earlier point, the first impression is that the facility is made up of two buildings that are linked together but distinctly separate in appearance and quality. The 2006 expansion is relatively bright and modern; the theatre is dark and tired.

In the theatre, the Dusty Rose-colored interior lobby (sub-divisible into Regal AB) are outdated and overdue for replacement. Event furniture is in good condition and complies with current industry expectations.

Because the Gallery and Salons are flexible event spaces configured with operable walls, there is little direct public pre-function area. The relatively new construction is in excellent condition, with carpet tiles, interior walls and operable partitions showing little wear. Setup furniture and equipment is in good condition and complies with current industry expectations.



IMPLICATIONS FOR EXPANSION

Some back of house service corridors were constructed of gypsum board partitions which show damage from furniture and service carts. Many facilities install fire retardant wood bumpers, plywood or steel panels in damage prone areas.



Back of house support spaces are cramped and efficient movement of staff and equipment is challenging. Lack of adequate freight and service elevators force staff to rely on stairs in a multilevel building. The original theatre still contains asbestos-based materials which, while clearly identified, must be remediated before repairs or upgrades in affected areas can be completed.

Asbestos exists in the original theatre building and is clearly identified in the central plant, distribution piping and above the audience chamber in the theatre.



Significant infrastructure and equipment is approaching or have surpassed usable life expectancy, including:

- Primary kitchen equipment – ovens, cooking battery and some rolling stock. New cooking methodology is more time/labor-efficient and cost-effective.
- Freight elevator(s) are due for replacement in 2018; lack of redundancy could mean loss of business for up to three months while repairs are made.
- Major equipment in the central plant and electrical system have been replaced piecemeal as failures occur; development of a periodic preventative maintenance program has started but the general impression is that deferred works are overwhelming the engineering staff.

IMPLICATIONS FOR EXPANSION

TCU Place consists of two distinct parts: the 1968 theatre and the 2006 expansion. Each responds to different user requirements and design evolution. Unfortunately, the two parts of the complex don't present a unified concept to clients and don't fully satisfy typical convention requirements for concurrent exhibition, meetings and banquet service.

From a purely convention-centric point of view, the theatre at nearly 50 years old is rapidly approaching, if not already exceeding, its useful life. The effort and cost to bring that portion of the facility up to current design standards and codes may exceed its replacement cost.

The design challenge then becomes how to leverage the 2006 expansion into a fully-integrated, modern convention center and provide for potential expansion over a 30 to 40-year projected life cycle. The current site is constrained and additional land would allow a more cost-effective design and preserve options for future growth to match Saskatoon's *Growth Plan to 500,000*.

To summarize the Task Three Facility Condition Assessment:

- The quality of materials, finishes and systems differ greatly between the Sid Buckwold Theatre and the 2006 Expansion
- A significant backlog of deferred major capital expenditures is evident. Despite these major capital items (related to building age) requiring attention, day-to-day maintenance of the building has been well managed.
- Costs for maintenance, upgrades and replacement of aging or outdated building components and systems appear to be increasing rapidly.

TCU Place falls behind Current industry trends of flexible, adaptable spaces with high ceilings, excellent room acoustics and dedicated display space. The main kitchen is not only dated but not proximate to the main banquet room. While the 2006 Expansion area has excellent audiovisual and IT/Wi-Fi capacity to meet current industry practices, electrical power distribution to meeting and display spaces is insufficient.

C. HISTORICAL OPERATING PERFORMANCE

INTRODUCTION

In assessing the historical operating performance, HLT received detailed historical event data from TCU Place for the years 2014 to 2016 as well as future data through 2022. HLT also used historical data received through the Convention Centres of Canada Benchmarking study to ensure that the historic data provided did not deviate significantly from years prior (i.e., that the 2014 to 2016 detailed data were generally representative of previous years' data).

In determining the need for expansion of a convention centre, HLT generally focuses on convention events as these events attract the greatest out-of-town visitation (which drives economic impact) as well as have significant space requirements (both for exhibit and breakout space).

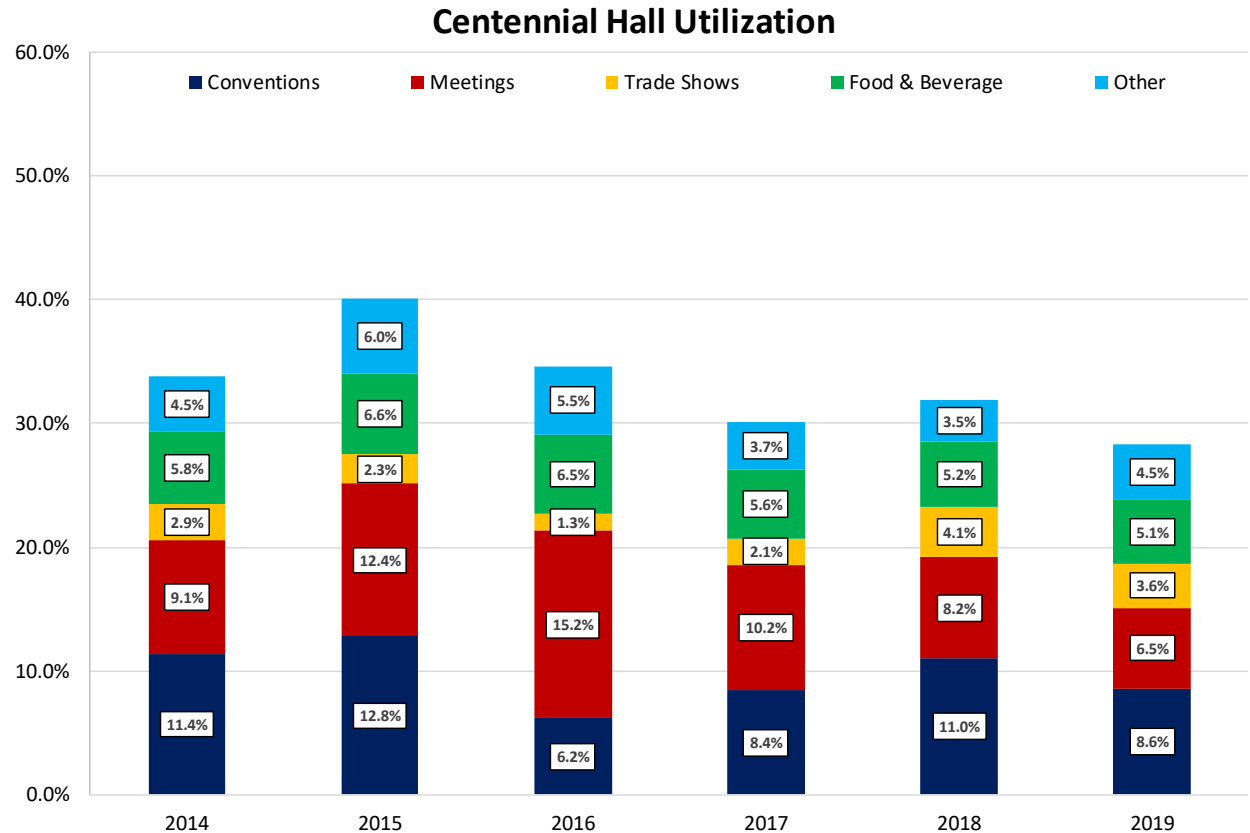
Key metrics used to analyze performance include utilization, number and size of events, attendee origin, event types, and financial performance. Specifically, the extent to which the convention centre was fully utilized (indicating limited capacity for additional/larger events) was a focus to identify the need for expansion. Attendee origin was also a focus, as local and provincial events have limited alternatives to TCU Place where as national and international events have a significant supply of competitive centres to choose from.

HISTORIC UTILIZATION RATES – CENTENNIAL HALL

Comparing utilization levels between different convention/trade centre facilities can be difficult as the approach used to determine utilization can vary considerably from building to building. For TCU Place, utilization has been determined by dividing the daily exhibit, meeting, and ballroom space rented by the total amount of rentable space (X 365) to produce an annual usage or utilization.

For 2014 through 2016 Centennial Hall posted utilization rates between 35% to 40%, with the highest utilization in 2015. Future activity through 2019 suggests similar levels of activity.

The majority of utilization has come from convention and meeting events (combined representing over 40% of the event load in Centennial Hall). Food and Beverage events are the next largest occupier of Centennial Hall. Trade Shows are the least prevalent event type, possibly due to some challenges with the space (e.g. different floor heights).

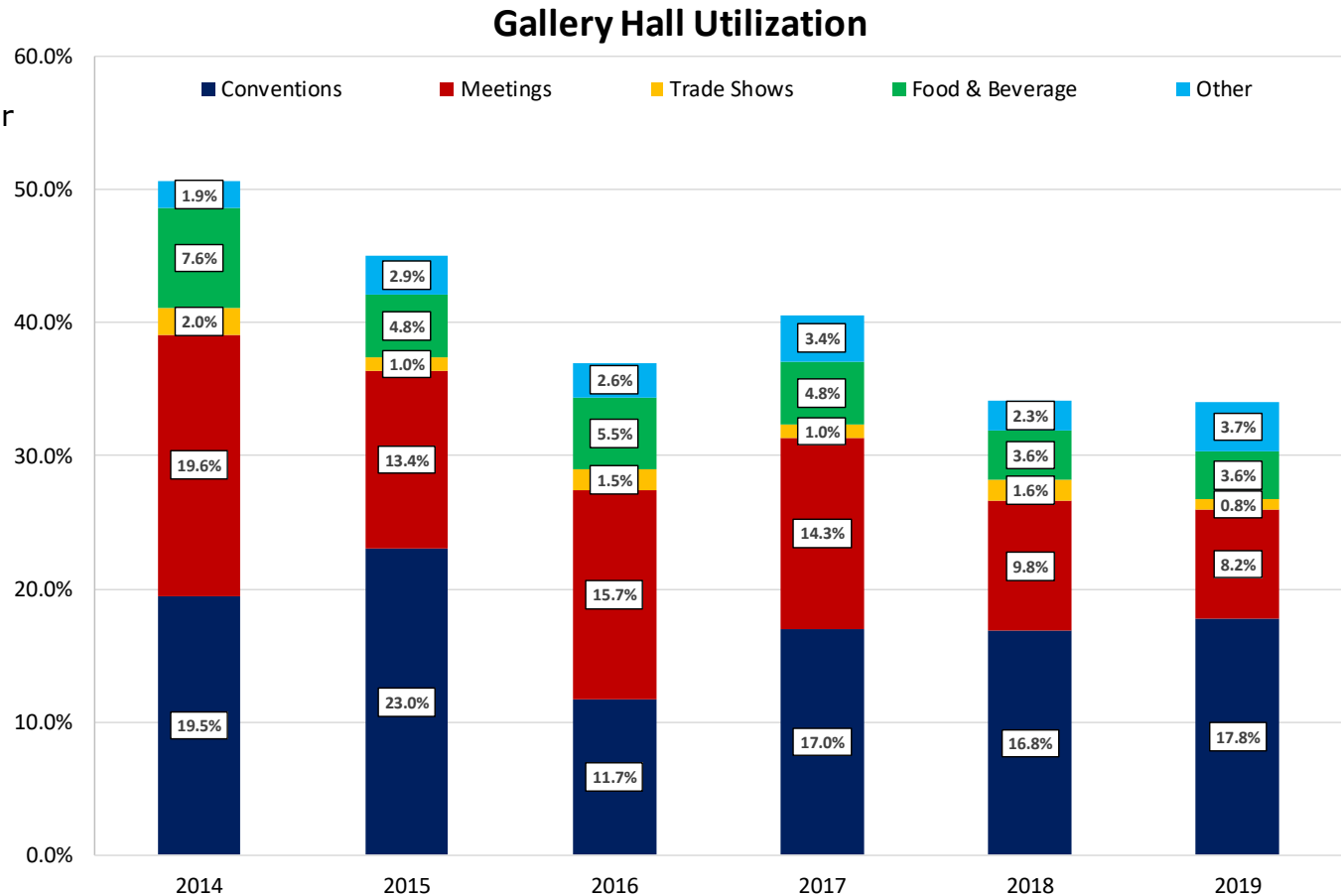


Source: HLT Advisory Inc. based on TCU Place data.

HISTORIC UTILIZATION RATES – GALLERY HALL

From 2014 through 2016 the Gallery Hall's utilization was in the 35% to 50% range with the highest utilization in 2014. Future events booked for 2017 through 2019 suggest utilization rates more in line with 2015 and 2016.

The majority of utilization has come from convention and meeting events (combined representing over 75% of the event load in Centennial Hall). Other event types represent a minor proportion of Gallery Hall utilization.

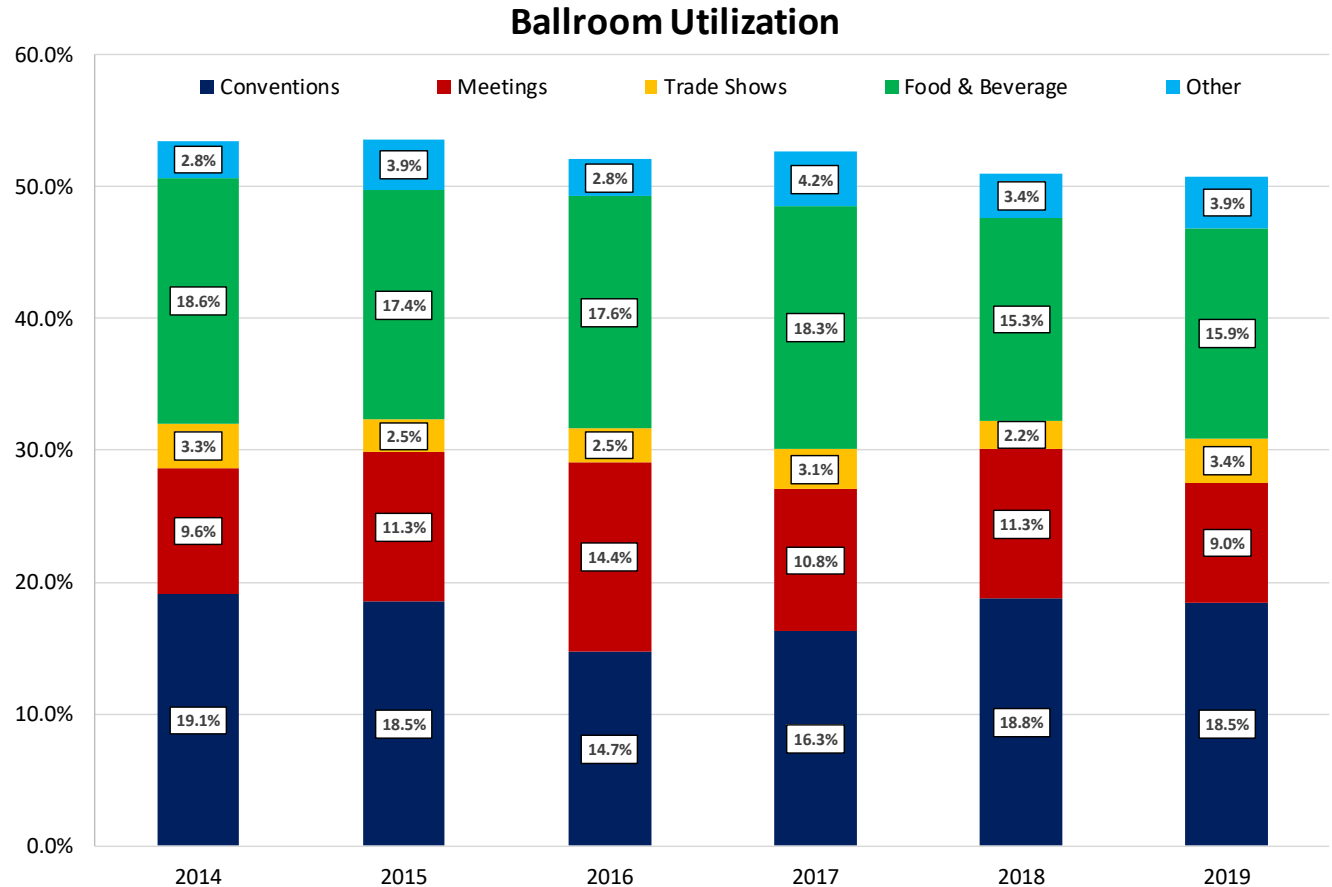


Source: HLT Advisory Inc. based on TCU Place data.

HISTORIC UTILIZATION RATES – BALLROOM

From 2014 through 2016 the Salon Grand (ballroom) utilization was over 50% with the highest utilization in 2014 and 2015. Future events booked for 2017 through 2019 suggest utilization rates consistent with historic performance.

This space is the most salable “convention space” at TCU Place. The majority of utilization has come from convention and Food & Beverage events (combined representing 65%-70% of the event load in the ballroom). Meeting events also represent a significant portion of the ballroom utilization, historically accounting for ~20% of the event load.

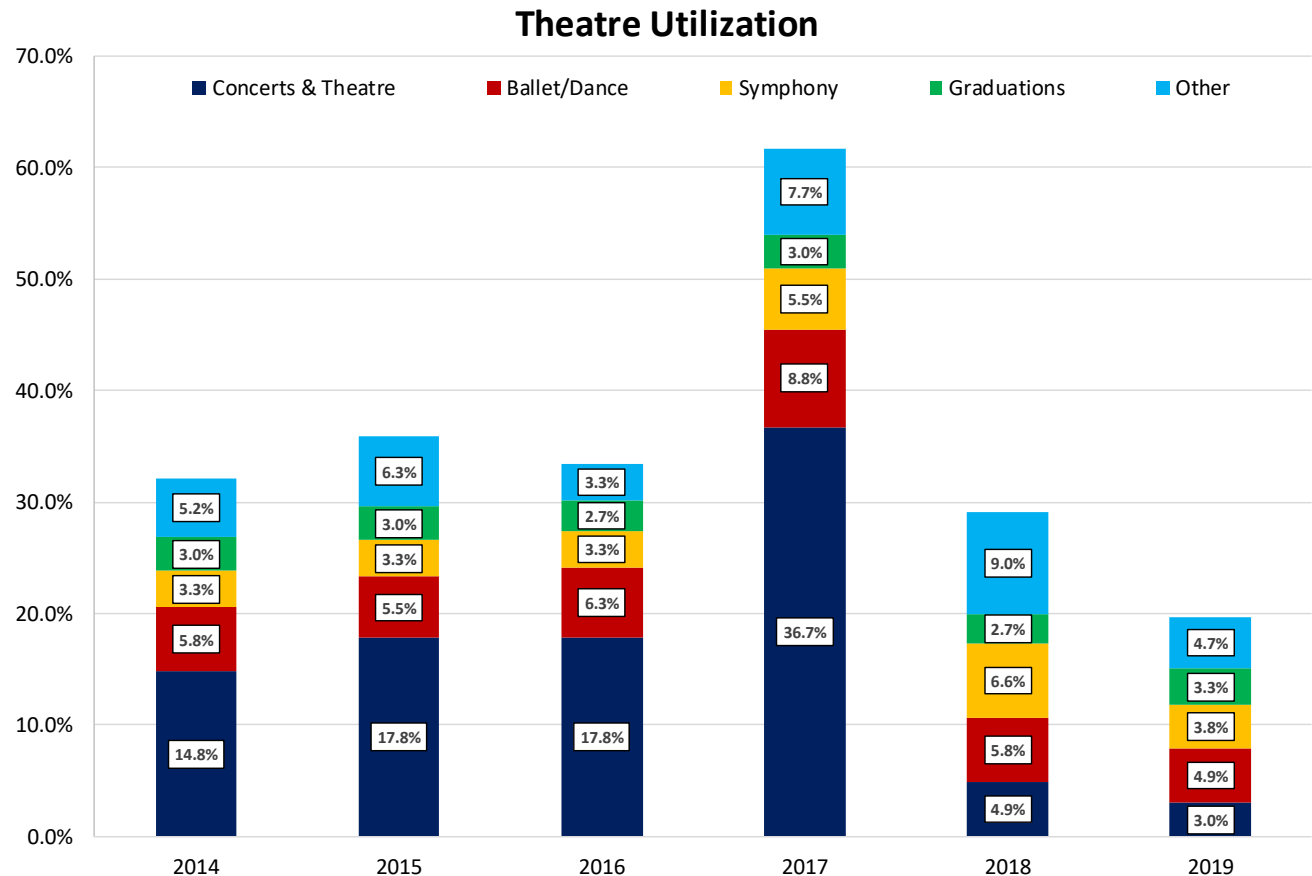


Source: HLT Advisory Inc. based on TCU Place data.

HISTORIC UTILIZATION RATES – THEATRE

From 2014 through 2016 utilization of the Sid Buckwold Theatre's averaged 30% to 35% range with the highest utilization in 2014. Utilization in 2017 looks very high but a large proportion of that utilization includes "space held", so actual utilization will likely be lower than the ~60% shown in the graph.

The majority of utilization is generated from concerts and Theatre events (representing 45%-50% of total utilization). Ballet/dance events, symphony, and graduations are also significant users of the theatre, although to a lesser extent. Convention/meeting uses, either stand-alone or in conjunction with other TCU Place events account for small portion of utilization.



Source: HLT Advisory Inc. based on TCU Place data.

ATTENDEES BY EVENT TYPE

The number of conventions and trade shows varies on a year-to-year basis as do total delegate counts. This volatility reflects the nature of the industry, the cyclical nature of convention booking/demand and unique characteristics of each event.

Events utilizing the theatre (Concerts, Ballet/Dance, and Symphony) produce the greatest attendance/event; consistently generating attendance in the 1,000-1,500 range (not surprising as the theatre's capacity is significantly larger than the convention spaces). Convention events represent some of the largest in terms of number of delegates, but the overall average is lower than events utilizing the theatre.

TCU Place Number of Events and Attendees by Type														
Event Type	2014		2015		2016		2017		2018		2019		2020+	
	Events	Attendees/Event	Events	Attendees/Event	Events	Attendees/Event	Events	Attendees/Event	Events	Attendees/Event	Events	Attendees/Event	Events	Attendees/Event
Conventions	39	935	46	505	20	715	31	555	25	723	27	636	42	555
Trade Shows	20	523	16	513	21	469	21	509	14	686	12	877	17	650
Meetings	275	152	242	173	259	192	153	239	81	358	61	321	51	325
Food & Beverage	147	318	138	320	128	324	123	361	91	338	81	318	124	279
Concerts & Theatre	42	1,426	46	1,482	39	1,673	64	1,798	8	1,813	3	1,167	3	1,533
Ballet/Dance	11	1,482	10	1,499	15	1,152	18	1,722	10	1,500	9	1,133	16	1,300
Graduation	40	636	48	554	39	604	42	633	32	451	33	616	32	742
Symphony	6	1,198	6	1,132	7	1,325	9	1,600	12	1,708	6	2,000	-	-
Other	6	1,033	10	877	8	1,033	51	71	12	342	7	271	8	150
Total	586	428	562	432	536	446	512	585	285	547	239	506	293	464

Source: HLT Advisory Inc. based on TCU Place data.

The number of people currently flowing through TCU Place in a given year is estimated to be about 250,000.

TCU PLACE CONVENTION CHARACTERISTICS

TCU Place determines the geographic source of each event based on the point of origin of the majority of the attendees. Using this definition, the majority of the PCM's convention events are generally local and provincial. Saskatoon also enjoys a consistent base of National groups

TCU Place Conventions by Geographic Source								
Geography	2014	2015	2016	2017	2018	2019	2020	2021
Local	12	20	4	6	8	9	7	4
Provincial	16	21	9	15	11	11	8	12
National	8	3	5	5	3	4	12	-
International	3	2	2	-	3	2	-	-
Not Available	-	-	-	5	-	-	-	-
Total	39	46	20	31	25	26	27	16

Source: HLT Advisory Inc. based on TCU Place data.

Both the number and the respective size of TCU Place convention events has varied widely from 2014-2016. The largest concentration of convention event come in the 200-1,000 delegate range, a size range that fits comfortably within the existing space offering.

TCU Place Conventions by Size								
Total Attendance	2014	2015	2016	2017	2018	2019	2020	2021
<200	7	13	-	7	4	8	7	4
200-500	11	16	4	11	6	4	3	5
500-1,000	14	10	13	8	7	9	12	4
1,000-1,500	5	5	2	2	4	3	2	2
1,500-3,000	1	1	1	3	4	2	2	1
3,000-5,000	-	1	-	-	-	1	-	-
5,000+	1	-	-	-	-	-	-	-
Total	39	46	20	31	25	27	26	16

Source: HLT Advisory Inc. based on TCU Place data.

REPEAT CONVENTION ANALYSIS

TCU Place has a significant base of repeat convention business with several individual groups returning six, seven, or more times to hold a convention.

Of the 115 groups that have previously held (or are booked in future years to hold) a convention at TCU Place, 30% of the groups have held (or will hold) more than one convention. Repeat conventions accounts account for 50% of the conventions held from FY2014-FY2016.

Repeat Convention Accounts Event Analysis				
# Visits	Groups	# of Events		
		2014-2016	FY2017+	Total
1	80	53	27	80
2	10	8	12	20
3	11	13	20	33
4	3	5	7	12
5	2	-	10	10
6	2	3	9	12
7	2	5	9	14
8	2	5	11	16
9	1	3	6	9
10	-	-	-	-
11	-	-	-	-
12	2	10	14	24
Total	115	105	125	230

Source: HLT Advisory Inc. based on TCU data.

Most repeat users are local and provincial associations. These groups tend to be located in Saskatchewan and have limited venue options.

Repeat Convention Accounts Event Origin Analysis							
# Visits	Groups	# of Events (FY2014-FY2017+)					Total
		Not Available	Local	Provincial	National	International	
1	80	2	21	18	31	8	80
2	10	-	1	13	4	2	20
3	11	-	3	27	3	-	33
4	3	2	-	6	2	2	12
5	2	-	4	6	-	-	10
6	2	1	5	6	-	-	12
7	2	-	6	8	-	-	14
8	2	-	6	10	-	-	16
9+	3	-	24	9	-	-	33
Total	115	5	70	103	40	12	230

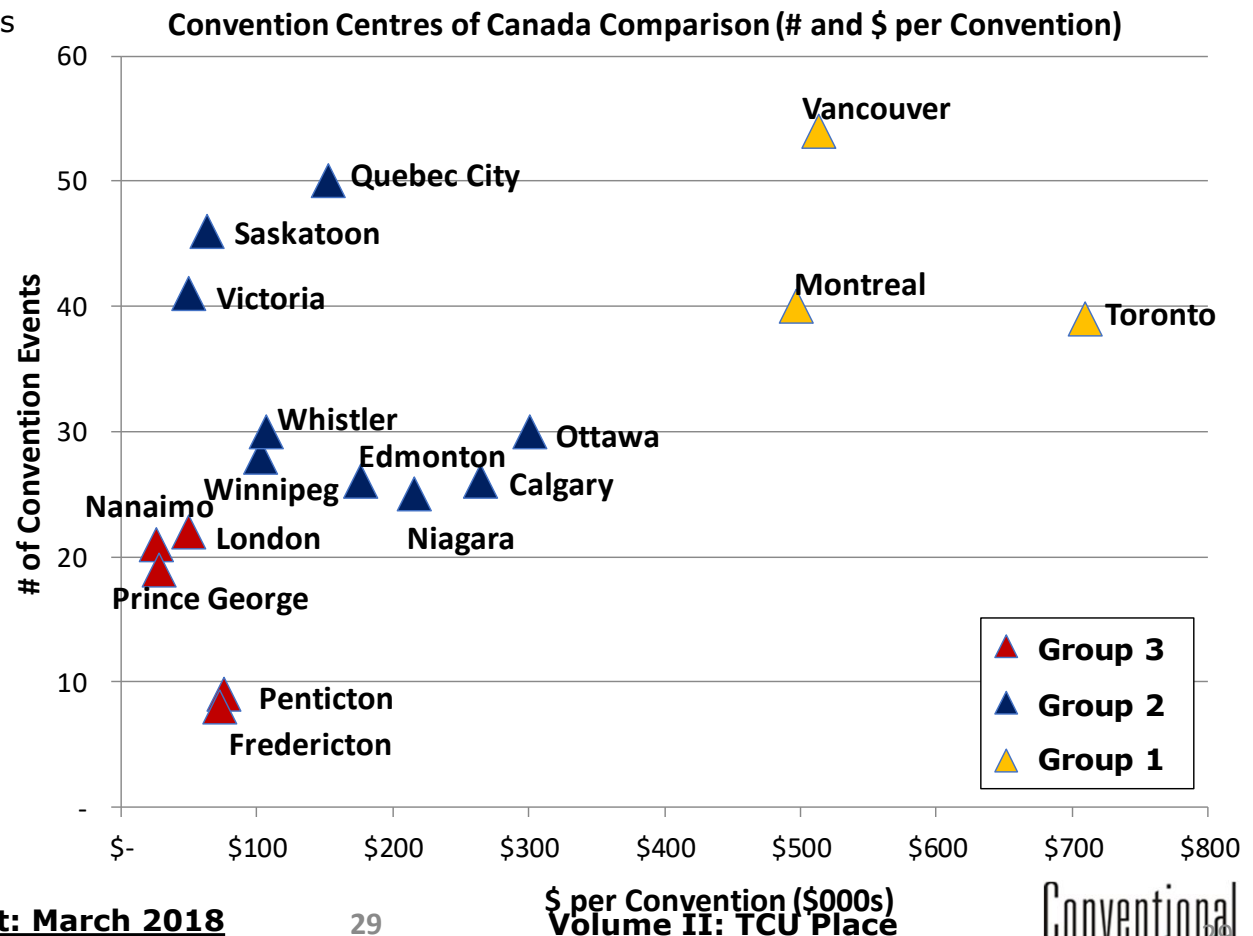
Source: HLT Advisory Inc. based on TCU data.
Note: Tentative conventions are not included in this data.

CC of C CONVENTION COMPARISON

The Convention Centres of Canada (an association of the largest 19 convention centres in Canada) share event and financial performance data on an annual basis. The 19 centres are grouped based on size and convention/meeting revenue. Saskatoon is grouped with nine other similar sized convention centres (Group 2), in Calgary, Edmonton, Halifax, Niagara Falls, Ottawa, Quebec City, Victoria, Whistler and Winnipeg. Group 3 centres are much larger facilities, located in Montreal, Toronto and Vancouver. Group 1 centres are much smaller facilities in tertiary markets such as Regina, Nanaimo and Hamilton.

Looking at number of conventions and revenue per convention illustrates the difference in both size and number of events held by centres in the sample.

Among Group 2 centres in 2015, Saskatoon hosted the second most convention events, but had the second lowest revenue per convention. While Saskatoon's number of conventions appears to be in line with Group 3 centres, part of this is due to different classification of convention events with Group 3 centres likely classifying some events as meetings that would qualify as conventions in Saskatoon.

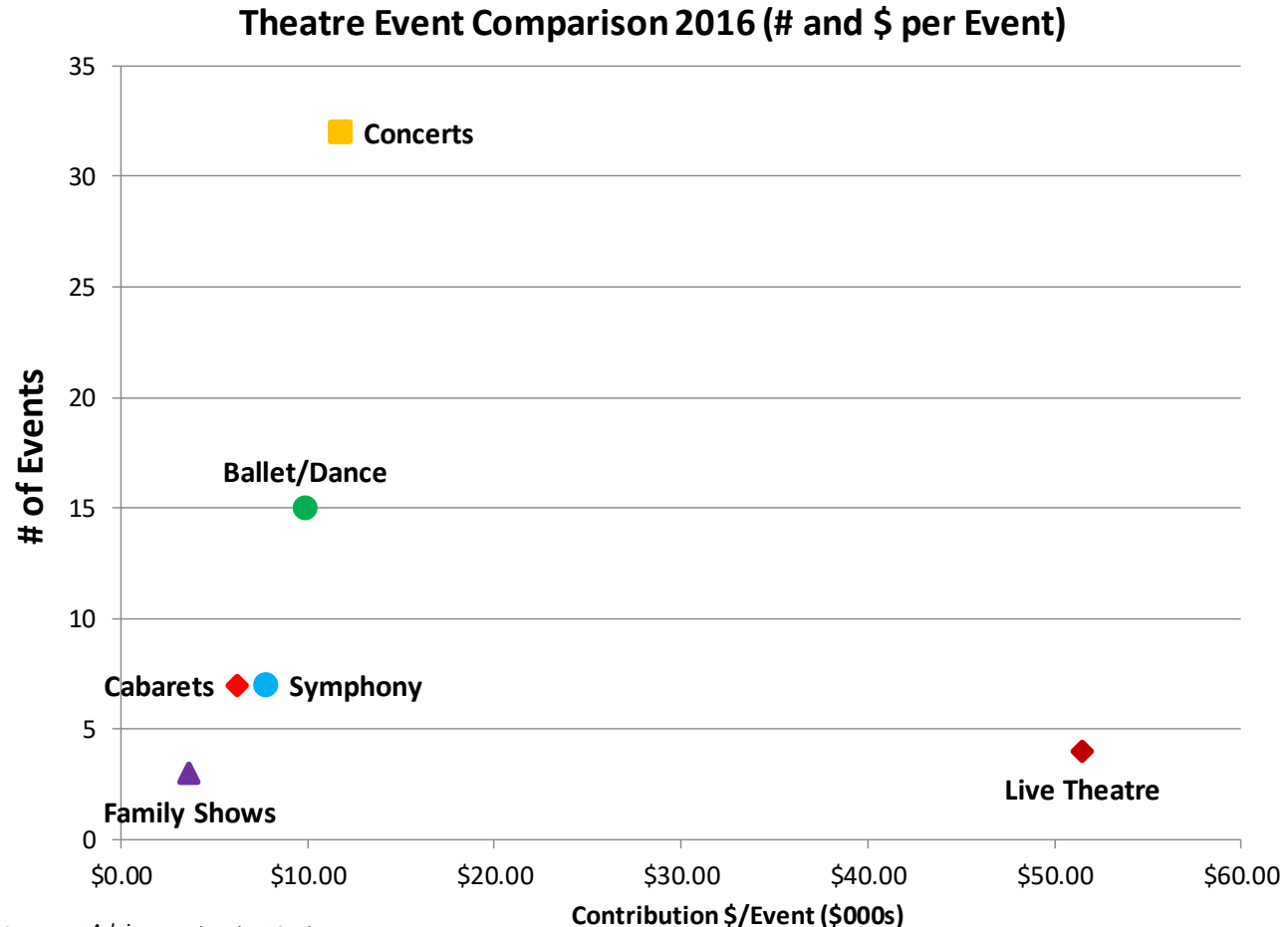


THEATRE USAGE

The Sid Buckwold Theatre predominantly hosts 6 event types (Concerts, Ballet/Dance, Symphony, Live Theatre, Cabaret, and Family Shows). Graduations, Conventions, Meetings, and Food & Beverage events also utilize the theatre, but historically those groups have accounted for less than 20% of theatre usage combined.

Concert events were the most frequent event type of the theatre in 2016 with 32 events. While Live Theatre contribution per event appears significantly higher than other event types, each theatre "run" is recorded as one event despite multiple event nights. The chart at right displays number of theatre runs not event nights.

Cabarets, Symphony, and Family shows all represent smaller event types in terms of both number of events and contribution per event.



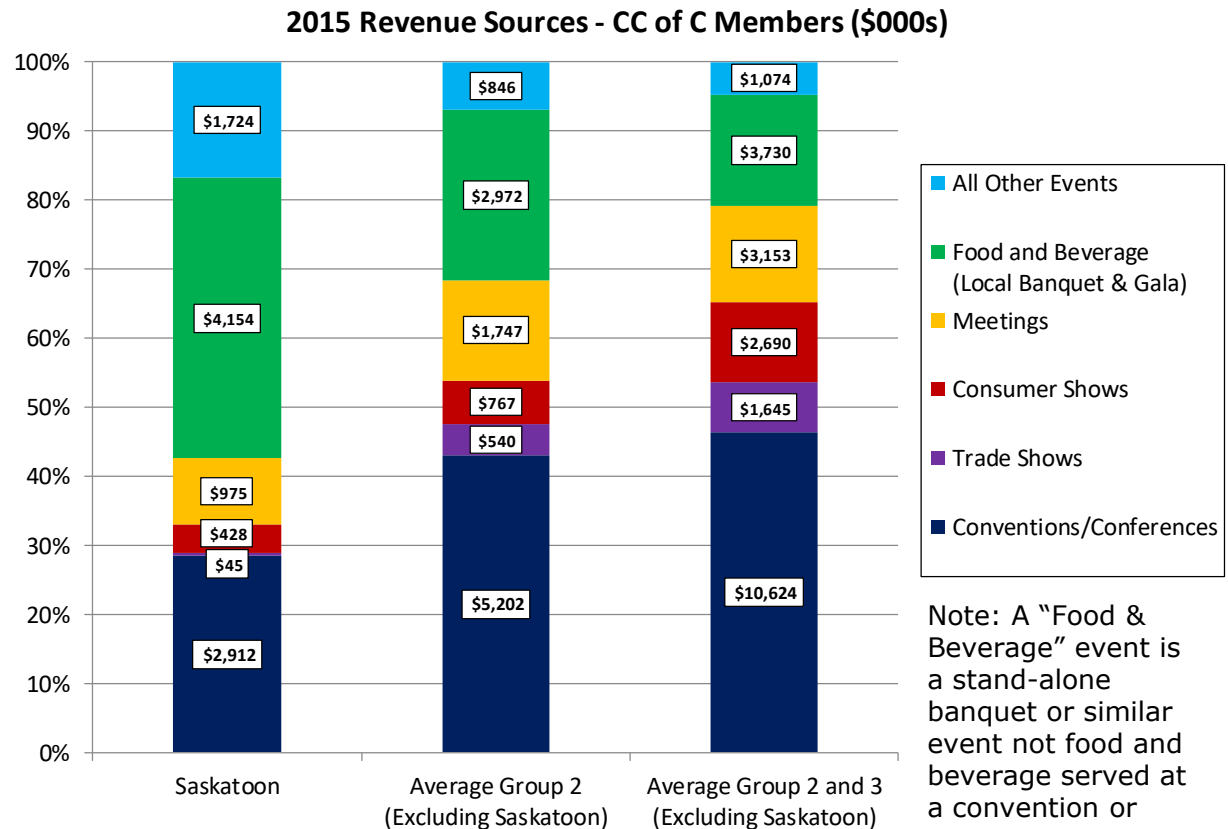
Source: HLT Advisory Inc. based on TCU Place

CC of C REVENUE COMPOSITION

Comparing TCU Place event revenue, by event type, (excluding non-event revenue such as parking) to that of all Convention Centres of Canada Group 2 and Group 3 convention centres indicates that:

- At ~\$10 million, TCU Place generates slightly below average revenue relative to other Group 2 centres (greater than Victoria, Whistler, and Halifax but less than Calgary, Edmonton and Ottawa).
- The proportion of revenue generated by conventions at TCU Place (about 28%) is less than the Group 2 average of 43% and the Group 3 average of 46%.
- TCU Place Food & Beverage events represent a significantly greater proportion of total revenue than other Group 3 or Group 2 centres.

The revenues shown are from events only; non-event revenue such as parking is not included in these data.



Source: HLT Advisory Inc. based on TCU Place and Convention Centres of Canada data.

TCU PLACE PROFITABILITY

From 2014 through 2016, TCU Place produced an operating margin ranging from \$1.2 million to \$1.5 million. In general, both revenue and expenses have remained relatively consistent over the three year period.

In 2015, Saskatoon's operating surplus was the highest among all Group 2 centres. Saskatoon was one of only 3 Group 2 centres with a positive operating margin (of the 10 Group 2 centres total).

TCU Profitability			
	2014	2015	2016
Revenue			
Space Rental	\$948,124	\$961,877	\$1,001,689
Food & Beverage	\$6,416,262	\$6,228,046	\$5,437,034
Other Revenue	\$4,132,605	\$4,200,519	\$4,308,015
Total Revenue	\$11,496,991	\$11,390,442	\$10,746,738
Expenses			
Cost of Food & Beverages	\$3,070,742	\$2,974,962	\$2,536,317
Salaries and Benefits	\$3,936,299	\$3,990,963	\$3,979,038
Supplies	\$709,955	\$683,044	\$586,369
Utilities	\$728,302	\$666,162	\$705,552
Amortization	\$406,920	\$460,648	\$418,579
Other Expenses	\$1,133,133	\$1,248,196	\$1,231,281
Total Expenses	\$9,985,352	\$10,023,975	\$9,457,136
Operating Margin	\$1,511,639	\$1,366,468	\$1,289,602
<i>Source: HLT Advisory Inc. based on TCU data.</i>			

IMPLICATIONS FOR EXPANSION

TCU Place plays a significant role in the Saskatoon tourism industry. Any plan to expand the TCU Place should give consideration to:

- The utilization of Centennial Hall, Gallery Hall, and the Salon Grand Ballroom. The utilization of these spaces has not seen a dramatic increase in recent years from historic levels, and future events booked suggest similar utilization levels in the future as well. Due to move-in/move-out days and seasonality of events, 60% is generally seen as peak utilization for convention centres. TCU Place exhibit spaces have historically been in the 40%-50% range, indicating some excess capacity.
- TCU Place enjoys significant repeat business, primarily from local and provincial conventions. A redevelopment plan that closes TCU Place for protracted periods will disrupt this rotation pattern (and result in potentially substantial economic impact declines).
- TCU Place has historically operated profitably largely thanks to the ability to host non-convention events (banquets, weddings, etc.). Any expansion of TCU Place would primarily focus on the attracting convention events from national and international destinations. This would potentially displace many of these profitable events, hurting TCU Place's ability to generate an operating surplus.

For the most part, a large proportion of TCU Place's conventions have been local and provincial events. In general, expansion is not required to address needs of locally-based events.

D. COMPETITIVE LANDSCAPE

SASKATOON PUBLIC ASSEMBLY SUPPLY

Within the Saskatoon market, Prairieland Park is the main competitor for convention and trade show events. Prairieland Park's total rentable space far exceeds TCU Place, but most of that space is made up of large exhibit halls. This makes Prairieland Park a favourable option for Trade Shows, but the lack of breakout rooms is an issue for convention meeting planners. As such, TCU Place is a much more attractive option for conventions that choose Saskatoon as a destination.

In addition to Prairieland Park several local hotels offer significant meeting space. The Saskatoon Inn has the most conference space of the local hotels, and the largest ballroom of 15,000 sf is comparable to TCU Place (although this space is not comparable to the purpose-built and appropriately outfitted Salon Grand at TCU Place. The Radisson Hotel, Delta Bessborough, and Sheraton Cavalier Hotel also offer competitive meeting space, particularly for conventions of up to 500 (co located between the Bessborough and Sheraton) as well as banquets and weddings.

The University of Saskatchewan has announced plans for a ~2,000 seat arena, that could displace some of the graduation events currently accommodated at TCU Place.

Prairieland Park Space Parameters

Area	Area (s.f.)	Banquet Capacity	Classroom Capacity	Theatre Capacity
Hall A	42,000	2,000	1,500	2,500
Breakout Rooms	3,600	220	144	250
Hall B	40,000	1,800	1,400	2,000
Hall C	20,000	800	680	1,200
Hall D	60,000	2,500	1,800	3,200
Hall E	60,000	2,500	1,800	3,200
Breakout Rooms	600	100	32	25
Terrace	8,000	300	240	400
Total Rentable Space	234,200			

Source: HLT Advisory Inc. based on Tourism Saskatoon's Convention & Event Guide.

Saskatoon Hotels with Convention Spaces

	Hotel Rooms	Meeting Rooms	Total Meeting Rooms (s.f.)	Theatre Capacity	Banquet Capacity	Largest Room (s.f.)
Saskatoon Inn	250	18	29,000	1,500	1,200	15,730
Radisson Hotel	291	16	23,000	900	750	7,256
Delta Bessborough	225	13	18,000	500	350	4,042
Sheraton Cavalier Hotel	249	10	18,000	1,000	650	9,688
Travelodge Hotel	260	15	16,000	1,000	800	7,560
Ramada Saskatoon	144	13	14,789	400	320	4,000
Hilton Garden Inn	180	9	11,500	800	500	5,940
ParkTown Hotel	172	7	9,849	225	185	3,000
Best Western Royal Hotel	92	8	6,000	200	175	2,880
Heritage Inn Hotel & Convention	167	4	2,850	225	160	2,450
Sandman Hotel	187	5	2,100	80	60	1,080

Source: HLT Advisory Inc. based on Tourism Saskatoon's Convention & Event Guide.

REGINA PUBLIC ASSEMBLY SPACE

Regina offers two venues that are actively promoted for the convention and trade show purposes. Evraz Place, located about 1.5 km from the downtown core, is similar to Prairieland Park given a focus on large trade shows such as the Farm Progress Show as well as community events such as Queen City Expo. Evraz Place contains a range of structures to accommodate these events, while the Queensbury Convention Centre offers the only true convention/conference/meeting option. Completion of the International Trade Centre in 2017 will join to collection of buildings and add 90,000 of new trade show space.

The Conexus Arts Centre is a 2,033-seat performing arts centre with additional spaces marketed for conference/meeting purposes and small trade shows. Conexus is also located outside the downtown core (about as far south as Queensbury is north from major downtown hotels.

As in Saskatoon, several Regina hotels offer substantial meeting/conference space. The Delta Regina has the largest single meeting space (similar size to the Saskatoon Inn). The majority of Regina hotels are located in the downtown core but not proximate to Evraz Place/Queensbury Convention Centre, making Regina a less attractive convention destination.

Regina Convention and Trade Show Venues						
	Room Use	Area (s.f.)	Banquet Capacity	Classroom Capacity	Theatre Capacity	Other
Evraz Place						
Queensbury Convention Centre						
	Grand Ballroom	Ballroom	20,178	992	772	1,761
	Meeting Room 1	Meeting Room	3,227	128	128	250
	Meeting Room 2	Meeting Room	1,813	88	72	160
	Meeting Room 3	Meeting Room	3,906	184	136	350
	Meeting Room 4	Meeting Room	1,619	56	40	100
	Meeting Room 5	Meeting Room	1,241	40	36	80
	Meeting Room 6	Meeting Room	1,403	48	40	90
	Board Room	Meeting Room				20
	Banner Hall	Ballroom/Multi-Purpose	11,000	540	450	1,000
	Event Plex	Exhibition Hall	90,000	4,000	3,000	9,000
	Agribition Building	Exhibition Hall	40,000	2,200	1,400	4,000
	Ag-Ex East Building	Exhibition Hall	20,000	2,200	1,400	4,000
Note: In 2017 the International trade Centre will open (150,000 square feet including some existing space)						
Conexus Arts Centre						
	Convention Hall	Multi-purpose area	13,020	1,100	700	1,400
	Stage	Theatre stage			500	
7 other meeting rooms with capacities from 20 to 150 classroom format						
Source: HLT Advisory Inc. based on Conventions Regina and individual venue websites.						

Regina Hotel-Based Convention/Trade Show/ Meeting Space				
Name	Hotel Rooms	Meeting Rooms	Largest Meeting Space (s.f.)	Total Meeting Space (s.f.)
Delta Regina	274	21	14,580	23,495
DoubleTree (Regina Inn Convention Centre)	235	12	6,200	16,954
Ramada Plaza	232	14	4,840	13,262
Radisson Plaza Hotel - Hotel Saskatchewan	224	14	7,322	15,420
Travelodge Hotel & Conference Centre - Regina	200	15	4,080	16,603
Best Western Seven Oaks Inn	157	6	2,145	3,954
Source: HLT Advisory Inc. based on Conventions Regina and individual hotel websites.				

CANADIAN CONVENTION CENTRE SUPPLY

Of the thirteen Group 2 and Group 3 convention centres in Canada, TCU Place is the second smallest convention centre in terms of total rentable space.

Among Group 2 centres, TCU Place's 37,600 sf of exhibit space is similar to Winnipeg and Calgary's exhibit space offerings, but smaller than Ottawa, Edmonton and Niagara Falls. However, the net available square feet of TCU Place's key space components (e.g., Centennial Hall netted down to about 19,000 square feet from 28,000 places TCU Place at a disadvantage).

TCU Place's exhibit to meeting/ballroom space ratio is consistent with current industry trends of similar sized centres that tend to focus on greater meeting/ballroom capacity. Among Group 2 centres, only Winnipeg, Edmonton, and Niagara Falls have exhibit to meeting/ballroom space ratios that exceed 1.0.

Canadian Tier 2 and Tier 3 Convention Centres*						
Convention Centre	City	Exhibit Space (s.f.)	Meeting Space (s.f.)	Total Ballroom/ Exhibit/Meeting/ Ballroom Space (s.f.)	Total Rentable Space (s.f.)	Exhibit to Ballroom/ Meeting Ratio
Metro Toronto Convention Centre	Toronto	453,648	122,227	575,875	575,875	3.7
Palais Des Congres Montreal	Montreal	199,052	131,888	330,940	535,820	1.5
Vancouver Convention Centre	Vancouver	311,500	155,000	466,500	523,000	2.0
Quebec City Convention Centre	Quebec City	75,000	117,374	192,374	272,374	0.6
RBC Convention Centre Winnipeg	Winnipeg	131,056	78,916	209,972	260,000	1.7
Shaw Centre	Ottawa	55,741	64,947	120,688	192,000	0.9
Shaw Conference Centre	Edmonton	105,000	37,700	142,700	167,700	2.8
Scotiabank Convention Centre	Niagara Falls	81,140	41,425	122,565	157,920	2.0
World Trade and Convention Centre Halifax	Halifax	37,400	83,074	120,474	129,974	0.5
Calgary Telus Convention Centre	Calgary	47,047	49,007	96,054	121,282	1.0
Victoria Conference Centre	Victoria	14,190	35,387	49,577	77,251	0.4
TCU Place**	Saskatoon	37,600	36,230	73,830	73,830	1.0
Whistler Conference Centre	Whistler	-	25,337	25,337	25,337	-

Source: HLT Advisory Inc. based on Convention Centres of Canada report.
 * Tier 2 and Tier 3 convention centres are classified in the Convention Centres of Canada annual benchmarking report.
 ** Centennial Hall and Gallery Hall classified as Exhibit Space.

MARKET FOCUS OF MAJOR CANADIAN CONVENTION CENTRES

Essentially all Canadian convention centres are competitive in some respects to TCU Place. The event mix in each of these buildings reflects location, local economic factors and, most of all, the market focus of individual sales staffs. The Convention Centres of Canada benchmarking analysis splits medium and larger venues into two categories based on volume of meetings and convention demand (as opposed to consumer shows, etc.)

Group 2

- The Calgary Telus Convention Centre was Canada's first purpose-built convention venue. Opened in 1974, the CTCC was expanded in 2000 but still only offers 47,000 s.f. of exhibit space and marginally competitive ballroom and meeting spaces.
- The Shaw Convention Centre (Edmonton) is an aggressive competitor in the Canadian association market. Aside from Montreal, Vancouver, Toronto and Winnipeg, Shaw offers the largest exhibit hall in Canada. Shaw is well positioned from a price perspective (centre and adjacent hotels) among Western Canadian centres.
- The World Trade and Convention Centre (Halifax) not only competes in the Maritime marketplace but has established a strong reputation in oceanographic, scientific and related events. The upcoming expansion will enable Halifax to compete more effectively as an alternative for national association event rotation.
- Among the newer convention centres in Canada, Niagara Falls is challenged from being in Toronto's shadow and the lack of a proximate airport. Niagara Falls mostly competes in the provincial association and some corporate markets.
- The Ottawa Convention Centre re-opened in 2011 with 55,000 square feet of exhibit space. The new venue focuses primarily on Canadian association and federal government-related business.
- Quebec City Convention Centre is a strong competitor within the Quebec market (provincial association and government business) and has been successful in attracting Canadian national and a limited number of U.S./International events. Quebec is severely constrained by air access, with most flights in to/out of the City arriving via Montreal or Toronto.
- The Victoria Conference Centre targets B.C.-based and some Canadian national events. Victoria is the 2nd smallest Tier 2 destination in Canada in terms of Exhibit space.
- The RBC Convention Centre in Winnipeg is largely targeted at the Canadian association marketplace. Recently expanded, Winnipeg competes with Edmonton as a western Canadian-focused convention and trade show alternative.

MARKET FOCUS OF MAJOR CANADIAN CONVENTION CENTRES

Group 3

- The Metro Toronto Convention Centre ("MTCC") expanded to 460,000 square feet (not contiguous, split in to north and south buildings) of exhibit space in 1997. The MTCC is the largest Canadian convention centre and is focused primarily on the national and US association convention market.
- The Vancouver Convention Centre ("VCC") expanded in 2010 and now has over 300,000 square feet of exhibit space (220,000 contiguous square feet). The VCC has aggressively targeted the US and international marketplace with a particular focus on medical and medical-related organizations.
- The Palais des Congres de Montreal ("Palais") expanded to 200,000 square feet of exhibit space in 2002. The Palais was the first Canadian convention city to successfully establish a niche in the international (as opposed to primarily U.S.) association convention market. In addition to international conventions, the Palais has also increased its focus on Canadian and North American trade shows—held either in conjunction with conventions or as stand-alone events.

E. MARKET POTENTIAL, PROJECTED EVENT LOAD AND SPACE PARAMETERS

FACTORS AFFECTING EVENT LOADS

A number of factors affect Saskatoon's place and future opportunities in the convention centre "business" as summarized in the following Strength, Weaknesses, Opportunities and Threats table.

Strengths

- Active DMO (Tourism Saskatoon) with dedicated convention sales staff
- Reasonable inventory of downtown hotels including two adjacent (but not connected) hotels
- Track record of hosting Saskatchewan events
- Better mix of facilities than offered in Regina
- Theatre has been used to support incentive events (e.g., Federated Coop annual buyer's mart)

Weaknesses

- Current space configuration is disjointed and costly to operate
- Prairieland Park is aggressive and offers larger space (but for more limited markets)
- Historically steep hotel pricing has been problematic given strong corporate demand (less of an issue during recent economic downturn)
- Air access is limited and costly
- Climate limits desirability for certain national and many international events

Opportunities

- Linkage with University of Saskatchewan for targeted international events
- Co location with a new SaskTel Centre provides opportunity for to host downtown trade shows and/or conventions with exhibit component

Threats

- Economic downturn in Saskatchewan lasts longer (or is deeper) than currently forecasted
- Prairieland Park or Regina adds competitive meeting space(s)
- Air service is further reduced
- University of Saskatchewan arena complex targets TCU Place graduation and related community events (more of a TCU Place revenue issue as opposed to economic impact)

TURNAWAY ANALYSIS

TCU Place (and Tourism Saskatoon) tracks event organizers that considered TCU Place (and Saskatoon) as a potential convention destination/venue but chose a different destination. When a decision to go elsewhere is made, a reason is noted for the loss. Recent and future lost business is summarized and grouped below.

TCU Place Events Lost by Reason Lost											
Reason Lost	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	%
Outgrew	1	-	-	3	1	-	1	1	2	9	18%
Preferred Hotel	1	-	-	3	2	4	1	-	-	11	22%
Cost	-	-	-	1	1	-	1	-	-	3	6%
Chose Another City	-	-	1	-	5	3	3	1	2	15	30%
Event Cancelled	-	-	-	-	4	1	1	-	-	6	12%
No Dates Available	-	-	-	-	1	-	-	-	-	1	2%
Other	-	-	-	1	2	-	1	1	-	5	10%
Total	2	-	1	8	16	8	8	3	4	50	100%

Source: HLT Advisory Inc. based on TCU data.

A host of reasons can be provided to justify why a given destination was not selected (particularly when the decision is made by a selection committee) although the broad categories are believed indicative. Chose another City (which does not adequately explain the reason for lost business) and Preferred Hotel were the two reasons most commonly listed for a lost event. Both TCU Place and Tourism Saskatoon have experienced significant lost business in 2016, a function of a greater number of proposals as well as aggressiveness from competitor cities. The most active competitors of late have been Calgary (aggressive price discounting) and Winnipeg (new building going through a "honeymoon period").

Outgrew was the third most common reason, with many of those events lost to Prairieland Park. While events that "outgrew" the centre only represented 18% of the number of events lost, those events accounted for 36% of the estimated lost attendance.

TURNAWAY ANALYSIS

From 2012-2020, nine lost events were due to size of event. Of these 9 events, 6 were classified as “national” events with attendance totalling 10,600.

Three of the 9 events that were too large for the centre stayed in Saskatoon and hosted their event at Prairieland park. Two other events lost due to size were hosted in Calgary (a convention centre with ~10,000 sf additional exhibit space and ~20,000 sf additional rentable space).

TCU Place Lost Events Due to Size					
Year	Event	Event Type	Attendees	Attendee Origin	Reason Lost
2012	SK Association of Rural Municipalities	Convention	1,400	Provincial	Outgrew - moved to Prairieland (size and parking)
2015	SK Mining Association	Trade Show	700	Provincial	Outgrew - moved to Prairieland as space became too tight
2015	Skills Canada	Convention	1,800	National	Prairieland won this bid as they can hold the entire competition at one location. We were bidding on opening and closing ceremonies only.
2015	World Financial Group	Convention	4,000	National	Event grew from 1000 to 4000. Was successful in Saskatoon but TCU is too small now
2016	Agri trend	Convention	800	National	Size - Went to Calgary as they wanted to grow and felt they had more opp in Alberta
2018	Western Retail Lumber Association (WRLA)	Convention	800	Regional	Lost to Calgary - feel TCU Place is too small
2019	Canadian Society of Safety Engineers	Convention	1,000	National	No space, other conference confirmed and facility not big enough to host 125 booths and 300 seating on one level.
2020	Acklands Grainger	Convention	1,500	National	Too large for TCU
2020	Federation of Canadian Municipalities	Convention	1,500	National	TCU too small, city facility does not meet criteria anymore as per Tourism Saskatoon

Source: HLT Advisory Inc. based on TCU data.

PROJECTED EVENT LOAD

Given the historical operating results at TCU Place, the universe of potential convention events and current competitive Canadian convention centre supply we developed stabilized convention projections by attendee origin. The projections reflect the analysis undertaken for TCU Place as well as our knowledge of the convention industry.

TCU Place Convention Projections						
Geography	2014-2016 Average			Stabilized Year		
	Events	Attendance	Average Attendance	Events	Attendance	Average Attendance
Local	12	7,242	604	12	7,200	600
Provincial	15	13,547	903	18	19,000	1,056
National	6	2,767	461	8	4,500	563
International	2	1,108	554	3	1,600	533
Total	35	24,664	705	41	32,300	788
<i>Source: HLT Advisory Inc. based on TCU Place data and HLT estimates.</i>						

The following assumptions underlie the projections:

- Local events are projected to remain unchanged with the redevelopment of TCU Place.
- TCU Place is projected to host an additional 3 provincial conventions annually and attract an additional ~5,500 delegates. These events are larger events with an exhibit component that are currently being lost to other centres (e.g. Prairieland) because TCU Place's exhibit space is seen as prohibitive.
- TCU Place is projected to host an additional 2 national conventions annually and attract an additional ~1,800 delegates. These are events currently lost to other Canadian centres (primarily in Western Canada).
- TCU Place is projected to host one additional international convention annually and attract an additional ~500 delegates. These events are currently lost given the inadequacy of TCU Place to handle both exhibitions, meeting and social/F&B needs of meeting planners. The international market is not a significant factor in forecasting TCU Place demand.

MINIMUM SPACE REQUIREMENTS

Historical operating performance of TCU Place, together with turnaway metrics used by both TCU and Tourism Saskatoon, suggest that any space-based justification for loss of business at TCU is more a function of quality and layout of space than amount of space. The addition of significant space in Saskatoon is not believed to be a requirement for improving convention activity.

Issues with the current space offering (in addition to building condition issues raised, include:

- Inability to host exhibits proximate to the ballroom (Grand Salon).
- Quality of the exhibition space (Centennial Hall) given the two-level floor, dated appearance and location in the lower level (with not adequate vertical circulation).
- Location of the kitchen vis a vis the primary ballroom (poor customer servicing and costly to operate).
- Disconnect between the theatre capacity and capacity of the convention centre, making use of the two components for the same group impractical.

Existing and Targer TCU Place Space Parameters			
	Current		Target
	Grossed Up	Net*	
Exhibit space**	23,000	18,600	30,000
Ballroom***	22,400	17,000	22,000
Meeting Space****	18,000	14,000	25,000
Total	63,400	49,600	77,000
Source: HLT Advisory, Conventional Wisdom			
*Net space excludes pre-function areas and circulation			
** Existing includes Centennial Hall and West Room			
***Existing includes Salon Grand			
****Existing includes Grand Gallery and Regal A&B			

These parameters will be further validated at the site option and community input stages. As will the role and function of the Sid Buckwold theatre.