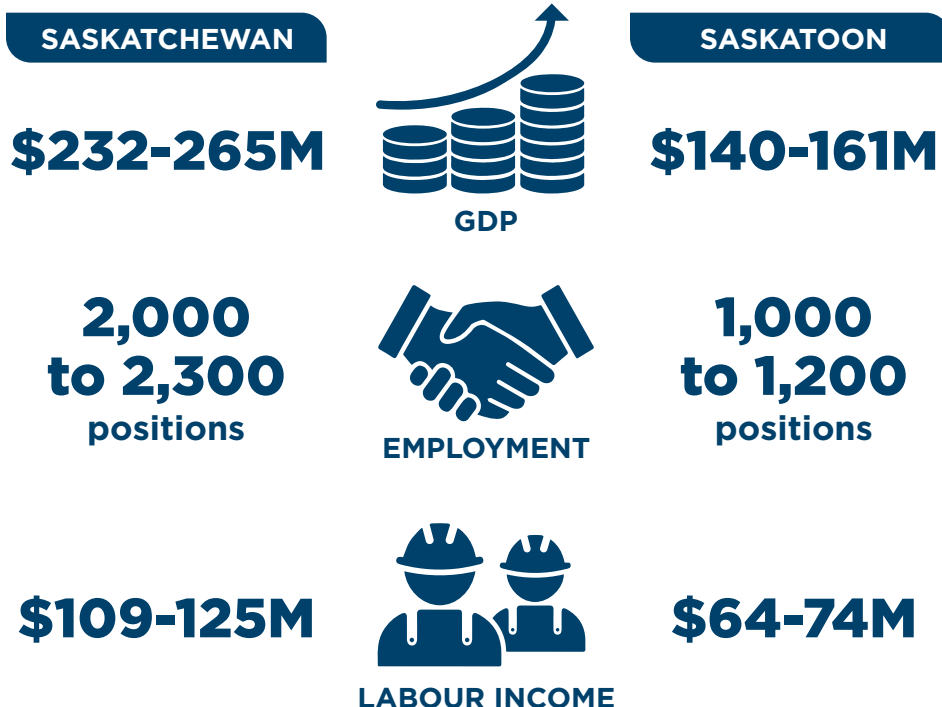


As part of the due diligence, an analysis of a new event centre/arena and new or expanded convention centre in Saskatoon was completed in March 2018. The final report provides information on the facility condition assessments, market potential, location options, financial analysis, and an economic impact analysis.

The facility condition analysis for each venue found that both buildings are approaching an end-of-useful-life condition. As a result, the analysis recommends a downtown location for both venues. That is, a newly constructed downtown event centre/arena next to a revived convention centre.

To determine the potential economic benefits of constructing a new downtown event centre/arena and revived convention centre, the report provided an economic impact analysis. The consultant constructed separate economic models for Saskatchewan and Saskatoon using the latest provincial input-output tables based on the structure of the economy in 2013.

The results estimate that the construction phase of the project could generate the following economic impacts in Saskatchewan and in Saskatoon:



FACILITY CONDITION ASSESSMENTS

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).

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

<i>Economic Impacts from Construction (One Time)</i>	<i>Saskatchewan</i>		<i>Saskatoon</i>	
	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
Gross Domestic Product (\$M)	\$232.2	\$265.8	140.8	\$98.5
Direct	116.5	133.3	86.1	42.3
Indirect	60.0	67.7	37.0	20.3
Induced	55.7	63.8	17.7	161.2
Employment (Positions)	2,020	2,312.0	1,060	1,213
Direct	1,072.0	1,227.0	792	907
Indirect	386.0	442.0	181	208
Induced	561.0	643.0	86	98
Labour Income (\$M)	\$109.3	\$125.0	\$64.8	\$74.2
Direct	64.7	74.0	47.8	54.7
Indirect	21.7	24.8	11.8	13.5
Induced	22.9	26.2	5.1	5.9

The results are based on a “low” (\$330 million) and a “high” (\$375 million). Construction cost estimates reflect the cost range for the Downtown locations in the 2018 Consultants Report. They exclude land acquisition costs and those 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.

It should be noted that the economic impact analysis is different than the BRT Cost Benefit Analysis which uses a more comprehensive Multiple Account Evaluation to show net benefits of a project.

An economic impact analysis is narrower and estimates how the project could generate Gross Domestic Product, labour income, and person years of employment. It is based on using the project costs as inputs along with a multiplier effect to generate the estimated economic impact (output).

The City intends to conduct a multiple account cost benefit analysis for the event centre/arena and convention centre and will share the results of the net benefits in a more comprehensive way when it becomes available.

DEFINITIONS

GDP: Gross domestic product (GDP) is the total unduplicated value of the goods and services produced in the economic territory of a country or region during a given period. For the purposes of this analysis, a measure of net economic activity within a prescribed geographic area.

Employment Positions: Number of full-year equivalent (construction) or full-time equivalent (operations) based on person years.

- 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 event centre/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.

Labour Income: includes wages, salaries, and employer contributions to pensions and benefit packages which is one component of GDP.

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

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.

The report was prepared by HLT Advisory together with Conventional Wisdom and Convergence. For more details please consult the [full report](#) from a Governance and Priorities Committee meeting held on March 19, 2018, Agenda Item 6.3.1: [Presentation of Findings – TCU Place/SaskTel Centre Market Analysis](#).