Media Backgrounder

New and/or Expanded Event and Convention Centre *Key Findings*





Study

To continue to support touring concerts, hosted conventions, and local and regional events, the boards of SaskTel Centre and TCU Place jointly commissioned a Building Condition and Market Analysis to determine the need for new and/or expanded facilities. The scope of work involved:

- · Analysis of historical business data
- · Stakeholder consultations internal and external
- · Site tours and assessment of both venues
- · Competitive scan Saskatoon Region
- Comparative scan North American cities similar to Saskatoon

The study was prepared by an integrated consulting team of leading market analysts and facility planners: Convergence Design, HLT Advisory, and Conventional Wisdom

BENEFITS OF DESTINATION FACILITIES

- Attract top quality convention, sports and entertainment business to city
- · Spark urban redevelopment
- Enhance Saskatoon's reputation as a destination city
- · Stimulate downtown and regional economic activity
- Support sport franchises and cultural organizations (Rush, Blades, Saskatoon Symphony)
- · Host community-wide events

FACILITY FACTS

- SaskTel Centre opened in 1988 (30 years old) and TCU Place and its theatre opened in 1968 (50 years old) with expansion of convention facilities in 2006.
- SaskTel Centre is the largest indoor public assembly venue in Saskatchewan, able to host up to 15,000 people serve two key client groups: sports teams and touring entertainment companies.
- TCU Place is home to the 2,021 seat Sid Buckwold Theatre and serves three key client groups: event planners hosting conventions, meeting and trade shows and performing arts organization, including the Saskatoon Symphony.

Both buildings are deteriorating and approaching their end-of-useful life.

FACILITY ASSESSMENTS

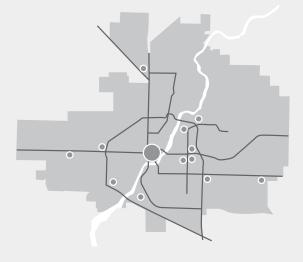
The study explored whether the two facilities meet the standards of peer facilities in similar markets in the following categories:

- · Patron experience
- · Space flexibility and adaptability
- · Physical appearance
- · Back-of-house service capacity
- · Space availability

Additional criteria used by touring event promoters were applied to evaluate SaskTel Centre:

- · Seating capacity
- · Market demographics
- · Building conditions
- · Vehicle access and parking
- · Adjacency to pre- and post-stops on tour
- · Profit potential

Hypothetical sites were analyzed to evaluate potential economic impact. No site(s) has been identified for either facility.



SASKATOON ASSEMBLY FACILITIES 1

Findings

These facilities are at a crossroads and we need to start planning to ensure Saskatoon remains a destination city in Saskatchewan and western Canada.

This is the first step in a multi-step planning process for our facilities.

TCU PLACE

Facility Conditions

- Rapidly approaching the end of its useful life.
- In spite of 2006 renovation, the facility falls behind current industry standards for flexible/ adaptable spaces, acoustics, exhibit spaces, kitchen service, and typical convention requirements.

SASKTEL CENTRE

- Quickly approaching its end of useful life.
- Building image and "spectator experience" out of date among contemporary peer facilities.
- Inadequate space and capacity for large event staging and rigging.
- Parking design and access requires overhaul.

Replace vs. Renovate

- Cost to bring convention facilities up to standards and codes may exceed its replacement cost.
- Renovation options are limited given site size/configuration and awkward relationship between internal spaces.
- In existing location, Theatre renovation costs estimated to be \$18.5M
- Renovation would be less cost than replacement but would provide less benefit and require the same amount of time to complete.
- Estimated \$101M renovation would add 50,000 square feet of new space but "double down" on an unfortunate decision to locate the facility on the periphery of Saskatoon's dynamic, urban core.
- Adaptive reuse of SaskTel Centre would be challenging.

Event Volumes of a New or Renovated Facility

- Gains in number of annual provincial, national and international conventions attracting 7,800 more delegates per year.
- Number of local events are assumed to remain unchanged
- Better than 3-year average with gains in number of concerts, family/ comedy shows, and tradeshows
- Downtown or central location key factor in generating more event activity.

TCU PLACE

SASKTEL CENTRE

Seating and Overall Size

- Loss of business is a function of facility quality and layout, not the total amount of square footage.
- Current seating is adequate to meet market demand.
- Support amenities concessions, washrooms, elevator capacity, retail, concourse - are inadequate for lack of space.

Recommended Option

Downtown area for both facilities.

Reasons:

- · Concentration of hotels, restaurants, retail
- Connection to tourist amenities
- Central to all points in city
- Ease of access, exit
- Parking and public transit friendly

Downtown optimizes the value, benefit and potential of a new arena and expanded convention centre.

City-Wide Location(s) Evaluation

Hypothetical sites examined and evaluated based on:

- 1. Proximity to current/potential dining, retail and entertainment businesses
- 2. Transportation, vehicle/pedestrian access and availability of parking
- 3. Site features
- 4. Cost factors
- 5. Acquisition and timetable
- 6. Proximity to public transit

While capital costs are significant, there are significant costs to maintaining deteriorating buildings that are providing less and less benefit to Saskatoon's citizens and visitors.

Operating Projections and Impact on Margin

(Does not factor in labour efficiencies associated with a joint use complex.)

Total Revenue - up \$1.7M Direct Event Expenses - up \$900K Facility Maintenance/Administration up \$500K Overall Margin - from \$1.8M to \$2.1M Direct Event Revenue - up \$3.4M Direct Event Expenses - up \$2.4M Other Revenue - up \$800K Other Expenses - \$200K Overall Margin - from \$2.4M to \$4.1M

SASKATOON ASSEMBLY FACILITIES 3

TCU PLACE

SASKTEL CENTRE

One-Time Economic Impact from Construction

(Either/Or)

New Construction

Gross Domestic Product - \$232M to \$266M Employment - 2,019 to 2,312 positions Labour Income - \$109M to \$125M

SaskTel Centre Renovation

Gross Domestic Product - \$75M Employment - 652 positions Labour Income - \$35M

Annual Economic Impact from Operations and Tourism

Gross Domestic Product - \$21M Employment - 344 positions Labour Income - \$12M Gross Domestic Product - \$22M Employment - 314 positions Labour Income - \$10M

Order-of-magnitude
costs for a new
downtown arena and
expanded convention
centre range from \$330M
to \$375M depending
on the location. These
costs do not include
land costs, costs to
relocate businesses or
infrastructure costs.

Potential Capital Funding Sources

- Public sector funding
- Ticket surcharges
- District redevelopment tax
- Business improvement levy
- Upfront capital contribution by suppliers
- Tourism taxes
- Sponsorship/naming rights

Comparative Research

Specific Mid-Tier Cities Used for Study

Des Moines, Iowa London, Ontario Spokane, Washington