

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2021 February 10

FROM: MAJOR CIVIC BUILDING PROJECT
COORDINATION COMMITTEE

FILE: 4230 11
Reference: Metrotown Event Centre

SUBJECT: METROTOWN EVENT CENTRE PROJECT (MEC) –
PHASE ONE FEASIBILITY STUDY

PURPOSE: To provide the Committee and Council with a summary of the findings of the Phase One – Feasibility Study for the Metrotown Event Centre (MEC) project.

RECOMMENDATION:

1. **THAT** the Committee and Council receive this report for information purposes.

REPORT**1.0 INTRODUCTION**

For the past nine months, Huden Strategic Partners (HSP) and a team of consultants have been working with City staff to explore the feasibility of a new civic performance/events and conference centre within Downtown Metrotown, also referred to in this report as the Metrotown Event Centre (MEC) project. As part of this exploratory phase, the key questions of the study are as follows:

- What is the value of developing the MEC within Downtown Metrotown?
- What is the recommended building facility program, including supporting retail, commercial, hotel and parking, required for such a facility?
- What is the minimum site area required to accommodate such a facility, as well as key considerations as it relates to access, circulation and program adjacencies? And,
- What are the preliminary capital and operating cost estimates, and potential governance models to evaluate its project viability and sustainability?

This report presents the findings of the study entitled, “Metrotown Event Centre Market, Feasibility and Impact Study”.

This report is for Council’s information.

2.0 BACKGROUND

2.1 The Downtown Metrotown Plan (2017) identifies that a major component of successful downtowns is its cultural facilities - downtowns are the most central location for a variety of cultural and entertainment facilities that serve the city, as well as incubators for creativity, learning, performance and the arts. These facilities generate excitement and vibrancy within the downtown; contribute to place-making and city identity; and, provide spaces for dialogue and exchanges of ideas, as well as spaces for sense of belonging and community.

A key direction of the adopted Plan is the development of a major performance/events centre within the downtown core. The Plan further articulates the characteristics of the facility as being a flexible and multi-functional indoor and outdoor facility capable of also hosting community events, gathering space for public meetings and presentations, performances, and art gallery showings. It is within this context that the Metrotown Event Centre (MEC) is being explored.

2.2 Preliminary concepts for the MEC envisions an exciting new facility that will be a major component in the delivery of cultural services for the City.

The new centre will contribute to the excitement and vitality of the downtown, fostering innovative and synergetic relationships with local commercial, entertainment, hotel and tourism businesses. It will also enhance the City's civic presence within the downtown and contribute to community and sense of place. The new centre will be a regional destination, and a defining feature of Burnaby's character and identity. It will demonstrate world-class urban design and architecture, leadership in sustainability and best practises, and, be financially stable in its building operations and programming. It will be fully integrated with the urban fabric of the downtown and well connected via a comprehensive transportation network that supports walking, cycling, transit use and vehicles.

2.3 Advancement of the MEC project is identified by City staff as being brought forward in three phases, in which each phase of work is scoped as follows:

- *Phase One – Project Feasibility.* This phase explores the value of developing a performance/events and conference centre within Downtown Metrotown; facility programming to meet the needs of the community; building configuration, massing study and preliminary schematic design options to determine the minimum site area and preliminary site access, circulation and adjacencies; and, preliminary capital and operating cost estimates of such a project.
- *Phase Two – Site Selection.* This phase involves the development of site selection criteria for the new performance/events and conference centre and evaluation of each site option based on those agreed-upon criteria, resulting in a preferred site. This phase also involves an in-depth analysis and review of the business plan as it relates to real estate and land development of the preferred site, operating and governance models, and preliminary cost estimates of the project. Building on the work completed in Phase

1, the consultant would prepare ‘test fit options’ of the finalized program on the preferred site. Consideration for additional tourism infrastructure investments within Metrotown and the wider City will be pursued as required.

- *Phase Three – Conceptual and Detailed Design.* This phase involves conceptual (refinement), schematic and detailed design of the new performance/events and conference centre. Related to this work is confirmation of the finalized facility program, technologies to be incorporated into the project (seating, staging, lighting, sound, environmental control, audio-visual, broadcasting and telecommunications, and security), and supporting commercial, entertainment, hotel/hospitality, and tourism amenities to be included as part of the project. This phase also involves obtaining the necessary development approvals and permits.

Public consultation, and more importantly, community buy-in to the project is a significant component of Phases Two and Three work.

Advancement of the MEC project is subject to Council approval and funding at each of the above noted phases of work. It is also anticipated that a multi-disciplinary team of consultants will be required at each phase to support the City in this endeavour. The lead consultant for each phase of work will be determined based on the primary purpose of the study. For Phase One, the lead consultant is identified to be a real estate development consulting firm supported by a team with relevant expertise in the fields of arts, culture and entertainment; business; hospitality and tourism; architecture; and, planning.

- 2.4 On 2019 July 29, Council authorized the use of Community Benefit Reserves to initiate *Phase One – Project Feasibility of the MEC project*. Following funding approval, City staff initiated a Request for Proposal (RFP) process to engage a real estate consulting firm to complete *Phase One – Project Feasibility of the MEC project*.

Hunden Strategic Partners (HSP), a Chicago-based consulting firm that specializes in destination real estate asset development, was the successful proponent of the RFP process and awarded the contract as the lead consultant. The consulting team includes Dialog, an international architectural firm with a Vancouver office; Hall Hospitality Advisors, a Canadian-based hospitality and tourism development consulting firm; and, Arts Consulting Group, an arts and culture facility planning and programming consulting firm.

Over the past nine months, notwithstanding the impacts of COVID-19 to project schedule, the team has been studying the following scope of work:

- *Situation Analysis* – location and position of Metrotown as an events centre destination from a national, regional and local perspective, as well as other factors affecting viability (i.e. SWOT analysis) of the MEC;
- *High Level Market Analysis* – market opportunities for concerts, entertainment, meetings, conferences and other events;

- *Building Facility Program* – recommended facility program based on market demand, as well as an assessment of community needs. The facility program also encompasses a new Burnaby Art Gallery (BAG), supporting amenities (e.g. café/restaurants, retail, offices, and parking) and proximal tourism infrastructure – hotel rooms required to support the overall MEC;
- *Building Configuration and Massing* – recommended (minimum) site area required to accommodate the MEC, building configuration and massing study to also understand key programmatic adjacencies and other operational and technical considerations to develop a flexible, multi-functional events space;
- *Governance Models* – scoping viable governance and operating models for the MEC, including municipally owned and operated and public-private partnerships; and,
- *Cost Estimates* – preliminary capital and operating cost estimates to evaluate project viability and sustainability over the short-, medium- and long term.

Findings of the study consisted of both primary and secondary research, including a three-day kick-off event that encompassed stakeholder engagement events with representatives from the arts, culture and entertainment industry, tourism and hospitality industry, business and development community and major land owners in Downtown Metrotown; tours of comparable events centres within the Metro Vancouver region; and, in-depth interviews with potential partners, competitors and operators. Secondary research included analysis of Burnaby’s demographic/economic profile, market data, industry benchmarks, trends and case studies of comparable facilities throughout Canada and the United States.

Section 3.0 of this report discusses the findings of the study.

3.0 DISCUSSION

3.1 Situation

Development of the MEC within Downtown Metrotown would situate the facility in an enviable position within Metro Vancouver. Downtown Metrotown is centrally located within the region, connected via SkyTrain (and a comprehensive transportation network) to YVR, Vancouver and neighbouring suburban municipalities, and, already supported by an accessible, dense and walkable downtown community. Downtown Metrotown is also supported by a broad range of amenities that are conducive to the success of such facilities, including but not limited to regional destination shopping centres (Metropolis at Metrotown, Crystal Mall), restaurants/cafes, hotels (3 hotels in Metrotown; 552 rooms total) and entertainment/tourist attractions (i.e. Deer Lake Park, Central Park, Civic Square, Beresford Street Art Walk).

Downtown Metrotown, and more broadly Burnaby as a whole, is a growing urban population with a disposable income level that would support/seek out opportunities for live shows, performances, and other like-entertainment and cultural services. Place-making that provides social gathering spaces for events, festivals, outdoor markets, public engagement, and be the civic heart of the downtown is also a desired feature within Downtown Metrotown.

Factors that could potentially weaken the success of the MEC as a destination for events include limited hospitality infrastructure within Metrotown - hotel rooms within walking distance of the new event centre. There is also general lack of awareness of Burnaby as a destination for events.

Factors that could potentially threaten the viability of the MEC, include potential competition within the region (i.e. new event centre facility in a neighbouring municipality), and limited land development opportunities within Metrotown.

3.2 Market Opportunity

In developing a recommended building facility program for the MEC, the feasibility study explored the market opportunities for concerts entertainment, meetings, conferences and other events at a local, regional and national/international level. As part of this work the consultant reviewed the capacity, performance (events hosted annually), and characteristics/features of comparable facilities throughout Canada and USA; conducted in depth interviews with event promoters, potential competitors, hospitality industry, and other stakeholders; and, presented case studies of relevant facilities for comparative analysis of event centre types, floor plans and configurations, and technologies.

Market opportunities exist primarily within the local market (Burnaby, Metro Vancouver), as well as the Pacific North West region (Western Canada & USA). Some opportunities were also identified Canada-wide, but on a limited basis.

Key findings identified a gap within the local market for the following types of venues:

- *Entertainment (performances and concerts)* – there is a market gap for entertainment venues in the mid-sized range, with flexible non-fixed seating, accommodating between 1,000 – 3,000 people; and,
- *Conferences, Banquets, Meetings and Event* – there is a market gap for event facilities, 50,000 sq. ft. – 75,000 sq. ft. in size to host between 1,300 – 2,000 people.

Secondary market opportunities were also identified for mid-sized to small conventions, consumer and trade shows, as well as an emerging market opportunity for sports/dance events.

While market opportunity is a key consideration in the recommended building facility program for the MEC, it should be noted that programming of the overall facility is also intended to support important non-market driven considerations: the delivery of cultural services in Burnaby and meeting community needs for social gathering and public engagement spaces. These support quality of life driven considerations within the city.

3.3 Non-Market Driven Considerations

The building program for the MEC contemplates a number of retail/office, cultural, and social spaces that would support broader community needs and enlivenment of the downtown, but are non-market driven considerations:

- *Burnaby Art Gallery* – Currently, the BAG’s collection of works of art on paper is housed in two facilities: the Burnaby Village Museum Administration Building (BVMAB) and Ceperley House. Findings of a 2019 Facility Assessment undertaken by the Canadian Conservation Institute determined that the above noted facilities would not qualify for Category “A” designation under the Moveable Cultural Property Program, as administered by the Heritage Policy and Program Directorate within the Department of Canadian Heritage. In other words, both the BVMAB and Ceperley House have inadequate infrastructure (i.e. seismic, fire and environmental controls) and storage capacity to manage certified cultural property. It is a limiting factor in the City’s ability to enhance its collection and cultural program. The development of a new art gallery as an integral component of the overall MEC project is an opportunity to receive, exhibit and preserve certified cultural assets, meeting the cultural needs of Burnaby’s citizens as well as an opportunity to contribute to place-making within the downtown;
- *Restaurants, cafes and boutique retail* – the inclusion of these amenities within the new events centre provide supporting amenities for visitors of the MEC, as well as contribute to the enlivenment and activation of the surrounding public realm;
- *Community office space* – the provision of community office space within the MEC presents opportunities to form partnerships and develop synergies with community groups to promote arts and culture, and local tourism and economy within Burnaby (i.e. Burnaby Board of Trade, Tourism Burnaby, Burnaby Arts Council); and,
- *Outdoor plaza* – the new MEC presents an opportunity to create a new outdoor public gathering space within the downtown, including events, celebrations, and public engagement.

Cultural services and amenities that serve the public realm and other community space needs enhance the quality of life within the downtown.

3.4 Recommended Building Facility Program

The study recommends a building facility program for the MEC that encompasses a 60,000 sq. ft. multi-purpose event space supported by an atrium lobby/pre-function crush space (40,080 sq. ft.), back-of-house (26,950 sq. ft.), breakout meeting rooms (18,000 sq. ft.), and range of support spaces including administration offices, retail, cafes/restaurants, and community office spaces. Key recommended design characteristics of the MEC:

- *Multi-configurational* – the multi-purpose event space can be configured to host a large single event, such as concerts and performances, or configured into two separate event spaces that can occur simultaneously (30,000 sq. ft. each). The atrium lobby/pre-function crush spaces, as well as break out meeting rooms can also be used to host receptions and other smaller events;
- *Flat Floor* – design of the multi-purpose event space with a flat floor will give the MEC the versatility to host a range of event types as opposed to a purpose-built entertainment facility with raised floors;
- *Non-Fixed seating* – non-fixed seating within the multi-purpose event space will give the centre the flexibility to host standing and seated events or combination thereof; and,

- *Parking* – while walkability and proximity to transit are critical factors to the success of an event centre, the provision of adequate parking to serve the site is required. Subject to further detailed transportation studies, the recommended number of parking spaces for the MEC is approximately 960 parking spaces. It is assumed that the majority of parking will be located underground.

“Right-sizing” of the event centre facility, as well as its flexible design of program spaces are key factors to its successful programming and operations.

The recommended building facility program for the MEC also encompasses a new BAG and outdoor plaza. While the net programmable area of the recommended art gallery is approximately 20,000 sq. ft. in size, the total gross floor area required for the optimal operations of the facility to meet the requirements of a “Category A” facility is approximately 36,000 sq. ft., inclusive of back-of-house, circulation, and various support spaces. The outdoor plaza is proposed to be approximately 30,000 sq. ft. so as to be able to host a variety of events including, festivals, markets, performances and community gatherings, as well as social spaces. *Figures 1 and 2* below illustrate the recommended building facility program.

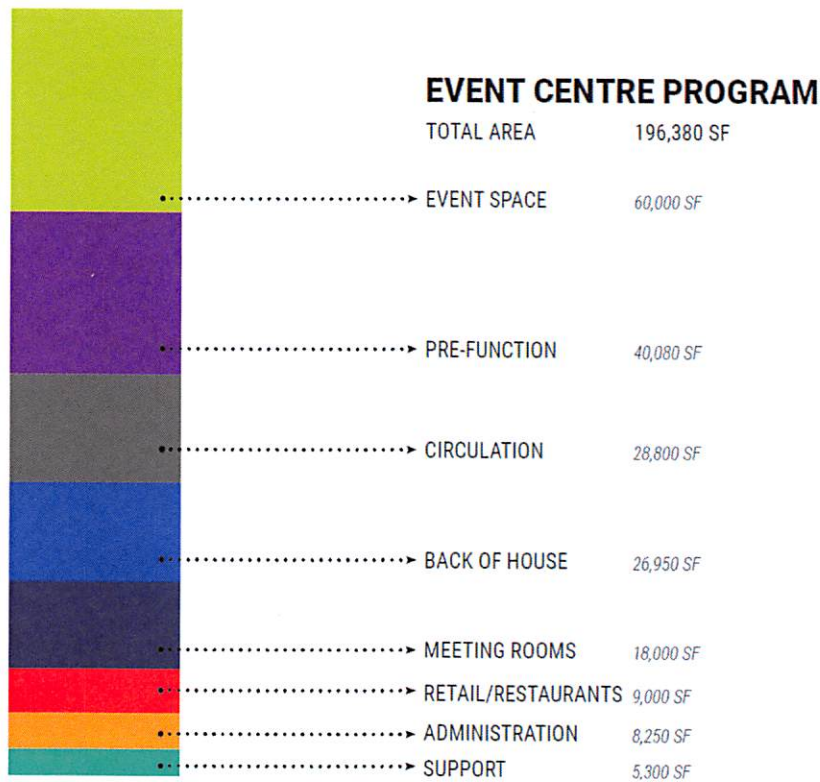


Figure 1

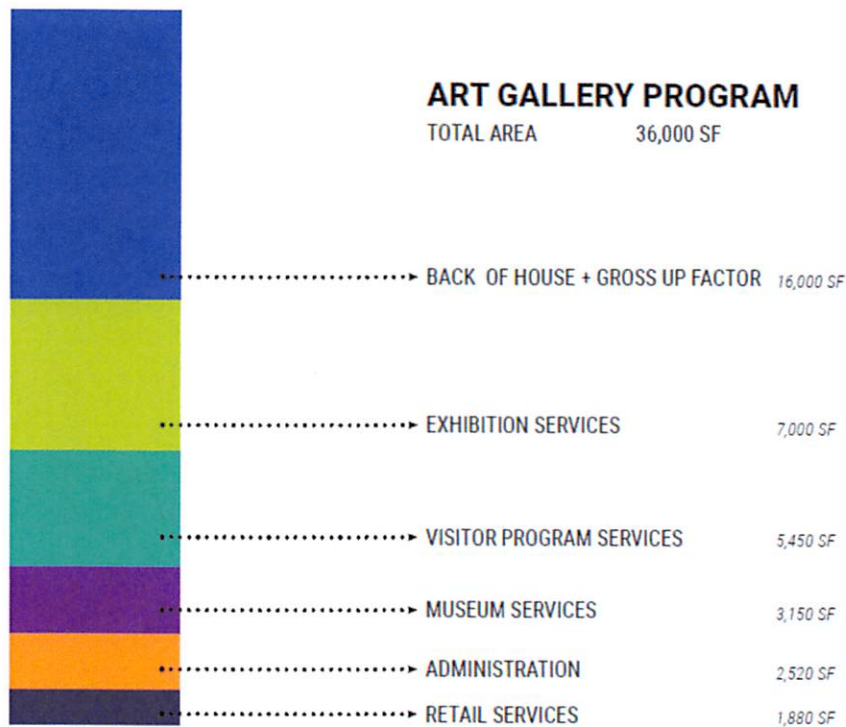


Figure 2

Figures 1 and 2. The two bar graphs illustrate the recommended building facility program for the event centre and proportion of space allocated to each component. The overall building facility program for the MEC is 232,380 sq. ft. gross, in which the gross floor area for the event centre portion is 196,380 sq. ft. inclusive of circulation and back-of-house spaces (gross up factors); the recommended total gross floor area for the BAG is 36,000 sq. ft.

Efficient operations of the MEC are dependent on the spatial relationships between each component. As part of the recommended building facility program, the study also articulates recommended program adjacencies between each component within the MEC and art gallery, as well as the functional and visual connections between components and areas accessible to the public.

3.5 Building Configuration and Massing

Building configuration and massing are key factors in determining the future site selection of the MEC. Event centres are inherently large volume spaces by virtue of their large-scale public assembly uses and operational/technical requirements (i.e. triple-volume ceiling height within main event spaces), and generally require large site areas to accommodate its development/function. Downtown urban centres, in contrast, typically have limited land areas to develop large-scale facilities such as an event centre. As such, several assumptions have been made in the study regarding the massing of the MEC given the urban context of Downtown Metrotown. Firstly, land and/or development opportunities for the MEC in Metrotown are limited;

and, secondly, components of the recommended building facility program for MEC will need to be stacked, where feasible to fully accommodate the recommended building facility program.

Programming of the MEC is anticipated to be provided over two or three levels of floor space, but housed within a building of up to 4 or 5 storeys in appearance, accounting for the vertical volume needed for major components of the program. The size and massing of the MEC presents an opportunity for remarkable architecture and design, an established civic presence within the downtown with rooftop patios that capitalize on views that showcase the surroundings.

The study explored three building configuration options for the MEC, wherein the siting of the gallery in relation to the overall facility varies within each option:

- *Proximate (Option 1)* – the art gallery is located proximate to the larger MEC building, but on an adjacent development site (i.e. across the street);
- *Fully Integrated (Option 2)* – the art gallery is fully integrated with and forms part of the overall MEC building; and,
- *Single Development (Option 3)* – the art gallery and MEC are housed in two separate buildings, but connected by an outdoor plaza and underground parking.

An evaluation of the pros and cons of each option was completed for the study, in which the recommended configuration, Option 3, is illustrated in **Figure 3**. This configuration provides for optimal building function and operations (i.e. loading, environmental controls), urban design, and activation of the street and surrounding public realm.

Taking into account size and massing of the recommended building facility program, as well as the recommended building configuration, the recommended minimum site area for the MEC is 5.0 acres (2.0 ha). Other factors to consider in site selection include, land ownership and control; siting along a major thoroughfare (i.e. Kingsway); proximity to transit; walkability (character and quality of the public realm); proximity to commercial amenities (retail, dining, entertainment); site access; and vistas (views).

CONNECTED BY PLAZA

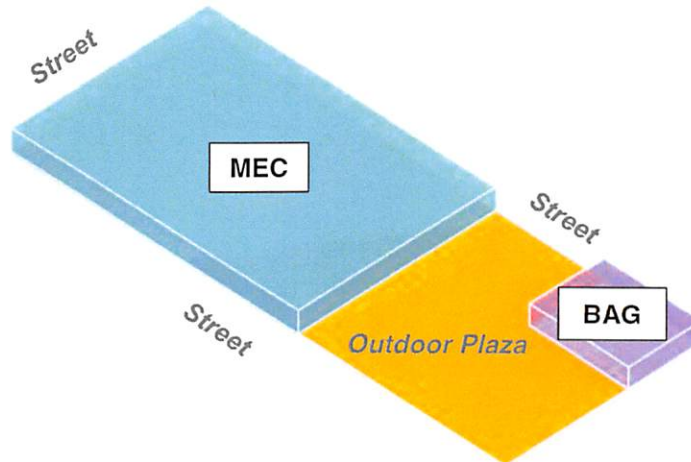


Figure 3. The graphic above illustrates the recommended spatial relationship of the 30,000 sq. ft. outdoor plaza between the MEC and BAG. The plaza serves as an outdoor extension of both facilities and can be programmed for a variety of active and passive uses, daytime and nighttime and for all seasons, becoming the focal point of this civic amenity and cultural heart. Based on this configuration, the recommended minimum site area for the facility is 5.0 acres (2.0 ha).

3.6 External Factors

In addition to the site-oriented factors listed in Section 3.5 of this report, external factors that the study identifies as critical to the success of the MEC include the need for local investment into hospitality and tourism infrastructure within Metrotown. Competitive event venues have walkable hotels proximate to their site. The study recommends that there be approximately 800 hotel rooms within walking distance of the MEC to support event planners and attendees; there are currently only 552 hotel rooms within Metrotown (Hilton, Holiday Inn and Element Hotel), presenting a market gap.

Generally, Burnaby is not known as an events destination. Partnerships with the Burnaby Board of Trade and Tourism Burnaby to promote and market the MEC, and more broadly downtown Metrotown, can help establish the MEC as a destination. It can also contribute to Burnaby's identity and place-making at the local and regional-scale.

3.7 Estimated Project Cost

Chart One below presents a high level project cost estimate for the MEC:

METROTOWN EVENT CENTRE HIGH LEVEL PROJECT COST ESTIMATE

Burnaby - MEC - High Level Cost Estimate						
	SF or Stalls	\$/SF or Stall*	Hard	Soft	Contingency	Total (Rounded)
Event Centre	196,380	\$828	\$162,614,541	\$56,915,089	\$21,952,963	\$241,500,000
Art Gallery	36,000	\$883	\$31,797,527	\$11,129,134	\$4,292,666	\$47,200,000
Parking (stalls)	960	\$99,367	\$95,392,581	\$14,308,887	\$10,970,147	\$120,700,000
Plaza	30,000	\$331	\$9,936,727	\$1,490,509	\$1,142,724	\$12,600,000
Land, Site Prep	230,000	\$120	\$27,600,000	\$4,140,000	\$3,174,000	\$34,900,000
			\$327,341,377	\$87,983,620	\$41,532,500	\$456,900,000

* Inflated at 2% for 5 years
 Source: Huden Strategic Partners, DIALOG

Chart 1

It is estimated that the overall MEC project cost would be in the range of \$460,000,000, excluding potential land acquisition costs. Should Council advance exploration of the MEC project onto subsequent phases, the estimated project cost would be validated by a series of class cost estimate at key decision making points throughout the project.

3.8 Governance Models

The study provides a high-level overview of the potential governance models for the ownership and operations of the MEC. *Figure 4* below illustrates the spectrum of governance models for event centres across Canada:

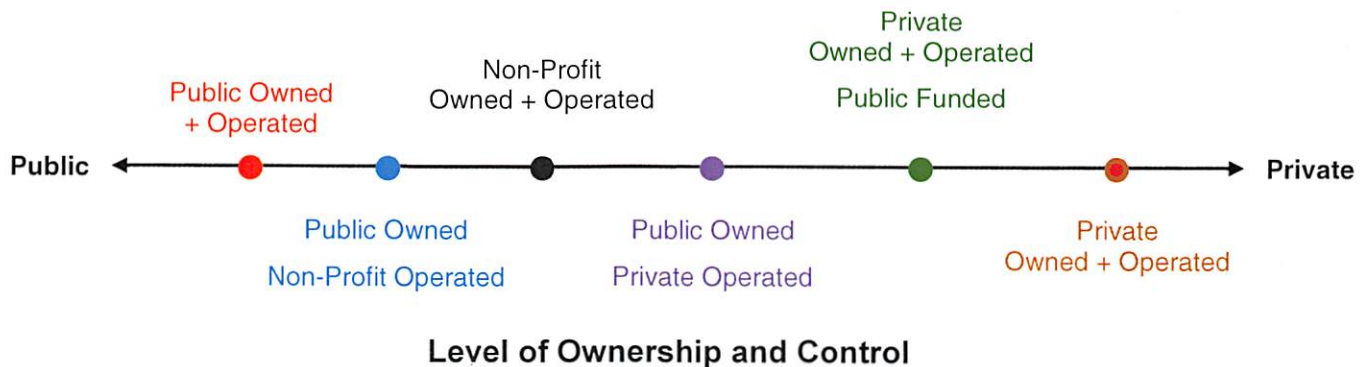


Figure 4. There is a broad spectrum across Canada as to how event centres are governed. Even event centres that fall within the public sector end of the spectrum have varying levels of public investment/involvement. For example, within the City of Vancouver, the Vancouver Convention Centre is owned by the Province of BC and managed by a Provincial Crown Corporation (PavCo), with municipal access to the programming of the Jack Poole Plaza several times a year; the Pacific National Exhibition (PNE) is a non-profit owned and managed facility with City of Vancouver support. The governance structure of the MEC is anticipated to trend towards the public

(municipal) end of the spectrum and will be further explored as part of subsequent phases of the project.

Some of the key takeaways or insights of this study are:

- *Mission and Vision* – establish guiding principles and policies for the MEC to streamline decision making and leadership to assess performance;
- *Best Practices* – use best practices and guiding principles for publically-owned event facilities;
- *Performance Tracking* – the MEC should be treated as a business enterprise and tracked independently;
- *Cost Management & Competitive Workforce* – to be as operationally efficient and competitive as possible; and,
- *Awareness of Fiscal Reality* – event centre facilities generally run at an annual operating deficit and will require some level of municipal subsidy. Notwithstanding, these facilities generate significant benefits to the local economy (i.e. visitors, spending, jobs, tax generator, enhanced real estate value). Moreover, the study highlights that the public return on public investment analysis should focus on a minimized deficit and maximized impact.

As indicated elsewhere in this report, the value of the MEC as a community asset to meet the cultural, social gathering, and public space needs of Burnaby’s citizens is also a central component of scope.

3.9 Performance

Subject to further detailed study in Phase 2, the MEC could potentially perform as follows (see *Figure 5* below):

ANNUAL EVENTS & ATTENDANCE



Figure 5. It is projected that the MEC could be programmed for events year-round, including multiple events at the same time. With up to 250,000 visitors to Downtown Metrotown annually as a direct result of the event centre, the local economy would benefit from increased spending (i.e. hotels, restaurants, entertainment, retail, and transportation); the downtown would be enlivened; and, overall quality of life would be improved for Burnaby citizens.

It should be noted, however that the number, type, size, and scale of events will be highly influenced by the range of factors discussed in Section 3.8 of this report, particularly the mission and vision of the MEC.

4.0 CONCLUSION

The findings of the Phase 1 study provides compelling evidence and data to indicate that there would be value in developing the MEC within Downtown Metrotown, not only from a market opportunity perspective, but from a community, cultural, economic, place-making and social perspective as well. The recommended building facility program encompasses a large-scale event centre facility that is supported by an outdoor plaza, a new art gallery (Class A) and underground parking; a minimum site area of 5.0 acres (2.0 ha) is recommended to meet the recommended program and technical requirements of the MEC. Other recommended site selection criteria include siting along a major thoroughfare, proximity to transit, and walkability to a range of commercial amenities (retail, restaurants, entertainment, and hotels). To support the MEC, the study also recommends the development of additional hotel infrastructure within the downtown area (within walking distance of the MEC) - 800 rooms total within Downtown Metrotown.

To: Financial Management Committee
From: Major Civic Building Project Coordination Committee
Re: Metrotown Event Centre Project (MEC) – Phase One Feasibility Study
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While governance of the MEC is to be determined by future phases of the project, as noted above, the study suggests that the facility can be operated as a successful public enterprise, provided that the factors for success are known early in the business case and development process, and implemented.

This report is for the Committee's and Council's information.



E.W. Kozak, Chair, Major Civic Building Project
Coordination Committee



Leon Gous, Director Engineering



Dave Ellenwood
Director Parks, Recreation and Cultural Services

ZT/sla

cc: City Manager
Director Corporate Services
Director Public Safety and Community Services
Director Finance
Purchasing Manager
City Solicitor
City Clerk