BUSINESS CASE STUDY and ANALYSIS for the RECOMMENDED EXPANSION of the ST. JOHN'S CONVENTION CENTRE
Final Report

Prepared for:
DESTINATION ST. JOHN'S

Prepared by:

PKF Consulting

In association with:

TRACT CONSULTING INC.

April 2009

PKF Consulting

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April 22, 2009

Mr. Keith Healey, CEO
Destination St. John's
Suite 302
291 Water Street
St. John's, NL
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RE: BUSINESS CASE STUDY and ANALYSIS for the RECOMMENDED EXPANSION OF ST. JOHN'S CONVENTION CENTRE, NL FINAL REPORT

Dear Mr. Healey:

In accordance with the terms of our engagement, PKF Consulting Inc. (PKF Consulting) is pleased to present the research and analysis pertaining to the Business Case Study and Analysis for the Recommended Expansion of the St. John's Convention Centre, located in downtown St. John's, Newfoundland and Labrador.

In response to a demand for new meeting and entertainment facilities, the City of St. John's built the St. John's Convention Centre and Mile One Centre as part of a downtown revitalization project, with both centres opening in May 2001. The St. John's Convention Centre (SJCC) features a 16,000 square foot convention hall capable of accommodating banquet seating of up to 1,050. On the upper level, two meeting rooms offer a combined total of 2,200 square feet of additional meeting space, thus overall rentable space at the facility currently totals 18,200 square feet.

From a financial operating perspective, the SJCC clearly benefits from its operating relationship with the St. John's Sports and Entertainment Group, through its operation of the Mile One Complex; its sales relationship with Destination St. John's; and its 3rd party management contract with the Delta Hotel. Comparable Tier 3 Convention Centres which are operated by an arms length agency with its own Board and management structure typically have administrative costs in the order of $300,000 to $400,000 per annum; marketing expenses of $300,000 per year; other operating expenses for building and maintenance in the order of $300,000; internal foodservice operations; and operate with total annual deficits in the range of $500,000 to $600,000, compared to an operating deficit of approximately $180,000 at the SJCC in 2008 (after adjusting for undistributed expenses from the St. John's Sports and Entertainment Group). At the same time, however, these Centres do not have any operating expenses related to 3rd party management contracts, as is the situation with the SJCC.

According to events tracked by Destination St. John's, the lead sales agent for the M&C market, the City of St. John's hosted 128 meetings and conventions in 2008, attracting 20,000 delegates to Newfoundland, and generating 27,000 occupied room nights for area hotels. Of the total M&C event activity, the St. John's Convention Centre typically hosts from 40 to 70 events per year, of which 8 to 15 are conventions with an average attendance of 450 delegates. However, this only tells part of the City's total M&C picture. Based on PKF discussions with St. John's accommodation operators, a total of 72,700 room nights were generated by the M&C sector in 2008, of which the St. John's Convention Centre contributed an estimated 14,430 room nights of demand – or 20% of the City's overall M&C room nights.

The study confirms that the City of St. John's is considered to be a very appealing destination for many professional meeting planners. Nevertheless, as it is currently configured, the Convention Centre struggles to satisfy this demand potential. The major building deficiencies at the St. John's Convention Centre include the lack of divisibility in the existing ballroom; no provision for exhibition space; the lack of sufficient break out space for meetings; insufficient crush space; poor layout of the kitchen, serving and loading dock areas; poor connectivity to the Delta Hotel and Conference Centre and Mile One Centre; and the need for overall facility upgrades, including new carpets, wall coverings and finishes. The lack of divisibility in the Convention Centre's main ballroom combined with insufficient breakout meeting space, one that would allow for a larger convention to meet, eat and exhibit under one roof, has been sited as one of the main reasons why St. John's has underperformed in the convention and meetings market, particularly amongst other Tier 3 destinations.

As such, it is **recommended that the SJCC be expanded from its current 18,200 square feet to 34,650 square feet of rentable space.**

- Specifically, it is recommended that the existing ballroom be expanded from 16,000 to 20,000 square feet, divisible by 3, with an additional 12,450 square feet of meeting room/break out space developed, bringing the total meeting space to 14,650 square feet, including a junior ballroom of 8,550 square feet.

- If it is not technically possible to expand the ballroom to 20,000 square feet, then it is imperative that the existing 16,000 square foot ballroom be made divisible by 2; with the additional 4,000 square feet included as meeting space, for a total of 18,650 square feet of meeting space.

However, if for whatever reason, the recommended expansion of the SJCC cannot be accommodated, the Convention Centre needs to **correct its original design flaws** by:

- Subdividing the current Marconi Hall 16,000 square foot ballroom into 2 (8,000 square feet each);

- Adding 6,000 square feet of additional breakout meeting space;

- Providing facility upgrades; and

- Making improvements to the current loading arrangements.

Regardless of whether the SJCC is expanded, there is an immediate need to upgrade its current facilities, as the building is approaching 10 years and has not had any capital re-invested in it.

With new Convention Centre development expected throughout Atlantic Canada over the next few years, it is imperative that the SJCC address its current shortcomings or risk a further erosion of its current market position.

Based on our projections, with the **recommended expansion of the SJCC** in place by 2012, the City of St. John's and the tourism sector within the Province of Newfoundland will benefit from:

- A 37% increase in M&C overnight demand, from 72,700 room nights in 2008 to 99,500 room nights by 2015, of which 60% will be incremental new demand to St. John's;

- A 180% increase in direct delegate spending from meetings activity at the SJCC, from an estimated $6.3 Million in 2008 to $17.6 Million by 2015, of which 58% of this spending will be new incremental revenues to the Province ($10.2 M);

- A 225% increase in pre and post convention delegate spending to Newfoundland, from an estimated $1.5 Million today, to $4.9 Million by 2015; and

- An additional $3 Million in room revenues to accommodation properties in the St. John's vicinity and a further $90,000 in Destination Marketing Fees;

- $25.4 Million in direct spending from all related meetings activity by 2015, which in turn will support 359 full year equivalent jobs, providing $30.7 Million in industry output for the province from direct, indirect and induced economic activity, and generate $6.3 Million in taxes to all levels of government.

- The incremental delegate spending resulting from the expansion of the SJCC to a recommended 34,650 square feet, will result in a 1.2 year payback on its capital investment of $17.5 Million (including estimated costs associated with land and/or building purchases).

The MC&IT market presents a huge source of potential for sustainable economic growth in the Province of Newfoundland and Labrador. As such, the expansion of the St. John's Convention Centre presents an excellent strategy to not only satisfy pent-up demand for conventions in NL, but also to assist in the growth of the overall provincial tourism sector, particularly during the shoulder periods when conventions typically occur.

Yours truly,

PKF Consulting Inc.

PKF CONSULTING INC.

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Introduction

In response to a demand for new meeting and entertainment facilities, the City of St. John's built the St. John's Convention Centre and Mile One Centre as part of a downtown revitalization project, with both centres opening in May 2001. The St. John's Convention Centre (SJCC) features a 16,000 square foot convention hall capable of accommodating banquet seating of up to 1,050. On the upper level, two meeting rooms offer a combined total of 2,200 square feet of additional meeting space, thus overall rentable space at the facility currently totals 18,200 square feet.

In December 2008, the Destination St. John's, in partnership with St. John's Sports and Entertainment and the City of St. John's, retained the services of PKF Consulting, in association with Tract Consulting, to review the configuration of the existing St. John's Convention Centre and provide a Business Case Study and Analysis for the proposed expansion, and to review the relationship between the Mile One Centre and St. John's Convention Centre.

The objective of the study was to assess the market demand and need to expand the St. John's Convention Centre and, if justified, provide a business case for the expansion, by:

1. Determining if the configuration of existing space at the St. John's Convention Centre is optimal for attracting conventions/meetings.

2. Assessing from a business case perspective, the market demand and opportunity to expand the St. John's Convention Centre. In defining the business case, the return on investment will be measured on the basis of return to the St. John's Convention Centre and return to the broader business community – accommodations sector, restaurants, retail, other tourism venues and taxes accruing to all levels of governments.

Recommended Expansion of the SJCC

It is **recommended that the SJCC be expanded from its current 18,200 square feet to 34,650 square feet of rentable space.**

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- Providing facility upgrades; and

- Making improvements to the current loading arrangements.

Regardless of whether the SJCC is expanded, there is an immediate need to upgrade its current facilities, as the building is approaching 10 years and has not had any capital re-invested in it.

It should be noted that the capital costs provided herein are preliminary estimates only. There will be a need to retain architectural, engineering and planning expertise in order to further evaluate the opportunities and constraints related to the building and site expansion of the SJCC.

TABLE 1
RECOMMENDED DEVELOPMENT PROGRAM
ST. JOHN'S CONVENTION CENTRE

	EXISTING - AS IS		SJCC EXPANSION REQUIREMENTS	
BALLROOM	**Ballroom Size (sq.ft.)**	**Capacity per Room - Banquet seating**	**Ballroom Size (sq.ft.)**	**Capacity per Room - Banquet seating**
Marconi Hall	**16,000**	1,067	**20,000**	**1,333**
A			*7,500*	*500*
B			*7,500*	*500*
C			*5,000*	*333*
SUBTOTAL - Ballroom	**16,000**	1,067	***20,000***	***1,333***
MEETING ROOMS	**Meeting Room Size (sq.ft.)**	**Capacity Range - Classroom seating**	**Meeting Room Size (sq.ft.)**	**Capacity Range - Classroom seating**
Mtg Rm 1	*1,100*	*92*	*300*	*25*
Mtg Rm 2	*1,100*	*92*	*600*	*50*
Mtg Rm 3			*750*	*63*
Mtg Rm 4			*750*	*63*
Mtg Rm 5			*1,100*	*92*
Mtg Rm 6			*1,100*	*92*
Mtg Rm 7			*1,500*	*125*
Mtg Rm 8			***1,800***	*150*
Mtg Rm 9			***2,000***	*167*
Mtg Rm 10			***2,250***	*188*
Mtg Rm 11			***2,500***	*208*
SUBTOTAL - Meeting Rooms	**2,200**	*183*	***14,650***	*1,221*
Total Rentable Sq.Ft.	**18,200**		***34,650***	
Pre Function Space/Back of House Support	20,000		35,000	
TOTAL SJCC BUILDING	**38,200**		**69,650**	

Source: PKF Consulting

Site and Development Options

The only options for expansion of the SJCC are to the west and the northwest. The current land base needed to accommodate this expansion is limited and the purchase of additional privately held land will be required to accommodate the recommended expansion program.

The following two site options have been considered to accommodate the Recommended Facility Expansion.

Site Option 1: Our preliminary assessment of the current land available suggests that that two properties bordering on Gower Street would need to be purchased (private residence currently vacant and a building currently being leased to the Newfoundland Liquor Corporation).

Site Option 2: The second option would be to focus the entire expansion of the SJCC to the west and look to accommodate the additional 32,000 sq. ft. in rentable and back of house support in an expanded SJCC. We would propose that all buildings within the block be purchased

We recommend that the entire site be built out and once the additional 32,000 sq ft in rentable and back of house support has been accommodated, then look to developing the remainder of the block potentially as a parking garage or some other complimentary use.

The following table considers preliminary order of magnitude capital cost estimates for the recommended facility expansion and minimum facility requirements.

TABLE 2 PRELIMINARY ORDER OF MAGNITUDE CAPITAL COSTS FOR EXPANSION ST. JOHN'S CONVENTION CENTRE			
	SJCC Original Cost	Recommended Expansion	Minimum Facility Requirements
Facility Upgrades	---	$500,000	$500,000
Divisible Ballroom	---	$600,000	$600,000
Existing Space Fit Up @ $75 per sq.ft.	---	$2,865,000	$825,000
New Built Space @ $230 per sq.ft.	---	$7,233,500	$1,380,000
Total Est. Capital Cost (excluding land and/or building purchases)	**$12,400,000**	**$11,198,500**	**$3,305,000**
Cost Per Sq. Ft.	**$325**	**$356**	**$300**
Total Est. Capital Cost with Land and/or Building Purchases		**$15 to $20 M**	**$3 to $5 M**

Source: PKF Consulting and Tract Consulting

St. John's as a Host Destination

Provincial non-resident tourism activity is estimated at 480,200 visits in 2008, down 2.0% over 2007 visitation, due to a reduction in non-resident air automobile and cruise travel visitation, despite gains in air visitors. Spending by non-resident has risen in 2008 over 2007, from $357 Million to $366 Million. Meeting and convention related visitation performed well in 2008. The Province reported 38,000 major meeting and convention delegates for 2008, compared to over 18,000 in 2007, despite a decrease in major conventions from 100 in 2007 to 78 in 2008. This growth is due to a significant increase in large convention size.

As of 2009, the population of the City of St. John's is estimated at 102,810 residents, or 54% of the St. John's CMA. Of total visitation to the City in 2007, MC&IT reported the greatest gains in 2007, with a 34% increase in the number of major events (i.e. those with at least one night and 50 room nights sold). Inclusive of sport and cultural events, total delegates were reported at 22,600 in 2007, up 19.2% over 2006.

Destination St. John's (DSJ) has a mandate to market and sell Eastern Newfoundland as a destination to the travel trade and tourism sectors in North America. MC&IT is clearly the focus of the organization, and the St. John's Convention Centre and hotels derive the most benefit from their efforts in this market.

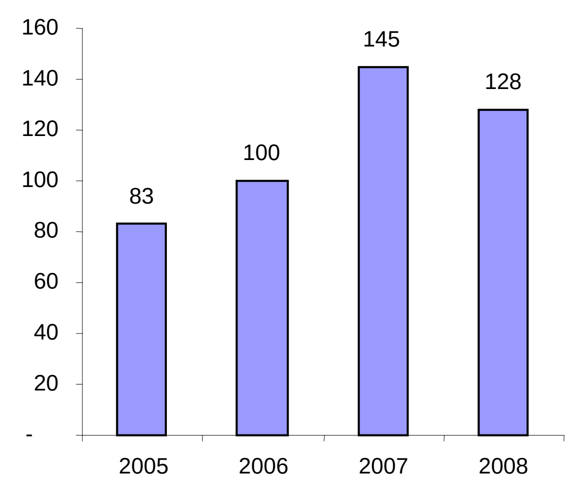
There are 11 primary hotels currently offering over to 80,875 square feet of rentable hotel meeting space throughout the City of St. John's. The largest meeting and conference hotels in downtown St. John's are: the Delta St. John's with 20,223 square feet, the Sheraton Hotel Newfoundland with 13,155 square feet, the Battery Hotel and Suites with 13,135 square feet, and the Holiday Inn St. John's with 12,105 square feet of rentable meeting space. Hotel room demand within the overall St. John's market has been stable throughout the past 5 years, ranging from a low of 60.8% in 2006 to a high of 65.6% in 2008. Despite the significant increases in supply in 2005 and 2006 Despite the significant increases in supply in 2005 and 2006, with the opening of the Super 8 St. John's, the Marriott Courtyard, and the Delta Hotel expansion, demand has been quickly absorbed - with occupied room nights increasing by 7.7% in 2007. The Meetings/Convention segment has been increasing since 2005. Although M/C demand decreased slightly from an estimated 68,300 room nights in 2006 to 65,880 in 2007, it has since rebounded to an estimated **72,700 occupied room nights in 2008**, representing 14.0% of total rooms demand generated (not including any pre and post convention stays).

TABLE 3 HISTORIC MARKET SEGMENTATION IN ST. JOHN'S - 2005-2008 (Occupied Room Nights)								
	2005	**%**	**2006**	**%**	**2007**	**%**	**2008**	**%**
Corporate	180,180	40.5%	163,370	34.7%	172,912	34.1%	181,129	34.9%
Meetings/Conventions	**62,537**	**14.1%**	**68,296**	**14.5%**	**65,881**	**13.0%**	**72,706**	**14.0%**
Independent Leisure	123,565	27.8%	134,812	28.7%	162,970	32.2%	165,974	32.0%
Government/Other	78,401	17.6%	103,843	22.1%	104,977	20.7%	98,853	19.1%
TOTAL MARKET	**444,684**	**100.0%**	**470,320**	**100.0%**	**506,740**	**100.0%**	**518,661**	**100.0%**

In 2007, the amount of meetings and convention business derived through Destination St. John's decreased to 18%, and further decreased to 10% of all room nights booked, or 7,329 out of an estimated total of 72,706 Meeting & Convention room nights booked.

St. John's hosted a total of 456 Association, Corporate, Government, SMERF and other events over the period of 2005 to 2008. Total events increased from a low of 83 tracked events in 2005 to a high of 145 in 2007, an increase of 45%, and then declined by 12% in 2008 to 128 events. This recent decline in event activity may be due in part to current economic conditions, which have resulted in a significant change in travel patterns.

FIGURE 1
EVENTS HOSTED IN ST. JOHN'S
2005-2008



Total event days have also decreased year over year, indicating an overall decrease in length of stay for meetings and conventions, alongside the increased frequency of events. Overall, the data demonstrate an overall decrease in event length, with larger groups travelling at less frequent intervals.

The number of events that were hosted at the St. John's Convention Centre – whether in whole or in conjunction with other hotel venues – has increased by over 500% since 2005, from 10 to 68 in 2007, with a slight decline to 60 events at the SJCC in 2008. While this significant increase demonstrates the concerted efforts of a new sales team focused on promoting the Convention Centre and the destination, it may also be due to poor tracking mechanisms in place at Destination St. John's prior to 2006.

According to the data provided by Destination St. John's, there were no conventions with less than 250 delegates booked in 2008, and on the whole, convention activity decreased by 47% in 2008. The greatest increase in convention activity in 2008 was for events in the range of 251-500 delegates. Convention activity appears to be rebounding back to 2007 levels in 2009, particularly for groups with over 250 delegates. Overall, of the total events hosted at the SJCC, Banquets and Social events made up 33%, Conventions made up 29%, 21% of total events were Local Meetings, 11% Non-Local Meetings, and 2% were Trade Shows.

TABLE 4 EVENT BOOKING ACTIVITY AT THE ST. JOHN'S CONVENTION CENTRE - 2005-2009						
	2005	**2006**	**2007**	**2008**	**2009**	**TOTAL**
Conventions						
< 250+	2	4	6	0	0	**12**
251-500	6	4	2	3	8	**23**
500+	2	4	7	5	7	**25**
Total Conventions	**10**	**12**	**15**	**8**	**15**	**60**
Trade Shows	0	0	1	3	0	**4**
Non-Local Meetings	0	2	8	10	2	**22**
Local Meetings	0	10	16	17	0	**43**
Consumer Shows	0	2	3	2	3	**10**
Banquets/Socials	0	11	25	20	11	**67**
Other Events	0	1	0	0	0	**1**
TOTAL EVENTS SJCC	**10**	**38**	**68**	**60**	**31**	**207**

Based on historic evidence, the Provincial and city-wide data indicate an upward trend in both tourism activity and meeting & convention business, despite an overall softening in economic performance in 2009. For the Meeting & Convention sector in particular, an overall increase in large conventions of a national scope is expected, and has already been reflected in the confirmed 2009 bookings at the St. John's Convention Centre. At the same time, the decline in events for conventions of less than 250 delegates and for non-local meetings in 2009, indicates that the facility is inappropriately configured for this group size. This trend would be more apparent as groups begin to return to St. John's for conventions at the SJCC on a rotating basis. As confirmed by the Meeting Planner Survey results, the ballroom is too large for groups of this size given the lack of divisibility, and the hotels in the downtown core are better equipped to handle groups under 250.

The fact that trends in overall meeting & convention activity in the City of St. John's point to larger events coming less frequently, and staying for longer periods of time is really part of a greater problem. Not only is the Convention Centre configured in a way that discourages groups under 250 and larger conventions that need to host events under one roof (due to lack of breakout space), the City also suffers from its limited capacity for airlift with only 16 daily direct flights during the summer, and shortage of large hotel blocks (as none of the downtown hotels offer more than 200 rooms per event). All of these issues have a significant impact on allowing St. John's to eventually achieve higher M&C utilization levels, and demonstrate the great potential for increased hotel supply and additional air capacity in response to an expanded St. John's Convention Centre.

Competitive Convention Centre Supply and Demand Analysis

In terms of size and positioning, the St. John's Convention Centre competes with 8 other Tier 3 Canadian Convention Centres, offering a total of 346,278 square feet of rentable space as of 2009. The Tier 3 Canadian Convention Centre supply is projected to change from 9 Centres offering 346,278 square feet of space in 2009, to 10 Centres with 366,478 square feet in 2011 with the addition of the Fredericton Conference Centre (representing an increase of 5.8% in supply). By 2012, the Halifax World Trade & Convention Centre moving to the Tier 2 segment, the subject expansion of the SJCC to 34,650 square feet of rentable space, and a Charlottetown Convention Centre opening in Tier 3, supply is expected to remain at 10 Centres, but decline in size by 2.3% to 357,928 square feet. By 2015, Tier 3 Convention Centre supply is expected to hold steady at 357,928 square feet.

Of the total Tier 3 supply, the primary competition for the subject St. John's Convention Centre are the other **2 Convention Centres in Atlantic Canada**: The World Trade and Convention Centre in Halifax, and the Saint John Trade and Convention Centre operated by the Hilton Saint John. In 2008, Atlantic Canada had approximately 91,664 square feet of dedicated rentable meeting and conference space at the Tier 3 Convention Centres. Overall by 2015, PKF projects that there will be approximately 250,711 square feet of rentable meeting space in Atlantic Canada at Convention Centres, inclusive of the 16,450 square foot expansion at the subject St. John's Convention Centre.

The 10 competitive Tier 3 Convention Centres hosted an estimated 3,096 events in 2008. Table 5 shows St. John's positioning against these other Centres in terms of 2008 results.

TABLE 5
SUMMARY OF TIER 3 COMPETITIVE CONVENTION CENTRE DEMAND - 2008

Type of Demand	Total Events	Avg per Centre	SJCC
Conventions	254	25	**8**
Trade Shows	41	4	**3**
Non-Local Meetings & Conferences	1,212	121	**10**
Local Meetings	418	42	**17**
Consumer Shows	53	5	**2**
Banquets	773	77	**20**
Other	345	35	**0**
TOTAL Events Per Centre	**3,096**	**310**	**60**

As demonstrated, St. John's Convention Centre hosted a total of 60 events in 2008, as compared to the Tier 3 Convention Centre average of 310 events. Part of this discrepancy may be due to an inconsistent event reporting mechanism amongst Destination St. John and the SJCC, however, the point is that the St. John's Convention Centre is under-performing in all types of demand. There may be a number of reasons contributing to its lack of market penetration, including physical issues with the facility itself and relevant tourism infrastructure. As stated in interviews with Meeting Planners, the top reasons for not using the St. John's Convention Centre include the lack of capacity at the SJCC, whether it be in the form of exhibition space, breakout space, and/or crush space. Furthermore, there were concerns over the shortage of large hotel room blocks nearby. Since the St. John's Convention Centre does not have the right configuration for a typical Tier 3 Convention Centre facility, it will continue to lose market share unless this issue is addressed.

Over the 2009 to 2015 period, total events hosted at Tier 3 Convention Centres are projected to increase at an average of 1.1% per year, to 3,340 events by 2015.

TABLE 6
OVERALL MARKET PROJECTIONS - TIER 3 COMPETITIVE CANADIAN CONVENTION CENTRES, 2009-2015

Segment	Events per Centre							
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Conventions	254	251	253	266	253	257	259	262
Trade Shows	41	38	38	39	39	39	40	40
Non-Local Meetings	1,212	1,194	1,206	1,325	1,431	1,445	1,460	1,474
Local Meetings	418	397	401	434	441	445	449	454
Consumer Shows	53	48	48	50	46	46	47	47
Banquets	773	657	664	680	701	708	715	722
Other	345	342	345	360	331	334	338	341
Total Events Per Centre	**3,096**	**2,926**	**2,955**	**3,154**	**3,240**	**3,274**	**3,307**	**3,340**
% Demand Growth	--	*-5.5%*	*1.0%*	*6.7%*	*2.7%*	*1.0%*	*1.0%*	*1.0%*
# Centres	**10**	**9**	**9**	**10**	**10**	**10**	**10**	**10**
Square Feet	**362,993**	**346,278**	**346,278**	**366,478**	**357,928**	**357,928**	**357,928**	**357,928**
% Supply Growth	--	*-4.6%*	*0.0%*	*5.8%*	*-2.3%*	*0.0%*	*0.0%*	*0.0%*

St. John’s Convention Centre Positioning in Atlantic Canada

With respect to Convention Centre supply, at 18,200 square feet the St. John’s Convention Centre is considered the smallest Convention Centre in Atlantic Canada, while the City of St. John's is ranked **2nd** amongst the Atlantic Canada competitive cities in terms of hotel meeting space for primary hotels. St. John's has a citywide hotel inventory of 2,167 available guest rooms in 19 properties, ranking it **3rd** in available rooms amongst the 6 Atlantic Canada cities. Overall, St. John's has a total inventory of approximately 237,766 square feet of meeting space, ranking the City as **3rd** in terms of available meeting space.

Although the St. John’s Convention Centre is currently ranked 3rd in terms of total available meeting space, it would surpass Moncton’s supply of Convention Hotel meeting space, if the recommended expansion program was put in place. Under this program, the St. John’s Convention Centre inclusive of the connected meeting facilities at the Delta, will be able to provide close to 55,000 square feet of meeting space under one roof, making St. John’s a prime destination for M&C events.

Stakeholder Groups and Meeting & Convention Planner Survey Results

In order to obtain stakeholder views on the pros and cons of the potential expansion of the St. John’s Convention Centre, PKF Consulting and Tract Consulting solicited input from key industry stakeholders and key user groups, through a series of personal interviews from January 7, 2009 to February 13, 2009. The key issues relating to the expansion of the SJCC and St. John's tourism infrastructure and reputation as a meeting/conference destination in general are summarized below:

- Overall, the size of the SJCC is considered too small, but at the same time, smaller groups avoid it due to the lack of divisibility;
- Divisibility is essential, and an expansion to the SJCC would be necessary in order to support larger conventions of up to 2,500 people, and, in order to compete with other convention destinations (especially Halifax);
- The major challenges within St. John's tourism infrastructure include: air service, the number of major hotels (2 in the downtown core), room blocks, and the size and configuration of the SJCC;&
- Weakness in luring conference/meeting business to St. John's is due to the belief that the service in St. John's is not like Halifax, that there is still not a "big city mentality."

The feedback received from the various local stakeholder groups has been an essential component of PKF and Tract's evaluation of the operation and functionality of the SJCC. However, some misperceptions have been identified regarding marketing, and issues concerning parking and other local needs of the St. John's Convention Centre have not been considered as critical to the subject study. Consequently, our analysis has focused on issues pertaining to the increase in non-residential meeting and convention activity, which has emphasized in the following section.

PKF Consulting also developed a questionnaire for distribution to meeting and event professionals to examine overall satisfaction levels with the current facilities at the St. John's Convention Centre, and to assess whether expanded facilities at the Centre could potentially improve the City's penetration into the meetings and convention sector. The survey also focused on the competitive strengths and weaknesses of St. John's as a meeting and convention destination. In total, 619 planners were contacted via email during the period from January 22-February 2, 2009. The response rate was about 11%, with **69 respondents** completing the survey. All data were filtered based on the responses to these questions, with the following group profiles identified:

- **Existing Users of St. John's** – <u>have hosted</u> a meeting or event at any venue in St. John's (including the SJCC) in the past;
- **Existing Users of the St. John's Convention Centre (SJCC)**– <u>have hosted</u> a meeting or event <u>at the SJCC</u> in the past;
- ***Potential Users of St. John's*** - *<u>have not hosted</u> a meeting or event at any venue in St. John's in the past (including the SJCC); and*
- ***Non-Users of the SJCC*** - *<u>have not hosted</u> a meeting or event at any venue in St. John’s in the past (including the SJCC), and <u>would not consider hosting</u> an event at the SJCC in future.*

Our primary conclusions are that the St. John’s Convention Centre is not capturing its fair share of meetings in the 100 to 400 delegates range, which is the typical size of Conventions/Conferences held by 38% of participants in this survey. Furthermore, 49% indicated a requirement for meeting and exhibition space to be physically integrated into one facility, representing another potential loss of business. On the whole there were many attributes that made meeting professional quick to choose St. John's for hosting events, including: the friendly atmosphere and appeal of the downtown. Existing Users of the facility also noted that an estimated 76% of their delegates were more interested in extending their stay in Newfoundland, as compared to other Canadian Cities. Potential User Groups of the SJCC noted that missing exhibition space, inability to host a large convention under one roof, and shortage of large hotel room blocks were top reasons for not hosting in the City. As noted previously, these are issues relating to physical capacity, and not appeal of the destination itself.

With respect to perceptions and/or experiences of the respondents, St. John's friendly atmosphere, destination appeal and safety & security certainly ranked high, however, exhibition space and airlift were considered challenges. Overall, when compared to other M&C destinations, St. John's ranked second in Atlantic Canada (after Halifax), and 6th in terms of other Centres across Canada. Potential Users perceived holding larger events on average, indicating an average of 744 delegates for a typical event, and 1,016 for the largest event they might hold at the SJCC. Non-Users were the smallest groups on average – with an average group size of 387.

With respect to specific needs of these users, 58% of Potential Users and 67% of Existing Users of the SJCC require additional and/or reconfigured space at the St. John’s Convention Centre. This is a significant fact, since these groups may diminish if the issue of meeting space is not addressed. Furthermore, all respondents identified the most important changes as creating divisibility in the existing ballroom and adding more meeting space. With respect to size of meeting space and ballroom expansion, the average request was in the range of 13,000 square feet. Overall feedback suggested strong destination appeal for the City of St. John's, but lack of capacity for smaller groups in the 100-400 delegate range and adequate breakout/crush space at the St. John's Convention Centre. Many groups are part of a geographic rotation schedule and would like use the facilities, but the size of the Centre is an issue.

Operational Overview – Mile One Complex

The St. John’s Convention Centre (SJCC) is owned by the City of St. John’s and is managed on behalf of the City by St. John’s Sports and Entertainment (SJSE), along with the Mile One Centre. Both facilities have been in full operation since May 2001. As it exists today, the St. John's Convention Centre has no direct staff working at the facility. SJSE has negotiated a management contract with the Delta St. John's Hotel to provide exclusive catering services to the Convention Centre, and to negotiate meeting and event bookings, which are often directed through Destination St. John's.

Currently the Delta Hotel has been given responsibility of negotiating event bookings within their own facilities, and at the SJCC. With respect to the process of booking larger conventions that encompass a trade show component, and require additional facilities at the Mile One Centre, booking must be done separately by location. This process often causes challenges when higher-yielding concert opportunities are available at shorter lead times. Furthermore, the pedway connections between the Delta and St. John's Convention Centre are configured such that convention delegates have the opportunity to by-pass a trade show that is being held at the Mile One Centre. The pedway connections also cause operational difficulties with respect to food and beverage functionality.

Based on our review of the Centre’s operating statements and our understanding of its operations, based on discussions with St. John's Sports & Entertainment management, we determined that a number of general adjustments would need to be considered in evaluating its utilization and income-generating potential. The following statements pertain to the adjusted financial statements, as approved by the Director of Finance with SJSE.

- **Gross Revenues** from SJCC operations totaled $1.08 million in 2007/08, down 2.5% from the $1.11 million generated in the 2006/07 fiscal year. As of YTD 2008/09, gross revenues were reported at $874,190.
- **Direct Expenses** at the Convention Centre declined from 60.6% of total revenues in 2006/07 to 57.7% in 2008, and are currently estimated at 57.2% year-to-date 2008/09
- **Gross Operating Profit** has increased on a percentage of total revenue basis from 39.4% in 2006/07 to 42.3% in 2007/08, and is holding steady at 42.8% in 2008/09.

Table 7 shows that the rental rate for the Marconi Ballroom at $0.22 per square foot, is approximately 15% below the average for other Tier 3 Centres, at $0.25 per square foot, while set up/tear down rates are 68% above the norm at $0.11 per square foot compared to an industry average of $0.07 per square foot. Meeting room rentals at the SJCC are also above the norm at $0.34 per square foot compared to an industry average of $0.29.

TABLE 7
TIER 3 CDN CONVENTION CENTRE RENTAL FEE ANALYSIS

Room	St. John's Convention Centre	Avg Tier 3 Centres
Largest Ballroom		
Square Footage	**16,000**	**21,374**
Full Day Rental Fee	$3,500	$5,426
Fee/sq.ft.	**$0.22**	**$0.25**
Set-up/Tear-down Rate	$1,750	$1,393
Fee/sq.ft.	**$0.11**	**$0.07**
Largest Meeting Room		
Square Footage	1,100	5,727
Full Day Rental Fee	$375	$1,679
Fee/sq.ft.	**$0.34**	**$0.29**

Source: SJCC Rental Fee Fact Sheet, PKF Consulting
Averages based on 8 Tier 3 Centres

Compared to other Tier 3 Centres, the SJCC currently offers approximately 2.5 times less rentable space than its competitors, with its largest contiguous space at 16,000 square feet, approximately 60% of the average size of other Centres at 26,000 square feet.

From a financial operating perspective, the SJCC clearly benefits from its:

- Operating relationship with the St. John's Entertainment Group, through its operation of the Mile One Complex;
- Sales relationship with Destination St. John's; and
- 3rd party management contract with the Delta Hotel.

Comparable Tier 3 Convention Centres which are operated by an arms length agency with its own Board and management structure typically have administrative costs in the order of $300,000 to $400,000 per annum; marketing expenses of $300,000 per year; other operating expenses for building and maintenance in the order of $300,000; internal foodservice operations; and operating with total annual deficits in the range of $500,000 to $600,000. At the same time, however, these Centres do not have any operating expenses related to 3rd party management contracts, as is the situation with the SJCC.

SJCC Utilization Projections

Utilization projections have been prepared for the existing and expanded SJCC for the following 4 segments of demand:

- Conventions
- Trade Shows
- Meetings and Conferences
  - Non Local Meetings & Conferences
  - Local Meetings

- Other Events
  - Consumer Shows
  - Banquets
  - Other Events

These 7-year projections (2009 to 2015) have been based on the following 2 scenarios:

1. **Recommended Facility Expansion Program to Provide 34,650 sq. ft. of rentable space**
   - The continued "as is" operation of SJCC from 2009 to 2011, with the recommended facility upgrades and expansions completed by 2012 and projections to 2015;

2. **Minimum Facility Improvements to Provide 24,200 sq. ft. of rentable space**
   - Same as above, with the minimum facility upgrades and expansions completed by 2012.

In preparing these projections, we have reflected an operating philosophy of minimizing the potential competitive impacts on the existing St. John's downtown hotels and the Mile One Complex. As such, we would not see the facility attempting to attract Trade or Consumer Shows, which could otherwise be accommodated at the Mile One Centre, and we would not see the facility catering extensively to a disproportional amount of local meetings/banquets, which could otherwise be accommodated at local hotels or banquet venues. It should also be noted, that we have not reflected any potential negative impact on operations, through the construction phase of the SJCC expansion.

Based on our analysis, by **expanding the SJCC to 34,650 square feet of rentable space**, the Centre is forecast to almost double it event activity from 63 events per year (pre expansion) to 106 events post the expansion, attracting just below 37,000 delegates, which in turn will generate an estimated 75,000 delegate days for the City of St. John's. The expanded SJCC is projected to sell 2.9 Million square feet of rentable space in 2014 to attain an effective occupancy of 23.2%, compared to current rental sales of 1.3 Million square feet – representing a 118.5% increase over the status quo.

TABLE 8
ST. JOHN'S CONVENTION CENTRE UTILIZATION PROJECTIONS 2009 – 2015

	Status Quo	Post Expansion/Improvements		
RECOMMENDED EXPANSION	**2009 - 2011**	**2012**	**2013**	**2014**
Total Rentable Space (sq. ft.)	18,200	34,650	34,650	34,650
Events	63	83	94	106
Event Days	112	157	176	197
Delegates	18,050	29,000	33,225	36,925
Delegate Days	33,475	61,125	68,450	75,000
Annual Rented Space (sq. ft.)	1,345,400	2,358,225	2,661,063	2,939,713
Facility Utilization Rate (based on rented and available square footage)		*18.7%*	*21.0%*	*23.2%*
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**
Total Rentable Space (sq. ft.)		24,200	24,200	24,200
Events		71	80	87
Event Days		126	144	159
Delegates		24,625	27,025	29,100
Delegate Days		47,775	53,025	57,950
Annual Rented Space (sq. ft.)		1,574,888	1,807,963	2,031,350
Facility Utilization Rate (based on rented and available square footage)		*17.8%*	*20.5%*	*23.0%*

Source: PKF Consulting

In comparison, by undergoing the **minimum facility improvements and increasing the SJCC to 24,200 square feet of rentable space**, the Centre is forecast to undergo a 38% increase in event activity from 63 events per year (pre expansion) to 87 events post the facility upgrades and expansion, attracting an estimated 29,100 delegates, which in turn will generate an estimated 57,200 delegate days for the City of

St. John's. With minimum facility improvements, the SJCC is projected to sell 2 Million square feet of rentable space in 2014 to attain an effective occupancy of 23.0%, compared to current rental sales of 1.3 Million square feet – representing a 51% increase over current conditions.

Financial Operating Projections

Based on the foregoing utilization projections, we have prepared Operating Projections for the St. John's Convention Centre over the 2009 to 2011 period, assuming a status quo operation and the 2012 to 2016 period under an expanded facility. In preparing these projections, we have utilized historic operating results for the SJCC, and have assumed that the Convention Centre will continue to be managed under a 3rd party contract with the Delta St. John's Hotel.

As shown in Table 9, under the status quo operation, the SJCC is projected to generate approximately $1.1 Million in revenue and operate a net loss of approximately $200,000 per annum. By undergoing the **recommended facility expansion**, operating revenues are projected to increase to $2.8 Million by the 3rd year of operation post the expansion (160% increase over current levels), while the net operating deficit is projected to increase by one-third to $274,000 by 2014. Conversely by undergoing **the minimum facility improvements**, operating revenues are projected to almost double to $2.2 Million by the 3rd year of operation post the expansion, with only a 10% increase in the net operating deficit to $219,000 by 2014.

TABLE 9
ST. JOHN'S CONVENTION CENTRE
OPERATING PROJECTIONS 2009 – 2014

	Status Quo	Post Expansion/Improvements		
RECOMMENDED EXPANSION	**2009 - 2011**	**2012**	**2013**	**2014**
Total Rentable Space (sq. ft.)	18,200	34,650	34,650	34,650
Events	63	83	94	106
Event Days	112	157	176	197
Delegates	18,050	29,000	33,225	36,925
Delegate Days	33,475	61,125	68,450	75,000
Annual Rented Space (sq. ft.)	1,345,400	2,358,225	2,661,063	2,939,713
Operating Projections ($000)				
Total Revenues	**$1,082**	**$2,164**	**$2,488**	**$2,799**
Total Direct Expenses	$624	$1,246	$1,431	$1,609
Gross Operating Profit	$458	$919	$1,057	$1,190
Total Indirect Operating Expenses	$385	$878	$905	$932
3rd Party Management Fee	$272	$380	$414	$447
Reserve for Asset Replacement		*$65*	*$75*	*$84*
Net Operating Loss	**($200)**	**($403)**	**($337)**	**($274)**
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**
Total Rentable Space (sq. ft.)		24,200	24,200	24,200
Events		71	80	87
Event Days		126	144	159
Delegates		24,625	27,025	29,100
Delegate Days		47,775	53,025	57,950
Annual Rented Space (sq. ft.)		1,574,888	1,807,963	2,031,350
Operating Projections ($000)				
Total Revenues		**$1,646**	**$1,883**	**$2,119**
Total Direct Expenses		$957	$1,093	$1,228
Gross Operating Profit		$689	$790	$892
Total Indirect Operating Expenses		$631	$652	$674
3rd Party Management Fee		$322	$348	$373
Reserve for Asset Replacement		*$49*	*$56*	*$64*
Net Operating Loss		**($314)**	**($266)**	**($219)**

Source: PKF Consulting

Economic Impacts of the SJCC Expansion

Based on our utilization projections, we conducted an analysis of delegate spending and room nights generated by type of event, for the first five years following the St. John's Convention Centre's expansion. Recognizing that not all of the M&C related revenue generated as a result of the expanded Convention Centre will be new to the City of St. John's, we have also provided an analysis of the portion of delegate spending and room nights generated which will be incremental to the City of St. John's post the Convention Centre's expansion.

It is estimated that meetings activity at the SJCC currently contributes $6.3 Million in delegate spending to the City of St. John's. By undergoing the **recommended expansion** to 34,650 sq.ft. of rentable space, the SJCC is projected to generate **$17.6 Million in total delegate spending** to the City of St. John's by 2015, of which 58% of this spending will be new incremental revenues to the City, equating to $10.2 Million. Conversely, by undertaking the **minimum facility improvements**, the SJCC is projected to generate **$12.8 Million in delegate spending by 2015,** of which $5.6 Million will be new incremental revenues to the City.

TABLE 10
TOTAL DIRECT DELEGATE SPENDING
ST. JOHN'S CONVENTION CENTRE

Spending Category	Status Quo	Recommended Expansion (2015)	Incremental New Spending	Min. Facility Improvements (2015)	Incremental New Spending
Accommodation	$2.59	$7.47	$4.39	$5.36	$2.43
Restaurants	$1.98	$5.40	$3.10	$3.98	$1.72
Groceries	$0.28	$0.75	$0.39	$0.56	$0.22
Retail	$0.46	$1.27	$0.70	$0.94	$0.39
Local Transportation	$0.59	$1.65	$0.96	$1.20	$0.53
Recreation & Entertainment	$0.38	$1.09	$0.64	$0.78	$0.35
TOTAL DELEGATE SPENDING	**$6.28**	**$17.63**	**$10.17**	**$12.82**	**$5.64**

Source: PKF Consulting

Pre and Post Convention Delegate Spending

Given the appeal of Newfoundland as a leisure destination, it is not uncommon for convention delegates to St. John's to bring a partner or their families and extend their visit to Newfoundland. Based on the *Meeting Planner Survey* and the *2003/2004 Exit Survey for Newfoundland and Labrador*, we have estimated that 40% of the convention delegates to the SJCC will extend their stay in Newfoundland by 3 nights, with an average party size of 2.1 persons (including the convention delegate), and an average daily rate of $148.34. Based on these assumptions, it is estimated that convention delegates to the SJCC currently contribute a further $1.5 Million in spending to Newfoundland due to pre and post visits, bringing the total contribution from meetings & convention activity at the SJCC to $7.8 Million.

TABLE 11 TOTAL PRE AND POST DELEGATE SPENDING ST. JOHN'S CONVENTION CENTRE ($ Millions)					
Spending Category	**Status Quo**	**Recommended Expansion (2015)**	**Incremental New Spending**	**Min. Facility Improvements (2015)**	**Incremental New Spending**
Convention Delegates @ 40%	1,820	4,940		3,560	
Avg Additional Party Size @ 1.1	2,002	5,434		3,916	
Pre and Post Delegate Days @ 3 nights	11,466	31,122		22,428	
Accommodation	$0.85	$2.50		$1.80	
Restaurants	$0.55	$1.92		$1.38	
Groceries	$0.12	$0.40		$0.28	
Retail	$0.23	$0.73		$0.52	
Local Transportation	$0.30	$0.95		$0.68	
Recreation & Entertainment	$0.21	$0.66		$0.47	
Tours	$0.09	$0.24		$0.17	
Pre & Post Delegate Spending	**$1.50**	**$4.88**	**$3.38**	**$3.52**	**$2.02**
Total Delegate Spending	**$6.28**	**$17.63**	**$10.17**	**$12.82**	**$5.64**
TOTAL M&C SPENDING	**$7.78**	**$22.51**	**$14.73**	**$16.34**	**$8.56**

Source: PKF Consulting

With increased convention activity generated by the **expanded Convention Centre**, pre and post delegate spending has been projected to increase to $4.9 Million by 2015, resulting in an incremental $3.4 Million in delegate spending to communities and attractions outside the downtown core of St. John's. By implementing the **minimum facility improvements** to the Centre, pre and post delegate spending has been estimated at $3.5 Million by 2015, of which over $2 Million will be new visitor spending to Newfoundland.

Benefits to the Accommodation Sector

The direct benefits to the accommodation sector in the City of St. John's and surrounding area will be strong:

- Following the r**ecommended expansion program at the SJCC**, the City of St. John's will generate close to 100,000 room nights and $13.8 Million in room revenue by 2015, of which $3.0 Million in room revenue will be a direct result of meetings activity at the SJCC;

- By implementing the **minimum facility improvements** to the Centre, the City of St. John's will generate close to 90,000 room nights and $12.6 Million in room revenue by 2015, of which $1.8 Million in room revenue will be a direct result of meetings activity at the SJCC;

- By 2015, the recommended facility expansion, the increased room nights will generate an additional $90,000 in Destination Marketing Fees, compared to $53,000 in incremental fees generated through the implementation of minimum facility improvements to the SJCC.

- There are currently 3 hotel projects proposed for downtown St. John's, providing a total of approximately 330 additional rooms. The expansion of the SJCC will provide induced demand in the marketplace, which may in turn, contribute to the realization of one or more of these projects.

TABLE 12 TOTAL MEETING and CONVENTION ROOM NIGHTS GENERATED ST. JOHN'S CONVENTION CENTRE					
RECOMMENDED EXPANSION	**Existing/ Status Quo**	**Projected Demand**			
Room Nights	**2008**	**2012**	**2013**	**2014**	**2015**
Total M&C Room Nights to City of St. John's	**72,706**	**90,649**	**94,828**	**98,740**	**99,511**
ADR	$121.20	$131.19	$133.81	$136.49	$139.22
M&C Room Revenue ($M)	$8.8	$11.9	$12.7	$13.5	$13.8
DMF @ 3%	$264,359	$356,779	$380,681	$404,312	$415,621
Incremental Room Revenue		**$2.0 M**	**$2.5 M**	**$2.9 M**	**$3.0 M**
Incremental DMF		**$59,000**	**$74,000**	**$88,300**	**$90,000**
MINIMUM FACILITY IMPROVEMENTS		**Projected Demand**			
Room Nights	**2008**	**2012**	**2013**	**2014**	**2015**
Total M&C Room Nights to City of St. John's	**72,706**	**81,941**	**86,078**	**89,835**	**90,606**
ADR	$121.20	$131.19	$133.81	$136.49	$139.22
M&C Room Revenue ($M)	$8.8	$10.7	$11.5	$12.3	$12.6
DMF @ 3%	$264,359	$322,495	$345,555	$367,848	$378,429
Incremental Room Revenue		**$0.8 M**	**$1.2 M**	**$1.7 M**	**$1.8 M**
Incremental DMF		**$25,000**	**$39,000**	**$52,000**	**$53,000**

Source: PKF Consulting

Employment and Taxation Impacts

It is estimated that the **SJCC currently generates $8.8 Million in direct spending** from meetings delegates, pre and post convention activity and gross operating income at the Centre. This direct spending supports approximately **153 full year equivalent jobs in Newfoundland,** and $10.7 Million in industry output for the province, returning $1.1 Million to the federal government; $934,000 to the province and $165,000 to the municipal government.

Upon completion of its **recommended expansion**, the SJCC is projected to generate $25.4 Million in direct spending from all related meetings activity by 2015, which in turn will support 359 full year equivalent jobs, providing $30.7 Million in industry output for the province from direct, indirect and induced economic activity, and generating $6.3 Million in taxes to all levels of government.

For comparison purposes, by undergoing the minimal facility improvements, the SJCC is projected to generate $18.5 Million in direct spending from all related meetings activity by 2015; support 262 full year equivalent jobs; generate $22.4 Million in industry output for the province from direct, indirect and induced economic activity; and produce $4.6 Million in taxes to all levels of government.

It should be noted that while we have estimated the employment and taxation benefits of the expanded SJCC based on the results of the *2006 MPI Study on Meetings Activity in Canada*, we would recommend that the Steering Committee utilize the services of the Newfoundland & Labrador Department of Finance to undertake a similar analysis utilizing the province's own economic impact model.

TABLE 13 TOTAL MEETING and CONVENTION ROOM NIGHTS GENERATED ST. JOHN'S CONVENTION CENTRE					
RECOMMENDED EXPANSION	**Existing/ Status Quo**	**Projected Impacts**			
	2008	**2012**	**2013**	**2014**	**2015**
Direct Spending due to Meetings Activity	**$8.8 M**	**$19.3 M**	**$22.0 M**	**$24.7 M**	**$25.4 M**
1 FTE for every $55,155 in direct spending infl					
FULL YEAR JOBS	**152.9**	**294.4**	**328.0**	**359.2**	**359.2**
Industry Output @ 1.21 multiplier	$10.7 M	$23.3 M	$26.7 M	$29.9 M	$30.7 M
TAXATION ($000's)					
Federal	$1,100	$2,398	$2,738	$3,074	$3,153
Provincial	$934	$2,036	$2,326	$2,611	$2,678
Municipal	$165	$361	$413	$463	$475
Total Taxes	**$2,201**	**$4,796**	**$5,477**	**$6,148**	**$6,305**
MINIMUM FACILITY IMPROVEMENTS		**Projected Impacts**			
		2012	**2013**	**2014**	**2015**
Direct Spending due to Meetings Activity		**$13.4 M**	**$15.6 M**	**$18.0 M**	**$18.5 M**
1 FTE for every $55,155 in direct spending infl					
FULL YEAR JOBS		**204.2**	**232.8**	**262.0**	**262.2**
Industry Output @ 1.21 multiplier		$16.2 M	$18.9 M	$21.8 M	$22.4 M
TAXATION					
Federal		$1,663	$1,943	$2,242	$2,299
Provincial		$1,413	$1,650	$1,904	$1,953
Municipal		$250	$292	$337	$346
Total Taxes		**$3,327**	**$3,886**	**$4,484**	**$4,599**

Source: PKF Consulting

Return on Investment Payback

In conclusion, the incremental delegate spending[1] resulting from the expansion of the SJCC to 34,650 square feet, will result in a 1.2 year payback on its capital investment of $17.5 Million (including estimated costs associated with land and/or building purchases), compared to a payback of less than 1 year (0.6 years) resulting from the implementation of the minimal facility upgrades.

TABLE 14 PAYBACK ON CAPITAL INVESTMENT Based on INCREMENTAL DELEGATE SPENDING		
	RECOMMENDED EXPANSION	**MINIMUM FACILITY UPGRADES**
Capital Cost Estimate	$17.5 M	$5.0 M
Incremental Delegate Spending (2015)	$14.7 M	$8.6 M
Payback on Capital Investment		
Years	**1.2**	**0.6**

Source: PKF Consulting

[1] Incremental delegate spending is defined as the difference between projected direct delegate spending and pre and post convention spending from the expanded SJCC by 2015, versus the status quo situation.

What Happens if St. John's Does Not Expand Its Convention Centre?

Should the City of St. John's choose not to expand the St. John's Convention Centre, they will risk loosing meetings and convention demand to other Atlantic Canada competitive destinations, including the new Fredericton Conference Centre and proposed Charlottetown Convention Centre and the expanded Halifax World Trade and Convention Centre. Based on an analysis of St. John's current M&C sector, we have projected M&C demand to grow in St. John's over the next few years, based on the continued efforts of Destination St. John's and its partners. However with the opening of the Fredericton Convention Centre in 2011, and expected addition of the Charlottetown Convention Centre and Halifax World Trade and Convention Centre expansion in 2012, we have projected annual declines of 6 to 13.5% within the St. John's market as demand is transferred to these newer facilities. **By 2013**, the St. John's market has the **potential to lose an estimated 12,000 room nights in M&C demand,** with overall delegate expenditures valued at **$7.0 Million per annum,** under a status quo scenario. The potential loss in room nights represents a **7.5% erosion** from the current levels of M&C business generated by the City, without a Convention Centre.

TABLE 15
PROJECTED M&C ROOM NIGHT DEMAND
STATUS QUO SCENARIO – ST. JOHN'S CONVENTION CENTRE

	2006	2007	2008	2009	2010	2011*	2012*	2013
M&C Room Nights	68,296	65,881	72,706	73,433	74,167	69,717	60,306	60,909
% Growth		*(3.5%)*	*10.4%*	*1.0%*	*1.0%*	*(6.0%)*	*(13.5%)*	*1.0%*
Potential Room Night Loss from 2008	--	--				(2,989)	(12,400)	(11,797)
Potential Loss in M&C Expenditures ($M)						**($1.7)**	**($7.2)**	**($6.9)**

** Based on the addition of the Fredericton Convention Centre in 2011; proposed Charlottetown Convention Centre in 2012 and Halifax World Trade and Convention Centre expansion in 2012.*

Source: PKF Consulting

1.0 INTRODUCTION

1.1 Study Background

In response to a demand for new meeting and entertainment facilities, the City of St. John's built the St. John's Convention Centre and Mile One Centre as part of a downtown revitalization project, with both centres opening in May 2001. The St. John's Convention Centre (SJCC) features a 16,000 square foot convention hall capable of accommodating banquet seating of up to 1,050. On the upper level, two meeting rooms offer a combined total of 2,200 square feet of additional meeting space, thus overall rentable space at the facility currently totals 18,200 square feet.

The Delta St. John's Hotel provides exclusive catering services to SJCC, and is located diagonally across from the Convention Centre, yet many other hotels are also located within a ten to fifteen minute drive from both facilities. In total, over 2,160 hotel rooms support SJCC, including the 13 major branded hotels in the City, which comprise over 90% of the rooms supply. The Delta St. John's provides 20,223 square feet of meeting space that is often used in conjunction with the Convention Centre facilities, as break out meeting space.

SJCC is also linked via a pedway system to the Mile One Centre, which is an 8,000-seat spectator arena with an NHL regulation size ice surface. Mile One Centre is the largest exhibition/tradeshow facility in St. John's, and can accommodate up to 150 (10 x 10) booths in the 33,000 square foot arena, and seat up to 8,000 for concerts.

Typically, SJCC hosts 10 to 15 citywide conventions per year bringing a total of 10,000 to 20,000 delegates to St. John's, along with 50 other events, each generating fewer than 100 room nights. In total, the Convention Centre typically hosts 65 to 70 groups per year, ranging from 1 day to multiple day city-wide events.

1.2 Needs Assessment and Business Plan

In December 2008, the Destination St. John's, in partnership with St. John's Sports and Entertainment and the City of St. John's, retained the services of PKF Consulting, in association with Tract Consulting, to review the configuration of the existing St. John's Convention Centre and provide a Business Case Study and Analysis for the proposed expansion, and to review the relationship between the Mile One Centre and St. John's Convention Centre.

The objective of the study was to assess the market demand and need to expand the St. John's Convention Centre and, if justified, provide a business case for the expansion, by:

1. Determining if the configuration of existing space at the St. John's Convention Centre is optimal for attracting conventions/meetings.

2. Assessing from a business case perspective, the market demand and opportunity to expand the St. John's Convention Centre. In defining the business case, the return on investment will be measured on the basis of return to the St. John's Convention Centre and return to the broader business community – accommodations sector, restaurants, retail, other tourism venues and taxes accruing to all levels of governments.

In meeting these objectives, the study encompassed the following scope of work:

1. An overview of existing operations, in order to generate a clear understanding of the current facilities, services, utilization, marketing, staffing, operations and finance. Existing market characteristics included: size, geographic market, market segments, rotation of major conventions, etc. This analysis will be undertaken for each of the significant market segments, including:

    a. Conventions: Associations, corporate, government, military, aboriginal, entertainment, educational, religious, social events and others as deemed appropriate;
    b. Trade Shows – public and private; and
    c. Consumer Shows;

2. A detailed market analysis, examining industry trends, the competitive market place, the tourism infrastructure in the City, an evaluation of the needs of tourism industry stakeholders in St. John's, as well as an evaluation of the needs of both existing and potential users of the facility;

3. A review of current Convention Centre industry trends, challenges, and opportunities, with a primary emphasis on the Canadian market, but also, including an overview of the US/International market;

4. An examination of competitive factors within the Canadian Convention Centre sector;

5. An analysis of St. John's as a convention/meeting destination and its current position in the industry along with potential for improving that position within Atlantic Canada, and amongst other Tier 3 Convention destinations;

6. An examination of the accommodations inventory and availability in the St. John's area, including future accommodations requirements should the Convention Centre be expanded;

7. An overview of the relationship between the Mile One Centre and SJCC as it relates to the marketability of the destination for conventions, meetings, shows and events;

8. A preliminary market and financial assessment of 3 development alternatives for expansion in order to measure the cost/benefit of expansion relative to continued operation of the existing facilities "As Is".

9. Preparation of a recommended expansion facility program for the St. John's Convention Centre, including space requirements, anticipated capital costs and a discussion of site alternatives;

10. Preparation of 5 year utilization projections for the St. John's Convention Centre, commencing in 2012 based on:

    a. Facility improvements to the existing Centre and the recommended addition of 16,450 square feet of rentable space; and

    b. Facility improvements to the existing Centre together with the minimum facility requirements of an additional 6,000 square feet of rentable meeting space.

11. Preparation of financial operating projections for the St. John's Convention Centre, under its current ownership and management structure with the St. John's Sports and Entertainment

Centre and management agreement with the Delta St. John's Hotel as per the recommended and minimum facility programs; and

12. An economic impact analysis of the incremental meetings activity generated as a result of the SJCC's expansion.

13. Preparation of a return on investment analysis, measured on the basis of the return to the St. John's Convention Centre and the return to the broader business community – accommodations sector, restaurants, retail, other tourism venues and taxes accruing to all levels of governments.

1.3 Study Confirms the Need for an Expansion of the SJCC

The study confirmed that while the City of St. John's is considered to be an appealing destination for many professional meeting planners, as currently configured, the SJCC poses several challenges for Destination St. John's, the lead sales agent for the M&C market. The major building deficiencies at the St. John's Convention Centre include the lack of divisibility in the existing ballroom; no provision for exhibition space; the lack of sufficient break out space for meetings; insufficient crush space; poor layout of the kitchen, serving and loading dock areas; poor connectivity to the Delta Hotel and Conference Centre and Mile One Centre; and the need for overall facility upgrades, including new carpets, wall coverings and finishes. The lack of divisibility in the Convention Centre's main ballroom combined with insufficient breakout meeting space, one that would allow for a larger convention to meet, eat and exhibit under one roof, has been sited as one of the main reasons why St. John's has underperformed in the convention and meetings market, particularly amongst other Tier 3 destinations.

In order to address the buildings current design deficiencies, while providing for the current and future needs of user groups, **an expansion of the SJCC is warranted**. The SJCC needs to be approximately double its current size, better designed, upgraded and more effective in hosting meeting and exhibition space under one roof.

Based on the study findings, it has been recommended that the rentable space at the St. John's Convention Centre increase from its current offering of 18,200 square feet to 34,650 square feet, through an expansion of the main ballroom and the provision of an additional 14,650 square feet of meeting breakout space. However, if, for whatever reason, the recommended facility program cannot be accomplished, at a minimum, the City of St. John's must address the design inefficiencies of the current SJCC, including:

- Subdividing the current Marconi Hall 16,000 square foot ballroom into 2 (8,000 square feet each);
- Adding 6,000 square feet of additional breakout meeting space;
- Providing facility upgrades; and
- Making improvements to the current loading arrangements.

It should be noted that this option is a fallback position only. By providing the minimum facility requirements only, it does not address the future needs of the Convention Centre, but rather ensures that the facility can compete for its fair market share of the current events in the Tier 3 marketplace.

2.0 RECOMMENDED EXPANSION PROGRAM FOR THE SJCC

2.1 Introduction

Based on the study findings, it has been recommended that the rentable space at the St. John's Convention Centre increase from its current offering of 18,200 square feet to 34,650 square feet, through an expansion of the main ballroom and the provision of an additional 14,650 square feet of meeting breakout space.

However, if, for whatever reason, the recommended facility program cannot be accomplished, at a minimum, the City of St. John's must address the design inefficiencies of the current SJCC, and provide for an additional 6,000 square feet of breakout meeting space. It should be noted that this option is a fallback position only. By providing the minimum facility requirements only, it does not address the future needs of the Convention Centre, but rather ensures that the facility can compete for its fair market share of the current events in the Tier 3 marketplace.

2.2 Current Facilities and Services

Floor plans and meeting room capacities for the St. John's Convention Centre have been graphically depicted in Exhibit 2-1 and have been summarized in general terms below:

Main Floor

- Marconi Hall Ballroom - 16,000 square feet, (ceiling height: 23.5 feet)
- Lobby - 2,500 square feet
- Coat Check - 500 square feet (estimate)
- Kitchen and receiving area

Upper Floor

- Meeting Rooms - two at 1,100 square feet each
- Lobby
- Business Centre

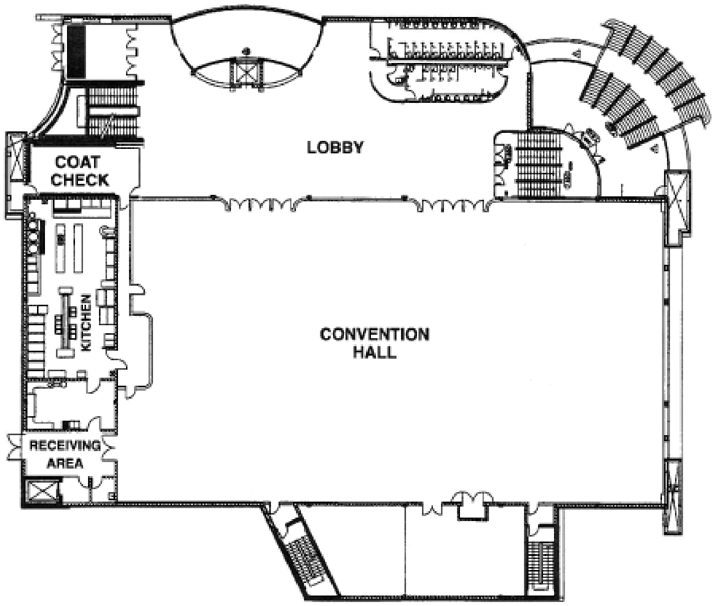
Lower Level

- Parking - 40 covered parking spaces and 4 outside parking spaces
- Additional Kitchen and Prep Area for food & beverage

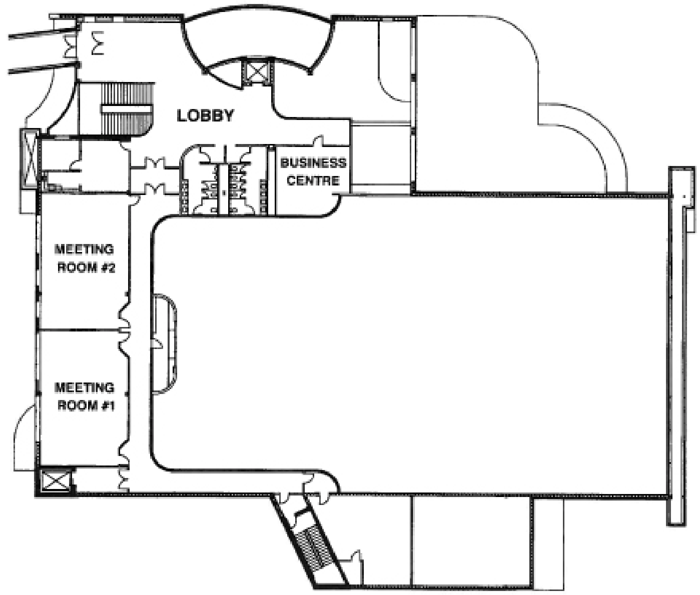
2.3 Recommended Facility Expansion Program

Table 2-1 provides a detailed facility profile of the recommended facility program for the St. John's Convention Centre, including rentable space and back of house support services, compared to its current configuration.

Based on the study findings, it has been recommended that the St. John's Convention Centre's **Marconi Hall Ballroom be expanded to 20,000 square feet,** divisible by 3, with a reception capacity of 1,300



Main Level



Upper Level

St. John's Convention Centre

Exhibit 2-1

PKF Consulting

TRACT

guests. The Ballroom could be combined to make either one large space or up to 3 alternative combinations. With divisibility, the ballroom could easily accommodate large conventions of 500 to 800 delegates, who would require 7,500 square feet of primary meeting space in one room, 7,500 square feet of "dining" space in a second room, and 5,000 square feet of tradeshow space in a third room. By dividing the ballroom into 3, a convention of **500** would be able to meet in Ballroom A, eat in Ballroom B, and attend a tradeshow in Ballroom C, while a convention of **800** delegates could meet and/or eat in Ballrooms B and C, and attend a trade show in Ballroom A. The Concourse area outside the Ballroom also requires an expansion to allow for adequate Pre function space. For larger conventions of 1,000+, the Ballroom could serve as the main plenary meeting room or the banquet space, while the Pre Function/Crush space could be utilized for the Trade Show area.

The recommended facility program also calls for a further **14,650 square feet of meeting space**, in 11 meeting rooms. Meeting Room configurations range from 300 square feet to 2,500 square feet. In order for a convention of 800 delegates to divide into 4 or 5 groups of 150 to 200 for the breakout meeting sessions, they would require five additional rooms with a minimum of 1,800 square feet each. This could be accomplished with Meeting Rooms 7 to 11. For maximum flexibility, Meeting Rooms 8 to 11 should be divisible, such that they could also serve as **one junior ballroom offering 8,550 square feet** of space (570 attendees), or 2 ballrooms of 3,800 and 4,750 square feet (250 to 300 person banquet capacity). At 1,100 square feet each, Meeting Rooms 5 and 6 are provided in the current facility, while Meeting Rooms 1 through 4 are designed to accommodate smaller groups of 25 to 60 persons for local meetings, breakout sessions, etc.

TABLE 2-1
RECOMMENDED DEVELOPMENT PROGRAM
ST. JOHN'S CONVENTION CENTRE

	EXISTING - AS IS		SJCC EXPANSION REQUIREMENTS	
BALLROOM	**Ballroom Size (sq.ft.)**	**Capacity per Room - Banquet seating**	**Ballroom Size (sq.ft.)**	**Capacity per Room - Banquet seating**
Marconi Hall	**16,000**	1,067	**20,000**	**1,333**
A			*7,500*	*500*
B			*7,500*	*500*
C			*5,000*	*333*
SUBTOTAL - Ballroom	**16,000**	1,067	***20,000***	***1,333***
MEETING ROOMS	**Meeting Room Size (sq.ft.)**	**Capacity Range - Classroom seating**	**Meeting Room Size (sq.ft.)**	**Capacity Range - Classroom seating**
Mtg Rm 1	*1,100*	*92*	*300*	*25*
Mtg Rm 2	*1,100*	*92*	*600*	*50*
Mtg Rm 3			*750*	*63*
Mtg Rm 4			*750*	*63*
Mtg Rm 5			*1,100*	*92*
Mtg Rm 6			*1,100*	*92*
Mtg Rm 7			*1,500*	*125*
Mtg Rm 8			***1,800***	*150*
Mtg Rm 9			***2,000***	*167*
Mtg Rm 10			***2,250***	*188*
Mtg Rm 11			***2,500***	*208*
SUBTOTAL - Meeting Rooms	**2,200**	*183*	***14,650***	*1,221*
Total Rentable Sq.Ft.	**18,200**		***34,650***	
Pre Function Space/Back of House Support	20,000		35,000	
TOTAL SJCC BUILDING	**38,200**		**69,650**	

Source: PKF Consulting

Under its current configuration, the loading area is a problem, both from the perspective of the location of the doors off Gower Street, the door width and the fact that people using the area often get parking tickets. As well, the interior space is cramped and not well delineated – with attendees at times ending up in the kitchen. Any retro-fit of the building should also look at making improvements to the current loading arrangement.

However, if the Marconi Ballroom cannot be expanded to 20,000 square feet, the SJCC expansion program should still target 34,650 square feet of rentable space, with the following breakdown suggested:

TABLE 2-2
RECOMMENDED DEVELOPMENT PROGRAM - ALTERNATIVE
ST. JOHN'S CONVENTION CENTRE

	EXISTING - AS IS		SJCC EXPANSION REQUIREMENTS	
BALLROOM	**Ballroom Size (sq.ft.)**	**Capacity per Room - Banquet seating**	**Ballroom Size (sq.ft.)**	**Capacity per Room - Banquet seating**
Marconi Hall	**16,000**	1,067	**16,000**	**1,067**
A			*8,000*	*533*
B			*8,000*	*533*
SUBTOTAL - Ballroom	**16,000**	1,067	***16,000***	***1,067***
MEETING ROOMS	**Meeting Room Size (sq.ft.)**	**Capacity Range - Classroom seating**	**Meeting Room Size (sq.ft.)**	**Capacity Range - Classroom seating**
Mtg Rm 1	*1,100*	*92*	*300*	*25*
Mtg Rm 2	*1,100*	*92*	*600*	*50*
Mtg Rm 3			*750*	*63*
Mtg Rm 4			*750*	*63*
Mtg Rm 5			*1,100*	*92*
Mtg Rm 6			*1,100*	*92*
Mtg Rm 7			*1,500*	*125*
Mtg Rm 8			***1,800***	*150*
Mtg Rm 9			***2,000***	*167*
Mtg Rm 10			***2,250***	*188*
Mtg Rm 11			***2,500***	*208*
Mtg Rm 12			***4,000***	*333*
SUBTOTAL - Meeting Rooms	**2,200**	*183*	***18,650***	*1,554*
Total Rentable Sq.Ft.	**18,200**		***34,650***	
Pre Function Space/Back of House Support	20,000		35,000	
TOTAL SJCC BUILDING	**38,200**		**69,650**	

Source: PKF Consulting

2.3.1 Recommended Site Options – Lands West and Northwest

The only options for expansion of the SJCC are to the west and the northwest. The current land base needed to accommodate this expansion is limited and the purchase of additional privately held land will be required to accommodate the recommended expansion program.

The following two site options have been considered to accommodate the Recommended Facility Expansion.

Site Option 1:

Our preliminary assessment of the current land available suggests that that two properties bordering on Gower Street would need to be purchased (private residence currently vacant and a building currently being leased to the Newfoundland Liquor Corporation). The NLC is in the first year of a three year lease. One option maybe to extend the ballroom eastward into the current kitchen and serving area, provided that the 23.5 foot ceiling height and a column-free structure could be maintained. The current underground parking would be extended. The two buildings purchased to support the expansion could still act as street side commercial establishments off Gower Street with restaurants, lounges, etc. Exhibit 2-2 illustrates the buildings and vacant land to the west of the SJCC.

Site Option 2:

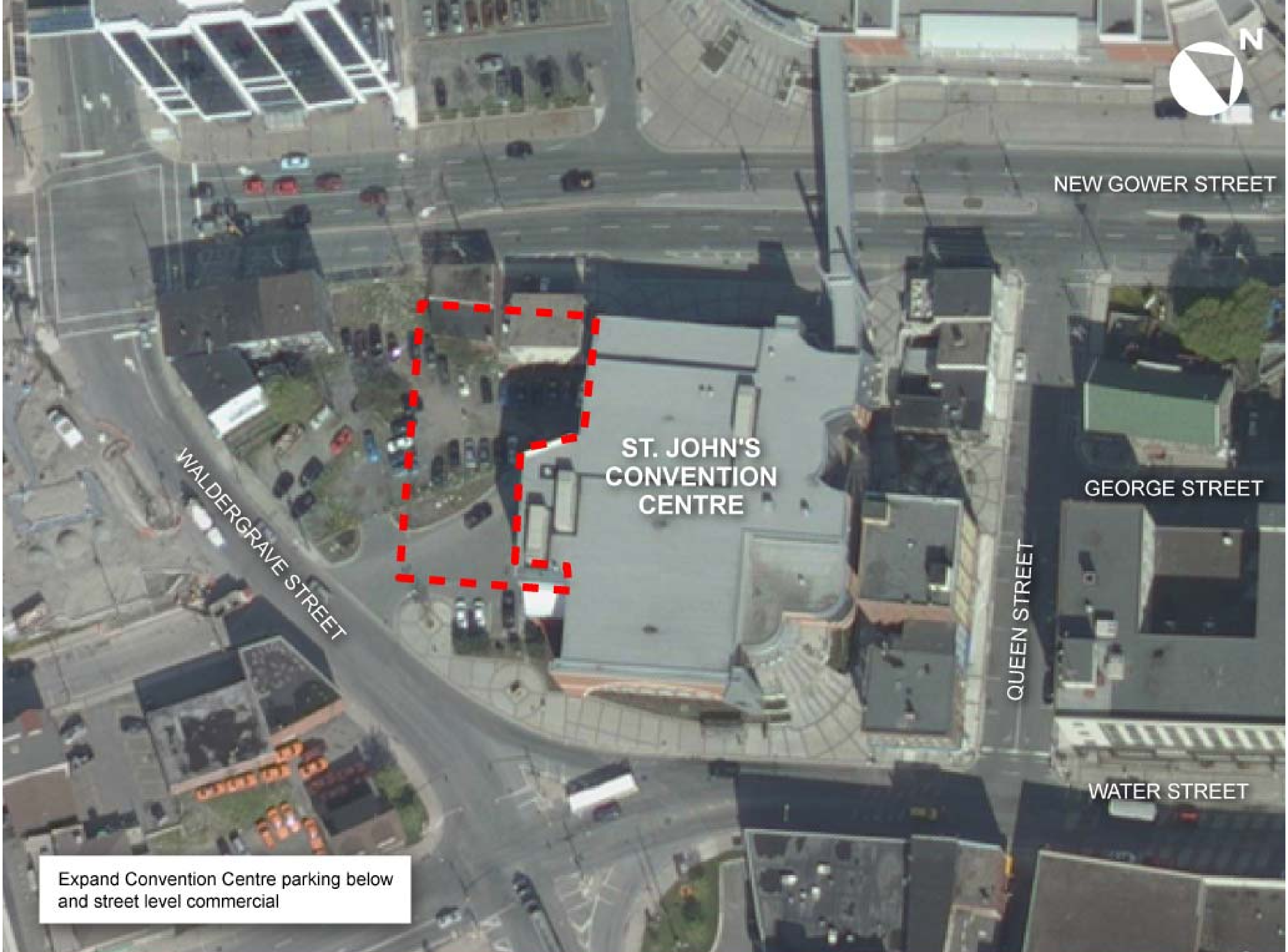
The second option would be to focus the entire expansion of the SJCC to the west and look to accommodate the additional 32,000 sq. ft. in rentable and back of house support in an expanded SJCC. We would propose that all buildings within the block be purchased (we understand that over the years a number of comprehensive development schemes have been prepared for the site). Exhibit 2-3 graphically depicts the full build-out site area for the Recommended Facility expansion for the SJCC.

We recommend that the entire site be built out and once the additional 32,000 sq ft in rentable and back of house support has been accommodated, then look to developing the remainder of the block as a parking garage. This will:

- Support the need for more parking in the downtown;
- Support the SJCC as a venue to support the domestic market;
- Provide an opportunity to develop the garage as a public private partnership with the support from the province; and
- On the perimeter of the property develop retail along Gower Street and Waldegrave Street. This street side retail would be accessible from both the SJCC and from the street. When the SJCC is not in use the entry for here could be closed and only street side access provided.

The proposed development is supported by a number of changes that are currently happening to this part of St. John's, including:

- the development of the Johnson Insurance Headquarters that will house approximately 400 employees just a couple of minutes walk from this facility;
- the purchase and conversion of the Salvation Army building that is being converted to condos;
- the construction of a proposed 80 room Steele Hotel also adjacent to the SJCC; and
- the future development of the Woolworth Building on the west end of Water Street as a hotel.



St. John's Convention Centre

Exhibit 2-2

PKF Consulting

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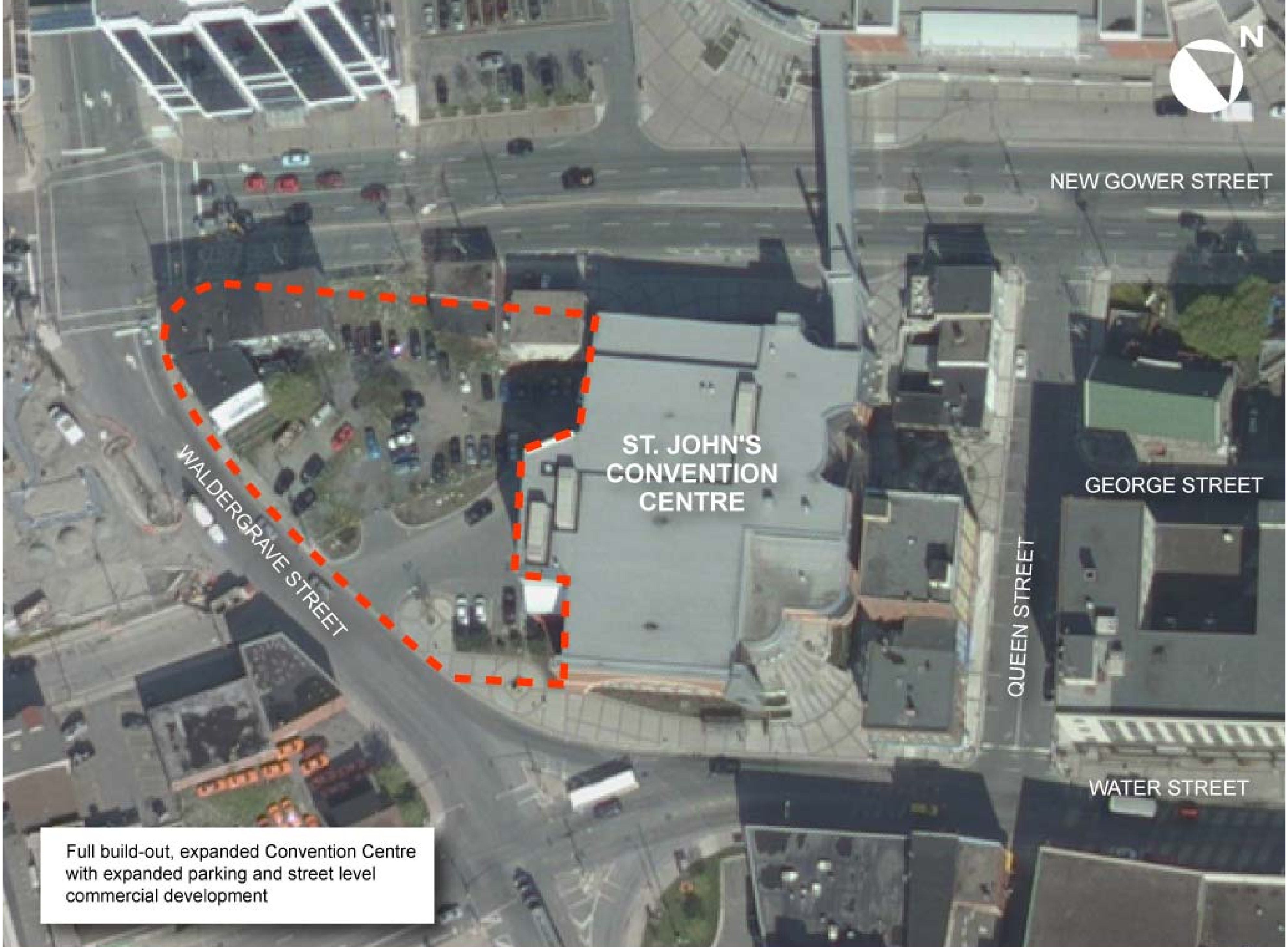


St. John's Convention Centre

Exhibit 2-3

PKF Consulting

TRACT

The SJCC location relative to both existing and proposed developments in the downtown core is depicted in Exhibit 2-4.

2.4 Minimum Facility Requirements

If, for whatever reason, the recommended facility program cannot be accomplished, at a minimum, the City of St. John's must address the design inefficiencies of the current SJCC, including:

1. Subdividing the current Marconi Hall 16,000 square foot ballroom into 2 (8,000 square feet each);
2. Adding 6,000 square feet of additional breakout meeting space;
3. Providing facility upgrades; and
4. Making improvements to the current loading arrangements.

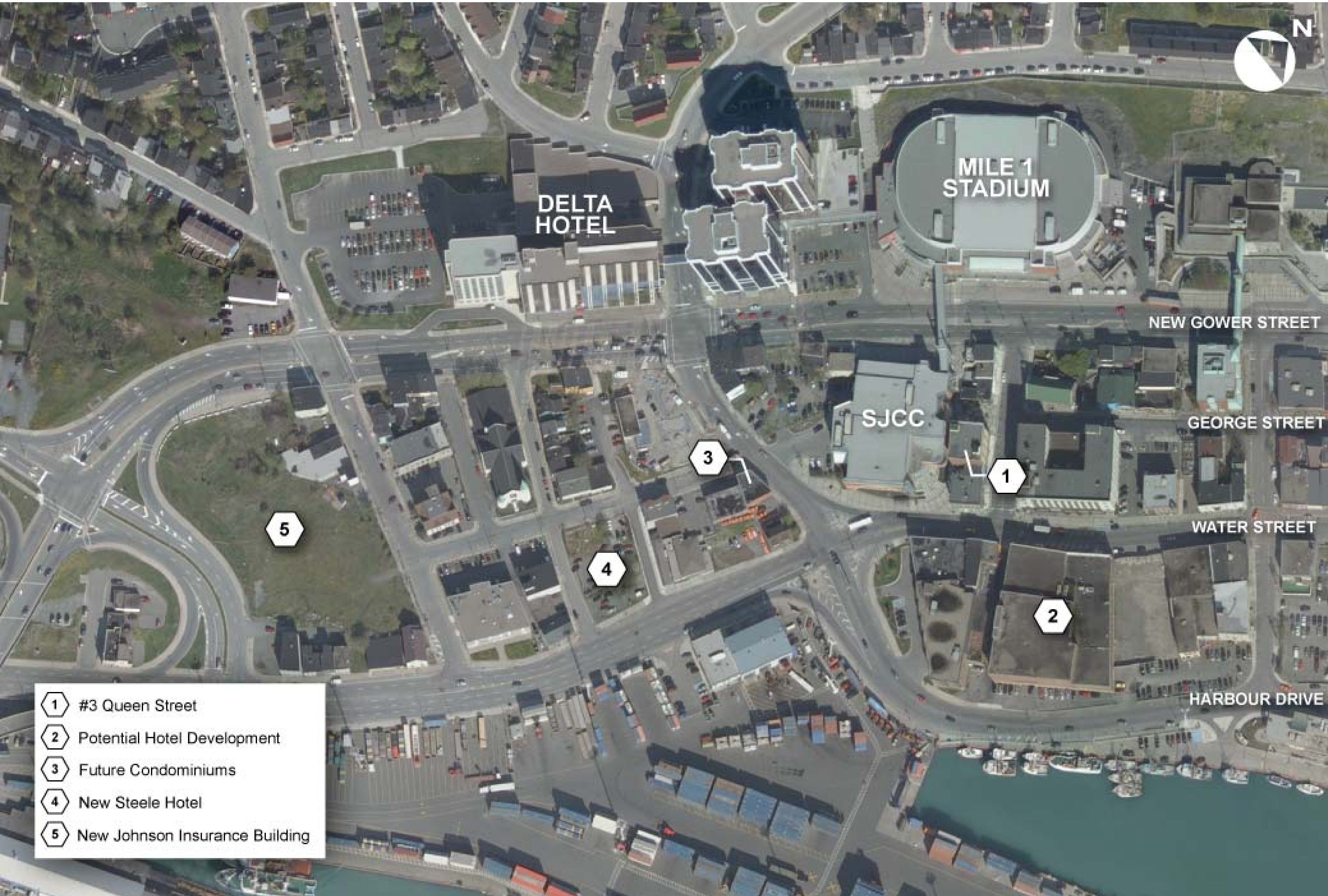
Table 2-3 provides a detailed facility profile of the minimum facility program, including rentable space and back of house support

TABLE 2-3
MINIMUM FACILITY IMPROVEMENTS
ST. JOHN'S CONVENTION CENTRE

	EXISTING - AS IS		SJCC MINIMUM REQUIREMENTS	
BALLROOM	**Ballroom Size (sq.ft.)**	**Capacity per Room - Banquet seating**	**Ballroom Size (sq.ft.)**	**Capacity per Room - Banquet seating**
Marconi Hall	**16,000**	1,067	**16,000**	1,050
A			*8,000*	*525*
B			*8,000*	*525*
SUBTOTAL - Ballroom	**16,000**	1,067	**16,000**	1,050
MEETING ROOMS	**Meeting Room Size (sq.ft.)**	**Capacity Range - Classroom seating**	**Meeting Room Size (sq.ft.)**	**Capacity Range - Classroom seating**
Mtg Rm 1	*1,100*	*92*	*300*	*25*
Mtg Rm 2	*1,100*	*92*	*600*	*50*
Mtg Rm 3			*750*	*63*
Mtg Rm 4			*750*	*63*
Mtg Rm 5			*1,100*	*92*
Mtg Rm 6			*1,100*	*92*
Mtg Rm 7			*1,800*	*150*
Mtg Rm 8			*1,800*	*150*
Mtg Rm 9				
Mtg Rm 10				
Mtg Rm 11				
Mtg Rm 12				
SUBTOTAL - Meeting Rooms	**2,200**	*183*	***8,200***	*683*
Total Rentable Sq.Ft.	**18,200**		***24,200***	
Pre Function Space/Back of House Support	20,000		25,000	
TOTAL SJCC BUILDING	**38,200**		**49,200**	

Source: PKF Consulting

Should the capital decision to expand the Convention Centre be postponed, it is imperative that the SJCC undergo facility upgrades in order to maintain its current market share.



St. John's Convention Centre

Exhibit 2-4

PKF Consulting

TRACT CONSULTING INC.

2.4.1 Site and Building Options – Purchase/Lease Building to the East

According to FGA Consulting Eng., the engineering firm on the construction of the SJCC, the main ball room was to have an allowance for petition enhancement to allow for a future dividing wall and it was opted not to proceed due to additional costs.

To install a divider - top hung door - will require the reinforcing of the existing beam. As the code for snow load have gone up since the construction of the building in 2000, and have increased by around 5-6 lbs per sq ft, the reinforcing must deal with both the beam and the extra loads requirements on the ceiling. While this is doable, it will be expensive as the set-up costs will be substantial.

Two site options might be considered to add the additional 11,000 sq. ft. in rentable and back of house support space as proposed:

Site Option 1:

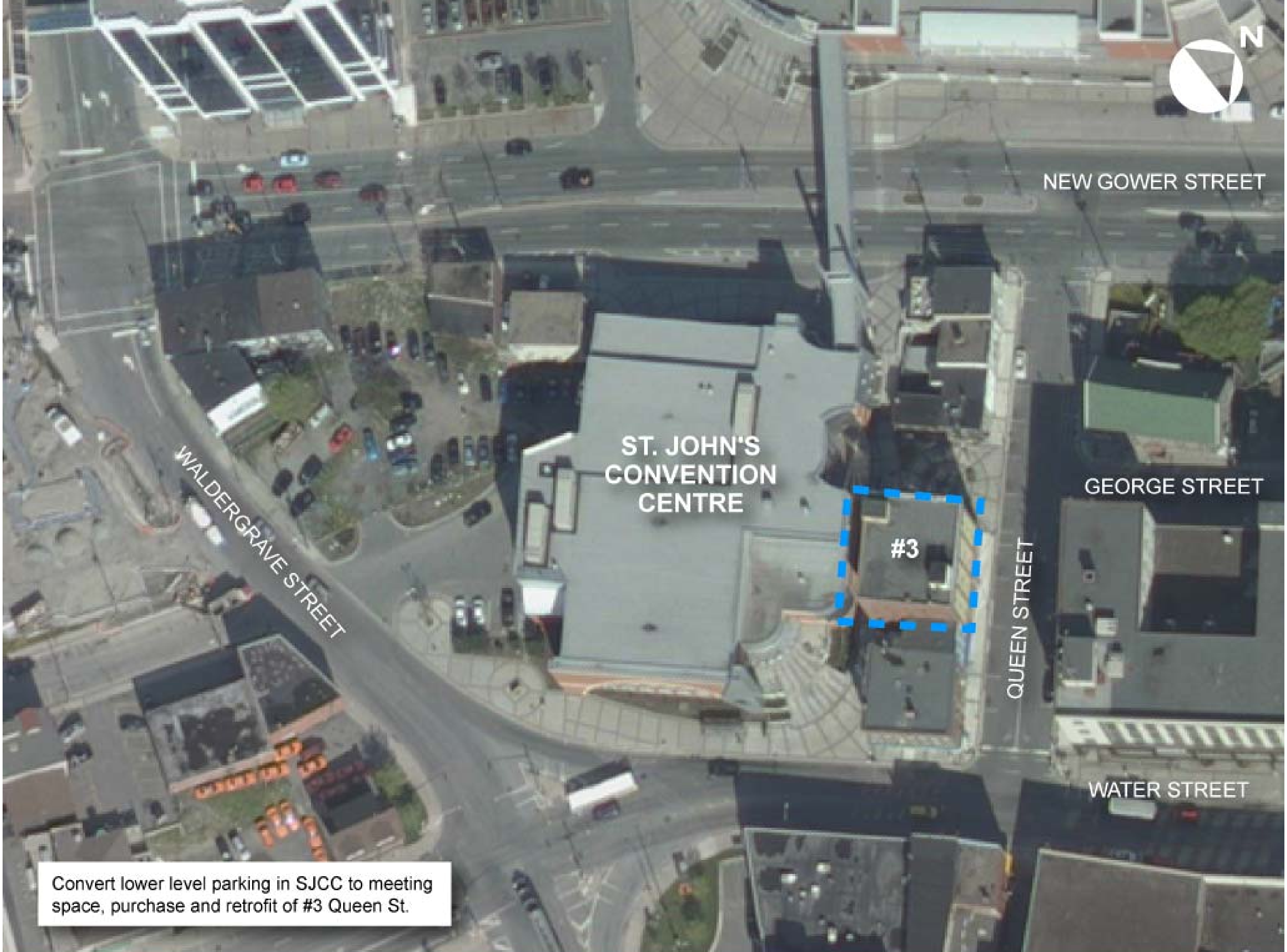
It is recommended that the 1st floor parking of the SJCC building be utilized to accommodate the minimum facility expansion. The area has good fill so adding extra loads will not be a problem. Some changes might be needed to underground services but this should not be too costly. The only challenge is losing the first floor parking.

Site Option 2:

As opposed to using the parking area on the first floor, consideration should be given to purchasing the Fanning Building (3 Queen Street) that is immediately east of the Convention Centre (refer to Exhibit 2-5). This building can be made accessible from the second level of the Convention Centre, and is available for lease or purchase and has a number of advantages:

- The location allows for the use of the current washrooms in the SJCC and works with current access, elevators, entrances, coat room, main ball room and crush space;
- Amplifies the access from SJCC to George Street and directs activity to George and Water Street;
- Supports existing businesses and offers potential for ground floor commercial space for lease on the first floor of the Fanning Building; and
- Current parking would not be lost.

The recently completed *George Street Redevelopment Plan* (Feb 2009) proposes that the courtyard outside - Queens Court - at the Civic Centre be used as an outdoor eatery with lunch time seating. It also proposes the erection of a Busker's podium attached to the SJCC and overlooking the courtyard. The report suggests that more programmed activities can be developed especially in conjunction with the SJCC. The report also goes on to state: "The potential exists to link Queen's Court to the Convention Centre through one of the adjoining buildings. For example, it would be possible to link from the main floor and the upper level of the "Fanning" Building, 3 Queens Street. The benefits would be commercial



St. John's Convention Centre

Exhibit 2-5

PKF Consulting

TRACT CONSULTING INC.

opportunities for the building owners, additional spaces, such as "break out rooms" for the Convention Centre and enclosed access from George Street and Water Street to the Convention Centre".

It is recommended that a building assessment be undertaken to confirm the viability of this option.

2.5 Preliminary Order of Magnitude Capital Costs

Table 2-4 provides preliminary order of magnitude capital cost estimates for the recommended facility expansion and minimum facility requirements. The original building was constructed at a cost of $12.4 Million in 2000, or $325 per square foot. As part of its expansion, It is recommended that the SJCC allocate a budget of $500,000 to upgrade the facility, include new carpets, wall coverings, and finishes. It is our understanding that Newfoundland Design Associates, a local engineering firm, conducted an assessment of the cost to reinforce the central beam in SJCC about a year ago. For the purposes of this analysis, we have estimated that the cost to reinforce the central beam and the installation of a sound proof moveable divider wall to be in the order of $600,000. Construction costs have been estimated at $75 per sq. ft. for fitting up existing space, and $230 per sq. ft. for new built space. It has also been assumed that the lands to the east would be available for purchase however our preliminary capital costs do not include land or building purchase costs. Therefore, the recommended expansion has been estimated at a capital cost of $11.2 Million or $356 per sq. ft., with $3.3 Million required to undertake the minimum facility requirements. Including land costs and/or the purchase of buildings, we have estimated the total capital costs of the recommended expansion program at $15 to $20 Million.

TABLE 2-4
PRELIMINARY ORDER OF MAGNITUDE CAPITAL COSTS FOR EXPANSION
ST. JOHN'S CONVENTION CENTRE

	SJCC Original Cost	Recommended Expansion	Minimum Facility Requirements
Facility Upgrades	---	$500,000	$500,000
Divisible Ballroom	---	$600,000	$600,000
Existing Space Fit Up @ $75 per sq.ft.	---	$2,865,000	$825,000
New Built Space @ $230 per sq.ft.	---	$7,233,500	$1,380,000
Total Est. Capital Cost (excluding land and/or building purchases)	**$12,400,000**	**$11,198,500**	**$3,305,000**
Cost Per Sq. Ft.	**$325**	**$356**	**$300**

Source: PKF Consulting and Tract Consulting

2.6 Conclusion

It is **recommended that the SJCC be expanded from its current 18,200 square feet to 34,650 square feet of rentable space.**

- Specifically, it is recommended that the existing ballroom be expanded from 16,000 to 20,000 square feet, divisible by 3, with an additional 12,450 square feet of meeting room/break out space developed, bringing the total meeting space to 14,650 square feet, including a junior ballroom of 8,550 square feet.

- If it is not technically possible to expand the ballroom to 20,000 square feet, then it is imperative that the existing 16,000 square foot ballroom be made divisible by 2; with the additional 4,000 square feet included as meeting space, for a total of 18,650 square feet of meeting space.

- Construction costs for the expansion have been estimated at $11.2 Million. With land and/or the purchase of buildings, the total capital costs have been estimated at $15 to $20 Million.

However, if for whatever reason, the recommended expansion of the SJCC cannot be accommodated, the Convention Centre needs to **correct its original design flaws** by:

- Subdividing the current Marconi Hall 16,000 square foot ballroom into 2 (8,000 square feet each);

- Adding 6,000 square feet of additional breakout meeting space;

- Providing facility upgrades; and

- Making improvements to the current loading arrangements.

Capital costs have been estimated at $3.3 Million to undertake the minimal facility improvements to the Centre.

Regardless of whether the SJCC is expanded, there is an immediate need to upgrade its current facilities, as the building is approaching 10 years and has not had any capital re-invested in it.

It should be noted that the capital costs provided herein are preliminary estimates only. There will be a need to retain architectural, engineering and planning expertise in order to further evaluate the opportunities and constraints related to the building and site expansion of the SJCC.

3.0 ST. JOHN'S AS A HOST DESTINATION

3.1 Introduction

Destination St. John's retained the services of PKF Consulting to determine whether the St. John's Convention Centre is assisting the City of St. John's to reach its full potential as a host destination for the Meetings & Convention market within Atlantic Canada. In order to assess this potential, the following analysis begins with a review of recent economic performance and tourism activity in the Province of Newfoundland and Labrador, and within the City of St. John's. It also provides an overview of what the City offers with respect to meetings infrastructure, as well as St. John's historic performance in the M&C sector.

3.2 Province of Newfoundland & Labrador - Economic and Tourism Overview

3.2.1 Economic Overview

As per the *FP Markets, Canadian Demographics 2009* report, the Province of Newfoundland and Labrador is home to about 514,800 residents. With improving economic conditions locally, the Province has recorded two consecutive quarters of net in-migration and consequent population growth. Because of the province's low fertility rate and aging population, natural population change (births minus deaths) has been, and will continue to be a constraint on population growth.

According to the Conference Board of Canada, real Gross Domestic Product (GDP) growth for the Province of Newfoundland and Labrador was recorded at 1.4% in 2007, which was 1.1% lower than the national average of 2.5%. In Summer 2008, the Conference Board predicted 2.0% growth in real GDP for 2008, as construction and service sector activity remains strong, making up for slight weaknesses in the forestry sector. However, given the current economic climate, and using Nov-Dec 2008 data provided by key economic forecasting agencies, the Government of Newfoundland & Labrador has recently released a revised outlook of 0.7% growth in 2008.[2]

The Province's economic performance was hindered by faltering oil production, and real output in the mineral fuels sector is expected to contract further in 2009. According to the Conference Board of Canada's *Winter 2009 Provincial Outlook – Executive Summary*, Real GDP is expected to witness a sharp decline in 2009, dropping by 2.6%. While the mining sector is expected to plunge, the domestic economy should remain healthy in 2010, with 2% rebound expected in GDP.

Construction investment decreased in 2007, according to Statistics Canada's latest investment survey, falling by 12.2% (13.5% in real terms) to $2.8 billion.[3] The decrease was the result of a decline in non-residential construction investment relating mostly to lower expenditures in the mining and oil and gas sectors. Despite the decline, investment remained high on a historical basis. Employment in the

2 Source: http://www.economics.gov.nl.ca/frcstGDP.asp
3 Source: http://www.economics.gov.nl.ca/E2008/construction.pdf; Statistics Canada

construction industry continued to grow in 2007, despite the decrease in investment expenditures, marking its highest level since 1980. Construction employment reached an annual average of 13,500, up 4.7% over 2006 levels. Higher demand for construction workers was reflected in a rise in average weekly earnings (including overtime) for the construction industry— rising 11.1% over 2006 and 38.2% relative to five years ago. In comparison, average weekly earnings for all industries grew by 3.7% over 2006 and 15.5% compared to five years ago. The local construction industry, like the national industry, has experienced rising levels of activity in recent years. The anticipated strong demand for construction workers in the near future will continue to be a challenge for contractors and companies in securing qualified skilled workers. In 2009, investment spending is expected to rise 18.1%, with construction of the US $2.2 Billion nickel processing facility at Long Harbour, the White Rose expansion, and Hebron engineering activity. Such projects will provide a much needed boost to total employment, and will hopefully offset the negative GDP impacts of the lower oil production.

Non-residential construction investment decreased in 2007. Investment totaled about $1.7 billion, down 22.6% (23.7% in real terms) from $2.2 billion in 2006. It is believed that the decline is mainly due to a lull in major project development in the mining and oil and gas industries. Outside mining and oil and gas, construction investment increased in most sectors. Ongoing major projects in the public sector include: the application of hard surface on the Happy Valley-Goose Bay to Wabush portion of the Trans Labrador Highway; the construction of the Cartwright to Happy Valley-Goose Bay portion of the Trans Labrador Highway; and, the continuation of the St. John's Harbour clean-up. Significant increases in construction investment were also recorded in the retail trade and transportation and warehousing industries—up 16.7% and 52.2% respectively.

3.3 Provincial Travel Forecast

3.3.1 Tourism Overview

Provincial tourism is composed of both residents travelling within Newfoundland and Labrador, and non-residents visiting the province. Because of its small population, Newfoundland and Labrador has focused its attention on non-resident markets to drive tourism growth. Nevertheless, the resident market is a substantial component of the province's tourism industry representing over 50% of total tourism spending in the province in 2006 (most recent data available).[4] Resident trips have trended downwards over the past decade and 2006 marked a 10% decline relative to 2005. The decrease in resident tourism reflects a declining population, escalating gas prices, and a rising Canadian dollar making international travel more attractive).

Non-resident tourism activity contracted slightly in 2007. An estimated 490,100 non-resident visitors came to the province—representing a 1.3% decline over 2006 levels. In 2008, tourism is considered to have performed well, considering the challenges facing the industry. Provincial non-resident tourism activity is

4 Source: http://www.economics.gov.nl.ca/E2008/tourism.pdf estimated at **480,200 visits in 2008**, down 2.0% over 2007 visitation. A reduction in non-resident automobile and cruise travel visitation caused the overall decrease, more than offsetting gains in air visitors. **Spending by non-resident visitors** to the province also decreased 2.2% in 2007 over 2006, but has **risen again in 2008** from $357 Million to $366 Million. While non-resident tourists come to Newfoundland and Labrador from around the world, most come from other parts of Canada. The province's main tourism export markets are the Maritimes and Ontario, an expected outcome given that these provinces have traditionally received substantial numbers of expatriates, and, they are primary target markets for the province's tourism advertising campaign.

In 2007, non-resident air visitation recorded its first decline since 2002, but rose in 2008, and is expected to have increased by 3.8% to 346,600 visitors as of year-end. Air traffic provides about 72% of total visitation to the Province. The decrease in non-resident air visitation in 2007 reflects, in part, a loss of air access (i.e., total number of seats available) to the province, and a reduction in the availability of low cost seats. However, the Government's new Air Transportation Strategy (recently released in January 2009) will continue to address air access issues in a more coordinated way. The number of flights and seats available rose in the first 3 quarters of 2008, and is expected to continue to improve over the next few years.

According to management of the St. John's International Airport Authority, passenger volumes have increased by 75% since 1999, which is twice the amount of growth as the national average. However, growth has levelled-off in the past few years, with one flight taken back by Air Canada in 2008 due to lack of demand, and about 1% growth has been projected for 2009. The key sectors for air travel growth in 2009 are: "sun" charters, private charters to Alberta, and Convention Business. At capacity, the primary three airlines that use the St. John's International Airport have the following schedules:

- Air Canada (10 flights per day in winter, 16 flights per day in summer – this includes: 3 to Montreal, 6 to Halifax, 6 to Toronto and 1 to Ottawa in the summer months);
- West Jet (3 flights in winter, 5 flights in summer); and
- Continental (1 daily direct winter and summer flight to Newark, NJ – the summer flights include larger aircraft with 25% increased capacity)

In terms of aircraft size, Air Canada expects to be adding larger craft on an as required basis, while WestJet has already doubled its capacity, but has plans to also ramp-up as needed (despite a more limited capacity). With respect to the Airport itself, plans include: expanding the terminal, improving instrument landing capacity, and completing a landscaping master plan.

Due to high gas prices and increased fuel surcharge applied to Marine Atlantic rates during the summer of 2008, the number of non-resident visitors travelling to the province by automobile declined 10.7% in

2008 over 2007 to 113,800 from 127,500. The decline was driven mainly by automobile visitors from Ontario - down 15.3% as of the first 10 months of 2008.

Along with non-resident automobile travel, an increase in cruise visitation helped to moderate the decline in overall non-resident tourist activity. Unique cruise ship passenger visits totaled 19,800 in 2008, down 31.0% from 28,732 visits for the 2007 season, while port calls increased from 102 to 152 in 2007. A lower load factor is considered the main cause of the visitation decline, from 95% in 2007 to 90% passenger capacity utilization in 2008.

Meeting and convention related visitation performed well in 2008, with considerable effort in increasing exposure to the Northeast Avalon. The Province reported 38,000 major meeting and convention delegates for the year, over 18,000 in 2007, despite a decrease in major conventions from 100 in 2007 to 78 in 2008. This growth is due to a large increase in large convention size. Growth in major meetings and conventions goes hand-in-hand with growth in available infrastructure. Expansion in Provincial meeting and convention infrastructure (i.e., meeting space and hotel/motel room supply) has been ongoing throughout the past decade.

The following is a **basic profile of the non-resident convention visitor to Newfoundland and Labrador**. The data was derived from the 2003/2004 Exit Survey program, which was compiled by the Department of Tourism, Culture and Recreation for the Government of Newfoundland & Labrador. Data characteristics are for the survey-reporting period of June to October.

- Convention visitors accounted for **5.4%** of the non-resident visitors;
- **94%** arrived in the province by air;
- The average party size was **1.6 persons**;
- Average overall stay in the province was **6.3 nights**;
- Accommodation utilization (% of nights): **70% hotel/motel**, 7% bed and breakfast/inns; 11% friends/relatives, 4% university campus, 4% rental of private residence, 4% other;
- Average per party expenditure (all items): **$1,519** (stated in $2004);
- Average per person per night expenditure (all items): $178 (stated in $2004);
- Expenditure Distribution (% of $): 14% in-province transportation, 49% accommodations, 22% Restaurants, 7% souvenirs/handicrafts, 2% groceries, 4% entertainment/recreation, 2% other;
- Geographic distribution: 35% from Western Canada, 33% from Ontario, 19% from Atlantic Canada, 7% Quebec, 5% USA, 1% International; and
- 86% would recommend province as a vacation destination (rated at least 8 on a weighted scale of 1 to 10).

3.4 City of St. John's - Overview of Local Economy and Tourism Industry

3.4.1 Economic Overview

The Census Metropolitan Area of St. John's includes the Towns of Conception Bay South, Mount Pearl and Paradise, as well as the City of St. John's proper. As of 2009, the population of the City of St. John's is estimated at 102,810 residents, or 54% of the St. John's CMA.

Real GDP is expected to drop in 2009 as a result of lower oil production.[5] However, increased mega-project investment (e.g., nickel procession facility at Long Harbour, White Rose expansion, and Hebron engineering activity) will probably offset the negative GDP impacts of the lower oil production. Private sector services such as professional, scientific and technical; finance, insurance, real estate and leasing; and information, culture and recreation are expected to exhibit solid performance this year. Continued employment gains and wage growth are expected to fuel further, albeit more modest, growth in consumer spending.

TABLE 3-1
KEY ECONOMIC INDICATORS
CITY OF ST. JOHN'S - 2007-2008

	2007	2008	% change
Real GDP (2002$M)	9,958	10,009	0.5%
Employment	94.5	98.5	4.2%
Labour Force	101.5	106.8	5.2%
Unemployment Rate	6.9	7.8	13.0%

Source: Economic Review St. John's Metropolitan Area, Newsletter Prepared by Department of Finance and City of St. John's, January 2009

According to a recent report issues by Chris Janes of the Canada Mortgage and Housing Corp. (CMHC), the strong consumer spending in St. John's is reflective of the Province's economic health, as compared to other provinces in Canada.[6] St. John's housing market is expected to perform well in 2009 with between 1,475 and 1,725 housing starts in 2009, over 1,485 starts in 2008.

5 Economic Review St. John's Metropolitan Area, Newsletter Prepared by Department of Finance and City of St. John's, January 2009
6 Bartlett, S. (March 5, 2009). "Local housing market, economy remain strong." The Telegram, St. John's, NL. [online] Retrieved from http://www.thetelegram.com/index.cfm?sid=228477&sc=79

3.4.2 St. John's Travel Outlook

According to Destination St. John's – 2007 Annual Report, which tracks the MC&IT, Leisure and Group Tours, and Sport and Cultural events to the City of St. John's, total visits increased in all markets in 2007 over 2006. The following table highlights the main indicators reported by Destination St. John's.

TABLE 3-2
TOTAL VISITORS TO ST. JOHN'S BY KEY TARGET MARKETS
2006-2007

Market	2006	2007
Leisure Groups - Large (# of Visitors)	6,058	6,257
Leisure Groups - Small (# of Visitors)	176	44
Leisure - FIT (# of Companies)	84	222
MC&IT (# of Events)*	77	99
MC&IT (# of Delegates)*	18,962	22,600

NOTE: These totals include Sport and Cultural Events
Source: Destination St. Johns – 2007 Annual Report

As shown in Table 3-2, larger group tours represent a major segment of the leisure market for St. John's, and remains a key focus of marketing activity for Destination St. John's. This segment showed strong improvement in performance in 2007 over 2006, with a 3.3% increase in total visitors. FIT activity has just recently become a market under DSJ's jurisdiction and is expected to improve consistently as partnerships develop throughout the City, with 165% increase in non-local companies visiting the City in 2007 over 2006. MC&IT reported the greatest gains in 2007, with a 34% increase in the number of major events (i.e. those with at least one night and 50 room nights sold). Inclusive of sport and cultural events, total delegates were reported at 22,600 in 2007, up 19.2% over 2006.

3.5 City of St. John's - Meeting & Convention Sector

Destination St. John's (DSJ) has a mandate to market and sell Eastern Newfoundland as a destination to the travel trade and tourism sectors in North America, with a vision of "a vibrant economy in Eastern Newfoundland, driven by a strong sustainable travel trade and tourism business and through productive partnerships."[7] From a marketing perspective, DSJ splits its budget equally between Leisure, MC&IT, and Event Tourism. However, MC&IT is clearly the focus of the organization, and the St. John's Convention Centre and hotels derive the most benefit from their efforts in this market.

DSJ is the sole promoter of the St. John's Convention Centre, and markets the facility on behalf of St. John's Sports & Entertainment and the City of St. John's, which gave up the sales and marketing mandate for the MC&IT market about 3 years ago. In partnership with the two major hotels in St. John's (the Delta and Sheraton Newfoundland), McCarthy's Party, and the MC&IT division of the Department of Tourism, Culture & Recreation, Destination St. John's also forms part of the **Destination Sales Team**. This group attends sales shows throughout North America to market the City of St. John's and the Eastern Newfoundland, promote extended stays in the destination, and to work in partnership to develop the City's meeting & convention sector.

[7] *Destination St. John's - Press Release, October 20th, 2008.*

3.5.1 Meeting & Convention Hotel Inventory

There are 11 primary hotels currently offering over to 80,875 square feet of rentable hotel meeting space throughout the City of St. John's. The largest meeting and conference hotels in downtown St. John's are: the Delta St. John's with 20,223 square feet, the Sheraton Hotel Newfoundland with 13,155 square feet, the Battery Hotel and Suites with 13,135 square feet, and the Holiday Inn St. John's with 12,105 square feet of rentable meeting space. Table 3-3 details the existing primary meeting and conference hotels in St. John's by number of guestrooms, number of meeting rooms, total rentable square footage, largest theatre capacity and largest contiguous space.

TABLE 3-3
CURRENT INVENTORY OF HOTEL MEETING SPACE FOR ST. JOHN'S

Property	# Rooms	# Meeting Rooms (no divisions)	Total Meeting Space (sq ft)	Largest Banquet-Style Capacity	Largest Contiguous Space (sq ft)
Delta St. John's Hotel & Conference Centre	403	14	20,223	770	11,760
Sheraton Newfoundland Hotel	308	11	13,155	600	7,296
The Battery Hotel and Suites	125	9	13,135	300	4,992
Holiday Inn St. John's	252	7	12,105	450	5,625
Comfort Inn Airport	100	6	5,504	175	2,800
The Capital Hotel	88	3	4,450	300	3,825
Ramada St. John's	80	3	3,642	150	1,728
Travellers Inn St. John's	88	5	3,462	70	1,010
Courtyard by Marriott St. John's	81	2	1,959	40	968
The Guv'nor Inn	37	2	1,740	64	860
Murray Premises Hotel	34	1	1,500	35	1,500
Total (11 properties)	**1,596**	**63**	**80,875**	**-**	**-**

NOTE: Inventory does not represent all hotels in St. John's, only those that offer Meeting Space
Source: Destination St. John's - Destination Planner 2007-08, PKF Consulting

3.5.2 City of St. John's - M&C Market within the Accommodation Industry

The total City of St. John's accommodation market is comprised of 20 hotel properties in or surrounding the downtown core, providing a total of 2,167 guest rooms as of year-end 2008. With some exceptions, these properties offer a good quality of M&C product and amenities. These hotels cater to higher rated tourist, corporate and meeting conference business, with the primary meeting and convention properties being:

- Delta St. John's Hotel & Conference Centre
- Sheraton Newfoundland Hotel
- The Battery Hotel & Suites
- Holiday Inn St. John's
- Comfort Inn Airport St. John's
- The Capital Hotel

Table 3-4 presents the historic occupancies and average daily rates achieved by the downtown St. John's accommodation market from 2004 to 2008. As shown, hotel room demand within the overall St. John's market has been stable throughout the past 5 years, ranging from a low of 60.8% in 2006 to a high of 65.6% in 2008. Despite the significant increases in demand in 2005 and 2006, with the opening of the Super 8 St. John's, the Marriott Courtyard, and the Delta Hotel expansion, demand has been quickly absorbed - with occupied room nights increasing by 7.7% in 2007.

TABLE 3-4
HISTORIC ACCOMMODATION MARKET PERFORMANCE
ST. JOHN'S, NL

	2004	2005	2006	2007	2008
Rooms	1,726	1,948	2,121	2,161	2,167
Annual Occupancy	63.3%	62.5%	60.8%	64.3%	65.6%
Average Daily Rate	$111.22	$115.87	$116.91	$116.90	$121.20
RevPar	$70.35	$72.46	$71.03	$75.12	$79.49
Available Room Nights	629,831	711,089	774,165	788,583	790,773
Occupied Room Nights	398,387	444,684	470,320	506,740	518,661
Market Growth	**2004**	**2005**	**2006**	**2007**	**2008**
Available Rooms	na	12.9%	8.9%	1.9%	0.3%
Occupied Room Nights	na	11.6%	5.8%	7.7%	2.4%
Average Daily Rate	na	4.2%	0.9%	0.0%	3.7%

Source: PKF Consulting and St. John's Hotel Survey Results, February 2009

On the basis of PKF research and discussions with hotel management, estimated market segmentation for the St. John's market for 2005 through to 2008 is presented in Table 3-5. As shown, the Corporate segment dominated the accommodation market in 2005 at 41% of total occupied room nights. In 2006, this segment declined by about 9%, as Government/Other segment increased by about 32%, in conjunction with the Delta expansion and new crew contracts being secured at the Delta and Sheraton properties. Since 2006, the Corporate segment has represented between 34-35% of room demand. The Meetings/Convention segment, on the other hand, has been increasing since 2005. Although M/C demand decreased slightly from an estimated 68,300 room nights in 2006 to 65,880 in 2007, it has since rebounded to an estimated **72,700 occupied room nights in 2008**, representing 14.0% of total rooms demand generated.

TABLE 3-5
HISTORIC MARKET SEGMENTATION IN ST. JOHN'S - 2005-2008
(Occupied Room Nights)

	2005	%	2006	%	2007	%	2008	%
Corporate	180,180	40.5%	163,370	34.7%	172,912	34.1%	181,129	34.9%
Meetings/Conventions	**62,537**	**14.1%**	**68,296**	**14.5%**	**65,881**	**13.0%**	**72,706**	**14.0%**
Independent Leisure	123,565	27.8%	134,812	28.7%	162,970	32.2%	165,974	32.0%
Government/Other	78,401	17.6%	103,843	22.1%	104,977	20.7%	98,853	19.1%
TOTAL MARKET	**444,684**	**100.0%**	**470,320**	**100.0%**	**506,740**	**100.0%**	**518,661**	**100.0%**

Source: PKF Consulting and St. John's Hotel Survey Results, February 2009

Based on a survey of hotel operators and PKF research, about 20% of St. John's meetings and convention demand could be attributed directly to the sales efforts of Destination St. John's in 2005, with the balance of meetings and convention activity generated by internal and national sales efforts of the individual accommodation properties, with assistance provided by Destination St. John’s (Table 3-6). With the new sales team in place in 2006, the amount of meetings and convention business derived through Destination St. John’s increased to 23%, however, in 2007 the DSJ generated booking decreased to 18% of all room nights booked, and 10% in 2008, or 7,329 out of an estimated total of 72,706 Meeting & Convention room nights booked In St. John’s.

TABLE 3-6
SOURCE OF MEETINGS & CONVENTION BUSINESS IN ST. JOHN'S - 2006-2008
(Occupied Room Nights)

M&C Room Nights Generated by:	2005	%	2006	%	2007	%	2008	%
Destination St. John's	12,768	20.4%	15,744	23.1%	11,969	18.2%	7,329	10.1%
Internal Hotel Sales	49,770	79.6%	52,552	76.9%	53,913	81.8%	65,376	89.9%
TOTAL ROOM NIGHTS BOOKED	62,537	100.0%	68,296	100.0%	65,881	100.0%	72,706	100.0%

Source: PKF Consulting and St. John's Hotel Survey results, February 2009

During the afore-mentioned survey, the hotel operators were also asked to identify the largest room block that could be made available for groups attending meetings and conventions in St. John’s – particularly for the large city-wide conventions. Although not all of the hotels responded to our request, Table 3-7 identifies that at a minimum, **770 rooms are available for large city-wide events in St. John’s** over a short and defined period of time. This represents about 36% of the total hotel supply of 2,146 rooms at 20 properties in and around the downtown core of the City of St. John’s.

TABLE 3-7 LARGEST ROOM BLOCKS AVAILABLE FOR MC&IT AT HOTEL IN ST. JOHN'S			
Property	**# Rooms**	**Largest Room Block**	**% of Total Rooms**
Delta St. John's Hotel & Conference Centre	403	250	62%
Sheraton Newfoundland Hotel	308	175	57%
Holiday Inn St. John's	252	150	60%
Quality Hotel	160	100	63%
Best Western Travellers Inn	88	-	-
The Battery Hotel and Suites	125	-	-
Super 8 St. John's	82	-	-
Comfort Inn Airport	100	-	-
The Capital Hotel	88	40	45%
Courtyard by Marriott St. John's	81	30	37%
Extended Stay Deluxe	93	-	-
Ramada St. John's	80	-	-
The Guv'nor Inn	37	-	-
Murray Premises Hotel	34	25	74%
Hillview Terrace	137	-	-
Spa at the Monastery Inn	27	-	-
Blue on Water	7	-	-
Captains Quarters	36	-	-
Hometel on Signal Hill	29	-	-
TOTAL*	**2,167**	**770**	**36%**

**NOTE: Inventory does not represent all room blocks available, only for those hotels that participated in this study*

3.5.3 Supply Additions in St. John's

Discussions with City planning officials and hotel operators indicate that there are several proposals for expansions and new hotel developments in the downtown core of St. John's. These are as follows:

The Spa at the Monastery Inn is adding 4 guest rooms, which will increase total guest room supply at this property to 31 rooms by Spring 2009.

Steele Hotels, owners of the Capital Hotel on Kenmount Road, are planning to build an **82-room boutique hotel on George St**reet, between Prince and Buchanan. This property is expected to be an independent hotel, similar to the Groupe Germain product in concept, with 1,600 square feet of meeting space and oversized rooms targeted to corporate clientele. Site plan approval was given in August 2008, but construction has been postponed and is expected to begin in 2010.

The old **Woolworth's building** on Water Street has been under consideration for conversion to a 100-125 room hotel. No activity has occurred on this proposal in a number of months.

A Halifax-based developer is proposing a **140 room hotel for the corner of Water Street and Prescott Street**. The project is under redesign consideration following concerns raised at public hearings.

There is a proposal from a local developer to construct a 120 room hotel on Temperance Street. That proposal is under active consideration by the City.

In terms of other developments, as of October 2008, Johnson Insurance Inc. plans to develop its new head office (180,000 square feet) in downtown St. John's, on the corner of New Gower Street and Hamilton Avenue on the former Horwood Lumber Site.

3.5.4 Alternative Meeting Venues in St. John's

In addition to hotel properties that offer meeting space, St. John's has a variety of alternative meeting/exhibition venues totalling approximately 89,000 square feet of rentable event space. These venues include: Memorial University, the Johnson GEO Centre, Clovelly Golf Course, The Majestic, Admiral's Green Club House, The Fluvarium, The Rooms, and Bowring Park Bungalow. Table 3-8 provides a summary of the rentable space available at each of the alternative meeting venues listed above, followed by a description of each one.

TABLE 3-8
ALTERNATIVE MEETING & EXHIBITION VENUES IN ST. JOHN'S

Venue	Total Meeting & Exhibit Space (sq ft)	Largest Contiguous Space - Capacity
Memorial University	73,000	390
Johnson GEO Centre	6,023	200
Clovelly Golf Course	4,000	200
The Majestic	2,400	300
Admiral's Green Club House	2,068	130
The Fluvarium	1,200	120
The Rooms	1,058	300
Bowring Park Bungalow	1,200	130
Total	**88,891**	**-**

Source: Destination St. John's - Destination Planner 2007-08, PKF Consulting

Memorial University is the largest of the alternative meeting venues, offering 73,000 square feet of rentable meeting and exhibit space on campus. The University has 11 lecture theatres, 11 boardrooms, 18 seminar rooms, 80 classrooms, 7 dining/reception areas, and 15 exhibit areas, the largest at 12,000 square feet. The University also offers their Botanical Garden for smaller groups and informal gatherings.

The **Johnson GEO Centre** is a museum that explores Newfoundland and Labrador's geological features, and is built into Signal Hill, which is comprised of 550 million year old rocks. The unique venue offers over 6,000 square feet of meeting space and is able to accommodate up to 200 people.

The **Clovelly Golf Course** is located in the east end of St. John's and offers two 18-hole golf courses. The property has approximately 4,000 square feet of meeting space, and can accommodate up to 200 people in a dining/banquet configuration.

The Majestic, located at 390 Duckworth Street, was established in 1918 and is one of the most distinctive event venues in St. John's. With 2,400 square feet, the venue can accommodate groups of up to 300 for dining and 600 for receptions.

Admiral's Green Club House is located within Pippy Park Public Golf Course. The clubhouse offers over 2,000 square feet of meeting space and can accommodate 130 people in the larger of their two meeting spaces.

The **Fluvarium** is located on the north shore of Long Pond, in Pippy Park. The facility, offering 1,200 square feet of meeting space, provides windows into the Nagles Hills Brook and is located near Memorial University.

The **Rooms**, the province's newest public cultural space**,** houses the Provincial Museum, the Provincial Art Gallery and the Provincial Archives. The atrium, corporate boardrooms, and theatre provide over 1,000 square feet of meeting space, and can accommodate groups of up to 300.

The **Bowring Park Bungalow** is situated in the Waterford Valleys of St. John's and features a wrap around terrace. The facility can accommodate up to 130 people in its Great Hall.

3.5.5 Historic Performance Levels in St. John's Meeting & Convention Market Overall

For the purposes of this analysis, Destination St. John's and the Delta St. John's Hotel & Conference Centre provided information regarding confirmed event bookings within the City from 2005 to 2008, and future definite and tentative bookings from 2009 to 2015. These data included detailed information on events by event start and finish dates, month and year, event days, account name, frequency, geographic scope, event venue, number of delegates, and when possible, the number of room nights generated.

Utilizing this database, PKF further categorized the events by type of organization, as follows:

- Association
- Corporate
- Government
- Other (Individuals, Local Groups, Schools, etc.)
- SMERF
- Sport

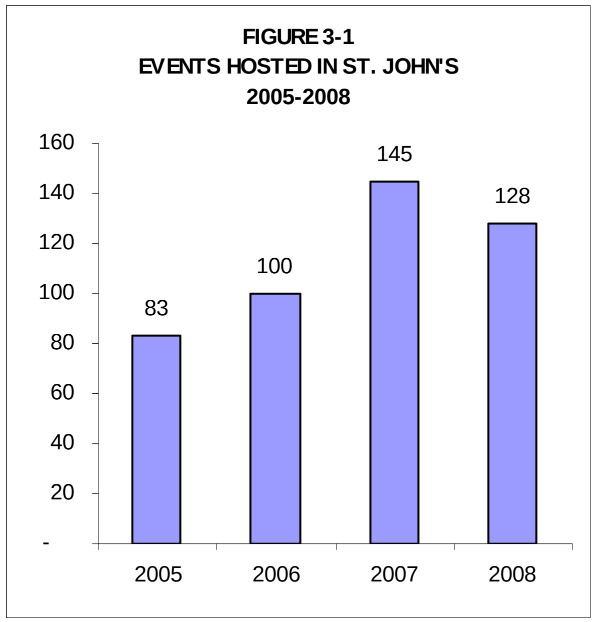
Events were also broken down by type:

- Conferences
- Non Local and Local Meetings
- Banquet/Social
- Tournament

For the purposes of this report, events that were categorized as 'Sport' and 'Tournaments' were excluded from our analysis. Banquets and Social events were included, if they were considered add-ons to meetings, conferences/conventions for both local and non-local groups. Also, where details regarding the type of event or number of room nights were not provided, PKF made assumptions based on the account names and duration of the event.

3.5.6 St. John's Historic Event Activity – 2005 to 2008

As indicated by Figure 3-1, St. John's hosted a total of 456 Association, Corporate, Government, SMERF and other events over the period of 2005 to 2008. Total events increased from a low of 83 tracked events in 2005 to a high of 145 in 2007, an increase of 45%, and then declined by 12% in 2008 to 128 events. This recent decline in event activity may be due in part to current economic conditions, which have resulted in a significant change in travel patterns.



Source: Destination St. John's

Table 3-9 provides a 4-year summary of M&C event activity in St. John's, broken down by total delegate size, length of stay and room nights. As shown, since 2005, a total of 77,492 delegates have attended the 456 M&C events held in St. John's, for an average size of 179 delegates per event. St. John's M&C business experienced a 13% decrease in total room nights in 2007 over 2006 levels, from 31,473 in 2006 to 27,351 in 2007, while the total number of events increased by 45%. In 2008, room nights continued to decrease by 1.6% over 2007 levels, as total events fell 12%, yet delegate numbers increased 10%. Total event days have also decreased year over year, indicating an overall decrease in length of stay for meetings and conventions, alongside the increased frequency of events. This trend in increased event frequency was tempered in 2008, in conjunction with recent economic conditions. Overall, the data demonstrate an overall decrease in event length, with larger groups travelling at less frequent intervals.

TABLE 3-9 CITY OF ST. JOHN'S M&C TOTAL EVENT HISTORY - 2005-2008	2005	2006	2007	2008	TOTAL
Number of M&C Events	83	100	145	128	456
Number of M&C Event Days	354	342	333	327	1,356
Number of M&C Delegates	19,807	19,577	18,151	19,957	77,492
Number of M&C Room Nights	**31,677**	**31,473**	**27,351**	**26,927**	**117,428**
% growth - M&C Room Nights		**-0.6%**	**-13.1%**	**-1.6%**	**-15.0%**
Number of DSJ Events – Using Multiple Hotels	**14**	**13**	**8**	**4**	**39**
Number of SJCC Events	**10**	**38**	**68**	**60**	**176**
Average Number of Days per M&C Event	4.27	3.80	3.76	3.51	3.83
Average Number of Delegates per M&C Event	239	196	125	156	179
Average Number of Room Nights per M&C Event	382	315	189	210	274

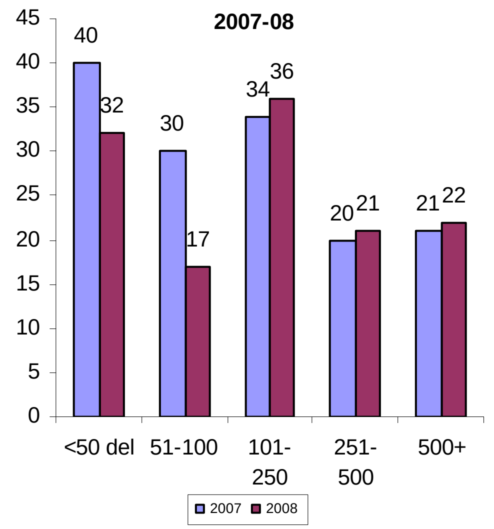
Source: PKF Analysis of Destination St. John's event database

On a per event basis, Table 3-9 shows that the average number of days per M&C Event in St. John's was 3.83, delegates per event averaged 179, and room nights per event averaged 274 over the 4-year period. This table also shows that the number of events held in St. John's at multiple hotel venues has decreased from a high of 14 in 2005 to a low of 4 in 2008. This is due in part to the Delta expansion and other new supply additions over that period, which resulted in more self-contained events at individual hotels (as opposed to multiple venues). The number of events that were hosted at the St. John's Convention Centre – whether in whole or in conjunction with other hotel venues – has increased by over 500% since 2005, from 10 to 68 in 2007, with a slight decline to 60 events at the SJCC in 2008. While this significant increase demonstrates the concerted efforts of a new sales team focused on promoting the Convention Centre and the destination, it may also be due to poor tracking mechanisms in place at Destination St. John's prior to 2006.

3.5.7 Type and Size of Meetings

Figure 3-2 summarizes the total number of events held in St. John's by group size in 2007 and 2008. As shown, the majority of groups are made up of less than 250 delegates. However, as a percentage of total events, events under 250 delegates decreased from 72% to 66% in 2008 over 2007. Furthermore, total events under 100 delegates in size have decreased by about 43%, from 70 to 49 total events. Consequently, the majority of growth over the 2-year period has been in the larger group sizes, which corresponds to the increase in total delegates discussed in relation to Table 3-9.

FIGURE 3-2
TOTAL NUMBER OF M&C EVENTS HELD IN ST. JOHN'S BY GROUP SIZE - 2007-08



Source: PKF Analysis of Destination St. John's database

Table 3-10 summarizes total events, event days, delegates and room nights by size of event for 2007 and 2008. As shown, total number of room nights has increased predominantly in larger groups of 251-500, and 500+ delegates, from 12,373 in 2007 to 13,202 in 2008, an increase of about 7%. Total number of delegates in groups over 250 also increased from 5,778 to 6,755 in 2008 over 2007 (about 17%). At the same time, this table shows that the number of events hosted at the St. John's Convention Centre for groups under 250 in size has decreased from 38 in 2007 to 29 in 2008 (-24%).

TABLE 3-10
SUMMARY OF TOTAL M&C EVENTS HELD IN ST. JOHN'S BY GROUP SIZE - 2007-2008

2007	<50 del	51-100	101-250	251-500	500+	TOTAL	<251
Total Events	40	30	34	20	21	**145**	***104***
Event Days	66	68	107	36	56	**333**	***241***
Delegates	741	1,344	3,693	3,360	9,013	**18,151**	***5,778***
Room Nights	1,295	3,095	7,845	3,029	12,087	**27,351**	***12,235***
Number of SJCC Events	**27**	**8**	**3**	**11**	**19**	**68**	***38***
2008	**<50 del**	**51-100**	**101-250**	**251-500**	**500+**	**TOTAL**	***<251***
Total Events	32	17	36	21	22	**128**	***85***
Event Days	31	55	156	61	24	**327**	***242***
Delegates	493	718	5,544	4,535	8,667	**19,957**	***6,755***
Room Nights	287	1,938	12,810	6,644	5,248	**26,927**	***15,035***
Number of SJCC Events	**24**	**3**	**2**	**11**	**20**	**60**	***29***

Source: PKF Analysis of Destination St. John's event database

Table 3-11 summarizes the type of meeting events held in St. John's between 2007-2008, sorted by local (St. John's CMA) and non-local (i.e. provincial, regional, national, international) origins. Of the 273 events held over the 2-year period, Association events have accounted for 32% of total events, and 54% of delegates. Furthermore, Association events average 498 room nights per event in 2008, making them the largest type of events hosted in St. John's overall. Corporate conferences made up 30% of all events hosted in St. John's, and the greatest amount of local events (71% in 2008). The majority (40%) of events held at the St. John's Convention Centre were Corporate meetings/conferences, of which 64% were local events, whereas the 22 Association conferences hosted at the SJCC brought in 69% of total room nights generated over 2007 and 2008 by M&C events.

Association and SMERF conferences made up the majority of non-local events held at the SJCC (55%). SMERF events accounted for the 19% of all events, and Government meetings represented the remaining 10%. Non-local SMERF events grew over 101% in size with respect to number of delegates on a per event basis in 2008 over 2007, while the number of events increased by 14%, and non-local Government meetings have remained steady in terms of total events over the 2-year period. Although Association conferences were the largest events in terms of total delegates on a non-local basis, 'Other' events such as banquets and other F&B based events provided the largest source of local delegates.

TABLE 3-11 SUMMARY OF TOTAL M&C EVENTS HELD IN ST. JOHNS BY TYPE AND ORIGIN - 2007-2008						
2007	**Association**	**SMERF**	**Corporate**	**Government**	**Other**	**TOTAL**
NON-LOCAL EVENTS						
Total Events	51	22	17	12	8	**110**
Event Days	173	42	55	22	14	**306**
Delegates	8,439	1,260	1,656	400	2,050	**13,805**
Room Nights	20,041	1,408	4,487	682	703	**27,321**
Number of SJCC Events	**13**	**4**	**5**	**5**	**7**	**34**
LOCAL EVENTS						
Total Events	0	4	20	1	10	**35**
Event Days	0	5	15	1	6	**27**
Delegates	0	15	1,545	300	2,486	**4,346**
Room Nights	0	30	0	0	0	**30**
Number of SJCC Events	**0**	**3**	**20**	**1**	**10**	**34**
2008	**Association**	**SMERF**	**Corporate**	**Government**	**Other**	**TOTAL**
NON-LOCAL EVENTS						
Events	35	25	25	13	2	**100**
Event Days	134	60	78	30	1	**303**
Delegates	7,276	2,875	3,475	470	1,200	**15,296**
Room Nights	17,430	2,710	6,348	439	0	**26,927**
Number of SJCC Events	**9**	**10**	**6**	**5**	**2**	**32**
LOCAL EVENTS						
Total Events	0	0	20	2	6	**28**
Event Days	0	0	17	1	6	**24**
Delegates	0	0	2,044	200	2,417	**4,661**
Room Nights	0	0	0	0	0	**0**
Number of SJCC Events	**0**	**0**	**20**	**2**	**6**	**28**
TOTAL EVENTS	**Association**	**SMERF**	**Corporate**	**Government**	**Other**	**TOTAL**
EVENTS	**86**	**51**	**82**	**28**	**26**	**273**
SJCC EVENTS	**22**	**17**	**51**	**13**	**25**	**128**

Source: PKF Analysis of Destination St. John's event database

3.5.8 Event Origin

For the most part, the historic event data provided to PKF by Destination St. John’s included the geographic origin of each event. However, in the event of missing information, assumptions were made based on the name of the organization and contact details to determine from where the majority of delegates would be travelling. The following definitions were used to group the geographic origin of all meeting events in St. John’s over the 2007-2008 periods:

Local Events occurring in which the event organizers and majority of delegates originated from the City of St. John’s.

Provincial Events occurring in which the event organizers and majority of delegates originated from Newfoundland.

Regional Events occurring in which the event organizers and majority of event delegates originated from Nova Scotia, Prince Edward Island or New Brunswick.

National Events occurring in which event delegates originated from Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia or the Territories.

International Events occurring in which event delegates originated from international gateways, including U.S. destinations.

Table 3-12 provides the resulting analysis of the geographic origin of events hosted in St. John’s. As demonstrated, in 2008, 22% of St. John’s events originated from within the City directly, with a further 14% originating from within the Province, and 16% from Other Atlantic Provinces. It should be noted that Local and Provincial events held in St. John's decreased in 2008 over 2007 by 20% and 22% respectively, despite the fact that combined these events make up 38% of the total held in St. John's over the 2 year period. Approximately 47% of events were generated from other parts of Canada, an increase of 5.5 percentage points over 2007, demonstrating the “exotic” appeal of the coastal City by other Canadians. About 2% of total meetings and conferences originated from American or International destinations in 2008, an 81% decrease in US/overseas event activity over 2007, due presumably to the earlier onset of recession in the United States. Approximately 5% of events during this time period originated from American or International destinations, with an 83% decrease in US/overseas event activity in 2008 over 2007. This again is presumably due to the global economic crisis causing changes in travel trends for meeting & convention delegates.

TABLE 3-12 GEOGRAPHICAL ORIGIN OF M&C EVENTS HELD IN ST. JOHN'S - 2007-2008				
	2007	***% Total***	**2008**	***% Total***
Local	35	*24.1%*	28	*21.9%*
Provincial	23	*15.9%*	18	*14.1%*
Regional	15	*10.3%*	20	*15.6%*
National	60	*41.4%*	60	*46.9%*
International	12	*8.3%*	2	*1.6%*
TOTAL	**145**	***100.0%***	**128**	***100.0%***

Source: PKF Analysis of Destination St. John's Event Database

3.6 St. John's Convention Centre – Historic Utilization 2005 to 2008

Using data supplied by Destination St. John's and hotel management survey results, the following section provides an analysis of the types of events that have been held historically at the St. John's Convention Centre, from 2005-2008.

The previous section alluded to the strengthening sales team at Destination St. John's and their assistance in generating higher levels of meeting & convention activity at the St. John's Convention Centre. The following table demonstrates how Convention activity has changed specifically at the Convention Centre over the past 4 years.

According to the data provided by Destination St. John's, there were no conventions with less than 250 delegates booked in 2008, and on the whole, convention activity decreased by 47% in 2008. The greatest increase in convention activity in 2008 was for events in the range of 251-500 delegates. This may be due in part the overall decrease in non-local convention activity due to economic concerns, as the 2005-2007 trend line demonstrates an overall increase in conventions of 500 delegates or more, and an increase of 22% in room nights and 50% in average length of stay over the 3 year period at this group size. At the same time, the decline in events for conventions of less than 250 delegates in 2009 indicates that the facility is inappropriately configured for this group size. This trend would be more apparent as groups begin to return to St. John's for conventions at the SJCC on a rotating basis. As confirmed by the Meeting Planner Survey results in Section 6.0, the ballroom is too large for groups of this size given the lack of divisibility, and the hotels in the downtown core are better equipped to handle groups under 250.

TABLE 3-13 HISTORIC EVENT BOOKING ACTIVITY AT THE SJCC - 2005-2008					
	2005	**2006**	**2007**	**2008**	**TOTAL**
Conventions					
< 250+	**2**	**4**	**6**	**0**	**12**
Event Days	7	19	11	0	37
Delegates	365	719	550	0	1634
Room Nights	1,793	2,034	1,440	0	5,267
Avg Length of Stay	3.5	4.8	3.33	0	2.9
251-500	**6**	**4**	**2**	**3**	**15**
Event Days	28	23	5	7	63
Delegates	2,375	1900	275	1,000	5,550
Room Nights	5,045	5,144	603	2,651	13,443
Avg Length of Stay	4.7	5.8	5.0	3.5	4.7
500+	**2**	**4**	**7**	**5**	**18**
Event Days	9	19	28	9	65
Delegates	2,800	2,640	3,478	2,150	11,068
Room Nights	2,646	7,612	9,516	3,982	23,756
Avg Length of Stay	4.5	4.8	5.6	3.0	4.5
TOTAL	**10**	**12**	**15**	**8**	**45**
Event Days	**44**	**61**	**44**	**16**	**165**
Delegates	**5,540**	**5,259**	**4,303**	**3,150**	**18,252**
Room Nights	**9,484**	**14,790**	**11,559**	**6,633**	**42,466**
Avg Length of Stay	**4.4**	**5.1**	**2.9**	**2.0**	**3.6**

Source: PKF Analysis of Destination St. John's event database

Table 3-14 shows the full extent of event activity at the St. John's Convention Centre from 2005 through to 2008, and confirmed bookings for 2009, which are estimated at 207 total events over the 5-year period thus far. As shown, Convention activity appears to be rebounding back to 2007 levels in 2009, particularly for groups with over 250 delegates. Trade Show activity has been limited at the facility, which can be attributed to the lack of divisibility of the main Ballroom, and typical use of the Mile One Centre for these functions. In total, of total events hosted at the SJCC, Banquets and Social events made up 33%, Conventions made up 29%, 21% of total events were Local Meetings, 11% Non-Local Meetings, and 2% were Trade Shows.

TABLE 3-14 EVENT BOOKING ACTIVITY AT THE ST. JOHN'S CONVENTION CENTRE - 2005-2009						
	2005	**2006**	**2007**	**2008**	**2009 YTD**	**TOTAL**
Conventions						
< 250+	2	4	6	0	0	**12**
251-500	6	4	2	3	8	**23**
500+	2	4	7	5	7	**25**
Total Conventions	**10**	**12**	**15**	**8**	**15**	**60**
Trade Shows	0	0	1	3	0	**4**
Non-Local Meetings	0	2	8	10	2	**22**
Local Meetings	0	10	16	17	0	**43**
Consumer Shows	0	2	3	2	3	**10**
Banquets/Socials	0	11	25	20	11	**67**
Other Events	0	1	0	0	0	**1**
TOTAL EVENTS SJCC	**10**	**38**	**68**	**60**	**31**	**207**

Source: PKF Analysis of Destination St. John's event database

3.7 Conclusion

Based on historic evidence, the Provincial and city-wide data indicate an upward trend in both tourism activity and meeting & convention business, despite an overall softening in economic performance in 2009. For the Meeting & Convention sector in particular, an overall increase in large conventions of a national scope is expected, and has already been reflected in the confirmed 2009 bookings at the St. John's Convention Centre. At the same time, the decline in events for conventions of less than 250 delegates and for non-local meetings in 2009, indicates that the facility is inappropriately configured for this group size. This trend would be more apparent as groups begin to return to St. John’s for conventions at the SJCC on a rotating basis. As confirmed by the Meeting Planner Survey results in Section 6.0, the ballroom is too large for groups of this size given the lack of divisibility, and the hotels in the downtown core are better equipped to handle groups under 250.

The fact that trends in overall meeting & convention activity in the City of St. John’s point to larger events coming less frequently, and staying for longer periods of time is really part of a greater problem. Not only is the Convention Centre configured in a way that discourages groups under 250 and larger conventions that need to host events under one roof (due to lack of breakout space), the City also suffers from its limited capacity for airlift with only 16 daily direct flights during the summer, and shortage of large hotel blocks (as none of the downtown hotels offer more than 200 rooms per event). All of these issues have a significant impact on allowing St. John’s to eventually achieve higher M&C utilization levels, and demonstrate the great potential for increased hotel supply and additional air capacity in response to an expanded St. John’s Convention Centre.

This analysis of event activity has formed the basis of the utilization projections and positioning of the expanded SJCC, which is presented in the following section.

4.0 COMPETITIVE CONVENTION CENTRE SUPPLY AND DEMAND ANALYSIS

4.1 Introduction

The meetings and conventions market is a multi-billion dollar industry in Canada. Thousands of delegates from within the country and from around the world take part in meetings, conventions, trade shows, and special events each year. Meetings and conventions bring obvious benefits to destinations, hotels, local attractions, airlines and other suppliers. According to John Houghton, Executive Vice President of the Metro Toronto Convention Centre, "The Convention Centre exists as an economic generator for the community. It's an export commodity in many ways, and it brings in dollars from people who wouldn't normally be in the city". "Conference and Convention Centres fill a void since their capacity exceeds even the largest hotels. They prevent convention business from slipping through the cracks, and in the process, fill hotel beds, sell meals at local restaurants and generate sales for local merchants."[8]

This section provides an overview of the Canadian Convention Centre industry, in terms of the current number of Centres, rentable square footage offered and largest contiguous space; as well as supply additions and expansions expected to enter the market over the next 7 years.

For the purposes of this analysis, we have included supply and demand projections for the Tier 3 Convention Centre market based on the assumption that the subject St. John's Convention Centre undergoes the Recommended Facility Expansion. As such, the subject Centre is expected to impact the market by adding 16,450 square feet of rentable meeting space in 2012.

4.2 Trends in the Canadian Convention Centre Market

As Robert Frost once said, "hell is a half-filled auditorium." In order to keep venues filled, it is essential for both planners and venue operators to keep up to date with the times. This is not an easy task, as the meeting/convention industry is constantly changing. The following section highlights the most current industry issues to date.

The number of meetings and the amount of revenue they can generate has been increasing considerably, prior to the current economic crisis. An Economic Impact Study undertaken by MPI Foundation Canada indicated that 671,000 meetings were held in Canadian venues in 2006, attracting 70.2 million participants and generating $32.2 Billion in direct spending ($23.3 Billion by meeting participants and $8.9 Billion by non-participant sponsors and stakeholders). According to the Hospitality Sales and Marketing Association International's (HSMAI) state of the industry report, the North American meetings market overall was estimated at $200 Billion in 2008.[9]

[8] *For the Masses, David Pye; Hotelier Magazine, September 2004, pg. 30*
[9] *HSMAI (2007), State of the Industry Forecast, (www.uniquevenues.com)*

Despite the steps forward for the M&C industry during the past decade, the US travel industry leaders have been particularly concerned over the dramatic downturn in meetings and events in 2009, and have voiced concerns to President Obama to welcome more international visitors through the Travel Promotion Act. This Act would establish the first US promotion and communications campaign to bring in high-spending overseas visitors (average US$4,000 per person, per visit).[10] In addition, this legislation provides for the creation of the *Corporation for Travel Promotion*, which will promote international travel to the U.S. through advertising, outreach to trade shows, and other meetings/convention related promotion. For instance, the U.S. Travel Association recently launched the **Meetings Mean Business** website (www.meetingsmeanbusiness.com) to explain the value of meetings, events and performance incentive travel to businesses our economy – and protect American jobs that depend on business travel and events.

Meetings & Incentive Travel Magazine's *2008 Market Report Survey*, provides a comprehensive overview of how these trends are affecting the types of meetings and conventions being held according to a variety of planning segments: corporate, association & government, third party and incentive travel. According to the corporate meeting planner survey results, the 5 most popular locations for meetings within Canada are: Toronto (73%), Vancouver (43%), Montreal (40%), Calgary (38%) and Ottawa (32%).[11] The top technologies used by these respondents are **websites and e-marketing**, and about 41% use **online registration**. Furthermore, in 2007 about 6% of corporate respondents used video-conferencing, as compared to 27% in the 2008 survey. Another issue that is particularly relevant to the corporate segment in Canada is that of **shortened lead times** for bidding on meeting space, especially in the larger Tier 1 Canadian Cities like Toronto and Montreal. The *2008 Market Report* indicated that while timelines are getting shorter, **event sizes are increasing**, which causes issues with organization and booking room blocks.

MPI's study on meeting trends, *FutureWatch 2009*, based on data from Fall/Winter 2008, depicts a rather bleak overall trend based on global economic uncertainty. Meeting planners and suppliers expect **continued reduction in bookings, travel, meeting and events budgets, and staffing**– which is expected to continue until the broader economy begins to rebound. Corporate meeting planners expect a further 17% in budget reductions for 2009, as compared to 12% of association planners, and 10% of government planners. In Canada specifically, **attendance per meeting is expected to increase by 9%,** yet it will decline by 5% in the US. At the same time, planners expect a **9% decrease in the number of meetings** their organizations will hold in 2009. *FutureWatch 2009* respondents also point to lower budgets, more green meetings and more in-house/drive meetings with fewer "frills" for 2009. With respect to destination selection, 25% of meeting professionals around the world expect that a **reduction in the number of available flights** will impact the way they plan and conduct meetings. Overall operational decisions will be based on practical, value-adding issues, such as cost, **airlift** for destinations, and

[10] *"Travel Leaders meet with President Obama," March 12, 2009. [online] Retrieved from http://www.eturbonews.com*
[11] *Meetings & Incentive Travel Magazine (January/February 2008), 2008 Market Report, p. 17.*

customer service at hotels and meeting venues. In Canada, meeting planners expected to retain 57% of all meetings within the country, as compared to 12% in the US, and 11% in Europe. With respect to venue choices, meeting planners' decisions in 2009 are much like 2008, with the increased us of airport hotels, and small decline in city-based hotels and resort hotels – indicating a **preference for shorter meetings with lower costs and less extensive amenities.**[12]

Another publication called *The Planner* states that in 2009, creativity will be the key with respect to A/V options – in order to achieve high quality productions at a competitive price. In general stakeholders in the M&C industry should expect events that are "good, but not extravagant, something that delivers the message efficiently at an affordable cost."[13] Other trends include **fewer and fuller flights**, **reduced rates at hotels**, **less amenity options** (i.e. spas), and **difficulty with gaining sponsorship options for larger events**. On the other hand, there's a new breed of consumer – the "recessionista" – who is looking for "chiceconomics" (quality, style/design, durability and great value) as competitive bids are sought more frequently. Although corporate budget cuts may lead to attendance declines in meetings and conferences, *The Planner* insists that face-to-face meetings will remain the most important tool for relationship building and value-seekers.[14]

The meeting planner community is also weighing in on the trend of a "buyer's market" with the buyers wanting "green". Many publications are pointing to **technology and "green" initiatives** as being significant areas of interest and/or concern for meeting planners in 2009. These issues tend to be interrelated, for as the economic footprint of meetings increases, it becomes more necessary for planners and venues to shape meeting behaviours and reduce the ecological impacts of events. Learning to implement green initiatives is a key issue for all meeting planners. At a global level, sustainable tourism and "going green" are no longer considered "nice to do" but a "must do and do it now" transformation, as well as a way to cut costs. The Convention Industry Council has issued a *Green Meetings Report* to identify guidelines based on minimum best practices for use by event organizers and suppliers. According to this Report**, following the minimum recommended guidelines for green meetings and events**, such as collecting name badge holders for reuse and recycling materials **will save organizers money** in the long run.[15]

4.3 Competitive Tier 3 Canadian Convention Centre Supply

Canada offers a wide array of facilities for the meetings and conventions market including hotels, resorts, exhibition centres, and other unique venues such as theatres, and art galleries. However, in terms of key Convention Centre facilities, the country has a total of 22 major Convention Centres currently conducting business (listed below), representing about 2.1 million square feet of meeting and convention space as of

[12] *Meeting Professionals International. FutureWatch 2009, p. 11.*
[13] *Challenges and opportunities in 2009. (February 2009), The Planner, p. 5.*
[14] *Ibid., p. 26.*
[15] *Convention Industry Council, (March 17, 2004), Green Meetings Report, p. 3.*

January 2009. For the purposes of this analysis, the Centres have been segmented into three Tiers as follows:

- **TIER 1** Convention Centres are defined as those with greater than 250,000 square feet of rentable space;
- **TIER 2** Convention Centres are defined as those with between 100,000 to 250,000 square feet; and
- **TIER 3** Centres offer less than 100,000 square feet of total rentable space.

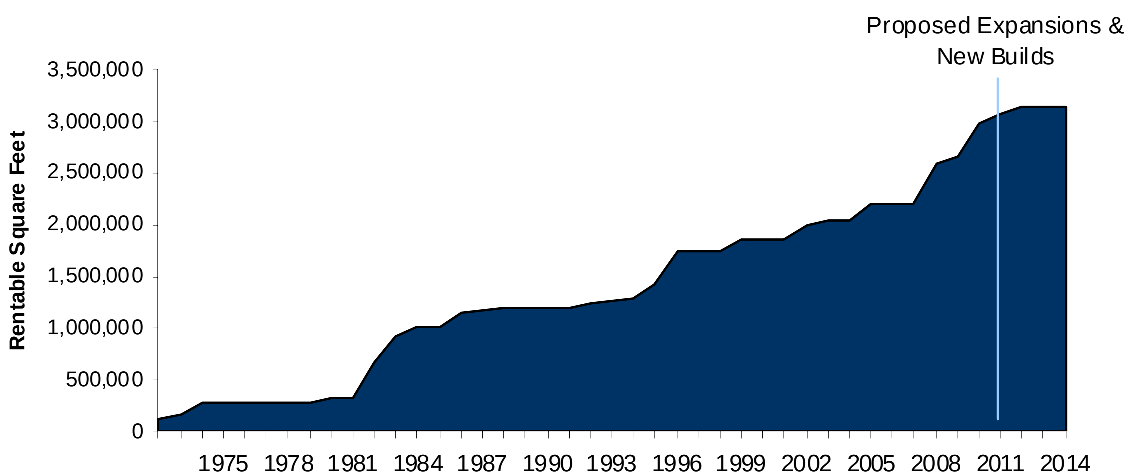
TIER 1 Convention Centres
Metro Toronto Convention Centre
Palais des Congrès de Montreal

TIER 2 Convention Centres
Calgary Telus Convention Centre
Shaw Conference Centre (Edmonton)
Winnipeg Convention Centre
Palais des Centre des Congrès de Quebec
Vancouver Convention Centre
Saskatoon Centennial Auditorium & Convention Centre

TIER 3 Convention Centres
Victoria Conference Centre
Penticton Trade & Convention Centre
Prince George Civic Centre
Telus Whistler Conference Centre
Cleary International Centre (Windsor)
London Convention Centre
Hamilton Convention Centre
Ottawa Congress Centre
Halifax World Trade and Convention Centre
St. John's Convention Centre & Mile One Centre
Venue Saint John
Blue Mountain Conference Centre
Mont Tremblant Congress Centre
Vancouver Island Conference Centre (Nanaimo)

Figure 4-1 provides a picture of the growth in rentable Convention Centre space in Canada since 1974. Since 1981, rentable Convention Centre space has increased at an annualized compounded pace of about 17.4% per annum. Major growth spurts occurred in the mid 1980's and again in the mid 1990's.

Figure 4-1
CANADIAN CONVENTION CENTRE RENTABLE SPACE SUPPLY



Source: PKF Consulting

4.3.1 Tier 3 Supply Additions and Expansions

The Tier 3 Canadian Convention Centre market is poised to see continued expansion in terms of available meeting/function space with the onset of the following projects:

TIER 3 SUPPLY ADDITIONS and EXPANSIONS

- The City of Nanaimo opened the **Vancouver Island Conference Centre** in April 2008, as part of a larger development. The overall development includes a Conference Centre with approximately 28,651 square feet of rentable function space; 20,000 square feet of commercial/retail space; a 200-seat fixed theater; an 800-seat portable theatre; 140-room hotel, 48-unit condominium and a museum. The Conference Centre is able hold events for up to 1,300 people.

- The **Victoria Conference Centre** opened a new 25,000 square foot ballroom space called the Crystal Garden in November 2008, increasing total rentable space at this facility to 72,848 square feet.

- The **Versant Soleil Convention Centre** in Mont Tremblant, Quebec has been proposed as part of the Versant Soleil Village at the base of the third face of the mountain. This facility is expected to open in mid 2011 with 27,765 square feet of rentable meeting space, and up to 20,000 square feet of exhibition space in an arena complex. It was originally scheduled to open at the same time as Lotto Quebec's newest Casino in Mont Tremblant, followed by an annual addition of 200 guest rooms to accommodate the expected rise in demand. Construction is nearing completion on the Casino and people mover system between the villages, with an expected completion date of mid 2009. However, construction of the proposed Convention Centre has not yet started.

- The City of Fredericton, NB is currently undergoing construction of the **Fredericton Conference Centre**, which is scheduled to open in 2011. The current facility program provides for one 12,900 square foot ballroom on the second floor, as well as 8 meeting rooms on the main floor totaling an estimated 7,300 square feet of rentable Meeting Room space, for a total of 20,200 square feet of rentable space.

- The **World Trade & Convention Centre** in Halifax, NS recently retained developers, and is waiting for Provincial approval on the expansion of this facility to 150,000 square feet of rentable space. If approval is reached by Fall 2009, the expansion is expected to be complete by 2012.

- Tourism Charlottetown and the PEI Convention Partnership, together with the hotel industry are also considering the addition of a **proposed 25,000 square foot Convention Centre in Charlottetown**. If approved, the Convention Centre would be expected to enter the market by 2012.

In terms of size and positioning, the St. John's Convention Centre currently competes with 8 other municipally-owned Tier 3 Canadian Convention Centres, offering a total of 346,278 square feet of rentable space (as of January 2009). This analysis has excluded the Ottawa Congress Centre, which closed in September 2008 and is expected to re-open as an expanded Tier 2 Centre by Spring 2011.

TABLE 4-1 COMPETITIVE TIER 3 CONVENTION CENTRES (2009)			
Convention Centre	**City**	**Total Rentable Square Footage**	**Largest Contiguous Space**
St. John's Convention Centre	**St. John's, NL**	**18,200**	**16,000**
Victoria Convention Centre	Victoria, BC	72,848	25,000
The Penticton Trade & Convention Centre	Penticton, BC	34,644	28,731
Prince George Civic Centre	Prince George, BC	22,800	18,000
Hamilton Convention Centre	Hamilton, ON	52,314	19,662
London Convention Centre	London, ON	43,357	33,000
Vancouver Island Conference Centre	Nanaimo, BC	28,651	13,697
World Trade and Convention Centre	Halifax, NS	50,000	20,180
Saint John Trade and Convention Centre	Saint John, NB	23,464	17,286
Total – 9 Tier 3 Centres		**346,278**	
Note: In 2007, Competitive market also included Ottawa Congress Centre, which closed in Fall 2008, and is expected to reopen by 2010/11 as a Tier 2 Centre.			

Source: PKF Consulting

Over the next 7 years, the market is expected to undergo the following supply changes:

- The **Clearly International Centre** in Windsor is now closed, with the facility leased to the University of Windsor. The recently expanded and rebranded Caesar's Windsor now offers up to 100,000 square feet of meeting/exhibition space and a 5,000-seat entertainment venue as part of its casino;
- The **Ottawa Congress Centre** closed in September 2008, and is expected to reopen with 148,737 square feet of rentable space as a Tier 2 facility in 2011;
- The **Fredericton Conference Centre** is expected to enter the market with 20,200 square feet of rentable space in 2011;
- For the purposes of this analysis, we have also included the proposed **Charlottetown Convention Centre** entering the market by 2012 with 25,000 square feet of rentable space; and
- By tripling its size to 147,397 square feet, the **Halifax World Trade and Convention Centre** market will move to Tier 2 status by 2012.

The Tier 3 Canadian Convention Centre supply is projected to change from 9 Centres offering 346,278 square feet of space in 2009, to 10 Centres with 366,478 square feet in 2011 with the addition of the Fredericton Conference Centre (representing an increase of 5.8% in supply). By 2012, the Halifax World Trade & Convention Centre moving to the Tier 2 segment, the subject expansion of the SJCC to 34,650 square feet of rentable space, and a Charlottetown Convention Centre opening in Tier 3, supply is expected to remain at 10 Centres, but decline in size by 2.3% to 357,928 square feet. By 2015, Tier 3 Convention Centre supply is expected to hold steady at 357,928 square feet, as demonstrated in Exhibit 4-1.

EXHIBIT 4-1 TIER 3 COMPETITIVE CANADIAN CONVENTION CENTRE CAPACITY GROWTH SUMMARY Rentable Square Footage											
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
SUBJECT ST. JOHN'S	**18,200**	**18,200**	**18,200**	**18,200**	**18,200**	**18,200**	**18,200**	**34,650**	**34,650**	**34,650**	**34,650**
Ottawa	69,054	69,054	69,054	51,791							
Victoria	47,848	47,848	47,848	52,098	72,848	72,848	72,848	72,848	72,848	72,848	72,848
Penticton	34,644	34,644	34,644	34,644	34,644	34,644	34,644	34,644	34,644	34,644	34,644
Prince George	22,800	22,800	22,800	22,800	22,800	22,800	22,800	22,800	22,800	22,800	22,800
Nanaimo				14,326	28,651	28,651	28,651	28,651	28,651	28,651	28,651
Saskatoon	32,806										
Hamilton	52,314	52,314	52,314	52,314	52,314	52,314	52,314	52,314	52,314	52,314	52,314
London	43,357	43,357	43,357	43,357	43,357	43,357	43,357	43,357	43,357	43,357	43,357
Windsor	26,000	26,000	26,000								
Halifax	50,000	50,000	50,000	50,000	50,000	50,000	50,000				
Venue Saint John	23,464	23,464	23,464	23,464	23,464	23,464	23,464	23,464	23,464	23,464	23,464
Fredericton							20,200	20,200	20,200	20,200	20,200
Charlottetown								25,000	25,000	25,000	25,000
Total Competitive Tier 3	**420,487**	**387,681**	**387,681**	**362,993**	**346,278**	**346,278**	**366,478**	**357,928**	**357,928**	**357,928**	**357,928**
% Tier 3 Supply Growth		*-7.8%*	*0.0%*	*-6.4%*	*-4.6%*	*0.0%*	*5.8%*	*-2.3%*	*0.0%*	*0.0%*	*0.0%*
# Tier 3 Competitive Centres	11	10	10	10	9	9	10	10	10	10	10

Source: PKF Consulting

Of the total Tier 3 supply, the current primary competition for the subject St. John's Convention Centre are the other **2 Convention Centres in Atlantic Canada**: The World Trade and Convention Centre in Halifax, and the Saint John Trade and Convention Centre operated by the Hilton Saint John. In 2008, Atlantic Canada had approximately 91,664 square feet of dedicated rentable meeting and conference space at its three Tier 3 Convention Centre venues. Table 4-2 shows a summary of the projected supply of meeting space in the Atlantic Canada market from 2008 to 2015, inclusive of the 16,450 square foot expansion at the subject St. John's Convention Centre.

TABLE 4-2
SUMMARY OF CONVENTIONS CENTRE SUPPLY IN ATLANTIC CANADA

	Rentable Square Footage							
	2008	**2009(f)**	**2010(p)**	**2011(p)**	**2012(p)**	**2013(p)**	**2014(p)**	**2015(p)**
Total Meeting Space	91,664	91,664	91,664	111,864	250,711	250,711	250,711	250,711
% Increase		*0.0%*	*0.0%*	*22.0%*	*124.1%*	*0.0%*	*0.0%*	*0.0%*

Source: PKF Consulting

Barring no new other major developments, meeting and convention supply for Tier 3 Convention Centres in Atlantic Canada is expected to increase 173.5%, from 91,664 to 250,711 square feet over the next 5 years. Although the projected expansion to the World Trade and Convention Centre in Halifax, scheduled for 2012, will move Halifax into a Tier 2 convention destination, it is still included in this analysis. Overall by 2015, PKF projects that there will be approximately 250,711 square feet of rentable meeting space available to meeting planners and event organizers in Atlantic Canada at Convention Centres (including the subject expanded SJCC).

Given the significant increases expected in the supply of Convention Centres within Atlantic Canada and the greater Tier 3 Convention Centre market, there is a great deal of potential risks for the City of St. John's M&C positioning if the decision is made not to pursue an expansion at the St. John's Convention Centre. It is recommended that SJCC expand in order to effectively compete for its share of M&C demand in future, particularly with 2 new Centre being added to the Atlantic Canada market within the next 3 years.

4.4 Convention Centre Demand Analysis

The following paragraphs provide an overview of recent trends in the Canadian Convention marketplace, a demand analysis of the Tier 3 Competitive Canadian Convention Centre industry over the past 3 years; and projections for the Tier 3 Convention Centre segment over next 7-year period from 2009 to 2015.

On behalf of the *Canadian Association of Convention Centres*, PKF Consulting has surveyed and analyzed trends data for the Convention Centre industry from 2000 to 2005, including the operating results for 17 Tier 1, 2 and 3 Centres. A condensed update was further conducted in 2007, using both survey research and website information, to gain a better understanding of the state of the industry for the past two years. The details of these studies are provided in the following paragraphs.

The St. John's Convention Centre largely competes against other competitive Tier 3 Centres in Canada for **Conventions, Non-Local Meetings and Conferences** and **Trade Show** demand, as the majority of **Local Meetings, Consumer Shows, Banquets and Other Types of Events** are derived from the local and provincial markets. The following provides a discussion of industry trends, historic demand levels and market projections associated with each of these segments of demand. For the purposes of this study, we have stratified the following segments into the respective categories listed below:

Conventions	Less than 500 Delegates 500-1,000 Delegates 1,000+ Delegates
Trade Shows	Less than 30,000 sq.ft. 30,000 to 75,000 sq.ft.
Meetings and Conferences	Non-Local Meetings and Conferences Local Meetings
Consumer Shows	
Banquets	
Other Events	

4.5 Convention Demand - Competitive Tier 3 Performance 2006-2008

In 2008, the 10 Tier 3 Canadian Convention Centres (which includes the partial year of activity at the Ottawa Congress Centre) hosted 254 conventions and conferences, for an **average of 25 conventions per Centre**. The number of Conventions ranged from a low of 8 to a high of 60, with a median of 18 Conventions per Centre.

TABLE 4-3 COMPETITIVE TIER 3 CONVENTION CENTRES CONVENTION DEMAND, 2006-2008			
	2006	**2007**	**2008**
Total Conventions	**276**	**289**	**254**
Avg Per Centre	28	29	25
# of Tier 3 Competitive Convention Centres	10	10	10
Conventions by Size	**2006**	**2007**	**2008**
< 250 Delegates	186	197	171
251-500 Delegates	36	34	33
> 500 Delegates	54	57	51
Total Conventions	**276**	**288**	**254**

Source: PKF Consulting

Of the 254 Conventions hosted by Tier 3 Convention Centres in 2008, the majority (171 events) were events of less than 250 delegates in size (67%); with 33 (13%) being conventions of 251 to 500 delegates, and 51 were events of over 500 delegates in size.

4.6 Trade Show Demand - Competitive Tier 3 Performance 2006-2008

The competitive Tier 3 Canadian Convention Centre market hosted 41 Trade Shows in 2008, for an **average of 4 Trade Shows per Centre**. The number of Trade Shows ranged from a low of 0 to a high of 8.

TABLE 4-4 COMPETITIVE TIER 3 CONVENTION CENTRES TRADE SHOW DEMAND, 2006 - 2008			
	2006	**2007**	**2008**
Total Trade Shows	**42**	**42**	**41**
Avg Per Centre	4	4	4
# of Tier 3 Competitive Convention Centres	10	10	10
Trade Shows by Size	**2006**	**2007**	**2008**
< 30,000 sq.ft.	42	42	41
30,000 to 75,000 sq.ft.	0	0	0
Total Trade Shows	42	42	41

Source: PKF Consulting Research

Of the 41 Trade Shows hosted by Tier 3 Convention Centres in 2008, all of them utilized less than 30,000 square feet of exhibit space.

4.7 Meeting/Conference Demand - Competitive Tier 3 Performance 2006-2008

The competitive Tier 3 Canadian Convention Centre market hosted an estimated 1,630 meetings in 2008, of which approximately 74% (1,212) were non-local meetings and conferences of more than one-day in duration, and the balance (418) were local one-day meetings not requiring overnight accommodation. On average, each Centre attracted 121 non-local meetings and 42 local meetings in 2008, with the number of meetings within the competitive market ranging from a low of 25 meetings to a high of 495 meetings, with a median of 126 meetings.

TABLE 4-5 COMPETITIVE TIER 3 CONVENTION CENTRES MEETING & CONFERENCE DEMAND, 2006 - 2008			
	2006	2007	2008
TOTAL Meetings & Conferences	**1,880**	**1,867**	**1,630**
Non Local Meetings & Conferences	**1,403**	**1,390**	**1,212**
Avg Per Centre	140	139	121
Local Meetings	**477**	**477**	**418**
Avg Per Centre	48	48	42
# of Tier 3 Competitive Convention Centres	10	10	10

Source: PKF Consulting

4.8 Consumer Show Demand - Competitive Tier 3 Performance 2006-2008

The competitive Tier 3 Canadian Convention Centre market hosted an estimated 53 Consumer Shows in 2008, with each Centre attracting an average of 5 Shows per year. Amongst the competitive Tier 3 market, the number of Consumer Shows ranged from 0 to a high of 12.

TABLE 4-6 COMPETITIVE TIER 3 CONVENTION CENTRES CONSUMER SHOW DEMAND, 2006 - 2008			
	2006	2007	2008
Consumer Shows	**58**	**58**	**53**
Avg Per Centre	6	6	5
# of Tier 3 Competitive Convention Centres	10	10	10

Source: PKF Consulting

4.9 Banquets

Banquet demand at Convention Centres is derived from all food and beverage related functions associated with conventions and conferences and meetings as well as locally based social events. The competitive Tier 3 Canadian Convention Centre market catered an estimated 773 banquets in 2008, with each Centre attracting an average of over 77 banquets per year. Amongst the competitive Tier 3 market, the number of Banquets ranged from 7 to a high of 195 food and beverage events, with a median of 43.

TABLE 4-7 COMPETITIVE TIER 3 CONVENTION CENTRES BANQUET DEMAND, 2006 - 2008			
	2006	2007	2008
Banquets	**1,060**	**926**	**773**
Avg Per Centre	106	93	77
# of Tier 3 Competitive Convention Centres	10	10	10

Source: PKF Consulting

4.10 Other Demand

Other types of demand at Tier 3 Competitive Conventions Centres include all other events not specifically described within the former demand segments, including but not necessarily limited to, concerts, fashion shows, dances and other special events. Based on the analysis of the competitive market, Tier 3 Centres tend to attract 10% of demand from other events, with each Centre attracting an average of 35 Other Events in 2008.

TABLE 4-8
COMPETITIVE TIER 3 CONVENTION CENTRES
OTHER DEMAND, 2006 - 2008

	2006	2007	2008
Other Events	**213**	**304**	**345**
Avg Per Centre	21	30	35
# of Tier 3 Competitive Convention Centres	10	10	10

Source: PKF Consulting

4.11 Overall Tier 3 Historic Demand Summary and Comparison to SJCC

The 10 competitive Tier 3 Convention Centres hosted an estimated 3,096 events in 2008. Table 5-7 shows St. John's positioning against these other Centres in terms of 2008 results.

TABLE 4-9
SUMMARY OF TIER 3 COMPETITIVE CONVENTION CENTRE DEMAND - 2008

Type of Demand	Total Events	Average per Centre	St. John's CC
Conventions	254	25	**8**
Trade Shows	41	4	**3**
Non-Local Meetings & Conferences	1,212	121	**10**
Local Meetings	418	42	**17**
Consumer Shows	53	5	**2**
Banquets	773	77	**20**
Other	345	35	**0**
TOTAL Events Per Centre	**3,096**	**310**	**60**

Source: PKF Consulting, Destination St. John's

As demonstrated, St. John's Convention Centre hosted a total of 60 events in 2008, as compared to the Tier 3 Convention Centre average of 310 events. Part of this discrepancy may be due to an inconsistent event reporting mechanism amongst Destination St. John and the SJCC, however, the point is that the St. John's Convention Centre is under-performing in all types of demand. There may be a number of reasons contributing to its lack of market penetration, including physical issues with the facility itself and relevant tourism infrastructure. As demonstrated in interviews with Meeting Planners outlined in Section 6.0 of this report, the top reasons for not using the St. John's Convention Centre include the lack of capacity at the SJCC, whether it be in the form of exhibition space, breakout space, and/or crush space.

Furthermore, there were concerns over the shortage of large hotel room blocks nearby. Since the St. John's Convention Centre does not have the right configuration for a typical Tier 3 Convention Centre facility, it will continue to lose market share unless this issue is addressed.

4.12 Overall Tier 3 Market Projection Summary

In summary, Tier 3 Convention Centres across Canada hosted an estimated 3,096 events in 2008, which is projected to increase by an average 1.1% per annum to 3,340 events by 2015 (see Table 4-11).

Over the 2009 to 2015 period, in addition to the subject St. John's Convention Centre expansion in 2012, 2 new Convention Centres will be added to the Tier 3 market, while the Halifax expansion will result in transference of available rental space out of the Tier 3 segment. The combination of additions and expansions will result in a net increase of 11,650 square feet of rentable space over the 2009 to 2015 period. This is equivalent to a 3% increase in supply or about a 1.7% increase per annum.

TABLE 4-11
OVERALL MARKET PROJECTIONS
TIER 3 COMPETITIVE CANADIAN CONVENTION CENTRES, 2009 - 2015

Segment	**Events per Centre**							
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Conventions	254	251	253	266	253	257	259	262
Trade Shows	41	38	38	39	39	39	40	40
Non-Local Meetings & Conferences	1,212	1,194	1,206	1,325	1,431	1,445	1,460	1,474
Local Meetings	418	397	401	434	441	445	449	454
Consumer Shows	53	48	48	50	46	46	47	47
Banquets	773	657	664	680	701	708	715	722
Other	345	342	345	360	331	334	338	341
TOTAL Events Per Centre	**3,096**	**2,926**	**2,955**	**3,154**	**3,240**	**3,274**	**3,307**	**3,340**
% Demand Growth	*--*	*-5.5%*	*1.0%*	*6.7%*	*2.7%*	*1.0%*	*1.0%*	*1.0%*
# Centres	**10**	**9**	**9**	**10**	**10**	**10**	**10**	**10**
Square Feet	**362,993**	**346,278**	**346,278**	**366,478**	**357,928**	**357,928**	**357,928**	**357,928**
% Supply Growth	*--*	*-4.6%*	*0.0%*	*5.8%*	*-2.3%*	*0.0%*	*0.0%*	*0.0%*

Source: PKF Consulting

Demand levels are forecasted to remain relatively consistent within the Convention, Trade Show, Consumer Show, Banquet and Other Demand segments. However, total non-local and local meetings are projected to increase by 10% and 8% respectively, as new Convention Centre supply is added to the market, inducing further meetings and conference demand to Atlantic Canada and a portion of meetings and conference demand held in hotels are converted to Convention Centre demand.

EXHIBIT 4-2
TIER THREE - MARKET PROJECTION
TIER 3 COMPETITIVE CANADIAN CONVENTION CENTRES

CONVENTIONS	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
< 250 Delegates	174	186	197	171	171	173	183	181	184	186	187
251-500 Delegates	38	36	38	33	33	33	33	30	31	31	32
> 500 Delegates	53	54	53	51	48	48	50	41	42	43	43
TOTAL CONVENTIONS	**265**	**276**	**289**	**254**	**251**	**253**	**266**	**253**	**257**	**259**	**262**
CONVENTION GROWTH	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 250 Delegates	-5.1%	7.4%	5.9%	-13.5%	0.0%	1.0%	6.0%	-1.0%	1.5%	1.0%	1.0%
251-500 Delegates	13.9%	-6.6%	6.9%	-14.7%	0.0%	1.0%	2.0%	-9.0%	1.5%	1.0%	1.0%
> 500 Delegates	1.2%	1.3%	-0.9%	-5.2%	-6.0%	1.0%	3.0%	-16.5%	2.0%	1.0%	1.0%
TOTAL GROWTH	**-1.5%**	**4.2%**	**4.7%**	**-12.1%**	**-1.2%**	**1.0%**	**4.9%**	**-4.9%**	**1.6%**	**1.0%**	**1.0%**
TRADE SHOWS	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 30,000 Square Feet	62	42	42	41	38	38	39	39	39	40	40
> 30,000 Square Feet	0	0	0	0	0	0	0	0	0	0	0
TOTAL TRADE SHOWS	**62**	**42**	**42**	**41**	**38**	**38**	**39**	**39**	**39**	**40**	**40**
TRADE SHOW GROWTH	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 30,000 Square Feet	-4.6%	-32.3%	0.0%	-2.4%	-8.0%	1.0%	2.0%	0.0%	1.0%	1.0%	1.0%
> 30,000 Square Feet	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL GROWTH	**-4.6%**	**-32.3%**	**0.0%**	**-2.4%**	**-8.0%**	**1.0%**	**2.0%**	**0.0%**	**1.0%**	**1.0%**	**1.0%**
MEETINGS & CONFERENCES	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
NON-LOCAL MEETINGS & CONFERENCES	1,530	1,403	1,390	1,212	1,194	1,206	1,325	1,431	1,445	1,460	1,474
LOCAL MEETINGS	510	477	477	418	397	401	434	441	445	449	454
TOTAL MEETINGS & CONFERENCES	**2,040**	**1,880**	**1,867**	**1,630**	**1,591**	**1,607**	**1,759**	**1,871**	**1,890**	**1,909**	**1,928**
MEETINGS & CONFERENCE GROWTH	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
NON-LOCAL MEETINGS	-8.2%	-8.3%	-0.9%	-12.8%	-1.5%	1.0%	9.9%	8.0%	1.0%	1.0%	1.0%
LOCAL MEETINGS	-7.9%	-6.5%	-0.1%	-12.4%	-5.0%	1.0%	8.3%	1.5%	1.0%	1.0%	1.0%
TOTAL GROWTH	**-8.1%**	**-7.8%**	**-0.7%**	**-12.7%**	**-2.4%**	**1.0%**	**9.5%**	**6.4%**	**1.0%**	**1.0%**	**1.0%**
OTHER EVENTS	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
CONSUMER SHOWS	47	58	58	53	48	48	50	46	46	47	47
BANQUETS	1,268	1,060	926	773	657	664	680	701	708	715	722
OTHER	466	213	304	345	342	345	360	331	334	338	341
TOTAL OTHER EVENTS	**1,781**	**1,331**	**1,288**	**1,171**	**1,046**	**1,057**	**1,090**	**1,077**	**1,088**	**1,099**	**1,110**
OTHER EVENT GROWTH	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
CONSUMER SHOWS	-17.5%	23.4%	0.0%	-0.5%	-10.0%	1.0%	4.0%	-9.0%	1.0%	1.0%	1.0%
BANQUETS	-5.2%	-16.4%	-12.6%	-16.5%	-15.0%	1.0%	2.5%	3.0%	1.0%	1.0%	1.0%
OTHER	39.5%	-54.3%	42.8%	13.5%	-1.0%	1.0%	4.3%	-8.0%	1.0%	1.0%	1.0%
TOTAL GROWTH	**3.1%**	**-25.3%**	**-3.2%**	**-9.1%**	**-10.6%**	**1.0%**	**3.2%**	**-1.2%**	**1.0%**	**1.0%**	**1.0%**
TOTAL EVENTS	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
CONVENTIONS	265	276	289	254	251	253	266	253	257	259	262
TRADE SHOWS	62	42	42	41	38	38	39	39	39	40	40
NON-LOCAL MEETINGS & CONFERENCES	1,530	1,403	1,390	1,212	1,194	1,206	1,325	1,431	1,445	1,460	1,474
LOCAL MEETINGS	510	477	477	418	397	401	434	441	445	449	454
CONSUMER SHOWS	47	58	58	53	48	48	50	46	46	47	47
BANQUETS	1,268	1,060	926	773	657	664	680	701	708	715	722
OTHER	466	213	304	345	342	345	360	331	334	338	341
TOTAL EVENTS	**4,148**	**3,529**	**3,486**	**3,096**	**2,926**	**2,955**	**3,154**	**3,240**	**3,274**	**3,307**	**3,340**
TOTAL GROWTH	**-3.1%**	**-14.9%**	**-1.2%**	**-11.2%**	**-5.5%**	**1.0%**	**6.7%**	**2.7%**	**1.0%**	**1.0%**	**1.0%**
SUPPLY	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
CENTRES	11	10	10	10	9	9	10	10	10	10	10
% Change	0.0%	-9.1%	0.0%	0.0%	-10.0%	0.0%	11.1%	0.0%	0.0%	0.0%	0.0%
SQUARE FEET	420,487	387,681	387,681	362,993	346,278	346,278	366,478	357,928	357,928	357,928	357,928
% Change	0.0%	-7.8%	0.0%	-6.4%	-4.6%	0.0%	5.8%	-2.3%	0.0%	0.0%	0.0%
EVENTS PER CENTRE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
CONVENTIONS	24	28	29	25	28	28	27	25	26	26	26
TRADE SHOWS	6	4	4	4	4	4	4	4	4	4	4
NON-LOCAL MEETINGS & CONFERENCES	139	140	139	121	133	134	132	143	145	146	147
LOCAL MEETINGS	46	48	48	42	44	45	43	44	45	45	45
CONSUMER SHOWS	4	6	6	5	5	5	5	5	5	5	5
BANQUETS	115	106	93	77	73	74	68	70	71	71	72
OTHER	42	21	30	35	38	38	36	33	33	34	34
TOTAL	**377**	**353**	**349**	**310**	**325**	**328**	**315**	**324**	**327**	**331**	**334**

Source: PKF Consulting

5.0 ST. JOHN'S CONVENTION CENTRE POSITION WITHIN ATLANTIC CANADA

5.1 Introduction

This section provides an analysis of St. John's positioning within the competitive meeting & convention market in both Atlantic Canada, and the greater Canadian Tier 3 Convention Centre industry.

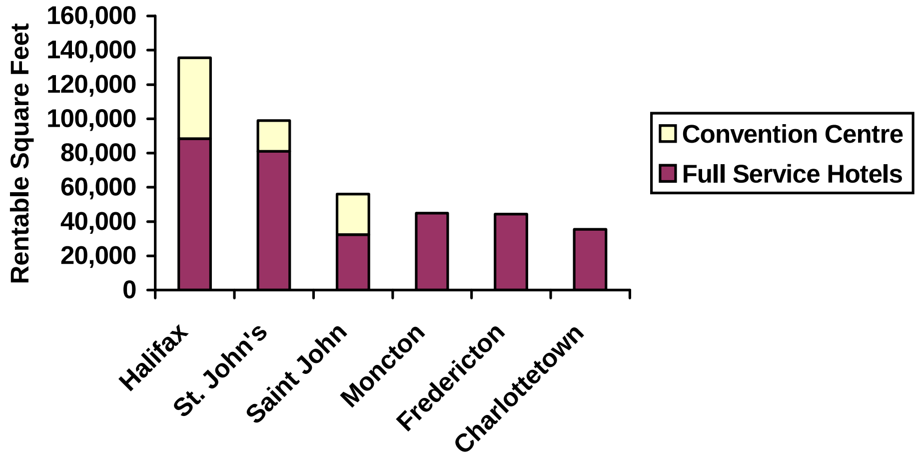
5.2 Convention Centre & Hotel Meeting Space

At 18,200 square feet the St. John's Convention Centre is considered the smallest Convention Centre in Atlantic Canada, as shown in Figure 5-1. As described previously in this report, the Halifax World Trade and Convention Centre offers 50,000 square feet of exhibit space ranking it as the largest Convention Centre in Atlantic Canada. The Saint John Trade and Convention Centre is ranked as 2nd in size in Atlantic Canada, offering 23,464 square feet of rentable space. With the additional 3,000 sq. ft. of rentable space provided by the Hilton Saint John, which is located adjacent to the venue, this Convention Centre offers approximately 27,000 square feet of meeting space. The Fredericton Conference Centre is currently under construction, and is expected to open with 20,200 square feet of rentable space in 2011. Charlottetown is also proposing to build a 25,000 square foot Convention Centre by 2012, while Moncton is currently focused on a new casino development and a multi-use entertainment facility, rather than a Convention Centre. Currently in Charlottetown, the Charlottetown Civic Centre provides 75,000 square feet of exhibit space, while in Moncton, the Crowne Plaza Moncton Downtown and Delta Beausejour combine for approximately 36,000 square feet of rentable space.

St. John's has 10 primary hotel properties, which offer the highest levels of meeting space in the City, with a total of 80,875 rentable square feet. As demonstrated in Figure 5-1, St. John's is ranked **2nd** amongst the Atlantic Canada competitive cities in terms of hotel meeting space for primary hotels. However, Halifax offers more than twice as much hotel meeting space than other Atlantic Canada competitors at 147,881 square feet. Charlottetown and Moncton offer a similar amount of hotel meeting space for primary hotels at 65,186 square feet and 64,886 square feet respectively. Fredericton has 59,799 square feet of rentable meeting space in hotels, while Saint John has the least amount with a total of 51,700 square feet.

Figure 5-1 summarizes the total amount of rentable square footage at Convention Centers and major convention hotels in the key Atlantic markets.

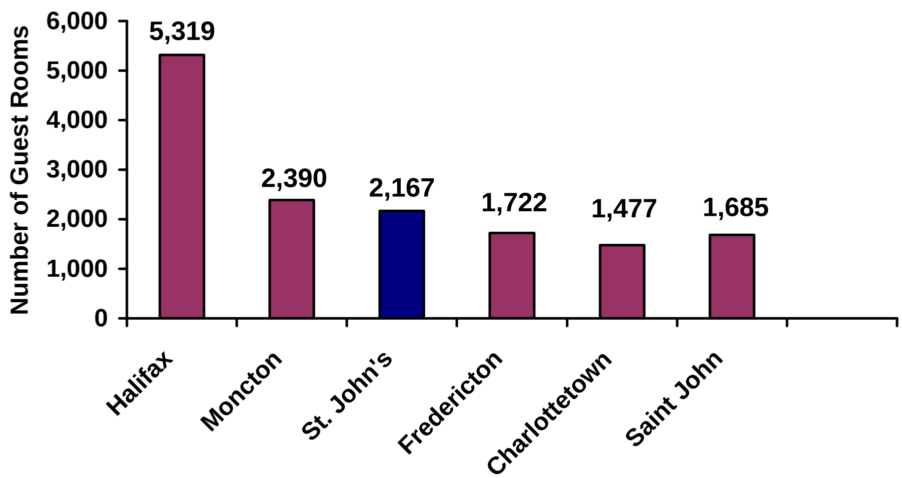
FIGURE 5-1
TOTAL RENTABLE MEETING SPACE IN MAJOR HOTELS AND CONVENTION CENTRES IN ATLANTIC CANADA 2008



Source: PKF Consulting, Destination St. John's - Destination Planner 2007-08

St. John's has a citywide hotel inventory of 2,167 available guest rooms in 19 properties, ranking it **3rd** in available rooms amongst the 6 Atlantic Canada cities, as shown in Figure 5-2. With 5,319 rooms, Halifax is ranked as having the highest room inventory in Atlantic Canada, followed by Moncton that has 2,390 rooms. Fredericton and Saint John, both of which have Convention Centres, and Charlottetown, offer close to the same number of available rooms as each other.

FIGURE 5-2
TOTAL NUMBER OF GUEST ROOMS IN ATLANTIC CANADA 2008



Source: PKF Consulting

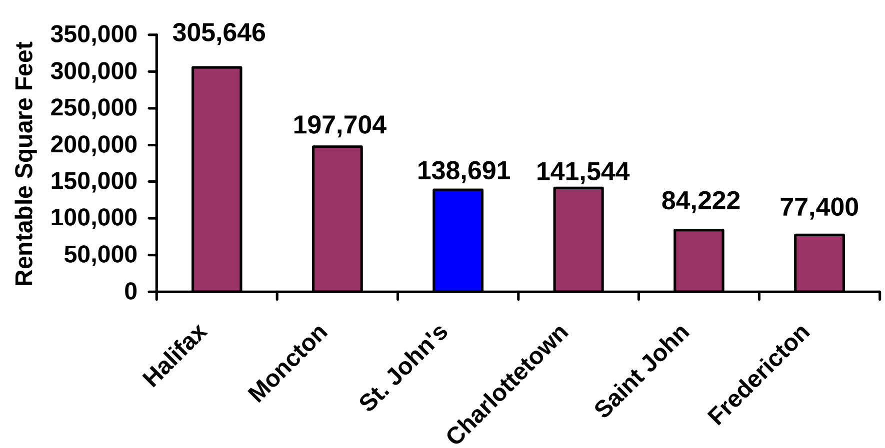
5.3 Meeting Space in Alternative Venues in Atlantic Canada

In all major cities there are numerous alternative convention and meeting venues, offering a wide range of facilities and facility types. Figure 5-3 graphically depicts the rentable square footage provided at these venues within each major Atlantic Canada city centre.

Alternative venues in St. John's include most notably the Memorial University of Newfoundland (MUN), Atlantic Canada’s largest university, at an estimated 73,000 square feet of space. MUN provides lecture halls, reception room, recital halls and accommodation facilities. The remaining alternative meeting spaces of significance in St. John's are the Johnson GEO Centre, the Clovelly Golf Course, Admiral's Green Club House, the Fluvarium, The Rooms, and the Bowring Park Bungalow.

In Halifax, Exhibition Park offers the largest rentable space with 160,000 square feet in total space, including meeting and exhibition facilities. In addition, there are also three major Universities in Halifax; Mount St. Vincent University, St. Mary’s University and Dalhousie University and various other venues throughout the city. Fredericton has the Wu Conference Centre, which is technically a stand-alone facility, yet with 12,500 square feet of meeting space, it is not considered a primary competitor to the larger hotels in Fredericton. Including the 4 major secondary venues offered in Charlottetown (Charlottetown Civic Centre, Confederation Centre of the Arts, University of PEI and the Atlantic Technology Centre), Charlottetown offers an estimated 118,150 square feet of alternative meeting space. Moncton boasts the Moncton Coliseum Complex, which offers 100,000 square feet of rentable space, making it the largest facility of its kind in Atlantic Canada. In addition to the Coliseum, Moncton is home to the University of Moncton with an available 34,892 square feet of meeting space.

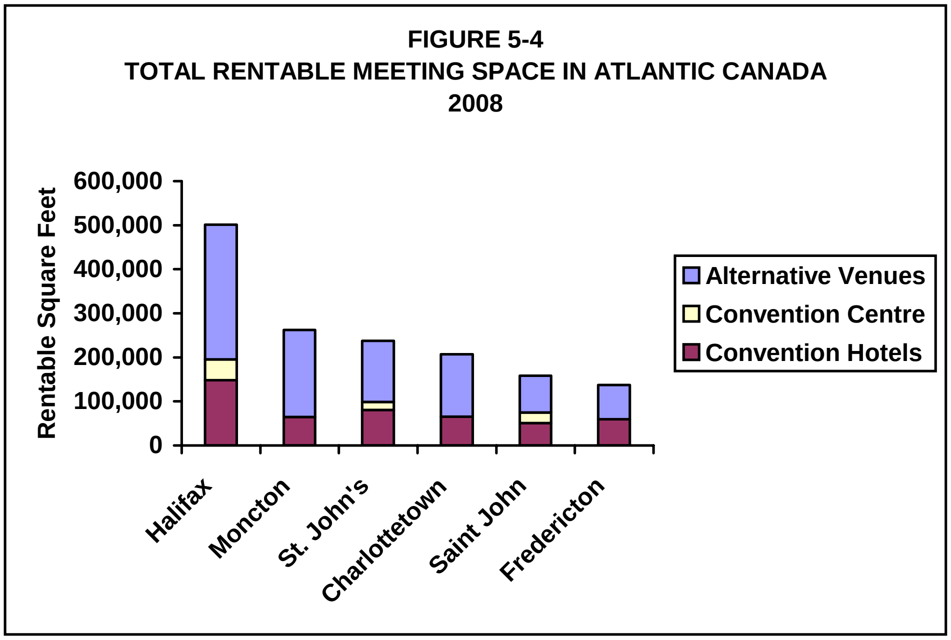
FIGURE 5-3
TOTAL RENTABLE MEETING SPACE AT ALTERNATIVE VENUES IN ATLANTIC CANADA 2008



Source: PKF Consulting

5.4 Total Available Meeting Space

In summary, St. John's has a total inventory of approximately 237,766 square feet of meeting space as detailed in Figure 5-4, ranking the City as **3rd** in terms of available meeting space.



Source: PKF Consulting

Although the St. John's Convention Centre is currently ranked 3rd in terms of total available meeting space, it would surpass Moncton's supply of Convention Hotel meeting space, if the recommended expansion program was put in place. By undergoing the recommended facility expansion program, the St. John's Convention Centre inclusive of the connected meeting facilities at the Delta, will be able to provide close to 55,000 square feet of meeting space under one roof, making St. John's a prime destination for M&C events.

6.0 STAKEHOLDER GROUPS AND MEETING & CONVENTION PLANNER SURVEY RESULTS

6.1 Stakeholder Group Input

In order to obtain stakeholder views on the pros and cons of the potential expansion of the St. John's Convention Centre, PKF Consulting and Tract Consulting solicited input from key industry stakeholders and key user groups, through a series of personal interviews from January 7, 2009 to February 13, 2009. The interviews with key stakeholder groups focused on qualitative issues and the need for facility expansion, while the interviews with existing and potential users focused on quantifying the need and opportunity for expansion. Interviews were conducted with representatives from the following stakeholder groups:

- The City of St. John's
- St. John's Sports and Entertainment (SJSE)
- Destination St. John's
- The Downtown Development Commission
- George Street Association
- The Province of Newfoundland and Labrador - Department of Tourism Culture and Recreation
- Atlantic Canada Opportunities Agency
- Hospitality Newfoundland And Labrador
- Restaurant Association
- The St. John's Board of Trade
- The St. John's International Airport Authority
- Memorial University of Newfoundland
- A cross-section of hotels over 150 rooms and other accommodation providers in the City

The following is a summary of local stakeholder issues relating to the expansion of the SJCC and St. John's tourism infrastructure and its reputation as a meeting/conference destination in general.

- Overall, the size of the SJCC is considered too small, but at the same time, smaller groups avoid it due to the lack of divisibility;

- Divisibility is essential, and an expansion to the SJCC would be necessary in order to support larger conventions of up to 2,500 people, and, in order to compete with other convention destinations (especially Halifax);

- It is believed that one of the current issues with the SJCC is due to the need for unionized employees, who are very expensive;

- Overall, the Convention Centre is underutilized and needs to be made more accessible for winter use and parking;

- Management at the facility should be set up in a manner such as Mile One Centre, with a Management Board and day-to-day professional staff;

- Hoteliers see capacity of the current SJCC serving the downtown core and providing displacement during city-wide events;

- Any plans going forward should include changes to the Convention Centre - there is money for infrastructure, as long as plans are appropriate, i.e. the Building Canada Fund (through ACOA) which supports Infrastructure projects (greater than $5 million);

- The major challenges within St. John's tourism infrastructure include: air service, the number of major hotels (2 in the downtown core), room blocks, and the size and configuration of the SJCC;
- The appeal of St. John's as a meeting/conference destination includes: its exotic location, history, and unique people, and that it is viewed as safe, friendly and hospitable - many visitors come with conventions and end up staying longer, or returning - however, airlift is a concern;
- In terms of air capacity, Air Canada will put in larger aircraft as needed - WestJet has doubled capacity and will also ramp-up as needed but have limited capacity to do so;
- Beginning in 2009, Continental Airlines will offer 7 flights per week to Newark, N.J.;
- In terms of St. John's tourism infrastructure, the accommodations are believed to be sufficient but quality needs to improve;
- There is a tremendous opportunity to grow convention tourism, and there is pent-up demand for conventions in Newfoundland;
- There is a belief that there is too much marketing of the destination as quaint and rural, more conducive to families, not conference/meetings;
- Weakness in luring conference/meeting business to St. John's is due to the belief that the service in St. John's is not like Halifax, that there is still not a "big city mentality"; and
- Delegates going to conventions in St. John's are attracted to the rural aspect of the region, but end up mainly staying in the urban area - the rural areas contribute to the greater economy of St. John's and need to be appropriately promoted.

The feedback received from the various local stakeholder groups has been an essential component of PKF and Tract's evaluation of the operation and functionality of the SJCC. However, some misperceptions have been identified regarding marketing, and issues concerning parking and other local needs of the St. John's Convention Centre have not been considered as critical to the subject study. Consequently, our analysis has focused on issues pertaining to the increase in non-residential meeting and convention activity, which has emphasized in the following section.

6.2 Overview of Meeting & Convention Planner Survey

PKF Consulting developed a questionnaire for distribution to meeting and event professionals to examine overall satisfaction levels with the current facilities at the St. John's Convention Centre, and to assess whether expanded facilities at the Centre could potentially improve the City's penetration into the meetings and convention sector. The survey also focused on the competitive strengths and weaknesses of St. John's as a meeting and convention destination.

The questionnaire was distributed to a sample of meeting planner professionals based predominantly in Central and Eastern Canada. The sample included: clients representing either confirmed or lost business to the City of St. John's; representatives from the Ontario, Quebec and Atlantic chapters of Meetings Professionals International (MPI); and members of the Canadian Society of Association Executives

(CSAE). In total, 619 planners were contacted via email during the period from January 22-February 2, 2009. The response rate was about 11%, with **69 respondents** completing the survey.

Once the data was collected, the analysis included the development of group profiles from the responses. Respondents were questioned about their prior experience in St. John's, both as a visitor and as an event host. A separate set of questions was directed at users of the St. John's Convention Centre specifically. All data were filtered based on the responses to these questions, with the following group profiles identified:

1. **Existing Users of St. John's** – <u>have hosted</u> a meeting or event at any venue in St. John's (including the SJCC) in the past;

    a. **Existing Users of the St. John's Convention Centre (SJCC)**– <u>have hosted</u> a meeting or event <u>at the SJCC</u> in the past;

1. **Potential Users of St. John's** - <u>have not hosted</u> a meeting or event at any venue in St. John's in the past (including the SJCC); and

2. **Non-Users of the SJCC** - <u>have not hosted</u> a meeting or event at any venue in St. John's in the past (including the SJCC), and <u>would not consider hosting</u> an event at the SJCC in future.

The specific responses from these groups have been compared to the results from All Respondents in the following sections. In analyzing the survey, we have focused on the following areas:

- **Participant Group Event Information**
- **Evaluation of St. John's as a Meeting & Convention Destination**
- **Evaluation of the St. John's Convention Centre**
- **Meeting Planner Final Suggestions and Feedback**

The survey is analyzed on the following pages, with the summary data from the SurveyMonkey program provided in **Appendix A,** and unedited responses to open-ended questions included in **Appendix B**.

6.3 Participant Group Event Information

The first section of the survey was focused on the meeting professionals' typical meeting and event needs in order to get a better sense of all user groups for the St. John's Convention Centre.

About 70% of all participants came from organizations with a national scope that might potentially require convention or conference venues in a variety of locations across Canada.

With respect to marketing distribution and research during site selection for large conventions and conferences, the 5 most highly ranked channels in order of importance were:

- Word of Mouth/Third Party Recommendations
- Hotel or Meeting Facility Website
- Previous Experience with Destination/Venue
- Relationship Building with DMO and Meeting and Convention Sales Staff
- Participation in FAM Tours

Those of least importance were:

- Travel section of local/national newspapers
- Advertising in Trade Magazines/Online
- Direct Sales Calls from DMO/CVB

As demonstrated in Table 6-1, the majority of respondents hosted between 1 and 5 events under each of the listed categories, apart from trade shows (55% hosted no trade show events on an annual basis, while 20% hosted between 1-5 events). None of the survey participants host annual consumer shows. Conventions and conferences averaged between 100 and 400 delegates per event for most participant organizations, while meetings ranged generally from 25-50 delegates per event.

TABLE 6-1
AVERAGE SIZE & NUMBER OF EVENTS BY TYPE (ALL RESPONDENTS - N=69)

Type of Events	Total Events	% of Respondents	Total Delegates	% of Respondents
Conventions/Conferences	**1-5**	**77%**	**100-400**	**38%**
Local Meetings	1-5	44%	25-50	31%
Non-Local Meetings	1-5	42%	25-50	27%
Trade Shows	0	55%	0	24%
Consumer Shows	0	100%	0	100%
Food & Beverage/Banquets	1-5	51%	250-400	27%

Source: PKF Consulting - Survey results, Feb/09

In terms of Conventions/Conferences specifically, the survey data show that **77% of respondents hosted between 1-5 events per year**, while 13% of respondents hosted 5-10 per year, 7% hosted 10-25 per year, 1% hosted over 100 per year. With respect to total Convention/Conference delegates, 25% hosted under 100 delegates per event, while **38% hosted between 100-400 delegates per event**. Of the remaining participants, 12% hosted 400-600 per event, 13% hosted 600-800, and 12% hosted over 800 delegates per event.

Out of the total sample of respondents, when asked how many of the largest conventions and conferences required geographic rotation, the average response was 63%, with 84% indicating that their geographic rotation included Atlantic Canada. With respect to connectivity, **49% of respondents indicated a requirement for meeting and exhibition space for their convention/conferences to be physically integrated into one facility.**

6.4 Evaluation of St. John's as a Meeting & Convention Destination

Once the general information was gleaned about the participant organizations and typical event profiles, the survey focused on the level of experience or perceptions that each group held with regard to the City of St. John's. Respondents were initially asked if they had previously travelled to St. John's for any purpose, the results of which are shown in Table 6-2. Of all who responded, 83% had been to St. John's at some point in the past. **Within the sample of Potential Users, 57% had been to St. John's before, while 42% of Non-Users had travelled to St. John's for some purpose. Of the Existing User group, 6% had hosted an event but had not physically set foot in the City.**

TABLE 6-2 CONFIRMED VISITORS TO ST. JOHN'S BY PROFILE	
	% of Total
TOTAL Respondents (n=69)	83%
Existing Users of St. John's (n=48)	94%
Existing Users of SJCC (n=17)	100%
Potential Users of St. John's (n=21)	57%
Non-Users of SJCC (n=12)	42%

Source: PKF Consulting - Survey results, Feb/09

When asked which attributes made them choose St. John's in the past for hosting an event, Table 6-3 shows the top choices by Existing User group. As demonstrated, **geographic requirement for rotation, St. John's friendly atmosphere, and appeal of the downtown** were the most frequent responses for both users of St. John's in general, and specific users of the SJCC.

TABLE 6-3 TOP ATTRIBUTES FOR CHOOSING ST. JOHN'S AS AN M&C DESTINATION		
	Response Frequency	
Answer Options	**Existing Users - St. John's (n=42)**	**Existing Users - SJCC (n=15)**
St. John's is part of my organization's geographic rotation	71%	73%
Friendly people and welcoming atmosphere	64%	67%
Appeal of the Downtown Core for dining/entertainment	52%	60%
Previous Meeting/Convention experience with the destination	50%	53%
Previous Personal experience with the destination	38%	27%
Opportunities for outdoor activities and excursions	33%	40%

Source: PKF Consulting - Survey results, Feb/09

Table 6-4 shows that of all existing users of St. John's, 76% have used the Sheraton Newfoundland, while 57% have used the Delta St. John's, and 28% have used the SJCC. Of the 28% that have used the SJCC for hosting events, 88% have also used the Delta and 75% have used the Sheraton.

TABLE 6-4 TOP VENUES USED IN ST. JOHN'S BY EXISTING USER GROUP		
	Response Frequency	
Answer Options	Existing Users - St. John's (n=46)	Existing Users - SJCC (n=16)
The Fairmont Newfoundland (now Sheraton)	76%	75%
Delta St. John's Hotel and Conference Centre	57%	88%
St. John's Convention Centre	28%	81%
Other Unique Venues	20%	13%
Mile One Centre	9%	25%
Other Hotels	9%	19%

Source: PKF Consulting - Survey results, Feb/09

Furthermore, 100% of all Existing Users stated they would host future events in St. John's, NL.

According to the *2003/2004 Exit Survey* program undertaken by the Department of Tourism, Culture and Recreation for the Government of Newfoundland & Labrador, people coming to the Province for meetings and conventions stay an average of 6.3 nights, and 86% would recommend the province as a vacation destination. As previously discussed in Section 3.0, since that time the Destination Sales Team has gone a long way towards promoting not only the City, but the activities and attractions available throughout Eastern Newfoundland. In order to confirm whether this trend was evident in our sample of meeting planners, existing users of St. John's meeting facilities were asked to estimate the percentage of delegates that have extended their stay for tours and excursions in Newfoundland prior to or after individual events. Table 6-5 shows that existing users estimated that 34-35% of all delegates that came to an event in St. John's chose to extend their stay with pre and post activities in Newfoundland.

TABLE 6-5 FREQUENCY OF EXTENDED STAYS IN NL (EXISTING USERS)			
	Average	Minimum	Maximum
Existing Users - St. John's (n=43)	34%	0%	100%
Existing Users - SJCC (n=16)	35%	2%	75%

Source: PKF Consulting - Survey results, Feb/09

In order to provide a comparative analysis of these results, Existing User respondents were asked to gauge the interest of delegates in extending their stays in the St. John's area, as compared to other Canadian Cities. Table 6-6 demonstrates that 67% of existing users of St. John's meeting facilities and 76% of SJCC users were <u>either more or much more interested in extending their stays</u> in Newfoundland, as compared to other Canadian cities.

TABLE 6-6 INTEREST IN EXTENDED STAYS IN NL, COMPARED TO OTHER CANADIAN CITIES		
Interest Level	**Existing Users - St. John's (n=46)**	**Existing Users - SJCC (n=17)**
Much more interested	**28%**	**29%**
More interested	**39%**	**47%**
No difference	22%	12%
Less interested	0%	0%
Much less interested	0%	0%
Don't know/Unsure	11%	12%
TOTAL	**100%**	**100%**

Source: PKF Consulting - Survey results, Feb/09

6.3 Reasons for Excluding St. John's as an Event Destination

Responses from Potential Users and Non-Users of the SJCC were targeted to determine why meeting and convention planners and their clients might not consider St. John's as a destination. Table 6-7 indicates that from the perspective of Potential Users of M&C venues in St. John's, the top 3 reasons for not hosting events were: **missing exhibition space asset, the inability to host a large convention under one roof, and the shortage of large hotel room blocks**. For those who indicated that they would not host events at the SJCC in future, the **shortage of large hotel room blocks and the fact that the City of St. John's was missing from geographic rotation were the primary reasons.**

In every case, the tops reasons for not using M&C facilities in St. John's were related to physical capacity issues, such as the shortage of large hotel room blocks, with no relation to the appeal of the destination itself.

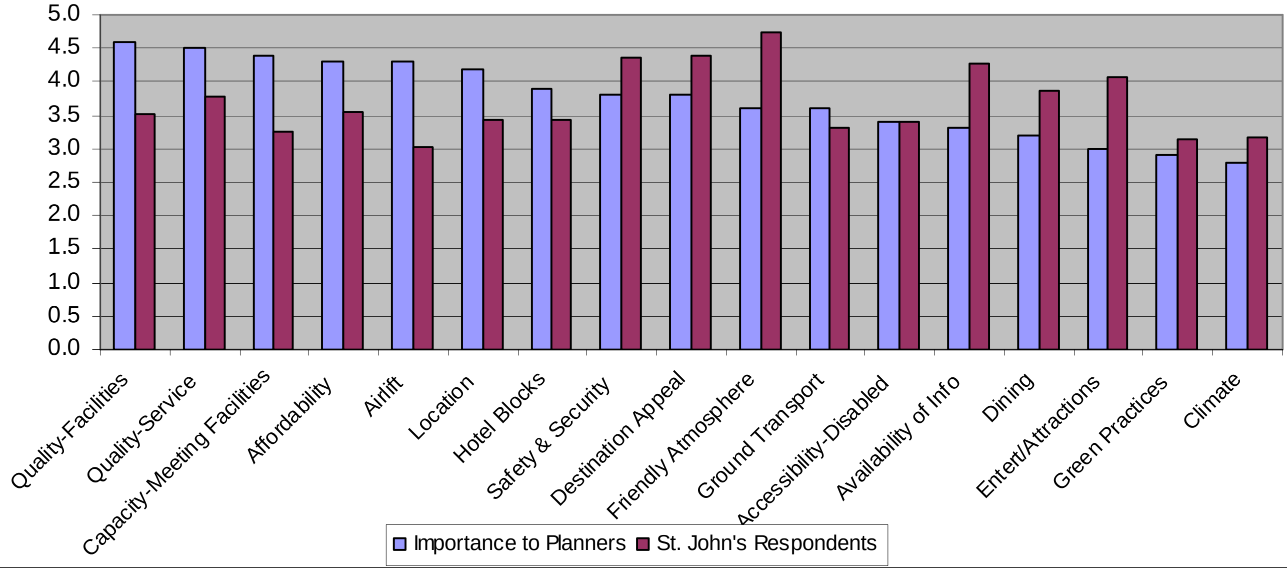
TABLE 6-7 TOP REASONS FOR NOT USING M&C FACILITIES IN ST. JOHN'S		
Reasons for Exclusion	**Potential Users - St. John's (n=17)**	**Non Users - SJCC (n=8)**
Missing exhibition space assets in St. John's	**29%**	25%
Inability to host a large convention under one roof	**29%**	13%
Shortage of large hotel room blocks	**29%**	**38%**
St. John's was not part of my organization's geographic rotation	24%	**38%**
Limited airlift	24%	25%
Flights are too expensive	18%	25%
Not familiar with St. John's as a meeting & convention destination	12%	13%
Requirement for ground transportation to shuttle delegates between hotels and meeting facilities	6%	0%

Source: PKF Consulting - Survey results, Feb/09

6.3.1 Perceptions of St. John's – Overall

Respondents were asked to evaluate the City of St. John's based on their own perceptions and/or experiences. The criteria used for evaluation were chosen based on PKF's prior knowledge of meeting planners' choices for site selection. Figure 6-1 graphically depicts the average respondent's rating of St. John's against the weighted importance the same criteria for the average meeting planner when selecting a site on a scale of 1-5 (1= "very poor", 5 = "excellent").

FIGURE 6-1
PERCEPTIONS/EXPERIENCES WITH ST. JOHN'S AS AN M&C DESTINATION (n=63)



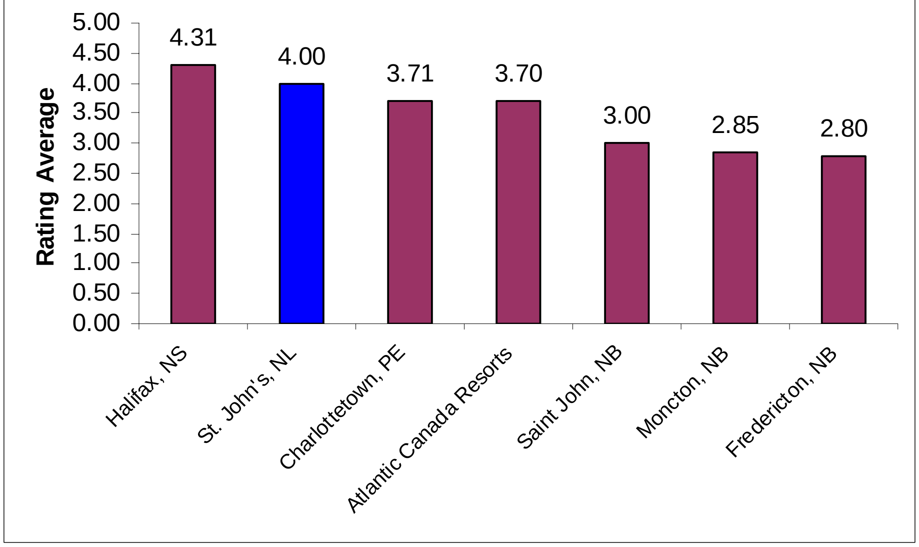
Source: PKF Consulting - Survey results, Feb/09

According to the survey results, St. John's highest attribute was its perceived **friendly atmosphere**, at a score of 4.7. The City was also rated very highly with regard to **destination appeal**, and **safety & security** (4.4). Overall availability of information about the City, and entertainment & attractions were also considered very good at rankings between 4.3 and 4.0 respectively; while dining, and quality of hotel accommodations & meeting facilities were considered "good," with scores between 3.8 and 3.9. Ratings were at a **lower level** with respect to **sufficient exhibition space near meeting venues and hotels**, **and airlift**. According to PKF research, the average meeting planner ranks quality and capacity of hotels/meeting facilities and their services as very important qualifications. Airlift and geographic location were also considered very important to meeting planners, yet St. John's reputation was not perceived as "good" by the sample of respondents. It is important to recognize, however, that these ratings are not necessarily knowledge-based perceptions. Nevertheless, they do represent some of the challenges evident in marketing to the M&C markets.

In addition to rating St. John's on specific criteria relating to the meeting and convention market, respondents were asked to rate their perceptions of the City in relation to other **Atlantic Canada cities**

with regard to its value and appeal as all-encompassing meeting and convention destination on a scale of 0 to 5 (0 = negative perception). According to the perceptions of respondents on the whole, St. John's **ranked second with a score of 4.00**, as demonstrated in Figure 6-2.

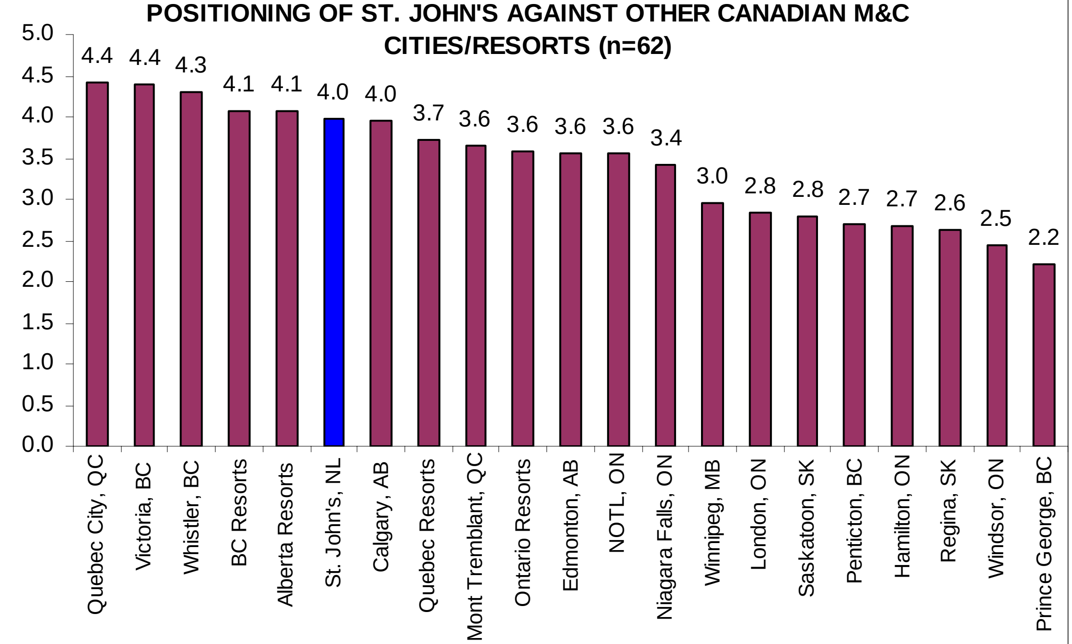
FIGURE 6-2
POSITIONING OF ST. JOHN'S IN ATLANTIC CANADA (n=63)



Source: PKF Consulting - Survey results, Feb/09

In addition to Atlantic Canada positioning, meeting planners were asked to describe the value and appeal of St. John's against other meeting & convention destinations across all of Canada. Figure 6-3 shows that **St. John's ranked 6th among its competitors in the rest of Canada with a score of 4.0**.

FIGURE 6-3
POSITIONING OF ST. JOHN'S AGAINST OTHER CANADIAN M&C CITIES/RESORTS (n=62)



Source: PKF Consulting - Survey results, Feb/09

6.4 Evaluation of St. John's Convention Centre

Table 6-8 shows the top reasons that meeting planners have chosen not to host events at the St. John's Convention Centre in the past, according to each user group. As shown, the primary reasons for all user groups are linked to the lack of capacity at the facility, whether it be in the form of exhibition space, breakout space, and/or crush space.

TABLE 6-8
REASONS FOR NOT HOSTING EVENTS AT THE SJCC IN THE PAST (ALL RESPONDENTS)

Answer Options	Potential Users – St. John's (n=6)	Non Users – SJCC (n=8)	Existing Users – St. John's (n=17)	Existing Users – SJCC (n=5)
Size of Ballroom	67%	67%	35%	40%
Lack of Exhibition Space	**83%**	67%	29%	60%
Lack of Adequate Breakout Space	**83%**	67%	**41%**	**80%**
Lack of Adequate Crush Space	**83%**	**100%**	18%	20%
Insufficient Hotel Room Blocks in Close Proximity	50%	33%	24%	20%
Poor Connectivity to Accommodations and Other City Venues	50%	33%	18%	40%
Difficulty with Booking Procedures	0%	0%	12%	20%

Source: PKF Consulting - Survey results, Feb/09

Some other reasons that were cited for not using the SJCC in the past included the following:

- Lack of membership in the city
- Organization does not need the size or space of the Convention centre
- Requirement of 2-week cancellation without charges
- Don't know enough about the venue and our group does not need that much space
- No direct contact that is always available
- Size of groups are too small for the space

At a more specific level, respondents were asked to describe a ***typical*** event, as well as the ***largest*** event they might hold at the St. John's Convention Centre in terms of delegate numbers. The results of this inquiry are shown in Table 6-9. Potential Users perceived holding larger events on average, indicating an average of **744 delegates for a typical event**, and **1,016 for the largest event** they might hold at the SJCC. Non-Users were the smallest groups on average – with the largest meeting size not exceeding 700 delegates, and an **average group size of 387**.

TABLE 6-9 DIMENSIONS OF TYPICAL AND LARGEST EVENT BY PROFILE (# of Delegates)						
	Typical Event			Largest Event		
User Group	**Average**	**Min**	**Max**	**Average**	**Min**	**Max**
Existing Users - St. John's (n=25)	387	40	1,100	652	40	2,900
Existing Users - SJCC (n=14)	491	200	1,100	821	250	2,900
Potential Users - St. John's (n=11)	744	55	2,000	1,016	100	2,800
Non-Users - SJCC (n=4)	276	55	700	387	100	700

Source: PKF Consulting - Survey results, Feb/09

To best host upcoming or potential event at the St. John's Convention Centre, respondents were asked if they would require additional and/or reconfigured space. Table 6-10 shows the results:

TABLE 6-10 NEED FOR ADDITIONAL/RECONFIGURED SPACE AT SJCC?		
User Group	**Yes**	**No**
Existing Users - St. John's (n=31)	45%	**55%**
Existing Users - SJCC (n=15)	**67%**	33%
Potential Users - St. John's (n=11)	**58%**	42%
Non-Users - SJCC (n=6)	33%	**66%**

Source: PKF Consulting - Survey results, Feb/09

According to the participant data, Existing Users of St. John's meeting facilities (including hotels and other unique venues) were less concerned about the need for expansion and reconfiguration at the St. John's Convention Centre for hosting future events (45%), as compared to those who have used the SJCC specifically in the past (67%). About 58% of Potential Users identified the need for additional and/or reconfigured space to host any future meetings and events, as compared to 33% of Non-Users, which is reflective of the fact that the latter group is comprised of smaller groups that do not travel with conferences as frequently as larger groups. The fact that 58% of potential users and 67% of Existing Users of the SJCC require additional and/or reconfigured space should be seriously considered, since these groups may diminish if the issue of meeting space is not addressed.

Table 6-11 lists the average respondent's rating of potential changes to the St. John's Convention Centre in terms of importance to their own user group's specific hosting needs, on a scale of 1-5 (1= "very poor", 5 = "excellent"). As shown, all user groups identified the most important changes as: **creating divisibility in the existing ballroom and adding more meeting space**.

TABLE 6-11 NEED FOR ADDITIONAL/RECONFIGURED SPACE AT SJCC			
Potential Changes	**Existing Users - St. John's (n=18)**	**Existing Users - SJCC (n=12)**	**Potential Users - St. John's (n=9)**
Divisibility of Existing Ballroom	**2.7**	**2.8**	**3.0**
Additional Meeting Space	**2.7**	**2.7**	**3.0**
Upgraded Kitchen/Catering Facilities	2.3	2.6	2.7
Additional Crush/Lobby Space	2.2	2.3	2.7
Additional Exhibition Space	2.1	2.3	2.7
Upgraded Business Centre	1.9	2.1	2.5

Source: PKF Consulting - Survey results, Feb/09

With respect to actual requirements for additional space, there was a good range answers from the respondents, as identified in Table 6-12. Several respondents mentioned the need for divisibility in ballroom space, with the average size at about 13,000 square feet. The largest response was in relation to meeting space, reflecting a significant need for additional breakout rooms at the SJCC. The minimum request was for 1 additional meeting room at about the same size as the existing 2 rooms (1,200 square feet); however, there were several requests for 20-25 breakout rooms at about 600 square feet each. Exhibition space requirements were less frequent, with the average requirement from respondents at about 26,000 square feet.

TABLE 6-12 REQUIREMENTS FOR ADDITIONAL MEETING SPACE (ALL RESPONDENTS)			
	Average	**Min**	**Max**
Larger Ballroom (n=9)	13,071	5,000	25,000
Meeting Space (n=20)	13,263	1,200	35,000
Exhibition Space (n=11)	26,136	9,000	60,000

Source: PKF Consulting - Survey results, Feb/09

Those respondents with previous experience at the Convention Centre were asked to rate a variety of operational issues on a scale of 1-5 (1= “very poor”, 5 = “excellent”). Table 6-13 shows that the majority of existing users gave the **best scores** to the **quality of service** and **quality of food & beverage** at the SJCC. The **lowest score** for operational issues were given to the **capacity of meeting facilities**, which corresponds to the overall purpose of the subject study.

TABLE 6-13	
RANKING OF OPERATIONS AT SJCC (n=16)	
Operational Issue	Ranking
Quality of Service	3.71
Quality of Food & Beverage	3.50
Facility Rental Pricing	3.31
Pricing of Food & Beverage	3.29
Quality of Meeting Facilities	3.21
Ease of Booking Procedures	3.21
Connectivity to Accommodations	3.00
Capacity of Meeting Facilities	2.79

Source: PKF Consulting - Survey results, Feb/09

6.5 Meeting Planner Final Suggestions and Feedback

Having considered the current perceptions and experiences of meeting professionals with both the City of St. John's and the St. John's Convention Centre, respondents were given the opportunity to answer a few open-ended questions. Appendix B provides the complete list of these responses.

Numerous respondents indicated that their group size was simply too small for the SJCC, and that they preferred to use hotels for their size, however, many were interested in hosting future events at the facility if at all possible. Others mentioned challenges with geographic rotation or unfamiliarity with the facility, but indicated a general interest in using the venue if the opportunity arose. The following is a list of specific comments regarding existing challenges and operational issues with the St. John's Convention Centre:

- The management of the SJCC should be revisited - who was in charge? Who manages what?;
- It is tired and needs renovation;
- The distance via pedway from Delta to CC was poor;
- It is critical to have a contact person who is knowledgeable about all aspects of the facility, i.e. catering, technical, etc;
- Convention Centre needs to be divided - the ballroom space is too large;
- Handicapped access between Delta and Convention Centre is a big issue;
- No business centre/war/situation room for the organisers to meet;
- No small rooms for volunteer lounge;
- Huge Concerns: cleanliness, turnaround time for flipping event space and serious lack of staff;
- Food needs to be more interesting - smaller portions - better priced - fresher produce etc.;
- Better connection to the hotel facilities as weather protected channels;
- The security pricing is too high and should be reviewed;
- Strained movement between hotels, exhibits, banquets and technical sessions;
- The "relationship" between the Delta, Mile One & CC is very cumbersome. It is not a seamless task to inquire about using all for example. Prices are higher at SJCC than the Delta, yet you're comparing two similar menus. Makes it difficult to "choose" the CC over the Delta;
- Need more meeting space; and
- Facing losses in revenues from registration and tradeshow due to capacity issues.

When asked how the SJCC could win the business of Potential Users, respondent replied with the following comments:

- More flexibility in cancellation clause for small meetings;
- Provide divisible meeting space and vehicle accessible meeting space;
- Improve service;
- Create a space that can host a group under one roof, with a 4 or 5 diamond hotel attached;
- Better staff availability;
- Better explanations from sales staff as to what is actually connected to the Convention Centre, therefore convincing us to use this space vs. hotel;
- Be very present in the world of meetings planners; participate in trade shows, forward details of progress, i.e. "the proof is in the pudding" type references;
- Love the place, wonderful facility - simply making the ballroom divisible in three would be a major asset;
- Encourage additional hotels connected to the Convention Centre;
- "Pedway connected" term is scary (increased costs for coffee breaks, AV set-up, etc.)
- Increase capacity; and
- Encourage the growth of our membership so that we outgrow the hotels!

The following are some further highlights from feedback received regarding the City of St. John's as a meeting and convention destination. The most predominant comments are related to airlift and the need for increased exposure through FAM Tours:

- Flights to NL are a challenge - would like to see more direct flights; a good example would be Quebec City, where it's now much easier to get in and out;
- Lack of international flights will always pose an issue to host International groups in Newfoundland;
- While we love the location, we are just a small non-profit organization that has national representation, the travel costs to get to St. John's are prohibitive, which is unfortunate;
- Newfoundland does not have the required product infrastructure to help us put together our event
- The challenges of being on an island does not help with shipping products, as it would increase shipping costs for our exhibitors;
- Provide FAM tours to event planners to showcase what St. John's has to offer;
- Need to convince exhibitors that they can afford to travel to St. John's;
- Need larger 4/5 star properties to attract corporate business;
- Good location but expensive for delegates to get there;
- What St. John's, NL has for it is the people. It is a fantastic destination that welcomes everyone;
- One of our groups would love to meet in St. John's however the City cannot accommodate our meeting due to meeting space requirements in close proximity. Currently Halifax is the only city in Atlantic Canada that can host us, and they need some competition!
- Better upscale dining in the core of downtown St. John's could be an asset, leaving stores open later in the evenings during the week for convention delegates to shop - your cabbies are great!
- St. John's is a great destination but the Convention Centre size is not good for the city - the biggest drawback is the lack of breakout meeting space near the convention centre;
- Everyone enjoys coming to NL - I am sure many attendees use this educational opportunity as an excuse to get to NL!
- I am tremendously impressed with the technology and promotion efforts of St. John's - our goal is to bring a conference to your location;
- As a destination, people had a wonderful time in St. John's. Many of our attendees had never been there before. It is a VERY LONG trip, however, for our members who are on the west coast;
- St. John's is a beautiful city, but the biggest draw back is flight costs. It is cheaper to host in any of the other 3 Atlantic Provinces, because you can drive.

6.6 Conclusion

The main purposes of the Meeting Planner Survey were to determine any potential markets that might have been overlooked for meetings business in the past; whether an expansion the St. John's Convention Centre might help St. John's to capture more business; and what would be considered the competitive strengths and weaknesses of St. John's as a meetings and conventions destination.

As such, our primary conclusions are that the **St. John's Convention Centre is not capturing its fair share of meetings in the 100 to 400 delegates range**, which is the typical size of Conventions/Conferences held by 38% of participants in this survey. Furthermore, 49% indicated a **requirement for meeting and exhibition space to be physically integrated into one facility,** representing another potential loss of business. On the whole there were many attributes that made meeting professional quick to choose St. John's for hosting events, including: the **friendly atmosphere and appeal of the downtown**. Existing Users of the facility also noted that an estimated 76% of their delegates were more interested in extending their stay in Newfoundland, as compared to other Canadian Cities. Potential User Groups of the SJCC noted that **missing exhibition space, inability to host a large convention under one roof, and shortage of large hotel room blocks were top reasons for not hosting in the City.** As noted previously, these are issues relating to physical capacity, and not appeal of the destination itself.

With respect to perceptions and/or experiences of the respondents, St. John's friendly atmosphere, destination appeal and safety & security certainly ranked high, however, **exhibition space and airlift were considered challenges**. Overall, when compared to other M&C destinations, St. John's ranked second in Atlantic Canada (after Halifax), and 6th in terms of other Centres across Canada. Potential Users perceived holding larger events on average, indicating an average of 744 delegates for a typical event, and 1,016 for the largest event they might hold at the SJCC. Non-Users were the smallest groups on average – with an average group size of 387.

With respect to specific needs of these users, 58% of Potential Users and 67% of Existing Users of the SJCC require additional and/or reconfigured space at the St. John's Convention Centre. This is a significant fact, since these groups may diminish if the issue of meeting space is not addressed. Furthermore, all respondents identified the most important changes as **creating divisibility in the existing ballroom and adding more meeting space.** With respect to size of meeting space and ballroom expansion, the average request was in the range of 13,000 square feet. Overall feedback suggested strong destination appeal for the City of St. John's, but lack of capacity for smaller groups in the 100-400 delegate range and adequate breakout/crush space at the St. John's Convention Centre. Many groups are part of a geographic rotation schedule and would like use the facilities, but the size of the Centre is an issue.

7.0 OPERATIONAL OVERVIEW

7.1 Introduction

The following section highlights current ownership and governance agreements, operational challenges, facilities and services, the historic financial performance of the St. John's Convention Centre, and a comparison of its rental rates and operating performance with the averages achieved at other Tier 3 Canadian Convention Centres.

7.2 Ownership and Governance

The St. John's Convention Centre (SJCC) is owned by the City of St. John's and is managed on behalf of the City by St. John's Sports and Entertainment (SJSE), along with the Mile One Centre. Both facilities have been in full operation since May 2001. As it exists today, the St. John's Convention Centre has no direct staff working at the facility. SJSE has negotiated a management contract with the Delta St. John's Hotel to provide exclusive catering services to the Convention Centre, and to negotiate meeting and event bookings, which are often directed through Destination St. John's.

7.3 Operational Process Considerations

In addition to selling their own event bookings, the Delta Hotel has been given responsibility of negotiating event bookings at the SJCC. With respect to the process of booking larger conventions that encompass a trade show component, and require additional facilities at the Mile One Centre, booking must be done separately by location. This process often causes challenges when higher-yielding concert opportunities are available at shorter lead times. Furthermore, the pedway connections between the Delta and St. John's Convention Centre are configured such that convention delegates have the opportunity to by-pass a trade show that is being held at the Mile One Centre.

The pedway connections also cause operational difficulties with respect to food and beverage functionality. As mentioned, all catering services are provided through the Delta Hotel & Conference Centre. Although refrigerators and preparation areas are provided at the SJCC, food is often prepared and delivered from the Delta directly, which may cause challenges with regard to food quality and temperature.

7.4 Finance and Operations

Based on a review of the Convention Centre's operating statements and our understanding of its operations through discussions with St. John's Sports & Entertainment management, a number of general adjustments have been made in order to evaluate the Centre's utilization and income-generating potential.

Exhibit 7-1 provides an adjusted summary of operating performance at the St. John's Convention Centre from the 2006/07 fiscal year-ends through to year-to-date November 30, 2008/09 results. The Convention Centre operates with a May 31st year-end, which corresponds to the seasonal nature of meeting and convention activity.

Gross Revenues from SJCC operations totaled $1.08 million in 2007/08, down 2.5% from the $1.11 million generated in the 2006/07 fiscal year. As of YTD 2008/09, gross revenues were reported at $874,190.

As shown, Food and Beverage revenues have decreased from 84% to 81% of total revenues, while Space Rental Fees have increased from 16% to 19% of total revenues. Year-to-date 2008/09 results indicate a further increase in Space Rental Fees to 21% of total revenues, as reflective of increasing price points.

Direct Expenses at the Convention Centre declined from 61% of total revenues in 2006/07 to 58% in 2008, and are currently estimated at 57% year-to-date 2008/09.

Costs of Goods Sold are derived from all food and beverage products purchased for the Convention Centre. The historic statements indicated a decrease in COGS as a percentage of total Food & Beverage Revenues, from 22.4% to 21.4% in 2007/08, however, year-to-date 2008/09 figures show a further increase to 23.5%.

Payroll & Benefits expenses are a direct allocation from the Delta Hotel. As shown in Exhibit 7-1, these expenses declined from $363,039 to $300,962 in 2007/08 over 2006/07. Operating expenses have increased from 5.6% of total revenues to 8.4% in 2007/08, and have already surpassed last year's total expenses as of YTD 2008/09, at $95,423 over $91,307 in 2007/08. This is due in part to the increase in large convention bookings in 2009 over 2008.

Gross Operating Profit has increased on a percentage of total revenue basis, from 39.4% in 2006/07 to 42.3% in 2007/08, and is holding steady at 42.8% in 2008/09.

Undistributed Expenses have been adjusted to include Payroll & Benefit allocations, which would be considered appropriate if the Convention Centre were to operate as a separate entity unto itself.

Administration & General expenses were not included in operating statements provided by SJSE. However, based on discussions with management, Payroll & Benefits for A&G have been included at 15% of the General Manager and C.F.O. of Mile One Centre (SJSE), which corresponds to about 3% of total revenues at SJCC.

EXHIBIT 7-1
ST. JOHN'S CONVENTION CENTRE - HISTORIC OPERATIONS SUMMARY, ADJUSTED
2006/07 - 2007/08 and 2008/09 YTD

	YE May 31/2007 (12 Months)		YE May 31/2008 (12 Months)		YTD Nov 30/2008 (6 Months)	
	$	%	$	%	$	%
REVENUES						
Food & Beverage	$935,271	84.3%	$873,446	80.7%	$687,637	78.7%
Space Rental Fees	$174,534	15.7%	$208,922	19.3%	$186,553	21.3%
TOTAL REVENUES	**$1,109,805**	**100.0%**	**$1,082,368**	**100.0%**	**$874,190**	**100.0%**
DIRECT EXPENSES						
Costs of Goods Sold	$248,227	22.4%	$231,857	21.4%	$205,625	23.5%
Payroll & Benefits	$363,039	32.7%	$300,962	27.8%	$198,741	22.7%
Operating Expenses	$61,703	5.6%	$91,307	8.4%	$95,423	10.9%
TOTAL DIRECT EXPENSES	**$672,969**	**60.6%**	**$624,126**	**57.7%**	**$499,789**	**57.2%**
GROSS OPERATING PROFIT	**$436,836**	**39.4%**	**$458,242**	**42.3%**	**$374,401**	**42.8%**
UNDISTRIBUTED EXPENSES						
Administration & General						
Payroll & Benefits	$32,663	2.9%	$32,663	3.0%	$16,332	1.9%
Other Costs	$0	0.0%	$0	0.0%	$0	0.0%
Subtotal - A&G	**$32,663**	**2.9%**	**$32,663**	**3.0%**	**$16,332**	**1.9%**
Sales & Marketing						
Payroll & Benefits	$8,275	0.7%	$8,275	0.8%	$4,138	0.5%
Other Costs	$20,627	1.9%	$2,930	0.3%	$0	0.0%
Subtotal - S&M	**$28,902**	**2.6%**	**$11,205**	**1.0%**	**$4,138**	**0.5%**
Property, Operation & Maintenance						
Payroll & Benefits	$76,145	6.9%	$76,145	7.0%	$38,073	4.4%
Other Costs	$47,151	4.2%	$66,379	6.1%	$43,849	5.0%
Subtotal - POM	**$123,296**	**11.1%**	**$142,524**	**13.2%**	**$81,922**	**9.4%**
Utilities	$112,707	10.2%	$122,633	11.3%	$48,540	5.6%
Insurance	$30,370	2.7%	$30,000	2.8%	$15,000	1.7%
Pedway System	$12,720	1.1%	$12,767	1.2%	$12,720	1.5%
SJSEL/ACVB Costs	$20,000	1.8%	$0	0.0%	$0	0.0%
Other (SOCAN, IT Support)	$77	0.0%	$14,156	1.3%	-$471	-0.1%
TOTAL UNDISTRIBUTED EXPENSES	**$360,736**	**32.5%**	**$365,948**	**33.8%**	**$178,180**	**20.4%**
NET OPERATING INCOME	**$76,101**	**6.9%**	**$92,294**	**8.5%**	**$196,220**	**22.4%**
OTHER						
Base Management Fees	$150,000	13.5%	$150,000	13.9%	$75,000	8.6%
Incentive Fees	$127,753	11.5%	$122,586	11.3%	$96,363	11.0%
Property Taxes	$0	0.0%	$0	0.0%	$0	0.0%
EBITDA	**-$201,652**	**-18.2%**	**-$180,292**	**-16.7%**	**$24,858**	**2.8%**

Source: St. John's Sports and Entertainment Centre

Sales & Marketing expenses were reported at $20,627 in 2006/07. These costs included advertisement on behalf of the Convention Centre, which dropped to $2,930 in 2007/08, as Destination St. John's now conducts much of the sales and advertising for the Centre. With respect to Payroll & Benefits, SJSE management has allocated 10% of the salary of the Senior Manager of Sales and Marketing for SJSE to the Convention Centre.

Property Operations & Maintenance accounted for the majority of undistributed expenses at the SJCC, which totaled 32.5% of total revenues in 2006/07 and 33.8% in 2007/08.

There are no Property Taxes paid by the Convention Centre, as it is a City-owned facility.

Base and Incentive Management Fees paid to the Delta Hotel are based on an annual base management fee of $150,000, plus an incentive fee of 25% of the Gross Operating Profit (Direct Revenues minus Direct Expenses).

Annual Operating Deficit

Including the adjusted allocations for undistributed expenses from the SJSE operations, the St. John's Convention Centre had an operating deficit of approximately $202,000 in 2007; with the deficit improving to $180,300 in 2008.

7.5 Rental Rate Comparison with Other Tier 3 Convention Centres

Current rental rates for the St. John's Convention Centre are summarized in Table 7-1 below.

TABLE 7-1
ST. JOHN'S CONVENTION CENTRE RENTAL FEES

Meeting Room	Square Feet	Set Up/Tear Down Daily Rate	Full Day Rental Fee*	24 Hour Rental Fee**
Marconi Convention Hall	16,000	$1,750	$3,500	$3,500
Alcock Room Mtg Room # 1	1,100	$250	$375	$475
Brown Room Mtg Room # 2	1,100	$250	$375	$475

** Full Day Rental Fee: applies between MIDNIGHT to MIDNIGHT on the same day.*
*** 24 Hour Rental Rate: applies MIDNIGHT – MIDNIGHT on the same day*
Source: St. John's Convention Centre Rental Fee Fact Sheet

As summarized in Table 7-2, the rental rate for the Marconi Ballroom at $0.22 per square foot, is approximately 15% below the average for other Tier 3 Centres, at $0.25 per square foot, while set up/tear down rates are 68% above the norm at $0.11 per square foot compared to an industry average of $0.07 per square foot. Meeting room rentals at the SJCC are also above the norm at $0.34 per square foot compared to an industry average of $0.29. Full day rental rates at competitive Tier 3 Centres range from a low of $2,400 for similar size ballrooms at Penticton and Prince George to a high of $8,000+ for larger ballrooms of up to 20,000 square feet at Convention Centres in Halifax and London, with full day rental fees for the largest meeting room ranging from a low of $170 to $285 for a 1,000 to 1,400 square foot meeting room to a high of $3,000 to $4,000 for meeting rooms in excess of 10,000 square feet.

TABLE 7-2
TIER 3 CDN CONVENTION CENTRE RENTAL FEE ANALYSIS

Room	St. John's Convention Centre	Avg Tier 3 Centres
Largest Ballroom		
Square Footage	**16,000**	**21,374**
Full Day Rental Fee	$3,500	$5,426
Fee/sq.ft.	**$0.22**	**$0.25**
Set-up/Tear-down Rate	$1,750	$1,393
Fee/sq.ft.	**$0.11**	**$0.07**
Largest Meeting Room		
Square Footage	1,100	5,727
Full Day Rental Fee	$375	$1,679
Fee/sq.ft.	**$0.34**	**$0.29**

Source: SJCC Rental Fee Fact Sheet and PKF Consulting Research
Averages based on 8 Tier 3 Centres

7.6 Operating Performance Comparison with Other Tier 3 Convention Centres

Table 7-3 provides a comparison of the operating performance of the St. John's Convention Centre with the average of other Tier 3 Convention Centres operating in the following centres:

- Halifax
- Hamilton
- London
- Ottawa
- Penticton
- Prince George
- Victoria

The comparison has been based on the fiscal 2007 year-end performance of the SJCC with the 2003 and 2004 operating performance of the comparable centres.[16]

Compared to other Tier 3 Centres, the SJCC currently offers approximately 2.5 times less rentable space than its competitors, with its largest contiguous space at 16,000 square feet, approximately 60% of the average size of other Centres at 26,000 square feet.

In 2007, the SJCC achieved total gross revenues of $1.1 Million, or approximately 27% of the average $3.8 to $4.0 Million in revenues achieved by other comparable Tier 3 Centres in Canada. After adjusting

[16] 2003 and 2004 are the most recent years for which PKF has full financial operating statements for the 7 comparable Tier 3 Convention Centres, for PKF's *Trends in the Canadian Convention Centre Industry*.

for staff allocations from the SJSE, the SJCC had close to $1.3 Million in operating expenses in 2007, as compared to approximately $4.4 Million in operating expenses achieved by comparable Tier 3 Centres (approximately 29% of the average). Accounting for all fixed and variable expenses, the operating deficit before property taxes and debt service at the SJCC was approximately $181,000 in 2007, compared to an average of $337,000 to $502,000 at other Centres. After property taxes (only 1 of the 7 Tier 3 Centres reported property tax payments) and debt service, the average operating deficit at the comparable Centres increased from $458,000 to $656,000. On a per rentable square foot basis, the operating performance of the SJCC is in line with other Tier 3 Convention Centres, with operating deficits averaging 117% of total revenues, or -$0.03 per rentable square foot.

TABLE 7-3
COMPARISON OF SJCC'S OPERATING PERFORMANCE WITH OTHER COMPARABLE TIER 3 CDN CENTRES

	SJCC 2007	AVG TIER 3 CENTRES 2003	2004
TOTAL RENTABLE SQUARE FEET	18,200	44,597	44,597
Largest Contiguous Space	16,000	25,911	25,911
OPERATING RESULTS			
Total Gross Revenue All Sources	$1,082,368	$4,047,823	$3,857,295
Total Operating Expenses	$1,262,660	$4,384,692	$4,359,499
Net Operating Revenue/Loss	**-$180,292**	**-$336,870**	**-$502,204**
Less:			
Property Taxes or Payments in Lieu of Taxes	$0	$58,358	$56,475
Loan Repayment		$0	$0
Contribution to Capital Reserve(Future)		$57,677	$88,609
Contribution to Future Operating Reserve		$5,243	$8,429
Net Revenue/Loss	**-$180,292**	**-$458,147**	**-$655,716**
Revenue Per Rentable Sq.Ft.	$0.19	$0.43	$0.41
Expenses Per Rentable Sq.Ft.	$0.19	$0.27	$0.27
NOI Per Rentable Sq.Ft.	-$0.03	-$0.02	-$0.03
NOI after Other Fixed Expenses per Rentable Sq.Ft.	-$0.03	-$0.03	-$0.04

Sources: SJCC Operating Statement (adjusted) and
PKF's Trends in the Convention Centre Industry 2003 and 2004

From a financial operating perspective, the SJCC clearly benefits from its:

- Operating relationship with the St. John's Entertainment Group, through its operation of the Mile One Complex;
- Sales relationship with Destination St. John's; and
- 3rd party management contract with the Delta Hotel.

Comparable Tier 3 Convention Centres which are operated by an arms length agency with its own Board and management structure typically have administrative costs in the order of $300,000 to $400,000 per annum; marketing expenses of $300,000 per year; other operating expenses for building and maintenance in the order of $300,000; internal foodservice operations; and operating with total annual deficits in the range of $500,000 to $600,000. At the same time, however, these Centres do not have any operating expenses related to 3rd party management contracts, as is the situation with the SJCC.

8.0 SJCC UTILIZATION PROJECTIONS

8.1 Introduction

Based on the foregoing research and analysis, we have prepared utilization projections for the existing and expanded SJCC for the following 4 segments of demand:

- Conventions
- Trade Shows
- Meetings and Conferences
    - Non Local Meetings & Conferences
    - Local Meetings
- Other Events
    - Consumer Shows
    - Banquets
    - Other Events

These 7-year projections (2009 to 2015) have been based on the following 2 scenarios:

1) **Recommended Facility Expansion Program to Provide 34,650 sq. ft. of rentable space**
    - The continued "as is" operation of SJCC from 2009 to 2011, with the recommended facility upgrades and expansions completed by 2012 and projections to 2015;

2) **Minimum Facility Improvements to Provide 24,200 sq. ft. of rentable space**
    - s above, with the minimum facility upgrades and expansions completed by 2012.

In preparing these projections, we have reflected an operating philosophy of minimizing the potential competitive impacts on the existing St. John's downtown hotels and the Mile One Complex. As such, we would not see the facility attempting to attract Trade or Consumer Shows, which could otherwise be accommodated at the Mile One Centre, and we would not see the facility catering extensively to a disproportional amount of local meetings/banquets, which could otherwise be accommodated at local hotels or banquet venues. It should also be noted, that we have not reflected any potential negative impact on operations, through the construction phase of the SJCC expansion.

8.2 Utilization Projections

In assessing the current and potential levels of utilization of the SJCC, we have examined the level of demand, which has historically been generated by event segment. These projections are summarized in Exhibits 8-1 through 8-5 for Scenario 1 (Recommended Facility Expansion) and Exhibits 8-6 to 8-10 for Scenario 2 (Minimum Facility Improvements) and reflect the current and projected performance of the St. John's market relative to its primary competitors in the Tier 3 segment. In preparing these projections, we have utilized the concept of fair market share, where the subject SJCC, should be in a position to capture a share of demand equal to its share of available Convention Centres in the Tier 3 market for each of the primary demand segments. A penetration rate greater than 100% is above fair share, and a penetration rate below 100% is below fair share.

8.2.1 Convention Demand

Exhibits 8-1 and 8-6 detail the projections for the subject SJCC in the Convention segment by event size and development scenario, with Table 8-1 below summarizing these projections over the 2009-2015 forecast period.

During the past 4 years (2005 to 2008), the SJCC has hosted between 8 and 15 conventions per year, with an average attendance of 450 delegates per convention. Approximately 40% of the total conventions hosted at the SJCC during the past 4 years have been 500+ delegates in size, with 38% between 250 to 500 delegates and 20% less than 250 delegates. Based on DSJ bookings and increased sales efforts, convention activity at the SJCC appears to be rebounding back to 2007 levels in 2009, particularly for groups with over 250 delegates. Over the next 3 years (2009 to 2011), the SJCC is projected to attain similar levels of activity, at 15 conventions per year, for a market penetration of 55% of its fair market share.

With the **recommended expansion of the subject SJCC** to 34,650 sq. ft. of rentable space by 2012, the Centre is expected to attract 15 Conventions of less than 500 delegates and 9 larger Conventions of between 500 and 1,000, reflecting a market penetration of 94.9% of its fair share. As the renovated and expanded SJCC increases its market exposure, penetration levels have been forecast to increase to 115% of fair market share by 2015, when the Centre is forecast to host 30 conventions, 17 of which will be less than 500 delegates in size; and 11 of which will be over 500 delegates in size.

In comparison, with the **minimum facility improvements** in place by 2012, the SJCC is projected to attract 17 conventions in its first year of renovation, increasing to 23 conventions by 2015. While the Centre's market penetration is projected to improve from 55% to 88% primarily due to the addition of additional break out space and a divisible ballroom, the SJCC will continue to achieve less than its fair market share in the Convention segment, because of its size limitations.

TABLE 8-1 PROJECTED CONVENTION DEMAND - SJCC							
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
TIER 3 MARKET AVG PER CENTRE	**28**	**28**	**27**	**25**	**26**	**26**	**26**
Subject SJCC Recommended Facility Expansion							
< 250 Delegates	0	1	1	6	7	8	8
251-500 Delegates	8	8	8	9	10	11	11
> 500 Delegates	7	6	6	9	10	11	11
Total Conventions	**15**	**15**	**15**	**24**	**27**	**30**	**30**
SJCC Fair Market Share	*53.8%*	*53.3%*	*56.4%*	*94.9%*	*105.1%*	*115.6%*	*114.5%*
Subject SJCC Minimum Facility Improvements							
< 250 Delegates	0	1	1	4	5	6	6
251-500 Delegates	8	8	8	7	8	9	9
> 500 Delegates	7	6	6	6	7	8	8
Total Conventions	**15**	**15**	**15**	**17**	**20**	**23**	**23**
SJCC Fair Market Share	*53.8%*	*53.3%*	*56.4%*	*67.2%*	*77.9%*	*88.6%*	*87.8%*

Source: PKF Consulting

8.2.2 Trade Show Demand

Exhibits 8-2 and 8-7 detail the projections for the SJCC in the Trade Show segment by event size and development scenario, while Table 8-2 provides a summary of the projections over the 2009 to 2015 period.

In 2007, the SJCC hosted 1 Trade Show, and the following year the Centre hosted 3 Trade Shows. Although Tier 3 Convention Centers' typically attract 4 trade shows per year, we do not foresee an improvement in this segment of demand, because the adjacent Mile One Centre with its 33,000 square feet of exhibition space already has adequate facilities to accommodate trade show only events. However, this will not preclude the renovated and expanded SJCC, with its divisible ballroom from catering to trade shows associated with conventions it is hosting. Therefore for the purposes of this analysis, we have projected that the SJCC will continue to attract 1 Trade Show per year, despite undergoing the recommended facility expansion.

TABLE 8-2 PROJECTED TRADE SHOW DEMAND - SJCC							
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
TIER 3 MARKET AVG PER CENTRE	**4**	**4**	**4**	**4**	**4**	**4**	**4**
Subject SJCC							
Total Trade Shows	**1**	**1**	**1**	**1**	**1**	**1**	**1**
SJCC Fair Market Share	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*

Source: PKF Consulting

8.2.3 Non-Local and Local Meetings Demand

Exhibits 8-3 and 8-8 detail the projections for the subject SJCC in the Meetings and Conference event segment, by number of events and development scenario with Table 8-3 and 8-4 below summarizing these projections over the 2009-2015 forecast period for both non-local and local meetings.

During the past 4 years (2005 to 2008) the SJCC hosted from 2 to 10 non local meetings per year, averaging 1 night in duration. Given its location as a fly-to island destination for out of province meetings, the majority of demand for non-local meetings of 1 night tends to be provincial and/or Atlantic Canada in nature. Because of its limited meeting room space, the overwhelming majority of non-local meetings have typically been hosted by St. John's hotels, rather than the SJCC. Typically Tier 3 Convention Centres have averaged 120 to 140 non-local meetings per year since 2005, and are projected to achieve from 135 to 147 events over the next 5 to 7 years. With 10 non-local meetings hosted by SJCC in 2008, the Centre achieved well below its fair market share of demand, at a penetration of 8.2%, and according to year-to-date bookings is projected to attract 8 non-local meetings in 2009, decreasing its penetration rate to 6.0%.

With the **recommended expansion and reconfiguration** of the SJCC by 2012, offering 34,650 square feet of rentable space, we have projected that the subject facility will see a modest increase in its penetration to 11% of fair share from the non-local meetings segment, increasing from 12 to 16 meetings over the 2012 to 2015 period.

For comparative purposes, should the SJCC only undergo the **minimum facility improvements**, demand for non local meetings is projected to increase from its current level of 8 meetings per year to 14 by 2015.

TABLE 8-3
PROJECTED NON-LOCAL MEETINGS- SJCC

	2009	2010	2011	2012	2013	2014	2015
TIER 3 MARKET AVG PER CENTRE	**133**	**134**	**132**	**143**	**145**	**146**	**147**
Subject SJCC Recommended Facility Expansion							
Non Local Meetings	**8**	**8**	**8**	**12**	**14**	**16**	**16**
SJCC Fair Market Share	*6.0%*	*6.0%*	*6.0%*	*8.4%*	*9.7%*	*11.0%*	*11.0%*
Subject SJCC Minimum Facility Improvements							
Non Local Meetings	**8**	**8**	**8**	**10**	**12**	**14**	**14**
SJCC Fair Market Share	*6.0%*	*6.0%*	*6.0%*	*7.0%*	*8.3%*	*9.5%*	*9.5%*

Source: PKF Consulting

In addition to multi-day meeting events, Tier 3 Convention Centre's also attract one-day local meetings, with the average Centre forecast to host 45 events per year. Between 2006 and 2008, the SJCC hosted 10 to 17 local meetings per year, equating to a penetration level of 21 % to 41% of its fair share, and is projected to attract 15 local meetings over the next 3 years.

With a better configured Convention Centre, offering a range of meeting room sizes under the **recommended facility program**, the subject SJCC is projected to host 20 local meetings during its 1st year of expansion, increasing to 25 meetings by 2015, representing 56% of its fair market share.

With the **minimum facility improvements** in place by 2012, the Centre is projected to cater to an additional 5 local meetings per year, compared to its current position of 15 local events. While the facility could potentially attract more local day-use demand, we are suggesting that it not be positioned to compete with local St. John's hotels or banquet venues for this source of demand.

TABLE 8-4 PROJECTED LOCAL MEETINGS- SJCC							
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
TIER 3 MARKET AVG PER CENTRE	**44**	**44**	**43**	**44**	**44**	**45**	**45**
Subject SJCC Recommended Facility Expansion							
Local Meetings	**15**	**15**	**15**	**20**	**23**	**25**	**25**
SJCC Fair Market Share	*34.1%*	*34.1%*	*34.6%*	*45.4%*	*51.7%*	*55.6%*	*55.6%*
Subject SJCC Minimum Facility Improvements							
Local Meetings	**15**	**15**	**15**	**17**	**19**	**20**	**20**
SJCC Fair Market Share	*34.1%*	*34.1%*	*34.6%*	*38.7%*	*42.8%*	*44.6%*	*44.6%*

Source: PKF Consulting

8.2.4 Consumer Shows

Exhibits 8-4 and 8-9 detail the projections for the SJCC in the Consumer Show segment by development scenario, while Table 8-5 provides a summary of the projections over the 2009 to 2015 period.

Tier 3 Convention Centers' within the competitive market are projected to attract 5 consumer shows per year over the forecast period. Similar to Trade Shows, we have not increased the SJCC's penetration within this segment of demand above its current average of 3 Consumer Shows per year, under either development scenario. Rather we have assumed that the Mile One Centre with its 33,000 square feet of exhibition space will continue to provide the primary venue for Consumer Shows in St. John's.

TABLE 8-5 PROJECTED CONSUMER SHOW DEMAND - SJCC							
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
TIER 3 MARKET AVG PER CENTRE	**5**	**5**	**5**	**5**	**5**	**5**	**5**
Subject SJCC Recommended Expansion and/or Minimum Facility Improvements							
Total Consumer Shows	**3**	**3**	**3**	**3**	**3**	**3**	**3**
SJCC Fair Market Share	*60.0%*	*60.0%*	*60.0%*	*60.0%*	*60.0%*	*60.0%*	*60.0%*

Source: PKF Consulting

8.2.5 Banquets and Other Events

As detailed in Exhibits 8-5 and 8-10 and summarized in Table 8-6 below, the competitive Tier 3 Convention Centre market has been projected to hold an average of 68 to 72 banquets per year, in addition to 34 other events. With the **recommended expansion facility program** in place by 2012, we have forecast the Centre to increase its foodservice business from 20 to 30 banquets per year (42% penetration rate), while the **minimum facility upgrades** are expected to see an increase from 20 to 25 banquets per year. Given the Mile One's success in hosting sports and entertainment events, we have not projected an increase in Other Events business at the SJCC under either development scenario, with the Convention Centre continuing to attract an average of 1 other event per year.

TABLE 8-6
PROJECTED BANQUETS & OTHER DEMAND - SJCC

	2009	2010	2011	2012	2013	2014	2015
TIER 3 MKT AVG BANQUETS PER CENTRE	**73**	**74**	**68**	**70**	**71**	**71**	**72**
TIER 3 MKT AVG OTHER EVENTS PER CENTRE	**38**	**38**	**36**	**33**	**33**	**34**	**34**
Subject SJCC Recommended Facility Expansion							
Banquets	20	20	20	22	25	30	30
Other Events	1	1	1	1	1	1	1
Total Banquets & Other Events	**21**	**21**	**21**	**23**	**26**	**31**	**31**
SJCC Banquet Fair Market Share	*27.4%*	*27.1%*	*29.4%*	*31.4%*	*35.3%*	*42.0%*	*42.0%*
SJCC Other Fair Market Share	*2.6%*	*2.6%*	*2.8%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
Subject SJCC Minimum Facility Improvements							
Banquets	20	20	20	22	24	25	25
Other Events	1	1	1	1	1	1	1
Total Banquets & Other Events	**21**	**21**	**21**	**23**	**25**	**26**	**26**
SJCC Fair Market Share	*27.4%*	*27.1%*	*29.4%*	*31.4%*	*33.9%*	*35.0%*	*35.0%*
SJCC Other Fair Market Share	*2.6%*	*2.6%*	*2.8%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*

Source: PKF Consulting

8.3 Projected Number of Delegates

In estimating the projected attendance levels for the subject St. John's Convention Centre, the following assumptions have been utilized for each type of event.

8.3.1 Conventions

- With **the recommended facility expansion** in place by 2012, the SJCC will be in a position to not only attract larger conventions but to effectively capture lost demand by providing a properly configured Convention Centre. Conventions of 250 to 500 delegates will average 300 persons and require about 15,000 square feet of rentable space; with Conventions of 500 to 1,000 delegates, averaging 700 persons; and larger events averaging 1,250 persons, both requiring the entire facility at 34,650 square feet, for an average of about 22,370 square feet per event.

- Comparatively, by undergoing the **minimum facility improvements**, the SJCC will be in a better position to effectively facilitate its historic demand levels and capture slightly more mid-size conventions, with an average of 18,890 sq. ft. rented per convention event.

- Each convention will average 3.5 days, including set and takedown requirements.

Table 8-7 below provides a summary of the projected number of delegates resulting from the preceding event utilization projections. By undertaking the **recommended expansion facility program**, the St. John's Convention Centre is projected to more than double its current number of convention delegates by 2012, increasing to 12,350 delegates by 2014, resulting in 43,225 delegate days and 2.3 Million square feet of occupied square feet by its stabilized year of operation – a 165% increase from current utilization levels.

In comparison, by implementing the **minimum upgrades to the facility**, the SJCC is projected to attract 6,700 delegates in 2012, increasing to 8,900 by 2014, resulting in 31,150 delegate days and 1.5 Million square feet of occupied square feet – a 73% increase from current utilization levels.

TABLE 8-7
TOTAL PROJECTED CONVENTION DELEGATES
ST. JOHN'S CONVENTION CENTRE

	Status Quo	Post Expansion/Improvements		
RECOMMENDED EXPANSION	**2009 - 2011**	**2012**	**2013**	**2014**
Rentable Space Per Event (sq.ft)	17,500	22,370	22,370	22,370
Conventions	15	24	27	30
Event Days	53	84	95	105
Delegates	**4,550**	**10,150**	**11,250**	**12,350**
Delegate Days	15,925	35,525	39,375	43,225
Annual Rented Space (sq.ft.)	878,500	1,878,975	2,105,250	2,331,525
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**
Rentable Space Per Event (sq.ft)		18,890	18,890	18,890
Conventions		17	20	23
Event Days		60	70	81
Delegates		**6,700**	**7,800**	**8,900**
Delegate Days		23,450	27,300	31,150
Annual Rented Space (sq.ft.)		1,124,200	1,320,900	1,517,600

Source: PKF Consulting

8.3.2 Trade Shows

- Historically, the SJCC has attracted 1 Trade Show per year, averaging 350 attendees and exhibitors, over 2.5 days, including set up and takedown.

- It has been projected that the expanded and renovated Convention Centre will continue to host 1 Trade Show per year, attracting 350 attendees and exhibitors.

- Under the **recommended facility program**, the SJCC's annual Trade Show will require 20,000 square feet of exhibition space, compared to 16,000 under the development scenario for the **minimum facility improvements.**

TABLE 8-8 TOTAL PROJECTED TRADE SHOW DELEGATES ST. JOHN'S CONVENTION CENTRE				
	Status Quo	Post Expansion/Improvements		
RECOMMENDED EXPANSION	**2009 - 2011**	**2012**	**2013**	**2014**
Rentable Space Per Event (sq.ft)	16,000	20,000	20,000	20,000
Trade Shows	1	1	1	1
Event Days	2.5	2.5	2.5	2.5
Attendees/Exhibitors	**350**	**350**	**350**	**350**
Attendee Days	1,000	1,000	1,000	1,000
Annual Rented Space (sq.ft.)	40,000	50,000	50,000	50,000
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**
Rentable Space Per Event (sq.ft)		16,000	16,000	16,000
Trade Shows		1	1	1
Event Days		2.5	2.5	2.5
Attendees/Exhibitors		**350**	**350**	**350**
Attendee Days		1,000	1,000	1,000
Annual Rented Space (sq.ft.)		40,000	40,000	40,000

Source: PKF Consulting

8.3.3 Non-Local Meetings

- The existing meetings market to the SJCC averages 100 persons per event of 1.5 days in duration.
- With the **recommended expansion** of the SJCC by 2012, the Centre will be in a position to attract more and larger meeting events of a similar duration. For the purposes of this analysis, we have assumed that the expanded Centre will host 8 events with an average of 100 attendees and 1 larger event of 600 delegates to be held over 1.5 days; and
- Based on an average of 15 square feet per delegate, plus a 2.0 factor for breakout rooms (meeting delegates will also require breakout rooms for meeting and foodservice purposes), the expanded Centre is projected to increase from its current utilization of 26,400 square feet of space to 117,000 square feet for non-local meetings by 2014.
- In comparison, by undergoing the **minimal facility improvements**, the SJCC is projected to increase its current utilization (26,400 sq.ft. of rentable space) to 63,000 square feet by 2014.

With the **recommended expansion** of the SJCC in place by 2012, the number of persons attending non-local meetings has been estimated to increase from its current level of 800 delegates to 2,600 delegates by 2014, compared to 1,400 delegates with the **minimal facility improvements**.

TABLE 8-9 TOTAL PROJECTED NON LOCAL MEETING DELEGATES ST. JOHN'S CONVENTION CENTRE				
	Status Quo	Post Expansion/Improvements		
RECOMMENDED EXPANSION	**2009 - 2011**	**2012**	**2013**	**2014**
Rentable Space Per Event (sq.ft)				
Non-Local Mtgs (500 to 1,000 delegates)	18,000	18,000	18,000	18,000
Non-Local Mtgs (less than 500 delegates)	2,200	3,000	3,000	3,000
Non Local Meetings	8	12	14	16
Event Days	12	18	21	24
Delegates	**800**	**1,700**	**2,400**	**2,600**
Delegate Days	1,200	2,550	3,600	3,900
Annual Rented Space (sq.ft.)	26,400	76,500	106,000	117,000
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**
Rentable Space Per Event (sq.ft)		3,000	3,000	3,000
Non Local Meetings		10	12	14
Event Days		15	18	21
Delegates		**1,000**	**1,200**	**1,400**
Delegate Days		1,500	1,800	2,100
Annual Rented Space (sq.ft.)		45,000	54,000	63,000

Source: PKF Consulting

8.3.4 Local Meetings

- Under current conditions, the SJCC is projected to continue to attract 15 local meetings per year over the 2009 to 2011 period, averaging 50 delegates per event and utilizing one of the existing 1,100 square foot meeting rooms at the facility;

- For the purposes of this analysis, we have assumed that the renovated and expanded SJCC will attract up to 25 one-day local meetings, averaging 75 persons per event under the **recommended expansion program** and 20 through the **minimal facility improvements**;

- Based on an average of 15 square feet per delegate, plus a 1.5 factor for breakout rooms (50% of meeting delegates will also require breakout rooms), the r**ecommended expansion** of the Centre is projected to result in a 150% increase in its local meeting delegates to 1,875 by 2014, requiring 42,200 square feet of rentable space. Comparatively, by undertaking the **minimum facility improvements**, the SJCC is projected to double its local meetings business by 2014.

TABLE 8-10 TOTAL PROJECTED LOCAL MEETING DELEGATES ST. JOHN'S CONVENTION CENTRE				
	Status Quo	Post Expansion/Improvements		
RECOMMENDED EXPANSION	**2009 - 2011**	**2012**	**2013**	**2014**
Rentable Space Per Event (sq.ft)	1,100	1,688	1,688	1,688
Local Meetings/Event Days	15	20	23	25
Delegates	**750**	**1,500**	**1,725**	**1,875**
Annual Rented Space (sq.ft.)	16,500	33,750	38,813	42,188
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**
Rentable Space Per Event (sq.ft)		1,688	1,688	1,688
Local Meetings/Event Days		17	19	20
Delegates		**1,275**	**1,425**	**1,500**
Annual Rented Space (sq.ft.)		28,688	32,063	33,750

Source: PKF Consulting

8.3.5 Consumer Shows

- Historically, the SJCC has attracted 3 Consumer Shows per year, averaging 500 attendees and exhibitors, over 3.0 days, including set up and takedown.
- Demand and utilization levels for Consumer Shows are not expected to change over the projection period, through the implementation of the **minimum facility upgrades** at the SJCC.
- In comparison, with the **recommended expansion of the SJCC** in place by 2012, the Centre is projected to host the same number of Consumer Shows, however attendance levels are projected to increase from an average of 500 to 750 delegates/exhibitors. Similarly, with the provision of a larger ballroom/exhibition space, annual space rentals for Consumer Shows are also projected to increase from current levels of 48,000 square feet to 60,000 square feet.

TABLE 8-11
TOTAL PROJECTED CONSUMER SHOW DELEGATES
ST. JOHN'S CONVENTION CENTRE

	Status Quo	Post Expansion/Improvements		
RECOMMENDED EXPANSION	**2009 - 2011**	**2012**	**2013**	**2014**
Rentable Space Per Event (sq.ft)	16,000	20,000	20,000	20,000
Consumer Shows	3	3	3	3
Event Days	9	9	9	9
Attendees/Exhibitors	**500**	**750**	**750**	**750**
Attendee Days	4,500	6,750	6,750	6,750
Annual Rented Space (sq.ft.)	48,000	60,000	60,000	60,000
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**
Rentable Space Per Event (sq.ft)		16,000	16,000	16,000
Consumer Shows		3	3	3
Event Days		9	9	9
Attendees/Exhibitors		**500**	**500**	**500**
Attendee Days		4,500	4,500	4,500
Annual Rented Space (sq.ft.)		48,000	48,000	48,000

Source: PKF Consulting

8.3.6 Banquets

- Given its current configuration, the SJCC is projected to continue to host an average of 20 banquets per year at an average size of 480 attendees over the 2009 to 2011 period, utilizing the full 16,000 square foot non-divisible ballroom;
- By providing a 20,000 square foot ballroom divisible by 3 through the **recommended expansion**, the SJCC is projected to increase its number of banquet attendees from 9,600 per year to 16,900 by 2014, while maintaining similar levels of facility utilization;
- In comparison, by dividing the existing 16,000 square foot ballroom into 2 under the **minimum facility improvement program**, the SJCC is projected to increase its number of banquet attendees from current levels of 9,600 to 14,100 by 2014, again while maintaining similar levels of facility utilization.

TABLE 8-12 TOTAL PROJECTED BANQUET ATTENDEES ST. JOHN'S CONVENTION CENTRE				
	Status Quo	Post Expansion/Improvements		
RECOMMENDED EXPANSION	**2009 - 2011**	**2012**	**2013**	**2014**
Rentable Space Per Event (sq.ft)				
Banquets over 1,000 persons	16,000	20,000	20,000	20,000
Banquets 500 to 1,000 persons	16,000	15,000	15,000	15,000
Banquets Less than 500 persons	16,000	5,000	5,000	5,000
Banquets/Event Days	20	22	25	30
Attendees	**9,600**	**12,450**	**14,650**	**16,900**
Annual Rented Space (sq.ft.)	320,000	250,000	290,000	330,000
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**
Rentable Space Per Event (sq.ft)				
Banquets over 1,000 persons		16,000	16,000	16,000
Banquets 500 to 1,000 persons		16,000	16,000	16,000
Banquets Less than 500 persons		8,000	8,000	8,000
Banquets/Event Days		22	24	25
Attendees		**12,450**	**13,400**	**14,100**
Annual Rented Space (sq.ft.)		280,000	304,000	320,000

Source: PKF Consulting

8.3.7 Other Events

- Other Events are expected to remain at 1 per year over the forecast period, with attendance levels increasing from an average of 500 attendees currently to 600 attendees by 2012;

- As it is currently configured, other events must utilize the full ballroom space at 16,000 square feet, however, under both the recommended and minimum facility programs, we have based the utilization projections on 15 square feet per person, resulting in a decrease from 16,000 square feet per year over the 2009 to 2011 period, to 9,000 square feet per year, following the expansion.

TABLE 8-13 TOTAL PROJECTED OTHER EVENT ATTENDEES ST. JOHN'S CONVENTION CENTRE				
	Status Quo	Post Expansion/Improvements		
RECOMMENDED EXPANSION/ MINIMUM	**2009 - 2011**	**2012**	**2013**	**2014**
Rentable Space Per Event (sq.ft)	16,000	9,000	9,000	9,000
Other Events/Event Days	1	1	1	1
Attendees / Attendee Days	**500**	**600**	**600**	**600**
Annual Rented Space (sq.ft.)	16,000	9,000	9,000	9,000

Source: PKF Consulting

8.4 Facility Utilization Projections

Exhibits 8-11 and 8-12 provides a summary of the utilization projections for all convention and meetings-related events and attendance at the St. John's Convention Centre over the 2011 to 2015 period.

Based on the preceding analysis, by **expanding the SJCC to 34,650 square feet of rentable space**, the Centre is forecast to almost double event activity from 63 events per year (pre expansion) to 106 events post the expansion, attracting just under 37,000 delegates, which in turn will generate an estimated 75,000 delegate days for the City of St. John's. The expanded SJCC is projected to sell 2.9 Million square feet of rentable space in 2014 to attain an effective occupancy of 23.2%, compared to current rental sales of 1.3 Million square feet – representing a 118.5% increase over the status quo.

TABLE 8-14
ST. JOHN'S CONVENTION CENTRE
UTILIZATION PROJECTIONS 2009 – 2015

	Status Quo	Post Expansion/Improvements		
RECOMMENDED EXPANSION	**2009 - 2011**	**2012**	**2013**	**2014**
Total Rentable Space (sq. ft.)	18,200	34,650	34,650	34,650
Events	63	83	94	106
Event Days	112	157	176	197
Delegates	18,050	29,000	33,225	36,925
Delegate Days	33,475	61,125	68,450	75,000
Annual Rented Space (sq. ft.)	1,345,400	2,358,225	2,661,063	2,939,713
Facility Utilization Rate (based on rented and available square footage)	*20.3%*	*18.7%*	*21.0%*	*23.2%*
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**
Total Rentable Space (sq. ft.)		24,200	24,200	24,200
Events		71	80	87
Event Days		126	144	159
Delegates		24,625	27,025	29,100
Delegate Days		47,775	53,025	57,950
Annual Rented Space (sq. ft.)		1,574,888	1,807,963	2,031,350
Facility Utilization Rate (based on rented and available square footage)		*17.8%*	*20.5%*	*23.0%*

Source: PKF Consulting

In comparison, by undergoing the **minimum facility improvements and increasing the SJCC to 24,200 square feet of rentable space**, the Centre is forecast to undergo a 38% increase in event activity from 63 events per year (pre expansion) to 87 events post the facility upgrades and expansion, attracting an estimated 29,100 delegates, which in turn will generate an estimated 57,200 delegate days for the City of St. John's. With minimum facility improvements, the SJCC is projected to sell 2 Million square feet of rentable space in 2014 to attain an effective occupancy of 23.0%, compared to current rental sales of 1.3 Million square feet – representing a 51% increase over current conditions.

EXHIBIT 8-1 ST. JOHN'S CONVENTION CENTRE MARKET PROJECTIONS CONVENTION SEGMENT - RECOMMENDED EXPANSION PROGRAM @ 34,650 SQ.FT.											
TIER 3 MARKET	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 250 Delegates	174	186	197	171	171	173	183	181	184	186	187
251-500 Delegates	38	36	38	33	33	33	33	30	31	31	32
> 500 Delegates	53	54	53	51	48	48	50	41	42	43	43
TOTAL CONVENTIONS	**265**	**276**	**289**	**254**	**251**	**253**	**266**	**253**	**257**	**259**	**262**
SJCC FAIR MARKET SHARE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 250 Delegates	16	19	20	17	19	19	18	18	18	19	19
251-500 Delegates	3	4	4	3	4	4	3	3	3	3	3
> 500 Delegates	5	5	5	5	5	5	5	4	4	4	4
AVERAGE PER CENTRE	**24**	**28**	**29**	**25**	**28**	**28**	**27**	**25**	**26**	**26**	**26**
MARKET PENETRATION	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 250 Delegates	12.7%	21.5%	30.4%	0.0%	0.0%	5.2%	5.5%	33.1%	38.1%	43.1%	42.7%
251-500 Delegates	173.0%	112.2%	52.5%	92.3%	221.5%	219.3%	238.9%	295.3%	323.3%	352.1%	348.6%
> 500 Delegates	41.3%	74.1%	130.9%	98.7%	132.2%	112.2%	121.1%	217.5%	236.9%	258.0%	255.5%
SJCC FAIR MARKET SHARE	**41.5%**	**43.5%**	**51.9%**	**31.5%**	**53.8%**	**53.3%**	**56.4%**	**94.9%**	**105.1%**	**115.6%**	**114.5%**
ST. JOHN'S CONVENTION CENTRE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 250 Delegates	2	4	6	0	0	1	1	6	7	8	8
251-500 Delegates	6	4	2	3	8	8	8	9	10	11	11
> 500 Delegates	2	4	7	5	7	6	6	9	10	11	11
TOTAL CONVENTIONS	**10**	**12**	**15**	**8**	**15**	**15**	**15**	**24**	**27**	**30**	**30**

Source: PKF Consulting

EXHIBIT 8-2 ST. JOHN'S CONVENTION CENTRE MARKET PROJECTIONS TRADE SHOW SEGMENT - RECOMMENDED EXPANSION PROGRAM @ 34,650 SQ.FT.											
TIER 3 MARKET	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
TOTAL TRADE SHOWS	**62**	**42**	**42**	**41**	**38**	**38**	**39**	**39**	**39**	**40**	**40**
SJCC FAIR MARKET SHARE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 30,000 Square Feet	6	4	4	4	4	4	4	4	4	4	4
30,000-75,000 Square Feet	0	0	0	0	0	0	0	0	0	0	0
AVERAGE PER CENTRE	**6**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**
MARKET PENETRATION	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 30,000 Square Feet	0.0%	0.0%	23.8%	73.2%	23.9%	23.6%	25.7%	25.7%	25.5%	25.2%	25.0%
30,000-75,000 Square Feet	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SJCC FAIR MARKET SHARE	**0.0%**	**0.0%**	**23.8%**	**73.2%**	**23.9%**	**23.6%**	**25.7%**	**25.7%**	**25.5%**	**25.2%**	**25.0%**
ST. JOHN'S CONVENTION CENTRE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 30,000 Square Feet	0	0	1	3	1	1	1	1	1	1	1
30,000-75,000 Square Feet	0	0	0	0	0	0	0	0	0	0	0
TOTAL TRADE SHOWS	**0**	**0**	**1**	**3**	**1**	**1**	**1**	**1**	**1**	**1**	**1**

Source: PKF Consulting

EXHIBIT 8-3
ST. JOHN'S CONVENTION CENTRE MARKET PROJECTIONS
MEETINGS & CONFERENCE SEGMENT - RECOMMENDED EXPANSION PROGRAM @ 34,650 SQ.FT.

TIER 3 MARKET	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Non-Local Meeting & Conference	1,530	1,403	1,390	1,212	1,194	1,206	1,325	1,431	1,445	1,460	1,474
Local Meetings and Conferences	510	477	477	418	397	401	434	441	445	449	454
TOTAL MEETINGS & CONFERENCES	**2,040**	**1,880**	**1,867**	**1,630**	**1,591**	**1,607**	**1,759**	**1,871**	**1,890**	**1,909**	**1,928**
AVERAGE PER CENTRE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Non-Local Meetings & Conference Segment	139	140	139	121	133	134	132	143	145	146	147
Local Meetings and Conferences	46	48	48	42	44	45	43	44	45	45	45
TOTAL AVERAGE PER CENTRE	**185**	**188**	**187**	**163**	**177**	**179**	**176**	**187**	**189**	**191**	**193**
MARKET PENETRATION	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Non-Local Meetings & Conference Segment	0.0%	1.4%	5.8%	8.2%	6.0%	6.0%	6.0%	8.4%	9.7%	11.0%	10.9%
Local Meetings and Conferences	0.0%	21.0%	33.6%	40.7%	34.0%	33.7%	34.6%	45.4%	51.7%	55.6%	55.1%
SJCC FAIR MARKET SHARE	**0.0%**	**6.4%**	**12.9%**	**16.6%**	**13.0%**	**12.9%**	**13.1%**	**17.1%**	**19.6%**	**21.5%**	**21.3%**
ST. JOHN'S CONVENTION CENTRE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Non-Local Meetings & Conference Segment	0	2	8	10	8	8	8	12	14	16	16
Local Meetings and Conferences	0	10	16	17	15	15	15	20	23	25	25
TOTAL MEETINGS & CONFERENCES	**0**	**12**	**24**	**27**	**23**	**23**	**23**	**32**	**37**	**41**	**41**

Source: PKF Consulting

EXHIBIT 8-4
ST. JOHN'S CONVENTION CENTRE MARKET PROJECTIONS
BANQUETS AND OTHER EVENTS - RECOMMENDED EXPANSION PROGRAM @ 34,650 SQ.FT.

TIER 3 MARKET	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CONSUMER SHOWS	47	58	58	53	48	48	50	46	46	47	47
TOTAL TIER 3 BANQUETS	1,268	1,060	926	773	657	664	680	701	708	715	722
TOTAL TIER 3 OTHER EVENTS	466	213	304	345	342	345	360	331	334	338	341
TOTAL EVENTS	**1,781**	**1,331**	**1,288**	**1,171**	**1,046**	**1,057**	**1,090**	**1,077**	**1,088**	**1,099**	**1,110**
SJCC FAIR MARKET SHARE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
AVERAGE PER CENTRE	4	6	6	5	5	5	5	5	5	5	5
AVERAGE BANQUETS PER CENTRE	115	106	93	77	73	74	68	70	71	71	72
AVERAGE OTHER EVENTS PER CENTRE	42	21	30	35	38	38	36	33	33	34	34
AVERAGE PER CENTRE	**162**	**133**	**129**	**117**	**116**	**117**	**109**	**108**	**109**	**110**	**111**
MARKET PENETRATION	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
CONSUMER SHOWS	0.0%	34.5%	51.7%	37.7%	56.6%	56.0%	59.9%	65.8%	65.1%	64.5%	63.9%
BANQUETS	0.0%	10.4%	27.0%	25.9%	27.4%	27.1%	29.4%	31.4%	35.3%	42.0%	41.6%
OTHER	0.0%	4.7%	0.0%	0.0%	2.6%	2.6%	2.8%	3.0%	3.0%	3.0%	2.9%
TOTAL PENETRATION	**0.0%**	**10.5%**	**21.7%**	**18.8%**	**20.6%**	**20.4%**	**22.0%**	**24.1%**	**26.7%**	**30.9%**	**30.6%**
ST. JOHN'S CONVENTION CENTRE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
CONSUMER SHOWS	0	2	3	2	3	3	3	3	3	3	3
BANQUETS	0	11	25	20	20	20	20	22	25	30	30
OTHER	0	1	0	0	1	1	1	1	1	1	1

Source: PKF Consulting

EXHIBIT 8-5
ST. JOHN'S CONVENTION CENTRE MARKET PROJECTIONS
TOTAL EVENTS - RECOMMENDED EXPANSION PROGRAM @ 34,650 SQ.FT.

ST. JOHN'S CONVENTION CENTRE	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CONVENTIONS	10	12	15	8	15	15	15	24	27	30	30
TRADE SHOWS	-	-	1	3	1	1	1	1	1	1	1
NON-LOCAL MEETINGS & CONFERENCES	-	2	8	10	8	8	8	12	14	16	16
LOCAL MEETINGS	-	10	16	17	15	15	15	20	23	25	25
CONSUMER SHOWS	-	2	3	2	3	3	3	3	3	3	3
BANQUETS	-	11	25	20	20	20	20	22	25	30	30
OTHER EVENTS	-	1	-	-	1	1	1	1	1	1	1
TOTAL EVENTS	**10**	**38**	**68**	**60**	**63**	**63**	**63**	**83**	**94**	**106**	**106**
TIER 3 MARKET PENETRATION	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
CONVENTIONS	41.5%	43.5%	51.9%	31.5%	53.8%	53.3%	56.4%	94.9%	105.1%	115.6%	114.5%
TRADE SHOWS	0.0%	0.0%	23.8%	73.2%	23.9%	23.6%	25.7%	25.7%	25.5%	25.2%	25.0%
NON-LOCAL MEETINGS & CONFERENCES	0.0%	1.4%	5.8%	8.2%	6.0%	6.0%	6.0%	8.4%	9.7%	11.0%	10.9%
LOCAL MEETINGS	0.0%	21.0%	33.6%	40.7%	34.0%	33.7%	34.6%	45.4%	51.7%	55.6%	55.1%
CONSUMER SHOWS	0.0%	34.5%	51.7%	37.7%	56.6%	56.0%	59.9%	65.8%	65.1%	64.5%	63.9%
BANQUETS	0.0%	10.4%	27.0%	25.9%	27.4%	27.1%	29.4%	31.4%	35.3%	42.0%	41.6%
OTHER	0.0%	4.7%	0.0%	0.0%	2.6%	2.6%	2.8%	3.0%	3.0%	3.0%	2.9%
TOTAL PENETRATION	**2.7%**	**10.8%**	**19.5%**	**19.4%**	**19.4%**	**19.2%**	**20.0%**	**25.6%**	**28.7%**	**32.1%**	**31.7%**
FAIR MARKET SHARE-TIER 3	**377**	**353**	**349**	**310**	**325**	**328**	**315**	**324**	**327**	**331**	**334**
TIER 3 COMPETITIVE SUPPLY	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
ST. JOHN'S CONVENTION CENTRE	1	1	1	1	1	1	1	1	1	1	1
TOTAL CENTRES	11	10	10	10	9	9	10	10	10	10	10
% Share	9.1%	10.0%	10.0%	10.0%	11.1%	11.1%	10.0%	10.0%	10.0%	10.0%	10.0%
ST. JOHN'S CONVENTION CENTRE	18,200	18,200	18,200	18,200	18,200	18,200	18,200	**34,650**	34,650	34,650	34,650
TOTAL CENTRES	420,487	387,681	387,681	362,993	346,278	346,278	366,478	357,928	357,928	357,928	357,928
% Share	4.3%	4.7%	4.7%	5.0%	5.3%	5.3%	5.0%	9.7%	9.7%	9.7%	9.7%

Source: PKF Consulting

EXHIBIT 8-6 ST. JOHN'S CONVENTION CENTRE MARKET PROJECTIONS CONVENTION SEGMENT - MINIMUM FACILITY IMPROVEMENTS @ 24,200 SQ.FT.											
TIER 3 MARKET	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 250 Delegates	174	186	197	171	171	173	183	181	184	186	187
251-500 Delegates	38	36	34	33	33	33	33	30	31	31	32
> 500 Delegates	53	54	57	51	48	48	50	41	42	43	43
TOTAL CONVENTIONS	**265**	**276**	**289**	**254**	**251**	**253**	**266**	**253**	**257**	**259**	**262**
SJCC FAIR MARKET SHARE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 250 Delegates	16	19	20	17	19	19	18	18	18	19	19
251-500 Delegates	3	4	3	3	4	4	3	3	3	3	3
> 500 Delegates	5	5	6	5	5	5	5	4	4	4	4
AVERAGE PER CENTRE	**24**	**28**	**29**	**25**	**28**	**28**	**27**	**25**	**26**	**26**	**26**
MARKET PENETRATION	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 250 Delegates	12.7%	21.5%	30.4%	0.0%	0.0%	5.2%	5.5%	22.1%	27.2%	32.3%	32.0%
251-500 Delegates	173.0%	112.2%	58.4%	92.3%	221.5%	219.3%	238.9%	229.7%	258.6%	288.1%	285.2%
> 500 Delegates	41.3%	74.1%	122.1%	98.7%	132.2%	112.2%	121.1%	145.0%	165.8%	187.7%	185.8%
SJCC FAIR MARKET SHARE	**41.5%**	**43.5%**	**51.9%**	**31.5%**	**53.8%**	**53.3%**	**56.4%**	**67.2%**	**77.9%**	**88.6%**	**87.8%**
ST. JOHN'S CONVENTION CENTRE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 250 Delegates	2	4	6	0	0	1	1	4	5	6	6
251-500 Delegates	6	4	2	3	8	8	8	7	8	9	9
> 500 Delegates	2	4	7	5	7	6	6	6	7	8	8
TOTAL CONVENTIONS	**10**	**12**	**15**	**8**	**15**	**15**	**15**	**17**	**20**	**23**	**23**

Source: PKF Consulting

EXHIBIT 8-7 ST. JOHN'S CONVENTION CENTRE MARKET PROJECTIONS TRADE SHOW SEGMENT - MINIMUM FACILITY IMPROVEMENTS @ 24,200 SQ.FT.											
TIER 3 MARKET	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
TOTAL TRADE SHOWS	**62**	**42**	**42**	**41**	**38**	**38**	**39**	**39**	**39**	**40**	**40**
SJCC FAIR MARKET SHARE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 30,000 Square Feet	6	4	4	4	4	4	4	4	4	4	4
30,000-75,000 Square Feet	0	0	0	0	0	0	0	0	0	0	0
AVERAGE PER CENTRE	**6**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**	**4**
MARKET PENETRATION	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 30,000 Square Feet	0.0%	0.0%	23.8%	73.2%	23.9%	23.6%	25.7%	25.7%	25.5%	25.2%	25.0%
30,000-75,000 Square Feet	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SJCC FAIR MARKET SHARE	**0.0%**	**0.0%**	**23.8%**	**73.2%**	**23.9%**	**23.6%**	**25.7%**	**25.7%**	**25.5%**	**25.2%**	**25.0%**
ST. JOHN'S CONVENTION CENTRE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
< 30,000 Square Feet	0	0	1	3	1	1	1	1	1	1	1
30,000-75,000 Square Feet	0	0	0	0	0	0	0	0	0	0	0
TOTAL TRADE SHOWS	**0**	**0**	**1**	**3**	**1**	**1**	**1**	**1**	**1**	**1**	**1**

Source: PKF Consulting

EXHIBIT 8-8 ST. JOHN'S CONVENTION CENTRE MARKET PROJECTIONS MEETINGS & CONFERENCE SEGMENT - MINIMUM FACILITY IMPROVEMENTS @ 24,200 SQ.FT.											
TIER 3 MARKET	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Non-Local Meeting & Conference	1,530	1,403	1,390	1,209	1,191	1,203	1,322	1,427	1,442	1,456	1,470
Local Meetings and Conferences	510	477	477	417	396	400	433	440	444	448	453
TOTAL MEETINGS & CONFERENCES	**2,040**	**1,880**	**1,867**	**1,626**	**1,587**	**1,603**	**1,755**	**1,867**	**1,885**	**1,904**	**1,923**
AVERAGE PER CENTRE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Non-Local Meetings & Conference Segment	139	140	139	121	132	134	132	143	144	146	147
Local Meetings and Conferences	46	48	48	42	44	44	43	44	44	45	45
TOTAL AVERAGE PER CENTRE	**185**	**188**	**187**	**163**	**176**	**178**	**175**	**187**	**189**	**190**	**192**
MARKET PENETRATION	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Non-Local Meetings & Conference Segment	0.0%	1.4%	5.8%	8.3%	6.0%	6.0%	6.1%	7.0%	8.3%	9.6%	9.5%
Local Meetings and Conferences	0.0%	21.0%	33.6%	40.8%	34.1%	33.8%	34.6%	38.7%	42.8%	44.6%	44.2%
SJCC FAIR MARKET SHARE	**0.0%**	**6.4%**	**12.9%**	**16.6%**	**13.0%**	**12.9%**	**13.1%**	**14.5%**	**16.4%**	**17.9%**	**17.7%**
ST. JOHN'S CONVENTION CENTRE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Non-Local Meetings & Conference Segment	0	2	8	10	8	8	8	10	12	14	14
Local Meetings and Conferences	0	10	16	17	15	15	15	17	19	20	20
TOTAL MEETINGS & CONFERENCES	**0**	**12**	**24**	**27**	**23**	**23**	**23**	**27**	**31**	**34**	**34**

Source: PKF Consulting

EXHIBIT 8-9 ST. JOHN'S CONVENTION CENTRE MARKET PROJECTIONS BANQUETS AND OTHER EVENTS - MINIMUM FACILITY IMPROVEMENTS @ 24,200 SQ.FT.											
TIER 3 MARKET	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
CONSUMER SHOWS	47	58	58	53	48	48	50	46	46	47	47
TOTAL TIER 3 BANQUETS	1,268	1,060	926	773	657	664	680	701	708	715	722
TOTAL TIER 3 OTHER EVENTS	466	213	304	345	342	345	360	331	334	338	341
TOTAL EVENTS	**1,781**	**1,331**	**1,288**	**1,171**	**1,046**	**1,057**	**1,090**	**1,077**	**1,088**	**1,099**	**1,110**
SJCC FAIR MARKET SHARE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
AVERAGE PER CENTRE	4	6	6	5	5	5	5	5	5	5	5
AVERAGE BANQUETS PER CENTRE	115	106	93	77	73	74	68	70	71	71	72
AVERAGE OTHER EVENTS PER CENTRE	42	21	30	35	38	38	36	33	33	34	34
AVERAGE PER CENTRE	**162**	**133**	**129**	**117**	**116**	**117**	**109**	**108**	**109**	**110**	**111**
MARKET PENETRATION	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
CONSUMER SHOWS	0.0%	34.5%	51.7%	37.7%	56.6%	56.0%	59.9%	65.8%	65.1%	64.5%	63.9%
BANQUETS	0.0%	10.4%	27.0%	25.9%	27.4%	27.1%	29.4%	31.4%	33.9%	35.0%	34.6%
OTHER	0.0%	4.7%	0.0%	0.0%	2.6%	2.6%	2.8%	3.0%	3.0%	3.0%	2.9%
TOTAL PENETRATION	**0.0%**	**10.5%**	**21.7%**	**18.8%**	**20.6%**	**20.4%**	**22.0%**	**24.1%**	**25.7%**	**26.4%**	**26.1%**
ST. JOHN'S CONVENTION CENTRE	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
CONSUMER SHOWS	0	2	3	2	3	3	3	3	3	3	3
BANQUETS	0	11	25	20	20	20	20	22	24	25	25
OTHER	0	1	0	0	1	1	1	1	1	1	1

Source: PKF Consulting

EXHIBIT 8-10
ST. JOHN'S CONVENTION CENTRE MARKET PROJECTIONS
TOTAL EVENTS - MINIMUM FACILITY IMPROVEMENTS @ 24,200 SQ.FT.

ST. JOHN'S CONVENTION CENTRE	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CONVENTIONS	10	12	15	8	15	15	15	17	20	23	23
TRADE SHOWS	-	-	1	3	1	1	1	1	1	1	1
NON-LOCAL MEETINGS & CONFERENCES	-	2	8	10	8	8	8	10	12	14	14
LOCAL MEETINGS	-	10	16	17	15	15	15	17	19	20	20
CONSUMER SHOWS	-	2	3	2	3	3	3	3	3	3	3
BANQUETS	-	11	25	20	20	20	20	22	24	25	25
OTHER EVENTS	-	1	-	-	1	1	1	1	1	1	1
TOTAL EVENTS	**10**	**38**	**68**	**60**	**63**	**63**	**63**	**71**	**80**	**87**	**87**

TIER 3 MARKET PENETRATION	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CONVENTIONS	41.5%	43.5%	51.9%	31.5%	53.8%	53.3%	56.4%	67.2%	77.9%	88.6%	87.8%
TRADE SHOWS	0.0%	0.0%	23.8%	73.2%	23.9%	23.6%	25.7%	25.7%	25.5%	25.2%	25.0%
NON-LOCAL MEETINGS & CONFERENCES	0.0%	1.4%	5.8%	8.3%	6.0%	6.0%	6.1%	7.0%	8.3%	9.6%	9.5%
LOCAL MEETINGS	0.0%	21.0%	33.6%	40.8%	34.1%	33.8%	34.6%	38.7%	42.8%	44.6%	44.2%
CONSUMER SHOWS	0.0%	34.5%	51.7%	37.7%	56.6%	56.0%	59.9%	65.8%	65.1%	64.5%	63.9%
BANQUETS	0.0%	10.4%	27.0%	25.9%	27.4%	27.1%	29.4%	31.4%	33.9%	35.0%	34.6%
OTHER	0.0%	4.7%	0.0%	0.0%	2.6%	2.6%	2.8%	3.0%	3.0%	3.0%	2.9%
TOTAL PENETRATION	**2.7%**	**10.8%**	**19.5%**	**19.4%**	**19.4%**	**19.2%**	**20.0%**	**21.9%**	**24.5%**	**26.3%**	**26.1%**
FAIR MARKET SHARE-TIER 3	**377**	**353**	**349**	**309**	**325**	**328**	**315**	**324**	**327**	**330**	**334**

TIER 3 COMPETITIVE SUPPLY	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
ST. JOHN'S CONVENTION CENTRE	1	1	1	1	1	1	1	1	1	1	1
TOTAL CENTRES	11	10	10	10	9	9	10	10	10	10	10
% Share	9.1%	10.0%	10.0%	10.0%	11.1%	11.1%	10.0%	10.0%	10.0%	10.0%	10.0%
ST. JOHN'S CONVENTION CENTRE	18,200	18,200	18,200	18,200	18,200	18,200	18,200	**24,200**	24,200	24,200	24,200
TOTAL CENTRES	420,487	387,681	387,681	362,993	346,278	346,278	366,478	357,928	357,928	357,928	357,928
% Share	4.3%	4.7%	4.7%	5.0%	5.3%	5.3%	5.0%	6.8%	6.8%	6.8%	6.8%

Source: PKF Consulting

EXHIBIT 8-11
TOTAL EVENT DAYS & DELGATES
ST. JOHN'S CONVENTION CENTRE - RECOMMENDED FACILITY EXPANSION

	OPERATING FORECASTS											
	2009 - 2011		**2012**		**2013**		**2014**		**2015**		**2016**	
FACILITY PROGRAM												
Ballroom Space (rentable sq. ft.)	16,000		20,000	28.7%	20,000	28.7%	20,000	28.7%	20,000	28.7%	20,000	28.7%
Meeting Space (rentable sq. ft.)	2,200		14,650	21.0%	14,650	21.0%	14,650	21.0%	14,650	21.0%	14,650	21.0%
Back of House/Other	20,000		35,000	50.3%	35,000	50.3%	35,000	50.3%	35,000	50.3%	35,000	50.3%
Total Facility	**38,200**		**69,650**	**100.0%**	**69,650**	**100.0%**	**69,650**	**100.0%**	**69,650**	**100.0%**	**69,650**	**100.0%**
Utilization Summary												
Total Conventions	**15**		**24**	**28.9%**	**27**	**28.7%**	**30**	**28.3%**	**30**	**28.3%**	**30**	**28.3%**
Total Trade Shows	**1**		**1**	**1.2%**	**1**	**1.1%**	**1**	**0.9%**	**1**	**0.9%**	**1**	**0.9%**
Total Consumer Shows	**3**		**3**	**3.6%**	**3**	**3.2%**	**3**	**2.8%**	**3**	**2.8%**	**3**	**2.8%**
Total Meetings	**23**		**32**	**38.6%**	**37**	**39.4%**	**41**	**38.7%**	**41**	**38.7%**	**41**	**38.7%**
Total Banquets/Other Events	**21**		**23**	**27.7%**	**26**	**27.7%**	**31**	**29.2%**	**31**	**29.2%**	**31**	**29.2%**
TOTAL SJCC EVENTS												
Over 1,000 delegates	2		3	3.6%	4	4.3%	5	4.7%	5	4.7%	5	4.7%
500 to 1,000 delegates	20		25	30.1%	28	29.8%	29	27.4%	29	27.4%	29	27.4%
Less than 500 delegates	41		55	66.3%	62	66.0%	72	67.9%	72	67.9%	72	67.9%
TOTAL EVENTS	**63**		**83**	**100.0%**	**94**	**100.0%**	**106**	**100.0%**	**106**	**100.0%**	**106**	**100.0%**
Event Days												
Convention Centre Event Days	53		84	53.7%	95	53.7%	105	53.4%	105	53.4%	105	53.4%
Trade Show Event Days	2.5		2.5	1.6%	2.5	1.4%	2.5	1.3%	2.5	1.3%	2.5	1.3%
Consumer Show Event Days	9		9	5.8%	9	5.1%	9	4.6%	9	4.6%	9	4.6%
Non Local Meetings Event Days	12		18	11.5%	21	11.9%	24	12.2%	24	12.2%	24	12.2%
Local Meetings Event Days	15		20	12.8%	23	13.1%	25	12.7%	25	12.7%	25	12.7%
Banquet Event Days	20		22	14.1%	25	14.2%	30	15.3%	30	15.3%	30	15.3%
Other Event Days	1		1	0.6%	1	0.6%	1	0.5%	1	0.5%	1	0.5%
TOTAL SJCC EVENT DAYS	**112**		**157**	**100.0%**	**176**	**100.0%**	**197**	**100.0%**	**197**	**100.0%**	**197**	**100.0%**
FACILITY UTILIZATION			**Square Feet**	**Avg Size**	**Square Feet**		**Square Feet**		**Square Feet**		**Square Feet**	
Conventions	878,500	65.3%	1,878,975	79.7%	2,105,250	79.1%	2,331,525	79.3%	2,331,525	79.3%	2,331,525	79.3%
Trade Shows	40,000	3.0%	50,000	2.1%	50,000	1.9%	50,000	1.7%	50,000	1.7%	50,000	1.7%
Consumer Shows	48,000	3.6%	60,000	2.5%	60,000	2.3%	60,000	2.0%	60,000	2.0%	60,000	2.0%
Non-Local Meetings	26,400	2.0%	76,500	3.2%	108,000	4.1%	117,000	4.0%	117,000	4.0%	117,000	4.0%
Local Meetings	16,500	1.2%	33,750	1.4%	38,813	1.5%	42,188	1.4%	42,188	1.4%	42,188	1.4%
Banquets	320,000	23.8%	250,000	10.6%	290,000	10.9%	330,000	11.2%	330,000	11.2%	330,000	11.2%
Other Events	16,000	1.2%	9,000	0.4%	9,000	0.3%	9,000	0.3%	9,000	0.3%	9,000	0.3%
TOTAL SJCC UTILIZATION	**1,345,400**	**100.0%**	**2,358,225**	**100.0%**	**2,661,063**	**100.0%**	**2,939,713**	**100.0%**	**2,939,713**	**100.0%**	**2,939,713**	**100.0%**
Percentage Convention Centre Utilization	***20.25%***		***18.65%***		***21.04%***		***23.24%***		***23.24%***		***23.24%***	
DELEGATE DAYS		**18,050**		**29,000**		**33,225**		**36,925**		**36,925**		
Conventions	15,925	47.6%	35,525	58.1%	39,375	57.5%	43,225	57.6%	43,225	57.6%	43,225	57.6%
Trade Shows Delegates and Exhibitors	1,000	3.0%	1,750	2.9%	1,750	2.6%	1,750	2.3%	1,750	2.3%	1,750	2.3%
Consumer Shows Delegates and Exhibitors	4,500	13.4%	6,750	11.0%	6,750	9.9%	6,750	9.0%	6,750	9.0%	6,750	9.0%
Non-Local Meetings	1,200	3.6%	2,550	4.2%	3,600	5.3%	3,900	5.2%	3,900	5.2%	3,900	5.2%
Local Meetings	750	2.2%	1,500	2.5%	1,725	2.5%	1,875	2.5%	1,875	2.5%	1,875	2.5%
Banquets	9,600	28.7%	12,450	20.4%	14,650	21.4%	16,900	22.5%	16,900	22.5%	16,900	22.5%
Other Events	500	1.5%	600	1.0%	600	0.9%	600	0.8%	600	0.8%	600	0.8%
TOTAL SJCC DELEGATE DAYS	**33,475**	**100.0%**	**61,125**	**100.0%**	**68,450**	**100.0%**	**75,000**	**100.0%**	**75,000**	**100.0%**	**75,000**	**100.0%**

EXHIBIT 8-12
TOTAL EVENT DAYS & DELGATES
ST. JOHN'S CONVENTION CENTRE - MINIMUM FACILITY IMPROVEMENTS

					OPERATING FORECASTS							
	2009 - 2011		2012		2013		2014		2015		2016	
FACILITY PROGRAM												
Ballroom Space (rentable sq. ft.)	16,000		16,000	32.5%	16,000	32.5%	16,000	32.5%	16,000	32.5%	16,000	32.5%
Meeting Space (rentable sq. ft.)	2,200		8,200	16.7%	8,200	16.7%	8,200	16.7%	8,200	16.7%	8,200	16.7%
Back of House/Other	20,000		25,000	50.8%	25,000	50.8%	25,000	50.8%	25,000	50.8%	25,000	50.8%
Total Facility	**38,200**		**49,200**	**100.0%**	**49,200**	**100.0%**	**49,200**	**100.0%**	**49,200**	**100.0%**	**49,200**	**100.0%**
Utilization Summary												
Total Conventions	**15**		**17**	**23.9%**	**20**	**25.0%**	**23**	**26.4%**	**23**	**26.4%**	**23**	**26.4%**
Total Trade Shows	**1**		**1**	**1.4%**	**1**	**1.3%**	**1**	**1.1%**	**1**	**1.1%**	**1**	**1.1%**
Total Consumer Shows	**3**		**3**	**4.2%**	**3**	**3.8%**	**3**	**3.4%**	**3**	**3.4%**	**3**	**3.4%**
Total Meetings	**23**		**27**	**38.0%**	**31**	**38.8%**	**34**	**39.1%**	**34**	**39.1%**	**34**	**39.1%**
Total Banquets/Other Events	**21**		**23**	**32.4%**	**25**	**31.3%**	**26**	**29.9%**	**26**	**29.9%**	**26**	**29.9%**
TOTAL SJCC EVENTS												
Over 1,000 delegates	2		2	2.8%	2	2.5%	2	2.3%	2	2.3%	2	2.3%
500 to 1,000 delegates	20		22	31.0%	24	30.0%	26	29.9%	26	29.9%	26	29.9%
Less than 500 delegates	41		47	66.2%	54	67.5%	59	67.8%	59	67.8%	59	67.8%
TOTAL EVENTS	**63**		**71**	**100.0%**	**80**	**100.0%**	**87**	**100.0%**	**87**	**100.0%**	**87**	**100.0%**
Event Days												
Convention Centre Event Days	53		60	47.2%	70	48.8%	81	50.6%	81	50.6%	81	50.6%
Trade Show Event Days	2.5		2.5	2.0%	2.5	1.7%	2.5	1.6%	2.5	1.6%	2.5	1.6%
Consumer Show Event Days	9		9	7.1%	9	6.3%	9	5.7%	9	5.7%	9	5.7%
Non Local Meetings Event Days	12		15	11.9%	18	12.5%	21	13.2%	21	13.2%	21	13.2%
Local Meetings Event Days	15		17	13.5%	19	13.2%	20	12.6%	20	12.6%	20	12.6%
Banquet Event Days	20		22	17.5%	24	16.7%	25	15.7%	25	15.7%	25	15.7%
Other Event Days	1		1	0.8%	1	0.7%	1	0.6%	1	0.6%	1	0.6%
TOTAL SJCC EVENT DAYS	**112**		**126**	**100.0%**	**144**	**100.0%**	**159**	**100.0%**	**159**	**100.0%**	**159**	**100.0%**
FACILITY UTILIZATION			**Square Feet**	**Avg Size**	**Square Feet**		**Square Feet**		**Square Feet**		**Square Feet**	
Conventions	878,500	65.3%	1,124,200	71.4%	1,320,900	73.1%	1,517,600	74.7%	1,517,600	74.7%	1,517,600	74.7%
Trade Shows	40,000	3.0%	40,000	2.5%	40,000	2.2%	40,000	2.0%	40,000	2.0%	40,000	2.0%
Consumer Shows	48,000	3.6%	48,000	3.0%	48,000	2.7%	48,000	2.4%	48,000	2.4%	48,000	2.4%
Non-Local Meetings	26,400	2.0%	45,000	2.9%	54,000	3.0%	63,000	3.1%	63,000	3.1%	63,000	3.1%
Local Meetings	16,500	1.2%	28,688	1.8%	32,063	1.8%	33,750	1.7%	33,750	1.7%	33,750	1.7%
Banquets	320,000	23.8%	280,000	17.8%	304,000	16.8%	320,000	15.8%	320,000	15.8%	320,000	15.8%
Other Events	16,000	1.2%	9,000	0.6%	9,000	0.5%	9,000	0.4%	9,000	0.4%	9,000	0.4%
TOTAL SJCC UTILIZATION	**1,345,400**	**100.0%**	**1,574,888**	**100.0%**	**1,807,963**	**100.0%**	**2,031,350**	**100.0%**	**2,031,350**	**100.0%**	**2,031,350**	**100.0%**
Percentage Convention Centre Utilization	***20.25%***		***17.83%***		***20.47%***		***23.00%***		***23.00%***		***23.00%***	
DELEGATE DAYS		**18,050**		**24,625**		**27,025**		**29,100**		**29,100**		**29,100**
Conventions	15,925	47.6%	23,450	49.1%	27,300	51.5%	31,150	53.8%	31,150	53.8%	31,150	53.8%
Trade Shows Delegates and Exhibitors	1,000	3.0%	1,750	3.7%	1,750	3.3%	1,750	3.0%	1,750	3.0%	1,750	3.0%
Consumer Shows Delegates and Exhibitors	4,500	13.4%	6,750	14.1%	6,750	12.7%	6,750	11.6%	6,750	11.6%	6,750	11.6%
Non-Local Meetings	1,200	3.6%	1,500	3.1%	1,800	3.4%	2,100	3.6%	2,100	3.6%	2,100	3.6%
Local Meetings	750	2.2%	1,275	2.7%	1,425	2.7%	1,500	2.6%	1,500	2.6%	1,500	2.6%
Banquets	9,600	28.7%	12,450	26.1%	13,400	25.3%	14,100	24.3%	14,100	24.3%	14,100	24.3%
Other Events	500	1.5%	600	1.3%	600	1.1%	600	1.0%	600	1.0%	600	1.0%
TOTAL SJCC DELEGATE DAYS	**33,475**	**100.0%**	**47,775**	**100.0%**	**53,025**	**100.0%**	**57,950**	**100.0%**	**57,950**	**100.0%**	**57,950**	**100.0%**

9.0 FINANCIAL OPERATING PROJECTIONS

9.1 Introduction

Based on the foregoing utilization projections, we have prepared Operating Projections for the St. John's Convention Centre over the 2009 to 2011 period, assuming a status quo operation and the 2012 to 2016 period under an expanded facility. Projections for the Recommended Facility Expansion are summarized in Exhibit 9-1, with the Minimum Facility Improvements and Expansion provided in Exhibit 9-2. In preparing these projections, we have utilized historic operating results for the SJCC, and have assumed that the Convention Centre will continue to be managed under a 3rd party contract with the Delta St. John's Hotel.

9.2 Departmental Revenues and Expenses

9.2.1 Space Rentals

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

Based on the historic operations, we have estimated at an average rental rate of $0.16 per occupied square foot under status quo operations from 2009 to 2011, with rates increased at an inflationary factor of 2.5% per annum to reach $0.17 in 2012 and $0.19 by 2016.

9.2.2 Food and Beverage Department

Revenues

Based on historic operations, food and beverage revenues have been projected at $26.09 per delegate day under the status quo operations from 2009 to 2011, with per spends increased by an inflationary factor of 2.5% per annum for the remainder of the projection period.

Expenses

Cost of goods have been estimated at 26.5% of revenues, with departmental payroll and benefits estimated at $300,962 under the status quo operation or 27.8% of revenues, plus 8.4% in direct operating expenses. Following the SJCC expansion in 2012, food and beverage departmental expenses have been projected at similar operating ratios, of 57% to 58% of departmental revenues.

9.3 Undistributed Expenses

Administration and General

As stated in Section 7.0, based on discussions with Mile One Centre management, 15% of the General Manager and CFO's salaries have been allocated to Administration & General expenses of the SJCC, which equates to approximately 3.0% of revenues. For the purposes of this analysis, we have continued to allocate 3% of revenues under the status quo operation, and post the expansion. The resulting increase from approximately $34,000 per year under the status quo, to $64,300 in 2012 under the Recommended Facility Expansion (compared to $48,730 under the Minimum Facility Improvements program) provides allocations for other administrative expenses including professional fees/services, finance charges and other direct costs.

Marketing and Sales

According to historic financial statements, sales and marketing expenses for the SJCC were reported at $29,000 in 2007 and $11,200 in 2008, which includes a 10% allocation of the Senior Manager of Sales and Marketing for SJSE to the Convention Centre.

For the purposes of this analysis, we have assumed a similar Sales & Marketing allocation of $30,365 per annum under the status quo situation, and provided for a further $150,000 in this department in 2012, with the opening of the fully expanded facility.

Under the 2nd development scenario, whereby the SJCC undergoes minimal facility upgrades, the Sales and Marketing budget has been increased by $100,000 in 2012, and increased at inflation thereafter.

Building Operation and Maintenance

Based on historic operations, this expense consists of an allocation of salaries, wages and employee benefits for SJSE maintenance and security personnel for the Convention Centre, normal building maintenance, electrical and mechanical equipment, and operating supplies, and has been estimated at $142,500 per annum under the status quo operation. With the building footprint increasing by 82% under the Recommended Expansion and by 29% under the Minimal Facility Upgrades facility program, property operation and maintenance expenses have been increased in line with the building's expansion.

Utilities

Energy expenses, related to the heat, light and power of the St. John's Convention Centre, have been projected at $3.21 per square foot, equating to $122,600 under the status quo operation; increasing to $246,800 in 2012 under the Recommended Expansion program, or $174,300 with the Minimum Facility improvements in place.

Insurance

Insurance expenses have been estimated at $30,000 per annum under the status quo operation, increasing to $60,300 in 2012 under the Recommended Expansion program or $42,700 under the Minimum Facility improvements program, and increased at inflation thereafter.

Other Expenses

Other Expenses include an allocation for the pedway system connecting the Convention Centre with the Mile One Centre and the Delta St. John's Hotel, as well as SOCAN royalties, IT support, AV rentals. Under the status quo operation, other expenses have been estimated at $27,000, increasing in line with the Centre's increased event activity post its expansion in 2012. As such, under the Recommended Expansion facility program, other expenses have been projected to increase to $41,600 in 2012 and $56,000 by 2015. Similarly, under the Minimum Facility Improvements program, other expenses have been projected to increase from $34,200 in 2012 to $36,800 by 2015.

9.4 Other Fixed Expenses

Management Contract

Post the SJCC expansion, **Base and Incentive Management Fees** paid to the Delta St. John's Hotel have been projected utilizing the same annual management fee of $150,000, plus an incentive fee of 25% of the Gross Operating Profit. Under the Recommended Facility Expansion program, management fees have been projected to increase from $272,600 per annum to $462,500 by 2016. In comparison, by implementing the Minimum Facility Improvements to the Convention Centre, 3rd party management fees have been projected to increase to $384,200 by 2016.

9.5 Provision for Capital Replacement

Although it has not been accumulated in the past, there is a need to provide a reserve for asset replacement post the expansion to account for the replacement of furnishings and fixtures as required to maintain the quality of product offered by the St. John's Convention Centre. As a percentage of gross revenues, these expenditures have been projected at 3.0% per year. This will amount to approximately $400,000 over the five-year projection period for the Recommended Expansion program and $300,000 for the Minimum Facility Improvements program.

9.6 Operating Forecasts

As shown in Table 9-1 below, under the status quo operation, the SJCC is projected to generate approximately $1.1 Million in revenue and operate a net loss of approximately $200,000 per annum. By undergoing the **recommended facility expansion**, operating revenues are projected to increase to $2.8 Million by the 3rd year of operation post the expansion (160% increase over current levels), while the net operating deficit is projected to increase by one-third to $274,000 by 2014.

Conversely by undergoing **the minimum facility improvements**, operating revenues are projected to almost double to $2.2 Million by the 3rd year of operation post the expansion, with only a 10% increase in the net operating deficit to $219,000 by 2014.

TABLE 9-1
ST. JOHN'S CONVENTION CENTRE
OPERATING PROJECTIONS 2009 – 2014

	Status Quo	Post Expansion/Improvements		
RECOMMENDED EXPANSION	**2009 - 2011**	**2012**	**2013**	**2014**
Total Rentable Space (sq. ft.)	18,200	34,650	34,650	34,650
Events	63	83	94	106
Event Days	112	157	176	197
Delegates	18,050	29,000	33,225	36,925
Delegate Days	33,475	61,125	68,450	75,000
Annual Rented Space (sq. ft.)	1,345,400	2,358,225	2,661,063	2,939,713
Operating Projections ($000)				
Total Revenues	**$1,082**	**$2,165**	**$2,488**	**$2,799**
Total Direct Expenses	$624	$1,246	$1,431	$1,609
Gross Operating Profit	$458	$919	$1,057	$1,190
Total Indirect Operating Expenses	$385	$878	$905	$932
3rd Party Management Fee	$272	$380	$414	$447
Reserve for Asset Replacement		*$65*	*$75*	*$84*
Net Operating Loss	**($200)**	**($403)**	**($336)**	**($274)**
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**
Total Rentable Space (sq. ft.)		24,200	24,200	24,200
Events		71	80	87
Event Days		126	144	159
Delegates		24,625	27,025	29,100
Delegate Days		47,775	53,025	57,950
Annual Rented Space (sq. ft.)		1,574,888	1,807,963	2,031,350
Operating Projections ($000)				
Total Revenues		**$1,646**	**$1,883**	**$2,119**
Total Direct Expenses		$957	$1,093	$1,228
Gross Operating Profit		$689	$790	$892
Total Indirect Operating Expenses		$631	$652	$674
3rd Party Management Fee		$322	$348	$373
Reserve for Asset Replacement		*$49*	*$56*	*$64*
Net Operating Loss		**($314)**	**($266)**	**($219)**

Source: PKF Consulting

Exhibit 9-1
ST. JOHN'S CONVENTION CENTRE
RECOMMENDED FACILITY EXPANSION to 34,650 sq.ft. of Rentable Space

	Status Quo			OPERATING PROJECTIONS									
	2009-2011			2012		2013		2014		2015		2016	
Facility Profile													
Ballroom (rentable sq. ft.)	16,000			20,000	28.7%	20,000	28.7%	20,000	29%	20,000	29%	20,000	29%
Meeting Space (rentable sq. ft.)	2,200			14,650	21.0%	14,650	21.0%	14,650	21%	14,650	21%	14,650	21%
Back of House/Other	20,000			35,000	50.3%	35,000	50.3%	35,000	50%	35,000	50%	35,000	50%
Total Facility	**38,200**			**69,650**	**100.0%**	**69,650**	**100.0%**	**69,650**	**100%**	**69,650**	**100%**	**69,650**	**100%**
Utilization					*% Increase*								
SJCC Events	63			83	*31.7%*	94		106		106		106	
SJCC Event Days	112			157	*39.7%*	176		197		197		197	
SJCC Delegate Days	33,475			61,125	*82.6%*	68,450		75,000		75,000		75,000	
Occupied Square Feet	1,345,400			2,358,225	*75.3%*	2,661,063		2,939,713		2,939,713		2,939,713	
Revenues													
Space Rental	$208,922	$0.16	19.3%	$404,216	$0.17	$467,527	$0.18	$529,396	$0.18	$542,631	$0.18	$556,197	$0.19
Food & Beverage Revenues	$873,446	$26.09	80.7%	$1,760,475	$28.80	$2,020,730	$29.52	$2,269,446	$30.26	$2,326,183	$31.02	$2,384,337	$31.79
Total Revenue	**$1,082,368**		**100.0%**	**$2,164,691**	**100.0%**	**$2,488,257**	**100.0%**	**$2,798,843**	**100.0%**	**$2,868,814**	**100.0%**	**$2,940,534**	**100.0%**
Direct Operating Expenses													
F&B Payroll Costs	$300,962		27.8%	$606,113	28.0%	$696,712	28.0%	$783,676	28.0%	$803,268	28.0%	$823,350	28.0%
Cost of Goods Sold	$231,857		26.5%	$466,526	26.5%	$535,493	26.5%	$601,403	26.5%	$616,438	26.5%	$631,849	26.5%
Other Operating Expenses	$91,307		8.4%	$173,175	8.0%	$199,061	8.0%	$223,907	8.0%	$229,505	8.0%	$235,243	8.0%
Total Direct Expenses	**$624,126**		**57.7%**	**$1,245,814**	**57.6%**	**$1,431,266**	**57.5%**	**$1,608,987**	**57.5%**	**$1,649,211**	**57.5%**	**$1,690,442**	**57.5%**
Departmental Income	**$458,242**		**42.3%**	**$918,876**	**42.4%**	**$1,056,991**	**42.5%**	**$1,189,856**	**42.5%**	**$1,219,602**	**42.5%**	**$1,250,092**	**42.5%**
Indirect Operating Expenses													
Administration	$32,663		3.0%	$64,941	3.0%	$66,240	2.7%	$67,564	2.4%	$68,916	2.4%	$70,294	2.4%
Marketing & Sales	$30,365		2.8%	$182,700	8.4%	$187,267	7.5%	$191,949	6.9%	$196,748	6.9%	$201,667	6.9%
Building Operations & Maintenance	$142,524		13.2%	$281,410	13.0%	$288,445	11.6%	$295,656	10.6%	$303,048	10.6%	$310,624	10.6%
Utilities	$122,633		11.3%	$246,787	11.4%	$252,956	10.2%	$259,280	9.3%	$265,762	9.3%	$272,406	9.3%
Insurance	$30,000		2.8%	$60,268	2.8%	$61,775	2.5%	$63,319	2.3%	$64,902	2.3%	$66,525	2.3%
Other (Pedway, IT, SOCAN, SJAE)	$26,923		2.5%	$41,605	1.9%	$47,976	1.9%	$54,585	2.0%	$55,950	2.0%	$57,348	2.0%
Total Indirect Operating Expenses	**$385,109**		**35.6%**	**$877,711**	**40.5%**	**$904,659**	**36.4%**	**$932,354**	**33.3%**	**$955,325**	**33.3%**	**$978,864**	**33.3%**
Net Operating Income Before Other Fixed Costs	**$73,134**		**6.8%**	**$41,166**	**1.9%**	**$152,332**	**6.1%**	**$257,502**	**9.2%**	**$264,277**	**9.2%**	**$271,229**	**9.2%**
Other Fixed Expenses													
Base Management Fee	$150,000		13.9%	$150,000	6.9%	$150,000	6.0%	$150,000	5.4%	$150,000	5.2%	$150,000	5.1%
Incentive Fee	$122,586		11.3%	$229,719	10.6%	$264,248	10.6%	$297,464	10.6%	$304,901	10.6%	$312,523	10.6%
Property Taxes	$0		0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%
Total Other Fixed Costs	**$272,586**		**25.2%**	**$379,719**	**17.5%**	**$414,248**	**16.6%**	**$447,464**	**16.0%**	**$454,901**	**15.9%**	**$462,523**	**15.7%**
Reserve for Asset Replacement				**$64,941**	**3.0%**	**$74,648**	**3.0%**	**$83,965**	**3.0%**	**$86,064**	**3.0%**	**$88,216**	**3.0%**
Net Operating Income	**-$199,452**		**-18.4%**	**-$403,494**	**-18.6%**	**-$336,564**	**-13.5%**	**-$273,927**	**-9.8%**	**-$276,688**	**-9.6%**	**-$279,510**	**-9.5%**
Revenue Per Rentable Square Foot	**$0.16**			**$0.17**		**$0.20**		**$0.22**		**$0.23**		**$0.23**	
Expenses Per Rentable Square Foot	**$0.19**			**$0.20**		**$0.22**		**$0.24**		**$0.24**		**$0.25**	
Net Income (Cost) Per Rentable Square Foot	**($0.03)**			**($0.03)**		**($0.03)**		**($0.02)**		**($0.02)**		**($0.02)**	

Source: PKF Consulting Inc.

Exhibit 9-2
ST. JOHN'S CONVENTION CENTRE
MINIMUM FACILITY IMPROVEMENTS AND EXPANSION TO 24,200 SQ.FT. of Rentable Space

	Status Quo			OPERATING PROJECTIONS									
	2009-2011			2012		2013		2014		2015		2016	
Facility Profile													
Ballroom (rentable sq. ft.)	16,000			16,000	32.5%	16,000	32.5%	16,000	33%	16,000	33%	16,000	33%
Meeting Space (rentable sq. ft.)	2,200			8,200	16.7%	8,200	16.7%	8,200	17%	8,200	17%	8,200	17%
Back of House/Other	20,000			25,000	50.8%	25,000	50.8%	25,000	51%	25,000	51%	25,000	51%
Total Facility	**38,200**			**49,200**	**100.0%**	**49,200**	**100.0%**	**49,200**	**100%**	**49,200**	**100%**	**49,200**	**100%**
Utilization					***% Increase***								
SJCC Events	63			71	*12.7%*	80		87		87		87	
SJCC Event Days	112			126	*12.5%*	144		159		159		159	
SJCC Delegate Days	33,475			47,775	*42.7%*	53,025		57,950		57,950		57,950	
Occupied Square Feet	1,345,400			1,574,888	*17.1%*	1,807,963		2,031,350		2,031,350		2,031,350	
Revenues													
Space Rental	$208,922	$0.16	19.3%	$269,947	$0.17	$317,645	$0.18	$365,814	$0.18	$374,960	$0.18	$384,334	$0.19
Food & Beverage Revenues	$873,446	$26.09	80.7%	$1,375,978	$28.80	$1,565,364	$29.52	$1,753,526	$30.26	$1,797,364	$31.02	$1,842,298	$31.79
Total Revenue	**$1,082,368**		**100.0%**	**$1,645,925**	**100.0%**	**$1,883,009**	**100.0%**	**$2,119,340**	**100.0%**	**$2,172,323**	**100.0%**	**$2,226,631**	**100.0%**
Direct Operating Expenses													
F&B Payroll Costs	$300,962		27.8%	$460,859	28.0%	$527,243	28.0%	$593,415	28.0%	$608,251	28.0%	$623,457	28.0%
Cost of Goods Sold	$231,857		26.5%	$364,634	26.5%	$414,822	26.5%	$464,684	26.5%	$476,301	26.5%	$488,209	26.5%
Other Operating Expenses	$91,307		8.4%	$131,674	8.0%	$150,641	8.0%	$169,547	8.0%	$173,786	8.0%	$178,131	8.0%
Total Direct Expenses	**$624,126**		**57.7%**	**$957,167**	**58.2%**	**$1,092,705**	**58.0%**	**$1,227,647**	**57.9%**	**$1,258,338**	**57.9%**	**$1,289,796**	**57.9%**
Departmental Income	**$458,242**		**42.3%**	**$688,758**	**41.8%**	**$790,304**	**42.0%**	**$891,693**	**42.1%**	**$913,986**	**42.1%**	**$936,835**	**42.1%**
Indirect Operating Expenses													
Administration	$32,663		3.0%	$49,378	3.0%	$50,365	2.7%	$51,373	2.4%	$52,400	2.4%	$53,448	2.4%
Marketing & Sales	$30,365		2.8%	$132,700	8.1%	$136,017	7.2%	$139,418	6.6%	$142,903	6.6%	$146,476	6.6%
Building Operations & Maintenance	$142,524		13.2%	$197,511	12.0%	$202,449	10.8%	$207,510	9.8%	$212,698	9.8%	$218,015	9.8%
Utilities	$122,633		11.3%	$174,327	10.6%	$178,686	9.5%	$183,153	8.6%	$187,732	8.6%	$192,425	8.6%
Insurance	$30,000		2.8%	$42,718	2.6%	$49,915	2.7%	$56,791	2.7%	$58,211	2.7%	$59,666	2.7%
Other (Pedway, IT, SOCAN, SJAE)	$26,923		2.5%	$34,176	2.1%	$35,030	1.9%	$35,906	1.7%	$36,804	1.7%	$37,724	1.7%
Total Indirect Operating Expenses	**$385,109**		**35.6%**	**$630,809**	**38.3%**	**$652,463**	**34.7%**	**$674,151**	**31.8%**	**$690,747**	**31.8%**	**$707,754**	**31.8%**
Net Operating Income Before Other Fixed Costs	**$73,134**		**6.8%**	**$57,948**	**3.5%**	**$137,841**	**7.3%**	**$217,543**	**10.3%**	**$223,238**	**10.3%**	**$229,081**	**10.3%**
Other Fixed Expenses													
Base Management Fee	$150,000		13.9%	$150,000	9.1%	$150,000	8.0%	$150,000	7.1%	$150,000	6.9%	$150,000	6.7%
Incentive Fee	$122,586		11.3%	$172,189	10.5%	$197,576	10.5%	$222,923	10.5%	$228,496	10.5%	$234,209	10.5%
Property Taxes	$0		0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%
Total Other Fixed Costs	**$272,586**		**25.2%**	**$322,189**	**19.6%**	**$347,576**	**18.5%**	**$372,923**	**17.6%**	**$378,496**	**17.4%**	**$384,209**	**17.3%**
Reserve for Asset Replacement				**$49,378**	**3.0%**	**$56,490**	**3.0%**	**$63,580**	**3.0%**	**$65,170**	**3.0%**	**$66,799**	**3.0%**
Net Operating Income	**-$199,452**		**-18.4%**	**-$313,619**	**-19.1%**	**-$266,225**	**-14.1%**	**-$218,961**	**-10.3%**	**-$220,428**	**-10.1%**	**-$221,927**	**-10.0%**
Revenue Per Rentable Square Foot	**$0.16**			**$0.19**		**$0.21**		**$0.24**		**$0.25**		**$0.25**	
Expenses Per Rentable Square Foot	**$0.19**			**$0.22**		**$0.24**		**$0.26**		**$0.26**		**$0.27**	
Net Income (Cost) Per Rentable Square Foot	**($0.03)**			**($0.04)**		**($0.03)**		**($0.02)**		**($0.02)**		**($0.03)**	

Source: PKF Consulting Inc.

10.0 ECONOMIC IMPACT

10.1 Introduction

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

Based on our utilization projections, the following section provides an analysis of delegate spending and room nights generated by type of event, for the first five years following the St. John’s Convention Centre’s expansion. Recognizing that not all of the M&C related revenue generated as a result of the expanded Convention Centre will be new to the City of St. John’s, we have also provided an analysis of the portion of delegate spending and room nights generated which will be incremental to the City of St. John’s post the Convention Centre’s expansion.

10.2 Economic Impact of Meetings Activity in Canada, 2006

On behalf of Meeting Professionals International Foundation Canada (MPIFC), Maritz Research Canada, in association with the Conference Board of Canada, completed a study on the economic activity surrounding meetings in Canada. The 2006 study was based on in-depth survey response from meeting organizers, venue managers, exhibitors, speakers and delegates.[17] The study was also the first to address the new economic measurement methodology developed by the World Tourism Organization (UNWTO), aimed at calculating business activity in a sector that overlaps many different parts of the wider economy. Following is a summary of the key study findings:

- In 2006, 1,517 venues hosted **671,000 meetings** across Canada;
- 75% of the meetings activity took place in hotels and resorts; 22% were held in special event venues; and **4% were held in purpose-built venues** (ie. Convention Centres); and 3% were held in other types of facilities;
- Nearly **60%** of all gatherings in Canada were considered as **“other business meetings”** (391,000), with 19% being conferences, conventions, and congresses (126,000); 2% were incentive meetings (12,000); and 11,000 trade shows and business exhibitions (2%) and 7,000 consumer shows (1%).
- **70.2 Million people attended meetings** in Canada in 2006, including 66.5 Million delegates, 452,000 exhibitors, and 3.3 Million professional speakers or other paid attendees.
- Across all meeting types, a total of 32.5 Million meeting participants attended activities in hotels and resorts, followed by **31.4 Million or 45% of the total delegates and exhibitors which**

[17] *Meetings Activity in 2006: A Portrait of the Canadian Sector*, Maritz Research, the Conference Board of Canada, MPI Foundation, 2008.

attended meetings in purpose-built venues such as the St. John's Convention Centre. Purpose-built venues drew the lion's share of the traffic for trade and consumer shows.

- Nearly 60% of participants (40.4 Million) travelled less than 40 kilometres to reach their meeting; 16.6 Million (23.6%) were based in the host province, 10.9 Million (15.5%) travelled within Canada, and 2.4 Million (3.4%) travelled internationally.

- **Meetings in Canada generated $32.2 Billion in spending in 2006** ($23.3 Billion by meeting participants and $8.9 Billion by non-participant sponsors and stakeholders), including $7.5 Billion generated by local meetings activity.

- Average spending was higher for delegates who travelled farther to attend a meeting, and for delegates attending trade shows. Table 10-1 provides a profile of the Average Spending per Delegate by type of meeting and place of origin.

TABLE 10-1
AVERAGE SPENDING PER DELEGATE
CANADIAN MEETINGS ACTIVITY, 2006

Meeting Type	Delegate Place of Origin				
	Local	Inside Province	Outside Province	Outside Country	Overall Average
Conference	$128	$326	$763	$1,781	**$341**
Consumer	$266	$372	$383	$1,426	**$346**
Trade	$520	$260	$1,059	$1,799	**$742**
Incentive	$589	$246	$772	$1,398	**$555**
Other Business	$100	$241	$471	$1,651	**$212**
Other Mtg	$119	$196	$310	$382	**$154**

Source: Meetings Activity in 2006: A Portrait of the Canadian Sector, Maritz Research, the Conference Board of Canada, MPI Foundation, 2008.

- Of the $23.3 Billion spent by meeting participants in Canada in 2006, Table 10-2 provides a spending profile of the tourism-related spending attributable to meetings activity. Participants attending meetings, sometimes accompanied by friends and relatives, not only spend on meeting registration fees and accommodations, but also on supermarkets, attending theatre and sports events, sightseeing tours, golf, bicycling, or activities unique to Newfoundland such as iceberg and whale watching.

TABLE 10-2
CANADIAN MEETING PARTICIPANT SPENDING PROFILE, 2006

All Meeting Types	Total Spending (Delegates, Exhibitors & Speakers)	% of Spending	Average Per Participant
Meeting Registration Fees	$5,585,995,000	24.0%	$79.51
Long Haul Travel to Host City	$30,72,213,000	13.2%	$43.73
Long and Short Haul Transport	$1,759,911,000	7.6%	$25.05
Accommodation	$3,193,519,000	13.7%	$45.46
F&B from Restaurants	$3,773,121,000	16.2%	$53.71
F&B from Retail Outlets	$1,233,581,000	5.3%	$17.56
Shopping	$1,833,943,000	7.9%	$26.10
Entertainment & Recreation	$1,152,809,000	5.0%	$16.41
Tours	$542,320,000	2.3%	$7.72
Other Commodities	$1,117,332,000	4.8%	$15.90
TOTAL	**$23,264,754,000**	**100,0%**	**$331.14**

Source: Meetings Activity in 2006: A Portrait of the Canadian Sector, Maritz Research, the Conference Board of Canada, MPI Foundation, 2008.

- The $32.2 Billion in meetings spending in 2006 generated the equivalent of **235,500 full-year jobs**, of which 60% were in the tourism sector (141,900 jobs); including 53,000 in the food & beverage sector (22.5%); 43,400 in accommodation, 21,800 in transportation, 17,800 in recreation and entertainment, and 5,900 in travel services. Meetings activity also generated 31,900 (13.5%) of jobs directly in meetings industries, and a further 61,800 full-year jobs in industries outside the tourism sector.

TABLE 10-3
FULL YEAR JOBS
CANADIAN MEETINGS ACTIVITY, 2006

Meetings Sector	Full–Year Jobs	% of Total
Meeting Venues	16,000	6.8%
Meeting Organizers	15,900	6.7%
Subtotal	**31,900**	**13.5%**
Tourism Sector		
Food & Beverage	53,000	22.5%
Accommodation	43,400	18.4%
Transportation	21,800	9.3%
Recreation & Entertainment	17,800	7.6%
Travel Services	5,900	2.5%
Subtotal	**141,900**	**60.2%**
Non Tourism Sector	**61,800**	**26.2%**
Total	**235,600**	**100.0%**

Source: Meetings Activity in 2006: A Portrait of the Canadian Sector, Maritz Research, the Conference Board of Canada, MPI Foundation, 2008.

- Meetings activity in Canada in 2006 created employment at a rate of **one full-year equivalent job for every $55,155 in direct spending on meetings activity**.

- While the direct economic effect of meetings activity in Canada in 2006 was $32.2 Billion, indirect and induced effects accounted for $20.2 Billion and $18.7 Billion respectively, for total output of $71.1 Billion. This means that **every dollar spent on meetings activity in 2006 resulted in another $1.21 of spin-off activity in some other part of the economy.**

TABLE 10-4
ECONOMIC CONTRIBUTION OF 2006
MEETINGS ACTIVITY IN CANADA
INDUSTRY OUTPUT ($ Millions)

Direct Impacts	$32,183
Indirect Impacts	$20,208
Induced Impacts	$18,697
Total Economic Contribution	**$71,088**

Source: Meetings Activity in 2006: A Portrait of the Canadian Sector, Maritz Research, the Conference Board of Canada, MPI Foundation, 2008.

- In 2006, meetings activity returned direct tax revenues of $2.9 billion to the federal government, $2.4 billion to the provinces and $355 million to municipalities for a total of $5.7 Billion.

TABLE 10-5 DIRECT TAX REVENUES GENERATED BY 2006 MEETINGS ACTIVITY IN CANADA INDUSTRY OUTPUT ($ Billions)		
Federal	$2.9	51%
Provincial	$2.4	42%
Municipal	$0.4	6%
Total Direct Taxes	**$5.7**	**100%**

Source: *Meetings Activity in 2006: A Portrait of the Canadian Sector*, Maritz Research, the Conference Board of Canada, MPI Foundation, 2008.

10.3 Economic Impact of Expanded St. John's Convention Centre

10.3.1 Meeting and Convention Room Nights Generated

As summarized in Section 3.5 of the report, an estimated 65,880 room nights were generated by the meetings and convention sector of St. John's accommodation industry in 2007, increasing to 72,700 room nights in 2008. Based on its status quo operation, it is estimated that the **SJCC currently generates 14,430 room nights of demand – or 20% of the City's overall M&C room nights**, based on the following assumptions:

- Convention delegates stay an average of 3 nights in St. John's at a double occupancy factor of 1.2;
- Trade Show attendees stay an average of 2.5 nights at a double occupancy factor of 1.2;
- 40% of Consumer Show attendees stay overnight in St. John's at a double occupancy factor of 2;
- Non-local meeting delegates stay an average of 1.5 nights at a double occupancy rate of 1.2;
- 20% of banquet attendees stay overnight at local accommodations, with 2 persons per room; and
- 10% of persons attending other events at the SJCC stay overnight, at a double occupancy factor of 1.75.

By 2012, with the **recommended expansion** of the SJCC in place, M&C room nights to the City of St. John's has been forecast to increase from 72,700 room nights in 2008 to **90,650 room nights, increasing to 99,500 by 2015.** The expansion of the SJCC represents an increase of 25% to 37% over current M&C room nights to the City of St. John's.

Of the total demand generated, approximately 60% will be incremental new demand to St. John's, resulting from the expansion of the SJCC. As such, the **incremental new M&C activity** to the City of St.

John's is estimated at **14,990 room nights in 2012**, increasing to **21,560 room nights by 2015** (refer to Table 10-6). By its 3rd year of operation, post its expansion, the SJCC is projected to generate 36% of the City of St. John's M&C room nights – up from its current level of 20%.

TABLE 10-6
TOTAL MEETING and CONVENTION ROOM NIGHTS GENERATED
ST. JOHN'S CONVENTION CENTRE

RECOMMENDED EXPANSION	Existing/ Status Quo	Projected Demand			
Room Nights	**2008**	**2012**	**2013**	**2014**	**2015**
Total M&C Room Nights to City of St. John's	**72,706**	**75,658**	**76,415**	**77,179**	**77,951**
% Normalized Growth		*4.1%*	*1.0%*	*1.0%*	*1.0%*
Status Quo M&C Room Nights to SJCC	14,430	14,430	14,430	14,430	14,430
Incremental New Room Demand with Recommended Expanded SJCC		**14,991**	**18,413**	**21,561**	**21,561**
Total Projected M&C Demand to SJCC		**29,421**	**32,849**	**35,991**	**35,991**
Total Projected M&C Demand to City		**90,269**	**94,828**	**98,740**	**99,511**
% Growth		*21.0%*	*4.6%*	*4.1%*	*0.8%*
MINIMUM FACILITY IMPROVEMENTS		**Projected Demand**			
Room Nights		**2012**	**2013**	**2014**	**2015**
Incremental New Room Demand with Minimum Facility Improvements to SJCC		**6,282**	**9,663**	**12,656**	**12,656**
Total Projected M&C Demand to SJCC		**20,713**	**24,099**	**27,086**	**27,086**
Total Projected M&C Demand to City		**81,941**	**86,078**	**89,835**	**90,606**
% Growth		*9.4%*	*5.0%*	*4.4%*	*0.9%*

Source: PKF Consulting

From a comparative perspective**,** by undertaking the **minimum facility improvements** to the SJCC, M&C room nights to the City of St. John's has been forecast to increase from 72,700 room nights in 2008 to **81,940 room nights, increasing to 90,600 by 2015.** This represents an increase of 13% to 25% over current M&C room nights to the City of St. John's.

Of the total demand generated, approximately 45% will be incremental new demand to St. John's, resulting from the expansion of the SJCC. As such, the **incremental new M&C activity** to the City of St. John's is estimated at **6,280 room nights in 2012**, increasing to **12,650 room nights by 2015** (refer to Table 10-6).

10.4 Delegate Per Spend Assumptions

Table 10-7 provides delegate spending assumptions based on the average visitor spending statistics provided in the *2003/2004 Exit Survey for Newfoundland and Labrador* and the *MPI 2006 Study* results; the 2008 Average Daily Rate for the downtown St. John's accommodation properties during the May to October period; and a multiple occupancy factor of 1.25; with spending inflated to 2012$. The average **overnight delegate** to the City of St. John's is estimated to spend **$310.89 per day**, compared to **same day delegates**, which are estimated to spend **$101.45** during their stay in St. John's. The expenditure categories exclude transportation costs to and from St. John's, but include local transportation costs for fuel, taxis or local transit while in the City.

TABLE 10-7 DELEGATE SPENDING ASSUMPTIONS ST. JOHN'S CONVENTION CENTRE	
	2012 $
Overnight Per Spend Assumptions	
Accommodation Spend	$140.38
Food and Beverage Spend	$87.19
Food and Beverage in Stores Spend	$12.09
Retail Spend	$22.21
Local Transportation	$28.99
Recreation & Entertainment Spend	$20.04
Total Per Overnight Delegate Per Day Spend	**$310.89**
Same Day Visitor Per Spend Assumptions	
Food and Beverage Spend	$53.74
Food and Beverage in Stores Spend	$12.09
Retail Spend	$11.11
Local Transportation	$14.49
Recreation & Entertainment Spend	$10.02
Total Per Same Day Delegate Spend	**$101.45**
Sources: *Meetings Activity in 2006: A Portrait of the Canadian Sector, Maritz Research, the Conference Board of Canada, MPI Foundation, 2008; 2003/2004 Newfoundland and Labrador Exit Survey Department of Tourism, Culture and Recreation; PKF Trends in the Hotel Industry database, and PKF Consulting*	

10.5 Delegate Spending Impacts by Type of Event

10.5.1 Convention Delegate Spending

Based on the overnight delegate spending profile outlined in Table 10-7, under its status quo operation, the **SJCC currently generates just under $5 Million in direct convention delegate spending**. Due to the increased event activity, total delegate spending post the **recommended expansion in 2012 is projected to increase to over $11 Million**, of which $6.1 Million will be incremental new spending to the City of St. John's.

TABLE 10-8 PROJECTED CONVENTION DELEGATE SPENDING ST. JOHN'S CONVENTION CENTRE					
		Post Expansion			
RECOMMENDED EXPANSION	**Status Quo**	**2012**	**2013**	**2014**	**2015**
Convention Delegates	4,550	10,150	11,250	12,350	12,350
Convention Delegate Days	15,925	35,525	39,375	43,225	43,225
Total Convention Delegate Spend ($M)	**$4.95**	**$11.04**	**$12.55**	**$14.12**	**$14.47**
Incremental New Spending to St. John's ($M)		**$6.09**	**$1.23**	**$1.26**	
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**	**2015**
Convention Delegates		6,700	7,800	8,900	8,900
Convention Delegate Days		23,450	27,300	31,150	31,150
Total Convention Delegate Spend ($M)		**$7.29**	**$8.70**	**$10.17**	**$10.43**
Incremental New Spending to St. John's ($M)		**$2.34**	**$1.23**	**$1.26**	

Source: PKF Consulting

In comparison, by undertaking the **minimum facility improvements**, it is estimated that convention delegate spending will increase to **$7.3 Million in 2012,** and incremental growth of $2.3 Million in convention delegate spending to the City of St. John's.

10.5.2 Non-Local Meeting Delegate Spending

Non-local meetings and conference at the SJCC currently contribute an estimated $373,000 in delegate spending to the City of St. John's. With the completion of the **recommended expansion of the SJCC**, total delegate spending is projected to increase by 3.5 times to reach $1.3 Million by 2015. In comparison, should the SJCC undergo only the **minimal facility improvements**, delegate spending generated by non-local meeting delegates is projected to almost double to $703,000 by 2015.

TABLE 10-9
PROJECTED NON-LOCAL MEETING SPENDING
ST. JOHN'S CONVENTION CENTRE

		Post Expansion			
RECOMMENDED EXPANSION	**Status Quo**	**2012**	**2013**	**2014**	**2015**
Non Local Mtg Delegates	800	1,700	2,400	2,600	2,600
Non Local Mtg Delegate Days	1,200	2,550	3,600	3,900	3,900
Total Non Local Mtg Delegate Spend ($000's)	**$373**	**$793**	**$1.147**	**$1.274**	**$1.306**
Incremental New Spending to St. John's ($000's)		**$420**	**$335**	**$98**	
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**	**2015**
Non Local Mtg Delegates		1,000	1,200	1,400	1,400
Non Local Mtg Delegate Days		1,500	1,800	2,100	2,100
Total Non Local Mtg Delegate Spend ($000's)		**$466**	**$574**	**$686**	**$703**
Incremental New Spending to St. John's ($000's)		**$93**	**$96**	**$97**	

Source: PKF Consulting

10.5.3 Local Meeting Delegate Spending

It is estimated that local meetings business held at the SJCC currently contributes an estimated $76,000 in delegate spending to the City of St. John's. Based on the same-day delegate spending profile, total delegate spending is projected to increase from $205,000 by 2015, post the Centre's **recommended expansion**. By undergoing **minimum facility improvements** at the Centre, local delegate spending is projected to increase to $164,000 by 2015.

TABLE 10-10
PROJECTED LOCAL MEETING DELEGATE SPENDING
ST. JOHN'S CONVENTION CENTRE

		Post Expansion			
RECOMMENDED EXPANSION	**Status Quo**	**2012**	**2013**	**2014**	**2015**
Local Mtg Delegates/Delegate Days	750	1,500	1,725	1,875	1,875
Total Local Mtg Delegate Spend ($000's)	**$76**	**$152**	**$179**	**$200**	**$205**
Incremental New Spending to St. John's ($M)		**$76**	**$23**	**$16**	
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**	**2015**
Local Mtg Delegates/Delegate Days		1,275	1,425	1,500	1,500
Total Local Mtg Delegate Spend ($000's)		**$129**	**$148**	**$160**	**$164**
Incremental New Spending to St. John's ($M)		**$53**	**$16**	**$8**	

Source: PKF Consulting

10.5.4 Banquet Spending

Under its status quo operation, it is estimated that 9,600 persons attend banqueting functions at the SJCC, and spend an estimated $30 per plate, plus parking, and other incidentals for a total contribution of $363,000 in revenues. Following its **expansion**, total banquet spending is projected to account for over $512,000 in revenues in 2012, increasing to an estimated $739,000 by 2015. In contrast, by providing a divisible ballroom under the **minimum facility improvements**, banquet revenues are projected to increase to $616,000 by 2015.

TABLE 10-11
PROJECTED BANQUET SPENDING
ST. JOHN'S CONVENTION CENTRE

		Post Expansion			
RECOMMENDED EXPANSION	**Status Quo**	**2012**	**2013**	**2014**	**2015**
Banquet Attendees	9,600	12,450	14,650	16,900	16,900
Total Banquet Spend ($000's)	**$363**	**$512**	**$614**	**$723**	**$739**
Incremental New Spending to St. John's ($M)		**$117**	**$92**	**$96**	
MINIMUM FACILITY IMPROVEMENTS		**2012**	**2013**	**2014**	**2015**
Banquet Attendees		12,450	13,400	14,100	14,100
Total Banquet Spend ($000's)		**$512**	**$561**	**$603**	**$616**
Incremental New Spending to St. John's ($000's)		**$117**	**$40**	**$30**	

Source: PKF Consulting

10.5.5 Total Direct Delegate Spending Generated by SJCC

Based on the preceding analysis, it is estimated that meetings activity at the SJCC currently contributes $6.3 Million in delegate spending to the City of St. John's. By undergoing the **recommended expansion** to 34,650 sq.ft. of rentable space, the SJCC is projected to generate **$17.6 Million in total delegate spending** to the City of St. John's by 2015, of which 58% of this spending will be new incremental revenues to the City, equating to $10.2 Million. Conversely, by undertaking the **minimum facility improvements**, the SJCC is projected to generate **$12.8 Million in delegate spending by 2015,** of which $5.6 Million will be new incremental revenues to the City.

TABLE 10-12
TOTAL DIRECT DELEGATE SPENDING
ST. JOHN'S CONVENTION CENTRE

Spending Category	**Status Quo**	**Recommended Expansion (2015)**	**Incremental New Spending**	**Min. Facility Improvements (2015)**	**Incremental New Spending**
Accommodation	$2.59	$7.47	$4.39	$5.36	$2.43
Restaurants	$1.98	$5.40	$3.10	$3.98	$1.72
Groceries	$0.28	$0.75	$0.39	$0.56	$0.22
Retail	$0.46	$1.27	$0.70	$0.94	$0.39
Local Transportation	$0.59	$1.65	$0.96	$1.20	$0.53
Recreation & Entertainment	$0.38	$1.09	$0.64	$0.78	$0.35
TOTAL DELEGATE SPENDING	**$6.28**	**$17.63**	**$10.17**	**$12.82**	**$5.64**

Source: PKF Consulting

10.6 Pre and Post Convention Delegate Spending

Given the appeal of Newfoundland as a leisure destination, it is not uncommon for convention delegates to St. John's to bring a partner or their families and extend their visit to Newfoundland. Based on the *Meeting Planner Survey* and the *2003/2004 Exit Survey for Newfoundland and Labrador*, we have estimated that 40% of the convention delegates to the SJCC will extend their stay in Newfoundland by 3 nights, with an average party size of 2.1 persons (including the convention delegate), and an average daily rate of $148.34. Based on these assumptions, it is estimated that convention delegates to the SJCC currently contribute a further $1.5 Million in spending to Newfoundland due to pre and post visits, bringing the total contribution from meetings & convention activity at the SJCC to $7.8 Million.

TABLE 10-12
TOTAL PRE AND POST DELEGATE SPENDING
ST. JOHN'S CONVENTION CENTRE ($ Millions)

Spending Category	Status Quo	Recommended Expansion (2015)	Incremental New Spending	Min. Facility Improvements (2015)	Incremental New Spending
Convention Delegates @ 40%	1,820	4,940		3,560	
Avg Additional Party Size @ 1.1	2,002	5,434		3,916	
Pre and Post Delegate Days @ 3 nights	11,466	31,122		22,428	
Accommodation	$0.85	$2.50		$1.80	
Restaurants	$0.55	$1.92		$1.38	
Groceries	$0.12	$0.40		$0.28	
Retail	$0.23	$0.73		$0.52	
Local Transportation	$0.30	$0.95		$0.68	
Recreation & Entertainment	$0.21	$0.66		$0.47	
Tours	$0.09	$0.24		$0.17	
Pre & Post Delegate Spending	**$1.50**	**$4.88**	**$3.38**	**$3.52**	**$2.02**
Convention Delegate Spending	**$4.95**	**$14.47**		**$10.43**	
Total Conv. Delegate Spending	**$6.45**	**$19.35**	**$12.90**	**$13.95**	**$7.50**
TOTAL M&C SPENDING	**$7.78**	**$22.51**	**$14.73**	**$16.34**	**$8.56**

Source: PKF Consulting

With increased convention activity generated by the **expanded Convention Centre**, pre and post delegate spending has been projected to increase to $4.9 Million by 2015, resulting in an incremental $3.4 Million in delegate spending to communities and attractions outside the downtown core of St. John's. By implementing the **minimum facility improvements** to the Centre, pre and post delegate spending has been estimated at $3.5 Million by 2015, of which over $2 Million will be new visitor spending to Newfoundland.

10.7 Benefits to the Accommodation Sector

The direct benefits to the accommodation sector in the City of St. John's will be strong:

- Following the r**ecommended expansion program at the SJCC**, the City of St. John's will generate close to 100,000 room nights and $13.8 Million in room revenue by 2015, of which $3.0 Million in room revenue will be a direct result of meetings activity at the SJCC;
- By implementing the **minimum facility improvements** to the Centre, the City of St. John's will generate close to 90,000 room nights and $12.6 Million in room revenue by 2015, of which $1.8 Million in room revenue will be a direct result of meetings activity at the SJCC;
- By 2015, the recommended facility expansion, the increased room nights will generate an additional $90,000 in Destination Marketing Fees, compared to $53,000 in incremental fees generated through the implementation of minimum facility improvements to the SJCC.
- There are currently 3 hotel projects proposed for downtown St. John's, providing a total of approximately 330 additional rooms. The expansion of the SJCC will provide induced demand in the marketplace, which may in turn, contribute to the realization of one or more of these projects.

TABLE 10-13
TOTAL MEETING and CONVENTION ROOM NIGHTS GENERATED
ST. JOHN'S CONVENTION CENTRE

RECOMMENDED EXPANSION	Existing/ Status Quo	Projected Demand			
Room Nights	**2008**	**2012**	**2013**	**2014**	**2015**
Total M&C Room Nights to City of St. John's	**72,706**	**90,649**	**94,828**	**98,740**	**99,511**
ADR	$121.20	$131.19	$133.81	$136.49	$139.22
M&C Room Revenue ($M)	$8.8	$11.9	$12.7	$13.5	$13.8
DMF @ 3%	$264,359	$356,779	$380,681	$404,312	$415,621
Incremental Room Revenue		**$2.0 M**	**$2.5 M**	**$2.9 M**	**$3.0 M**
Incremental DMF		**$59,000**	**$74,000**	**$88,300**	**$90,000**
MINIMUM FACILITY IMPROVEMENTS		**Projected Demand**			
Room Nights		**2012**	**2013**	**2014**	**2015**
Total M&C Room Nights to City of St. John's		**81,941**	**86,078**	**89,835**	**90,606**
ADR		$131.19	$133.81	$136.49	$139.22
M&C Room Revenue ($M)		$10.7	$11.5	$12.3	$12.6
DMF @ 3%		$322,495	$345,555	$367,848	$378,429
Incremental Room Revenue		**$0.8 M**	**$1.2 M**	**$1.7 M**	**$1.8 M**
Incremental DMF		**$25,000**	**$39,000**	**$52,000**	**$53,000**

Source: PKF Consulting

10.8 Employment and Taxation Impacts

Utilizing the results of the *2006 MPI Study on Meetings Activity in Canada*, we have estimated the number of full-year jobs and taxation levels generated by the current and expanded St. John's Convention Centre, based on the following assumptions:

- Total Direct Spending of $8.8 Million currently generated by delegate spending, pre and post convention activity and gross operating revenues of the SJCC, increasing to $25.4 Million by 2015 under the recommended expansion program and $18.5 Million under the minimum facility improvements scenario.
- One full-year equivalent job is created for every $55,155 in direct spending on meetings activity ($2006);
- For every dollar spent by delegates attending meetings at the SJCC, pre and post convention activity and gross operating revenues of the SJCC, $1.21 of spin-off activity will be created in some other part of the economy;
- In 2006, $71.1 Billion in meetings activity in Canada (from direct, indirect and induced effects) returned $14.6 Billion in taxes (20.5%), including $7.3 Billion to the federal government (10.3%); $6.2 Billion to the provinces (8.7%); and nearly $1.1 Billion to municipalities (1.5%). The same taxation rates have been applied to the total direct, indirect and induced effects of the SJCC.

TABLE 10-14
TOTAL MEETING and CONVENTION ROOM NIGHTS GENERATED
ST. JOHN'S CONVENTION CENTRE

RECOMMENDED EXPANSION	Existing/ Status Quo	Projected Impacts			
	2008	2012	2013	2014	2015
Direct Spending due to Meetings Activity	**$8.8 M**	**$19.3 M**	**$22.0 M**	**$24.7 M**	**$25.4 M**
1 FTE for every $55,155 in direct spending infl					
FULL YEAR JOBS	**152.9**	**294.4**	**328.0**	**359.2**	**359.2**
Industry Output @ 1.21 multiplier	$10.7 M	$23.3 M	$26.7 M	$29.9 M	$30.7 M
TAXATION ($000's)					
Federal	$1,100	$2,398	$2,738	$3,074	$3,153
Provincial	$934	$2,036	$2,326	$2,611	$2,678
Municipal	$165	$361	$413	$463	$475
Total Taxes	**$2,201**	**$4,796**	**$5,477**	**$6,148**	**$6,305**
MINIMUM FACILITY IMPROVEMENTS		Projected Impacts			
		2012	2013	2014	2015
Direct Spending due to Meetings Activity		**$13.4 M**	**$15.6 M**	**$18.0 M**	**$18.5 M**
1 FTE for every $55,155 in direct spending infl					
FULL YEAR JOBS		**204.2**	**232.8**	**262.0**	**262.2**
Industry Output @ 1.21 multiplier		$16.2 M	$18.9 M	$21.8 M	$22.4 M
TAXATION					
Federal		$1,663	$1,943	$2,242	$2,299
Provincial		$1,413	$1,650	$1,904	$1,953
Municipal		$250	$292	$337	$346
Total Taxes		**$3,327**	**$3,886**	**$4,484**	**$4,599**

Source: PKF Consulting

As summarized in Table 10-14, it is estimated that the **SJCC currently generates $8.8 Million in direct spending** from meetings delegates, pre and post convention activity and gross operating income at the Centre. This direct spending supports approximately **153 full year equivalent jobs in Newfoundland,** and $10.7 Million in industry output for the province, returning $1.1 Million to the federal government; $934,000 to the province and $165,000 to the municipal government.

Upon completion of its **recommended expansion**, the SJCC is projected to generate $25.4 Million in direct spending from all related meetings activity by 2015, which in turn will support 359 full year equivalent jobs, providing $30.7 Million in industry output for the province from direct, indirect and induced economic activity, and generating $6.3 Million in taxes to all levels of government.

For comparison purposes, by undergoing the minimal facility improvements, the SJCC is projected to generate $18.5 Million in direct spending from all related meetings activity by 2015; support 262 full year equivalent jobs; generate $22.4 Million in industry output for the province from direct, indirect and induced economic activity; and produce $4.6 Million in taxes to all levels of government.

It should be noted that while we have estimated the employment and taxation benefits of the expanded SJCC based on the results of the *2006 MPI Study on Meetings Activity in Canada*, we would recommend that the Steering Committee utilize the services of the Newfoundland & Labrador Department of Finance to undertake a similar analysis utilizing the province's own economic impact model.

10.9 Return on Investment Payback

As summarized in Table 10-15, the incremental direct delegate spending resulting from the expansion of the SJCC to 34,650 square feet, will result in a 1.2 year payback on its capital investment of $17.5 Million (including estimated costs associated with land and/or building purchases), compared to a payback of less than 1 year (0.6 years) resulting from the implementation of the minimal facility upgrades.

TABLE 10-15
PAYBACK ON CAPITAL INVESTMENT
Based on
INCREMENTAL DELEGATE SPENDING

	RECOMMENDED EXPANSION	MINIMUM FACILITY UPGRADES
Capital Cost Estimate	$17.5 M	$5.0 M
Incremental Delegate Spending (2015)	$14.7 M	$8.6 M
Payback on Capital Investment		
Years	**1.2**	**0.6**

Source: PKF Consulting

10.10 What Happens if St. John's Does Not Expand Its Convention Centre?

Should the City of St. John's choose not to expand the St. John's Convention Centre, they will risk loosing meetings and convention demand to other Atlantic Canada competitive destinations, including the new Fredericton Conference Centre and proposed Charlottetown Convention Centre and the expanded Halifax World Trade and Convention Centre. Based on an analysis of St. John's current M&C sector, we have projected M&C demand to grow in St. John's over the next few years, based on the continued efforts of Destination St. John's and its partners. However with the opening of the Fredericton Convention Centre in 2011, and expected addition of the Charlottetown Convention Centre and Halifax World Trade and Convention Centre expansion in 2012, we have projected annual declines of 6 to 13.5% within the St. John's market as demand is transferred to these newer facilities. **By 2013**, the St. John's market has the **potential to lose an estimated 12,000 room nights in M&C demand,** with overall delegate expenditures valued at **$7.0 Million per annum,** under a status quo scenario. The potential loss in room nights represents a **7.5% erosion** from the current levels of M&C business generated by the City, without a Convention Centre.

TABLE 15
PROJECTED M&C ROOM NIGHT DEMAND
STATUS QUO SCENARIO – ST. JOHN'S CONVENTION CENTRE

	2006	2007	2008	2009	2010	2011*	2012*	2013
M&C Room Nights	68,296	65,881	**72,706**	73,433	74,167	69,717	60,306	60,909
% Growth		*(3.5%)*	*10.4%*	*1.0%*	*1.0%*	*(6.0%)*	*(13.5%)*	*1.0%*
Potential Room Night Loss from 2008	--	--				(2,989)	(12,400)	(11,797)
Potential Loss in M&C Expenditures ($M)						**($1.7)**	**($7.2)**	**($6.9)**

** Based on the addition of the Fredericton Convention Centre in 2011; proposed Charlottetown Convention Centre in 2012 and Halifax World Trade and Convention Centre expansion in 2012.*

Source: PKF Consulting

APPENDICES

APPENDIX A

MEETING & CONVENTION PLANNER SURVEY- SUMMARY RESULTS (All Respondents)

1. Company Name

		Response Count
		69
	answered question	**69**
	skipped question	**0**

2. Contact Name

		Response Count
		69
	answered question	**69**
	skipped question	**0**

3. Phone Number

		Response Count
		64
	answered question	**64**
	skipped question	**5**

4. Email Address

		Response Count
		69
	answered question	**69**
	skipped question	**0**

5. What is your role within the company or organization that you represent? ***(If you choose "Other," please type your title in the text box below)***

	Response Percent	Response Count
Association Executive / Board Member	13.0%	9
Association Planner	23.2%	16
Buyer	0.0%	0
Contract Planner	1.4%	1
Corporate Executive	4.3%	3
Corporate Planner	5.8%	4
Executive Assistant	10.1%	7
Government Official	0.0%	0
Government Planner	4.3%	3
Independent Planner	5.8%	4
Procurement Department Employee	0.0%	0
Site Selection Account Executive	0.0%	0

SMERF (Sports, Medical, Educational, Religious, Fraternal) Planner		1.4%	1
Third-Party Planner		5.8%	4
Other (please specify)		**24.6%**	**17**
		answered question	**69**
		skipped question	**0**

6. What is the scope of your organization?			
		Response Percent	**Response Count**
Local		2.9%	2
Regional		1.4%	1
Provincial		5.8%	4
National		**69.6%**	**48**
International		20.3%	14
		answered question	**69**
		skipped question	**0**

7. Are you a decision-maker or influencer of the site selection process for meetings and convention destinations?

	Response Percent	Response Count
Yes	**95.6%**	**65**
No	4.4%	3
answered question		**68**
skipped question		**1**

8. Please rate the following marketing distribution/research channels, in terms of their importance in site selection for your larger conventions/conferences.

	Not Important	Important	Very Important	Rating Average	Response Count
DMO/CVB Website	32.8% (21)	**46.9% (30)**	20.3% (13)	1.88	64
Hotel or Meeting Facility Website	1.4% (1)	**50.7% (35)**	47.8% (33)	2.46	69
Previous Experience with Destination/Venue	14.5% (10)	39.1% (27)	**46.4% (32)**	2.32	69
Relationship Building with DMO and Meeting and Convention Sales Staff	12.1% (8)	**60.6% (40)**	27.3% (18)	2.15	66
Internal Research and Analysis	21.5% (14)	**53.8% (35)**	24.6% (16)	2.03	65
Direct Mail/Brochures/Planners from DMO/CVB	**54.5% (36)**	42.4% (28)	3.0% (2)	1.48	66
Direct Sales Calls from DMO/CVB	**56.3% (36)**	40.6% (26)	3.1% (2)	1.47	64
CD’s, DVD’s and virtual tours of Destination and Venues	35.4% (23)	**50.8% (33)**	13.8% (9)	1.78	65
Articles in Trade Magazines/Online	**50.8% (33)**	44.6% (29)	4.6% (3)	1.54	65

Advertising in Trade Magazines/Online	**67.7% (44)**	29.2% (19)	3.1% (2)	1.35	65
Attendance at Trade Shows	27.7% (18)	**49.2% (32)**	23.1% (15)	1.95	65
Participation in FAM Tours	25.4% (16)	**42.9% (27)**	31.7% (20)	2.06	63
Travel section of local/national newspapers	**78.5% (51)**	16.9% (11)	4.6% (3)	1.26	65
Web-based software programs for meeting professionals	**54.7% (35)**	34.4% (22)	10.9% (7)	1.56	64
Meeting Professionals' Association Meetings or Workshops	34.4% (22)	**50.0% (32)**	15.6% (10)	1.81	64
Attending Dinners/Receptions for Meeting Planners	27.7% (18)	**56.9% (37)**	15.4% (10)	1.88	65
Attending Conferences/Conventions to Promote Future Locations	25.4% (17)	**47.8% (32)**	26.9% (18)	2.01	67
Word of mouth/Third Party Recommendations	3.0% (2)	47.0% (31)	**50.0% (33)**	2.47	66
				answered question	**69**
				skipped question	**0**

9. Please describe the typical SIZE and NUMBER OF EVENTS that your company/organization or clients typically holds in an average year, in terms of total delegates.

Total Events

	0	1-5	5-10	10-25	25-50	50-100	100-200	200+	Response Count
Conventions/Conferences	1.4% (1)	**76.8% (53)**	13.0% (9)	7.2% (5)	0.0% (0)	0.0% (0)	1.4% (1)	0.0% (0)	69
Local Meetings	12.7% (8)	**44.4% (28)**	17.5% (11)	12.7% (8)	6.3% (4)	3.2% (2)	1.6% (1)	1.6% (1)	63
Non-Local Meetings	16.4% (9)	**41.8% (23)**	12.7% (7)	9.1% (5)	9.1% (5)	9.1% (5)	1.8% (1)	0.0% (0)	55
Trade Shows	**54.7% (29)**	37.7% (20)	7.5% (4)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	53
Consumer Shows	**100.0% (46)**	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	46
Food & Beverage/Banquets	23.6% (13)	**50.9% (28)**	7.3% (4)	7.3% (4)	5.5% (3)	0.0% (0)	3.6% (2)	1.8% (1)	55
Other	**85.0% (17)**	10.0% (2)	5.0% (1)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	20

# of Delegates per Event

	0	1-10	10-25	25-50	50-100	100-250	250-400	400-600	600-800	800-1000	1000+	Response Count
Conventions/Conferences	0.0% (0)	1.5% (1)	0.0% (0)	13.2% (9)	10.3% (7)	**20.6% (14)**	17.6% (12)	11.8% (8)	13.2% (9)	4.4% (3)	7.4% (5)	68
Local Meetings	6.8% (4)	6.8% (4)	23.7% (14)	**30.5% (18)**	16.9% (10)	11.9% (7)	1.7% (1)	1.7% (1)	0.0% (0)	0.0% (0)	0.0% (0)	59
Non-Local Meetings	6.1% (3)	6.1% (3)	14.3% (7)	**26.5% (13)**	16.3% (8)	12.2% (6)	8.2% (4)	0.0% (0)	6.1% (3)	4.1% (2)	0.0% (0)	49
Trade Shows	**24.2% (8)**	0.0% (0)	6.1% (2)	3.0% (1)	3.0% (1)	3.0% (1)	15.2% (5)	18.2% (6)	9.1% (3)	6.1% (2)	12.1% (4)	33
Consumer Shows	**100.0% (21)**	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	21

Food & Beverage/Banquets	4.5% (2)	2.3% (1)	2.3% (1)	4.5% (2)	15.9% (7)	22.7% (10)	**27.3% (12)**	9.1% (4)	4.5% (2)	2.3% (1)	4.5% (2)	44
Other	**72.7% (8)**	0.0% (0)	9.1% (1)	9.1% (1)	0.0% (0)	9.1% (1)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	0.0% (0)	11
											answered question	**69**
											skipped question	**0**

10. What percentage of the <u>larger conventions/conferences</u> that you organize need to be <u>rotated geographically</u>?

		Response Count
		65
	answered question	**65**
	skipped question	**4**

11. Does the rotation of these larger conventions/conferences currently include <u>Atlantic Canada</u>?

		Response Percent	**Response Count**
Yes		**84.1%**	**53**
No		15.9%	10
		answered question	**63**
		skipped question	**6**

12. When hosting a large convention/conference, does your organization and/or clients REQUIRE <u>Meeting Space & Exhibition Space</u> to be under one roof or physically connected?			
		Response Percent	Response Count
Yes - they must be physically integrated into one facility		**49.2%**	**32**
Yes - they must be physically connected to an existing facility		35.4%	23
No - but they must be within walking distance to major hotel blocks and/or meeting space		29.2%	19
No - no requirements for connectivity		9.2%	6
		answered question	**65**
		skipped question	**4**

13. Have you ever travelled to St. John's, NL before?			
		Response Percent	Response Count
Yes		**82.6%**	**57**
No		17.4%	12
		answered question	**69**
		skipped question	**0**

14. If "Yes", approximately when was your most recent visit?

	Response Percent	Response Count
0-2 years ago	**65.5%**	**36**
2-5 years ago	23.6%	13
5-7 years ago	7.3%	4
7-10 years ago	0.0%	0
over 10 years ago	3.6%	2
	answered question	**55**
	skipped question	**14**

15. Have you hosted an event in St. John's, NL in the past?

	Response Percent	Response Count
Yes	**69.6%**	**48**
No *(Please skip to Question #18)*	30.4%	21
	answered question	**69**
	skipped question	**0**

16. If "Yes", which of the following attributes/reasons made you decide to choose St. John's, NL? *(Please check ALL that apply)*

	Response Percent	Response Count
St. John's is part of my organization's geographic rotation for meetings and conventions	**71.4%**	**30**
Previous Personal experience with the destination	38.1%	16
Previous Meeting/Convention experience with the destination	50.0%	21
Opportunities for outdoor activities and excursions	33.3%	14
Friendly people and welcoming atmosphere	64.3%	27
Appeal of the Downtown Core for dining/entertainment	52.4%	22
Other (please specify)		13
answered question		**42**
skipped question		**27**

17. If "Yes", which venue(s) did you use? *(Please check all that apply)*

	Response Percent	Response Count
St. John's Convention Centre	28.3%	13
Mile One Centre	8.7%	4
Delta St. John's Hotel and Conference Centre	56.5%	26
The Fairmont Newfoundland (now Sheraton)	**76.1%**	**35**
Other Hotels	8.7%	4
Other Unique Venues	19.6%	9
If you chose "Other Hotels" or "Other Unique Venues", please specify here:		10
answered question		**46**
skipped question		**23**

18. If you haven't already, would you consider hosting an event in St. John's, NL in the future?

	Response Percent	Response Count
Yes	**60.9%**	**42**
No *(Please skip to Page #5, Question #38)*	4.3%	3
N/A - I already have	34.8%	24
answered question		**69**
skipped question		**0**

19. If you HAVE HOSTED events in St. John's, NL, what percentage of delegates to your knowledge have extended their stay for tours and excursions in Newfoundland prior to or after the event? *(Please give your best guess)*

	Response Count
	44
answered question	**44**
skipped question	**25**

20. In your experience, are delegates more or less interested in extending their stay in St. John's, NL, when compared to other Canadian destinations?

		Response Percent	Response Count
Much more interested		23.3%	14
More interested		**43.3%**	**26**
No difference		18.3%	11
Less interested		0.0%	0
Much less interested		0.0%	0
Don't know/Unsure		15.0%	9
		Additional comments?	9
		answered question	**60**
		skipped question	**9**

21. If you have NOT HOSTED an event in St. John's, NL, which of the following reasons made you decide NOT to consider the City? *(Please check ALL that apply)*

	Response Percent	Response Count
St. John's was not part of my organization's geographic rotation for meetings and conventions	31.8%	7
Missing exhibition space assets in St. John's	22.7%	5
Inability to host a large convention under one roof	27.3%	6
Shortage of large hotel room blocks	27.3%	6
Requirement for ground transportation to shuttle delegates between hotels and meeting facilities	9.1%	2
Limited airlift	18.2%	4
Flights are too expensive	13.6%	3
Car rental for off-site excursions is too difficult to obtain	0.0%	0
Not familiar with St. John's as a meeting & convention destination	9.1%	2
Other (please specify)	**36.4%**	**8**
	answered question	**22**
	skipped question	**47**

22. Please evaluate the following criteria based on your PERCEPTIONS or REAL EXPERIENCES with St. John's as a meeting and convention destination.

	Very Poor	Poor	Good	Very Good	Excellent	N/A	Rating Average	Response Count
Geographic Location	0.0% (0)	11.3% (7)	**51.6% (32)**	21.0% (13)	16.1% (10)	0.0% (0)	3.42	62
Destination Appeal	0.0% (0)	0.0% (0)	14.3% (9)	33.3% (21)	**52.4% (33)**	0.0% (0)	4.38	63
Air Transportation	3.2% (2)	16.1% (10)	**56.5% (35)**	19.4% (12)	3.2% (2)	1.6% (1)	3.03	62
Ground Transportation	0.0% (0)	12.7% (8)	**41.3% (26)**	30.2% (19)	4.8% (3)	11.1% (7)	3.30	63
Dining	0.0% (0)	1.6% (1)	29.0% (18)	**50.0% (31)**	19.4% (12)	0.0% (0)	3.87	62
Entertainment & Attractions	0.0% (0)	1.6% (1)	20.6% (13)	**44.4% (28)**	30.2% (19)	3.2% (2)	4.07	63
Friendly Atmosphere	0.0% (0)	0.0% (0)	3.2% (2)	20.6% (13)	**76.2% (48)**	0.0% (0)	4.73	63
Safety & Security	0.0% (0)	3.2% (2)	6.3% (4)	39.7% (25)	**49.2% (31)**	1.6% (1)	4.37	63
Climate	0.0% (0)	4.8% (3)	**72.6% (45)**	19.4% (12)	1.6% (1)	1.6% (1)	3.18	62
Quality of Hotel Accommodations	0.0% (0)	6.5% (4)	38.7% (24)	**40.3% (25)**	12.9% (8)	1.6% (1)	3.61	62
Quality of Meeting Facilities	0.0% (0)	10.0% (6)	38.3% (23)	**40.0% (24)**	10.0% (6)	1.7% (1)	3.51	60
Range of Affordability in Hotel Accommodations & Meeting Facilities	0.0% (0)	4.8% (3)	**44.4% (28)**	38.1% (24)	9.5% (6)	3.2% (2)	3.54	63
Quality of Service at Hotel Accommodations & Meeting Facilities	0.0% (0)	6.5% (4)	30.6% (19)	**35.5% (22)**	22.6% (14)	4.8% (3)	3.78	62
Capacity of Hotel Accommodations	1.6% (1)	3.3% (2)	**42.6% (26)**	37.7% (23)	9.8% (6)	4.9% (3)	3.53	61
Capacity of Meeting Facilities	1.6% (1)	13.1% (8)	**47.5% (29)**	26.2% (16)	8.2% (5)	3.3% (2)	3.27	61
Sufficient Hotel Blocks in Close Proximity to Meeting/Convention	0.0% (0)	9.7% (6)	**33.9% (21)**	27.4% (17)	8.1% (5)	21.0% (13)	3.43	62

Venue								
Sufficient Exhibition Space in Close Proximity to Meeting Facilities & Hotel Accommodations	1.7% (1)	20.0% (12)	25.0% (15)	20.0% (12)	3.3% (2)	**30.0% (18)**	3.05	60
Green Meeting & Event Practices	0.0% (0)	4.8% (3)	**41.9% (26)**	9.7% (6)	1.6% (1)	**41.9% (26)**	3.14	62
Overall Accessibility for Disabled	3.2% (2)	3.2% (2)	**33.9% (21)**	16.1% (10)	9.7% (6)	**33.9% (21)**	3.39	62
Availability of Information on Destination	0.0% (0)	0.0% (0)	22.6% (14)	27.4% (17)	**48.4% (30)**	1.6% (1)	4.26	62
							answered question	**63**
							skipped question	**6**

23. If St. John's is not part of your organization's geographic event rotation schedule, why not? ***(If you choose "Other," please specify in the box below)***

		Response Percent	Response Count
Size of Destination		**50.0%**	**5**
Appeal of Destination		0.0%	0
No Local Membership in St. John's		40.0%	4
Time of Year/Climate		30.0%	3
		Other (please specify)	12
		answered question	**10**
		skipped question	**59**

24. Please rate St. John's, NL and other Meeting & Convention Cities in Atlantic Canada, in terms of your perceptions of each one's *VALUE AND APPEAL* as an All-Encompassing Meeting and Convention Destination.

	Very Poor	Poor	Good	Very Good	Excellent	Don't know/Unsure	Rating Average	Response Count
St. John's, NL	0.0% (0)	3.2% (2)	22.2% (14)	**44.4% (28)**	28.6% (18)	1.6% (1)	4.00	63
Charlottetown, PE	0.0% (0)	9.8% (6)	19.7% (12)	**32.8% (20)**	16.4% (10)	21.3% (13)	3.71	61
Fredericton, NB	0.0% (0)	21.3% (13)	**36.1% (22)**	8.2% (5)	0.0% (0)	34.4% (21)	2.80	61
Halifax, NS	0.0% (0)	0.0% (0)	8.2% (5)	**50.8% (31)**	37.7% (23)	3.3% (2)	4.31	61
Saint John, NB	0.0% (0)	16.9% (10)	**39.0% (23)**	16.9% (10)	0.0% (0)	27.1% (16)	3.00	59
Moncton, NB	0.0% (0)	23.0% (14)	**34.4% (21)**	6.6% (4)	3.3% (2)	32.8% (20)	2.85	61
Atlantic Canada Resorts	0.0% (0)	4.9% (3)	11.5% (7)	19.7% (12)	8.2% (5)	**55.7% (34)**	3.70	61
							answered question	**63**
							skipped question	**6**

25. Please rate St. John's, NL and other Meeting & Convention Cities in other parts of Canada, in terms of your perceptions of each one's *VALUE AND APPEAL* as an All-Encompassing Meeting and Convention Destination.

	Very Poor	Poor	Good	Very Good	Excellent	Don't know/Unsure	Rating Average	Response Count
St. John's, NL	0.0% (0)	3.2% (2)	25.8% (16)	**40.3% (25)**	30.6% (19)	0.0% (0)	3.98	62
BC Resorts	0.0% (0)	3.3% (2)	11.7% (7)	25.0% (15)	23.3% (14)	**36.7% (22)**	4.08	60
Penticton, BC	1.7% (1)	20.0% (12)	13.3% (8)	6.7% (4)	1.7% (1)	**56.7% (34)**	2.69	60
Prince George, BC	3.3% (2)	23.3% (14)	11.7% (7)	0.0% (0)	0.0% (0)	**61.7% (37)**	2.22	60
Victoria, BC	0.0% (0)	1.7% (1)	8.3% (5)	28.3% (17)	**45.0% (27)**	16.7% (10)	4.40	60
Whistler, BC	1.7% (1)	3.4% (2)	8.5% (5)	18.6% (11)	**44.1% (26)**	23.7% (14)	4.31	59
Alberta Resorts	1.7% (1)	1.7% (1)	10.0% (6)	**35.0% (21)**	23.3% (14)	28.3% (17)	4.07	60
Calgary, AB	0.0% (0)	0.0% (0)	21.7% (13)	**48.3% (29)**	18.3% (11)	11.7% (7)	3.96	60
Edmonton, AB	1.7% (1)	1.7% (1)	**41.7% (25)**	25.0% (15)	13.3% (8)	16.7% (10)	3.56	60
Regina, SK	6.7% (4)	16.7% (10)	33.3% (20)	6.7% (4)	0.0% (0)	**36.7% (22)**	2.63	60
Saskatoon, SK	5.0% (3)	15.0% (9)	31.7% (19)	11.7% (7)	0.0% (0)	**36.7% (22)**	2.79	60
Winnipeg, MB	3.4% (2)	11.9% (7)	**47.5% (28)**	11.9% (7)	1.7% (1)	23.7% (14)	2.96	59
Hamilton, ON	6.7% (4)	26.7% (16)	25.0% (15)	6.7% (4)	5.0% (3)	**30.0% (18)**	2.67	60
London, ON	3.4% (2)	20.3% (12)	**39.0% (23)**	11.9% (7)	1.7% (1)	23.7% (14)	2.84	59
Niagara Falls, ON	1.7% (1)	10.0% (6)	25.0% (15)	**36.7% (22)**	5.0% (3)	21.7% (13)	3.43	60
Niagara-on-the-Lake, ON	3.4% (2)	13.6% (8)	10.2% (6)	**28.8% (17)**	15.3% (9)	**28.8% (17)**	3.55	59
Windsor, ON	8.3% (5)	26.7% (16)	20.0% (12)	8.3% (5)	0.0% (0)	**36.7% (22)**	2.45	60
Ontario Resorts	1.7% (1)	3.4% (2)	25.4% (15)	22.0% (13)	10.2% (6)	**37.3% (22)**	3.57	59

Mont Tremblant, QC	3.4% (2)	8.5% (5)	15.3% (9)	27.1% (16)	16.9% (10)	**28.8% (17)**	3.64	59
Quebec City, QC	0.0% (0)	3.3% (2)	5.0% (3)	33.3% (20)	**48.3% (29)**	10.0% (6)	4.41	60
Quebec Resorts	1.7% (1)	5.1% (3)	15.3% (9)	18.6% (11)	15.3% (9)	**44.1% (26)**	3.73	59
							answered question	**62**
							skipped question	**7**

26. Have you ever hosted an event at the St. John's Convention Centre?

		Response Percent	Response Count
Yes		25.4%	17
No		**74.6%**	**50**
	answered question		**67**
	skipped question		**2**

27. Are you considering hosting future events at the St. John's Convention Centre, whether or not you have already?

		Response Percent	Response Count
Yes		44.8%	30
No		**55.2%**	**37**
	answered question		**67**
	skipped question		**2**

28. If you are currently NOT HOSTING events at the St. John's Convention Centre, why not? *(Please check all that apply)*

	Response Percent	Response Count
Size of Ballroom *(16,000 square feet, not divisible)*	43.5%	10
Lack of Exhibition Space *(Existing facility has no dedicated exhibition space)*	43.5%	10
Lack of Adequate Breakout Space *(Existing facility has 2 meeting rooms with 2,200 sq.ft.)*	**52.2%**	**12**
Lack of Adequate Crush Space *(Existing facility has 2,500 sq.ft. in the Lobby area)*	34.8%	8
Insufficient Hotel Room Blocks in Close Proximity	30.4%	7
Poor Connectivity to Accommodations and Other City Venues *(Existing facility has pedways to Mile One Centre and the Delta St. John's Hotel and Conference Centre)*	26.1%	6
Difficulty with Booking Procedures (please specify)	34.8%	8
	answered question	**23**
	skipped question	**46**

29. If you have hosted OR might consider hosting an event at the St. John's Convention Centre, what is the TYPICAL size of such an event in terms of number of delegates?

		Response Count
		36
	answered question	**36**
	skipped question	**33**

30. If you have hosted OR might consider hosting an event at the St. John's Convention Centre, what is the LARGEST size of such an event in terms of number of delegates?

		Response Count
		35
	answered question	**35**
	skipped question	**34**

31. To best host any UPCOMING or POTENTIAL EVENTS at the St. John's Convention Centre, would you require additional or reconfigured meeting and/or exhibition space?

	Response Percent	Response Count
Yes	48.8%	21
No *(Please proceed to Page #5, Question #37)*	**51.2%**	**22**
answered question		**43**
skipped question		**26**

32. Please rank the following list of potential changes to the existing SJCC, in order of their importance for YOUR meeting/event needs:

	Not Important	Important	Very Important	N/A	Rating Average	Response Count
Divisibility of Existing Ballroom	3.8% (1)	15.4% (4)	**76.9% (20)**	3.8% (1)	2.76	26
Additional Meeting Space	3.7% (1)	14.8% (4)	**74.1% (20)**	7.4% (2)	2.76	27
Additional Exhibition Space	28.0% (7)	4.0% (1)	**56.0% (14)**	12.0% (3)	2.32	25
Additional Crush/Lobby Space	16.7% (4)	25.0% (6)	**50.0% (12)**	8.3% (2)	2.36	24
Upgraded Business Centre	27.3% (6)	27.3% (6)	**36.4% (8)**	9.1% (2)	2.10	22
Upgraded Kitchen/Catering Facilities	12.5% (3)	29.2% (7)	**54.2% (13)**	4.2% (1)	2.43	24
answered question						**27**
skipped question						**42**

33. If a LARGER BALLROOM is important for your needs, how large a room would you require (in square feet)?

		Response Count
		10
	answered question	**10**
	skipped question	**59**

34. If additional MEETING space is important for your needs, how much more would be appropriate (in square feet)?

		Response Count
		21
	answered question	**21**
	skipped question	**48**

35. If additional EXHIBITION space is important for your needs, how much would be appropriate (in square feet)?

		Response Count
		12
	answered question	**12**
	skipped question	**57**

36. If you HAVE HOSTED events at the St. John's Convention Centre in the past, please RATE the following operational issues.								
	Very Poor	**Poor**	**Good**	**Very Good**	**Excellent**	**N/A**	**Rating Average**	**Response Count**
Connectivity to Accommodations	0.0% (0)	**31.3% (5)**	**31.3% (5)**	18.8% (3)	6.3% (1)	12.5% (2)	3.00	16
Quality of Service	0.0% (0)	12.5% (2)	18.8% (3)	**37.5% (6)**	18.8% (3)	12.5% (2)	3.71	16
Quality of Meeting Facilities	6.3% (1)	6.3% (1)	**43.8% (7)**	25.0% (4)	6.3% (1)	12.5% (2)	3.21	16
Capacity of Meeting Facilities	12.5% (2)	**25.0% (4)**	**25.0% (4)**	18.8% (3)	6.3% (1)	12.5% (2)	2.79	16
Facility Rental Pricing	6.3% (1)	0.0% (0)	**43.8% (7)**	25.0% (4)	6.3% (1)	18.8% (3)	3.31	16
Quality of Food & Beverage	0.0% (0)	0.0% (0)	**50.0% (8)**	31.3% (5)	6.3% (1)	12.5% (2)	3.50	16
Pricing of Food & Beverage	0.0% (0)	12.5% (2)	**43.8% (7)**	25.0% (4)	6.3% (1)	12.5% (2)	3.29	16
Ease of Booking Procedures	6.3% (1)	18.8% (3)	**25.0% (4)**	**25.0% (4)**	12.5% (2)	12.5% (2)	3.21	16
							answered question	**16**
							skipped question	**53**

37. If applicable, please describe any other operational issues, challenges or experiences that you may have when hosting an event at the St. John's Convention Centre.	
	Response Count
	39
answered question	**39**
skipped question	**30**

38. What does the St. John's Convention Centre have to do to win your business?

		Response Count
		37
	answered question	**37**
	skipped question	**32**

39. Please provide any other comments/suggestions regarding St. John's, NL as a meeting and convention destination.

		Response Count
		31
	answered question	**31**
	skipped question	**38**

40. INCENTIVE QUESTION

Would you like your name to be entered to WIN 50lbs of LOBSTER? The winner will be notified by email at the conclusion of the draw. Destination St. John's has offered to ship the lobster to any address within Canada, per your request.

	Response Percent	Response Count
Yes	**88.1%**	**59**
No	11.9%	8
	answered question	**67**
	skipped question	**2**

APPENDIX B

MEETING & CONVENTION PLANNER SURVEY - ALL OPEN-ENDED RESPONSES

Question #16 - Which of the following attributes/reasons made you decide to choose St. John's, NL?
Other:
- The decision was made by the Board
- Local member
- Participants were all Newfoundland/Labrador youth
- Everything about St. John's is wonderful except Convention Centre is left wanting!
- Location of our client / sponsor
- Excellent host committee / volunteers
- I am a member of CMOS, and St. John's could be a stop every 7 or 10 years. Prior to 2007, last occurrence was 1987 in St. John's
- Relaxed atmosphere conducive to conducting business in
- The Convention Centre is cost effective
- Member of our org. is in St. John's; Members of our org. had never been there and wanted to visit.
- Located in St. John's

Question #17 – Which venue(s) have you used?
Other:
- The Johnson GEO Centre; Cape Spear National Historic Site and more.
- Memorial University
- MUN
- Quality Inn, Battery, Holiday Inn, Marriott
- GEO Centre
- Not sure as it was 18 years ago
- Baly Haly Golf Course & The Rooms
- Bridie Molloy's (welcome dinner), Admiral's Green (lunch)
- Memorial University
- Museum

Question #20 - In your experience, are delegates more or less interested in extending their stay in St. John's, NL, when compared to other Canadian destinations?
Additional Comments:
- Unusual destination so people are more likely to take advantage of being on the island to extend their stay.
- Depends - time of the year
- All participants who came pre or post that I spoke to or sent me notes on how they simply loved NL!
- So much to experience, whalewatching, icebergs etc.
- NL had a lot to offer our attendees
- Convention delegates tend to be attracted to coastal cities.
- It depends what meeting we are holding. In some cases the extension factor may be as high as 75%.
- It's a truly Canadian destination & far enough away to appear somewhat exotic...the advertising you do is fantastic & appeals to all markets - FIT business etc.
- It would depend on the time of year

Question #21 - If you have NOT HOSTED an event in St. John's, NL, which of the following reasons made you decide NOT to consider the City?
Other:
- We are hosting in 2009
- We are holding a smaller meeting in St. John's in June 2009
- Our association has only just decided to hold events outside Ontario

- Larger hotels are not of high enough caliber
- We are coming in 2010
- We have tried several times to host the larger of our events and have struggled with finding space
- Will be hosting a meeting in April
- Cost to exhibitors to get there

Question #23 - If St. John's is not part of your organization's geographic event rotation schedule, why not?
Other:

- Will be hosting our meetings in September 2009
- Not normally part of the rotation but we are there in 2009.
- Facilities too small for our annual conference
- Have only just started holding conferences outside Ontario
- No produce industry support and lack of space to bring our 4000+ annual convention & trade show event.
- Hotel caliber
- Not for the annual- only smaller meeting
- Our out of town board meeting changes from East To West on a yearly basis
- Lack of large enough meeting space
- We were there in 2005 for our last triennial convention
- Event organized by local CMOS members. Local CMOS members need to ask to host the conference.
- Distance from larger centres and flight availability not as good

Question #28 - If you are currently NOT HOSTING events at the St. John's Convention Centre, why not?
Difficulty with Booking Procedures (please specify):

- We where going out of town for this year's convention
- No membership in the city
- I don't need the size or space of the Convention Centre
- Require 2 week cancellation without charges
- Don't know enough about the venue and our group does not need that much space
- Larger than we need for our event
- No direct contact that is always available
- Our group is to small, we are only 20-25

Questions #37 - If applicable, please describe any other operational issues, challenges or experiences that you may have when hosting an event at the St. John's Convention Centre:

- While I love the location, we are just a small non-profit organization that has national representation, the travel costs to get to St. John's are prohibitive, which is unfortunate.
- Flights to NL are a challenge.......would like to see more direct flights
- Too big for our size of meetings
- We are going to St. John's this fall, but our meetings are small enough to be held at the hotel.
- I won't really know until after our event this coming August.
- I only use unionized facilities. Is the staff of the centre unionized?
- The management of the SJCC should be re-visited. It was unclear to me, for years, who was in charge, who managed what.
- It is tired and needs renovation
- "We are hosting events in St-John's but Board meeting, executive retreat, other meetings but we cannot host the annual conference due to the size of the facility. We like

everything under one roof for the annual conference and we also host it in March...not too appealing for St-John's.

- Thank you,"
- We were unable to secure sufficient break out space for the one events we planned in St. John's so opted for The Fairmont
- The distance via pedway from Delta to CC was poor. The fact that the CC is NOT divisible we could only have our AGM Luncheon in that room thus ending up with limited mtg. space at the Delta which the rooms were very 'tired' and certainly need a 'facelift'.
- Facility way too big for our 50 - 80 attendees
- None
- It is critical to have a contact person who is knowledgeable about all aspects of the facility, i.e. catering, technical, etc.
- As I had mentioned earlier, we are planning 2 large conferences in October 2009. Both conferences are 650 people. We are staying at the Delta St. John's with overflow for the 1 conference at the Sheraton. My biggest problem right now is to have a large meeting room for 650, with an attached are for meals for 650 people also. In order to divide this room in half, there is no airwall, just pipe and drape. Not good.
- Your Convention Centre needs to be divided. Space to large. One room
- Our meetings do not require convention space. We are typically looking for a hotel who can accommodate all of our meeting and bedroom needs. Need more info on hotels and applicable space.
- "Handicapped access between Delta and Convention Centre, big issue.
- Require use of Delta at present due to size limitations.
- No business centre/war/situation room for the organizers to meet. No small rooms for volunteer lounge."
- Lack of international flights will always pose an issue to host International groups in Newfoundland.
- Huge Concerns: cleanliness of the Convention Centre, turnaround time for flipping event space and serious lack of staff
- Food needs to be more interesting - smaller portions - better priced - fresher produce etc. better connection to the hotel facilities as weather protected channels
- I do not see any issues.
- The security pricing is too high and should be reviewed.
- We would not be permitted to leave NS to host an event because we are the provincial regulator for the legal profession on NS
- Because of the size of our conference (400-500 delegates, exhibits, posters, concurrent and plenary sessions, the SJCC is not large enough to accommodate all of it. We have to split our 2009 program between SJCC and the Delta St. John's.
- I've never hosted an event in St. John's unfortunately. From what I understand, it's a very nice city.
- Movement between hotels, exhibits, banquets and technical sessions.
- The "relationship" between the Delta, Mile One & CC is very cumbersome. It is not a seamless task to inquire about using all for example. Payment of the invoice is cumbersome as well in that then you have another entity "Fortis" to deal with. And if there are any questions, it can be difficult to understand whom do you go to. Plus the food costs are higher than the Delta, yet you're comparing two similar menus. Makes it difficult to "choose" the CC over the Delta.
- Meeting space
- I currently work and reside in St. John's. The reason the question was answered at it was is due to the fact that I have no plans for hosting an event any time soon. I have no difficulty with the Convention Centre or the City of St. John's.
- We are not considering hosting any future events at SJCC because right now we are not considering any events at all! Nothing in the pipeline.

- Our convention is currently small enough to fit within a hotel so we feel it is a cost savings to do so and it makes things more convenient for our members. We are still small enough that we can hold our events within a hotel. The ballroom at the Delta St John's is big enough, we don't have many displays and they can give us enough bedrooms, so there is no need for the extra expense of a Convention Centre (yet – we keep growing, so you never know!).
- My business is split between corporate meetings and association conventions. But most of my larger conventions come into Toronto. So it would be unlikely that I would need a large Convention Centre in St. John's. I have had meetings in St. John's and they were very successful.
- Our group is relatively small and normally doesn't require a lot of space. We would in fact use the Convention Centre given the need/opportunity.
- "Our meeting is too small for the Convention Centre (60-70 people). Our members prefer to have the annual conference in a hotel. We always try to hold our events in the hotel where we're staying. I know that the Delta is right next door to the Convention Centre, but we preferred the location and ambiance of the (then) Fairmont.
- We didn't do a site visit of the Convention Centre so I can't comment."
- We prefer to hold our conferences in hotels and use the ballrooms. There is no particular reason for not using the Convention Centre, we just like hotels.

Question #38 - What does the St. John's Convention Centre have to do to win your business?

- Flexibility in cancellation clause for small meetings
- They already have it for August 2009.
- Build a much larger Convention Centre with enough break out rooms (40) and exhibit space for at least 200 booths. A large ballroom for keynotes (2500 delegates) is also essential.
- Assure us that it can accommodate our client's needs - enough meeting and exhibit space in close proximity to the hotel blocks
- Increase in size. Increase the number of meeting rooms. Add an additional ballroom/exhibit hall, so that an entire conference can be held under one roof. Our delegates and exhibitors complained bitterly because we had split our conference between 3 properties. We'll never do THAT again.
- We don't require a Convention Centre for our meetings.
- Nothing as NF does not have the required produce infrastructure to help us put together our event. And the challenges on being on an island does not help with shipping produce as it would increase shipping costs for our exhibitors.
- Renovate, divisible meeting space, vehicle accessible meeting space
- Divide it into other soundproof meeting rooms and not just one big room.
- It will have to depend on the rotation for location, so at this point nothing. Thanks
- We're a bit small for your facility, but thanks!
- Although our association would love to plan a meeting in St. John's, our association meetings is based on member company locations and unfortunately we currently do not have a member in this area.
- Improve service
- Creat a space that can host a group under one roof, with a 4 or 5 diamond hotel attached.
- I will let you know once I have these 2 meetings in October
- Mostly be available when I need you
- Nothing
- I am not familiar with the property at all so I couldn't really say.
- Need to understand what is actually connected to the Convention Centre, therefore convincing us to use this space vs. hotel

- Expand so that the ballroom is divisible and that there is more space. If so, the SJCC/Delta combination could be attractive, although not connected.
- most hotels can accommodate my groups
- Subdivide large room
- Replace parking lot by poster presentation area
- Be very present in the world of meetings planners, participate in trade shows, forward details of progress, i.e. proof is in the pudding type references.
- Change the above noted concerns and upgrade hotels in the areas
- additional breakout meeting areas - 5-7 larger breakout rooms on-site to keep all functions n the centre as opposed to shuttling guests back to hotel facilites
- Well it would be hard only because we like to have everything under one roof but if the need did arise I would not hesitate for one minute.
- We will come anyway and are scheduled for 2011, but the space is definitely not ideal for us because it lacks a sufficient number of breakout rooms.
- Would love to come to SJCC, but are unable to
- Nothing
- Increase capacity
- Possibly offer FAM tours to event planners to showcase what St. John's has to offer.
- Center is acceptable. Need to convince exhibitors that they can afford to travel to St. John's.
- Provide better service
- Encourage the growth of our membership so that we outgrow the hotels!

Question #39 - Please provide any other comments/suggestions regarding St. John's, NL as a meeting and convention destination:

- We are hosting a Board/Summit at the Sheraton Newfoundland in June 2009 and are very much looking forward to our meeting in your wonderful province!
- Provide FAMs to influencers to provide an opportunity to experience the size of scope of possibilities.
- We love to come to St. John's, NL. It is not an annual event but we try to come back every 3-5 years. It is the birthplace of Subway so we have emotional ties to this location.
- Beautiful place. Wonderfully friendly people. I'd move there, in a heartbeat, if I could figure out how to eke out a living!
- We are considering St-John's as a possible destination for our Board of Directors Meetings in a few years.
- Need larger 4/5 star properties to attract corporate business
- We are holding our event there in 2010 and we are facing losses in revenues from registration and our tradeshow due to capacity issues. We have to visually divide the one and only room at the Centre with pipe & drape and decrease out traditional capacities (REVENUE STREAMS) registration and booth sales
- We were all pleased our venue and enjoyed the staff, the location and the people in general
- St. John's is already on the CVMA's 'rotation' and I will be in touch (probably) this year to perhaps book the CVMA Convention in the next few years again.
- Good location but expensive for delegates to get there
- "The Canadian Council on Animal Care organizes extensive travel for small panels of between 3 to 10 people on a continuous basis. We have people travelling across the country. We last travelled to St. John's we a small group last October 2008. We organize one workshop per year and this year it will be held in Ottawa, were we expect 200 attendants for two days. Our Council meetings are held twice a year in Ottawa.
- I have tried to complete the questionnaire to the best of my abilities, but we do not use Convention Centres. When our panels travel, we only book a small meeting room, or we reserve a suite.

- Love the place, wonderful facility. Simply making the ballroom divisible in three would be a major asset.
- The "pedway connected" term really scares me. My conference is four days long. After the first day people do not want to walk between properties. Also, if I need to put multiple coffee breaks (to service concurrent sessions in separate properties) my costs are higher. Ditto for A/V, staff, signage etc.
- What St. John's, NL has for it is the people. It is a fantastic destination that welcomes everyone.
- One of our groups would love to meet in St. John's however the city cannot accommodate our meeting due to meeting space requirements in close proximity. Currently Halifax is the only city in Atlantic Canada, which can host us, and they need some competition!
- Encourage additional hotels connected to the Convention Centre.
- You are pushing all the right marketing buttons...Mark McCarthy of McCarthy's and Brenda Walsh of Tourism NFLD are 2 key people worth their weight in gold....better upscale dining in the core of downtown St. John's could be an asset, leaving stores open later in the evenings during the week for convention delegates to shop, loved the shop welcome signs & at airport too, costumed welcome historical figures & pipers at airport & hotel would set the mood of welcome....your cabbies are great! Thank you for your patience in waiting for my participation!
- St. John's is a wonderful place to meet. We were there during the Festival and we enjoyed ourselves tremendously.
- St. John's is a great destination but the Convention Centre size is not good for the city. Our conference isn't huge, but yet we are limited by what we can do. For us, the biggest drawback is the lack of breakout meeting space near the Convention Centre. Most conventions need office space etc, and there are only 2 rooms there. To walk to the Delta takes more time and not ideal so we are looking at Mile One for office space, but it's a hockey rink, so really not ideal either.
- Good luck with your decision.
- The Canadian Dermatology Association will be holding its July annual conference in St John's in 2010
- Everyone enjoys coming to NL. I am sure many attendees use this educational opportunity as an excuse to get to NL!
- Better flight accessibility - a good example would be Quebec City where it's now much easier to get in and out of.
- It is an awesome destination that our physicians would enjoy. We just need more space. ! Please get bigger fast!!!
- This questionnaire was painfully long and I think others would have quit half way through...
- I am tremendously impressed with the technology and promotion efforts of St. John's. Our goal is to bring a conference to your location.
- We are planning a convention in St John's in 2011 and our members are excited about the friendly welcoming people.
- "We had a wonderful experience there. As a destination, people had a wonderful time in St. John's. Many of our attendees had never been there before. It is a VERY LONG trip, however, for our members who are on the west coast.
- Since our organization only has one conference a year, and we move from east to west to central Canada, there is a good chance that we would not come back to St. John's - at least for another 10 years."
- St. John's is a beautiful city, but the biggest draw back is flight costs. It is cheaper to host in any of the other 3 Atlantic Provinces, because you can drive.
- Our last Board of Directors was held at the Fairmont in St. John's and all went very well. We really enjoyed the hospitality and the accommodations.