

**Deloitte.**

# City of Stratford

Economic Impact Study:  
UW Stratford Institute

November 2008

Audit . Tax . Consulting . Financial Advisory .



# Report Outline

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# Executive Summary

The City of Stratford and The University of Waterloo are intending to develop a stand-alone facility / campus within the City of Stratford – the Stratford Institute.

## Highlights:

- During its initial phase, the Facility will cater to 100 professional masters students; while in a subsequent phase, will also include 500 undergraduate students
- The development also contemplates a conference facility (the Stratford Institute) that will operate year round and attract 85 events annually. In addition, the facility will include a research institute.
- Finally, a 400-room residence facility will be constructed in partnership with private sector partners, with 200 rooms to be constructed in each phase.

## Estimated Economic Impacts

ECONOMIC ACTIVITY	PHASE 1	PHASE 2	TOTAL ECONOMIC IMPACT
<b>SPENDING IMPACTS</b>			
Construction of Campus and Residence	\$51.8 million	\$37.4 million	\$89.2 million
Campus Operations	\$20.5 million	\$22.4 million	\$42.9 million
<b>EMPLOYMENT IMPACTS</b>			
Construction of Campus and Residence	380 FTE	270 FTE	650 FTE
Campus Operations	270 FTE	200 FTE	470 FTE

*Note: Figures may not add due to rounding. Phase 2 impacts represent incremental impacts over Phase 1*

# Background

The City of Stratford ("City") engaged Deloitte to provide an update to the Economic Impact Study prepared in May, 2007 associated with the construction of the "Stratford Institute" (the "Institute") within its jurisdiction.

## Purpose

The purpose of this study is to identify and quantify the economic impact of the construction, operation and business activities of the proposed Stratford Institute, a *"convergence centre developed to the promotion of research, integration and commercialization around the creative triangle of digital technologies, international business and content / service creation"*.

## Key Assumptions

The economic impact analysis performed has been based upon a full operational year of the Institute, a facility which is envisioned to include the year-round operation of:

- the "Stratford Institute", a conference-type centre encompassing approximately 85 management, programming and outreach activities and events per year;
- a research-type institute;
- graduate and undergraduate programs for approximately 600 students (100 graduate and 500 undergraduate students); and
- the facility will be developed in two distinct phases, with:
  - **Phase 1** encompassing the Stratford Institute, research activities, the professional Masters program (100 students) and a 200-room residence; and
  - **Phase 2** incrementally including the undergraduate program (500 students) and expanded residence (to 400 rooms).

# The Proposal

## The Stratford Institute

The Stratford Institute is intended to be a forward-looking research and commercial convergence centre that will drive the next generation of digital media technologies, applications and content models. It intends to draw leading researchers, businesses and entrepreneurs to create, examine and commercialize opportunities in the digit media field.

Objectives of the Institute include the following:

- Create an environment where business, venture capitalists, researchers, entrepreneurs, artists and inventors alike are drawn together to explore and expand the global possibilities of digital media;
- Foster innovation, collaboration and commercialization based on the intersection of science, technology, creativity and commerce;
- Inspire digital innovation in new and existing businesses, with an emphasis on creating globally competitive firms, employees, products and services; and
- Provide provincial, regional and national leadership in the intersection of global business and digital media.

Programs and activities which are projected to be staged within the Institute include the following:

- “Creative and Synergistic Opportunities” – mash-ups, working sessions, retreats, mediated projects, unstructured investigations for creative people, entrepreneurs, venture capitalists, etc. to explore opportunities for collaborative activities in digital media;

# The Proposal

## The Stratford Institute

- Conferences, workshops and seminars in all fields related to digital media;
- Lectures and public events designed to highlight the latest developments in digital media, digital commerce and the intersection of creativity, technology and entrepreneurship;
- Host major media events designed to draw attention to opportunities and challenges in the digital media field;
- Provide research facilities (with ready access to University of Waterloo researchers) for collaborative projects involving creative, technical and entrepreneur partnerships;
- Provide, on a consultancy basis, industry and sector monitoring activities on global developments in selected digital media fields;
- Experiment with innovative means of building creative-commercial interactions and collaborations with a view to sparking new ways of developing companies, products, services and employment through the application of digital media;
- Serve as a public information service in fields related to digital media, digital commerce and the intersection of human creativity, commercialization and digital media;
- Consult with regional governments, companies and creative organizations on opportunities to achieve global preeminence in their digital fields and to expand commercial activities and employment through the application of digital technologies; and
- Support the work of UW-Stratford, the Knowledge Management Institute and the University of Waterloo

# The Proposal

## Core Offerings of the Stratford Institute

The UW-Stratford Campus will offer the following Core Components:

- **Management, Programming and Outreach:** This component of the Stratford Institute is a conference and educational programming centre that will operate year-round and is targeted to stage or otherwise attract approximately 85 events and activities per year and attracting upwards of 150 attendees per event. Event size and frequencies have been identified as follows:
  - Single Day events: approximately 15 events per year (15% to 25%)
  - 2-3 day events: approximately 55 events per year (65%)
  - 4-7 day events: approximately 15 events per year (10% to 20%)
  - Events attracting 25 people or less: 20 events per year (25%)
  - Events attracting between 25 and 75 people: 25 events per year (30%)
  - Events attracting between 75 and 125 people: 25 events per year (30%)
  - Events attracting over 125 people: 15 events per year (15%)
  - Estimated number of out-of-town attendees: 90%
- **Research Centre:** This proposed institute would be rooted in digit media studies and would undertake and be responsible for the research activities of the Stratford Institute, much of which would be done in partnership with private companies.
- **Academic Program:** As part of the Stratford Institute, an undergraduate and professional masters program would be offered. Initial estimates call for an undergraduate student body of approximately 500 students, growing to 1,000 students over time; the professional masters program is estimated to house 100 students.

# The Proposal

## The Facilities

The proposal contemplates a campus encompassing 70,000 square feet. The campus would contain class rooms, lecture halls / rooms, conference and meeting facilities, library, recreation and administration facilities as well as maintenance and other ancillary facilities.

In addition to the university campus, residence facilities are a crucial component to this kind of close-knit post secondary education experience. Working with private partners, residence facilities for up to 200 students would be constructed initially (with plans to double the size of the residence facility to 400 rooms), and designed to complement the Stratford Institute.

## Cost of Construction

The cost to construct the campus has been estimated at \$20 million. The cost to construct the residence for 200 students is estimated at \$80,000 per unit or \$16 million. Neither of the costs include the cost of the land.

## Enrollment

As noted, the Phase 1 target size of the Campus would be 100 graduate students, while in Phase 2, the total student body is expected to expand to include 500 undergraduate students.

## Staff

During Phase 1, the facility is expected to house a minimum of 5 faculty and 2 administrative / support staff. The Campus will also employ a number of additional support staff such as maintenance, cooks and security. During Phase 2, the staff complement at the Facility is projected to grow to 32 faculty and support staff.

# Economic Impact

## Our Approach

We measure the economic impact based upon the spending of the University, the faculty and staff, students and visitors to the campus. However measuring the direct expenditures does not adequately reflect the economic impact of the campus in the community. Expenditures on goods and services has a “ripple effect”, as the expenditures circulate in the community. For example the purchase of a supply or service by the University from a company, creates a ripple effect as the vendor of that supply or service will incur expenditures to fulfill the purchase. This ripple effect is known as the “multiplier effect”.

In completing this updated study, Deloitte relied exclusively on preliminary project development information and descriptions provided by the UW (as well as verbal follow-up information relating to building sizes and anticipated development and operating costs), as well as on input-output multipliers provided by Statistics Canada (for Ontario) in order to develop estimates of economic impact. In addition, a number of assumptions have been made in order to assess and evaluate the potential impacts associated with the on-going operations of the Stratford Institute conference centre and the anticipated spending impact of students and conference centre attendees.

The reader should note that Deloitte did not complete an assessment of the feasibility or appropriateness of those operating assumptions provided by UW. The reader should also note that this study utilizes various assumptions which are based on a set of economic conditions and / or possible courses of action that are reasonable and appropriate in Deloitte’s judgment, are consistent with the purpose of this high level assessment of economic impact, but which may not materialize as set out therein. These hypotheses represent plausible circumstances, but need not be, and may not be fully supported. The following page outlines the different types of economic impacts that will be outlined in this study.

# Economic Impact

- The purpose of an economic impact analysis is to present and quantify the impact which the construction and / or operation of a facility / service has on the economy
- Generally, areas of economic impact can be summarized in the following areas:
  - Direct impacts
  - Indirect impacts
  - Associated impacts
- Impacts evaluated included:
  - Spending impacts
  - Employment impacts
  - Income impacts

## Areas of Economic Impact

### Direct Impact

Consists of the total expenditures on goods and services, including wages and salaries, for the construction of a proposed development, the operations of a facility or service, the staging of an event, etc.

### Indirect Impact

Refers to the purchase of goods and services needed to then produce the goods and services that are directly purchased in support of the construction of the proposed facility, the operation of that facility or service, the staging of the event, etc.

### Associated Impacts

Refers to the spin-off impacts generated by the construction of the facility, the operations of that facility or service, the staging of the event, etc., including spending by visitors and students.

# Economic Impact

## Types of Economic Impact

- Direct Economic Impacts: total expenditures on goods and services, including wages and benefits, for the construction of a proposed development and / or the operations of a facility or service.
- Indirect Economic Impacts: refers to the purchase of goods and services to produce the goods and services directly purchased in the construction of the proposed development and / or the operations of the facility or service. It measures the various interactions with other businesses which supply the necessary materials and services, which lead to indirect demand for goods and services from other industries.

## Nature of Economic Impacts Evaluated

- Spending Impact: the impacts resulting from the purchase of goods and services
- Employment Impacts: the increases in employment resulting the purchase of goods and services
- Income Impacts: the increases in personal income resulting from increases in employment

# Economic Impact

## Items not Explored

This study did not review the economic impacts associated with research collaborations, incubators and business start-ups that could occur on the campus, or the economic benefits derived from potential joint ventures or partnerships that could occur between the University Campus and the surrounding community. These benefits would be in addition to the economic impact detailed in this report.

# Economic Impacts



# Economic Impact – Construction



# **Economic Impact: Construction of Campus and Residences**

## **Overview**

The initial plans call for a phased construction approach of the campus and the residences. For the purposes of our analysis we have only estimated the impact of the construction of the first phase of the campus development. As the campus grows the space requirements will also grow and additional development will be required.

Our analysis only outlines the economic impacts related to the initial development or phase one of the campus. This phase will see the construction of a seventy thousand square foot campus, at an estimated cost of \$20 million campus.

In addition to the campus, we have reviewed the economic impact associated with the creation of a 200-room residence, which will be constructed with private sector partners. The cost of the residence was estimated at \$80,000 per unit (\$16.0 million in total). The key expenditures related to the construction of the campus and the residence, are labour, materials and professional fees.

## **Our Analysis**

Deloitte has reviewed financial information related to a number of sources including:

- The University of Waterloo,
- Various construction projects in Ontario

# Economic Impact Construction of Campus and Residence

## Economic Impacts Resulting from the Construction of the University Campus and Residences

CONSTRUCTION IMPACTS	PHASE 1	PHASE 2	TOTAL
<b>Spending Summary</b>			
<b>Total Construction - Stratford Institut</b>	\$20.0 million	\$10.0 million	\$30.0 million
<b>Total Construction - Residences</b>	<u>\$16.0 million</u>	<u>\$16.0 million</u>	<u>\$32.0 million</u>
<b>Total Construction Value</b>	\$36.0 million	\$26.0 million	\$62.0 million
<b>Assumed Labour Component</b>	\$16.6 million	\$12.0 million	\$28.5 million
<b>Assumed Materials Component</b>	\$19.4 million	\$14.0 million	\$33.5 million
<b>Assumed PST on Materials</b>	\$1.3 million	\$0.9 million	\$2.2 million
<b>Spending Impacts</b>			
<b>Direct Construction Expenditure</b>	\$34.7 million	\$25.1 million	\$59.8 million
<b>Indirect Construction Expenditure</b>	<u>\$17.0 million</u>	<u>\$12.3 million</u>	<u>\$29.4 million</u>
<b>Total Construction Impact</b>	\$51.8 million	\$37.4 million	\$89.2 million
<b>Employment Impacts</b>			
<b>Direct Employment</b>	280 FTE	200 FTE	480 FTE
<b>Indirect Employment</b>	<u>100 FTE</u>	<u>70 FTE</u>	<u>180 FTE</u>
<b>Total Employment</b>	380 FTE	270 FTE	650 FTE
<b>Employment Income Impacts</b>			
<b>Direct Employment Income</b>	\$16.6 million	\$12.0 million	\$28.5 million
<b>Indirect Employment Income</b>	<u>\$7.4 million</u>	<u>\$5.4 million</u>	<u>\$12.8 million</u>
<b>Total Employment Income</b>	\$24.0 million	\$17.3 million	\$41.3 million

Note: figures may not add due to rounding

A woman with short brown hair and glasses, wearing a bright blue patterned jacket over a black top, is smiling and speaking to a group of people. She is holding a white marker. In the background, a whiteboard has handwritten text in blue ink, including "We are also", "We are", and "10.". The scene appears to be a meeting or presentation.

## Economic Impact

## Academic, Research and Ancillary Services

# **Economic Impact:**

## *Operation of Academic and Ancillary Services*

### **Overview**

The economic impacts of the academic and ancillary operations of the campus is derived from the costs related to deliver the undergraduate programs and other student services. The key expenses relate to wages paid to faculty and support staff to deliver the academic programs and maintain the campus.

### **Our Analysis**

Deloitte had reviewed financial information from a number of institutions including:

- The University of Waterloo,
- The University of Waterloo School of Architecture,
- The Banff Centre,
- Mount Allison University,
- Acadia University,
- Swathmore College and
- Middlebury College

Deloitte developed a projected financial model of the campus independent of the University of Waterloo at maturity in Phase 2. This financial model was then compared to the financial model created by the University of Waterloo. The two independently created models were within material constraints.

We did not factor in expenditures related to scholarships and bursaries, as these expenses would be accounted for either through other direct expenditures of the University or by our analysis of student spending.

## Economic Impact:

### *Operation of Academic and Ancillary Services*

#### **Our Analysis (Continued)**

In addition to the direct expenditures of the Stratford Campus, the main campus will also have incremental spending associated with the increase in shared services. These amounts are estimated to be \$3.9 million. These amounts would be incremental to the current expenditures of the University of Waterloo and directly associated with the Stratford Campus.

The table below summarizes the projected direct and incremental expenses. In total, gross expenditures are projected at \$11.9 million per annum, with the largest single expenditure being salaries (\$8.2 million).

For the purpose of allocating these expenditures between Phases 1 and 2, we have assumed that Phase 1 will comprise 1/6<sup>th</sup> of these above noted expenditures, while Phase 2 will incrementally comprise 5/6<sup>th</sup> of these above noted expenditures (based on the assumption the Phase 1 incorporates only 100 professional masters students, while Phase 2 includes an additional 500 undergraduate students).

<b>Key Expenditures</b>	<b>Total (\$ 000's)</b>
Salaries and benefits	8,234.1
Supplies	2,622.8
Utilities and Insurance	400.0
Other	385.0
Maintenance	220.0
<b>Total</b>	<b>11,861.9</b>

# Economic Impact:

## *Operation of Academic and Ancillary Services*

### Economic Impact

STRATFORD INSTITUTE OPERATIONAL IMPACTS	PHASE 1	PHASE 2	TOTAL
<b>Spending Impacts</b>			
<b>Direct Operating Expenditure</b>	\$2.0 million	\$9.9 million	\$11.9 million
<b>Indirect Operating Expenditure</b>	<u>\$0.6 million</u>	<u>\$3.0 million</u>	<u>\$3.6 million</u>
<b>Total Operating Impact</b>	\$2.6 million	\$12.9 million	\$15.4 million
<b>Employment Impacts</b>			
<b>Direct Employment</b>	15 FTE	65 FTE	80 FTE
<b>Indirect Employment</b>	<u>15 FTE</u>	<u>65 FTE</u>	<u>80 FTE</u>
<b>Total Employment</b>	30 FTE	130 FTE	160 FTE
<b>Employment Income Impacts</b>			
<b>Direct Employment Income</b>	\$1.4 million	\$6.9 million	\$8.2 million
<b>Indirect Employment Income</b>	<u>\$0.9 million</u>	<u>\$4.3 million</u>	<u>\$5.1 million</u>
<b>Total Employment Income</b>	\$2.2 million	\$11.1 million	\$13.4 million

*Note: figures may not add due to rounding*

# Residence and Food Service Operations



# Economic Impact:

## *Operation of Residence and Food Services*

### Overview

The economic impacts of the residence and food service operations of the campus is derived from the costs related to deliver the operation of the residence facilities and for the provision of food services to the students. The key expenses relate to wages paid to staff, food and beverage costs and other supply costs.

### Our Analysis

Deloitte reviewed financial information for the residence and food services operations of the University of Waterloo, and adjusted the cost of the residence operations to reflect the nature of the residence to be built in Stratford.

The information contained in the following table reflects a facility associated with a 200-room residence anticipated to be constructed in Phase 1; we have assumed that these figures would double for a residence of 400 rooms.

<b>Key Expenditures</b>	<b>Total (\$ 000's)</b>
Salaries and benefits	785.8
Cost of Goods Sold	339.8
Supplies	897.3
Utilities	221.9
Maintenance	272.1
<b>Total</b>	<b>2,516.9</b>

# Economic Impact:

## *Operation of Residence and Food Services*

### Economic Impact

RESIDENCE & FOOD OPERATIONAL IMPACTS	PHASE 1	PHASE 2	TOTAL
<b>Spending Impacts</b>			
<b>Direct Operating Expenditure</b>	\$2.5 million	\$2.5 million	\$5.0 million
<b>Indirect Operating Expenditure</b>	<u>\$0.9 million</u>	<u>\$0.9 million</u>	<u>\$1.9 million</u>
<b>Total Operating Impact</b>	\$3.4 million	\$3.4 million	\$6.9 million
<b>Employment Impacts</b>			
<b>Direct Employment</b>	20 FTE	20 FTE	40 FTE
<b>Indirect Employment</b>	<u>50 FTE</u>	<u>50 FTE</u>	<u>100 FTE</u>
<b>Total Employment</b>	70 FTE	70 FTE	140 FTE
<b>Employment Income Impacts</b>			
<b>Direct Employment Income</b>	\$0.8 million	\$0.8 million	\$1.6 million
<b>Indirect Employment Income</b>	<u>\$0.4 million</u>	<u>\$0.4 million</u>	<u>\$0.7 million</u>
<b>Total Employment Income</b>	\$1.1 million	\$1.1 million	\$2.3 million

*Note: figures may not add due to rounding*

# Economic Impact – Conference Centre



# **Economic Impact:**

## *Conference Facilities*

### **Overview**

The economic impacts of the conference facilities component of the Stratford Institute relates to the operation of the facility as a conference centre for the period of May through August each year.

### **Our Analysis**

Deloitte used the International Association of Conference Centers 2006 North American Edition of “Trends in the Conference Centre Industry”, prepared by PKF Consulting. We specifically reviewed information related the conference center classification of “College/University Centers”. Centers in this category are defined as “typically owned by a higher educational institution. These centers cater to college/university affiliated guests, executive MBA programs or the open market”.

We created a revised financial model taking into account the expected year-round operations of this facility and have assumed that all out-of-town guests requiring over night accommodation will stay off-site at a Stratford area hotel.

# Economic Impact:

## *Conference Centre*

### Key Expenditures

The key expenditures for these operations are projected as follows. As we understand UW's proposal, there will no incremental impact in Phase 2 from the Conference Centre:

Key Expenditures	Total (\$ 000's)
Wages and Benefits	1,894
Food and Beverage Costs	1,738
Energy	176
Maintenance	540
Supplies	658
Insurance and Other expenses	820
<b>Total</b>	<b>5,826</b>

# Economic Impact: Conference Centre

## Economic Impact

CONFERENCE CENTRE OPERATIONAL IMPACTS	PHASE 1	PHASE 2	TOTAL
<b>Spending Impacts</b>			
Direct Operating Expenditure	\$5.8 million	--	\$5.8 million
Indirect Operating Expenditure	<u>\$2.5 million</u>	--	<u>\$2.5 million</u>
<b>Total Operating Impact</b>	\$8.3 million	--	\$8.3 million
<b>Employment Impacts</b>			
Direct Employment	40 FTE	--	40 FTE
Indirect Employment	<u>130 FTE</u>	--	<u>130 FTE</u>
<b>Total Employment</b>	170 FTE	--	170 FTE
<b>Employment Income Impacts</b>			
Direct Employment Income	\$1.9 million	--	\$1.9 million
Indirect Employment Income	<u>\$0.9 million</u>	--	<u>\$0.9 million</u>
<b>Total Employment Income</b>	\$2.8 million	--	\$2.8 million

Note: figures may not add due to rounding

# Economic Impact – Student Spending



# **Economic Impact:**

## *Student Spending*

### **Overview**

Students attending this campus will generate economic impacts via their spending on items such as rent, transportation, food, entertainment, clothes etc.

### **Our Analysis**

Deloitte reviewed a wide range of material on student spending, including student cost of living information provided by the University of Waterloo, the University of Toronto, the Ontario Undergraduate Student Alliance and the Ministry of Training, Colleges and Universities and the Canadian Millennium Scholarship Foundation. In addition to this material on student cost of living Deloitte reviewed cost of living information from FP Markets 2006 Canadian Demographics.

The studies conducted by the Canadian Millennium Scholarship Foundation, “Making Ends Meet: The 2001 – 2002 Student Financial Survey”, “Pressure Points in Student Financial Assistance” (March 2004), and Funding University Education in Ontario (February 2006), were reviewed by Deloitte to obtain a student spending composite picture. With regards to the earlier studies and research, Deloitte applied an inflationary adjustment (based on the CPI index) to the findings to develop the student spending model in 2008 dollars.

During our analysis we would back out any items that maybe accounted for in another economic impact calculation. For example, the cost of rent would not be factored in for those students staying in residence as the expenditures related to the operation of the residence are accounted for separately.

# Economic Impact:

## *Student Spending*

### Our Analysis

We have summarized the key items related to student spending in the chart below, with the various information sources. It should be noted that for the Canadian Millennium Scholarship Foundation (CMSF), the information listed is an average between two subsets of data in their study (Monthly Income and Expenditures for “Parents Support – Live Away”, and “No Support from Parents – Live Away”).

We have weighted the various sources of information to arrive at a composite spending profile for students attending the Stratford Campus. Thus we have for the purposes of this study assumed that the average student spending would approximate \$10,260, for students living off campus. For students living on campus, the average spend would be the same except for the accommodation amount.

Expense Category	University of Waterloo	FP Financial (Stratford)	CMSF and EKOS	Composite Profile <sup>1</sup>
Accommodation	\$5,200	\$3,530	\$4,646	<b>\$5,180</b>
Food	\$1,840	\$2,004	\$1,735	<b>\$1,950</b>
Transportation	\$ 800	\$2,300	\$ 852	<b>\$ 870</b>
Entertainment and Misc.	\$1,700	\$2,142	\$2,604	<b>\$2,260</b>
Total	\$9,540	\$9,975	\$9,836	<b>\$10,260</b>

1. Inflated to 2008 equivalents

# Economic Impact: Student Spending

## Economic Impact

The direct impact of student spending is estimated to be \$0.8 million per annum in Phase 1 (from the 100 professional masters students) and an additional \$3.8 million in Phase 2 (from the 500 undergraduate students). Total spending is therefore estimated at \$4.6 million. These amount were determined assuming 50% of students (250 undergraduate and 50 graduate) stay on campus while the remaining 50% would reside off campus in rental accommodation.

We did not adjust our calculations to take into consideration local students attending the Campus and staying at home, or the difference in spending patterns of international students. The spending patterns of local students and international students would not materially alter the economic impact model. This is due to the fact that local students would still have spending patterns similar to those in residence. International students would tend to have a higher spend rates, as they would source a greater percentage of their required items from local sources.

No employment impact related to student spending was determined in this report.

STUDENT SPENDING IMPACTS	PHASE 1	PHASE 2	TOTAL
<b>Spending Impacts</b>			
<b>Direct Operating Expenditure</b>	\$0.8 million	\$3.8 million	\$4.6 million
<b>Indirect Operating Expenditure</b>	<u>\$0.3 million</u>	<u>\$1.4 million</u>	<u>\$1.6 million</u>
<b>Total Operating Impact</b>	\$1.0 million	\$5.2 million	\$6.2 million

*Note: figures may not add due to rounding*

# Economic Impact – Conference Attendee Spending



# **Economic Impact:**

## *Conference Attendee Spending*

### **Overview**

Those attending the Stratford Institute conferences and or academic enrichment programs will generate economic impacts via their spending on items entertainment, shopping and other purchases.

### **Our Analysis**

Deloitte used average traveller spending information from the Ontario Ministry of Tourism to determine the average spend of visitors attending conferences and events at the Stratford Institute. In this regard, Deloitte took the average spending information provided by the Ministry and deducted the average cost food that was implied in the spending profile. These amounts were required to be deducted as the economic impact of these amounts are accounted for in the Conference Centre operations.

In addition we have estimated the number of visitors that would attend at the Stratford Centre. We have assumed that the Stratford Institute would generate approximately 13,200 room nights throughout the year based on the distribution of events, event size (i.e., number of attendees), event length and estimated proportion of out-of-town attendees. In total, the Stratford is estimated to generate some 19,500 “person days” within Stratford through the 85 annual events is it expected to host (including guests of events attendees).

As we understand it, UW believes the number of events held at the Stratford Institute will grow over time. For this purpose of this assessment, we have assumed that between Phase 1 and Phase 2, the number of events held at the Institute will grow by approximately 20% (from 85 to 100).

# Economic Impact:

## Conference Attendee Spending

### Economic Impact

We have estimated the average per day spend of a conference attendee to be \$180 per day, including expenditures on accommodation. Thus the total direct impact is estimated to be approximately \$3.5 million in Phase 1. Including indirect spending impacts, the impact of spending by conference centre attendees is estimated at \$5.2 million per year.

The incremental impact of growing from 85 to 100 events is estimated at \$0.6 million in direct expending impacts (to a total of \$4.1 million), and \$0.9 million in total impact (to a total of \$6.1 million).

No employment impact associated with conference attendee spending was determined in this report.

CONFERENCE ATTENDEE SPENDING	PHASE 1	PHASE 2	TOTAL
<b>Spending Impacts</b>			
<b>Direct Operating Expenditure</b>	\$3.5 million	\$0.6 million	\$4.1 million
<b>Indirect Operating Expenditure</b>	<u>\$1.7 million</u>	<u>\$0.3 million</u>	<u>\$2.0 million</u>
<b>Total Operating Impact</b>	\$5.2 million	\$0.9 million	\$6.1 million

*Note: figures may not add due to rounding. Figures for Phase 2 indicate the additional impacts resulting from 15 additional events (20% increase)*



## **Economic Impact Summary**

# Economic Impact:

## *Estimated Annual Impact Summary*

### Economic Impact

#### Expected Annual Impact

The proposed Stratford Campus of the UW is projected to generate annual economic impacts related to its operations. In total, \$31.4 million of direct spending is anticipated from the proposed project along with an additional \$11.6 of economic impact, for a total estimated economic impact of **\$42.9 million**.

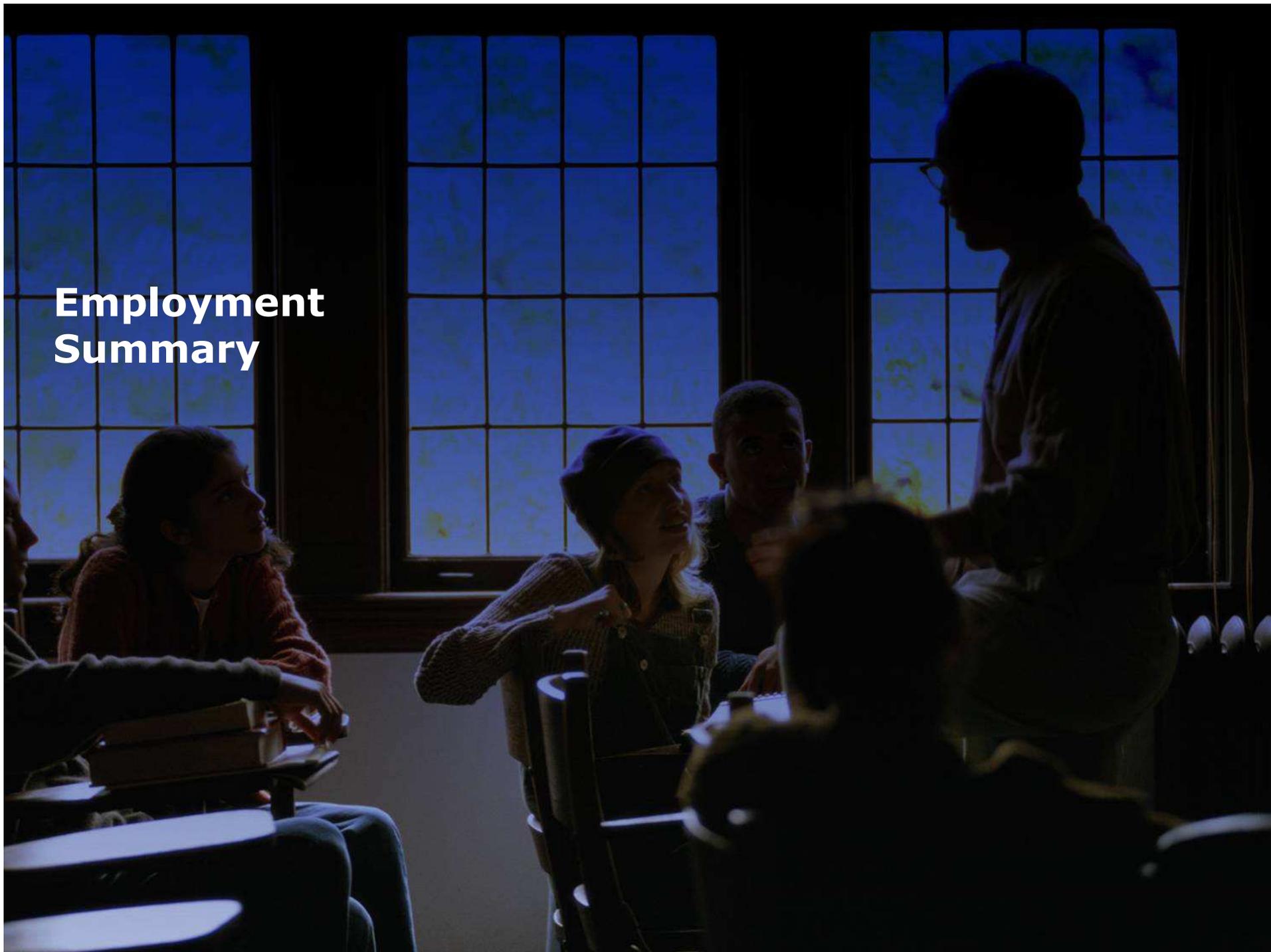
	STRATFORD INSTITUTE	RESIDENCE	CONFERENCE CENTRE	STUDENT SPENDING	CONFERENCE ATTENDEE SPENDING	COMBINED IMPACT
<b>PHASE 1</b>						
<b>Direct Impacts</b>	\$2.0 million	\$2.5 million	\$5.8 million	\$0.8 million	\$3.5 million	<b>\$14.6 million</b>
<b>Indirect Impacts</b>	<u>\$0.6 million</u>	<u>\$0.9 million</u>	<u>\$2.5 million</u>	<u>\$0.3 million</u>	<u>\$1.7 million</u>	<b><u>\$6.0 million</u></b>
<b>Total</b>	\$2.6 million	\$3.4 million	\$8.3 million	\$1.0 million	\$5.2 million	<b>\$20.5 million</b>
<b>PHASE 2</b>						
<b>Direct Impacts</b>	\$9.9 million	\$2.5 million	--	\$3.8 million	\$0.6 million	<b>\$16.8 million</b>
<b>Indirect Impacts</b>	<u>\$3.0 million</u>	<u>\$0.9 million</u>	--	<u>\$1.4 million</u>	<u>\$0.3 million</u>	<b><u>\$5.6 million</u></b>
<b>Total</b>	\$12.9 million	\$3.4 million	--	\$5.2 million	\$0.9 million	<b>\$22.4 million</b>
<b>TOTAL</b>						
<b>Direct Impacts</b>	\$11.9 million	\$5.0 million	\$5.8 million	\$4.6 million	\$4.1 million	<b>\$31.4 million</b>
<b>Indirect Impacts</b>	<u>\$3.6 million</u>	<u>\$1.9 million</u>	<u>\$2.5 million</u>	<u>\$1.6 million</u>	<u>\$2.0 million</u>	<b><u>\$11.6 million</u></b>
<b>Total</b>	\$15.4 million	\$6.9 million	\$8.3 million	\$6.2 million	\$6.1 million	<b>\$42.9 million</b>

*Note: figures may not add due to rounding. Phase 2 estimates for Conference Centre Attendee Spending relate to the additional impacts resulting from 15 additional events (20% increase)*

#### Impact from Construction

In addition we have estimated the economic impact of the construction of the campus and the residence (both phases) to total **\$89.2 million**.

# Employment Summary



# Economic Impact:

## Employment from Overall Operations

### Employment Impact

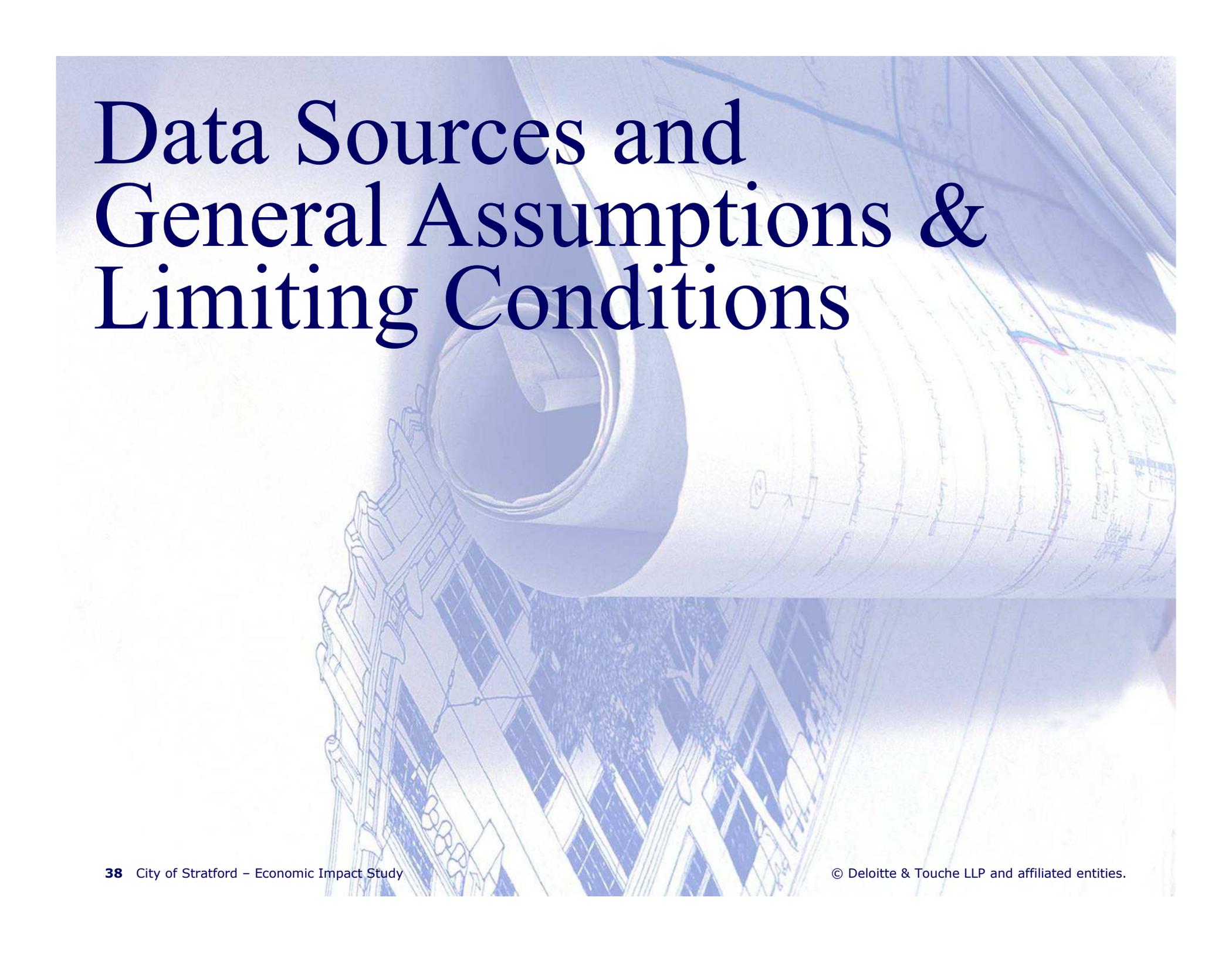
The proposed UW Stratford Institute is projected to generate employment impacts both during construction and during its subsequent operations. During operations, employment impacts will arise both from the operations of the university as well as from the operations of the conference centre.

In total, 480 direct and 650 direct and indirect person years of employment are projected to be created during construction of the various facilities; while 160 direct and 310 direct and indirect person years of employment are projected to be created during the operations of the Stratford Institute.

	CONSTRUCTION	STRATFORD INSTITUTE	RESIDENCE	CONFERENCE CENTRE	COMBINED IMPACT
<b>PHASE 1</b>					
Direct Impacts	280 FTE	15 FTE	20 FTE	40 FTE	75 FTE
Indirect Impacts	<u>100 FTE</u>	<u>15 FTE</u>	<u>50 FTE</u>	<u>130 FTE</u>	<u>195 FTE</u>
<b>Total</b>	<b>380 FTE</b>	<b>30 FTE</b>	<b>70 FTE</b>	<b>170 FTE</b>	<b>270 FTE</b>
<b>PHASE 2</b>					
Direct Impacts	200 FTE	65 FTE	20 FTE	--	85 FTE
Indirect Impacts	<u>70 FTE</u>	<u>65 FTE</u>	<u>50 FTE</u>	--	<u>115 FTE</u>
<b>Total</b>	<b>270 FTE</b>	<b>130 FTE</b>	<b>70 FTE</b>	<b>--</b>	<b>200 FTE</b>
<b>TOTAL</b>					
Direct Impacts	480 FTE	80 FTE	40 FTE	40 FTE	160 FTE
Indirect Impacts	<u>180 FTE</u>	<u>80 FTE</u>	<u>100 FTE</u>	<u>130 FTE</u>	<u>310 FTE</u>
<b>Total</b>	<b>650 FTE</b>	<b>160 FTE</b>	<b>140 FTE</b>	<b>170 FTE</b>	<b>470 FTE</b>

Note: figures may not add due to rounding.

# Data Sources and General Assumptions & Limiting Conditions

The background of the slide features a light blue, semi-transparent overlay. On the left, there is a detailed architectural drawing of a multi-story building with many windows. On the right, a large roll of architectural blueprints is unrolled, showing various lines and technical drawings. The overall aesthetic is professional and technical.

# Data Sources

Deloitte relied on the following information to produce this report:

- “The Stratford Institute” summary document, including draft / preliminary operating budgets.
- 2005-06 Audited Financial Statements of the University of Waterloo
- 2005-06 Operating Budget of Acadia University
- 2005-06 Audited Financial Statements of Mount Allison University
- 2005-06 Annual Report of The Banff Centre
- Province of Ontario, Ministry of Tourism – “Ontario’s Domestic Travel Markets, 2004”, published January 2006
- University of Waterloo Regional Economic Benefits Study, August 31, 2001, Price Waterhouse Coopers
- Queen’s University and the Kingston Area: An Economic Partnership, September 2003
- “Making Ends Meet: The 2001 – 2002 Student Financial Survey”, Canadian Millennium Scholarship Foundation and EKOS Research Associates.
- “Pressure Points in Student Financial Assistance”, March 2004, Canada Millennium Scholarship Foundation
- “Funding University Education in Ontario” Prepared by Acumen Research Group, February 2006, Canada Millennium Scholarship Foundation
- Discussions and representations by the University of Waterloo
- FP Markets Canadian Demographics 2006 79<sup>th</sup> edition, Financial Post

# General Assumptions & Limiting Conditions

1. Each of the financial scenarios produced in conjunction with our Study contain hypotheses and assumptions which are based on a set of economic conditions or anticipated courses of action that may be reasonable and appropriate in Deloitte's judgement, are consistent with the purpose of the projections, but which may not materialize as set out therein. The hypotheses represent plausible circumstances, but need not be, and may not be fully supported.  
  
Since future events are not subject to precise projections, some assumptions will not materialize in the exact form presented by our analysis. In addition, other unanticipated events and circumstances may occur which could influence the future outcome and performance of the Project. Therefore, the results achieved in future operating periods will vary from the analysis of prospective market and financial conditions as set out herein. While there is no recourse to predicting these matters with certainty apart from informed and reasoned judgements, it must be stated that future events may lead to variations in Project performance which may materially alter Project results. Deloitte does not warrant that actual results achieved during the Projection Period will be the same, in whole or in part, as those shown in the Projection. The Projection is based on hypotheses and there is significant risk that actual results will vary, perhaps materially, from the results projected.
2. Responsible ownership and competent property management are assumed.
3. Information furnished by others, including the City of Stratford, its related entities, or others, upon which all or portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.
4. The intended use of this report is as a high level examination of the economic impact of the Project. A detailed feasibility review / analysis has not been undertaken, nor should one infer that such a study has been undertaken.
5. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organization have been, or can readily be obtained, or renewed for any use on which the estimates provided in this report are based.
6. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters including title or encumbrances.
7. Full compliance with all applicable federal, provincial and local zoning, use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated.
8. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions which occur subsequent to the effective date of this report.
9. The financial structure is predicated on the market conditions prevailing as of the date of this report.

# General Assumptions & Limiting Conditions

10. Areas and dimensions of the property were obtained from sources believed to be reliable. Maps or sketches, if included in this report, are only to assist the reader in visualizing the property and no responsibility is assumed for their accuracy. No independent surveys were conducted.
11. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that affect value. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
12. No soil analysis or geological studies were ordered or made in conjunction with this report, nor was an investigation made of any water, oil, gas, coal, or other subsurface mineral and use rights or conditions.
13. Neither Deloitte & Touche LLP nor any individuals signing or associated with this report shall be required by reason of this report to give further consultation, to provide testimony or appear in court or other legal proceedings, unless specific arrangements thereof have been made.
14. This report has been made only for the purpose stated and shall not be used for any other purpose. Neither this report nor any portions thereof (including without limitation any conclusions as to value, the identity of Deloitte & Touche LLP or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties by any means without the prior written consent and approval of Deloitte & Touche LLP.
15. We have not been engaged nor are qualified to detect the existence of hazardous material which may or may not be present on or near the property. The presence of potentially hazardous substances such as asbestos, urea-formaldehyde foam insulation, industrial wastes, etc. may affect the value of the property. The estimates presented herein are predicated on the assumption that there is no such material on, in, or near the property that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client should retain an expert in this field if further information is desired.
16. We have not audited or otherwise verified the capital cost estimates associated with this Project.

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