



## City of Hamilton

# GENERAL ISSUES COMMITTEE ADDENDUM

**Meeting #:** 18-015  
**Date:** July 9, 2018  
**Time:** 9:30 a.m.  
**Location:** Council Chambers, Hamilton City Hall  
71 Main Street West

Stephanie Paparella, Legislative Coordinator (905) 546-2424 ext. 3993

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<b>4. DELEGATION REQUESTS</b>	
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## 8. DISCUSSION ITEMS

- \*8.5 Temporary Delegated Authority - Financial Incentive Programs Administered by the Urban Renewal Section and Real Estate Transactions (PED18135) (City Wide)

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## 12. PRIVATE AND CONFIDENTIAL

- \*12.7 Parking System Upgrade (PED17224(a)/LS17037(a)) (City Wide)

Pursuant to Section 8.1, Sub-sections (e) and (f) of the City's Procedural By-law 14-300, and Section 239(2), Sub-sections (e) and (f) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to litigation or potential litigation, including matters before administrative tribunals, affecting the City; and, the receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

- \*12.8 Waste Management System Development - Materials Recycling Facility Operations Contract (PW16059(d)) (City Wide)

Pursuant to Section 8.1, Sub-sections (e) and (f) of the City's Procedural By-law 14-300, and Section 239(2), Sub-sections (e), (f), (i) and (k) of the *Ontario Municipal Act, 2001*, as amended, as the subject matter pertains to litigation or potential litigation, including matters before administrative tribunals, affecting the City; the receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose; a trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization; and, a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the municipality or local board.

\*12.9 Ward 7 Vacant Seat (LS18043/HUR18014) (Ward 7)

Pursuant to Section 8.1, Sub-sections (b), (e) and (f) of the City's Procedural By-law 14-300, and Section 239(2), Sub-sections (b), (e) and (f) of the *Ontario Municipal Act*, 2001, as amended, as the subject matter pertains to personal matters about an identifiable individual, including City Employees; litigation or potential litigation, including matters before administrative tribunals, affecting the City; and, the receiving of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

\*12.10 Service Contract (no copy)

Pursuant to Section 8.1, Sub-section (b) of the City's Procedural By-law 14-300, and Section 239(2), Sub-section (b) of the *Ontario Municipal Act*, 2001, as amended, as the subject matter pertains to personal matters about an identifiable individual, including City Employees.

## 4.1

### **Form: Request to Speak to Committee of Council**

Submitted on Thursday, July 5, 2018 - 11:41 am

==Committee Requested==

**Committee:** General Issues Committee

==Requestor Information==

**Name of Individual:** Larry Di Ianni

**Name of Organization:** Global Spectrum

**Contact Number:**

**Email Address:**

**Mailing Address:**

21 King St. West, Box 6

Hamilton, Ontario

L8P 4W7

**Reason(s) for delegation request:** To speak to Item 8.2 on your agenda re: Downtown Entertainment Assets Operating Agreements

**Will you be requesting funds from the City?** No

**Will you be submitting a formal presentation?** No

## 4.2

### **Form: Request to Speak to Committee of Council**

Submitted on Friday, July 6, 2018 - 10:40 am

==Committee Requested==

**Committee:** General Issues Committee

==Requestor Information==

**Name of Individual:** PJ Mercanti, Scott Warren, Joe Mercanti, Tom Paquette and Jasper Kujavsky

**Name of Organization:** The Carmen's Group

**Contact Number:** 905-387-9491

**Email Address:** [pjmercanti@carmensgroup.com](mailto:pjmercanti@carmensgroup.com)

**Mailing Address:**

300- 77 James Street North  
Hamilton, Ontario  
L8R 2K3

**Reason(s) for delegation request:** To speak to the management and operation of Hamilton's downtown entertainment venues.

**Will you be requesting funds from the City?** No

**Will you be submitting a formal presentation?** No

**Form: Request to Speak to Committee of Council**

Submitted on Friday, July 6, 2018 - 3:25 pm

==Committee Requested==

**Committee:** General Issues Committee

==Requestor Information==

Name of Individual: Riley O'Connor

**Name of Organization:** Live Nation Entertainment

**Contact Number:** 905-577-3520

**Email Address:** rileyo'connor@livenation.com

**Mailing Address:** 21 King St. West, Fifth Floor, Hamilton, On.

**Reason(s) for delegation request:** To discuss report item  
7.3 Downtown Entertainment Assets Operating Agreements

**Will you be requesting funds from the City?** No

**Will you be submitting a formal presentation?** Yes



# INFORMATION REPORT

<b>TO:</b>	Mayor and Members General Issues Committee
<b>DATE:</b>	July 9, 2018
<b>SUBJECT/REPORT NO:</b>	Cannabis Dispensaries (PED18141) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Joe Gravina (905) 546-2424 Ext. 1284
<b>SUBMITTED BY:</b>	Steve Robichaud Director, Planning and Chief Planner Planning and Economic Development Department
<b>SIGNATURE:</b>	

## Introduction:

The purpose of this Information Report is to provide the latest information regarding the Province's approach to dispensing recreational cannabis and medical cannabis, the process for citing provincial recreational cannabis dispensaries, proposed cannabis dispensary formats and current City of Hamilton enforcement actions on local recreational cannabis dispensaries.

### The Province's Approach to Dispensing Recreational Cannabis

The Province of Ontario has set out guidelines for the dispensing of recreational cannabis, overseen by the Ontario Cannabis Retail Corporation (OCRC), a subsidiary of the LCBO. The retail outlets will be labeled as Ontario Cannabis Stores (OCS) and will sell only cannabis. Approximately 150 OCS stores will be opened by 2020, including 80 by July 1, 2019 servicing all regions of the province, including province wide online distribution.

### Process for Siting OCS Stores

On February 28, 2018, an Information Update was forwarded to City Council to provide the latest communication regarding the locality of provincially owned and operated Recreational Cannabis Store in the City of Hamilton. In addition, the update provided siting criteria derived from a staff meeting held on November 22, 2018 with Senior Staff of the Planning and Economic Development Department, Public Health and Legal Services. A list of basic location considerations for siting provincial recreational cannabis stores was provided to the Province on December 18, 2017 (see Appendix "A" to Report PED18141). It is important to note that these considerations are non-binding. The only requirements the City can place on the site selection process is the

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## **SUBJECT: Cannabis Dispensaries (PED18141) (City Wide) - Page 2 of 5**

satisfaction of the City's Official Plan and Zoning By-law, which would generally permit this use in any commercial area of the City.

A declaration from Canadian School Boards Regarding Impact of Cannabis Legalisation on Schools was distributed at the January 29, 2018 meeting of the Hamilton-Wentworth Catholic District School Board Liaison Committee, which was forwarded and received by the General Issues Committee at their February 21, 2018 meeting (see Appendix "B" to Report PED18141).

### Updated Information for Siting and OCS Stores

On September 8, 2017 the Province of Ontario announced a framework to ensure a safe and sensible transition for the federal legalization of recreational cannabis. The Province has set out guidelines for the siting of OCS stores.

Specifically that:

- store locations adhere to municipal zoning by-laws;
- minimize proximity to primary and secondary schools;
- consider where illegal storefronts are currently operating;
- input received from municipal officials is used to inform the identification of OCS store locations; and,
- OCS sites are responsible partners in the communities in which they will operate.

Preliminary retail store designs are being developed that consider input received from municipalities, proposed federal regulatory requirements, and best practices from other jurisdictions that have legal cannabis retail stores.

The Province has announced that Shopify will supply the technology to power screens throughout the OCS stores to give consumers product and health information, following federal guidelines, to help inform their shopping decisions. In addition to the retail store network, the OCS will also provide an ecommerce option to provide Ontarians age 19 and over with a safe and secure way to legally purchase cannabis for home delivery.

### Proposed OCS Store Formats

On November 3, 2017, the Province announced that 14 municipalities have been identified for stand-alone cannabis stores by July, 2018, including the City of Hamilton. The latest update from the Province on April 11, 2018 indicates that four initial cannabis store locations have been identified, specifically in Guelph, Kingston, Toronto and Thunder Bay to open in July of this year. The website where comments and questions can be provided is [ocscannabisupdates.com](http://ocscannabisupdates.com) (formerly [lcbocannabisupdates.com](http://lcbocannabisupdates.com)). As of June 19, 2018, no sites within the City of Hamilton have been formally identified for stores to open in July, 2018.

The Province has also provided an update on their OCS Store Updates Website ([ocscannabisupdates.com](http://ocscannabisupdates.com)) regarding the proposed OCS store format. The Province has

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## **SUBJECT: Cannabis Dispensaries (PED18141) (City Wide) - Page 3 of 5**

advised that retail store designs are being developed that consider input received from municipalities, proposed federal regulatory requirements, and best practices from other jurisdictions that have legal cannabis retail stores.

The following is a summary of an OCS store format and related federal requirements:

OCS stores will:

- have trained and knowledgeable staff to ensure products are sold in a safe and socially-responsible manner;
- follow strict requirements for age verification;
- restrict access for minors (no one under the age of 19 will be permitted entry to the main retail store);
- provide consumers with the information they need;
- operate with the same care and expertise as the LCBO;
- carry out responsible retailing practices and promote moderate consumption;
- be designed with a lobby area, before individuals can enter the main retail store;
- not display any product in the lobby;
- include information about available products including accessories;
- focus on responsible use and product education;
- not advertise any products;
- not permit products to be visible to youth;
- require a behind-the-counter type of retail similar to sale of tobacco;
- assist sales via counter service, and there will be no self-service;
- employ staff that have completed mandatory training to obtain knowledge of the individual products and public health information about how to use cannabis responsibly; and,
- have product types and formats that meet the federal government's requirements, including forthcoming federal regulations on packaging and labelling information.

### The Province's Approach to Dispensing Medical Cannabis

Medical cannabis can only be purchased directly from a federally licensed producer online or over the phone and delivered by secure mail. This federal program would continue under the new model. Online sales will allow for secure and safe delivery across the province. Products would be stored, packed and distributed in a safe and controlled manner.

Current delivery safeguards in place for online alcohol sales would apply, including:

- ID checks;
- signatures upon delivery; and,
- no packages left unattended at the door.

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## **SUBJECT: Cannabis Dispensaries (PED18141) (City Wide) - Page 4 of 5**

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The Province has advised that they intend to consult closely with municipalities, Indigenous communities and stakeholders to determine additional details about the retail and distribution system, which will ensure a safe and sensible approach to this new marketplace. This approach will support Ontario's priorities of protecting youth and vulnerable populations, focusing on public health and safety, promoting prevention and harm reduction, and eliminating the illegal market.

### Update on Enforcement Actions

The Province has advised that illicit cannabis dispensaries, including those representing themselves as legal retailers of medical cannabis, are now and will continue to be, illegal under the new rules.

At its meeting of October 26, 2017, City Council approved the following resolution:

*That the appropriate City of Hamilton staff, currently assembling/discussing and potentially building policy around marijuana that may inform Council in the future, be requested to meet with owners and operators of the marijuana dispensaries to share information and discuss roles, functions and issues and solutions respecting the current and future climate in the marijuana industry.*

A meeting was held on February 13, 2018 with lead representatives of this group, including a physician and several of the regionally established dispensaries to discuss the potential future of marijuana dispensaries in the City. Some of the main points from the meeting were:

- Create a legal way for dispensaries to operate within the City;
- Limit the number of dispensaries operating within the City;
- Establish regulations and licences for dispensaries to be set by the City; and,
- Create a defined business model for dispensaries to follow.

The overall request was for the Municipality to follow the British Columbia model and create a licensing regime that would establish the dispensaries as a legal entity. The group was informed that this was outside of the Municipalities authority and would be dependent upon the Federal and Provincial direction and delegation.

In the meantime, Licensing and By-law Services continues to enforce the current Municipal By-laws. Although there has been significant work in this area, 47 dispensaries continue to remain open. The following is reflective of the work being completed by Licensing and By-law Services.

### **80 Dispensaries have been identified as operating within the City of Hamilton:**

- 47 are currently operating;
- 33 locations have been closed;
- 43 Zoning Charges have been issued;

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**SUBJECT: Cannabis Dispensaries (PED18141) (City Wide) - Page 5 of 5**

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- 29 Business Licensing Charges have been issued;
- 10 Sign By-law Charges have been issued; and,
- 47 Fees for Services for Re-Inspection have been completed.

There are currently 21 locations under investigation. These are very fluid investigations as many locations closed after receiving a zoning notification, only to re-open in another location within a few days.

Attach. (2)

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**Cannabis Store Location Considerations:**

## Minimum Separation Distance Considerations:

- 300m from Elementary and Secondary Schools
- 300m from Day Nurseries
- 300m from Parks or Open Space Areas
- 300m from Alcohol and Detox Centres

## Building Considerations (based on what we understand to be the Province's needs):

- Existing Building
- Stand-alone
- One storey
- Store Front
- Approximately 2500 sq. ft. (232.26m<sup>2</sup>)

## Location/Site Considerations:

- Should be centrally located to capture a wide catchment area
- Pads in Larger Shopping Malls

Rationale: These sites are appropriate for stand alone, single storey buildings that are located amongst other commercial uses and provide ample parking.

- Existing bank buildings (secure / ample parking)
- Other developed sites should have ample parking as the parking requirement for retail is too low
- Should be on a transit route, excluding LRT corridor
- Should not be located in areas with a high degree of walk-by traffic related to other adjacent commercial uses

- Should not be located on "Pedestrian Prominent Streets"  
Rationale: A single-storey building is contrary to the planning objective of development along pedestrian prominent streets in the form of mixed use, multi-storey buildings set close to the street with high a high degree of walk by traffic.

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## **DECLARATION**

### **FROM CANADIAN SCHOOL BOARDS**

### **REGARDING IMPACT OF CANNABIS LEGALIZATION ON SCHOOLS**

The legalization of cannabis and the potential adverse impacts represent a challenge for all stakeholders connected to public education. The use of cannabis can have considerable influence on school life and has been linked to elevated rates of social, emotional and intellectual difficulty, as well as of non-completion of studies. These realities are well known to those who work in the field of education in Canada.

#### **AS PARTNERS IN EDUCATION:**

- We provide youth with the opportunity to mature and develop in a safe, healthy learning environment, enabling them to achieve education success;
- We educate young people and adults to be informed, conscientious and autonomous citizens who will assume their position as active members in the development of Canadian Society;
- We promote the importance wellbeing and leading healthy lifestyles through nutrition, physical activity and the prevention of substance abuse.

#### **WE DECLARE THAT IT IS ESSENTIAL:**

- That education partners be consulted by the Federal, Provincial and Territorial Governments on the establishment of the framework for cannabis legalization;
- That education partners be active partners at any provincial discussions about legislation, local policies and procedures;
- That education partners be consulted by the Federal, Provincial, and Territorial Governments on strategies for harm reduction, mitigation and other interventions;
- That monies generated by the sales of cannabis are allocated to the prevention of cannabis abuse and toward promoting a healthy lifestyle;

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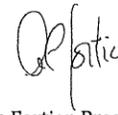
- That cannabis use prevention and reduction, as well as the promotion of healthy lifestyles remain Crown priorities and are integrated into Federal, Provincial and Territorial regulations pertaining to legalization of cannabis;
- That any advertising related to cannabis or use of cannabis, be prohibited;
- That the use of cannabis be prohibited in public areas;
- That the sale and distribution of cannabis be prohibited near schools and other educational facilities.



Mary Martin, President




Laurie French, President

Alain Fortier, President




Shawn Davidson, President




Pat Daly, President




Robert Fowler, President




Ken Cameron, President




Jennifer Maccarone, President




Goronwy Price, President





Hamilton

Office of the City Clerk  
City Manager's Office  
City of Hamilton  
71 Main St. W., 1<sup>st</sup> Floor  
Hamilton, Ontario,  
Canada L8P 4Y5  
www.hamilton.ca

June 29, 2018

Mr. P.J. Mercanti, CEO  
Carmen's Group  
77 James Street North  
Suite 300  
Hamilton, ON L8R 2K3

Dear Mr. Mercanti,

**Re: Correspondence respecting the Future Management of Hamilton's  
Downtown Entertainment Venues**

At its meeting of June 27, 2018 City Council referred your correspondence of May 11, 2018 to the General Issues Committee when the item is being considered.

Janet Pilon, CMMIII, DPA, CMO  
Manager, Legislative Services/Deputy Clerk

cc Stephanie Paparella  
Legislative Coordinator  
General Issues Committee

File C18-014  
(5.7)



CARMEN'S GROUP

MAY 11 2018

May 11, 2018

Dear Mayor Eisenberger and Members of Hamilton City Council:

**Re: The Future Management of Hamilton's Downtown Entertainment Venues**

We are writing to update you on progress that has taken place since our letter in February, 2018, at which time the Carmen's Group formally requested City Council examine alternative contract management arrangements regarding the current three downtown entertainment venues. Our two-fold strategic objective remains clear; to maximize the potential of the existing former HECFI facilities in their current form, while concurrently moving forward with a collaboration process to build the private-public partnership model that best produces a renewed vision for the future of Hamilton's entertainment venues. Back in February, in light of the impending conclusion date on the first management contracts for the three venues set for the end of this calendar year, the Carmen's Group made our formal request to City Council, which then voted to instruct staff to investigate and report back.

As we await the staff report, our group wanted to ensure City Council be kept up-to-date on all relevant developments. We are excited to inform you that our Local Group has added an important new relationship. The Carmen's Group working in partnership with Scott Warren, has reached an agreement to work with the Oak View Group (OVG), headquartered in Los Angeles, regarding the proposed operation of the three venues. OVG was founded by Tim Leiweke, Irving Azoff and Madison Square Garden Entertainment. Tim Leiweke, now CEO of OVG, is the former president and CEO of Maple Leaf Sports and Entertainment (MLSE). Before coming to Toronto in 2013 he was president and CEO of the Anschutz Entertainment Group (AEG) in Los Angeles, where he developed the Staples Center, L.A. LIVE and the StubHub Center. He returned to L.A. in 2015 to found OVG with his partner Irving Azoff, who is formerly chairman and CEO of Ticketmaster Entertainment, executive chairman of Live Nation Entertainment, and CEO of Front Line Management. Azoff is currently chairman of Full Stop Management which represents recording artists such as the Eagles, Harry Styles, Christina Aguilera, Journey, Don Henley, Joe Walsh, Van Halen, Thirty Seconds to Mars, Steely Dan, Gwen Stefani, Fleetwood Mac, Bon Jovi, Jimmy Buffett and more. Since 2013 he has been chairman and CEO of Azoff MSG Entertainment, a venture with the Madison Square Garden Company, which controls live events at the Madison Square Garden arena and Theater at MSG. In addition to the Garden itself, MSG Entertainment owns the rights to operate two theaters in Manhattan, Radio City Music Hall and the Beacon Theatre, controls operations of the Chicago Theater, co-books the Wang Theater in Boston, and also purchased and renovated the Forum in Inglewood, California, transforming the former home of the L.A. Kings and Lakers into one of Southern California's most successful live event venues.

The coming together of these visionary partners to create the Oak View Group produced a world-class leader in facility management, business development, live-event bookings, sponsorships and global partnerships. Many top-level sports and entertainment executives joined the company, including Peter Luukko, co-chairman of OVG's Arena Alliance and current executive chairman and member of the NHL's Board of Governors for the Florida Panthers. Luukko was formerly president of Comcast Spectacor and president of the Philadelphia Flyers. With this exceptional team in place, OVG is currently developing the transformation of the KeyArena at Seattle Center, and was recently selected by the State of New York to develop the new home of the New York Islanders at Belmont Park on Long Island. Further, OVG's relationships in the touring entertainment business are second to none, and the Hamilton venues will benefit from the direct support that will be provided by the executives of OVG. The company is excited to provide venue-management and facility operation services to our Local Group, and this project represents their first venture in Canada.

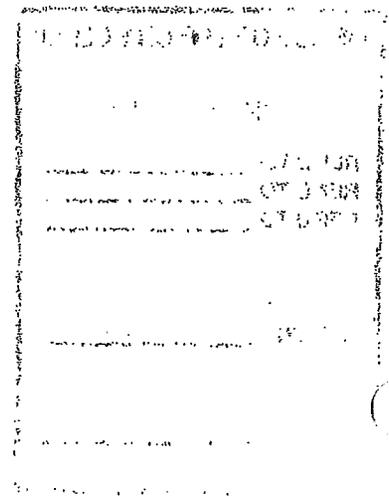


Our team understands and respects that City Council will have to determine how best to move forward in light of the pending conclusion date on the existing management contracts, and we will work within whatever process you decide. That said, we want to make clear that this venue-management proposal, crafted by our Local Group working with OVG, will mark a great improvement over the existing contracts, providing improved financial arrangements and entertainment services for all stakeholders throughout the term of a renewed engagement. We also want to let you know that as we pursue these considerations of the immediate contracts, our emerging Carmen's-led private-sector consortium also anticipates the presentation of an unsolicited bid regarding a comprehensive private-public partnership to establish the Precinct Plan that delivers the "next-generation" of sports, entertainment, convention and hospitality facilities in the heart of Hamilton's urban core. As these exciting projects proceed, we look forward to working with you in the days, weeks, years and generations to come.

Yours very sincerely,

A handwritten signature in black ink, appearing to read 'P.J. Mercanti', written in a cursive style.

PJ Mercanti  
CEO, Carmen's Group





**CITY OF HAMILTON**  
**City Manager's Office**  
*Strategic Partnerships and Communications*

<b>TO:</b>	Mayor and Members General Issues Committee
<b>DATE:</b>	July 9, 2018
<b>SUBJECT/REPORT NO:</b>	Downtown Entertainment Assets Operating Agreements (CM18013) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Ryan McHugh (905) 546-2424, Extension 2725
<b>SUBMITTED BY:</b>	John Hertel Director, Strategic Partnerships and Communications City Manager's Office
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That a 6-month extension of the existing Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P. (Global Spectrum), which is set to expire on December 31, 2018, be approved;
- (b) That a 6-month extension of the existing Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd. (Carmen's Group), which is set to expire on December 31, 2018, be approved;
- (c) That the Mayor and the City Clerk be authorized and directed to execute any documents required to give effect to a 6-month extension to the Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P. (Global Spectrum);
- (d) That the Mayor and the City Clerk be authorized and directed to execute any documents required to give effect to a 6-month extension to the Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd. (Carmen's Group);

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**SUBJECT: Downtown Entertainment Assets Operating Agreements (CM18013)  
(City Wide) – Page 2 of 14**

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- (e) That staff be directed to invite Global Spectrum to submit two proposal(s):
  - (i) A 5-year extension of the existing Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P.; and,
  - (ii) A second proposal which also includes the scope of work outlined in the Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd. (Carmen's Group);
- (f) That staff be directed to invite Carmen's Group to submit two proposals:
  - (i) A 5-year extension of the existing Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd.; and,
  - (ii) A second proposal which also includes the scope of work outlined the Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P. (Global Spectrum);
- (h) That staff be directed to evaluate any proposal(s) the City receives using the criteria and methodology used by KPMG during the HECFI review and outlined in Appendix "A" and report back to General Issues Committee with a staff recommendation on how best to proceed with the management of these entertainment assets;
- (j) That a contribution to an upset limit of \$100,000 from the Tax Stabilization Reserve (#110046) be used to fund an independent third party review of the staff recommendation.

## **EXECUTIVE SUMMARY**

Based on the direction Council provided in 2011, staff commissioned an "External Audit Review of HECFI Operations" with the assistance of KPMG. Upon the completion of this exercise in 2013, Council approved the staff recommendations put forward in report CM11013(e) at the February 12, 2013 General Issues Committee. Based on this direction, staff executed the following agreements:

1. The Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P. attached as Appendix "A" to report CM11013(e). This agreement designated Global Spectrum as the operator of the City-owned FirstOntario Centre (formerly Copps Coliseum) and the FirstOntario Concert Hall

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**SUBJECT: Downtown Entertainment Assets Operating Agreements (CM18013)  
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(formerly Hamilton Place) for a 5-year term which concludes on December 31, 2018.

2. The Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd. attached as Appendix “B” to report CM11013(e). This agreement designated the Carmen’s Group as the operator of the City owned Hamilton Convention Centre for a 5-year term which concludes on December 31, 2018.

Since this transition away from HECFI’s operations in March 2013, both Global Spectrum and the Carmen’s Group have had considerable success given the limitations of the aging facilities they operate. In addition to providing the City combined savings of approximately \$5,000,000 since transitioning away from HECFI’s operation in 2013, both Global Spectrum and Carmen’s Group have been exceptional stewards of the facilities and have been actively involved in the local community.

Both agreements state that “the City, in its discretion, may extend the Initial Term for an additional five (5) years, to end on 11:59 p.m. December 31, 2023 by providing to Manager written notice of its desire to extend no later than one hundred fifty (150) days prior to the expiration of the Initial Term.” Since both agreements are set to expire on December 31, 2018, the 150 day “cut-off date” for providing both Global Spectrum and the Carmen’s Group notice that the City wishes to exercise this extensions would be August 3, 2018.

Given the fact that both Global Spectrum and the Carmen’s Group have had measurable success operating their respective facilities and have met their financial commitments to the City, staff were prepared to recommend that Council give staff authorization to exercise both 5-year extensions. However, in February 2018, the Carmen’s Group provided the open letter attached as Appendix “B” to the Mayor and Members of Council. The letter concludes with a “Formal request that City Council now examine alternate contract management arrangements regarding the current three entertainment venues including facility redevelopment exploration.” This letter was accompanied by a second open letter to the Mayor and Members of Council dated May 11, 2018, which is attached as Appendix “C”.

Through ongoing discussions with Carmen’s and Global Spectrum, both organizations have notified staff that they are prepared to forgo their 5-year extension and submit proposals for:

1. A 5-year extension of the scope of work outlined in their existing management agreements (for Global Spectrum – FirstOntario Centre and FirstOntario Concert Hall, for Carmen’s Group – The Hamilton Convention Centre); and,

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2. The opportunity to manage all three facilities, which would effectively result in the City terminating one of their existing agreements with either Global Spectrum or the Carmen's Group.

It is staff's opinion that the recommendation outlined above would put the City in the position to secure an agreement or agreements, with terms even more favourable than the existing 5-year renewal options that staff were prepared to recommend to Council. Staff would evaluate any proposal(s) the City receives as a result of recommendations contained within report CM18013 using the criteria and methodology used by KPMG during the HECFI review and outlined in Appendix "A". Staff are also recommending that Council approve an amount not to exceed \$100,000 to fund an independent third party review of the staff recommendation.

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

**FINANCIAL:**

That a contribution to an upset limit of \$100,000 from the Tax Stabilization Reserve (#110046) be used to fund an independent third party review of the staff recommendation set out in item (f) of report CM18013.

**STAFFING: N/A**

**LEGAL:**

The current agreements will expire December 31, 2018 if no notice of extension is provided by August 3, 2018. Legal Services will prepare an extension agreement, if approved.

**HISTORICAL BACKGROUND**

At its meeting held on December 15, 2010, City Council approved the following motion:

Motion respecting Audit of Hamilton Entertainment and Convention Facilities Incorporated

- (a) That an Independent External Audit Review be conducted of the HECFI operations;

**SUBJECT: Downtown Entertainment Assets Operating Agreements (CM18013)  
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- (b) That upon completion of the Audit that staff report back to Council with a process to privatize HECFI through a Request for Tender Process not overlooking a potential public bid.

Based on this direction, staff submitted Report 11-006 at the February 23, 2011 General Issues Committee, where Council approved the following staff recommendations;

- (a) That Phase 1 of the Independent External Audit Review of HECFI Operations be approved and funded from the HECFI Reserve in an amount to not exceed \$90,000.
- (b) That the Terms of Reference for the Independent External Audit Review of HECFI Operations (Appendix A to report CM11001) be approved.
- (c) That the requirements of the Purchasing Policy Bylaw be waived in the interests of rapid completion of the Review.
- (d) That staff be directed to seek responses from no less than three major accounting firms or their consulting subsidiaries including a Scope of Work and a budget for completion of the tasks set out in the Terms of Reference. That value for money rather than lowest price be part of the evaluation criteria.
- (e) That following receipt and evaluation of the responses, the City Manager be authorized to negotiate with one, or more of the firms, and retain a firm to complete the review and to execute a contract for the work in a form satisfactory to the City Solicitor.

Based on this direction, staff initiated the first phase, which consisted of a review of the existing HECFI operation by KPMG in conjunction with HLT Advisory Inc. Upon the completion of Phase 1, staff submitted Report CM11013 at the June 23, 2011 General Issues Committee, where Council approved the following staff recommendations;

- (a) That Report CM11013 respecting the Independent External Audit Review of HECFI Operations be received.

At its meeting of June 29, 2011, Council approved the following recommendations pertaining to Phase 2 of the HECFI Review:

- (a) That the City Manager be authorized and directed to proceed with Phase 2 of the HECFI Review Terms of Reference, utilizing the services of KPMG, as follows:

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- (i) Prepare and issue a Request for Interest (RFI) or Expression of Interest (EOI) for the purchase, lease, or management, of all or parts of HECFI facilities;
- (ii) Summarize options in a report to GIC;
- (b) That the City Manager be authorized and directed to negotiate the scope and cost of the Review with KPMG;
- (c) That the City Manager report back to the General Issues Committee with the results of Phase 2 by December 31, 2011;
- (d) That the cost of Phase 2 be funded from the HECFI Reserve.

At the October 11, 2011 GIC, staff submitted a report titled “Independent External Audit Review of HECFI Operations Phase 2 (CM11013(a))” and Council received this report which outlined the terms of reference for Phase 2 of the HECFI review as directed by Council.

At the April 27, 2012 General Issues Committee, Council approved Report CM11013c which included the following staff recommendations:

- (a) That the City Manager be authorized and directed to enter into negotiations with Global Spectrum/Live Nation, and SMG/Forum Equity, in an effort to finalize a proposed Memorandum of Understanding subject to further approval of the City, with one of the aforementioned groups that achieves the objectives of Council with respect to the operations of the HECFI Facilities;
- (b) That the proposed Memorandum of Understanding achieved in Recommendation of Report CM11013c, together with the details of the HECFI Business Plan as presented to their Board, be presented to the General Issues Committee for their consideration on or before June 30, 2012, to provide staff with directions or recommend Council approval necessary for entering into the Memorandum of Understanding and providing for an operating agreement between the City and the preferred group;
- (c) That KPMG LLP be retained to facilitate the negotiations with the proponents outlined in Recommendation a) of Report CM11013c based on the fee schedule contained in their Terms of Reference (attached hereto as Appendix “A”), and funded through the HECFI Reserves.

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At the February 12, 2013 General Issues Committee staff submitted a report titled “Independent External Review of HECFI Operations - Phase III Contract Negotiations (CM11013(e))” Where Council approved the following staff recommendations:

- (a) That an agreement for the management of Copps Coliseum and Hamilton Place substantially in the form of the Management. Agreement between the City of Hamilton and Global Spectrum Facilities Management L.P. (attached as Appendix "A" to Report CM11013(e)) be approved.
- (b) That an agreement for the management of the Hamilton Convention Centre substantially in the form of the Facility Operating Management Agreement between the City of Hamilton and the Carmen's Group Inc. (attached as Appendix 'B' to Report CM11013(e)), be approved.
- (d) That the Mayor and City Clerk be authorized and directed to execute the Management Agreement between the City of Hamilton and Global Spectrum Facilities Management L.P., the Facility Operating Management Agreement between the City of Hamilton and Carmen's Group Inc. (attached as Appendices 'A' and 'B' respectively to Report CM11013(e)), and all necessary associated documents, all in a form satisfactory to the City Solicitor.
- (e) That the position, Director, Enterprise Management and Revenue Generation for the oversight of the contracts and other duties as outlined in Report CM11013(e) be approved and funded through the overall savings resulting from the implementation of the HECFI facilities Operating Contracts.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

N/A

**RELEVANT CONSULTATION**

City Manager’s Office: Strategic Partnerships and Communications  
 Corporate Services: Finance and Administration, Procurement, Legal  
 Planning and Economic Development: Economic Development, Planning, Tourism  
 Public Works: Facilities Management and Capital Projects

Global Spectrum’s latest annual report attached as Appendix “D”  
 Carmen’s Group latest annual report attached as Appendix “E”

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**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

Global Spectrum is widely regarded as a world leader in hosting and entertainment, partnering with over 300 clients at 400 global properties. Global Spectrum's expertise is embodied within three divisions: Venue Management, Food Services and Hospitality and Ticketing and Fan Engagement. According to Global Spectrum's latest Annual Report, their "mission is to provide world class, diversified and quality entertainment to the people of Hamilton and its surrounding areas." Since 2013 the facilities under Global Spectrum's management hold on average 203 events per year, with average annual attendance of 470,000. Under the agreement with Global Spectrum, the City of Hamilton has provided operating subsidies for the operation of the FirstOntario Centre and FirstOntario Concert Hall totalling \$12,466,667 since the agreement's commencement in March 2013.

The Hamilton Convention Centre which has been operated by the Carmen's Group since 2013, offers traditional convention centre events (conventions and conferences, meeting rooms, trade show exhibitions, banquets) with full food and beverage capabilities. The Carmen's Group prides themselves "on being one of Hamilton's largest and most successful hospitality and entertainment brands, with five beloved venues and 400 employees, and a long history of commitment to this community." The venue hosts thousands of visitors each year from all over the world. In 2017, the Hamilton Convention Centre held 137 events across 206 days, which resulted in an occupancy rate of 67%. Despite a budgeted net positive contribution of \$165,000 by the Carmen's Group in 2018, the City of Hamilton has provided the Hamilton Convention Centre a net operation subsidy of \$964,000 since 2013.

Under the existing Management Agreement between the City of Hamilton and Global Spectrum, the operating and capital costs associated with the FirstOntario Centre and the FirstOntario Concert Hall are allocated as follows:

<b>Description</b>	<b>Global Spectrum</b>
Capital vs. Operating Costs	The City is responsible for all Capital costs while Global Spectrum is responsible for all Operating Costs.
Utilities	Any utility costs above the 2011 Actual utility cost of \$1.2M will be paid by Global Spectrum.
Net Contribution from City	City will cover the first \$1.4M in losses, and Global Spectrum will cover the next \$500k in losses. Additional losses will be covered by the City. If losses are less than \$1.4M, Global Spectrum will retain the first \$450k as their management fee, and additional savings will be split between the City (70% to the City, 30% to Global Spectrum).

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The City of Hamilton has provided Global Spectrum the following operating subsidies over the life of this agreement:

Agreement Year	Subsidy of Operating loss	Subsidy of Utility Cost	Total Net Operating Subsidy
2017	\$1,300,000	\$1,200,000	\$2,600,000
2016	\$1,400,000	\$1,200,000	\$2,600,000
2015	\$1,400,000	\$1,200,000	\$2,600,000
2014	\$1,400,000	\$1,200,000	\$2,600,000
2013**	\$1,166,667	\$1,000,000	\$2,166,667
<b>Total</b>	<b>\$6,666,667</b>	<b>\$5,800,00</b>	<b>\$12,466,667</b>

Despite providing Global Spectrum operating subsidies of \$12,466,667 since the commencement of the agreement, the City has still realized over \$2,000,000 in operating savings based on 2013 baseline projections. The City also benefited from a one-time \$500,000 payment for capital improvement upon execution of the agreement. During the life of the agreement, the City has made capital expenditures totalling \$7,053,341 to the end of 2017 in the FirstOntario Centre and Hamilton Place broken out as follows:

**FirstOntario Centre**

Agreement Year	Capital Expenditures	Description
2017	\$500,000	Roof replacement (partial section), partial security system installation, removal of planter system, visual barriers on York St.
2016	\$740,000	Roof replacement (partial section), Acrylic Safety Glass for Rink, Elevator Compliance, Overhead Door Replacement, Domestic Water Pump Replacement
2015	\$56,000	Roof repair, Escalator and Elevator Compliance, Vertical Transportation Study
2014	\$448,000	Roof replacement (section), Exterior Door Replacement
2013	\$2,336,000	Refrigeration Plant Replacement, Washroom Renovation
<b>Total</b>	<b>\$4,080,000</b>	

**FirstOntario Concert Hall**

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Agreement Year	Capital Expenditures	Description
2017	\$638,300	Curtains for Theatre, Lighting replacement, House & stage & Controls, Concert Hall Sound Board Replacement
2016	\$94,768.	Furniture order for Mezzanine, Asbestos sampling and abatement Spec., Dance Floor - Adagio – Black 5'3" W x 101'L-Roll5,
2015	\$571,800	HP Vertical Movement Passenger Guards, Orchestra Lift guards, Freight Guards, Elevator Cylinder for Passenger + Staff elevators, Carpet replacement in Foyer & Mezzanine, Recommissioning of heating system, HP & HCC Asbestos survey and abatement
2014	\$869,148	HP Skylight caulking, HP & HCC Doors and Fire exits, HP Theatre New Audio system, HP TV, Sound Bar & TV bracket, HP Roof drain, HP & HCC Horizontal Exits Upgrades
2013	\$799,325	Reskinning the exterior, Consulting-window, carpets & Roof drains, HP & HCC Horizontal Exits, Elevator Cylinder replacement, concrete Rehabilitation
<b>TOTAL</b>	<b>\$2,973,341</b>	

Under the existing Management Agreement between the City of Hamilton and Carmen's Group, the operating and capital costs associated with the Hamilton Convention Centre are allocated as follows:

Description	Carmen's Group
Capital vs. Operating Costs	The City is responsible for all Capital costs while Carmen's Group is responsible for all Operating Costs (less the annual subsidies indicated below)
Utilities	Carmen's Group is contractually committed to paying the City the following annual utility contribution:  For the 2014 Operating Year: \$105,000; For the 2015 Operating Year: \$115,000;

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	For the 2016 Operating Year: \$135,000; For the 2017 Operating Year: \$145,000; For the 2018 Operating Year: \$165,000;
Net Contribution from City	The City is contractually committed to paying Carmen's Group a subsidy in the following amounts:  For the 2014 Operating Year: \$344,454.00; For the 2015 Operating Year: \$250,000.00; For the 2016 Operating Year: \$200,000.00; For the 2017 Operating Year: \$125,000.00; For the 2018 Operating Year: \$0;

The City of Hamilton has provided Carmen's Group the following operating subsidies over the life of this agreement:

Agreement Year	Subsidy of Operating loss	Less Carmen's Group Utility Contribution	Total Net Operating Subsidy/ (Contribution)
2017	\$125,000	(\$145,000)	(\$20,000)
2016	\$200,000	(\$135,000)	\$65,000
2015	\$250,000	(\$115,000)	\$135,000
2014	\$344,000	(\$105,000)	\$239,000
2013**	\$650,000	(\$105,000)	\$545,000
<b>Total</b>	<b>\$1,569,000</b>	<b>(\$605,000)</b>	<b>\$964,000</b>

The City also benefited from a one-time \$700,000 payment for capital improvement upon execution of the agreement. During the life of the agreement, the City has made capital expenditures totalling \$813,741 in the Hamilton Convention Centre broken out as follows:

**Hamilton Convention Centre**

Agreement Year	Capital Expenditures	Description
2017	\$167,983	Exterior door replacement, health & safety repairs, brick structural investigation (ongoing)
2016	\$185,789	Exterior door replacement, scissor lift, escalator & elevator Repairs
2015	\$271,908	Asbestos abatement, Chedoke Room ceiling renovation, LED lighting, Webster's Lounge skylight, escalator & elevator repairs
2014	\$177,809	Escalator repairs, kitchen floor tile replacement, natural gas ovens, exterior door replacement, roof evaluation

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2013	\$10,252	Select HVAC replacement, Exterior Door Replacement
<b>Total</b>	<b>\$813,741</b>	

**ALTERNATIVES FOR CONSIDERATION**

**Alternative 1:**

- (a) That Council direct staff to notify Global Spectrum Facility Management, L.P. (Global Spectrum) that the City wishes to exercise the 5-year extension outlined in the existing Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P.;
- (b) That Council direct staff to notify Mercanti Banquet & Convention Centre Ltd. (Carmen's Group) that the City wishes to exercise the 5-year extension outlined in the existing Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd.;
- (c) That the Mayor and the City Clerk be authorized and directed to execute any documents required to give effect to the 5-year extension to the Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P. (Global Spectrum);
- (d) That the Mayor and the City Clerk be authorized and directed to execute any documents required to give effect to the 5-year extension to the Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd. (Carmen's Group).

**Alternative 2:**

- (a) That 1-year extension of the existing Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P. (Global Spectrum), which is set to expire on December 31, 2018, be approved;
- (b) That 1-year extension of the existing Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd. (Carmen's Group), which is set to expire on December 31, 2018, be approved;
- (c) That the Mayor and the City Clerk be authorized and directed to execute any documents required to give effect to the 1-year extension to the Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P. (Global Spectrum);

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- (d) That the Mayor and the City Clerk be authorized and directed to execute any documents required to give effect to the 1 year extension to the Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd. (Carmen’s Group);
- (e) That Council directs Staff to issue a more formal RFP for the scope of work outlined within the existing Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P. (Global Spectrum) and the existing Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd. (Carmen’s Group).

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Community Engagement & Participation**

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

**Economic Prosperity and Growth**

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

**Built Environment and Infrastructure**

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

**Culture and Diversity**

Hamilton is a thriving, vibrant place for arts, culture, and heritage where diversity and inclusivity are embraced and celebrated.

**Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

**Economic Prosperity and Growth**

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” – KPMG HECFI Review Methodology

Appendix “B” – Carmen’s Letter to the Mayor and Members of Council – February 2018

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Appendix “C” – Carmen’s Letter to the Mayor and Members of Council – May 2018

Appendix “D” – Global Spectrum Latest Annual Report

Appendix “E” – Carmen’s Group Latest Annual Report



## HECFI Alternative Service Delivery RFP City Objectives of the RFP Process

- In seeking ASD proposals from interested parties, the RFP document listed the following specific objectives of the City:
  1. **Reducing or eliminating the City's subsidization of HECFI's facilities.**
  2. Fostering spin-off private investment in the downtown core of Hamilton.
  3. Maintaining the core use of each of the three HECFI facilities.
  4. Attracting a larger mix of high calibre sports and entertainment events.
  5. Enhancing the quality of life of Hamiltonians

Dear Mayor Eisenberger and Members of Hamilton City Council:

**Re: A Renewed Vision or the Future of Hamilton's Sports, Entertainment, Hospitality and Convention Facilities**

As one of Hamilton's largest and most successful hospitality and entertainment brands, with five beloved venues and 400 employees, and a long history of commitment to this community, Carmen's Group would like to now present to the City of Hamilton an opportunity to accelerate the City's development as a national cultural hotspot, by proposing a renewed direction for Hamilton's iconic entertainment facilities.

The strategic objective of this proposal is twofold; to maximize the potential of the existing former HECFI facilities in their current form, while simultaneously moving forward with a collaboration process to build the private-public partnership model that best produces the next generation of Hamilton's entertainment venues.

Carmen's Group, in partnership with Scott Warren - former General Manager of FirstOntario Centre and FirstOntario Concert Hall/The Studio with 28 years of significant contributions to the management of entertainment venues - will spearhead a local, **Made in Hamilton** consortium. This consortium has a dynamic slate of expertise including strong sports and entertainment industry relationships, large-scale entertainment promotion experience, facility management prowess, as well as partners with extensive financing and development expertise. The consortium will work with private-sector, industry partners and City Council to explore all potential redevelopment options to ensure the next generation of Hamilton entertainment patrons have state-of-the-art facilities that deliver the extraordinary experiences they desire. Building on the partnerships established in the already completed and private-sector funded 2016 Arena Renovation Study that Carmen's Group was a key partner in, and the recent 2017 City Council motion proposed by Councillor Merulla, this renewed direction would see various urban core locations, precinct feasibility scenarios, strong business case and city-building components examined and explored.

While this longer-term vision is pursued, the Carmen's Group/Scott Warren partnership would provide an immediate win-win-win for all stakeholders including City Council, City staff, employees of the current venues, and all citizens of Hamilton, by providing the following benefits to be shared among all involved parties:

- **Immediate Upfront Savings to Hamilton Taxpayers** – continuing the demonstrated capacity of Carmen's Group to produce subsidy reductions, as evidenced by our effective management of the Convention Centre, as well as the proven taxpayer subsidy reduction of the entertainment venues via Scott Warren's leadership, the consortium will deliver further subsidy reductions across the facilities under our management throughout the term of a renewed engagement;
- **Upfront Capital Investments** – a sizeable upfront investment in improvements to the respective facility's aesthetics designed to ultimately enhance guest experiences;
- **Contract Flexibility** – the consortium, due to their locality and future vision, will include flexible language and terms in the contract to allow for development exploration;

- **Programming Expertise** – With Scott Warren executing the booking/talent buying, as he has done for the past five years, the consortium will continue to build on the world-class talent programming that has helped Hamilton realize enormous economic impact. Scott continues to maintain extensive relationships with industry promoters and agents in the United States and Canada and will share documentation of their support for this consortium.

- **Employee Continuity** – all existing union and non-union employees of the facilities would be offered employment under the terms of the proposed new management contract;

- **Local Advisory Board** – the consortium will form an industry board consisting of the most prominent and influential names from the local and national entertainment industry, to offer insight, support and assistance in maximizing the potential of the respective venues.

The future has never looked brighter for the City of Hamilton. With a booming real estate market, new residential developments, hot new restaurants, exciting transit improvements, vibrant neighbourhood districts, and unparalleled natural beauty, the rest of the world is starting to appreciate what Hamiltonians have long recognized and what the City so appropriately said in our visionary bid to be home to Amazon's HQ2; **Hamilton is Unstoppable!** It is now time to bring this same vision to best maximizing synergies with our entertainment facilities, having them work in tandem, with specific and unique opportunities surrounding the FirstOntario Centre, FirstOntario Concert Hall/The Studio and the Hamilton Convention Centre. Carmen's Group has a proven track record, delivering on our promise to dramatically reduce the operating subsidy at the Convention Centre, saving the City nearly \$6 million since 2013. We have further demonstrated our commitment to Hamilton and the urban core by moving the Carmen's Group Corporate Headquarters to downtown Hamilton, in the heart of the hospitality district on James Street North.

With regards to next steps, in light of the impending conclusion date on the first management contract for these three venues, **Carmen's Group formally requests that City Council now examine alternative contract management arrangements regarding the current three entertainment venues including facility redevelopment exploration.** We then look forward together with our consortium partners, to the presentation of an unsolicited bid regarding a comprehensive private-public partnership plan that will take Hamilton's sports, entertainment, convention and hospitality industry deep into the 21st century, helping Hamilton fulfill its destiny as the **Ambitious City.**

Yours very sincerely,



PJ Mercanti

CEO

Carmen's Group



May 11, 2018

Dear Mayor Eisenberger and Members of Hamilton City Council:

**Re: The Future Management of Hamilton's Downtown Entertainment Venues**

We are writing to update you on progress that has taken place since our letter in February, 2018, at which time the Carmen's Group formally requested City Council examine alternative contract management arrangements regarding the current three downtown entertainment venues. Our two-fold strategic objective remains clear; to maximize the potential of the existing former HECFI facilities in their current form, while concurrently moving forward with a collaboration process to build the private-public partnership model that best produces a renewed vision for the future of Hamilton's entertainment venues. Back in February, in light of the impending conclusion date on the first management contracts for the three venues set for the end of this calendar year, the Carmen's Group made our formal request to City Council, which then voted to instruct staff to investigate and report back.

As we await the staff report, our group wanted to ensure City Council be kept up-to-date on all relevant developments. We are excited to inform you that our Local Group has added an important new relationship. The Carmen's Group working in partnership with Scott Warren, has reached an agreement to work with the Oak View Group (OVG), headquartered in Los Angeles, regarding the proposed operation of the three venues. OVG was founded by Tim Leiweke, Irving Azoff and Madison Square Garden Entertainment. Tim Leiweke, now CEO of OVG, is the former president and CEO of Maple Leaf Sports and Entertainment (MLSE). Before coming to Toronto in 2013 he was president and CEO of the Anschutz Entertainment Group (AEG) in Los Angeles, where he developed the Staples Center, L.A. LIVE and the StubHub Center. He returned to L.A. in 2015 to found OVG with his partner Irving Azoff, who is formerly chairman and CEO of Ticketmaster Entertainment, executive chairman of Live Nation Entertainment, and CEO of Front Line Management. Azoff is currently chairman of Full Stop Management which represents recording artists such as the Eagles, Harry Styles, Christina Aguilera, Journey, Don Henley, Joe Walsh, Van Halen, Thirty Seconds to Mars, Steely Dan, Gwen Stefani, Fleetwood Mac, Bon Jovi, Jimmy Buffett and more. Since 2013 he has been chairman and CEO of Azoff MSG Entertainment, a venture with the Madison Square Garden Company, which controls live events at the Madison Square Garden arena and Theater at MSG. In addition to the Garden itself, MSG Entertainment owns the rights to operate two theaters in Manhattan, Radio City Music Hall and the Beacon Theatre, controls operations of the Chicago Theater, co-books the Wang Theater in Boston, and also purchased and renovated the Forum in Inglewood, California, transforming the former home of the L.A. Kings and Lakers into one of Southern California's most successful live event venues.

The coming together of these visionary partners to create the Oak View Group produced a world-class leader in facility management, business development, live-event bookings, sponsorships and global partnerships. Many top-level sports and entertainment executives joined the company, including Peter Luukko, co-chairman of OVG's Arena Alliance and current executive chairman and member of the NHL's Board of Governors for the Florida Panthers. Luukko was formerly president of Comcast Spectacor and president of the Philadelphia Flyers. With this exceptional team in place, OVG is currently developing the transformation of the KeyArena at Seattle Center, and was recently selected by the State of New York to develop the new home of the New York Islanders at Belmont Park on Long Island. Further, OVG's relationships in the touring entertainment business are second to none, and the Hamilton venues will benefit from the direct support that will be provided by the executives of OVG. The company is excited to provide venue-management and facility operation services to our Local Group, and this project represents their first venture in Canada.



Our team understands and respects that City Council will have to determine how best to move forward in light of the pending conclusion date on the existing management contracts, and we will work within whatever process you decide. That said, we want to make clear that this venue-management proposal, crafted by our Local Group working with OVG, will mark a great improvement over the existing contracts, providing improved financial arrangements and entertainment services for all stakeholders throughout the term of a renewed engagement. We also want to let you know that as we pursue these considerations of the immediate contracts, our emerging Carmen's-led private-sector consortium also anticipates the presentation of an unsolicited bid regarding a comprehensive private-public partnership to establish the Precinct Plan that delivers the "next-generation" of sports, entertainment, convention and hospitality facilities in the heart of Hamilton's urban core. As these exciting projects proceed, we look forward to working with you in the days, weeks, years and generations to come.

Yours very sincerely,

PJ Mercanti  
CEO, Carmen's Group

FIRSTONTARIO CENTRE • FIRSTONTARIO CONCERT HALL • THE STUDIO

# CORE

ENTERTAINMENT

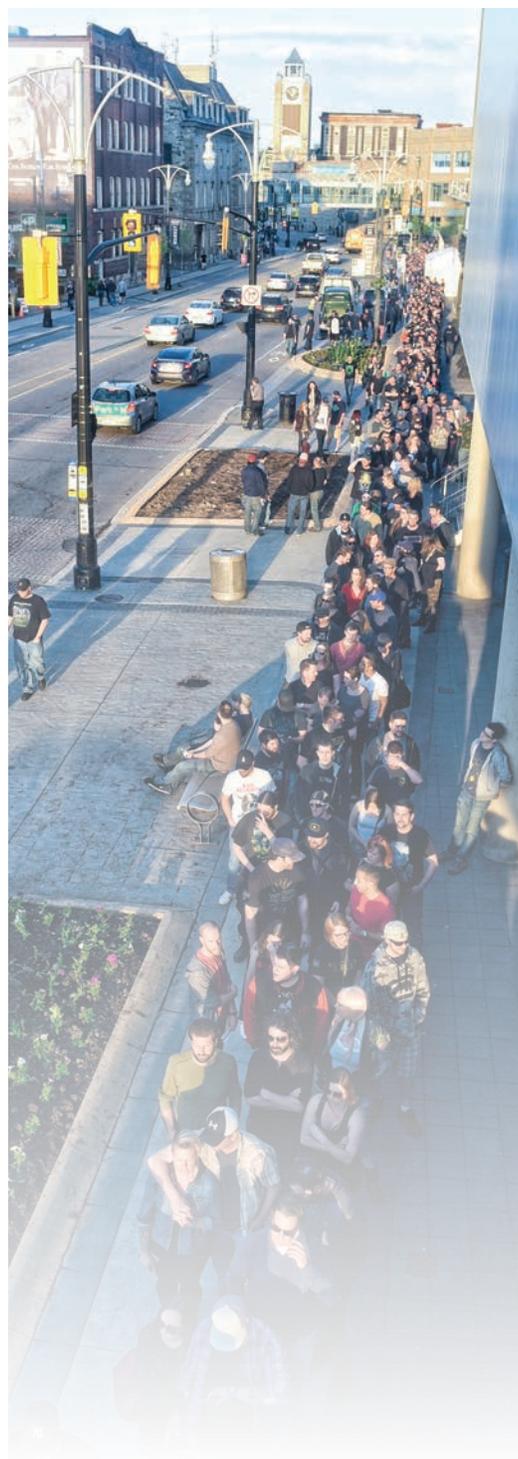


# 2013-2017 REVIEW



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# EXECUTIVE SUMMARY

## INTRODUCTION

Spectra, in partnership with Live Nation, is pleased to submit a summary of the record breaking 2017 operating results, as well as a synopsis of the close to five year Spectra management experience of the Core Entertainment facilities on behalf of the City of Hamilton.

Spectra is committed to enriching the City of Hamilton. Since 2013, our team of experienced industry professionals in Hamilton, supported by the depth of the Spectra and Live Nation organization, has delivered customized solutions and game-changing efficiencies that have instilled operational excellence and a seamless experience for customers and guests. Our expertise has provided diverse event content, proficient facility operations, subsidy reducing solutions, financial returns, and engaging marketing strategies for the Core Entertainment facilities, FirstOntario Centre, FirstOntario Concert Hall and The Studio.

## MAJOR HIGHLIGHTS

On average, the Spectra/Live Nation partnership has generated an annual operational savings to the City of approximately \$500,000 per year since 2014, and in 2017, we were able to increase these savings to \$599,000 making it the best year yet!

We enhanced the core use of each of the facilities under the Core Entertainment brand by attracting high calibre events through our partnership with Live Nation, as well as the other Spectra managed facilities in Ontario and throughout Canada.

Spectra has developed increased ancillary revenue around shows through proven Spectra programs.

Spectra's corporate network has allowed for information sharing, shared resources and the development and execution of industry best practices in Hamilton.

Spectra has attracted 42 full time Canadian employees to further their careers at Core Entertainment, 8 of whom have relocated to Hamilton from other Spectra managed facilities. In addition, the Core Entertainment employees represented by Locals 129, 772 and 173 have integrated well and have played a key role in the success of the Core Entertainment operation.

## SUMMARY AND CONCLUSION

Since 2013, Spectra, in partnership with Live Nation, has worked closely with the City of Hamilton to execute specific new and ongoing strategies to ensure that FirstOntario Centre, FirstOntario Concert Hall and The Studio have provided maximum benefit to the City of Hamilton.

# REGIONAL VICE PRESIDENT & INTERIM GENERAL MANAGER



Mr. John Hertel  
Director  
Strategic Partnerships & Communications  
City Manager's Office  
City of Hamilton

Dear Mr. Hertel

Spectra Venue Management, along with our partner Live Nation, are very pleased to present to you our outstanding 2017 operating results for the Core Entertainment facilities including the FirstOntario Centre, the FirstOntario Concert Hall, and the Studio. In addition to the record breaking 2017 operating results, we are also including a synopsis of the success and growth of the Core Entertainment facilities since Spectra assumed management responsibility in 2013.

On March 1st, 2013, the Spectra/Live Nation partnership, working in conjunction with the City of Hamilton, began the first full year of operation of the now Core Entertainment complex. On average we have generated an operational savings to the City of approximately \$500,000 per year since 2014, and in 2017, we were able to increase this savings to \$599,000, making it our best year yet.

The flexibility and wide scope of all three facilities has allowed Spectra to attract a wide variety of events, including high profile big name concerts, smaller, more intimate shows, family shows, sporting events, consumer shows, motor sports, industry award gatherings, community events, and more. Additionally, Spectra has worked closely with major tenant Hamilton Bulldogs to assist in the transition from the AHL to the OHL, and to successfully present 34 games each season, hosting over 120,000 fans.

This success is the direct result of the combined effort of Spectra and Live Nation applying proven resources and cutting edge industry experience to support the everyday operation of the Core Entertainment facilities. This support is essential to keep pace and to continue to grow in an ever changing, increasingly competitive industry. All aspects of the everyday operation, including event booking, patron experience, event management, operations, labour management, marketing, ticketing/box office, sponsorship sales, financial systems and control, budgeting, and client relations are supported by corporate industry professionals, including the many Spectra resources throughout our 11 facilities close by in Ontario, and the Live Nation office in Toronto.

Looking ahead, 2018 is shaping up to be another strong year, and increased emphasis will be placed on building upon every key aspect of the operation to enable the Core Entertainment facilities to continue to grow and best serve the citizens of Hamilton. An essential element to all of this success is the support and strong working relationship Spectra has established with you and the City of Hamilton. As the facilities owners it is important that you are engaged and continually provide input so we at Spectra can ensure that we are working hard on your behalf to realize the goals you and the community have set for the facilities.

Thank you very much for your engagement and support.

Sincerely

Tim Murphy  
Regional Vice President and Interim General Manager  
Spectra Venue Management

## Tim Murphy

### Regional Vice President & Interim General Manager

Spectra Venue  
Management

# CHAIRMAN LIVE NATION CANADA



John Hertel  
Director  
Strategic Partnership and Communications  
City Manager's Office  
City of Hamilton

**Riley O'Connor**

**Chairman**

Live Nation Canada

Dear John,

I thought this would be a good time to reflect on the Spectra/Live Nation partnership in the management of the Core Entertainment facilities.

Our Partnership has brought combined resources in operations, marketing, ticketing and sponsorship using best practices and management experience. A key driver to keeping the City of Hamilton on the global live entertainment stage is presenting a diverse genre of artists.

Since 2013, the City of Hamilton facilities have played host to iconic rock artists from Motley Cruë to Black Sabbath. Canadian Artists who have left their imprint on the world stage from Rush to Bryan Adams, The Tragically Hip to Sarah McLachlan. We have seen a broad spectrum of country artist from Luke Bryan to Dixie Chicks, Hip Hop and modern rockers: Kanye West and the Red Hot Chili Peppers. The City of Hamilton has also played host to artists recognized around the globe such as Elton John and Paul McCartney.

The Spectra/Live Nation partnership works closely to ensure a consistent fan experience within the City of Hamilton facilities with guest services and on time running of productions. Spectra and Live Nation are driven in performance with positive fiscal results. We continually look for growth opportunities in content and expanded revenue streams.

We look forward to building the live entertainment business and bringing economic value to the City of Hamilton.

Sincerely,

A handwritten signature in black ink that reads "Riley O'Connor".

Riley O'Connor  
Chairman  
Live Nation Canada

# OWNER HAMILTON BULLDOGS HOCKEY CLUB



## **Michael Andlauer**

### **Owner**

Hamilton Bulldogs

Mr. John Hertel  
Director  
Strategic Partnerships & Communications  
City Manager's Office  
City of Hamilton

Dear Mr. Hertel

It is very important to the Hamilton Bulldogs to have a close and positive working relationship with the owner and manager of the arena we call our home!

For the past five seasons Spectra Venue Management & Live Nation have managed the FirstOntario Centre in a very professional and diligent manner. They know what they are doing and they have deep corporate resources to support this operation. They treat the Bulldogs with respect as their prime tenant partner. They are not only familiar with arena management but hockey ownership as well. Their parent company, Comcast Spectacor, owns the NHL Flyers which play their home games at Spectra's headquarters building, the Wells Fargo Center in Philadelphia.

Live Nation's commitment to Hamilton and the FirstOntario Centre cannot be underestimated. They work closely with Spectra but more importantly provide much of the entertainment programming that complement our Bulldog season ticket holders.

On behalf of the Hamilton Bulldogs, we salute Spectra Venue Management & Live Nation and look forward to more years of our successful partnership.

Sincerely

Michael Andlauer  
Owner, Hamilton Bulldogs

# DIRECTOR STRATEGIC PARTNERSHIPS & COMMUNICATIONS



Mr. Tim Murphy  
Regional Vice President & Interim General Manager  
Spectra Venue Management

Congratulations Tim and Team,

The momentum continued to grow in 2017 as a result of the steady growth of ticketed and community events across the venues, which produced strong financials that enabled the City of Hamilton to recognize an operating profit sharing contribution. Also, with Council's support, we were able to have capital dollars allocated to the buildings to improve lighting, security, and the movement of patrons on new escalators and elevators.

Our major tenants, the Hamilton Bulldogs and the Hamilton Philharmonic Orchestra also had banner year's thanks in part to the strong support from the Spectra team. The Bulldogs led their division most of the way and look strong for a playoff run. The HPO brought amazing performances and sold out audiences to the FirstOntario Concert Hall.

Shows featuring major acts like Maroon 5, Green Day, Jeff Dunham and Red Hot Chili Peppers, as well as great hockey from the Bulldogs and a World Junior pre-tournament game brought thousands of patrons to FirstOntario Centre. The Concert Hall was very busy with great international and local performances as well as community events. All of these contribute prominently to the vitality and economy of the City. Our City sponsored "First Responders" game with the Bulldogs was another great success, and our jointly sponsored "Walk/Run" program for the community has grown significantly in participation in 2017.

The year ahead is shaping up to be just as exciting. Best wishes for continued success.

Regards,

John Hertel  
Director  
Strategic Partnerships & Communications  
City Manager's Office  
City of Hamilton

## John Hertel

### Director

Strategic Partnerships &  
Communications

City Manager's Office

City of Hamilton

# 2013-2016 NOTABLE SHOWS & EVENTS



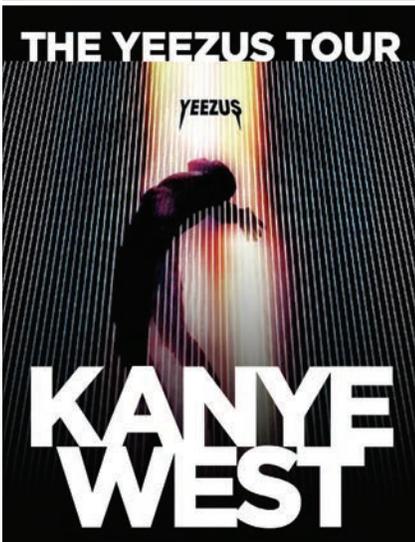
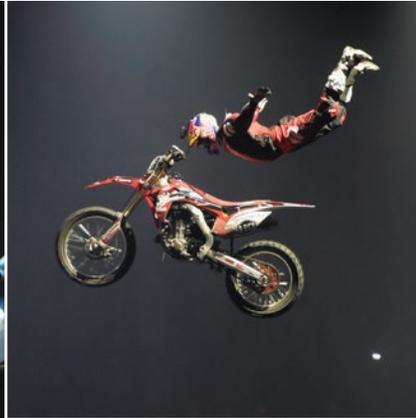
## 2013

- Spectra facility managers of FirstOntario Centre, FirstOntario Concert Hall and The Studio form a joint partnership with Live Nation, the world's number one concert promoter, ensuring the long-term success of all three venues.
- Spectra Regional Canadian meetings held at The Studio. Eight marketers representing 13 arenas and convention centres meet with industry leader Bob Schwartz, Vice President of Marketing, for a two day intensive workshop focusing on Marketing and PR initiatives training, sharing and revenue generation.
- Monster Jam ticket sales "jump" over previous shows at FirstOntario Centre doubling ticket sales from its last show at the venue in 2010.
- Oprah takes over Hamilton and inspires fans at FirstOntario Centre.
- Demand for The Lumineers tickets sells out two venues and ends up playing to a sold out crowd in FirstOntario Centre's "Club Core" set up.
- Spectra holds its first pre-show block party to celebrate Rock and Roll Hall of Fame Canadian rock legends RUSH.
- Sirius XM Radio concert at The Studio featuring Billy Talent sells out. The band donates all proceeds to the Lac-Megantic Red Cross.
- Sidney Crosby "skates" his way to Hamilton to film a Tim Horton's commercial at FirstOntario Centre.
- The puck drops for the Hamilton Bulldogs 18th AHL season at FirstOntario Centre.
- Dixie Chicks make their triumphant return to Hamilton with their Long Time Gone Tour.
- The Spectra Marketing Team duplicates a successful promotion executed at Spectra managed Abbotsford Centre and sets up the first ticket sales kiosk at Mapleview Shopping Centre in Burlington to promote "Give The Gift Of Entertainment This Holiday Season". In partnership with the Hamilton Bulldogs, just over \$50,000 in sales was generated in the 30 day period in December 2013.
- The Spectra team in Hamilton partners with the number one radio station in Hamilton, 102.9 K-Lite, to host a free family skate over the holidays.

CLICK TO WATCH



# 2013-2016 NOTABLE SHOWS & EVENTS



## 2014

- Called an “action sport collective” Nitro Circus brings their first ever North American show to Hamilton.
- Elton John and his band return to FirstOntario Centre after a four year absence. The tour featured iconic hits and classic album tracks from his incredible five-decade career, as well as a selection of new songs.
- Kanye West – The Yeezus Tour adds a stop at FirstOntario Centre.
- After selling out The Studio in 2013, R5 returns to Hamilton in less than a year, rocking out with over 2,700 of their fans at FirstOntario Centre.
- Black Sabbath sells out FirstOntario Centre.
- The Backstreet Boys get “everybody to rock their body” at FirstOntario Centre. The band enjoys seeing their “likeness” used in a video to help promote their show in Hamilton.

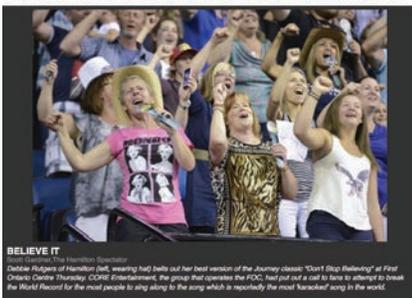
**CORE**  
ENTERTAINMENT

- Spectra unites Hamilton venues under new “Core Entertainment Brand”.
- Spectra launches the new state-of-the-art CoreEntertainment.ca website.

# 2013-2016 NOTABLE SHOWS & EVENTS



Fists pump as 85 sing Journey hit in record attempt



## 2015

- Spectra receives international recognition by industry leaders and publications.
- New sound system installed at FirstOntario Concert Hall gets picked up as feature story in ProSound Web.
- The 2015 Junos held at Core Entertainment's FirstOntario Centre was front and centre in industry publication Pollstar.
- A trade shot featuring management members at Core Entertainment along with Dean Brody and Paul Brant gets highlighted in the coveted Backstage Photopass section of Pollstar Magazine.
- The Spectra team at Core Entertainment takes over the front page of news publication Hamilton Spectator for closing down the street to throw a block party before Kenny Chesney's show at FirstOntario Centre.
- Spectra managed FirstOntario Centre lands on the front page of the Hamilton Spectator in an attempt to break a RecordSetter.com record of greatest number of people singing Journey's hit song "Don't Stop Believin'" in unison as part of a PR stunt to promote its upcoming Journey show at the venue.
- Iconic multi-platinum recording-artist Bryan Adams plugged into the FirstOntario Centre in celebration of the 30th Anniversary of Reckless.
- Canada's largest music award show the 2015 Juno Awards takes over the city of Hamilton as well as FirstOntario Centre. Both the city and the venue get world media attention.
- FirstOntario Concert Hall becomes the backdrop to Netflix's Original Series and wildly popular Hemlock Grove.
- Shakey Graves plays a sold out crowd at The Studio.
- Once again, both Hamilton and FirstOntario Centre are placed on the world's stage as the 2015 ISU World Synchronized Skating Championships come to town. Over 15 countries are represented.

# 2013-2016 NOTABLE SHOWS & EVENTS



## 2015

- International superstar Shania Twain sets out on first North American tour in over a decade after acclaimed Las Vegas residency ROCK THIS COUNTRY TOUR makes FirstOntario Centre a stop on her tour.
- Grammy Award winning “Weird Al” Yankovic the biggest-selling comedy recording artist in history sells out FirstOntario Concert Hall.
- South Asian stand-up comedian, actor, TV host, producer and singer Kapil Sharma performs at FirstOntario Centre.
- Marvel Universe LIVE! takes the live entertainment experience to a whole new level, with a mind-blowing show unlike anything you’ve seen before. Favourite Marvel Super Heroes including Spider-Man and The Avengers (Iron Man, Black Widow, Hulk and more) and threatening villains come to life in an action-packed arena performance.
- The Studio turns into St. Mary High School’s Formal creating a new opportunity for community involvement.
- Jazz At Lincoln Centre Orchestra with Wynton Marsalis brings his only Southern Ontario stop to FirstOntario Concert Hall.
- Jeff Dunham returns to FirstOntario Centre for the first time since 2010.

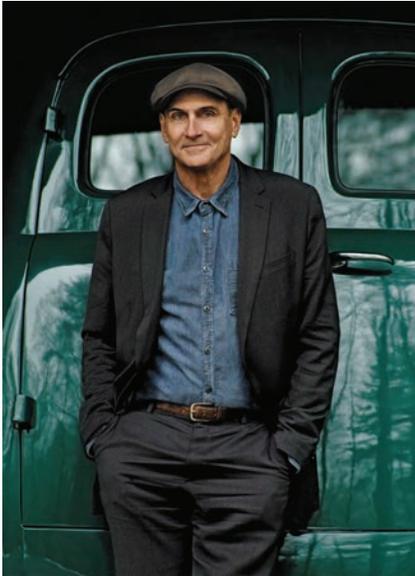
# 2013-2016 NOTABLE SHOWS & EVENTS



## 2016

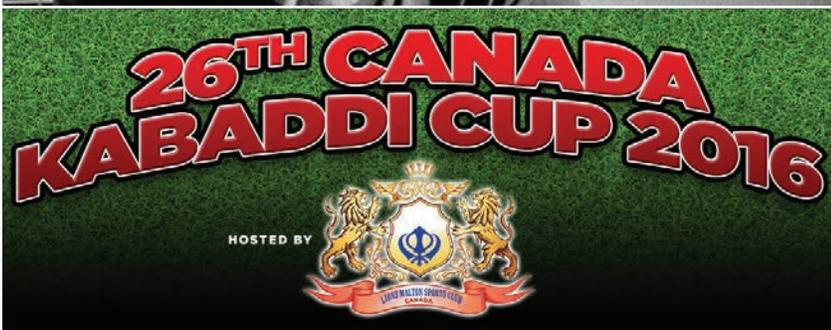
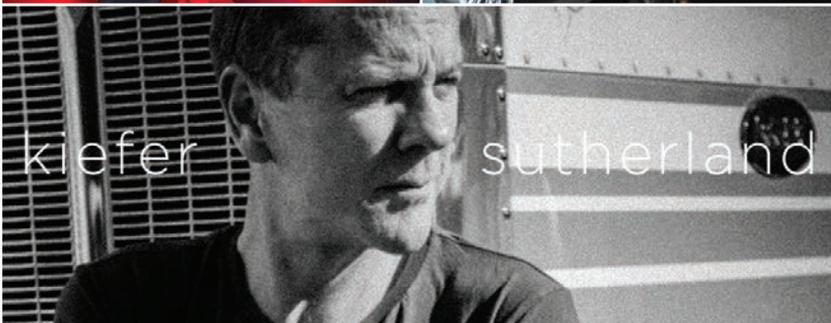
- Spectra managed venues continue to be recognized by industry and main stream publications.
  - Garth Brooks – Pollstar Backstage Pass.
  - Chicago along with Earth, Wind and Fire – Pollstar Backstage Pass and show image.
  - Billboard Magazine recognizes FirstOntario Centre as a Top Canadian Venue in 2016.
  - Looking back at 2016 Hamilton Spectator highlights many of the shows at Core Entertainment venues as highlights for the year.
- Hamilton favourite, Blue Rodeo play two sold out shows at FirstOntario Concert Hall.
- The final tour by the greatest Metal Band of all time, Black Sabbath. Ozzy Osbourne, Tony Iommi and Geezer Butler close the final chapter in the final volume of the incredible Black Sabbath story with farewell performance at FirstOntario Centre.
- The 91st Highlanders Athletic Association holds the yearly Indoor Games at FirstOntario Centre. The goal of this event is to promote youth Athletics in the Golden Horseshoe Region. The meet has been held every year since 1908, except in the war years – making it the oldest continually operating indoor track and field meet in North America.
- Garth Brooks takes over Hamilton for 5 shows in 4 days. At the on sale for the shows Garth Brooks smashed his past Hamilton and Toronto ticket sales record combined in 45 minutes. He last played Copps Coliseum (now FirstOntario Centre) in Hamilton, September 5th, 1996 and SkyDome in Toronto, September 6th, 1996 and sold a combined 47,910 tickets. The day of the on-sale he sold 54,048 tickets for his shows at FirstOntario Centre.
- In its 122nd year the City of Hamilton played host to the annual Around The Bay Road Race. Approximately 13,000+ athletes, plus coaches, volunteers, family and friends visited Hamilton during this time frame.
- Platinum and gold winning artists Brighton Rock returned to Hamilton after 25 years making a stop and selling out The Studio in celebration of their 30th anniversary of their album Young Wild and Free.

# 2013-2016 NOTABLE SHOWS & EVENTS



## 2016

- Five-time GRAMMY® Award winner James Taylor makes a stop at FirstOntario Centre as part of his 2016 North American Tour.
- The larger-than-life rock icon Meat Loaf, brought his over-the-top and one-of-a-kind show to a sold out FirstOntario Concert Hall.
- Keifer Sutherland moved away from acting to go on a Canadian tour to support his new country album. Fans of the actor were “wowed” when he played our intimate Studio.
- Sir Paul McCartney’s historic debut appearance in Hamilton making his first stop ever to our city as part of his One On One global tour.
- Iconic Canadian band, The Tragically Hip make an electrifying, emotional and never forgotten stop in Hamilton as part of their Man Machine Poem tour.
- FirstOntario Centre played host to the 26th Canada Kabaddi Cup.



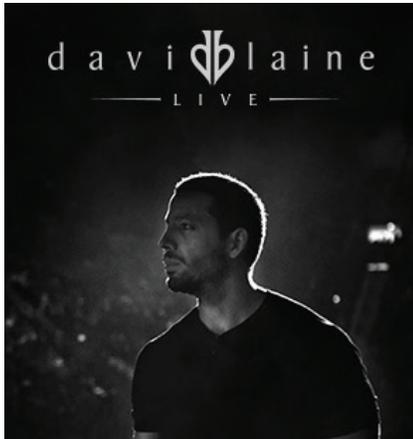
# 2017 NOTABLE SHOWS & EVENTS



## 2017

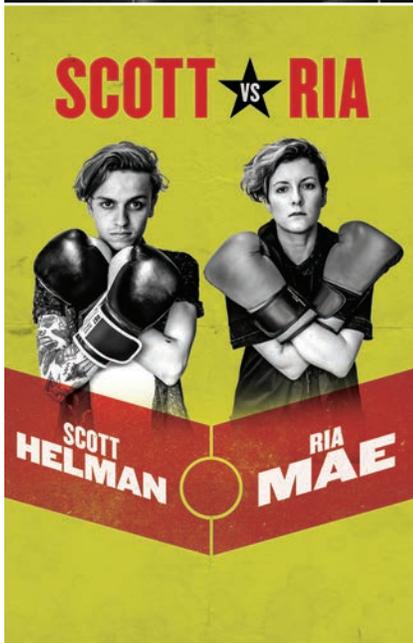
- After selling out The Studio in 2013, and opening for Dierks Bentley at FirstOntario Centre in 2014, local country star Tim Hicks kicks off the year with a headline show at FirstOntario Concert Hall.
- FirstOntario Centre transforms into a hub of opportunity as McMaster University and Mohawk College come together for Connect to Careers, touted as Hamilton's largest job fair.
- Hamilton's own Arkells sell out the "Club Core" set up at FirstOntario Centre. This unique configuration is the only one of its kind in Ontario and allows for up to 5,000 GA capacity on the floor.
- Returning after an eight year absence, Green Day ROCKS FirstOntario Centre.
- FirstOntario Concert Hall continued to host an increasing number of dance competitions and graduations.
- Hamilton favourites father and son duo Bill & Joel Plaskett sell out The Studio.
- Hamilton's Food & Drink show make Spectra managed FirstOntario Centre their new home.
- Florida Georgia Line brings their fans to their feet with their first stop to FirstOntario Centre.
- Red Hot Chili Peppers announce a first time ever stop in Hamilton as part of their Getaway Tour. To celebrate, the Spectra team in Hamilton throws a pre-show street party prior to the show.

# 2017 NOTABLE SHOWS & EVENTS



## 2017

- In his first stop to FirstOntario Concert Hall, David Blaine amazes a sold out crowd.
- The Heritage Cup of Lacrosse pits Team Canada against Team USA. Canada wins in this first time event at FirstOntario Centre.
- Canadian Pop and Indie bands, Scott Helman & Ria Mae, USS (2 shows) and Alvays play to sold out crowds in The Studio.
- Two-time GRAMMY-nominated blues-rock guitar icon Joe Bonamassa plays to a full house at FirstOntario Concert Hall.
- The National perform to a sold out crowd at FirstOntario Concert Hall.
- Supporting our tenant partners the Hamilton Bulldogs, the World Junior Pre-Tournament skated into the FirstOntario Centre. Canada beats Switzerland 8 - 1.



# RENOVATIONS & FACILITY IMPROVEMENTS

Working in partnership with the City of Hamilton Facility Management Team, the focus has been to create great experiences for fans attending any of the Core Entertainment venues.

Spectra's corporate office provides support, information and best practices to the Core Entertainment venues and staff through bi-weekly calls amongst all Directors of Operations (Convention Centres, Stadiums, Arenas etc.). The benefit of this network not only allows us to share information but also share resources such as equipment, purchasing, best practices, as well as utilizing experienced staff to support other Spectra venues.

## A SNAPSHOT OF SPECTRA'S CORPORATE SUPPORT IN HAMILTON

### ICE MAINTENANCE STRATEGIES

- Assistance from Philadelphia Flyers with ice maintenance strategies. This was a thorough examination of our practices and conditions supporting our unique ice setup of FirstOntario Centre.

### 360 LED RING

- Daktronics display system. Assistance in the procurement process & products for the new power LED ring at FirstOntario Centre.

### NATIONAL SERVICE AGREEMENTS

- The ability to utilize national service agreements procured by Spectra to reduce overhead. Examples that we have adopted: temporary labour rates, micro main CMMS, stage right materials, Guillevin supplies, Athletica supplies and Garrett Security Systems to name a few.

### EQUIPMENT RENTAL & SHARED RESOURCES

- Operational equipment for shows and entertainment is easily obtained for free from sister venues in Ontario if required. Without these connections there would be significant increase in expenses due to the need to out-source certain operational equipment.

Under the direction of Matt McDowall, Director of Operations, Spectra's Building Operations team in Hamilton has accomplished and completed a great many projects in partnership with the City of Hamilton Facility Management Team and internal staff.

Since 2013, venue capital projects have focused on revenue generation, client experience, health & safety, event readiness and facility maintenance.

## FIRSTONTARIO CENTRE

- In 2013, Spectra invested in a complete 360 LED ribbon to replace the antiquated static billboards around the arena. The LED ribbon not only helps with fan engagement but, is used to generate additional revenue for sponsorship.
- New acrylic glass for the hockey rink was needed to meet the ongoing requirements of Ontario Hockey League. This glass is to NHL standards and was installed by Athletica. The original glass was tempered creating not only a safety hazard to patrons if shattered but was also labour intensive during change over for various events held at the arena.
- After restoring the event level of FirstOntario Centre an opportunity existed to utilize this area more effectively. Additional washrooms were created and tied in to our existing plumbing/electrical system to cater to the needs of growing event level crowds.
- The scoreboard at FirstOntario Centre could only be trimmed to a certain height which posed not only an issue for rigging around an existing show but also impeded particular events that could be executed in this arena. We re-set the trim heights and elevated our current rigging plans, cabling and loads which allows shows to easily execute in the area while reducing stagehands costs for load ins and load outs.



- In 2017 the installation of new LED light fixtures, replaced the old system of HID lighting. This has not only created a better fan experience and flexibility for hockey games and shows alike but will save the city in excess of \$50,000 a year on utilities.

CLICK TO WATCH 

- At the end of 2017, a successful bid from the City of Hamilton Facility Management Team saw an injection of approximately \$4.3 million to help refurbish and renovate the elevator and escalators at FirstOntario Centre. The Spectra team in Hamilton has been working closely with the lead project manager regarding options and design.

# RENOVATIONS & FACILITY IMPROVEMENTS

## ADDITIONAL IMPROVEMENTS AT FIRSTONTARIO CENTRE

- Rigging and engineering report & design (for show loads and capacities).
- Drain replacement and roofing project.
- Digital upgrades to all concourse televisions.
- Electrical tie in of walk in freezers to our back up generator.
- Updating the security systems as well as urban landscaping outside the venue.
- Striping and sealing the entire exhibition hall floor and redistributed space.
- Replacing the York St roll up doors.
- Concourse painting.
- Power sanded all in bowl aisles.

## FIRSTONTARIO CONCERT HALL

- The original orange carpet at FirstOntario Concert Hall has been updated and replaced in phases. The third phase, (stairwell), is expected to be completed in 2018. The new carpet brings a fresh feel and atmosphere to the FirstOntario Concert Hall. The remainder of the carpeting on the walls and the inside of the Great Hall are expected to be replaced in the future.
- New furniture has been added in the lobby, mezzanine, first and second balconies. The furniture makes the area more welcoming to guests and compliments the current transitioning color scheme of the carpet renovations.
- The acquisition of a new, in-house, audio system has modernized the Great Hall while producing fantastic quality of sound for guests and producers alike.



- The FirstOntario Concert Hall replaced all its front of house lighting systems and controls to help make the building become more energy independent. Further upgrades of the stage lighting will see expected energy savings of between \$50,000 – \$60,000 a year.

## ADDITIONAL IMPROVEMENTS AT FIRSTONTARIO CONCERT HALL & THE STUDIO

- Skylight replacement and repair.
- Great Hall and Studio audio board replacements.
- New lighting board system.
- New upstage black curtain drop.
- Elevators replaced to double shaft.
- New dance floor for dance competitions.
- New line sets for the theatre fly system.

## THE STUDIO

- Complete audio & lighting board.
- Second level riser fabrication.
- New stage replacement.
- Upstage curtain refurbishment.
- Second level floor replacement.
- SL & SR lighting truss installation.
- New sound baffling system.
- Projector screen & projector installation.

## OPERATIONAL INITIATIVES

### RECYCLING PROGRAM

- Recognizing the venues lack of a recycling program was a lost revenue stream, the Operations Department implemented a process to help offset additional overhead. This program meant the collection of cans after every game and concert. This program established in 2016, has thus far generated more than \$16,000 to the bottom line.

### BASKETBALL COURT

- Leveraging Spectra's relationships and contacts with other arenas we rented out our basketball court to other arenas for

use by the Harlem Globetrotters. Though this required far more planning the results speak for themselves. To date this program has generated more than \$29,000 to the bottom line.

### CLEANING IN HOUSE

- The extremely important operational function of cleaning was switched from an independent sub-contractor to complete local Spectra control, which helped us save approximately \$140,000 to date. Not only has this saved money but it has allowed us to have more control and direction of the procedures, practices and standards at our venues.

# KEY PARTNERSHIPS



Live Nation Entertainment is the global leader for live entertainment comprised of four market leaders: Live Nation Concerts, Live Nation Entertainment (Ticketmaster) and Live Nation Media/Sponsorship.

In March 2013, Spectra, facility managers of FirstOntario Centre, FirstOntario Concert Hall and The Studio formed a joint partnership with Live Nation ensuring the long-term success of all three venues.

The Spectra/Live Nation partnership encompasses all aspects of venue management, event booking and promotion.

## LIVE NATION SHOWS #AtTheCore

### 2013

- |                          |                     |                    |                   |                  |
|--------------------------|---------------------|--------------------|-------------------|------------------|
| • Motley Crue            | • Great Big Sea     | • R5               | • Johnny Reid     | • Matt Good      |
| • Celtic Thunder         | • Trailer Park Boys | • Brad Paisley     | • Eric Church     | • Blue Rodeo (2) |
| • The Price Is Right (2) | • Volbeat           | • Jillian Michaels | • Marilyn Mason   | • Monster Truck  |
| • RUSH                   | • Jethro Tull       | • Dixie Chicks     | • Sarah Brightman |                  |

### 2014

- |                   |                 |                    |               |                 |
|-------------------|-----------------|--------------------|---------------|-----------------|
| • Alice In Chains | • Jan Arden     | • Barenaked Ladies | • Elton John  | • Lights        |
| • John Fogerty    | • Black Sabbath | • Sam Roberts      | • Brian Regan | • Jason Aldean  |
| • IL Divo         | • R5            | • Dierks Bentley   | • YES         | • Goo Goo Dolls |
| • Backstreet Boys | • Mother Mother | • Blue Rodeo (2)   | • Hedley      | • USS           |
| • Kanye West      | • Demi Lovato   | • Sarah McLachlan  | • Dean Brody  |                 |

### 2015

- |                           |             |                 |                     |              |
|---------------------------|-------------|-----------------|---------------------|--------------|
| • Bryan Adams             | • Matt Good | • Luke Bryan    | • Three Days Grace  | • BNL        |
| • Counting Crows          | • Journey   | • The Next Step | • ZZ Top            | • Alan Doyle |
| • Dean Brody + Paul Brant | • Mavericks | • The Tenors    | • Trailer Park Boys |              |

### 2016

- |                  |                 |                   |                  |            |
|------------------|-----------------|-------------------|------------------|------------|
| • Paul McCartney | • James Taylor  | • Marianas Trench | • Blue Rodeo (2) | • Hedley   |
| • Black Sabbath  | • The Next Step | • Tragically Hip  | • Chicago EWF    | • Meatloaf |

### 2017

- |                  |                        |                 |                         |                          |
|------------------|------------------------|-----------------|-------------------------|--------------------------|
| • Dallas Smith   | • Simple Plan          | • David Blaine  | • Maroon 5              | • Scott Helman & Ria Mae |
| • Brian Regan    | • Dixie Chicks         | • Bobby Bazini  | • Jackson Browne        | • Big Wreck              |
| • Peppa Pig      | • Daniel O'Donnell     | • Green Day     | • Avvays                | • Matt Good              |
| • Dierks Bentley | • Tim Hicks            | • Dean Brody    | • Red Hot Chili Peppers | • Blue Rodeo (2)         |
| • Colin James    | • Florida Georgia Line | • USS (2 shows) | • Lewis Black           | • Mother Mother          |

### 2018 (TO DATE)

- |                          |                              |                                  |                  |                |
|--------------------------|------------------------------|----------------------------------|------------------|----------------|
| • Avenged Sevenfold      | • Hedley                     | • Kevin Hart                     | • Santana        | • Shania Twain |
| • Big Wreck              | • Chris Hadfield             | • I Mother Earth & Finger Eleven | • Jim Cuddy Band | • LetterKenny  |
| • Nitty Gritty Dirt Band | • Our Lady Peace & Matt Good | • Peppa Pig                      | • The Debators   |                |

# KEY PARTNERSHIPS



## HAMILTON BULLDOGS

The Hamilton Bulldogs are a major junior hockey team that is currently a member of the Ontario Hockey League. The Bulldogs play their home games at FirstOntario Centre. First established in 1996 following the relocation of the Cape Breton Oilers, the American Hockey League Bulldogs would become the main affiliate of the Edmonton Oilers until 2001. That year local interests were secured to purchase the Quebec Citadels from the Montreal Canadiens and move them to Hamilton. The team was merged with the current Bulldogs forming a joint affiliate with Edmonton and Montreal. The Oilers would relocate in 2003 leaving Montreal as the sole affiliate of the Bulldogs. The team was purchased in 2004 by Burlington businessman Michael Andlauer and would see several years of success including winning the Calder Cup in 2007. The Canadiens would remain the associated with the AHL Bulldogs until 2015, when the team was sold back to Montreal and moved to St. John's, Newfoundland. Andlauer purchased a majority share of the OHL's Belleville Bulls and would relocate them to Hamilton in time for the 2015-2016 season.

# KEY PARTNERSHIPS



## TICKETMASTER

Ticketmaster is part of the Live Nation Entertainment family. In the beginning of 2010, Live Nation and Ticketmaster Entertainment merged to create Live Nation Entertainment. This gives fans access to more fan-friendly options.



## THE HAMILTON PHILHARMONIC ORCHESTRA

The Hamilton Philharmonic Orchestra has been an important and integral part of the community for over a century, tracing its roots back to the 1880s when the first orchestral ensemble was formed in Hamilton. In 1949, the Hamilton Philharmonic Orchestra was founded as a professional ensemble, and has plays an important role in shaping the cultural landscape of the City of Hamilton and the surrounding region.



## TOURISM HAMILTON

Tourism Hamilton is an innovative destination management organization dedicated to significantly increasing new and return tourist visitation to Hamilton.



## RESTAURANT ASSOCIATES

Restaurant Associates is recognized as the nation's premier hospitality company, operating over 100 prestigious locations. Restaurant Associates, based in New York City, provides premium food services to museums, performing arts centers, aquariums, corporate dining, educational facilities and off-premise catering events in New York City, Boston, Hartford, Atlanta, Washington D.C., Philadelphia and Toronto. Restaurant Associates is a subsidiary of Compass Group North America, the world's leading foodservice organization.



## NORTHWEST PROTECTION SERVICES

Northwest Protection Services is the largest event security company in Canada and are regularly responsible for security services at events like Aerosmith, Canadian Music Week, Eric Clapton, Kid Rock, Mary J. Blige, BMO Field Toronto FC, Ozzfest, Pearl Jam, U2, Weezer, World Youth Day, as well as many others.

# THE GROWTH OF OUR SPECTRA TEAM IN HAMILTON

Spectra is dedicated to recruiting and developing individuals with the skills, experience, desire, and values to contribute to the continued growth and success of our organization. Together we transform events into experiences. These experiences create excitement, turn heads, and make memories.

The growth of our Canadian talent here in Hamilton is no exception.



## Allison Green

- With Spectra 15 ½ years
- Director of Finance - Core Entertainment
- Regional Director of Finance - Spectra Venue Management
- Director of Finance - Budweiser Gardens



## Michaela Putman

- With Spectra 10 years
- Director of Marketing - Core Entertainment
- Regional Director of Marketing - Spectra Venue Management
- Director of Marketing - Abbotsford Centre



## James Beechey

- With Spectra 4 ½ years
- Senior Finance Manager - Core Entertainment
- Accounting Manager - Budweiser Gardens
- Senior Accountant - Canalside
- Staff Accountant - WFCU Centre



## Jill Kurtz

- With Spectra 8 ½ years
- Assistant Director of Marketing - Core Entertainment
- District Marketing Director - Spectra Venue Management
- Regional Director of Marketing - Spectra Venue Management
- Senior Marketing Manager - Core Entertainment
- Marketing Manager - Core Entertainment
- Group Sales Manager - Budweiser Gardens
- Group Sales Manager - Abbotsford Centre
- Group Sales Intern - Budweiser Gardens



## Matt McDowall

- With Spectra 9 years
- Director of Operations - Core Entertainment
- Operations Manager - Core Entertainment
- Event Manager - Core Entertainment
- Event Manager - Iowa Events Center
- Event Manager - Abbotsford Centre



## Lauren Crandall

- With Spectra 11 years
- Director of Events- Core Entertainment
- Spectra Leadership Institute
- Assistant Director of Events- Mattamy Athletic Centre
- Event Manager & Senior Event Manager - Budweiser Gardens



## Blair McGauchie

- With Spectra 7 ½ years
- Operations Manager - Core Entertainment
- Guest Services Manager - Core Entertainment
- Event Services Manager - Budweiser Gardens
- Event Services Supervisor - Budweiser Gardens
- Event Staff - Budweiser Gardens



## Rachel Down

- With Spectra 11 years
- Event Manager - Core Entertainment
- Sr. Event Services and Security Manager - Core Entertainment
- Guest Services Manager - Core Entertainment
- Part-Time Event Staff Supervisor - Budweiser Gardens
- Part-Time Event Staff - Budweiser Gardens

# FINANCIAL SUCCESSSES & BENEFITS

Spectra has the unique advantage of ongoing support from a network of 18 Spectra managed facilities in Canada. This dynamic ensures the best possible opportunity for success, proven systems and resources that generate the best possible opportunity to drive the guest experience and generate revenue for the City of Hamilton.

Spectra has saved the City approximately \$500,000 per year since 2014. In 2017, the city received an additional savings of \$99,000.

Achieving cost savings to the city came through efficiencies in the on-site Spectra operation of the venues, shared resources with the Spectra corporate office and other Spectra managed facilities within Ontario, our partnership with Live Nation and Ticketmaster, and the development of new revenue streams.

Some of the programs, initiatives and new revenue sources brought in by the Spectra organization include:

## VENUE NAMING RIGHTS

- FirstOntario Centre - annual net revenue \$140,000
- FirstOntario Concert Hall - annual net revenue \$87,500

## TICKETMASTER REVENUE

In 2014, Spectra along with Live Nation renegotiated the vitally important ticketing agreement with Ticketmaster. Through the new Ticketmaster deal convenience fee revenue increased an average of 40% compared to the agreement, with 2017 seeing a 50% increase.

## ATM PURCHASE

In 2016, Spectra purchased the existing venue ATM's and added an additional ATM to FirstOntario Centre. By taking the ATM's in house Spectra generated approximately \$20,000 of new revenue in 2017.

## MARKETING & GROUP SALES

Spectra's companywide marketing departments generate revenue through ad plan programs, group sales, suite rentals and dinner packages. The marketing and group sales team in Hamilton has generated over \$500,000 in revenue since 2014 with these programs.

In 2017, the marketing department also generated over \$30,000 in net revenue through a focus on developing partnerships and finding new opportunities to generate revenue.

# 2017 CORE ENTERTAINMENT FACILITIES FINANCIAL PERFORMANCE

## FOR THE YEAR ENDING DECEMBER 31, 2017

	ACTUAL	BUDGET	VARIANCE
<b>NUMBER OF EVENTS</b>	201	198	3
<b>ATTENDANCE</b>	384,715	370,500	14,215
Direct Event Income	\$1,551,916	\$1,473,110	\$78,806
Surcharge Revenue	457,528	476,283	(18,755)
Convenience Fee Revenue	667,474	639,884	27,590
Suite Ticket Revenue	30,685	26,231	4,454
Ancillary Revenue	689,881	739,429	(49,548)
<b>TOTAL EVENT INCOME</b>	<b>3,397,484</b>	<b>3,354,937</b>	<b>42,547</b>
<b>OTHER INCOME</b>	636,922	654,520	(17,598)
<b>INDIRECT EXPENSES</b>	(4,844,582)	(5,128,374)	283,792
<b>*NET OPERATING INCOME (LOSS)</b>	(810,176)	(1,118,917)	308,741
<b>City Contractual Contribution</b>	1,402,000	1,402,000	—
<b>NET Loss Savings</b>	<b>591,824</b>	<b>283,083</b>	<b>308,741</b>
Spectra Base Incentive Fee	450,000	283,083	
Spectra additional share of net loss savings - 30%	42,548	—	42,548
City share of additional net loss savings - 70%	\$99,276		\$99,276

\* The Spectra Management agreement with the City of Hamilton guarantees the annual operating loss will not exceed (\$1,402,000). The Spectra management fee compensation is calculated only on improvements to the annual benchmark loss of (\$1,402,000). Spectra receives as management fee 100% of improvement between the annual operating loss reduction from (\$1,402,000) to \$952,000. Once the annual operation loss reduction improvements exceed \$952,000, 70% of all additional savings revert to the City of Hamilton.

# COMMUNITY INVOLVEMENT

Spectra has a firm commitment to enrich the communities we serve driven by our guest first philosophy. From that starting point, our team in Hamilton has been committed to making a difference and creating positive experiences for guests who attend our events, community partners and the people who reside in Hamilton.

Since 2013, the charitable arm of our organization driven by the Spectra team in Hamilton donated in kind gifts and volunteer hours to over 500 charitable organizations within our community.



DANCE COMPETITIONS & GRADUATIONS



STREET TEAM



PRE/POST PARTIES



WALK/RUN TRACK



GIVING BACK



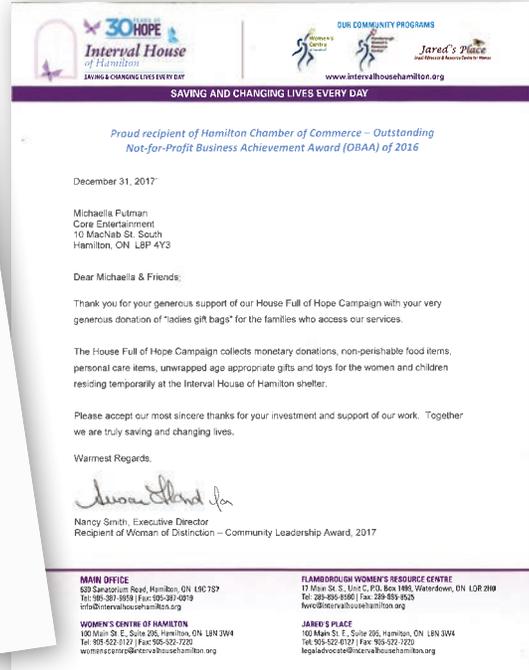
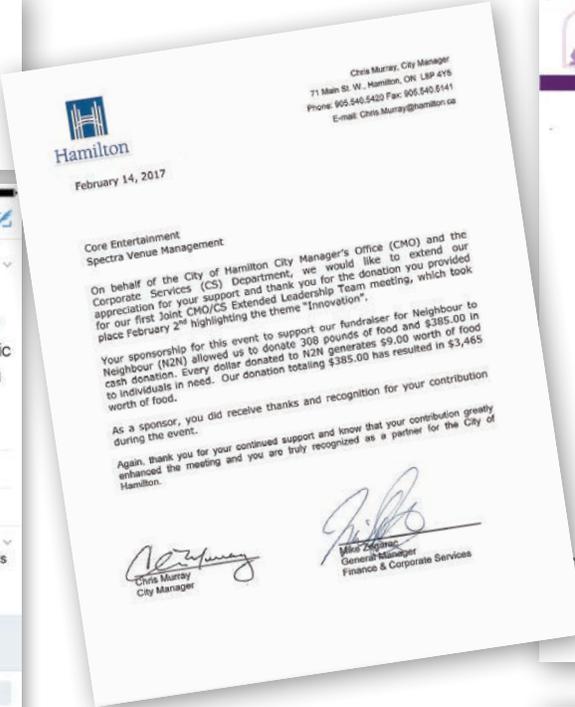
GIVING BACK

# TESTIMONIALS

Re: Hampers

Thank you so much, we so appreciate all that you do for us here at Davey.

Liz Lucas



This letter is first to thank you and Core Entertainment for your generous contribution to our Children's Concert program.

I write as well to express my appreciation to the stage staff. They have been so helpful and participatory in making these concerts a success.

The roar of the packed Great Hall with children were not just for the performers but for each and every one of you whose collaboration in lighting, sound and placement made the most of the very short rehearsal time we had to work with. These are the most important concerts we present as they make a lasting lifetime impression on young minds and hearts who late on become supporters and audience members. You helped create a positive experience they will never forget.

Bravo IATSE crew, and thank you,

Boris Brott O.C., O.Ont., O.Que., D. Mus., LL.D.

I want to thank you all for another great working experience with your great team. The show was a great success, and everyone contributed to making a most smooth operation yesterday, and a most successful one to boot.

Jill, your willingness to always listen to an old fart like me, and at the same time convince me to go with a number of your excellent suggestions, turned the sales on this show around to the degree that we ended up going into %. For months I was just praying that we would get to break even.

Sam, you continue to be a great ambassador for the venue your efficiency with how you get things done, and expediency and your attention to details, and with the great attitude with which you bring to everything when we work together.

Brian, hell, I doubt that I could throw anything at you that you wouldn't be able to fix, and at the same time, never show the least bit of stress doing it.

James, you are definitely a great addition to the team. You were right on the ball in having things ready on a timely basis, and being able to wrap up both the Show Settlement and our co-pro settlement quicker than I might have ever expected.

You guys make a great team to be working with, and as always, you make me look forward to the next time we can do this again.

Cheers,

Rob Bennett

rbi productions inc.

# TESTIMONIALS

## Thank you Jill

We would like to take a moment to say thank you Jill for giving us the tickets for the Monster Jam. We all had an awesome time at the show and enjoyed it very much!

We really enjoyed going into the pit and watching the entire show. Some of our favourite moments were; when Scooby-Doo lost his nose, the freestyle competition and when the trucks crushed the cars.

We really appreciated getting to go to Monster Jam. You gave us an opportunity we would not have had. When Steve told us about it, we were very excited and could not wait to go!

We all would like to thank you sincerely, for giving us the opportunity to have this experience.

Thanks Very Much, Alfonso M, Grant C, Jonathan C, John P, Rob C, Frank C, Gilbert C, Bill G, Rob Y. Kristine M  
And Steve Mesaglio



Thanks so much Toni.

The service you guys are offering is quite unexpected and a pleasant surprise!!

Top notch!!

Our group is also taking advantage of the early entry at the Lounge for dinner and drinks. Do you know if we will have access to the merch table upon entry at 530? We are already registered and booked in for the pre-show in the Lounge.

Thanks again. Looking forward to tomorrow.

Matt Thomas

GM BATL London

CLICK TO WATCH 

**DOOR TO THE CORE AND MORE!**

**WIN 2 TICKETS TO EVERY EVENT FOR AN ENTIRE YEAR PLUS NIGHT OUT PACKAGES!**

Partners include: CORE ENTERTAINMENT, STAYBRIDGE SUITES, Fresh RADIO 95.3, 108, FirstOntario Centre, FirstOntario Concert Hall, THE Studio, and URV unique restaurant group.

HAMILTON  
CONVENTION  
CENTRE  
BY CARMEN'S

# ANNUAL REPORT 2017



“Between 2013 and 2017, Carmen’s Group has saved Hamilton taxpayers approximately \$6 million.”

## A MESSAGE FROM OUR CEO

Dear Mayor, Members of Hamilton City Council, and Community Stakeholders,

Carmen’s Group is proud to be the stewards of the Hamilton Convention Centre and we are delighted to share that 2017 was another marquee year for our operation. It was the first year since the commencement of our management contract that the City of Hamilton achieved a net financial surplus and the venue also experienced many positive achievements within its convention services program.

Between 2013 and 2017, Carmen’s Group has saved Hamilton taxpayers

approximately \$6 million (via operating subsidy reductions) while contributing nearly \$600,000 in utility payments during the same timeframe. This positive financial performance has ultimately been achieved through the development of a robust event calendar and leveraging operational savings through Carmen’s Group’s extensive supplier network.

The flagship downtown venue hosted many visitors from around the world into Hamilton in 2017 at conferences including the American Public Garden Association’s International Conference and the Canadian Council for the Advancement

of Education National Conference. We also welcomed and hosted many of the community's largest gala events including the YWCA Women of Distinction Gala, Good Shepherd's Glamour in the Hammer, B'Nai B'Rith and CYO Sports Celebrity Dinners, Hamilton Health Sciences Foundation Gala, City Kidz Dreams Banquet and the Dreamcatcher Gala. In all, the venue hosted over 137 total events including 39 international, national or provincial conventions, conferences or events last year.

The venue earned rave reviews from convention organizers and guests alike, as many of the customer service metrics improved year over year, including our industry-leading event Net Promoter Scores and Google scores. Among the positive testimonials received this year are the following: "We were blown away by the exceptional service and staff... Not a single detail was missed" and "If I were to host an event in the Hamilton area, this would be my first choice." The Hamilton Convention Centre and Sheraton Hotel also hosted the Canadian Society of Association Executives (CSAE) Trillium Chapter's Winter

Summit, the overarching body of national association organizers, for their first visit to Hamilton in many years. Needless to say, many from the group were impressed with Hamilton's new hospitality offerings and committed to bringing their association events back to Hamilton soon.

Carmen's Group and the Hamilton Convention Centre also worked very closely with Tourism Hamilton, our accommodation partners and the Ontario Restaurants Hotel and Motel Association (ORHMA) throughout the year to formalize the launch of a Destination Marketing Program, as per council's approved 5-year Tourism Strategy. The newly initiated program will enable the City of Hamilton and all of its Tourism partners to compete more aggressively in securing provincial, national and international events into our city.

We are excited that the Hamilton Convention Centre is contributing to the unstoppable momentum building in the community, as we are eager to show the rest of the world that Hamilton is the place to be!

**PJ MERCANTI**  
CEO, CARMEN'S GROUP

# ADVISORY BOARD



**Dr. Nick Bontis**  
McMaster University,  
DeGroote School of  
Business



**Sean Tiernay**  
*Senior Manager,*  
*Commercial Services*  
FirstOntario Credit Union



**Glenn Gibson**  
*Vice Chairperson*  
Hamilton Tiger-Cats  
*Former CEO*  
Crawford Consulting



**Maria Fortunato**  
*Executive Director*  
Hamilton Halton Brant  
Regional Tourism Office



**Judy Marsales**  
*Former MPP & Owner*  
Judy Marsales Real  
Estate



**Dennis Concordia**  
*Former Vice President*  
Carstar Hamilton  
*President*  
Powergroup Resources



**Tony Cohen**  
*Founder*  
Thompson Hotel  
Toronto and Hotel Le  
Germain Toronto  
*Partner & Executive*  
*Vice President*  
Crescent Hotels and  
Resorts

# OPERATIONAL HIGHLIGHTS

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## DEVELOPING A TEAM OF CHAMPIONS

- Recruited an Operations Manager and two Sales and Event Services Associates
- Achieved an Employee Engagement Score of +47

## OPERATING IN A WINNING SYSTEM

- Hamilton Convention Centre's culinary team has taken great strides in elevating the quality of its food product offering, by working with local purveyors who are able to supply the high quantities that are demanded. The team has also worked much closer with event organizers to design more customized dining experiences, applying first-class culinary techniques to ensure a first-class delivery.
- A newly adopted model of training has been introduced at the Hamilton Convention Centre in order to improve guest experiences. Additionally, more full-time resources have been added to the event planning department to ensure that customer needs are being met and exceeded.

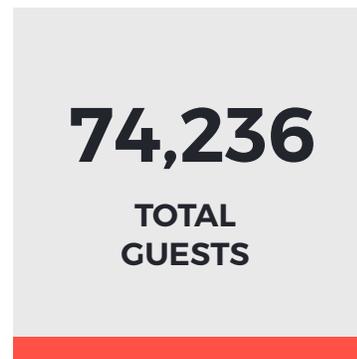
## DELIVERING EXTRAORDINARY EXPERIENCES

- Achieved a Net Promoter Score of +65.
- Google Review Rating of 4.1

## OPERATING SUSTAINABILITY, INCREASING THE PROFILE OF HAMILTON, DELIVERING COMMUNITY IMPACT

- Venue generated a \$20,000 cash surplus for the City of Hamilton
- Involved in over \$150,000 worth of direct sponsorship and in-kind donations for community initiatives.

# 2017 PERFORMANCE METRICS



# FINANCIAL PERFORMANCE

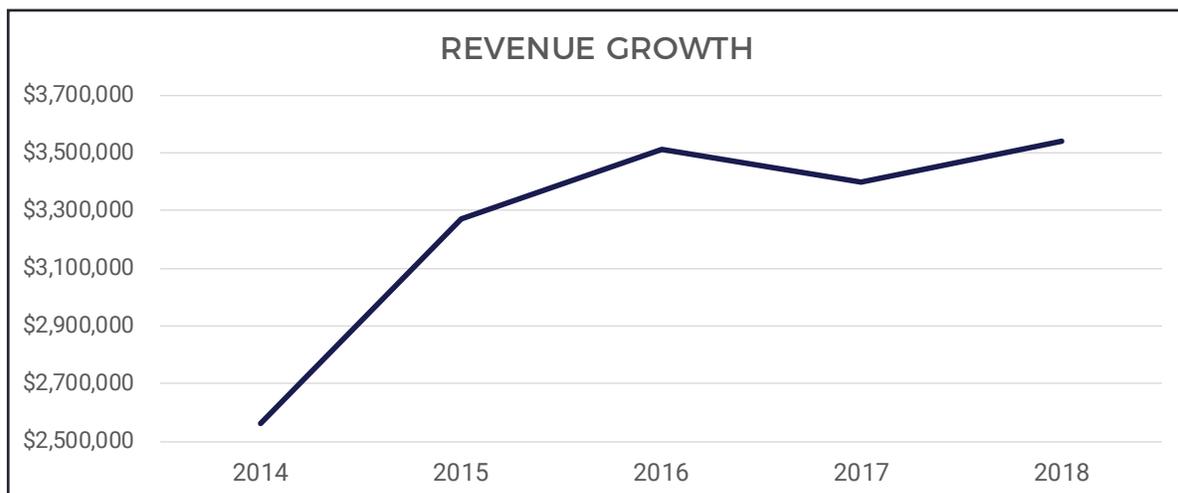
YEAR	REVENUE
2014	\$2.56M
2015	\$3.27M
2016	\$3.51M
2017	\$3.40M
2018	\$3.54M*

\*revenue forecast

2014-2018

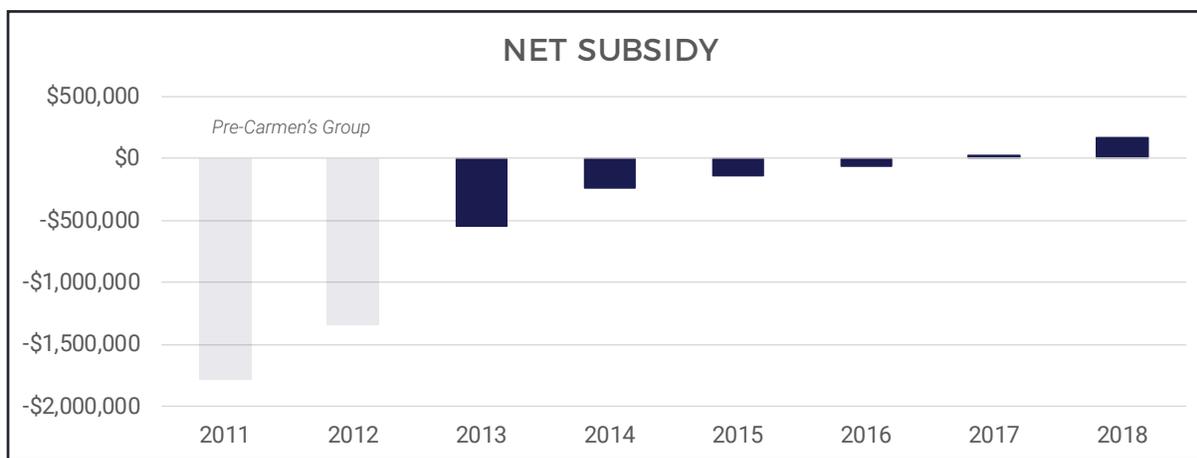
**38%**

**INCREASE**



## HAMILTON CONVENTION CENTRE SUBSIDY REDUCTION

YEAR	OPERATING SUBSIDY	HCC UTILITY CONTRIBUTION	ACTUAL (NET) SUBSIDY
2011	-\$1,786,000		
2012	-\$1,344,000		
		<i>*Before Carmen's Group</i>	
2013	-\$650,000	\$105,000	-\$545,000
2014	-\$344,000	\$105,000	-\$239,000
2015	-\$250,000	\$115,000	-\$135,000
2016	-\$200,000	\$135,000	-\$65,000
2017	-\$125,000	\$145,000	\$20,000
2018	\$0	\$165,000	\$165,000



# CAPITAL IMPROVEMENTS



**CLOCKWISE** Lobby, Chedoke Ballroom, Webster Ballroom & Lounge

# 2017 EVENTS

## CONVENTIONS & CONFERENCES

- American Public Gardens Association
- Canadian Council for the Advancement of Education National Conference
- Canadian Society of Association Executives' Trillium Chapter Winter Summit
- Canadian Pediatric Review
- McMaster University Continuing Health Sciences Education
  - *Internal Medicine Program*
  - *Thromboembolism Program*
  - *Rheumatology Program*
- Hamilton Health Sciences
  - Life After Breast Cancer Conference
  - Neuro Rehabilitation Conference
- St. Joseph's Healthcare Leadership Conference
- Ontario Senior Games Association
- Canadian Condominium Institute Conference
- Hamilton Law Association Conference
- Aboriginal Health Care Conference
- New Democratic Party Caucus Services Convention

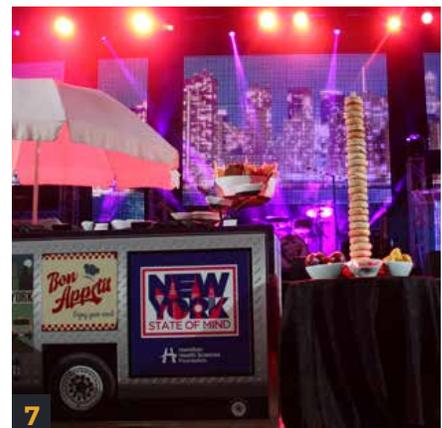
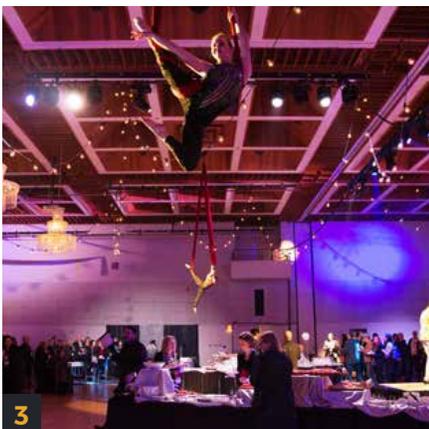
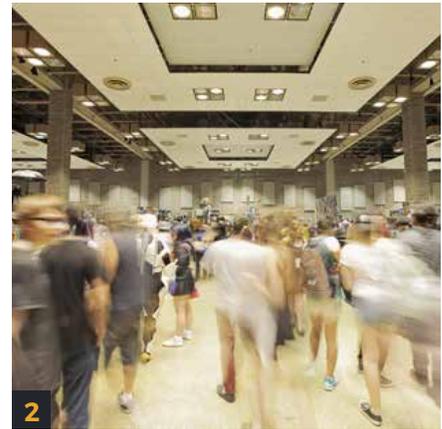
## TRADE & CONSUMER SHOWS

- Mission to Seafarers of Southern Ontario
- I Heart Beer Festival Trade Show
- Lululemon Athletica Consumer Show
- Vintage Marketplace Consumer Show
- Prestige Winter Bridal Show
- Fall Wedding Show
- Bump, Baby, and Toddler Expo
- ConBravo!

## SPECIAL EVENTS

- Living Rock Ministries Soupfest
- Hamilton Health Sciences Foundation Fundraising Gala
- YWCA Women of Distinction Awards Gala
- City Kidz Fundraising Gala
- Dreamcatcher Foundation Fundraising Gala
- CYO Sports Celebrity Dinner
- B'Nai Brith Sports Dinner
- Good Shepherd
  - *Glamour in the Hammer Fashion Show and Gala*
  - *Winter Wonderland*

# NOTEWORTHY EVENTS



1 Dreamcatcher Foundation Gala 2 ConBravo! 3 CSAE Trillium Chapter Winter Summit 4 JUNO Awards Industry Night 5 An Evening with Tony Bennett 6 TDL Group 7 Hamilton Health Sciences Annual Gala

**CARMEN'S GROUP****COMMUNITY  
INITIATIVES****DESTINATION MARKETING PROGRAM**

PJ Mercanti, CEO of Carmen's Group, was the Co-Chair of the Hamilton Hospitality Partners Steering Committee (HHPSC). Over the past two years he worked with partners from Tourism Hamilton and the accommodation industry as well as the Ontario Restaurant Hotel and Motel Association (ORHMA) to help develop a new Destination Marketing Program. In November 2017 the HHPSC was disbanded and the newly formed Hamilton Tourism Development Investment Group was activated, which will see funds raised starting in January 2018 for tourism promotion. The 'Made in Hamilton' model is fully transparent, with funds held in trust with ORHMA, and where each of the participant partner properties vote on how the funds will be invested, with the advice and guidance of Tourism Hamilton.

**CORPORATE HEADQUARTER RELOCATION**

Carmen's Group Recently relocated its corporate headquarters into Downtown Hamilton at the historic City Centre. All of its sales and operations, finance and accounting, human resources, marketing and communication, information technology, process improvement and business development functions will be managed out of this new space.

# CARMEN'S GROUP CARES

We are committed to creating a better future for our community by being involved and making a positive difference.

Hamilton is our home and we believe in being good citizens within the community that we live, work and play. Through our Carmen's Group Cares program, we actively pursue opportunities to better the lives of those who need a helping hand. Our team is committed to donating our time, resources, and knowledge to improving our community in a meaningful way.

We focus our support primarily at the community level in the areas of youth, education, social services & poverty reduction. We are particularly interested in providing support to organizations that focus on empowering children with the resources they need to live healthier and more successful lives.

## CARMEN'S GROUP CARES HIGHLIGHTS

### Charity of Hope Gala with Chantal Kreviazuk

\$125,000 Raised (\$1.3 Million Raised to Date)

### Hamilton Sign

\$25,000 Donation, Assisted in Securing the fundraising goal of \$300,000

### Amici Cup

\$10,000 Raised for CYO, Food 4 Kids, cystic fibrosis (Inaugural event)

### Hamilton Tiger-Cat Kicks for Kids

\$5000 Raised (\$60,000 Raised to Date)

### An Evening with The Great One

\$45,000 Raised for Hamilton Bulldogs Foundation, Food 4 Kids, Canadian Tire Jumpstart (\$1.2 Million to Date Raised at 'An Evening With' Events)

### Project Concern: It's a Kids Christmas with Hamilton Police Services

500 Individuals served

### Good Shepherd Winter Wonderland Christmas Dinner

3000 Individuals served





Hamilton

# Downtown Entertainment Asset Operating Agreements

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**7.3(b)**



# Downtown Entertainment Assets

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## **First Ontario Centre (formerly Copps Coliseum)**

Capacity: 17,400 Hockey, 19,000 Concerts

Opened: 1985

Operated by **Global Spectrum** since March 2013

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## **First Ontario Concert Hall and Studio (formerly Hamilton Place)**

Capacity: Great Hall 2193, 500 Studio

Opened: 1973

Operated by **Global Spectrum** since March 2013

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## **Hamilton Convention Centre**

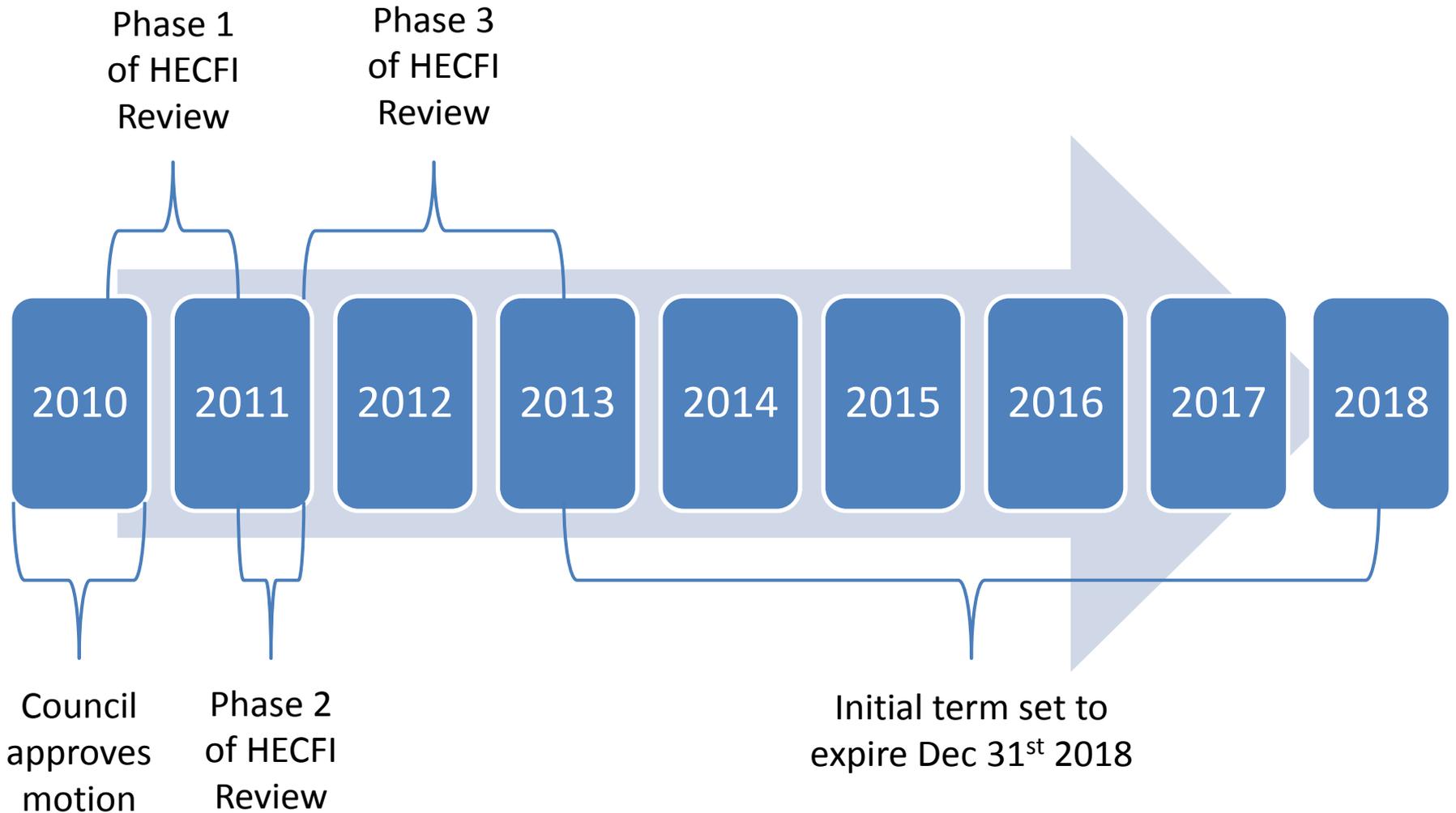
60,000 sq. ft. over 3 floors

Opened: 1981

Operated by **Carmen's Group** since March 2013

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# Historical Timeline



# Outcome of HECFI Review



- 5 year + 5 year deal
- Flat subsidy + profit share



- 5 year + 5 year deal
- Declining Subsidy



# Spectra Overview





# Spectra Overview



**\$2m**

In savings vs.  
HECFI model



**203**

Average number of  
events per year



**\$500k**

Capital  
contribution



**470k**

Average number of  
guests per year

Agreement Year	Subsidy of Operating loss	Subsidy of Utility Cost	Total Net Operating Subsidy
2017	\$1,300,000	\$1,200,000	\$2,500,000
2016	\$1,400,000	\$1,200,000	\$2,600,000
2015	\$1,400,000	\$1,200,000	\$2,600,000
2014	\$1,400,000	\$1,200,000	\$2,600,000
2013*	\$1,166,667	\$1,000,000	\$2,166,667
<b>Total</b>	<b>\$6,766,667</b>	<b>\$5,800,00</b>	<b>\$12,566,667</b>

\*From March 2013 until December 31<sup>st</sup> 2013



CARMEN'S GROUP

# Carmen's Group Overview



1 Dreamcatcher Foundation Gala 2 ConBravo! 3 CSAE Trillium Chapter Winter Summit  
4 JUNO Awards Industry Night 5 An Evening with Tony Bennett 6 TDL Group



# Carmen's Group Overview



**\$3m**

In savings vs.  
HECFI model



**137**

Total events  
in 2017



**\$700k**

Capital  
contribution



**74k**

Total guests  
in 2017

Agreement Year	Subsidy of Operating loss	Less Carmen's Group Utility Contribution	Total Net Operating Subsidy/ (Contribution)
2017	\$125,000	(\$145,000)	(\$20,000)
2016	\$200,000	(\$135,000)	\$65,000
2015	\$250,000	(\$115,000)	\$135,000
2014	\$344,000	(\$105,000)	\$239,000
2013*	\$650,000	(\$105,000)	\$545,000
<b>Total</b>	<b>\$1,569,000</b>	<b>(\$605,000)</b>	<b>\$964,000</b>

\*From March 2013 until December 31<sup>st</sup> 2013

# Alternatives For Consideration

Alternative:	Pro's	Con's
1) Exercise both 5 year renewal's	<ul style="list-style-type: none"> <li>• Locks in the existing savings over HECFI model</li> <li>• Honours the City's prior commitments</li> <li>• Would create certainty for the existing operators</li> </ul>	<ul style="list-style-type: none"> <li>• It could leave a more favourable deal on the table</li> </ul>
2) Issue a more formal RFP	<ul style="list-style-type: none"> <li>• Results in a more open competition</li> <li>• It could result in a more favourable deal over time</li> </ul>	<ul style="list-style-type: none"> <li>• It would prolong the process and impact the existing operations</li> <li>• It could send the wrong signals to the marketplace</li> </ul>
3) Have the existing vendors compete for the most favourable renewal terms	<ul style="list-style-type: none"> <li>• Honours the City's prior commitments</li> <li>• Would result in a more favourable deal</li> <li>• Would minimize impact on existing operations</li> </ul>	<ul style="list-style-type: none"> <li>• It would prevent other vendors from participating</li> </ul>

# Staff Recommendation

- (a) That a 6-month extension of the existing Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P. (Global Spectrum), which is set to expire on December 31, 2018, be approved;
- (b) That a 6-month extension of the existing Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd. (Carmen's Group), which is set to expire on December 31, 2018, be approved;
- (c) That the Mayor and the City Clerk be authorized and directed to execute any documents required to give effect to a 6-month extension to the Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P. (Global Spectrum);
- (d) That the Mayor and the City Clerk be authorized and directed to execute any documents required to give effect to a 6-month extension to the Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd. (Carmen's Group);

# Staff Recommendation

- (e) That staff be directed to invite Global Spectrum to submit two proposal(s):
  - i. A 5-year extension of the existing Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P.; and,
  - ii. A second proposal which also includes the scope of work outlined in the Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd. (Carmen's Group);
- (f) That staff be directed to invite Carmen's Group to submit two proposals:
  - i. A 5-year extension of the existing Facility Operating Agreement between the City of Hamilton, the Hospitality Centre Corporation and Mercanti Banquet & Convention Centre Ltd.; and,
  - ii. A second proposal which also includes the scope of work outlined the Management Agreement between the City of Hamilton and Global Spectrum Facility Management, L.P. (Global Spectrum);

# Staff Recommendation

- (h) That staff be directed to evaluate any proposal(s) the City receives using the criteria and methodology used by KPMG during the HECFI review and outlined in Appendix “A” and report back to General Issues Committee with a staff recommendation on how best to proceed with the management of these entertainment assets;
- (i) j) That a contribution to an upset limit of \$100,000 from the Tax Stabilization Reserve (#110046) be used to fund an independent third party review of the staff recommendation.

# Staff Recommendation



## HECFI Alternative Service Delivery RFP City Objectives of the RFP Process

- In seeking ASD proposals from interested parties, the RFP document listed the following specific objectives of the City:
  1. **Reducing or eliminating the City's subsidization of HECFI's facilities.**
  2. Fostering spin-off private investment in the downtown core of Hamilton.
  3. Maintaining the core use of each of the three HECFI facilities.
  4. Attracting a larger mix of high calibre sports and entertainment events.
  5. Enhancing the quality of life of Hamiltonians



**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Economic Development Division**

<b>TO:</b>	Mayor and Members General Issues Committee
<b>COMMITTEE DATE:</b>	July 9, 2018
<b>SUBJECT/REPORT NO:</b>	Temporary Delegated Authority-Financial Incentive Programs Administered by Urban Renewal Section and Real Estate Transactions (PED18135) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Carlo Gorni (905) 546-2424 Ext. 2755
<b>SUBMITTED BY:</b>	Glen Norton Director, Economic Development Planning and Economic Development Department
<b>SIGNATURE:</b>	

### RECOMMENDATION

- (a) That notwithstanding the delegation powers provided as found in the following bylaws:
- (i) By-law 10-052 enacts a By-law to delegate authority to the General Manager, Planning and Economic Development Department, for certain grants and loans under the Downtown and Community Renewal Community Improvement Plan and the following amendments to it;
  - (ii) By-law 11-274 amends By-law 10-052 authorizing the General Manager of the Planning and Economic Development Department to also approve grants under the Gore Building Improvement Grant Program and the Commercial Façade Property Improvement Grant Program;
  - (iii) By-law 14-085 amends By-law 10-052 authorizing the General Manager of the Planning and Economic Development Department to approve grants under the Hamilton Heritage Conservation Grant Program;
  - (iv) By-law-16-127 amends By-law 10-052 authorizing the General Manager of the Planning and Economic Development Department to approve grants under the Barton/Kenilworth Commercial Corridor Building Improvement Grant Program;

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**SUBJECT: Temporary Delegated Authority-Financial Incentive Programs Administered by the Urban Renewal Section and Real Estate Transactions (PED18135) (City Wide) - Page 2 of 11**

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- (v) By-law 17-142 amends By-law 10-052 authorizing the General Manager of the Planning and Economic Development Department to approve rebates under the Barton/Kenilworth Planning and Building Fee Rebate Program.

That the General Managers of Corporate Services Department, and Planning and Economic Development Department, be authorized to approve loans/grants under the following Financial Incentive Programs administered by the Urban Renewal Section on a temporary basis from October 1, 2018 until the inaugural meeting of the newly elected Council:

- (i) Hamilton Downtown Barton and Kenilworth Multi-Residential Property Investment Program;
  - (ii) Hamilton Tax Increment Grant Program;
  - (iii) Office Tenancy Assistance Program;
  - (iv) Commercial Corridor Housing Loan and Grant Program;
  - (v) Hamilton Community Heritage Fund Loan Program;
  - (vi) ERASE Redevelopment Grant Program;
  - (vii) LEED Grant Program;
  - (viii) Downtown Hamilton/West Harbourfront Remediation Loan Program;
  - (ix) Barton Kenilworth Tax Increment Grant Program.
- (b) That the City Manager in cooperation with the General Manager of the Planning and Development Department and the General Manager of Finance and Corporate Services Department be authorized to approve real estate transactions that have values in excess of existing delegations (\$250 K) on a temporary basis from October 1, 2018, until the inaugural meeting of the newly elected Council, subject to any transaction being in conformity with the City's Portfolio Management Strategy and confirmation of an approved budget by the General Manager of Finance and Corporate Services Department for any acquisition;
- (c) That the City Manager and the City Clerk be appointed as the authorized signing officers for the City of Hamilton for approved real estate transactions that have values in excess of existing delegations (\$250 K) on a temporary basis from October 1, 2018 until the inaugural Meeting of the newly elected Council;
- (d) That staff of the Planning and Economic Development Department, Economic Development Division, be directed to report back to the newly elected Council in February 2019 on details of the financial incentives that were approved by the General Managers of the Finance and Corporate Services Department, Planning and Economic Development Department and real estate transactions approved by the City Manager.

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## **EXECUTIVE SUMMARY**

### **Urban Renewal Incentives**

In order to ensure that investment in property redevelopment in the City of Hamilton is not interrupted subsequent to the final meeting of the General Issues Committee and the inaugural meeting of the newly elected Council, staff are recommending that the General Managers of the Corporate Services Department and Planning and Economic Development Department be temporarily delegated the authority to approve loans and grants under the Hamilton Downtown Barton and Kenilworth Multi-Residential Property Investment Program, the Hamilton Tax Increment Grant Program, the Office Tenancy Assistance Program, the Commercial Corridor Housing Loan and Grant Program, the Hamilton Community Heritage Fund Loan Program, the ERASE Redevelopment Grant Program, the LEED Grant Program, the Downtown Hamilton/West Harbourfront Remediation Loan Program and the Barton Kenilworth Tax Increment Grant Program.

This temporary delegated authority was approved by the General Issues Committee Report PED14131 on July 7, 2014 for the previous Municipal election and approved by Council on July 11, 2014.

### **Real Estate Transactions**

In order that the City can continue to complete real estate transactions, such as the acquisition of properties for road and other infrastructure projects, or disposition of surplus City-owned property, for example, subsequent to the final meeting of City Council up to the inaugural meeting of the newly elected Council, staff are recommending that the City Manager be temporarily delegated the authority to approve real estate transactions that have values in excess of existing delegations (\$250 K).

In accordance to Item 21, Committee of the Whole Report 01-029 adopted by Council on September 18, 2001, as amended by Item 9, Corporate Administration Committee Report 05-011 adopted by Council on June 29, 2005, City Council approved the Delegation of Authority to staff for routine real estate matters.

### ***Alternatives for Consideration – See Page 10***

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: **Urban Renewal Incentive Programs**  
Not applicable since all approved spending limits remain in place.

### **Real Estate Transactions**

Acquisition of real property interests by the City are funded by approved capital budgets, reserves and/or debt. Each project requiring property acquisition requires an established capital budget and account. Proceeds

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from the disposition of property and revenue from licenses and leases are distributed in accordance with the City's recently adopted Guideline on the Distribution of Proceeds from the Sale of Land.

**Staffing:** Administration of the Financial Incentive Programs can be accommodated within the Urban Renewal Section, Planning and Economic Development Department as well as the Taxation and the Finance and Administration Divisions of the Corporate Services Department.

All real estate transactions are currently undertaken by staff of the Real Estate Section of the Economic Development Division.

**Legal:** Legal Services Division, Corporate Services Department will continue to provide counsel to staff, when required, on applications received under the Financial Incentive Programs. Relevant loan/grant documentation will also continue to be developed in consultation with staff from the Legal Services Division.

Legal Services Division provides support to the preparation and acceptance of all legal real estate documents, and completes all real estate transactions.

A By-law authorizing the delegation is not required. The confirming by-law of the City Council wherein Council authorizes the temporary delegation is sufficient.

## **HISTORICAL BACKGROUND**

The Urban Renewal Section, Economic Development Division administers 17 Financial Incentive Programs, namely:

1. Hamilton Downtown Barton Kenilworth Multi-Residential Property Investment Program;
2. Hamilton Tax Increment Grant Program;
3. Office Tenancy Assistance Program;
4. Business Improvement Area Commercial Property Improvement Grant Program;
5. Hamilton Heritage Property Grant Program;
6. Commercial Corridor Housing Loan and Grant Program;
7. Gore Building Improvement Grant Program;
8. Commercial Façade Property Improvement Grant Program
9. Hamilton Community Heritage Fund Loan Program;
10. Hamilton Heritage Conservation Grant Program;
11. ERASE Redevelopment Grant Program;

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12. ERASE Study Grant Program;
13. LEED Grant Program;
14. Downtown Hamilton/West Harbourfront Remediation Loan Program;
15. Barton/Kenilworth Commercial Corridor Building Improvement Grant Program;
16. Barton/Kenilworth Tax Increment Grant Program; and,
17. Barton/Kenilworth Planning and Building Fee Rebate Program.

City Council, at its meeting held January 27, 2010, authorized the General Manager of the Planning and Economic Development Department to approve loans and grants to a maximum of \$200 K under the Business Improvement Area Commercial Property Improvement Grant Program, the Commercial Corridor Housing Loan and Grant Program, and the Hamilton Heritage Property Grant Program, directing staff to report back on a quarterly basis on details of the loans/grants that the General Manager approves. By-law 10-052, enacted by City Council at its meeting held March 10, 2010, delegates the aforementioned authority.

City Council, at its meeting held November 16, 2011, enacted By-law 11-274 that amends By-law 10-052 authorizing the General Manager of the Planning and Economic Development Department to also approve grants under the Gore Building Improvement Grant Program and the Commercial Façade Property Improvement Grant Program.

City Council, at its meeting held April 9, 2014, enacted By-law 14-085 that amends By-law 10-052 authorizing the General Manager of the Planning and Economic Development Department to approve grants under the Hamilton Heritage Conservation Grant Program.

City Council, at its meeting held May 11, 2016, enacted By-law 16-127 that amends By-law 10-052 authorizing the General Manager of the Planning and Economic Development Department to approve grants under the Barton/Kenilworth Commercial Corridor Building Improvement Grant Program.

City Council, at its meeting held July 17, 2017, enacted By-law 17-142 that amends By-law 10-052 authorizing the General Manager of the Planning and Economic Development Department to approve rebates under the Barton/Kenilworth Planning and Building Fee Rebate Program.

Approval of loans, grants and rebates under the Financial Incentive Programs contained in By-law 10-052 as amended will not be interrupted during the pending Municipal election period with the exception of loan commitments in excess of \$200 K under the Commercial Corridor Housing Loan and Grant Program.

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**Hamilton Downtown Barton and Kenilworth Multi-Residential Property Investment Program**

Development projects in Downtown Hamilton that convert existing commercial space into residential units, renovate existing residential units, or create new residential units, may be eligible for this Program. It provides an interest free loan calculated on the basis of 25% of the cost to construct budget (to a maximum of \$4 M) including uses accessory to the residential development. The maximum loan amount outstanding under the Program to a single developer or related group will not exceed \$10 M at one time.

City funds are advanced in three stages, upon completion of 60%, 80% and substantial completion of the project. The loan is interest-free for the first five years of a maximum term of five years and six months from the date of the final advance. Repayments commence one year following the final advance. However, if the project contains condominium units, the loan is repaid at 25% of the sale price of each unit at time of sale until the City's loan has been paid in full.

**Hamilton Tax Increment Grant Program**

The Program provides a tax increment equivalent grant to projects that develop or renovate residential and/or commercial land and buildings. Based on pre-development and post-development assessments, the five-year grant is equivalent to 100% of the Municipal realty tax increase during the first year, 80% in year two, 60% in year three, 40% in year four, and 20% in year five. Grants are not assignable by the property owner to anyone except purchasers of new condominium units. The grant may also be applied to the repayment of a City loan issued under the Hamilton Downtown/West Harbourfront Remediation Loan Program.

**Office Tenancy Assistance Program**

The Program provides a low interest loan to building owners or tenants to support eligible leasehold improvements to office buildings. The amount of the loan depends on the square foot area and term of lease or owner-occupied status of the office space, to a maximum of \$450 K per application. City funds begin to flow upon 50% completion of the work. The maximum loan term is the term of the lease and/or shall not exceed five years from the date of the final advance. Loan repayments commence one month following the final advance.

**Commercial Corridor Housing Loan and Grant Program**

The Program offers financial assistance for the construction of new residential units, renovation of residential units, or conversion of existing commercial space into residential units. The loan is calculated on the basis of \$20 K per dwelling unit, to a maximum of \$600 K per property. The grant provides up to \$5 K per property for professional fees and City of Hamilton fees paid. A minimum of 50% of the loan per unit must be spent on the dwelling unit while the remaining 50% can cover the cost of

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common elements of the property such as roofing, fire escapes, furnaces and entranceways.

**Hamilton Community Heritage Fund Loan Program**

The Program offers a 0% interest loan to a maximum of \$50 K for the restoration and conservation of heritage features of properties designated under Parts IV or V of the *Ontario Heritage Act*. Repayment of the loan is repayable monthly up to a maximum of ten years or, repayable in annual amounts of 10% of the original loan amount. Payments will commence one year following completion of construction. The balance outstanding will be paid by a balloon payment at the end of the five-year term.

**ERASE Redevelopment Grant Program**

The Program provides a financial incentive in the form of a grant to help off-set the cost of environmental remediation and rehabilitation of Brownfield properties where redevelopment results in a re-valuation and tax increase on these properties. The grant is calculated at 80% of the increase in the Municipal portion of property taxes and is paid on an annual basis for up to ten years, commencing once the redevelopment is complete and reassessed by the Municipal Property Assessment Corporation. The grant may also be applied to the repayment of a City loan issued under the Hamilton Downtown/West Harbourfront Remediation Loan Program.

**LEED Redevelopment Grant Program**

The purpose of the Program is for the City to share (50/50) the incremental construction cost (to a maximum) of consultation, energy modelling and certification fees with the Applicant to achieve LEED certification. Grants are calculated on the basis of the rating of official certification under the LEED rating system by the Canadian Green Building Council. The Program offers a five-year grant, in an amount not exceeding the increase in Municipal realty taxes as a direct result of the re-development of land and/or building. The grant shall not exceed 75% of the Municipal realty tax increase during the term of the grant.

**Downtown Hamilton/West Harbourfront Remediation Loan Program**

The Program provides financial assistance through a low interest loan equal to 80% of the cost of remediating a property to a maximum of \$400 K per property/project within Downtown Hamilton or the West Harbourfront. The loan is to be a “bridge” until such time as the property owner receives their ERASE Re-Development Grant or their Hamilton Tax Increment Grant.

**Barton/Kenilworth Tax Increment Grant Program**

The Program provides a tax increment equivalent grant to projects that develop or renovate residential and/or commercial land and buildings. Based on pre-development and post-development assessments, the nine-year grant is equivalent to 100% of the

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Municipal realty tax increase during the first, second, third, fourth and fifth year, 80% in year six, 60% in year seven, 40% in year eight, and 20% in year nine.

The grants may be received by an Applicant in conjunction with any other available Municipal Program (with the exception of the Hamilton Tax Increment Grant Program, the ERASE Redevelopment Grant and the LEED Grant) in support of re-development/development, including the Municipality's Loan and Heritage Programs. The approved grants are not assignable by the Applicant to anyone except to the initial purchaser of a residential condominium in a residential project, the initial purchaser of a residential or commercial condominium unit within a mixed-use project, or to the City of Hamilton.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The Hamilton Downtown Barton and Kenilworth Multi-Residential Property Investment Program, the Hamilton Tax Increment Grant Program, the Office Tenancy Assistance Program, the Commercial Corridor Housing Loan and Grant Program and the Barton/Kenilworth Tax Increment Grant Program are contained within the City's Downtown and Community Renewal Community Improvement Plan.

The ERASE Redevelopment Grant Program, the ERASE Study Grant Program, the LEED Grant Program and the Downtown Hamilton/West Harbourfront Remediation Loan Program are contained within the ERASE Community Improvement Plan.

The Hamilton Community Heritage Fund Loan Program supports the restoration/conservation of heritage properties which is important to the urban revitalization and regeneration of Hamilton. Volume 1, Section 3.4 - Cultural Heritage Resources Policies of the Urban Hamilton Official Plan states that the City shall "protect and conserve the tangible cultural heritage resources of the City, including archaeological resources, built heritage resources, and cultural heritage landscapes" (Volume 1, 3.4.2.1(a)), and "identify cultural heritage resources through a continuing process of inventory, survey, and evaluation, as a basis for the wise management of these resources" (Volume 1, 3.4.2.1(b)). The policies also provide that the "City may, by by-law, designate individual and groups of properties of cultural heritage value under Parts IV and V, respectively, of the *Ontario Heritage Act*" (Volume 1, 3.4.2.3). These policies demonstrate Council's commitment to the identification, protection, and conservation of the cultural heritage resources.

City Council, at its meeting of November 24, 2004, adopted the City's Portfolio Management Strategy Plan, which established a formalized process to be consistently applied across all areas of the City to guide the management of the City's real property owned, leased, to be sold and acquired.

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**RELEVANT CONSULTATION**

The following were consulted on the drafting of this Report and the advice received is incorporated in Report PED18135:

1. The General Manager of Finance and Corporate Services Department;
2. Staff from Legal Services Division, Corporate Services Department;
3. Real Estate Section, Planning and Economic Development Department; and,
4. Office of the City Clerk, Corporate Services Department.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION**

In order that there are no interruptions in the delivery of loan and grant approvals under the Financial Incentive Programs during the Municipal election campaign, temporary delegated authority to the General Managers of Finance and Corporate Services and Planning and Economic Development is required. Delaying loan or grant approvals for redevelopment projects within the City could cause significant uncertainty in a project's feasibility and overall costs.

Staff will continue to undertake due diligence on each application received including: a financial risk analysis; confirmation of compliance with zoning; determination of outstanding Work Orders, Fire Code Orders and Property Standards Infractions, status of taxes. Upon confirmation that all terms and conditions have been met, staff will recommend approval of the loan/grant to the General Managers.

For real estate transactions, current delegated authority limits staff to a maximum of \$250 K. In addition to the Portfolio Management Strategy requirements for transactions to be based on an approved program and/or suitable due diligence and an approved business case, the following conditions are adhered to:

- For acquisitions (including leasehold interest), demonstration of sufficient funds from identified sources;
- For dispositions (including leasehold interest), surplus declaration protocol completed;
- Fair market consideration or better for the City; and,
- Terms and conditions satisfactory to Director, Legal Services Division.

In order to ensure that there are no interruptions in the acquisition of land for approved programs and disposition of surplus properties at values that exceed the current delegated authority limits during the Municipal election campaign, temporary lifting of limits on the delegated authority to the City Manager is required. While staff will attempt to limit the number of transactions, this exception will apply to instances when an

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expedited approval for a transaction is required. Examples of this necessity would include:

1. A land owner approaches the City to offer a desirable parcel of land (such as would be suitable for industrial park land development in accordance with the Economic Development Action Plan);
2. Offers have been received for a surplus property that has been offered into the marketplace;
3. A strategic parcel of land, based on approved program or initiative, is advertised for sale;
4. A settlement of a dispute respecting value of a transaction for which a project or development is dependent; and,
5. An opportunity for a strategic partnership or development opportunity arises, where City real estate interests can affect a favourable outcome, consistent with approved direction.

Each of these examples is predicated on a limited time opportunity – otherwise staff would delay until Council could consider the matter – and a value that exceeds current delegated authority limits. In most instances, failure to undertake a transaction would lead to a significantly higher cost or lower revenue to the City, or a missed opportunity for creative City building or achievement (or diminution thereof) of longer-term objectives.

Staff will report back on all loans and grants approved by the General Managers of Finance and Corporate Services Department and Planning and Economic Development Department to the General Issues Committee and any real estate transactions approved by the City Manager, in February 2019.

### **ALTERNATIVES FOR CONSIDERATION**

An alternative is not to delegate temporary authority to the General Managers of Finance and Corporate Services Department and Planning and Economic Development Department which could cause the delay or cancellation of a redevelopment project. In order to provide a seamless service, this alternative is not recommended.

An alternative is not to delegate temporary authority which could cause the delay or cancellation of a redevelopment project, or cause significant increase in the cost of an initiative due to delay or having to take an alternative course of action respecting real estate development opportunities. In order to provide a seamless service, this alternative is not recommended.

Financial: N/A

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Staffing: N/A

Legal: N/A

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Community Engagement and Participation**

*Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.*

**Economic Prosperity and Growth**

*Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.*

**Our People and Performance**

*Hamiltonians have a high level of trust and confidence in their City government.*

**APPENDICES AND SCHEDULES ATTACHED**

N/A

CG:dt