



# INFORMATION REPORT

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| <b>TO:</b> Mayor and Members<br>General Issues Committee  | <b>WARD(S) AFFECTED:</b> CITY WIDE                          |
| <b>COMMITTEE DATE:</b> April 17, 2013   |   |
| <b>SUBJECT/REPORT NO:</b><br>HECFI Transition Update (FCS13039) (City Wide)                     |   |
| <b>SUBMITTED BY:</b><br>Mike Zegarac<br>Acting General Manager, Finance &<br>Corporate Services | <b>PREPARED BY:</b><br>John Hertel (905) 546-2424 ext. 2739 |
| <b>SIGNATURE:</b>   |   |

**Council Direction: N/A.**

## Information:

The new operators of Copps Coliseum, Hamilton Place, and the Hamilton Convention Centre took over the facilities March 1, 2013. This report provides a brief overview of the transition activities to date. More detail will be provided at the General Issues Committee (GIC) on April 17, 2013, through a separate slide presentation.

Future updates will be provided to GIC, on a quarterly basis; a report card format is being developed.

**Governance** – Two oversight teams have been established to monitor the contract deliverables and to support the success of the new operators:

1. **FMT (Facilities Management Team)** - Major responsibilities include the development and monitoring of capital budgets, upgrades, and the capital maintenance programs for the venues:
  - One team per Operator (Global Spectrum (1), Carmen's (1))
  - City Representation includes – Public Works Facilities Management & Capital Programs, Public Works Energy, Fleet & Traffic, and Corporate Services Enterprise Management & Revenue Generation (plus ad hoc guests as required)

- Frequency – Monthly
2. **CMT (Contract Management Team)** – Primary responsibility is to “...monitor each party’s compliance with the terms of the agreement”
- One team per Operator (Global Spectrum (1), Carmen’s (1))
  - City Representation includes – Corporate Services – Enterprise Management & Revenue Generation, Corporate Services Finance, and Public Works Facilities Management & Capital Programs, (plus ad hoc guests as required)
  - Frequency - Quarterly

**Financial Administration** – A significant focus has been placed on implementing processes to ensure financial compliance by all parties. Corporate Services staff have assisted in establishing the necessary tools to execute and monitor the financial elements of the contracts including but not limited to: operating and capital budgets, CUP Reporting and Billing, IT reporting and billing (GS), Performance Bond management, and transition cost management.

A skeleton staff of HECFI resources, under the leadership of the HECFI Corporate Controller, remains on the job co-ordinating the year-end wrap-up and audit, as well as processing and closing out all Jan. / Feb. financials.

**Capital Improvements** – Each operator made a significant up-front commitment towards capital improvements in their bids. Both parties are actively engaged within the Facilities Management Teams to prioritize and execute the capital program. This includes both the upgrades and capital maintenance programs.

**Personnel** – This has been a significant component of the transition efforts to date, involving the total of approximately 800 full time, part time, union and non-union team members. Through the significant efforts of the proponents and City HR we have completed the majority of the personnel related activities:

1. **Support** – Leading up to, and post March 1<sup>st</sup>, support has been provided to assist with career transition on an individual basis.
2. **28 people severed** (non-union)
  - 21 Full Time
  - 4 Event Supervisors ( Part time with Full Time Hours)
  - 3 Full Time Contract employees
3. **Employees Retained**
  - All union and non-union part time employees were invited to join the new operators

- Carmen's – 0 Full Time Retained
  - Global Spectrum – 13 Full Time Retained
    - 8 Full Time non-union
    - 5 Part Time non-union were offered Full Time positions
4. **Transition staffing** – a number of employees stayed on past the March 1<sup>st</sup> date, ranging from a few days to several weeks, to assist with the transition work load. Some employees were requested to stay by the new operators, and others remained for City specific requirements. Where appropriate, the new operators are being billed for the services provided.
5. **Short Term Personnel Challenges** – Various 'settling in' challenges have been experienced during the first month, and are being addressed by the new operators and the City:
- Global Spectrum experienced and has dealt with initial payroll and benefits challenges
  - Carmen's is working through benefits questions for some members of their part time team
  - The City continues to negotiate with the majority of the severed full time employees to finalize their settlements
  - Carmen's and Global Spectrum are working through scheduling and work assignment issues with local IOUE 772