



Hamilton

INFORMATION REPORT

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| TO: | Mayor and Members General Issues Committee |
| COMMITTEE DATE: | December 6, 2017 |
| SUBJECT/REPORT NO: | Amazon.com, Inc. – RFP for the Second Corporate Headquarters, Financial Summary (CM17019) |
| WARD(S) AFFECTED: | City Wide |
| PREPARED BY: | Lisa Zinkewich 905-546-2424 ext. 5312 |
| SUBMITTED BY: | Chris Murray City Manager |
| SIGNATURE: | |

Council Direction:

At its meeting of September 27, 2017, Council approved Motion 7.8 (Appendix “A” attached to Report CM17019). This motion supported the creation of a City of Hamilton bid, in response to a Request for Proposal (RFP) that was issued by Amazon.com, Inc. (Amazon) on September 7, 2017 to determine the ideal location of its second Corporate Headquarters (HQ2) within North America.

As part of this motion, staff were directed to report back to the General Issues Committee with a breakdown on the total amount spent on the Amazon HQ2.

Highlights of the proposal (non-confidential components) can be found on the City’s website at <https://www.hamilton.ca/city-initiatives/unstoppable-hamilton>. Hamilton was one of 238 proposals submitted to Amazon (1 of 11 Canadian bids across 6 Provinces). An announcement in regards to the successful City is expected sometime in 2018.

Information:

Proposal Benefits, in addition to Amazon

The information gathered as part of the proposal is providing value to the City of Hamilton beyond the proposal submission. Communications, Economic Development and Tourism are using the content produced in the proposal for ongoing broad-based marketing initiatives, including general public relations and marketing to promote the City, as well as specific key sector, client and project focussed marketing materials.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

To date items that have been created from information used as part of the Amazon bid include, but are not limited to presentations, pitch materials, web copy, and social media. The content is also being used to create an updated economic development marketing strategy (in development). These pieces will support overall long term business development and attraction goals for the City of Hamilton. Specific key sector and client focussed marketing materials will be produced to support direct investment opportunities both at the local, national and international level. Tourism Hamilton will draw from the Amazon material to include in bid proposals to attract meetings, convention, major events and sport tournament business to the city. Select content will also inform future collateral for tourism sales missions and tradeshow and be shared with media, partners and stakeholders.

Some specific marketing and communications opportunities that have already used the information from the Amazon bid include:

- City Manager's Annual Breakfast, sponsored by the Hamilton Chamber and attended by over 300 private business and industry leaders
- Our Future Hamilton Summit, attended by 425 community partners and residents
- Bid promoted through City of Hamilton corporate and economic development social media channels
- Dedicated section of Hamilton.ca
 - To date the public version of the proposal has been downloaded over 77,000 times
 - Metrics indicating that to date the reach is 31,630,083 and the Ad Value Equivalency is \$292,578.27
- An up and coming Globe and Mail newspaper supplement, featuring the City of Hamilton, will showcase the photo and marketing slogan that was the cover of the proposal.

In addition, following the recent designation of the City of Hamilton as a Smart 21 City, relevant information from the Amazon bid will be used in the Intelligent Communities Forum Smart 7 application that is currently being prepared.

Financial Summary

The approved motion noted that the cost of the bid was not to exceed \$500K. The total amount spent as part of the Amazon HQ2 proposal is \$466,649.99 (includes the City's portion of HST). Table 1 (attached as Appendix "B" to Report CM17019) provides a detailed breakdown of Amazon partner donation, municipal contributions and expenses.

The City Manager has authority to allocate \$250K of City funding with staff directed to work with private sector and institutional partners to secure the remaining \$250K to supplement and offset the costs of the Amazon HQ2 proposal. The City funded portion

was paid for out of the Economic Development Initiatives capital account. There is a current shortfall of \$41,649.99 to fund the additional \$250K. The Director, Strategic Partnerships & Revenue Generation is continuing to work with private sector and institutional partners to supplement the Amazon bid, with a goal of successfully acquiring this investment prior to the end of the 2017 calendar year.

In addition to the work undertaken and costs directly related to preparing the Amazon proposal, an additional \$40,428.00 was spent on gathering information that is required to support regular business, but that was included as information within the Amazon proposal. This includes the acquisition of labour services data that will be used by Human Resources, photography services that will be used by communications and marketing and water and servicing sewer information that will be used by Hamilton Water. These costs have not been included in the Amazon related costs as a result of the on-going value to the Corporation.

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