



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Strategic Partnerships and Communications
and
PUBLIC WORKS DEPARTMENT
Energy, Fleet & Facilities Management Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	January 17, 2018
SUBJECT/REPORT NO:	Stadium Event Booking Function (Pilot) (CM18003 / PW18010) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Ryan McHugh (905) 546-2424, Extension 2725
SUBMITTED BY:	John Hertel Director, Strategic Partnerships and Communications City Manager's Office
SIGNATURE:	Rom D'Angelo, C.E.T.;CFM Director, Energy, Fleet & Facilities Management Public Works Department

RECOMMENDATION

- (a) That the City of Hamilton's responsibilities for the event booking operations outlined in the License Agreement relating to Tim Horton's Field be assigned to Spectra Venue Management effective February 1, 2018;
- (b) That the assignment of the event booking operations be considered a pilot program ending on or before December 31, 2018;
- (c) That an agreement, separate from the existing Management Agreement between the City of Hamilton and Spectra Venue Management, be prepared in a form satisfactory to the City Manager and City Solicitor;
- (d) That the City Manager or his delegate be authorized to finalize the details of the agreement, within a framework attached as Appendix "A" to report (CM18003 / PW18010).

EXECUTIVE SUMMARY

Since the opening of Tim Hortons Field, the City of Hamilton has engaged a contract employee to serve as the booking agent for all functions at the facility. These bookings

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**SUBJECT: Stadium Event Booking Function (Pilot) (CM18003 / PW18010)
(City Wide) - Page 2 of 6**

include the use of the stadium facilities by community groups and corporations interested in events ranging from field use for a sporting event, to the utilization of the various meeting rooms.

To date, the booking function has been executed as a demand based role, i.e. taking requests for bookings, but not engaging in proactive outreach and promotion to secure incremental bookings. The role has served the basic needs of the booking function but has not been proactively reaching out to the community to promote the facilities availability and grow rental revenues. No FTE complement has been assigned to this position; the current contract for the position expires in July of 2018 and the individual will return to their home Division at that time.

Spectra Venue Management has been operating the City of Hamilton owned FirstOntario Centre (formerly Copps Coliseum), the FirstOntario Concert Hall (formerly Hamilton Place) and the Studio theatre (formerly Molson Studio) since March of 2013. Spectra is widely recognized as a world leader in hosting and entertainment, partnering with over 300 clients at 400 global properties. Spectra and City staff have ongoing discussions as part of our existing Management Agreement. Through these discussions, Spectra identified their interest in participating in the stadium operations that have potential revenue growth opportunities and operational savings for the City.

Their proposal is a performance based model where the City would pay a monthly management fee plus a revenue share of the net proceeds for new stadium bookings. Spectra would not receive a commission on any renewals of events associated with existing users. Within the proposed 11 month pilot, the facility is forecasted to realize a net gain of 3 mid to large sized events that would generate approximately \$14,050 in net incremental revenues to the City (net of the proposed management fee). When the savings related to discontinuing the contract of the current employee is considered, the net benefit to the City would total a projected \$44,050 during the term of the pilot. The net new events would also generate additional revenues to the City through the City's share of food and beverage commissions. If extended into 2019, Spectra forecasts an estimated \$155,000 in net new revenues to the City.

Under the proposal put forward by Spectra, they would provide a full time on-site employee in space provided by the City, with the background and proven success in growing event revenues and customer care. Their performance will be largely measured against the growth of incremental revenues and event bookings as well as client satisfaction feedback. As part of the proposed agreement, Spectra has also committed to honouring existing relationships with community groups.

The current Management Agreement with Spectra consists of a 5 year initial contract, with a 5 year extension option. The first agreement with Spectra expires on December 31, 2018. A report outlining staff's recommendation as to whether the City should exercise their option for a 5 year extension will be submitted to Committee in mid-2018. At that time, staff would also make recommendations related to the booking operations based on the performance of the pilot.

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Alternatives for Consideration – See Page 6

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The City of Hamilton is projected to realize a net gain of approximately \$44,050 during the 11 month pilot. This will be achieved based upon an expenditure reduction of approximately \$35,000 (by returning one contracted employee to their home position 6 months early), a revenue increase forecasted to be approximately \$69,050, all net of a Spectra management fee of \$55,000 (\$5,000 per month for 11 months). If the pilot is extended beyond 2018, revised financials will be provided at the time of consideration by Council.

Staffing: One contract employee, currently under contract until July of 2018, will not be renewed for the events booking role and will return to their home department.

Legal: Legal Services will play an integral role in preparing an agreement with Spectra's legal counsel.

HISTORICAL BACKGROUND

Tim Hortons Field contains multiple meeting rooms and recreation spaces that are available for rent. In addition to the field of play, the venue also has five club level rooms, a media conference centre and multiple community meeting rooms. In an effort to maximize the utilization and revenue generation potential of the facility, Council directed staff to prepare a multi-year Strategic Marketing Plan for Tim Hortons Field opportunities in Report PW14091.

In response to this Council direction, Staff submitted report PW15027 which contained the Tim Hortons Field Strategic Marketing Plan which outlined the following objectives:

1. To provide extensive community programming as identified in the Stadium Precinct planning process;
2. To maximize use and revenue opportunities for Tim Hortons Field upon opening and through to the end of 2016.

To achieve these objectives, staff identified the following market segments that were to be targeted by Staff:

- Community Programming;
- Community Sport Programming;
- Amateur Sporting Events - Spectator Events;
- Film Shoots;
- Concerts.

**SUBJECT: Stadium Event Booking Function (Pilot) (CM18003 / PW18010)
(City Wide) - Page 4 of 6**

Appendix “A” to Report PW15027 identified the following marketing channels that would be utilized to reach users within these market segments:

Website:

A site was to be developed that will be visually appealing and be easy to navigate with content such as event information, rental information and guest relations information.

These web pages will be incorporated into the new City of Hamilton website.

Event Promotions & Advertising:

Staff were to work with events right holders in promoting Tim Hortons Field public events. This will include advertising, media conferences, customer relationship management (CRM) and public relations.

Public Tours:

Beyond the tours outlined above, public tours were to be offered once substantial completion has been determined. These tours were to begin in 2015 and were to be held at a frequency determined by the communities demand.

Virtual Tours:

Once substantial completion has been met, staff were to ensure that the venues’ photography and videography is completed in order for the public to have virtual tours at their convenience.

City of Hamilton Suite 26 (Private Box):

The City of Hamilton Suite 26 usage protocol and policy will be developed and reside with the City Manager’s Office.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS – N/A

RELEVANT CONSULTATION

City Manager’s Office: Strategic Partnerships and Revenue Generation

Public Works Department: Energy, Fleet & Facilities Management Division

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Upon completing the term of the Tim Hortons Field Marketing Plan outlined above, it became apparent that the booking function was being executed as a demand based role, i.e. taking requests for bookings, but not engaging in proactive outreach and promotion to secure incremental bookings. The role has served the basic needs of the booking function but has not been reaching out to the community to promote its availability and grow the revenues.

The 2016 season marked the first full season of programming at Tim Hortons Field.

Overall, Tim Hortons Field had in total 1360 unique field of play & meeting room bookings of which 295 (22%) were utilized by local sports and Community

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**SUBJECT: Stadium Event Booking Function (Pilot) (CM18003 / PW18010)
(City Wide) - Page 5 of 6**

organizations. Of those 295 bookings, 145 (49%) were from Minor or Adult soccer programming, which accounted for 11 % of Tim Hortons Field total yearly bookings.

The number of annual rentals and the associated revenues during the term of the initial Tim Hortons Field Marketing Plan are as follows:

Year	Total Rentals	Total Rental Revenues
2017	1,110	\$545,577*
2016	1,360	\$616,726

*December 2017 YTD

Spectra by Comcast Spectator, which currently operates FirstOntario Centre, FirstOntario Concert Hall and the Studio, is widely recognized as a world leader in hosting and entertainment, partnering with over 300 clients at 400 global properties. Spectra's expertise is embodied within three divisions: Venue Management, Food Services and Hospitality and Ticketing and Fan Engagement. According to Spectra's latest Annual Report, their mission is to provide world class, diversified and quality entertainment to the people of Hamilton and its surrounding areas.

In 2016, leading concert industry publication Pollstar Magazine, ranked FirstOntario Centre as one of the top 200 arenas in the world in their yearend review. Pollstar Magazine bases their rankings on tickets sold for concerts and family shows held in a given arena (excludes sporting events). FirstOntario Centre jumped up in the rankings from 134 in 2014 to 108 in 2016, ranking 10th among Canadian Arenas:

Canadian Rank	World Rank	Arena Venue	City	Concert Capacity	# of Tickets Sold
1	9	Air Canada Centre	Toronto	19,800	702,516
2	20	Bell Centre	Montreal	15,000	571,770
3	43	Rogers Arena	Vancouver	19,000	368,129
4	50	Casino Rama	Rama	5,000	331,004
5	74	Centre Videotron	Quebec City	20,396	223,032
6	78	Rexall Place	Edmonton	13,000	202,893
7	82	Canadian Tire Centre	Ottawa	20,041	197,457
8	86	Budweiser Gardens	London	9,000	176,290
9	102	MTS Centre	Winnipeg	16,345	153,872
10	108	FirstOntario Centre	Hamilton	19,000	145,040

Note: The above figures exclude hockey and other sporting events.

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**SUBJECT: Stadium Event Booking Function (Pilot) (CM18003 / PW18010)
(City Wide) - Page 6 of 6**

Based on initial projections by Spectra, it is forecasted that they could increase the number of medium sized (film shoots, miscellaneous sporting events, etc.) to large sized (half and full stadium events) rentals, by approximately 3 additional events during the term of the pilot, while maintaining existing community programming and growing revenues from rental rooms.

ALTERNATIVES FOR CONSIDERATION

Alternative 1:

Council could approve a budget enhancement that would make the current contract position who oversees the booking functions a permanent FTE. The contract associated with this position currently expires on July 1st 2018. Making this position permanent would add \$35,000 in additional salary (benefits included) to the 2018 budget and \$74,687 (benefits included) every year thereafter.

Alternative 2:

Council could direct staff to enter discussions with the Hamilton Tiger-Cats to gauge their level of interest in overtaking the event booking operations that currently sit with the City of Hamilton.

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.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” – Overview of proposal and financial impact