



Hamilton

Downtown Entertainment Asset Operating Agreements

7.3(b)



Downtown Entertainment Assets



First Ontario Centre (formerly Copps Coliseum)

Capacity: 17,400 Hockey, 19,000 Concerts

Opened: 1985

Operated by **Global Spectrum** since March 2013



First Ontario Concert Hall and Studio (formerly Hamilton Place)

Capacity: Great Hall 2193, 500 Studio

Opened: 1973

Operated by **Global Spectrum** since March 2013



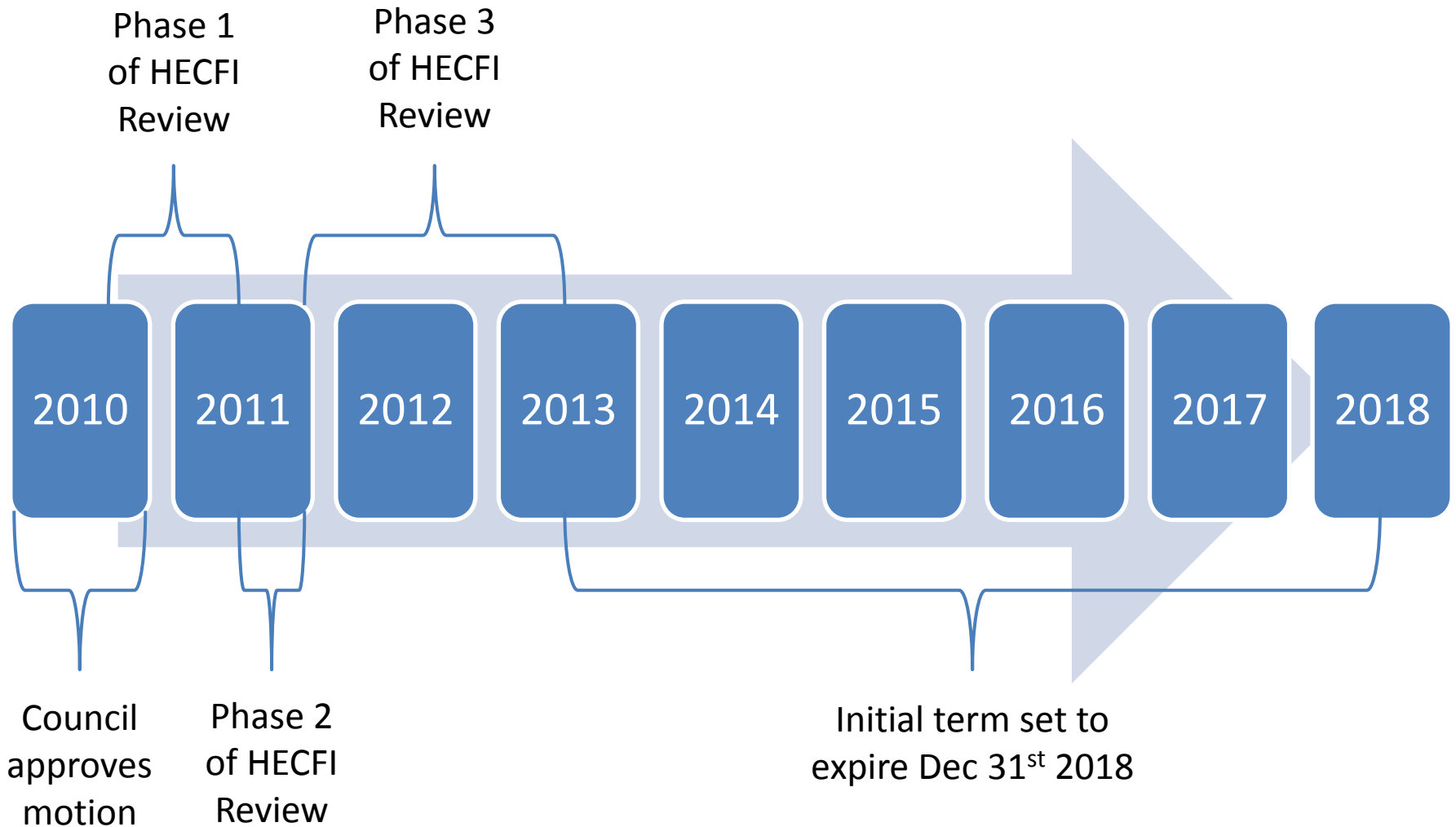
Hamilton Convention Centre

60,000 sq. ft. over 3 floors

Opened: 1981

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

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
Total	\$6,766,667	\$5,800,00	\$12,566,667

*From March 2013 until December 31st 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
Total	\$1,569,000	(\$605,000)	\$964,000

*From March 2013 until December 31st 2013

Alternatives For Consideration

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

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