


Hamilton

CITY OF HAMILTON

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Economic Development Division
Tourism and Culture Division

TO: Mayor and Members General Issues Committee	WARD(S) AFFECTED: WARD 11
COMMITTEE DATE: December 5, 2012	
SUBJECT/REPORT NO: Feasibility Study and Business Case for the Development of a Tourism Gateway Centre and Declaration of Surplus Property and Sale of Land - 1400 Baseline Road, Stoney Creek (PED12228) (Ward 11)	
SUBMITTED BY: Tim McCabe General Manager Planning and Economic Development Department	PREPARED BY: Susan Monarch (905) 546-2424 Ext. 4132 Bill Farkas (905) 546-2424 Ext. 7019
SIGNATURE: 	

RECOMMENDATION

- (a) That the City of Hamilton not pursue the development of a Tourism Gateway Centre (Visitor Welcome Centre) on the City's 1400 Baseline Road lands due to fiscal and neighbourhood challenges as recommended in Appendix A to Report PED12228 *Hamilton Gateway Centre Feasibility Study and Business Case* (Feasibility Study);
- (b) That the property municipally known as 1400 Baseline Road, legally described as Part 1 on Plan 62R-15673, comprising an area of approximately 2.9 acres, identified as PIN 173700654(LT); shown in Appendices B and C attached to Report PED12228, be declared surplus to the requirements of the City of Hamilton;

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- (c) That the Real Estate Section, Economic Development Division, Planning and Economic Development Department be authorized and directed to sell the subject lands at fair market value, in accordance with the "Procedural By-law for the Sale of Land," being By-law 04-299, and any such sale shall be completed in accordance with the Participation Agreement with the Province of Ontario registered as Instrument No. WE600592.

EXECUTIVE SUMMARY

City Council at its meeting of June 11, 2008 approved as one of the Capital priorities the completion of a Feasibility Study for the Gateway Centre (Visitor Welcome Centre) at 1400 Baseline Road.

The *Hamilton Gateway Centre Feasibility Study and Business Case* (Feasibility Study) process concluded that the overall Capital cost of the facility, potential annual operating deficit and neighbourhood impacts does not justify moving forward with this project and that alternate visitor service delivery methods should be considered.

In addition, Report PED12228 requests the subject lands be declared surplus to the requirements of the City and to direct Real Estate staff to market the subject lands for sale.

Alternatives for Consideration – See Page 11.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial: The subject lands are to be sold at fair market value.

Staffing: There are no staffing implications associated with the recommendations in Report PED12228. Real Estate and Legal staff will work together to complete the sale of the property.

Legal: Legal Services Division will be required to assist in the preparation of the necessary closing documentation upon disposition.

HISTORICAL BACKGROUND

On August 10, 2005, City Council approved Report PED05077 that authorized the Real Estate Section of the Economic Development and Real Estate Division to advise the Ontario Realty Corporation (ORC), now represented by the Minister of Public Infrastructure Renewal, that the City of Hamilton has a potential interest in the Provincial

lands at the north-east corner of the North Service Road and Baseline Road for a possible Tourist Information Centre.

On June 28, 2006, City Council approved Report PED05077(a), as amended, authorizing the Real Estate Section of the Economic Development and Real Estate Division to advise the ORC that the City of Hamilton had an interest in purchasing the north-east corner of the North Service Road and Baseline Road, as shown on Appendix B to Report PED12228.

August 7, 2008 Council approved Item 5.10 of the Economic Development and Planning Committee Report 08-015, which had authorized the execution of an Agreement to Purchase and Sale between the ORC and the City of Hamilton for the subject lands, legally described as Part 1 on Plan 62R-15673, comprising an area of approximately 2.9 acres, identified as PIN 173700654(LT) at a purchase price of \$986,000, plus disbursement costs. The property acquisition was completed on January 22, 2009 and registered as Instrument Nos. WE600590 and WE600592.

As a condition of the purchase and at the time of transfer, the associated transfer registered as Instrument No. WE600592 represents a Participation Agreement between both parties. The purpose of the Participation Agreement ensures that there shall be no speculation with respect to all or any part of the property and, in the event of a bona fide arms length transaction or proposed sale at any time within ten years, the covenants as noted in the Participation Agreement come into force. In particular, this Agreement stipulates that:

“at any time within ten (10) years from the Date of Closing at the option of ORC, either (i) ORC shall have the right to repurchase the Property at the same price paid by the City to ORC pursuant to this Agreement, or (ii) 100% of any Profit as defined below shall be paid to ORC and the amount of such Profit shall be a charge on the Property in favour of ORC until paid.”

The above covenant entitles the Province to 100% of the profits (less the aggregate of real estate commission, legal and accounting fees, etc.) which exceed the purchase price of \$986,000.

Therefore, once direction is given for the divesture of this asset, staff must comply with the restrictive covenant as part of completing a sales transaction.

June 11, 2008 Council approved, as one of the Capital priorities, the completion of a Feasibility Study for the Gateway Centre (Visitor Welcome Centre) on the subject property at 1400 Baseline Road. The Request for Proposal for the completion of the Feasibility Study was awarded to “unit a architecture inc.” on September 15, 2009.

POLICY IMPLICATIONS

An internal and external circulation has been undertaken in accordance with City policy. The result of the circulation identified an interest from Infrastructure Ontario (IO) for its Niagara to GTA Corridor Planning and Environmental Assessment Study. The correspondence received from the Ministry of Transportation states in part as follows:

“The Niagara to GTA Corridor Planning study is a formal EA initiated by the Ministry of Transportation. The Niagara to GTA EA study is currently in Phase 1 of the EA which explores transportation problems and opportunities and considers alternative solutions in the Niagara, Hamilton and Halton areas. Completion of Phase 1 and documentation to prepare the final multi-modal Transportation Development Strategy is expected in late 2012/early 2013.

Given the location of Project 8780, MTO would like to note that this property is in an area where the NGTA project is considering a number of options, including expansion of the existing QEW to 8 lanes and 10 lanes. As a result, MTO has a potential interest in this property and request it be retained”.

Staff is of the opinion that should Council declare the subject lands surplus to the needs of the City, the ORC shall have the right to repurchase the property at the same price paid by the City to the ORC pursuant to the Participation Agreement. The affiliated internal government agencies would regain control of the asset to allow implementation of the final recommendations of the multi-modal Transportation Strategy.

Internal staff comments received from the Parks Operation and Maintenance Division had indicated that the site could be a potential site as a dog park until an alternative use is determined. The purchase of the ORC land was to facilitate the development of an eastern Gateway (Visitor Welcome Centre) to the City of Hamilton upon completion of a favourable Feasibility Study. The *Hamilton Gateway Centre Feasibility Study and Business Case* (Feasibility Study) process concluded that the overall Capital cost of the facility, potential annual operating deficit and neighbourhood impacts, does not justify moving forward with this project, and that alternate visitor service delivery methods should be considered. It was concluded at the time of acquisition that the highest and best use of the land would be for a small scale, neighbourhood commercial type use serving the immediate needs of the neighbourhood north of the QEW. It is staff's opinion that the economic nature of the land, location and its long term development potential provides a greater economic return and productivity of the land.

The recommended divesture is consistent with the Real Estate Management Portfolio Strategy Plan, as approved by Council on November 24, 2004.

RELEVANT CONSULTATION

As part of the work plan outlined in the Request for Proposal, "unit a architects inc." conducted extensive research and public consultations.

Following receipt of the draft copy of the *Hamilton Gateway Centre Feasibility Study and Business Case* (Feasibility Study), two Public Information Centres were held in March and June 2010. In May 2010 staff also followed up with the former Ward 11 Councillor Mitchell to discuss the outcomes reported by the consultants. The Tourism Hamilton Board of Directors was provided with comprehensive updates at their Board meetings in May, June and September 2010.

Pursuant to the City of Hamilton Real Property Sale Procedural By-law 04-299, the Real Estate Section circulated the request to all City Departments for comment on declaring the subject lands surplus.

The following comments were received:

Legislative Approvals Section:

- The Provincial Policy Statement (PPS) provides policy direction of provincial interest related to land use planning and development. The Planning Act requires that, in exercising any authority that affects planning matters, planning authorities shall be consistent with policy statement issued under the act. In reviewing the PPS, staff provides the following comments:

Policy 1.7.1 (e) outlines that long term economic prosperity will be supported by planning so that major facilities (such as airports, transportation corridors, sewage treatment facilities, waste management systems, industries and aggregate activities) and sensitive land uses are appropriately designed, buffered and separated from each other to prevent adverse effects from odour, **noise** and other contaminants, and minimize risk to public health and safety. Staff note that the subject lands are located adjacent to the **Queen Elizabeth Way**. As such, any future development application for the subject lands which contemplates a sensitive land use would require the fulfilment of the condition below to address the issue of road traffic noise on the proposed sensitive land use. Further, staff note that the subject lands are located adjacent to **existing residential development**. As such, any future development application for the subject lands for a commercial or industrial use would also require fulfilment of the condition below to address the issue of noise from the stationary source on the existing residential development:

“That the owner/applicant shall investigate the noise levels on the site and determine and implement the noise control measures that are satisfactory to the City of Hamilton in meeting the Ministry of the Environment recommended sound level limits. An acoustical report prepared by a qualified Professional Engineer containing the recommended control measures shall be submitted to the satisfaction of the City of Hamilton, Director of Planning. Should a peer review of the acoustical report be warranted, all associated costs shall be borne by the owner/applicant and shall be submitted to the satisfaction of the City of Hamilton, Director of Planning.”

Further, Policy 2.6.2 outlines that development and site alteration may be permitted on lands containing archaeological resources or areas of archaeological potential if significant archaeological resources have been conserved by removal and documentation, or preservation on site. Where significant archaeological resources must be preserved on site, only development and site alteration which maintain the heritage integrity of the site may be permitted. Staff note that the subject lands are located within an area of archaeological potential. As such, please refer to any comments provided by Community Planning, Cultural Heritage Staff in this regard.

- The subject lands are designated as “**Urban Area**” within the Hamilton-Wentworth Regional Official Plan. Policy 3.1 outlines that a wide range of urban uses, defined through Area Municipal Official Plans and based on full municipal services, will be concentrated in the Urban Areas.
- The subject lands are designated “Rural Lakeshore” on Schedule “A” - General Land Use Plan and “Low Density Residential” on Schedule “A4” - Urban Lakeshore Area Secondary Plan in the City of Stoney Creek Official Plan. It is also identified as “Lakeshore Protection Area” on Schedule “B” - Stoney Creek Open Spaces & Natural Environment System in the Stoney Creek Official Plan.
- The subject lands are designated “Neighbourhoods” on Schedule E - Urban Structure and Schedule E-1 - Urban Land Use Designations, and “Low Density Residential 2b” on Map B.7.3-1 - Urban Lakeshore Area Secondary Plan in the Urban Hamilton Official Plan.
- The subject lands are zoned Neighbourhood Development “ND” Zone in Stoney Creek Zoning By-law No. 3692-92.

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- Staff note that the subject lands are located adjacent to the Queen Elizabeth Way. As such, any development of the subject lands may require a permit from the Ministry of Transportation (MTO).

Community Planning

- **Secondary Plan Designation:**
 - Schedule "A4" – Urban Lakeshore – **LOW DENSITY RESIDENTIAL**

Community Planning and Design advise that the subject lands are designated as Low Density Residential within the Urban Lakeshore Secondary Plan, which supersedes the Rural Lakeshore designation on Schedule "A" of the Stoney Creek Official Plan. While the designated land use is for low density residential, with the proximity of the Queen Elizabeth Way (QEW) may impact locating a sensitive land use at this location. (AMc 10-05-12)

Archaeology

The subject lands meet two of the ten criteria used by the City of Hamilton and Ministry of Tourism, Culture and Sport for determining archaeological potential:

- 1) Within 300 metres of a primary watercourse or permanent waterbody, 200 metres of a secondary watercourse or seasonal waterbody, or 300 metres of a prehistoric watercourse or permanent waterbody; and,
- 2) In an area of sandy soil in areas of clay or stone.

These criteria define the subject lands as having archaeological potential. Municipal heritage planning staff requires that City staff inform any prospective buyers of the subject lands in writing of the following:

"The subject property has been determined to be an area of archaeological potential. It is reasonable to expect that archaeological resources may be encountered during any demolition, grading, construction activities, landscaping, staging, stockpiling or other soil disturbances and any proponent is advised to conduct an archaeological assessment prior to such impacts in order to address these concerns and mitigate, through preservation or resource removal and documentation, adverse impacts to any significant archaeological resources found. Mitigation, by an Ontario-licensed archaeologist, may include the monitoring of any mechanical excavation arising from this project. If archaeological resources are identified on-site, further Stage 3 Site-specific Assessment and Stage 4 Mitigation may be required as determined by the Ontario Ministry of Tourism, Culture and Sport. All archaeological reports shall be submitted to the City of Hamilton concurrent with their submission to the Ministry of Tourism, Culture and Sport.

Should deeply buried archaeological materials be found on the property during any of the above development activities the Ontario Ministry of Tourism, Culture and Sport (MTCS) should be notified immediately (416.314.7143). In the event that human remains are encountered during construction, the proponent should immediately contact both MTCS and the Registrar or Deputy Registrar of the Cemeteries Regulation Unit of the Ministry of Small Business and Consumer Services (416.326.8392)." (OA/jpm 2012-05-10)

Building Services Division:

1. Division records indicate that the subject lands are currently vacant.
2. The subject lands are located within the Ministry of Transportation Control access Highway area.
3. The subject lands are zoned "ND"(Neighbourhood Development). It should be noted that the "ND" zone only permits the following uses:
 - a) Agricultural uses except poultry farms, mushroom farms, fur farms, piggeries, hatcheries, kennels and also excluding any residential use not existing at the date of the passing of this By-law.
 - b) One single detached dwelling and uses, buildings or structures accessory thereto, existing at the date of the passing of this By-law.
 - c) All greenhouse development shall be subject to site plan control under the City's Site Plan Control By-law. **(OMB Order - Feb. 20, 1996).**
4. A successful rezoning application is required in order to establish any other use not listed above.
5. Any development/use of the subject lands will be subject to the requirements of the "ND" Zone under section 7 of the Stoney Creek Zoning By-law 3692-92.
6. The subject lands are subject to Site Plan Control. As such, development or redevelopment may require application to the Planning and Development Division.
7. Any new proposed construction is subject to the issuance of a building permit in the normal manner.

Environment and Sustainable Infrastructure Division:

Road Widenings according to the City of Hamilton's New Urban Hamilton Official Plan referring to Schedule C-2 - Future Road Widenings (Baseline Road 26.213m) and "Chapter C - City Wide Systems and Designations 4.5 Road Network Functional Classification 4.5.2 e) Collector Road (North Service Road 26.213 m).

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Future purchasers should be advised that depending on the proposed use of the property (medium to high density residential, commercial) that a Traffic Impact Study will likely be required. The study will identify the required driveway access needs, and include an AM and PM peak review of the level of service and potential upgrades required at the intersection of North Service Road at Lockport Way and also North Service Road at Fifty Road.

Access to the subject lands is recommended from Baseline Line Road towards the east limits of the property....aligning with Glendarling would be ideal.

There is no sanitary sewer fronting this property. (A.S.).

City Wide Services – Recreation:

Recreation has reviewed the subject lands and offers the following comments.

The vacant subject lands comprise an area of 2.909 acres, acquired from Ontario Realty Corporation in 2009 for a proposed Tourist Information Centre. The property is located within the Fifty Point Neighbourhood (Planning Unit 5270). The Neighbourhood has a parkland deficiency surplus of 0.96ha in 2006 and a deficiency of -0.0053 in 2009.

There are several parks in proximity to the site. Lakepoint Neighbourhood Park, Lake Vista Neighbourhood Park and Fifty Point Parkette are all located within the Fifty Point Neighbourhood. In addition, Winona Community Park is less than 2km from the site.

There are several proposed or ongoing recreation projects in Lower Stoney Creek. A Recreation Centre is presently being constructed at the same location as the Stoney Creek Arena with an expected completion date of summer of 2012. The 24,000 sq.ft. facility will consist of an indoor pool (leisure, training and warming), seniors' space (wellness and abilities centre), and a youth program area. In addition, an application for a 3 pad arena in the east end of Lower Stoney Creek (DA-12-011 - 610 South Service Road) recently received conditional site plan approval.

Given the size of the property, Recreation Planning staff felt it was prudent to prepare a Recreation Needs Assessment to ensure the surplus property is not needed to accommodate sports facilities in the area. The Recreation Needs Assessment identified the following:

Use, Renovation and Replacement Study for Hamilton Recreation and Public Use Facilities (Indoor Study) approved 2008:

Short Term (to 2021)

- Arena (need may be satisfied by private venture)

Longer Term (Post 2021)

- Arena;
- Senior's Centre;
- Indoor Pool; and,
- Community Centre.

Outdoor Recreation Facilities and Sports Field Provision Plan (Outdoor Study) approved 2011:

Short Term (to 2021)

- Soccer
- Cricket (area not large enough to accommodate the pitch size)
- Tennis
- Both Community and Neighbourhood Skate Park
- Dog park (direction for one per ward)

Longer Term (Post 2021)

- Soccer

It should be noted that there is a Community Park and several Neighbourhood Parks proposed in the Fruitland-Winona Secondary Plan. This new growth area can potentially accommodate a number of the above recreational facilities.

Based on the discussion at PARC, the location and size of the property, Recreation Planning staff suggest that further investigation be undertaken to determine site suitability for a dog park. Information from LAS and Environmental Services in Public Works should be considered in regards to the site suitability.

Landscape Architectural Services:

The client division, Parks Operation and Maintenance of Public Works has indicated that this could be a potential site for the Ward 11 dog park. The City could retain the subject lands until an alternative use is determined.

ANALYSIS / RATIONALE FOR RECOMMENDATION

The purchase of the ORC land was to facilitate the development of an eastern Gateway (Visitor Welcome Centre) to the City of Hamilton. Staff were further authorized and directed to initiate Official Plan and Zoning By-law Amendments upon completion of a favourable Feasibility Study.

Tourism Hamilton undertook two months of extensive consultations and reviews of the draft findings of the Feasibility Study during May and June 2010. These consultations

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included a comprehensive staff review, consultations with the Tourism Hamilton Board of Directors, Public Information Centres and updates with the General Manager of the Planning and Economic Development Department.

The Feasibility Study determined that there would be significant challenges in moving forward with this project. The main challenges identified include the overall Capital cost of the facility, between \$3M and \$7M, an annual operating deficit of approximately \$200,000 and the real and/or perceived neighbourhood impacts in a highly residential area. Should Council decide they wish to proceed with the development of a Gateway (Visitor Welcome Centre) at 1400 Baseline Road, a significant Capital and annual Operating Budget will have to be approved.

Upon its disposition, the subject lands will potentially generate additional property tax revenue through the re-development of the site and relieve the City from ongoing liability and maintenance. Should Council decide not to declare the lands surplus and approve disposition, the subject lands will remain in City ownership for an unknown period of time and continue to be a liability for the City of Hamilton.

ALTERNATIVES FOR CONSIDERATION

Alternative – Proceed with the Development of Gateway (Visitor Welcome Centre)

Council could decide they wish to proceed with the development of a Gateway (Visitor Welcome Centre) at 1400 Baseline Road.

Financial: A significant Capital and annual Operating Budget will have to be approved.

Staffing: Additional staff will be required to operate the Gateway (Visitor Welcome Centre).

Legal: There are no legal implications associated with this Alternative.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

Financial Sustainability

- ◆ Financially Sustainable City by 2020 and generate assessment growth.

APPENDICES / SCHEDULES

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Appendix B to Report PED12228 - Reference Plan
Appendix C to Report PED12228 - Location Map

SM/BF/sd

Hamilton Gateway Centre Feasibility Study and Business Case

Prepared By:

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July 12, 2010

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The Hamilton Gateway Centre Feasibility and Business Case provides Tourism Hamilton and the City of Hamilton with an assessment of the proposed location, the competitive environment, financial and visitor projections framed by three development options, four alternative business models and an overall assessment of the value of the facility for enhancing Hamilton's image as a tourism destination.

The report is organized in two parts—an environmental scan and the feasibility study and business case. This Executive Summary presents the key findings in the same order as the sections they are found in the report. The summary of recommendations comprises the final section of the document.

Environmental Scan

Site description

The high visibility of the 126,000-sq.-ft. site is well chosen from a geographical and planning perspective and implementation of the project should not be delayed by zoning or official plan amendments.

High-level environmental and geotechnical soils analysis indicates straight forward and uncomplicated development implementation. Site servicing is readily available within the street allowances surrounding the site and no capital cost premiums should be added to normal site servicing costs.

The site is located in an area that is well served by existing road systems and no major constraint or requirements related to traffic are anticipated unless a high volume gas bar and fast-food retail is developed on site. In such a development scenario road improvements are likely to be required.

Other jurisdictions (industry)

Five major trends are identified in the provision of visitor services—demand for time-saving technology resources and web features; partner networks; consistency of branding; co-location with other services; private sector involvement. A review of visitor centre practices in selected provinces and U.S. states provides insights into service norms and ways these trends are operationalized.

The Market Environment

The current market situation has implications for Tourism Hamilton that will need to be taken into account when assessing the feasibility of constructing the new Gateway Centre. While many implications have a bearing on the centre directly, several are conditional on Tourism Hamilton's future approach to product development and marketing.

Competition

Tourism marketing initiatives lure people to travel, but it is visitor servicing that informs and inspires them to see more, do more and spend more. The two main sources of competition for the proposed Hamilton Gateway Centre are other visitor centres in close proximity and advanced technology.

There are eight major visitor servicing facilities located within a one-hour drive of the proposed Hamilton Gateway Centre. Collectively, they provided service to 315,000 visitors in 2009, a decrease of nearly 29 per cent since 2007.

As interactive, online information technology becomes more ubiquitous, the number of tourist information sources available to and used by the travelling public is increasing rapidly. Research shows visitor information centres already rank sixth as a source of travel information as increasingly travellers are utilizing social media to participate in discussions and evaluations with other people as part of their travel decision-making process.

Stakeholder consultation

Three specific groups were targeted for consultation using various approaches—an online stakeholder survey gauged the needs of the industry; a public meeting solicited comments from local residents; and face-to-face interviews helped to obtain background from city staff, municipal agencies, boards and commissions and nearby tourist information centres.

The majority (61%) of stakeholder respondents surveyed support moving forward with the gateway centre at the proposed location and 2-in-5 agree it is the ideal location. Nearly 88 per cent believed the proposed gateway centre would help improve Hamilton's image as a tourist destination.

Attendees at a public open house identified no needed community facilities in their neighbourhood. While acknowledging the appropriateness of a gateway centre to service tourists to Hamilton, participants were concerned about increases in local traffic volumes.

Compatible ideas generated through one-on-one stakeholder interviews were included in the preliminary development options.

Feasibility Study and Business Case

Options and directions for investment

The following four criteria to guide the selection of investment opportunities were identified to ensure development options support the core function of information centre and avoid direct competition with existing private sector investment in the area:

- Fits with information services and reinforces the “Hamilton Story;”
- Unique along the QEW transportation corridor;
- Attracts visitors, continuously changing, offers dynamic experiences;
- Brings together travellers and local residents.

The analysis led to three development concepts.

Option 1 is a stand alone, state-of-the-art information centre, based on standards currently being developed for information centre gateway sites by the Ontario Tourism Marketing Partnership Corporation. This is the benchmark option that provides a baseline for the business case evaluation.

Option 2 envisions a similar-sized information centre component to Option 1 but includes new media experiences as an exciting and interactive method of providing information about Hamilton. By investing in new media, the Hamilton Gateway Centre becomes a destination and attraction in itself, taking market share from neighbouring information centres.

Option 3 comprises a similar-sized information centre component to options 1 and 2 but expands the new media component outdoors into the playground and picnic area facing the QEW for a complete visitor experience. By increasing the investment in new media, Option 3 increases market share at the cost of other information service providers in the region.

For investment purposes, Option 3 is the preferred Hamilton Gateway Centre as it maximizes the number of visitors to the site.

Business models

The following four business models are described with detailed pros and cons:

- Option 1: Tourism Hamilton Designs-Finances-Builds-Operates Facility;
- Option 2: Tourism Hamilton Designs-Finances-Builds Facility and Operates Visitor Services, Private Sector Operates Auxiliary Services;
- Option 3: Tourism Hamilton Designs-Finances-Builds-Leases Facility, Regional Tourism Organization Operates Facility;
- Option 4: Tourism Hamilton Designs-Contracts Private Sector to Finance-Build-Lease Facility to Tourism Hamilton.

Should Tourism Hamilton and the city wish to proceed with development of the proposed gateway centre, Option 2—Tourism Hamilton Designs-Finances-Builds-Operates Visitor Services, Private Sector Operates Auxiliary Services—is the recommended model. In this scenario Tourism Hamilton maintains control over the facility and its core operations—visitor information services.

Visitation projections

The generation of accurate attendance forecasts is the most critical step in assessing the feasibility of the new Hamilton Gateway Centre. Without historical information to guide the forecast, information must be obtained elsewhere taking into account traffic data, trends in the industry and visitation to area visitor centres.

Ontario Ministry of Tourism and Culture tourism projections suggest that any significant increase in regional tourist visitation will only occur through an increase in market share.

Based on available information, visitor projections to the proposed Hamilton Gateway Centre were made for each of the three development concepts.

- Option 1—visitation could optimistically be in the range of 17,200-to-21,500 person-visits annually based on construction of a state-of-the-art information centre.
- Option 2—adding new media experiences and a farmers' market, could effectively double visitation to the gateway centre (34,000 – 40,000 visitors), however, as a prerequisite Tourism Hamilton would need to increase awareness of the centre and the superior and unique experiences it offers, differentiating it from other visitor information centres.
- Option 3—expanding the new media component and adding a multi-purpose meeting room could potentially increase visitation by an additional three to four thousand visitors annually (37,000 – 44,000 visitors).

Financial projections

The financial analysis for the Hamilton Gateway Centre is based on an analysis of the three development concepts presented in Chapter 7 to the extent that design costs and operating variables could reasonably be assumed. Capital costs estimates were obtained through comparison of similar recently constructed facility types broken down into industry standard elemental costing divisions by a professional quantity surveyor. Operational assumptions were developed based on engineering analysis with current utility rates and escalation assumptions and Tourism Hamilton's current visitor centre operations.

Table EX.1: Summary of Financial and Economic Analysis of the Three Development Concepts for the new Hamilton Gateway Centre

	Option 1	Option 2	Option 3
Annual Visitation to HGC	17,200 – 21,500	34,000 – 40,000	37,000- 44,000
Visitors Extending Stay	1,720 – 2,150	3,400 – 4,000	3,700 - 4,400
Construct Cost	\$2,706,500	\$5,510,000	\$7,134,000
Average Yearly Net Revenue	\$48,853	\$135,884	\$150,234
Average Yearly Operating Costs*	\$208,505	\$368,973	\$378,526
Average Yearly Operating Loss	\$159,652	\$233,089	\$228,292
Average Gross Operating Cost Per Visitor	\$10.78	\$9.97	\$9.35
Average Net Operating Cost Per Visitor	\$8.25	\$6.30	\$5.64
Average Incremental Spending Per Visitor	\$6.21	\$6.21	\$6.21
Employment Sustained:			
Construct	18	38	49
Operation	3	6	6
Incremental Spending	1	3	3

Marketing and Promotion

The success of the Hamilton Gateway Centre in getting visitors off the highway and into the community will require the centre to excel in the following three ways:

- The facility is designed as a showcase exceeding the standards established by other visitor information centres in the area;
- The operation is professionally managed and staffed to exceed best practices expectations;
- The centre is programmed as a destination location rather than just a visitor information centre.

Possessing these attributes, the Hamilton Gateway Centre will be unique, breaking new ground with its facilities, services and programming, and a future leader in visitor information centre development. However, these “pull” factors are insufficient to guarantee success. An aggressive marketing strategy will be required to “push” visitors off the highway into the gateway centre.

Recommendations

Hamilton Gateway Centre Feasibility and Business Case provides Tourism Hamilton with answers to questions concerning the feasibility of proceeding with the construction of the Hamilton Gateway Centre at the Fifty Road exit of the QEW in Stoney Creek. However, it does not support a definitive recommendation but suggests the following three alternative courses of action which Tourism Hamilton and the City of Hamilton should consider in determining the most appropriate path forward:

- Alternative 1: Do not proceed with the construction of the Hamilton Gateway Centre;
- Alternative 2: Proceed with the construction of the Hamilton Gateway Centre using Development Concept 3;
- Alternative 3: Construct multi-purpose gateway signage.

Moving forward with the proposed Hamilton Gateway Centre is a high risk venture that would require a significant commitment of time and resources by Tourism Hamilton and the city. Furthermore, proceeding with construction at this time would require commitment to a high-end product with the potential to significantly increase Hamilton’s market share of regional tourism visitation. Meanwhile, construction of a unique, high quality gateway sign that reflects the Hamilton brand would help to promote the city and grow its market share in an incremental manner.