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:
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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;
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 divestiture is consistent with the Real Estate Management Portfolio Strategy Plan, as approved by Council on November 24, 2004.

Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.
Values: Honesty, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork
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:

*Lakeside 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.
- 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.

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 Widening according to the City of Hamilton’s New Urban Hamilton Official Plan referring to Schedule C-2 - Future Road Widening (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).
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
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)


**Financial Sustainability**

- Financially Sustainable City by 2020 and generate assessment growth.
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EXECUTIVE SUMMARY

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

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.
1.0

INTRODUCTION

The City of Hamilton retained unit a architecture inc. in association with Malone Given Parsons Ltd. and apologue to conduct a feasibility study and prepare a business case for development of the Hamilton Gateway Centre, a proposed new visitor welcome centre. Tourism Hamilton was the project manager for the city. A proposed site was pre-selected for the study, located on the south side of Baseline Road, north of the North Service Road and west of Fifty Road facing the Queen Elizabeth Way (QEW).

1.1 The Need for a Feasibility Study and Business Case

While the City of Hamilton agreed in principle to purchase the selected site from the Ontario Realty Corporation for the Hamilton Gateway Centre, there is a clause in the agreement that would enable the city to decide not to construct the facility and require the province to repurchase the land. Hence, the importance of this feasibility study and business case in determining—

- Full costs to construct and operate the facility;
- Range of uses within the facility;
- Site constraints;
- Potential partners;
- Overall value of the facility to the City of Hamilton.

1.2 Objectives

The city’s terms of reference outline eight key objectives and deliverables for the feasibility study and business case as follows:
1.0 INTRODUCTION

- Deliver an appropriate public consultant program, including at least one public information session and an online survey to determine stakeholder comments on the concept;
- Analyze current market trends and best practices to drive design and use of the proposed Hamilton Gateway Centre;
- Review and make recommendations on the appropriate uses within the facility for the primary tourism function along with other service commercial, retail and public uses, including other possible partners;
- Review general costs and benefits of different scenarios as a business plan, considering 5-year operating expenses and revenue projections with recommendations on the most economically-feasible option, including construction and operating budgets for each scenario;
- Review operating models and private investment options to determine potential private partnerships and investment opportunities;
- Provide artist renderings and plans for the preferred concept;
- Review the feasibility of providing public uses within the Hamilton Gateway Centre;
- Analyze site constraints including traffic impact assessment and engineering service review to confirm the appropriateness of the site for a gateway centre.

1.3 Scope of Work

The work is organized in three phases. Each phase is structured to focus on discrete components of the project and deliverables. The phases are:

- Phase 1: Baseline Condition Analysis;
- Phase 2: Dialogue + Discovery;
- Phase 3: Business Case and Preferred Option Concept.

The phases are designed to be focused steps in the creation of the feasibility study and business case, to determine the most compatible and viable operational model and program mix for the proposed Hamilton Gateway Centre.
In completing the Feasibility Study and Business Case, a variety of tools and approaches have been used:

- A review of the physical and geographic aspects of the proposed site—location, planning permissions, soil analysis and environmental regulations, traffic assessment and regulations and servicing;
- A review of visitor centre practices in selected provinces and U.S. states;
- A review of recent visitor statistics for the City of Hamilton and historical border crossings statistics and an analysis of the tourism outlook for Ontario through 2013;
- Identification and analysis of the two main sources of competition for the proposed Hamilton Gateway Centre—other visitor centres in close proximity and technology;
- Consultation with key stakeholders including: an industry stakeholder online survey, a public meeting with local residents and face-to-face interviews with city staff, municipal agencies, boards and commissions and nearby tourist information centres.

1.4 Organization of Report

This report is divided into 10 sections with section 1—Introduction—and section 12—Recommendations—framing the details of the feasibility study and business case. The first four sections provide an environmental scan that reviews and analyzes material in the following four areas:

- Site Description;
- Best Practices in Other Jurisdictions;
- The Market Environment;
- Competition.

This environmental scan provides the foundation for the feasibility study and business case, which is developed in the second half of the report. Section 6—Public Consultation—highlights the results of the consultation process, which solicited input and comment from a wide range of stakeholders.

In section 7—Options and Directions for Investment—three development options are presented and a demonstration plan for the preferred option is detailed. This is
followed by a review of business models in section 8 and visitation and financial projections in sections 9 and 10. Section 11 reviews marketing and promotion for the proposed Hamilton Gateway Centre.
2.0 SITE DESCRIPTION

This chapter begins the environmental scan, which provides the basis for the Hamilton Gateway Centre feasibility study and business case. Information is gathered and analyzed concerning all aspects of the proposed site—location, planning permissions, soil analysis and environmental regulations, traffic assessment and regulations and servicing.

2.1 Location

Hamilton is part of the Greater Golden Horseshoe—5th largest economic region in North America and 12th in the world—which has a population of 22-million people and an annual economic output of half-a-trillion dollars. Urban centres in the western portion of this region are connected by the Queen Elizabeth Way (QEW), a multi-lane highway with some of the highest daily traffic use in the province.

Figure 2.1: Hamilton's location within the mega-region

The 126,411-sq.-ft. proposed site for the Hamilton Gateway Centre is relatively flat and level in elevation with the QEW roadbed. It faces the westbound lanes of the QEW at the eastern edge of Hamilton, adjacent to its municipal boundary with the Town of Grimsby and the Niagara Region, about 20 kilometres (km) from
downtown Hamilton. Figure 2.2 locates the site relative to the City of Hamilton boundary and key local attractions.

Figure 2.2: Location of the Hamilton gateway site and key attractions

Approaching the site from the westbound lanes of the QEW as shown in Figure 2.3, the typical visitor would have views of a landscape in transition from predominantly rural land uses to highway commercial and industrial uses in Niagara Region. To the south, the Niagara Escarpment parallels the road providing a sense of enclosure and to the north, concrete sound walls in the foreground limit views but hint at more intensive land use and built form beyond.

While the site is clearly visible from the road, travel speed and highway design require the visitor to begin transitioning well in advance to the Fifty Road exit ramp to make a safe exit from the middle lane to access the site. Enhanced signage through the Ontario Ministry of Transportation’s Tourism-oriented Directional Signing program will be critical if visitors are to be aware of the information centre and its services well before the turn-off decision point.
Access to the site from the QEW off-ramp is relatively straightforward as can be seen in Figure 2.4. The visitor backtracks east onto the North Service Road and approaches the site at the Lockport Way intersection, then travels along Baseline Road and enters the driveway opposite Glendarling Crescent. The close proximity of the low-density residential community to the north of North Service Road and Baseline Road may disorient the first time visitor. To avoid this and any unnecessary neighbourhood infiltration it is recommended that landscape buffers be installed between these roadways and the residential community.
2.2 Planning Permissions

The in-force Stoney Creek Official Plan designates the proposed site as residential and the zoning by-law permits existing uses, agricultural uses, or single-detached dwellings. However, there is a clause in the by-law (Section 4.17.1(l)) that permits a tourist information centre in any zone as long as it is in compliance with the by-law and does not adversely affect the character or amenity of the local neighbourhood. This would imply that zoning of the site is not an issue at this time, at least under the current by-law.

Hamilton staff has recently prepared a new urban official plan and zoning by-law, which is currently under review by the province. Therefore it would be advisable to seek counsel from city planning staff as quickly as possible if the proposed site is determined to be desirable for development of the Hamilton Gateway Centre. While it is anticipated that a visitor information centre would be permitted as-of-right as a public use under the new by-law, it would be prudent for the city to zone the site for its specific use if the facility is to be built.

While implementation of the project should not be delayed by zoning or official plan amendments, consideration should be given to either asking the municipal affairs minister to revise Hamilton’s new urban official plan as it relates to the secondary plan for the area, or for the city to initiate an official plan amendment.

2.3 Land Use Options

To ensure the appropriate fit between on-site investment opportunity and the new, residential neighbourhood surrounding the site, consideration needs to be given to various forms of development.

The parcel of land west of the proposed gateway centre site across Lockport Drive is currently being developed as a two-storey commercial/retail/office plaza with a gross floor area of about 21,000-sq. ft. Assuming market demand supports the development, a similarly sized and scaled project could be considered for the gateway centre site if it is in substantial compliance with the relevant provisions of the city by-laws.

If residential development was to be considered on the site, approximately 30 townhouses, which are consistent with adjacent development, could be accommodated. Investment in new roads, infrastructure and a continuation of the sound walls between the North Service Road and the QEW would be required.
Development of highway commercial uses at this location would likely be an uncomfortable fit, given the proximity of the low-density residential community just north of the site.

### 2.4 Environmental Analysis

Preliminary soil sampling was undertaken to determine both the geotechnical characteristics and the environmental chemical composition of the site’s subsurface. The chemical analysis was evaluated using Ontario Ministry of Environment classifications.

The high level analysis found nothing to indicate capital cost premiums above normal development costs would be incurred during the development phase of the project due to on-site soil conditions. These conclusions are based on the findings in a geotechnical report prepared by Coffey Geotechnics, found in Appendix C.

The testing undertaken as part of this study will not substantiate the preparation of a “Record of Site Condition” in accordance with Ministry of the Environment standards. Should a “Record of Site Condition” be required, at a minimum, a “Phase 1 Environmental Assessment” of the site would have to be conducted with the potential for additional subsurface investigation. At this time, it is not anticipated that an additional environmental assessment would be required.

### 2.5 Traffic Analysis

A high-level traffic analysis was undertaken for the site to identify any major constraints or requirements related to traffic. The complete traffic analysis report, prepared by Paradigm Transportation Solutions Ltd., can be found in Appendix D.

Located in an area well served by transportation infrastructure, the necessity for road improvements is directly related to the land use scenario selected for the site. The access design should be reviewed with the City of Hamilton when specific site plan details have been determined, at which point the city may require a further review of traffic access.

To frame the Hamilton Gateway Centre development options and facilitate the traffic analysis, three scenarios, based on differing levels of development, were identified:

- Land use scenario 1—Information Centre;
Land use scenario 2—Information Centre with library/community room;

Land use scenario 3—Information Centre with gas bar and fast food retail.

Land use scenarios 1 and 2 will not significantly increase traffic activity in the vicinity of the development and are unlikely to require any road improvements beyond driveway connections upgrades.

Land use scenario 3 will generate a significant number of vehicle trips to and from the site and likely will require road improvements such as extending a left turn lane on North Service Road at Lockport Way and/or improvements to the Fifty Road and North Service Road intersection. To fully understand the implications on traffic in Scenario 3 if this option is selected, a traffic impact study should be considered when a final development plan is prepared.

With collector and arterial roadways adjacent to the site, the recommended access arrangement, as indicated in Figure 2.5, is a single all-movement driveway connection to Baseline Road directly opposite Raintree Drive or Glendarling Crescent on the north side and one right-in/right-out driveway connection to North Service Road near the east side of the site, well clear of the existing street intersection and the curve in North Service Road. Typically the right-in/right-out access would require construction of a 1-metre wide median that extends 25 metres on either side of the driveway. While there are no guarantees, it would be surprising if MTO had any concerns with the recommended access arrangement.

A 14-metre setback area would be required from the property line along North Service Drive. It could be used for non-building or non-essential parking areas, including landscaping, play areas, dog walking areas, picnic areas and more.

Located within the ministry’s permit area, it is anticipated that approvals would be required from the Ontario Ministry of Transportation (MTO) as part of the site development process. MTO may also require a traffic impact study when the development plans are prepared, particularly if land use scenario 3 is being pursued. Since the vehicular impact is low with the first two land use scenarios, MTO would likely waive a traffic impact study.
2.6 Servicing

A high-level review of site servicing was undertaken. Given there are no on-site structures and no history of use, it is assumed the site is not serviced. However, with the completed residential development to the north and the neighbourhood commercial/retail development to the east, services are readily available along the surrounding road right-of-ways as indicated in Figure 2.6.

Figure 2.6 Site serving diagram

Source: RAND Engineering
Servicing of the site is not seen as an impediment to development, nor is it anticipated that capital cost premiums would be added to normal site development costs. The following infrastructure is present:

- A waterline runs west from Fifty Road along the north side of North Service Road and is capped at the southeast corner of the property near the drainage ditch. Other waterlines run under the roadbed along Baseline Road and Lockport Way.

- A sanitary sewer line is capped at the midpoint of the north property line opposite Raintree Drive.

- Open ditches run along North Service Road, the western property line and the west of the site along Baseline Road. Two catch basins are located on site—southeast corner within the North Service Road right-of-way and opposite Raintree Drive—and additional catch basins are located adjacent to the curbs along Baseline Road in front of the site and Lockport Way.

- Hydro runs along both sides of Baseline Road and buried Bell lines run along the north property line.
3.0

BEST PRACTICES IN OTHER JURISDICTIONS

In 2007, the Ontario Tourism Marketing Partnership Corporation (OTMPC) undertook research regarding trends in providing visitor services. The study revealed the following five major trends:

1. Demand for time saving technology resources and web features—the internet has become the dominant source of trip planning. Internet and email and mobile devices are heavily used during travel.

2. Partner networks—in the U.K., Australia and some provinces in Canada, visitor information servicing is strengthened through networks of accredited centres regulated by a key body.

3. Consistency of branding—visitor services networks are being distinctly branded so visitors can identify with service quality and promotion of the visitor information centres.

4. Co-location—visitor services are being co-located with other services, e.g., in museums, cultural centres, airports and super-malls and on ferries, to extend the ability to sell a destination.

5. Private sector involvement—private investors are seeing the benefits of delivering visitor services.

With these benchmark trends in mind, visitor information centre (VIC) practices of selected provincial and state jurisdictions in Canada and the U.S. were reviewed based on desk-top research. The following highlights the key findings.

3.1 Visitor Services in Canada

3.1.1 British Columbia

British Columbia has a hierarchy of three-different types of tourist centres as determined by visitor volume:
• Tourism BC operates four-provincial traveller information centres at key border crossings and highway intersections;
• Tourism BC partners with 110 community-based VICs, which meet standard operating criteria as established and co-ordinated by Tourism BC, to provide community and region-specific advice;
• Local, typically seasonal VICs, are not required to meet Tourism BC’s standard operating criteria and are therefore restricted from using the BC visitor information centre logo.

3.1.2 Alberta

In Alberta, ten provincial VICs are located along highways and at key border points; nine are contracted out to local tourism organizations. Of these one VIC is open year-round and nine are seasonal, typically open from mid-May to Labour Day. A comprehensive database of products is accessible by VIC and call centre staff (and consumers on TravelAlberta.com) for use in counselling travellers.

Provincial VICs offer limited retail merchandise including such items as maps, posters, pins and postcards. Annual revenue averages about $2,500 per seasonal centre.

For research purposes each VIC collects intelligence on visitors (origin and postal code data) and the data is transferred into a central database for report generation.

In addition to the provincial VICs there are more than 100 municipal and community VICs throughout Alberta.

3.1.3 Saskatchewan

Tourism Saskatchewan operates five VICs on the borders with Manitoba, Alberta and North Dakota; all operate seasonally from Victoria Day to Labour Day. Operators are requested to send their brochures in specified numbers directly to the VICs. Each VIC has a computer kiosk and provides wireless internet.

Tourism Saskatchewan does not generate profit from the sale of souvenirs and merchandise even though items are sold in centres and online.

There are 120-other VICs throughout the province.

3.1.4 New Brunswick

The Department of Tourism and Parks runs seven provincial VICs located at most gateway locations into the province. The department owns the land at three centres and rents the property at the remaining four. VICs are open from Victoria Day to
Thanksgiving. Revenue streams include vending machines, gift shops and currency exchange.

Each VIC in New Brunswick offers the following free services:

- Provides provincial maps and tourism publications, such as the travel guide, activity guides, festivals and events information and a variety of brochures;
- Use of computers featuring internet service, with the capacity to retrieve and send e-mails, get up-to-the-minute information on New Brunswick attractions and community events, check weather conditions and forecasts and visit New Brunswick accommodations, communities and attractions online;
- Province-wide accommodation and activity reservations service;
- Use of picnic tables, spring water, children’s activity centres, washrooms and parking facilities;
- Full range of currency services.

### 3.1.5 Nova Scotia

Nova Scotia has 10-provincial VICS; four are operated year-round and the remaining six are seasonal. These VICS are linked to the provincial “Check-In” system for reservations, which is contracted to a private company to operate and VICS receive a 10 per cent commission for reservations entered by VIC staff. The system allows visitors to book and plan activities and itineraries.

Retail stores are operated under contract with a private operator in three VIC locations. Retail generates annual revenue of approximately $200,000 for the Visitor Services Division of the Department of Tourism, Culture and Heritage.

### 3.2 U.S. Welcome Centres

The following are characteristics of American travel information centre programs, as reported in the Survey of U.S. State & Territory Tourism Office Travel Information Programs, produced by the National Council of State Tourism Directors and Industry Council of Travel Industry Association. The results of the 40-state study revealed:

- The majority of states (85%) operate year-round VICS;
- Nearly three-quarters (73%) of the states operate visitor centres 7 days a week;
- The most common hours of operation are 8 a.m. to 5 p.m.;
Facilities and land is commonly owned (70%) by the Department of Transportation;

Operation of the centres is most often the responsibility of the state tourism office;

Nearly one-third (35%) of the states surveyed have contracted agreements with locally-owned VICs;

Most (73%) states reported their centres have vending machines;

A small percentage (20%) of VICs offer public internet access; only 10 per cent have Wi-Fi service in some or all centres;

More than half (55%) of the VICs offer reservation systems for accommodations of which 80 per cent of the states report this service is offered by phone;

One-third (35%) of the states employ kiosk technology that allow visitors to make reservations, view tourism information and/or obtain road and weather information;

Most states (73%) have a formal policy regarding distribution of literature through their centres;

Forty-three per cent of states participate in co-operative programs with neighbouring states;

A small proportion (15%) of VICs charge suppliers for brochure displays; most often (65%) supplier brochures are mailed or delivered directly to the visitor centres;

Ten per cent of states sell merchandise in their centres, the most popular items being souvenirs and state-made products.

Results of a Connecticut-benchmarking study of welcome centres in seven neighbouring states in 2006 showed:

Parking, restrooms, payphones, vending machines, a picnic area, information desk and brochure cases were standard in all seven states’ welcome centres;

At welcome centres located in less-densely populated areas, walking trails and pet exercise areas were also standard;

Inside centres, staffed information desks and several brochure cases are standard;

None of the benchmarked centres included significant retail space; only two states have gift shops in their welcome centres and both are a function of the partnerships under which the centres are operated and maintained;

The building size of welcome centres generally varies within the range of 4,000-10,000 sq. ft. and is influenced by several factors including the level of traffic served by the facility, requirements for comfort facilities and inclusion of other space for related highway uses, such as state police;
• The common floor layout of welcome centres locates staffed tourism services to one side and comfort facilities and vending to the other;
• Most welcome centres are open seven days a week and 24 hours a day. A restroom accessible from the exterior and vending machine space is generally available at all times;
• Most welcome centres close their information centres overnight but keep a comfort area open 24 hours a day;
• All welcome centres have at least one-to-three staff members on duty at a time;
• The most successful plaza models are developed through a public-private partnership process and have a master development agreement with a private sector company like Host Marriott.

In their analysis, ConnDOT identify Minnesota and Pennsylvania as leadership states in creating, operating and maintaining welcome centres. The following are some of the key characteristics of these states.

### 3.2.1 Pennsylvania

Pennsylvania has the most comprehensive mix of tourism media of the seven states surveyed, including wall-mounted information stations, video viewing stations, interactive displays, a computer at the staffed information desk and data/communication lines that allow updated weather reports. It has the most aggressive service program with centres staffed by PennDOT personnel and supported by strong links to the state travel office.

Pennsylvania also has the most extensive operating schedule, open seven days a week and 24 hours a day, 365 days a year and staff members are maintained “on call” to respond to unexpectedly large visitor demand.

### 3.2.2 Minnesota

Minnesota distinguishes between regional welcome centres and travel information centres in the following manner:

• The 10 travel information centres are located at the periphery of the state and are operated exclusively by the state;
• The five welcome centres are public-private partnerships built in areas attractive to tourists, serving as “tourist headquarters.”

“Explore Minnesota Tourism” provides staff for all five welcome centres, while local chambers of commerce and the Department of Natural Resources each provide staff for travel information centres.
The state assists in planning, design, construction, operating and maintenance of welcome centres and the Minnesota Department of Transportation partners with other entities to construct welcome centres; the partners prepay the lease or may lease space once the centre is built.

With a set site size of 15-to-30 acres, recently opened sites include walking trails, small ponds, multiple picnic areas, pet exercise area, free wireless internet and in the case of Brainerd Lake, a putting green sponsored by area golf courses.
4.0 THE MARKET ENVIRONMENT

This section of the Hamilton Gateway Centre feasibility study focuses on the market environment. It begins with the most recent visitor statistics for the City of Hamilton\(^1\), followed by a review of historical border crossings statistics; attention then turns to the tourism outlook for Ontario through 2013. The section concludes with an overview of the Ministry of Tourism and Culture’s proposed changes to the province’s tourism regions.

4.1 Visitation

The most recent information from Statistics Canada—2007—shows slightly more than 3.5 million people from Canada, the U.S.A. and other countries took overnight or same-day trips to the City of Hamilton, representing about 3.4 per cent of the total volume of tourism in the province.

<table>
<thead>
<tr>
<th>Table 4.1: Person Visits—length of stay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (000s)</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Ontario</td>
</tr>
<tr>
<td>Other Canada</td>
</tr>
<tr>
<td>U.S.</td>
</tr>
<tr>
<td>Overseas</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, Travel Survey of Residents of Canada (TSRC) and International Travel Survey (ITS), 2007.

Same-day visits represented nearly 81 per cent of all travel to Hamilton.

\(^1\) For statistical purposes City of Hamilton is equivalent to the Ministry of Tourism and Culture’s tourism region of Hamilton-Wentworth.
Ontario residents accounted for 96 per cent of same-day and 78 per cent of overnight visits; while American residents accounted for only 3 per cent of same-day visits and slightly more than 10 per cent of overnight visits.

The top-10 places of origin for visitors to Hamilton are shown in Table 4.2 and graphically in Figure 4.1. Residents from the regional municipalities of York (14%), Peel (11%), Niagara (10%) and Waterloo (9%) and the City of Toronto (9%) top the list, representing over 53 per cent of all visits.

Table 4.2: Person Visits—Top-10 places of residence

<table>
<thead>
<tr>
<th>Place of Origin</th>
<th>Total Visits</th>
<th>Overnight Visits</th>
<th>Same-day Visits</th>
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</thead>
<tbody>
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<td>Top 10 Total (000s)</td>
<td>2,795</td>
<td>326</td>
<td>2,469</td>
</tr>
<tr>
<td>CD19: York Regional Municipality</td>
<td>501</td>
<td>21</td>
<td>480</td>
</tr>
<tr>
<td>CD21: Peel Regional Municipality</td>
<td>373</td>
<td>81</td>
<td>292</td>
</tr>
<tr>
<td>CD26: Niagara Regional Municipality</td>
<td>366</td>
<td>21</td>
<td>346</td>
</tr>
<tr>
<td>CD30: Waterloo Regional Municipality</td>
<td>323</td>
<td>32</td>
<td>291</td>
</tr>
<tr>
<td>CD20: Toronto Metropolitan Municipality</td>
<td>317</td>
<td>95</td>
<td>222</td>
</tr>
<tr>
<td>CD24: Halton Regional Municipality</td>
<td>270</td>
<td>2</td>
<td>269</td>
</tr>
<tr>
<td>CD28: Haldimand-Norfolk Regional</td>
<td>266</td>
<td>12</td>
<td>254</td>
</tr>
<tr>
<td>Municipality</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CD29: Brant County</td>
<td>147</td>
<td>8</td>
<td>139</td>
</tr>
<tr>
<td>CD23: Wellington County</td>
<td>136</td>
<td>33</td>
<td>104</td>
</tr>
<tr>
<td>CD43: Simcoe County</td>
<td>95</td>
<td>22</td>
<td>73</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, Travel Survey of Residents of Canada (TSRC) and International Travel Survey (ITS), 2007

Visitors from the United States were primarily from the Border States with New York (35%), Michigan (17%) and Pennsylvania (11%) accounting for 63 per cent of the total 78,000 American visits.

In 2007, Visiting Friends and Relatives (VFR) was the main reason (56%) for visiting Hamilton. Pleasure trips accounted for 22 per cent of the total visits, as did business (13%) and personal reasons (9%) combined.

Table 4.3: Person Visits—main purpose of trip

<table>
<thead>
<tr>
<th>Origin</th>
<th>Total Visits (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pleasure</td>
</tr>
<tr>
<td>Total</td>
<td>797</td>
</tr>
<tr>
<td>Ontario</td>
<td>736</td>
</tr>
<tr>
<td>Other Canada</td>
<td>3</td>
</tr>
<tr>
<td>U.S.</td>
<td>48</td>
</tr>
<tr>
<td>Overseas</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, Travel Survey of Residents of Canada (TSRC) and International Travel Survey (ITS), 2007
Figure 4.1: Tourist Information Centre visitation statistics for region

Source: Statistics Collected from Individual Tourist Information Centre and OTMP
While Hamilton is a four-season destination, visitors are most likely to arrive in the summer (22%), fall (25%) and winter (34%). The American and overseas markets show a lower propensity to visit in the winter and a greater likelihood to come in the fall than the domestic markets.

### Table 4.4: Person Visits—calendar quarter

<table>
<thead>
<tr>
<th>Origin</th>
<th>Total Visits (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
</tr>
<tr>
<td>Total</td>
<td>684</td>
</tr>
<tr>
<td>Ontario</td>
<td>642</td>
</tr>
<tr>
<td>Other Canada</td>
<td>2</td>
</tr>
<tr>
<td>U.S.</td>
<td>28</td>
</tr>
<tr>
<td>Overseas</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, Travel Survey of Residents of Canada (TSRC) and International Travel Survey (ITS), 2007

The average party size of visitors to Hamilton in 2007 was 1.3 persons (versus 1.4 persons provincially) with over 80 per cent being adult-only parties. The average party size for American visitors was higher at 1.9 persons, of which nearly 90 per cent were adult-only parties.

### Table 4.5: Person Visits—household party size and composition

<table>
<thead>
<tr>
<th>Origin</th>
<th>Total Visits</th>
<th>Average Party Size</th>
<th>Party Composition</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Adults Only</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>w/ Kids</td>
</tr>
<tr>
<td>Total</td>
<td>1.3</td>
<td>81%</td>
<td>19%</td>
</tr>
<tr>
<td>Canada</td>
<td>1.3</td>
<td>81%</td>
<td>19%</td>
</tr>
<tr>
<td>Ontario</td>
<td>1.3</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>U.S.</td>
<td>1.9</td>
<td>89%</td>
<td>11%</td>
</tr>
<tr>
<td>Overseas</td>
<td>1.5</td>
<td>94%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, Travel Survey of Residents of Canada (TSRC) and International Travel Survey (ITS), 2007

### 4.2 Border Crossings

Due to changes to passport regulations, high fuel prices and a stronger Canadian dollar, border crossings from the United States into Ontario (and Canada) have decreased significantly over the past years. The four international bridges located close to Hamilton in Fort Erie and Niagara have reported a combined decrease in the volumes of inbound traffic of 14 per cent since 2006.
The most recent information from the Ministry of Tourism and Culture reveals that of the nearly 3.4 million U.S.A. same-day trips to Canada entering through Niagara and Fort Erie in 2007, the majority of travellers (86%) visited the Regional Municipality of Niagara and 6 per cent visited the City of Toronto. Only slightly more than 1 per cent visited the City of Hamilton (Figure 4.2).

In contrast (Figure 4.3), of the nearly 2.2 million U.S.A. overnight trips to Canada entering through Niagara and Fort Erie in 2007, 58 per cent stayed in the Regional Municipality of Niagara and 26 per cent visited the City of Toronto, while less than 2 per cent (1.8%) visited the City of Hamilton.
4 THE MARKET ENVIRONMENT

Figure 4.2: Top 4 census divisions visited, U.S.A. same-day trips to Canada from Niagara and Fort Erie (combined)

4 THE MARKET ENVIRONMENT

Figure 4.3: Top four census divisions visited, U.S.A. overnight trips to Canada from Niagara and Fort Erie (combined)

<table>
<thead>
<tr>
<th>Region</th>
<th>Border Entries</th>
<th>Visitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Niagara and Fort Erie (combined)</td>
<td>2,187,153</td>
<td>1,268,515</td>
</tr>
<tr>
<td>Niagara Regional Municipality</td>
<td>1,268,515</td>
<td>573,850</td>
</tr>
<tr>
<td>Toronto Metropolitan Municipality</td>
<td>573,850</td>
<td>49,224</td>
</tr>
<tr>
<td>Peel Regional Municipality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hamilton-Wentworth Regional Municipality</td>
<td></td>
<td>38,751</td>
</tr>
</tbody>
</table>


4.3 Tourism Outlook

Inbound travel to Ontario is expected to increase only marginally in the next four years. According to the Ministry of Tourism and Culture, growth in inbound travel will average 0.8 per cent per year through 2013, mainly due to increases in inter-provincial visits and visits to Ontario from overseas. By 2013, visits to Ontario are expected to reach 101.3 million—still well short of the pre-SARS level. Business travel is expected to show an average growth rate of nearly 2.5 per cent per year for the next four years; in contrast, leisure travel is anticipated to grow at an annualized rate of only 0.7 per cent.
4 THE MARKET ENVIRONMENT

4.4 Ontario’s New Tourism Regions

Stemming from the recommendations of Discovering Ontario, a report on the competitiveness of Ontario’s tourism industry, the Ministry of Tourism and Culture is establishing 13-new tourism regions. Each region will be managed by a Regional Tourism Organization (RTO)—an independent, industry-led, not-for-profit organization responsible for working with tourism partners to enhance and grow each region's tourism products and marketing activities.
In January 2010, the ministry issued a request for expressions of interest as part of the process for each region to identify a Regional Tourism Organization. It provided an opportunity for an organization or group of organizations to indicate an interest in becoming an RTO. The ministry anticipates most RTOs will be established by mid-year 2010.

The ministry is currently finalizing details of the funding model for the $65-million (available to tourism regions in each of the next two years) that will govern the relationship between government and the RTOs. The funding model will include a base allocation to the RTOs and funding based on the performance of the accommodations sector within the region. The ministry is currently working with the ministries of finance and revenue to develop the framework for the Regional Tourism Levy to replace the current Destination Marketing Fund.

While RTOs will not be government agencies, details of the relationship between the RTOs and the ministry’s Investment and Development Office and Field Services Branch have not been finalized. The ministry is currently reviewing its programs and services with a view to aligning them with the new regional structure.

The map on the following page provides an overview of the counties and/or municipalities located in each of Ontario’s new tourism regions. Hamilton, together with Halton Hills, Milton, Oakville, Burlington, Brantford and Brant County will form Region 3.
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4.5 Observations and Considerations

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. The following are observations and considerations revealed during the review of the current market environment.

- Ontario residents account for nearly 93 per cent of all visits to Hamilton; American residents represent less than 4 per cent of all visits.
  - Ontario is Hamilton’s primary travel market.

- Most visitors to Hamilton reside to the north and west of the city.
  - The majority of visitors enter Hamilton without passing the Fifty Road exit.

- Same-day visits account for the vast majority (81%) of all travel to Hamilton.
  - Generally, same-day visitors to an area have a pre-determined itinerary.

- Of all leisure trips to Hamilton, visiting friends and relatives (VFR) is the main purpose for 7-in-10 trips; only 3-in-10 trips were made for pleasure.
  - The VFR market generally relies on friends and relatives to provide advice on what to see and do.

- Nearly 60 per cent of all visits to Hamilton occur in the fall and winter months.
  - The disproportionate distribution of monthly tourism arrivals has implications for the hours and staffing of a gateway visitor centre.

- The composition of visitor household parties to Hamilton is generally adults-only; less than 20 per cent of household parties include children.
  - Product development and marketing and promotion are variable depending on age and household composition of target markets.

- Nearly 3-in-10 travellers from the U.S. entering Canada at Niagara and Fort Erie by-pass Hamilton in favour of visiting the City of Toronto.
  - In-transit visitors represent a potential lucrative market for Hamilton.

- Inbound travel to Ontario is expected to increase only marginally in the next four years.
  - There is an opportunity for Hamilton to increase visitation by increasing market share (Hamilton ranks 9th in popularity among
Ontario’s 49-tourist destinations with less than a 4 per cent market share).

- Visitor profiles show several commonalities among Hamilton, Halton Region and Brantford/Brant County—places of origin, length of stay, purpose of trip.
- The Ministry of Tourism and Culture proposed changes to tourism region and management presents Hamilton with an opportunity to increase its marketing presence.
5.0 COMPETITION

Tourism marketing initiatives lure people to travel, but it is visitor services that informs and inspires them to see more, do more and spend more. In this section of the feasibility study, the two main sources of competition for the proposed Hamilton Gateway Centre—other visitor centres in close proximity and technology—are explored.

5.1 Visitor Information Centres in Close Proximity

Visitor centres in Ontario are plentiful—operated by the province, municipalities, tourism associations and the private sector. It is estimated that there are over 250-regional travel information centres managed by Destination Marketing Organizations alone in Ontario.

Located within a one-hour drive of the proposed Fifty Road gateway centre are eight-major visitor service facilities (Figure 5.1). These include the three provincially-operated visitor information centres at Fort Erie, Niagara Falls and St. Catharines, three regionally-operated centres located in Grimsby, Brantford and Burlington and two centres operated by Tourism Hamilton.

Most information centres located in close proximity to the proposed Fifty Road site are stand-alone operations, the exceptions being Fort Erie, Grimsby and Hamilton Airport, which are co-located with other services.

Located just 4.6 km east of the proposed Hamilton Gateway Centre, the Gateway Niagara Information Centre in Grimsby is a full-service tourist information centre and rest stop for travellers. The location offers a full complement of popular national food retailers (Tim Hortons, Wendy's, Dairy Queen, Manchu Wok, Michel's Baguette, Mrs. Vanelli's, New York Fries, KFC/Taco Bell and Nicholby's), a gas station and a GO Transit station. The centre has four DVD-driven information stations, offers travel counselling and has a themed display case and more than 200 brochures and hospitality services on display. Travel counsellors are available to assist visitors with their visit to the region, arrange
hotel bookings and sell discounted admission tickets for a number of Niagara's attractions.

Collectively, the eight visitor information centres served 314,945 visitors in 2009, a decrease of nearly 29 per cent over 2007.

**Table 5.1: Visitor Information Centres annual visitation**

<table>
<thead>
<tr>
<th>Visitor Centre</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fort Erie</td>
<td>43,906</td>
<td>25,269</td>
<td>28,875</td>
<td>-34.3</td>
</tr>
<tr>
<td>Niagara Falls</td>
<td>155,880</td>
<td>121,594</td>
<td>120,055</td>
<td>-23.0</td>
</tr>
<tr>
<td>St. Catharines</td>
<td>106,298</td>
<td>93,882</td>
<td>91,346</td>
<td>-14.1</td>
</tr>
<tr>
<td>Grimsby (Casablanca Blvd.)</td>
<td>20,000</td>
<td>20,000</td>
<td>18,019</td>
<td>-10.0</td>
</tr>
<tr>
<td>Burlington</td>
<td>14,541</td>
<td>12,844</td>
<td>10,758</td>
<td>-26.0</td>
</tr>
<tr>
<td>Brantford</td>
<td>n/a</td>
<td>n/a</td>
<td>21,231</td>
<td>n/a</td>
</tr>
<tr>
<td>Hamilton</td>
<td>65,833</td>
<td>31,821</td>
<td>24,661</td>
<td>-62.5</td>
</tr>
</tbody>
</table>

This level of performance has been typical of many of Ontario’s travel information centres. For example, in the past nine years, visitation to the province’s 18 travel information centres has decreased by 60 per cent, falling from 2.5 million in 2000 to slightly less than 1.0 million in 2009.
Figure 5.1: Tourism information centre locations

Tourist Information Centres Visitor Statistics around Hamilton Region

- BURLINGTON TIC
  - Year Visitors
  - 2009: 18,258
  - 2008: 19,944
  - 2007: 14,341
  - 2006: 16,036
  - 2005: 13,251

- HAMILTON TIC
  - Year Visitors
  - 2009: 24,601
  - 2008: 37,872
  - 2007: 55,833
  - 2006: 35,789

- ST. CATHARINE SKYWAY
  - Year Visitors
  - 2009: 91,346
  - 2008: 93,820
  - 2007: 106,258
  - 2006: 157,400

- NIAGARA FALLS TIC
  - Year Visitors
  - 2009: 120,055
  - 2008: 121,594
  - 2007: 155,880
  - 2006: 154,850

- BRANTFORD TIC
  - Year Visitors
  - 2009: 21,231
  - 2008: /
  - 2007: /

- CASABLANCA BLVD. TIC
  - Year Visitors
  - 2009: 18,019
  - 2008: Approx. 20,000*
  - 2007: Approx. 20,000*
  - 2006: 29,588*

- FORT ERIE TIC
  - Year Visitors
  - 2009: 26,875*
  - 2008: 35,269
  - 2007: 43,906*

* number includes all visitors coming into food court and TIC.
** 2007, 2008 statistics general average for Casablanca Blvd.
*** combined statistic of both TICs in respective municipality
   / information unavailable

OWNED BY RESPECTIVE MUNICIPALITY
- OWNER BY NIAGARA TOURISM COMMISSION
- OWNED BY OTMPC

* number includes all visitors coming into food court and TIC.
combined statistic of both TICs in respective municipality
/ information unavailable

Hamilton Gateway Visitor Information Centre
consultants: unit a architecture inc.
MGP Ltd.
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5.2 Technology

VICs are generally in the business of disseminating information to promote tourism in a particular destination region. Traditionally, VICs have provided information through face-to-face contact with consumers (travel counsellors), brochures and static information displays. In recent years, many destinations have extended their customer servicing through the use of call centres (1-800 numbers). However, as interactive, online information technology becomes more ubiquitous, the number of sources for information available to and used by the travelling public has increased significantly.

Research has shown that today’s leisure travellers predominantly use the internet to gather information. In Canada, 54 per cent of leisure travellers have used website information to plan a trip; in the U.S.A. this behaviour is even more prevalent with 64 per cent of American travellers stating they have used website information to plan a trip (Table 5.2). A survey conducted in 2007 investigated reasons for this behaviour—when asked why, the majority of respondents cited “ease of access at all hours of the day.”

Table 5.2: Sources of information used by leisure travellers in Canada and the U.S.A.

<table>
<thead>
<tr>
<th>Source</th>
<th>Canada</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>An Internet website</td>
<td>54%</td>
<td>64%</td>
</tr>
<tr>
<td>Advice of others/Word-of-mouth</td>
<td>43%</td>
<td>38%</td>
</tr>
<tr>
<td>Past experience/Been there before</td>
<td>42%</td>
<td>46%</td>
</tr>
<tr>
<td>A travel agent</td>
<td>28%</td>
<td>16%</td>
</tr>
<tr>
<td>Maps</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>Official travel guides/brochures from state/province</td>
<td>21%</td>
<td>17%</td>
</tr>
<tr>
<td>Visitor information centres</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td>Articles in newspapers/magazines</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>An auto club such as AAA</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>Advertisements in newspapers/magazines</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>Travel guide books such as Fodor’s</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>Travel information received in the mail</td>
<td>7%</td>
<td>12%</td>
</tr>
<tr>
<td>Programs on television</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>Advertisements on television</td>
<td>4%</td>
<td>14%</td>
</tr>
<tr>
<td>Electronic newsletter/magazine received by e-mail</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Visits to trade travel or sports shows</td>
<td>3%</td>
<td>2%</td>
</tr>
</tbody>
</table>

While travel agents, maps and brochures from state/provincial marketing agencies remain among the top sources for information, only 19 per cent of Canadian and 17 per cent of American travellers have used visitor information centres to plan a recent trip.

Advice of others/word-of-mouth as a source of tourist information ranks high for both Canadian and American travellers. Because of its personal nature, it is believed that information communicated in this way has an extra layer of credibility. Today’s travellers want to participate in online discussions and evaluations with other people as part of their travel decision-making process. For this reason, many websites have been designed as a redistribution mechanism so users can easily pass information around through social networks and discussion sites, such as “Facebook” and “tripadvisor.”

Through the use of technology, many trip decisions can now be made well in advance of reaching a destination, reducing the demand for traditional VIC services. For example, nearly one-quarter of Canadian and one-third of American leisure travellers who have used websites to plan a trip have booked accommodations and car rentals and purchased tickets for specific activities or attractions online. GPS technologies have also reduced the need to stop for assistance and the need to use print maps while on route to a destination or attraction. Visitors can upload geographic co-ordinates (i.e., street addresses) to their GPS devices and follow the directions. Proximity marketing systems using, for example, Bluetooth technology, allow tourists to access information 24/7 on their mobile phones eliminating concerns over the opening hours of tourist information centres not always matching visitor requirements and arrival times throughout the year.

5.3 Observations and Considerations

- There are eight-major visitor service facilities located within an one-hour drive of the proposed Hamilton Gateway Centre.
- The Gateway Niagara Information Centre is located one exit east (4.6 km) on the QEW of the proposed Hamilton Gateway Centre and is a full-service tourist information centre and rest stop for travellers.

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1Social networks are internet sites for communities of people who share interests and activities or who are interested in exploring the interests and activities of others. The popularity of social networks to connect with friends, relatives and co-workers has and continues to rapidly increase. As of January 2009, it is reported that Facebook.com, for example, was receiving 6- million unique visitors per month and myspace.com, 59 million.
• Collectively, the eight-visitor information centres provided service to 314,945 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 ranks sixth as a source of travel information.

• Increasingly, today’s travellers are utilizing social media to participate in discussions and evaluations with other people as part of their travel decision-making process.
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6.0 STAKEHOLDER CONSULTATION

During the exploratory design phase of this project, the Consulting Team undertook stakeholder consultation to solicit input and comment. The objective of the consultation was to assess support for a gateway centre on the proposed site and to flesh out the range of facilities and services that stakeholders and local residents wish to have incorporated in the centre.

Three specific groups were targeted for consultation, each requiring a different approach to gathering information. An online stakeholder survey was used to gage the needs of the industry, a public meeting solicited comments from local residents and face-to-face interviews were employed to obtain background from city staff, municipal agencies, boards and commissions and nearby tourist information centres.

6.1 Stakeholder Survey

An email survey of tourism stakeholders across 11 tourism industry sectors was distributed to 362 stakeholders; 123-completed surveys were returned for a response rate of 34 per cent. Assuming the distribution mirrors the actual composition of Hamilton’s tourism industry, the attractions and festivals and events sectors are over-represented in the results, while the golf, countryside and restaurant sectors are under-represented. A list of tourism stakeholders can be found in Appendix B.

The following is a summary of the stakeholder survey results:

- The majority (61%) of survey respondents support the idea of incorporating a new gateway centre at the Fifty Road exit into Tourism Hamilton’s strategic plan;
6.0 STAKEHOLDER CONSULTATION

- Two-in-five respondents agree the Fifty Road location is the ideal location to attract maximum visitation;
- Over one-third (38%) of respondents indicated the proposed gateway centre should provide information about tourism experiences and support services available in the City of Hamilton and the surrounding area including Burlington, Brant County, Brantford and Halton Region;
- Almost unanimously, respondents agree the proposed gateway centre should include public washrooms (98%) and a bank machine (92%);
- More than half of survey respondents indicated the centre should offer a picnic area (73%), branded coffee shop (64%), pet walking area (59%), free internet access (56%), money exchange services (53%) and a gift shop (52%);
- Forty per cent of respondents said their company or organization would be interested in purchasing enhanced advertising space in the proposed gateway centre;
- Over 70 per cent of respondents indicated the proposed gateway centre at the Fifty Road exit of the QEW would help a lot (33%) or would help a little (38%) in attracting new visitors or customers to their businesses;
- Nearly 88 per cent of respondents indicated the proposed gateway centre would help a lot or help a little to improve Hamilton’s image as a tourist destination.

6.2 Neighbourhood Open House

Tourism Hamilton invited residents from about 1,000 homes in the area to an open house at The Landing Restaurant in Fifty Point Conservation Area through direct mail and an advertisement in the local newspaper. About 45 residents attended and of these, 27 provided contact information for project updates.

There was a general perception among the residents who participated in the open house that development in the area was happening too quickly and residents were not being kept informed. Based on the comments and concerns raised by attendees the overriding message was that while a visitor centre is critical to helping raise Hamilton’s image as a tourist destination, it should be located somewhere else.

6.3 Municipal Stakeholder Interviews

As part of the information gathering process the consultant team undertook interviews with city staff—recreation, culture and waterfront planning—and municipal agencies, boards and commissions—Hamilton Public Library, Hamilton Conservation Authority, Hamilton Art Gallery and the Stoney Creek
6.0 STAKEHOLDER CONSULTATION

Chamber of Commerce. The following highlights provided valuable input to the study process. A list of interviewees can be found in appendix G.

- While no city facilities are currently planned for the north side of the QEW near the proposed site, recreation staff would consider offering programs to area residents if a multi-purpose activity room was available. The programs offered and blocks of time required would depend on resident support and feedback. Management of the room would need to be resolved; it was suggested that if a community group was interested in undertaking this component it would be attractive to the city.

- An extensive database is being developed to help tell the story of Hamilton and maps of all forms of culture throughout the city are being prepared, which would be an invaluable resource for an information centre.

- While no library facilities presently exist in the area and none are planned, over the next two-three years Hamilton Public Library would consider offering a service delivery point to area residents. Technology currently exists to provide an automated book machine with a capacity for 10,000 items. The dispenser would contain “top-ten quick picks” for people dropping by or residents could order specific books online/by telephone and pick their selections up at the proposed gateway centre.

  It may be possible to provide either actual books, eBooks or audio downloads to the travelling public. This could occur even if visitors are not residents of Hamilton, through sales or reciprocal agreements with neighbouring municipalities.

- City-owned and conservation authority managed, The Fifty Point Conservation Area is adjacent to the proposed site and provides a range of visitor activities. Conservation area passes and the authority’s maple syrup could be offered for sale in an information centre.

- The third largest art gallery in Ontario, the Hamilton Art Gallery could loan artwork to the potential gateway centre.

6.4 Interviews with Nearby Information Centre Staff

Tours of visitor information centres in the region were undertaken in conjunction with discussions with the centres’ operators—Burlington, Brantford and Grimsby. The following briefly highlight key aspects of these facilities.

The Burlington Visitor Information Centre (VIC) recently relocated from an old clapboard structure located on Burlington Beach to the ground-floor lobby of a new commercial office building near the waterfront, beside a coffee shop. In spite of a modest video information panel attached to the outside of the building and a handwritten sandwich board panel outside the VIC to pinpoint its location, it was
difficult to locate. The VIC has a well-organized brochure rack, ceiling-mounted large-screen TV with a looped information track.

The Brantford Visitor Information Centre (VIC) is a recently constructed, stand-alone, state-of-the-art single storey, 11,000-sq.-ft. facility. It is difficult to reach as there is no immediate off-ramp from the provincial highway to the VIC. While the building itself is noticeably different from those around it with its extensive glass façade, upon exit visitors are led back into the service area of the adjacent mall.

The Brantford VIC includes various Brantford memorabilia, video screen display with looped information and proprietary tourist information displays throughout the space. There is a large counter for visitor service, although the actual ‘greeting’ counter is set off to the side. The washrooms are prominent on entering the centre. The office space is shared with other economic development staff and storage space is limited and a room is available for rent by community groups. The Brantford VIC has a mobile information kiosk that can be taken to events around town.

The Niagara Gateway Tourist Information Centre (TIC) is a 600-sq.-ft. kiosk situated on Casablanca Boulevard in the Town of Grimsby. Its highly visible striped-carousel building can be seen from highway.

Despite its central location in a food court, the TIC occupies a relatively small space, has limited back of house functions and appears slightly lost in the retail environment. Designed to give the impression of an outdoor environment, the TIC includes two separate information counters—one for Niagara Region and the other for Grimsby—and has video screen displays with trackball user interface, as well as an extensive brochure display.
7.0 OPTIONS AND DIRECTIONS FOR INVESTMENT

In this section, criteria are outlined for the selection of compatible investment opportunities; three development options are described, forming the foundation for the feasibility study and business case discussed in future sections; and a demonstration plan for the preferred option is detailed.

7.1 Criteria for Investment

To ensure investment in a gateway centre supports its core tourism function and avoids direct competition with existing private sector investment in the area, the following four criteria were identified. These were used to guide the selection of appropriate investment opportunities that would benefit the gateway centre:

- Good fit with information services and the “Hamilton Story;”
- Unique along the QEW transportation corridor;
- Attracts visitors, is continuously changing and offers dynamic experiences;
- Services both travellers and local residents.

7.1.1 Information services fit and the Hamilton story

Research indicates information centres have been paired with a broad range of private sector uses, however, many of these uses do not appear to complement the information centres themselves and arguments can be made they actually hinder the centres’ operations.

Gateway Niagara Tourist Information Centre, for example, is centrally located in a food emporium. Visitation figures indicate only one-out-of-10 visitors to the building actual visit the information centre itself. This is not surprising as it is not visible and is overwhelmed by the activity of the food court, a function that is generic and overpowers the “local story.”

Another example is the Burlington Visitor Information Centre, which was relocated from an obsolete stand-alone structure on Burlington Beach to the lobby of an office building. Visitation has dropped 25
per cent since the move and student ambassadors are now sent along the beach to intercept and assist visitors. Similar to the Gateway Niagara TIC, the Burlington information centre is not visible; it is overwhelmed by the office building, a function that does not support the “Burlington story.”

In researching the “Hamilton Story,” memorable impressions defining key characteristics of Hamilton, which could be used to sell a “Hamilton story,” were noted. The following were reoccurring themes: heavy industry; agriculture; water and the natural environment; public art; technology.

It is recommended that uses that do not support the “Hamilton story” should not be pursued.

### 7.1.2 Unique along the QEW

The gateway centre would benefit from being paired with unique private investment that could positively identify with the gateway centre itself. Additionally, by selecting a unique use, Tourism Hamilton and the city would not be seen to compete with other private sector investments in the immediate area.

Figure 7.1 identifies the existing and proposed private investment along the QEW corridor within a few kilometres of the site. While it is not known what specific commercial/retail/office uses will be included in two adjacent developments, the current inventory of uses that would be inappropriate for the gateway centre site includes:

- Fast food or chain restaurants (four existing);
- Gas or service stations (three existing);
- Hotels and motels (three existing);
- Commercial office buildings (four proposed at Smart Centre and proposed office space on the 2nd floor of the commercial mall at Fifty Road);
- Conference centre facilities (already exist in Stoney Creek, e.g., The Winona Vine Estates Banquet and Convention Centre);
- Unique dining / restaurant (one exists at The Landing).
7.1.3 **Attracts visitors, is continuously changing and offers dynamic experiences**

Investment should be focused on uses that are active and changing in nature, ones that enhance the visitor experience. Site activity that activates all the senses and is both anticipated and readily apparent to travellers approaching the site would help create excitement. Many stand-alone information centres result in a visitor’s first impression being of “an empty parking lot.” This sense of being isolated is counterproductive to telling the “Hamilton story;” therefore, investment should animate the site without overpowering the information centre.

7.1.4 **Investment in the traveller and the local resident**

Research indicates that family and friends play a large role in the dissemination of tourist information in Hamilton. Benchmarking the Brantford Visitor Information Centre experience where visitation records indicate that about 45 per cent of visits to the centre are by local residents, investment should enhance the daily, casual interaction of local people as much as service the out-of-town visitors’ needs.
7.0 OPTIONS AND DIRECTIONS FOR INVESTMENT

Table 7.1: Split between local and out of town visitors, Brantford Visitor Information Centre first 10 months, 2009

| Local 45% | Out of Town 55% |

Source: Brantford Visitor Information Centre

7.2 Development Concept Options

Three development concept options follow, beginning with the simplest. Option 1 offers a stand-alone information centre with investment in current, industry standard, technology. Option 2 adds a retail market and increases investment in technology. Option 3 expands the technology investment site-wide and adds a multi-purpose community room.

7.2.1 Option 1

Option 1, a stand alone, state-of-the-art information centre, is based on standards currently being developed for information centre gateway sites by the Ontario Tourism Marketing Partnership Corporation (OTMPC). These standards are generally used to establish construction materials, building finishes and fit-out components. Option 1 is the benchmark option similar to figure 7.2 that provides a baseline for the business case evaluation.

Figure 7.2: Concept for new OTMPC information centres at Ontario gateways

Source: OTMPC Website
The basic program layout and adjacencies are indicated in figure 7.3. As the visitor experience is primary, vehicle circulation through the site should be a one-way system approaching the site from the west; accessing the site from Baseline Road to the north and departing south onto North Service Road in the direction of Fifty Road.

Figure 7.3: Option 1 program and adjacencies

The site would be extensively landscaped with examples of native flora. Small pedestrian plazas and sidewalks would lead from a parking lot to an inviting canopy with benches and 24/7 information screen. To one side, outdoor tables would invite visitors to rest a moment on the sunny south side. An extensive investment in signage would be made on three levels:

- The QEW-scale branding of the facility as the Hamilton Gateway Centre;
- General wayfinding signage to the site and on-site;
- Telling the story of Hamilton.

The 2,000-sq.-ft. visitor information centre hall would be modern and well lit as illustrated in figure 7.5. Interactive maps programmed with the “Hamilton story” and attractions would anticipate and suggest complementary sites or exhibits. Short, looped videos would animate the space. Traditional information centre program elements such as the counter and brochure rack, would be present but located in the background in favour of self and interactive exploration.
7.0 OPTIONS AND DIRECTIONS FOR INVESTMENT

7.0.4 Figure 7.4: Interior of New York City Information Centre

Source: Official NYC Information Center Website

High-quality barrier-free washrooms and an automated banking machine would be available off the main hall. A staff office of 150-sq. ft., a unisex washroom and a 100-sq.-ft. storage room with receiving door would be provided as support space to the main hall.

7.2.2 Option 2

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. The objective of Option 2 is to make the visitor experience within the information centre unique and so enriching that information seekers pass two or three information centres along the QEW until they reach the Hamilton Gateway Centre. By investing in new media, the Hamilton Gateway Centre would become a destination and attraction in itself, taking market share from neighbouring information centres.

Programmatically, the elements and adjacencies are illustrated in figure 7.5. “Locavore” focused retail—farmers’ market and café—has been added to the development as an example of private investment that meets the four criteria used to determine benefit to the gateway centre. Recent public and media focus on the benefits of local produce, eating healthy and sustainability is combined with Hamilton’s historic connection to fruit and vegetable production and its predominant land use. Agriculture lands currently account for 65 per cent of Hamilton’s area.

A 3,000-sq.-ft. space, equal in size to the information centre itself, would provide a sampling venue for sale of local produce, preserves and prepared foods. It is usual for this type of facility to contain a small café to assist with sales within the market. The market could expand once a week into the plaza and parking lot, creating a market day.

The quality of exterior finishes and landscaping in Option 2 would be similar to Option 1. A dedicated dog walk area and outdoor playground have been added to this option and it is proposed that the parking lot be double the size of that in Option 1.
Similar to Option 1, high-quality barrier-free washrooms and an automated banking machine would be available off the main hall. Back-of-house and support service areas increase in Option 2 to accommodate the larger building area and occupancy load.

**Figure 7.5: Option 2 program and adjacencies**

7.2.3 Option 3

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. The objective of Option 3 is to expand the enriched new media experience beyond the confines of the interior information centre itself to become kinetic, interactive activity, which is apparent from the QEW. It may be utilized at the individual pedestrian level, group level or even activated by passing vehicles on the QEW. By increasing the investment in new media, Option 3 increases market share at the cost of other information service providers in the region.

Programmatically, the elements and adjacencies are illustrated in figure 7.6. In addition to the “locavore” retail—farmers’ market and café—a 900-sq.-ft. multi-purpose room with 100-sq. ft. of storage and a kitchenette, as well as a public library service kiosk, have been added to this option to address enhanced visitor services, potential community needs and income generation. Back-of-house and support service areas remain similar to Option 2.
Separate rooms, adjacent to and connected to the main central orientation spaces are not uncommon in information centres, as seen in the new Bradford Visitor Information Centre, and are normally required program elements to “tell the story” in welcome and interpretive centres. These spaces are commonly set up as small theatres, classrooms or meeting rooms. In addition, city parks and recreation staff may provide programming in these spaces to local residents. The multi-purpose rooms should be designed as and capable of becoming an extension of the farmers’ market area for potential market days.

Generally, the quality of finish and landscaping is similar to Options 1 and 2 and details on the specific level of finishes should satisfy a wide range of potential uses. The parking lot capacity is 33 per cent larger than that of Option 2.

**Figure 7.6: Option 3 program and adjacencies**

![Diagram of Option 3 program and adjacencies]

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7.3 Demonstration of Preferred Option 3

For investment purposes, Option 3 reflects the preferred Hamilton Gateway Centre as it maximizes the number of visitors to the site. Figure 7.7 illustrates a preliminary demonstration of what the Option 3 program might look like and how it may be laid out on the site. Figure 7.8 provides a technical layout of the demonstration plan with dimensional criteria.

As the development site is highly visible and has many view aspects and approach angles, it was decided to undertake a series of three-sequential vignettes rather than a single rendering of the
proposed Hamilton Gateway Centre. Figure 7.9 illustrates the highway scale primary “gateway” identity of the Centre from the QEW westbound lanes as you approach Hamilton. Figure 7.10 illustrates the pedestrian scale café plaza at the corner Lockport Way and North Service Road. Figure 7.11 illustrates the view from the parking lot towards the Farmer’s Market which, on market day, may spill out into the parking area. In addition, the sustainable design options found in the LEED cost-benefit analysis were incorporated into the plan. These include grass pavers in the parking area as a means of storm water management, solar hot water heating, recycled structural components, rain water harvesting for use in the toilets and other sustainable initiatives.

**Figure 7.7: Option 3 demonstration development site plan**

![Figure 7.7: Option 3 demonstration development site plan](image-url)
Figure 7.8: Option 3 demonstration development dimensioned site plan

Figure 7.9: Option 3 demonstration development view from QEW westbound
Figure 7.10: Option 3 demonstration development view from corner of Lockport Way and North Service Road across plaza and into café

Figure 7.11: Option 3 demonstration development view from parking into farmers’ market
The goal of the gateway centre is to provide the large volume of QEW corridor users with an introduction to the Hamilton that lies beyond. The new media package is a demonstration of the approach resulting from the investment strategy. With the rapid development of new technology with proven durability, easily found replacement components and low costs relative to traditional exhibitry, an array of new media is available to convey messages to the traveling public in dynamic and exciting ways. This new media replaces or pushes to the back, traditional static displays, brochure racks, fixed exhibits and touch screen monitors that are ubiquitous to information centres. New media may be utilized to communicate in both exterior and interior environments. Demonstration Plan figure 7.7 indicates coloured discs in the paving around the gateway ‘HAMILTON’ wall that interact with visitors by changing colours as they approach and stand on the discs resulting in changing façade characteristics. Another approach to either interior or exterior new media is illustrated in figure 7.12 which uses engaging media to tell the stories of Hamilton in a playful, interactive and contemporary manner.

Figure 7.12: Option 3 demonstration development of new media
Integrating with the exterior and continuing to develop the Hamilton stories, the interior of the visitor centre is conceived of as a black box where in figures 7.13-15 new media seamlessly integrates with the physical environment. Visitors will be able to explore Hamilton in a manner that is unique and entirely different from any brochure or web experience.

**Figure 7.13: Option 3 demonstration development of new media**

![Option 3 demonstration development of new media](image)

**Figure 7.14: Option 3 demonstration development of new media**

![Option 3 demonstration development of new media](image)
Figure 7.15: Option 3 demonstration development of new media

The new Visitors Center will provide a timeless, ever-changing hub that will serve as a point of emotional connection to Hamilton.
8.0 BUSINESS MODELS

Moving forward with the proposed Hamilton Gateway Centre is a high risk venture that will require a significant commitment of time and resources by Tourism Hamilton and the city. Facility costs will be substantial for an iconic building that would need to meet high planning and design standards. Revenue generation will be dependent on a favourable response from both tourism operators and the travelling public, and ensuring the operating costs are sustainable will require managerial efficiencies.

The following discussion focuses on alternative business models for developing and operating the proposed gateway centre. Four options are presented with pros and cons detailed. As well the supplementary concept of sponsorships as a way to off-set some costs is raised.

Options that would involve the provision of visitor information services by the private sector are not considered viable as this would effectively create a second destination marketing organization in the city and loss of message control by Tourism Hamilton and are therefore excluded from the discussion.

8.1 Tourism Hamilton Designs-Finances-Builds-Operates Facility

Using this model, Tourism Hamilton would contract a private sector firm to design and build the facility. A tender call process would enable Tourism Hamilton to select a firm to construct a gateway facility that conforms to the outlined standards and performance requirements. Once built, Tourism Hamilton would take responsibility for the maintenance and operation of the facility. Traditionally, this has been the project delivery methodology for stand-alone visitor information centres.

This approach offers some important advantages. Tourism Hamilton has:
8.0 BUSINESS MODELS

- Ownership of the land and building;
- Full control over facility design and operations;
- Control over the marketing message;
- Control over service levels and fees/prices.

There are also some inherent disadvantages with this business model as it:

- Places construction risk on Tourism Hamilton;
- Increases administrative workload to manage auxiliary services (i.e., gift shop, farmers’ market, multi-purpose room);
- Requires increased staffing by Tourism Hamilton.

8.2 Tourism Hamilton Designs-Finances-Builds Facility and Operates Visitor Services, Private Sector Operates Auxiliary Services

As with Option 1, Tourism Hamilton would contract a private firm to design and build a gateway facility that conforms to its standards and performance requirements through a tender call process. Once built, Tourism Hamilton would take responsibility for the maintenance and operation of the facility. However, unlike the approach in Option 1, in this model Tourism Hamilton would only assume responsibility for the provision of visitor information services. It would lease space to a private firm to operate auxiliary services (e.g., gift shop, farmers’ market, multi-purpose room).

Advantages of this model are:

- Tourism Hamilton has ownership of the land and building;
- Tourism Hamilton has full control over facility design;
- Tourism Hamilton is able to focus on the effective delivery of tourist information services;
- Private sector assumes the risk for commercial operations;
- Tourism Hamilton gains access to private sector experience, management and innovation.

Disadvantages of this approach include:

- Construction risk is assumed by Tourism Hamilton;
- Tourism Hamilton’s control over facility operations is reduced;
- Private sector determines fees / prices, which may be higher than when under Tourism Hamilton control;
• Potential costs to assume delivery of auxiliary services if contractor defaults.

8.3 Tourism Hamilton Designs-Finances-Builds-Leases Facility, Regional Tourism Organization Operates Facility

In this model, Tourism Hamilton would contract a private firm to design and build a gateway facility that conforms to its standards and performance requirements. Once built, the centre would be leased to the new Regional Tourism Organization, which would assume responsibility for the maintenance and operation of the facility including provision of visitor information services.

Advantages of this option include:

• Contributes to the fulfillment of the Regional Tourism Organization’s mandate of “marketing and communications of the product and services available to tourists in the region;”
• Tourism Hamilton retains ownership of the land and building;
• Lease payments contribute to the recovery of Tourism Hamilton’s investment;
• Places operating risk on the Regional Tourism Organization.

Disadvantages of this option include:

• The gateway centre is no longer a gateway to Hamilton;
• Tourism Hamilton’s control over facility operations is reduced;
• Increased competition for Hamilton tourism business;
• Increased competition for potential visitors to Hamilton.

8.4 Tourism Hamilton Designs-Contracts Private Sector to Finance-Build-Lease Facility to Tourism Hamilton

Using this model, Tourism Hamilton would contract with a private sector partner to finance and build a gateway facility that conforms to its standards and performance requirements. Once built, the private sector partner would lease the facility to Tourism Hamilton, which would maintain and operate the facility for a specific period of time after which ownership would vest with Tourism Hamilton.
Advantages of this option include:

- Construction risk is assumed by private partner;
- Lease payments may be less that debt servicing costs.

Disadvantages of this option include:

- Potential increased costs to incorporate desired design features once contract is verified;
- Possible requirement to sell or transfer land so private partner can obtain financing.

### 8.5 Sponsorships

In addition to the preceding business models, the cost of constructing and operating the gateway centre could be offset through sponsorships (cash or in-kind contributions) from organizations such as:

- Ontario Tourism Marketing Partnership Corporation (service training);
- IKEA (furniture);
- Hi-tech companies, e.g., Bell, Dell, Sympatico (new media hardware);
- Local businesses or industries.

This approach would require allocating staff resources with a background in, or access to expertise in the development and implementation of sponsorship programs to attract investment. Sponsorship should align with the “Hamilton story.”

### 8.6 Conclusion

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. This role is consistent with Tourism Hamilton’s stakeholders’ budget expectations and staff performance metrics. Responsibility for auxiliary services, which are outside Tourism Hamilton’s mandate and staff expertise are assumed by a private sector operator with specific knowledge and experience in managing retail operations.
9.0 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.

9.1 Comparable Visitor Information Centres

Tourists travelling westbound along the QEW from the U.S./Canada border towards Toronto have four opportunities to visit an information centre prior to the new Hamilton Gateway Centre. Visitation to these centres varies significantly, ranging from 18,000-to-120,000 visitors annually.

While all four visitor centres are located along major thoroughfares; the two centres receiving the greatest volumes of visitors—Niagara Falls (annual visitation 120,000 persons) and St. Catharines (91,000)—are located in close proximity to high volume tourist areas. The Gateway Niagara Information Centre in Grimsby (visitation 18,000) and Fort Erie Centre (29,000) are located in retail areas and are positioned as gateways to the Niagara Region.

Both the Niagara Falls and St. Catharines visitor centres are operated by the Ontario Tourism Marketing Partnership Corporation, have been operating since the early 1980s and benefit from the Ontario Tourist Information Centre (OTIC) brand—the green roof. The Fort Erie (also operated by OTMPC) and the Gateway Niagara Information Centre centres were built more recently (2001) and do not benefit from the OTIC brand appearance. Furthermore, these two facilities have no outward brand as they are imbedded within large commercial structures with only signage for identity.

There are four other visitor centres located within close proximity to the Hamilton Gateway Centre site—Brantford, Burlington and Hamilton (2). Together, the eight centres serviced nearly 315,000 visitors in 2009 with the two largest centres (Niagara Falls and St. Catharines) accounting for over two-thirds (67%) of the
visitors. The average number of visitors to the remaining six centres was 17,260 visitors.

9.2 Traffic Data

The most recent information from the Ministry of Transportation\(^1\)—2006—shows the annual average daily traffic (AADT) volumes for the section of the QEW that passes the Fifty Road exit to be 100,900 vehicles of all types. MTO classifies the traffic pattern in this area as predominately “commuter” with work-trip commuters and personal and local business trips accounting for about 70 per cent of the traffic volume; commercial vehicles account for approximately 10 per cent.

The summer average daily traffic (SADT) volume is 112,100 vehicles per day and the winter average daily traffic (WADT) volume is 90,800 vehicles per day; the summer average weekday daily traffic is 113,000 vehicles per day. This suggests that tourism/recreational traffic may be in the order of 8 to 10 per cent of the total traffic volume or 4,035-5,045 vehicles per day travelling westbound (towards Toronto).

Based on the average party size of visitors to Hamilton in 2007 of 1.3 persons (1.4 persons provincially), this translates into a potential market for the Hamilton Gateway Centre of 5,245-to-6,560 persons per day or 1,914,600-to-2,393,000 persons annually. Assuming a capture rate of 0.9 per cent—the same capture rate experienced by the neighbouring the Gateway Niagara Information Centre—actual visitation to the gateway centre could be in the range of 17,200-to-21,500 persons annually.

9.3 Tourism Outlook

Inbound travel to Ontario is expected to increase only marginally in the next four years. According to the Ministry of Tourism and Culture, growth in inbound travel will average 0.8 per cent per year through 2013, mainly due to increases in inter-provincial visits and visits to Ontario from overseas. Non-business U.S. visits in 2010 through 2013 are anticipated to decline at a compounded annual rate of 0.8

per cent per year. This suggests that any significant increase in regional tourist visitation will only occur through an increase in market share.

### 9.4 Visitation Projections for the Hamilton Gateway Centre

Based on available information, visitation to the Hamilton Gateway Centre 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 1).

With the addition of new media experiences and a farmers’ market (Option 2), visitation to the gateway centre could effectively double. To achieve this level of visitation, Tourism Hamilton will need to create, through an aggressive marketing campaign, increased awareness with the travelling public that the centre is there and that it offers a superior and unique experience that differentiates the Hamilton Gateway Centre from other visitor information centres.

Option 3 with its expanded new media component and multi-purpose meeting room could potentially increase visitation to the Hamilton Gateway Centre by an additional three-to-four-thousand visitors annually.

**Table 9.1 Summary of Potential Visitation**

<table>
<thead>
<tr>
<th>Option</th>
<th>Visitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>17,200 – 21,500</td>
</tr>
<tr>
<td>Option 2</td>
<td>34,000 – 40,000</td>
</tr>
<tr>
<td>Option 3</td>
<td>37,000 – 44,000</td>
</tr>
</tbody>
</table>
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10.0

FINANCIAL AND ECONOMIC PROJECTIONS

The following financial analysis is based on the three development concepts presented in Section 7 to the extent that design costs and operating variables can be reasonably assumed. Capital costs estimates were obtained through comparison of similar recently constructed facilities 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 data. The above notwithstanding, some of the variables and assumptions that underlie this analysis will undoubtedly change once a final design concept and pre-development planning work for the Hamilton Gateway Centre commences. Readers are therefore reminded of the limitations of the analysis.

10.1 LEED Cost-Benefit Analysis

Leadership in Energy and Environmental Design (LEED) is a voluntary, consensus-based, green building objective measurement system that requires third party verification administered by the Canadian Green Building Council (CaGBC) in Canada. The Hamilton Gateway Centre project could be certified under the LEED NC (new construction) rating system by an accredited professional. The LEED rating system levels for new construction are as follows:

Table 10.1: LEED certification levels

<table>
<thead>
<tr>
<th>CERTIFIED LEVEL</th>
<th>LEED NC POINTS range required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified</td>
<td>26-32</td>
</tr>
<tr>
<td>Silver</td>
<td>33-38</td>
</tr>
<tr>
<td>Gold</td>
<td>39-51</td>
</tr>
<tr>
<td>Platinum</td>
<td>52-70</td>
</tr>
</tbody>
</table>
Many municipalities and government agencies set general targets for all their construction projects although there is no guarantee of level, even certification, until all materials are submitted to CaGBC and verified at construction completion. Two types of costs are incurred with project certification:

- **Soft Costs**—Fees for LEED-accredited professional consultant for energy modeling, etc. and CaGBC processing;
- **Hard Costs**—Capital construction premium costs.

### 10.1.1 Soft costs

The general industry rule of thumb regarding fees is that it will cost approximately $1,000 for each credit. Therefore having a building certified LEED Silver will cost between $33,000 and $38,000 in consulting costs. To save costs and administration burden, some municipalities, including the City of Toronto, contractually require consultant teams to target a LEED-silver level as part of every construction contract but do not require CaGBC registration or strict administration or tracking throughout the project. There are a two of downsides to this approach:

- No third party review to confirm the project achieved a specific level of sustainability;
- No LEED certification mounted on the entry wall to indicate the building is designed and constructed to international sustainable energy and design criteria.

### 10.1.2 Capital costs

Public and building owner awareness of the benefits of sustainable design generally and the LEED program specifically has grown rapidly in Canada to the point where research indicates there is no capital cost premium to achieving the base LEED certification for a new building project. A preliminary scan of the potential costs and benefits of the Hamilton Gateway Centre design, construction and operational practices that could meet specific standards to reduce the negative impact of buildings includes the following examples:
### Table 10.2: LEED cost benefit

<table>
<thead>
<tr>
<th>Type of LEED Initiative</th>
<th>Capital Cost</th>
<th>Benefit + LEED Credit Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Material Selection:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Salvaged/seconds Defasco structural steel</td>
<td>$0</td>
<td>• Showcase the Hamilton story</td>
</tr>
<tr>
<td>2. Concrete made with Defasco slag</td>
<td>$0</td>
<td>• Environmentally sustainable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• LEED local product credit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• LEED salvage credit</td>
</tr>
<tr>
<td><strong>Site Water Management:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Grass pavers in lieu of asphalt in parking lot eliminating storm water management</td>
<td>$6,000 to $12,000</td>
<td>• Maintenance costs reduced by 40% over 15-20 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Capital cost savings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• LEED site credit</td>
</tr>
<tr>
<td>4. Green roof</td>
<td>$80,000 to $120,000</td>
<td>• Lower cooling + heating costs associated with insulation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reduces load on municipal water treatment plant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• LEED green roof credit</td>
</tr>
<tr>
<td><strong>Energy Management:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Solar photovoltaic panels</td>
<td>$76,000</td>
<td>• Priority for solar would be to take advantage of the microfit program for annual savings of $8,073 and 10 year payback (max 10 kW). Refer to appendix for calculations. Additionally, solar panels are eligible for a reduced rate so the payback would be longer.</td>
</tr>
<tr>
<td>6. Geothermal ground source heat pump compact horizontal loops (2,300 m² of land available)</td>
<td>$85,000</td>
<td>• The annual fuel savings is $8,970, which would result in about a 9-year payback. Refer to appendix for calculation details</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• “Free renewable energy source for heating and cooling”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• LEED renewable energy credit</td>
</tr>
</tbody>
</table>
10.1.3 Conclusion

Hard and soft costs associated with LEED project certification are relatively minor at the lowest level of certification and clearly of cost benefit with research indicating a commercially viable two-year pay-back period through operational cost savings on the soft cost investment. If higher LEED certification levels such as LEED Silver/Gold are targeted, LEED credit payback periods for the major systems analyzed begin at eight-to-nine years on a capital outlay of $75,000-$100,000. These systems have life spans in the range of 20 years.

If sustainable technology and design are part of the Hamilton story at the gateway centre, capital investment in several of the analyzed systems in Table 10.2 is recommended.

10.2 Capital Costs

Order of magnitude capital costs for each of the three development options includes the following general categories and assumptions:

- **Hard construction costs**—Include costs for the general construction contract, as if tendered this month, including a 10 per cent design phase contingency allowance and 10 per cent construction phase contingency allowance.

- **New media and environmental graphics costs**—Includes hardware and standard software costs as well as start-up programming costs. These costs are in line with current high end conventional exhibit budgets. Branding and unique programming costs and newly commissioned films are not included.

- **Development soft costs**—Include standard professional consulting fees, disbursements and building permit fees.

GST /HST are excluded.

<table>
<thead>
<tr>
<th>Summary of Capital Costs</th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Construction</td>
<td>$1,916,000</td>
<td>$3,155,000</td>
<td>$3,590,000</td>
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<tr>
<td>Media + Environmental Graphics</td>
<td>$418,000</td>
<td>$1,700,000</td>
<td>$2,750,000</td>
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<tr>
<td>Fees + Permits</td>
<td>$372,500</td>
<td>$655,000</td>
<td>$794,000</td>
</tr>
<tr>
<td><strong>Total Capital Costs</strong></td>
<td><strong>$2,706,500</strong></td>
<td><strong>$5,510,000</strong></td>
<td><strong>$7,134,000</strong></td>
</tr>
</tbody>
</table>

An itemized breakdown of capital costs can be found in Appendix E.
10.3 Revenue Centres

The purpose of visitor services and visitor information centres is to generate increased tourism spending throughout the local community and therefore centres should be seen as an investment in tourism and the community’s overall economic base. The rationale for this concept is not simply to get visitors off the highway and into the visitor information centre but off the highway and into the community.

The Hamilton Gateway Centre should not be conceived as a pure commercial venture, where on-site revenues are able to sustain all capital and operating costs as that is not its purpose. However, construction of the new gateway centre does provide several opportunities to generate revenue streams to help off-set the costs of operating the centre.

The following discussion of auxiliary revenue centres pertains to the use of the physical plant and does not address possible opportunities for revenue generation through expansion of visitor services offered by Tourism Hamilton, such as the sale of tickets/passes to area attractions, or booking services for entertainment events and accommodations.

10.3.1 Currency exchange and vending machines (Options 1, 2, 3)

Currency exchange, automated banking machines and food/beverage vending machines have become standard visitor services in almost all visitor information centres. In most cases, space lease rates for ABMs and vending machines are linked to usage. Use of ABMs in OTMPC’s travel information centres average five transactions per day with a commission of $0.50 per transaction.

Financial projection assumptions:

- One automated banking machine; 150 transactions per month @ $0.50 commission;
- Two food and beverage vending machines; 250 purchases per month with an average purchase of $2.00 and a 10 per cent commission rate.

10.3.2 Advertising space rental (Options 1, 2, 3)

High-profile advertising space (open interior wall space, window displays, back-lit images and posters, floor display cabinets, static outdoor advertising kiosks and video boards) will be available throughout the gateway centre for lease by individual tourism operators, companies and organizations.
Results of the Hamilton Gateway Centre stakeholder survey indicated that approximately 38 per cent of respondents would be interested in purchasing, on an annual basis, enhanced advertising space in the gateway centre. The average amount interested respondents were willing to pay for the opportunity was $2,110.

Financial projection assumptions:

- Advertising materials are the responsibility of the lessee;
- Space rental is on an annual basis, materials / displays can be changed as desired;
- Rental fees will be determined by size and placement of advertising materials;
- Average annual rental fee per 15 opportunities will be $1,200.

10.3.3 Gift shop (Options 1, 2, 3)

The sale of branded merchandise and souvenirs in visitor information centres varies across jurisdictions. In the U.S., most centres do not have a retail component; in Nova Scotia retail stores in provincially-run VICs are operated through contract with a private operator; and Tourism Saskatchewan does not generate profit from the sale of souvenirs and merchandise even though they are sold in information centres and online. Most local, regional and provincial VICs in Ontario sell branded merchandise and/or local crafts. It is assumed that the gateway centre also will offer visitors the opportunity to purchase locally-made arts and crafts and other high-margin souvenirs and gifts.

According to the 2007 Travel Surveys, the average spending on retail by visitors to Hamilton was $13.78 per person per day or per trip. Daily average per person spending on clothes was $11.10 and on other retail $2.67.

The Museum Store Association, which represents the cultural commerce industry (museums, zoos, botanical gardens, etc.) in North America, calculates the median net sales per visitor to museum stores to be $2.43.

Financial projection assumptions:

- One-in-10 people visiting the Hamilton Gateway Centre will purchase an item from the gift shop;
- Average purchase per customer will be $10.00;
- Average cost of sales is 45.3 per cent.
10.3.4 Farmers’ market space rental (Options 2, 3)

Design Options 2 and 3 include a 3,000-sq.-ft. enclosed space with open air access for a year-round farmers’ market. The intent of the marketplace is to attract visitors to the centre by providing an opportunity to purchase locally-grown produce and products.

Based on facility construction costs (Option 2 is $505/sq. ft. and Option 3 is $488/sq. ft.) plus the cost of kiosk construction, and assuming a 15-year amortization, monthly lease rates required to recover capital cost would be about $400 per 100-sq.-ft. stall based on 15 vendors.

In comparison, current monthly rental fees in well known farmers’ markets are:

<table>
<thead>
<tr>
<th>Market</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kitchener Farmers’ Market</td>
<td>$354 - $516</td>
</tr>
<tr>
<td>Toronto St. Lawrence Market</td>
<td>$120 - $240</td>
</tr>
<tr>
<td>Ottawa ByWard Market</td>
<td>$3,000</td>
</tr>
<tr>
<td>Hamilton Jackson Square</td>
<td>$250 - $275</td>
</tr>
<tr>
<td>Stratford Farmers’ Market</td>
<td>$125 - $175</td>
</tr>
</tbody>
</table>

By offering low-cost rental space, it is anticipated that the gateway centre will draw a variety of local vendors while at the same time not compete with local markets.

Financial projection assumptions:

- Gross monthly rental fees are $250 per 100-sq.-ft. stall;
- Number of vendors is 24.

10.3.5 Partner information delivery service (Options 1, 2, 3)

The Ministry of Tourism and Culture’s proposed realignment of Ontario’s tourism regions will result in the amalgamation of Brant County, Brantford, Halton Region and Hamilton into a single region, Region 3. This presents the opportunity to position the Hamilton Gateway Centre as a gateway, not only to Hamilton, but to the region by striking partnerships with other regional DMOs to showcase their tourism experiences.
Based on facility construction costs (Option 1 is $642/sq. ft., Option 2 is $505/sq. ft. and Option 3 is $488/ sq. ft.) plus the cost of kiosk construction and assuming a 15 year amortization, monthly lease rates required to recover capital cost would range from approximately $558 to $858 per 50-sq.-ft. stall.

Financial projection assumptions:

- Number of participating DMOs is two (Tourism Brantford and Tourism Burlington);
- Gross annual rental fees are as follows, Option 1 is $6,700, Option 2 is $9,300 and Option 3 is $10,300.

### 10.3.6 Brochure racking

Hard copy advertising collateral (brochures, maps, etc.) remain very much a part of the tourism industry’s marketing tactics. Many tourism operators rely on information centres to generate additional business through the distribution of brochures. For some small operators, the visitor information centre may be their “primary” face to the consumer.

At present, Tourism Hamilton provides free brochure racking opportunities to local tourism-oriented businesses. In doing so it provides a value-added service, absorbing the administrative costs associated with the service.

Financial projection assumptions:

- Racking fees are $75.00 per operator / organization;
- Participating businesses is 50;
- Annual increase in participating businesses is 10 per cent.

### 10.3.7 Community space rental (Option 3)

Design Option 3 includes a 900-sq.-ft. multi-purpose room, which will be available to community organizations for meetings and tourism businesses and associations for special events or inter-active marketing. To maximize the use of this space, low-cost daily rentals will be offered.

Financial projection assumptions:

- Space is rented on average two times per week for four hours;
- Hourly rental fee is $25.00.
10.4 Operating Expenses

Operating expenses include staff salaries and benefits, cost of utilities, insurance, repairs and maintenance, marketing and taxes. Financial projection assumptions for each follow.

10.4.1 Wages and benefits

Financial projection assumptions:

- Hours of operation
  - Option 1—five days per week, 8:30 a.m. to 4:30 p.m.
  - Options 2 and 3—seven days per week except Christmas and New Year’s Day, October to June, 8 a.m. to 6 p.m. and July to September, 8 a.m. to 8 p.m.

- Staffing
  - Option 1—three part-time travel counsellors @ $24 per hour plus 9.5 per cent benefits; 1,053 hours per year; management and administrative services provided by current Tourism Hamilton staff.
  - Options 2 and 3—eight part-time travel counsellors @ $24 per hour plus 9.5 per cent benefits; 1,053 hours per year; management and administrative services provided by current Tourism Hamilton staff.

10.4.2 Utilities

Financial projection assumptions:

- Includes mechanical and electrical operating costs;
- Gas costs are based on Union Gas light commercial customer;
- Water rates are based on City of Hamilton published water rates;
- Hydro rates are based on Horizon Utilities published rates.

10.4.3 Insurance

Financial projection assumptions:

- Tourism Hamilton’s facilities are covered by the City of Hamilton’s insurance policies;
- Insurance costs are included to illustrate incremental costs of the new facility;
- Costs are pro-rated based on total building floor area.
10.4.4 Repairs and Maintenance

Financial projection assumptions:

- Based on BOMA (Business Owners and Managers Association) Directories;
- Costs are $4.17 per sq. ft.;
- One full-time custodian position @ $22 per hour plus 9.5 benefits; 1,950 hours per year.

10.4.5 Marketing

Maximizing visitation to the gateway centre will be contingent on the level of service provided, the uniqueness of the experience offered and the level of awareness of the travelling public. An aggressive marketing campaign will be required to stimulate and sustain increased visitorship.

Financial projection assumptions:

- Marketing tactics will include website development, creation and updating of social media materials, media FAM tours, and the staging of promotional events.

10.4.6 Taxes

Financial projection assumptions:

- City facilities do not pay property taxes (Option 1);
- Taxes must be paid on the portion of the facility designated for commercial usages (Options 2 and 3).

10.5 Five-Year Pro-forma Projections

On the basis of the preceding information and assumptions, a five-year pro forma projection of revenues and expenses for each of the three Hamilton Gateway Centre options is presented in the following tables.

Including all auxiliary revenues and total operating expenses, the projected unsupported costs for the first five years of operation before other fixed charges (i.e., debt service, depreciation, amortization, capital renewal fund, technology renewal allowance, etc.) is $159,651 for Option 1, $233,088 for Option 2 and $228,292 for Option 3.
### Table 10.5: Option 1 - Five year pro-forma projection

#### OPTION 1

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency exchange</td>
<td>$2,100</td>
<td>$2,100</td>
<td>$2,100</td>
<td>$2,100</td>
<td>$2,100</td>
</tr>
<tr>
<td>Advertising space rental</td>
<td>$18,000</td>
<td>$18,000</td>
<td>$18,000</td>
<td>$18,000</td>
<td>$18,000</td>
</tr>
<tr>
<td>Gift shop</td>
<td>$19,350</td>
<td>$19,350</td>
<td>$19,350</td>
<td>$19,350</td>
<td>$19,350</td>
</tr>
<tr>
<td>Farmers' market space rental</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Information delivery service</td>
<td>$13,400</td>
<td>$13,400</td>
<td>$13,400</td>
<td>$13,400</td>
<td>$13,400</td>
</tr>
<tr>
<td>Brochure racking</td>
<td>$3,750</td>
<td>$4,125</td>
<td>$4,575</td>
<td>$5,025</td>
<td>$5,400</td>
</tr>
<tr>
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<tr>
<td>Gift Shop -- 44.3%</td>
<td>$8,572</td>
<td>$8,572</td>
<td>$8,572</td>
<td>$8,572</td>
<td>$8,572</td>
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<tr>
<td><strong>Total Cost of Sales</strong></td>
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<td>$8,572</td>
<td>$8,572</td>
<td>$8,572</td>
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<tr>
<td><strong>Gross Margin</strong></td>
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<td>$48,403</td>
<td>$48,853</td>
<td>$49,303</td>
<td>$49,678</td>
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<td><strong>Operating Expenses</strong></td>
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</tr>
<tr>
<td>Wages and benefits</td>
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<td>$83,019</td>
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<td>$1,500</td>
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<td>$1,500</td>
<td>$1,500</td>
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<td>$60,111</td>
<td>$60,111</td>
<td>$60,111</td>
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<tr>
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<td>$0</td>
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<td><strong>Total Operating Expenses</strong></td>
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<td>$209,027</td>
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<td><strong>Net Earnings (Loss) for Period</strong></td>
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<td>$159,703</td>
<td>$159,708</td>
<td>$159,724</td>
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<tr>
<td><strong>Cumulative Net Earnings (Loss)</strong></td>
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<td>$319,001</td>
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<td><strong>Net Cost per Visitor</strong></td>
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<td>$8.25</td>
<td>$8.25</td>
<td>$8.25</td>
<td>$8.26</td>
</tr>
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</table>
## Table 10.6: Option 2 - Five year pro-forma projection

<table>
<thead>
<tr>
<th>OPTION 2</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
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</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency Exchange</td>
<td>$2,100</td>
<td>$2,100</td>
<td>$2,100</td>
<td>$2,100</td>
<td>$2,100</td>
</tr>
<tr>
<td>Advertising Space Rental</td>
<td>$18,00</td>
<td>$18,00</td>
<td>$18,00</td>
<td>$18,00</td>
<td>$18,00</td>
</tr>
<tr>
<td>Gift Shop</td>
<td>$37,00</td>
<td>$37,00</td>
<td>$37,00</td>
<td>$37,00</td>
<td>$37,00</td>
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<tr>
<td>Farmers' Market Space Rental</td>
<td>$72,00</td>
<td>$72,00</td>
<td>$72,00</td>
<td>$72,00</td>
<td>$72,00</td>
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<tr>
<td>Information Delivery Service</td>
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<tr>
<td>Brochure Racking</td>
<td>$3,750</td>
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<td>$4,575</td>
<td>$5,025</td>
<td>$5,400</td>
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<tr>
<td>Community Space Rental</td>
<td>$0</td>
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<tr>
<td><strong>Total Revenues</strong></td>
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<td><strong>Cost of Goods Sold</strong></td>
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<tr>
<td>Gift Shop -- 44.3%</td>
<td>$16,391</td>
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<tr>
<td><strong>Total Cost of Sales</strong></td>
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<tr>
<td><strong>Gross Margin</strong></td>
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<td><strong>Operating Expenses</strong></td>
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<tr>
<td>Salaries, Wages and Benefits</td>
<td>$221,383</td>
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<tr>
<td>Insurance</td>
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<td><strong>Net Earnings (Loss) for Period</strong></td>
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<tr>
<td></td>
<td>$232,864</td>
<td>$233,023</td>
<td>$233,077</td>
<td>$233,164</td>
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<tr>
<td><strong>Cumulative Net Earnings (Loss)</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$232,864</td>
<td>$233,023</td>
<td>$233,077</td>
<td>$233,164</td>
<td>$233,338</td>
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</table>
Table 10.7: Option 3 – Five year pro-forma projection

<table>
<thead>
<tr>
<th>Option 3</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency Exchange</td>
<td>$2,100</td>
<td>$2,100</td>
<td>$2,100</td>
<td>$2,100</td>
<td>$2,100</td>
</tr>
<tr>
<td>Advertising Space Rental</td>
<td>$18,000</td>
<td>$18,000</td>
<td>$18,000</td>
<td>$18,000</td>
<td>$18,000</td>
</tr>
<tr>
<td>Gift Shop</td>
<td>$40,500</td>
<td>$40,500</td>
<td>$40,500</td>
<td>$40,500</td>
<td>$40,500</td>
</tr>
<tr>
<td>Farmers' Market Space Rental</td>
<td>$72,000</td>
<td>$72,000</td>
<td>$72,000</td>
<td>$72,000</td>
<td>$72,000</td>
</tr>
<tr>
<td>Information Delivery Service</td>
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<td>$20,600</td>
<td>$20,600</td>
<td>$20,600</td>
<td>$20,600</td>
</tr>
<tr>
<td>Brochure Racking</td>
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<td>$4,575</td>
<td>$5,025</td>
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<tr>
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<td>$168,175</td>
<td>$168,625</td>
<td>$169,000</td>
</tr>
<tr>
<td><strong>Cost of Goods Sold</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gift Shop -- 44.3%</td>
<td>$17,942</td>
<td>$17,942</td>
<td>$17,942</td>
<td>$17,942</td>
<td>$17,942</td>
</tr>
<tr>
<td>Total Cost of Sales</td>
<td>$17,942</td>
<td>$17,942</td>
<td>$17,942</td>
<td>$17,942</td>
<td>$17,942</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>$149,409</td>
<td>$149,784</td>
<td>$150,234</td>
<td>$150,684</td>
<td>$151,059</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, Wages and Benefits</td>
<td>$221,383</td>
<td>$221,383</td>
<td>$221,383</td>
<td>$221,383</td>
<td>$221,383</td>
</tr>
<tr>
<td>Utilities</td>
<td>$28,362</td>
<td>$28,979</td>
<td>$29,603</td>
<td>$30,245</td>
<td>$30,901</td>
</tr>
<tr>
<td>Telephone / Internet</td>
<td>$2,400</td>
<td>$2,400</td>
<td>$2,400</td>
<td>$2,400</td>
<td>$2,400</td>
</tr>
<tr>
<td>Insurance</td>
<td>$3,500</td>
<td>$3,500</td>
<td>$3,500</td>
<td>$3,500</td>
<td>$3,500</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>$77,625</td>
<td>$77,625</td>
<td>$77,625</td>
<td>$77,625</td>
<td>$77,625</td>
</tr>
<tr>
<td>Marketing</td>
<td>$40,000</td>
<td>$40,000</td>
<td>$40,000</td>
<td>$40,000</td>
<td>$40,000</td>
</tr>
<tr>
<td>Taxes</td>
<td>$4,000</td>
<td>$4,000</td>
<td>$4,000</td>
<td>$4,000</td>
<td>$4,000</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$377,270</td>
<td>$377,887</td>
<td>$378,511</td>
<td>$379,153</td>
<td>$379,809</td>
</tr>
<tr>
<td><strong>Net Earnings (Loss) for Period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$227,861</td>
<td>$228,103</td>
<td>$228,277</td>
<td>$228,469</td>
<td>-$228,750</td>
</tr>
<tr>
<td><strong>Cumulative Net Earnings (Loss)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$227,861</td>
<td>$455,964</td>
<td>$684,242</td>
<td>$912,711</td>
<td>$1,141,461</td>
</tr>
<tr>
<td><strong>Gross Cost per Visitor</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Cost per Visitor</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$5.63</td>
<td>$5.63</td>
<td>$5.64</td>
<td>$5.64</td>
<td>$5.65</td>
</tr>
</tbody>
</table>
10.6 Operating Impacts

Research shows\(^1\) that nearly 10 per cent of visitors to information centres extend their stay in the destination by one or more nights as a result of their stopping at the visitor centre. Based on the visitation projections for the gateway centre, incremental visitation to the City of Hamilton could range from 1,700 to 4,400 persons annually depending on the design option chosen.

Average spending per person per night of overnight visitors to Hamilton in 2007 was $62.13. The product of the estimated number of visitors to the Hamilton Gateway Centre, the proportion of visitors extending their visit by one-night (10%) and the average per person spending ($62.13) results in the estimated net spending impacts of the Gateway Centre in Hamilton shown in the table below.

<table>
<thead>
<tr>
<th>Table 10.8: Projected visitation by option</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option</strong></td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td><strong>Projected Visitation</strong></td>
</tr>
<tr>
<td><strong>Visitors Extending Their Stay</strong></td>
</tr>
<tr>
<td><strong>Net Spending Impact</strong></td>
</tr>
</tbody>
</table>

*Based on the mid-point of the range

Comparison of the average net operating cost per visitor to the Hamilton Gateway Centre and the average incremental spending per visitor shows that only Option 3 could potentially produce a positive return on investment based on average net operating costs.

<table>
<thead>
<tr>
<th>Table 10.9: Projected average net operating cost per visitor by option</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option</strong></td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td><strong>Average Net Operating Cost Per Visitor</strong></td>
</tr>
<tr>
<td><strong>Average Incremental Spending Per Visitor</strong></td>
</tr>
</tbody>
</table>

10.7 Economic Impacts

Economic benefits can be expected from the construction and operation of the Hamilton Gateway Centre.

Construction of the gateway centre could sustain between 18 (Option 1) and 49 (Option 3) jobs with associated income of $1.7 to $3.1 million, and government revenues of $845,000 (Option 1) to $2.2 million (Option 3)—see Table 10.10.

Table 10.10: Hamilton Gateway Centre Capital Spending Economic Impacts

<table>
<thead>
<tr>
<th></th>
<th>Option 1</th>
<th></th>
<th>Option 2</th>
<th></th>
<th>Option 3</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hamilton</td>
<td>Rest of Ontario</td>
<td>Hamilton</td>
<td>Rest of Ontario</td>
<td>Hamilton</td>
<td>Rest of Ontario</td>
</tr>
<tr>
<td><strong>Total Capital Spending</strong></td>
<td>$2,705,253</td>
<td>$5,507,462</td>
<td>$7,130,714</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross Domestic Product (GDP)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>$786,346</td>
<td>$118,167</td>
<td>$1,600,873</td>
<td>$240,570</td>
<td>$2,072,710</td>
<td>$311,474</td>
</tr>
<tr>
<td>Total</td>
<td>$1,107,848</td>
<td>$620,860</td>
<td>$2,255,401</td>
<td>$1,263,972</td>
<td>$2,920,150</td>
<td>$1,636,511</td>
</tr>
<tr>
<td><strong>Labour Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>$549,796</td>
<td>$76,519</td>
<td>$1,119,297</td>
<td>$155,781</td>
<td>$1,449,195</td>
<td>$201,695</td>
</tr>
<tr>
<td>Total</td>
<td>$769,491</td>
<td>$406,963</td>
<td>$1,566,561</td>
<td>$828,512</td>
<td>$2,028,284</td>
<td>$1,072,705</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>8</td>
<td>1</td>
<td>17</td>
<td>2</td>
<td>22</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>6</td>
<td>25</td>
<td>13</td>
<td>32</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total Taxes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$278,170</td>
<td>$127,222</td>
<td>$566,309</td>
<td>$259,003</td>
<td>$733,221</td>
<td>$335,341</td>
</tr>
<tr>
<td>Provincial</td>
<td>$253,867</td>
<td>$97,676</td>
<td>$516,832</td>
<td>$198,852</td>
<td>$669,162</td>
<td>$257,461</td>
</tr>
<tr>
<td>Municipal</td>
<td>$60,081</td>
<td>$27,811</td>
<td>$122,316</td>
<td>$56,619</td>
<td>$158,366</td>
<td>$73,306</td>
</tr>
<tr>
<td>Total</td>
<td>$592,118</td>
<td>$252,709</td>
<td>$1,205,457</td>
<td>$514,474</td>
<td>$1,560,750</td>
<td>$666,108</td>
</tr>
</tbody>
</table>

Source: Ministry of Tourism and Culture Tourism Regional Economic Impact Model (TREIM)

Daily operation of the Hamilton Gateway Centre could sustain annually between 3 (Option 1) and 6 (Option 3) jobs with associated income of $135,600 and $245,800 and government revenues of $82,700 (Option 1) and $150,000 (Option 3).

Increased spending in Hamilton as a result of travellers having changed their trip plans based on information obtained at the Hamilton Gateway Centre could sustain annually between 1 (Option 1) and 3 (Option 3) jobs with associated income of $66,650 and $141,325, and government revenues of $52,800 (Option 1) and $111,200 (Option 3)—see Tables 10.11 and 10.12.
### Table 10.11: Hamilton Gateway Centre Operating Expenditures Economic Impacts

<table>
<thead>
<tr>
<th></th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hamilton</td>
<td>Rest of Ontario</td>
<td>Hamilton</td>
</tr>
<tr>
<td><strong>Total Operating Spending</strong></td>
<td>$209,504</td>
<td>$370,047</td>
<td>$379,809</td>
</tr>
<tr>
<td><strong>Gross Domestic Product (GDP)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>$119,050</td>
<td>$0</td>
<td>$210,278</td>
</tr>
<tr>
<td>Total</td>
<td>$163,485</td>
<td>$21,422</td>
<td>$288,764</td>
</tr>
<tr>
<td><strong>Labour Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>$89,968</td>
<td>$0</td>
<td>$158,911</td>
</tr>
<tr>
<td>Total</td>
<td>$120,581</td>
<td>$14,996</td>
<td>$212,983</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>3</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total Taxes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$43,108</td>
<td>$4,627</td>
<td>$76,141</td>
</tr>
<tr>
<td>Provincial</td>
<td>$30,471</td>
<td>$3,506</td>
<td>$53,821</td>
</tr>
<tr>
<td>Municipal</td>
<td>$624</td>
<td>$404</td>
<td>$1,102</td>
</tr>
<tr>
<td>Total</td>
<td>$74,203</td>
<td>$8,537</td>
<td>$131,064</td>
</tr>
</tbody>
</table>

Source: Ministry of Tourism and Culture Tourism Regional Economic Impact Model (TREIM)

### Table 10.12: Hamilton Gateway Centre Incremental Spending Economic Impacts

**THIS IS THE WRONG TABLE!!!**

<table>
<thead>
<tr>
<th></th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hamilton</td>
<td>Rest of Ontario</td>
<td>Hamilton</td>
</tr>
<tr>
<td><strong>Total Capital Spending</strong></td>
<td>$209,504</td>
<td>$370,047</td>
<td>$379,809</td>
</tr>
<tr>
<td><strong>Gross Domestic Product (GDP)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>$119,050</td>
<td>$0</td>
<td>$210,278</td>
</tr>
<tr>
<td>Total</td>
<td>$163,485</td>
<td>$21,422</td>
<td>$288,764</td>
</tr>
<tr>
<td><strong>Labour Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>$89,968</td>
<td>$0</td>
<td>$158,911</td>
</tr>
<tr>
<td>Total</td>
<td>$120,581</td>
<td>$14,996</td>
<td>$212,983</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct</td>
<td>3</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total Taxes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>$43,108</td>
<td>$4,627</td>
<td>$76,141</td>
</tr>
<tr>
<td>Provincial</td>
<td>$30,471</td>
<td>$3,506</td>
<td>$53,821</td>
</tr>
<tr>
<td>Municipal</td>
<td>$624</td>
<td>$404</td>
<td>$1,102</td>
</tr>
<tr>
<td>Total</td>
<td>$74,203</td>
<td>$8,537</td>
<td>$131,064</td>
</tr>
</tbody>
</table>

Source: Ministry of Tourism and Culture Tourism Regional Economic Impact Model (TREIM)
## 10.8 Summary

The following table summarizes the financial and economic analysis of the three design options for the new Hamilton Gateway Centre.

**Table 10.13: Financial and Economic Analysis Summary**

<table>
<thead>
<tr>
<th></th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual visitation to HGC</td>
<td>17,200 - 21,500</td>
<td>34,000 - 40,000</td>
<td>37,000 - 44,000</td>
</tr>
<tr>
<td>Visitors extending stay</td>
<td>1,720 - 2,150</td>
<td>3,400 - 4,000</td>
<td>3,700 - 4,400</td>
</tr>
<tr>
<td>Construct cost</td>
<td>$2,706,500</td>
<td>$5,510,000</td>
<td>$7,134,000</td>
</tr>
<tr>
<td>Average yearly net revenue</td>
<td>$48,853</td>
<td>$135,884</td>
<td>$150,234</td>
</tr>
<tr>
<td>Average yearly operating costs*</td>
<td>$208,505</td>
<td>$368,973</td>
<td>$378,526</td>
</tr>
<tr>
<td>Average yearly operating loss</td>
<td>$159,652</td>
<td>$233,089</td>
<td>$228,292</td>
</tr>
<tr>
<td>Average gross operating cost per visitor</td>
<td>$10.78</td>
<td>$9.97</td>
<td>$9.35</td>
</tr>
<tr>
<td>Average net operating cost per visitor</td>
<td>$8.25</td>
<td>$6.30</td>
<td>$5.64</td>
</tr>
<tr>
<td>Average incremental spending per visitor</td>
<td>$6.21</td>
<td>$6.21</td>
<td>$6.21</td>
</tr>
<tr>
<td>Employment sustained:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construct</td>
<td>18</td>
<td>38</td>
<td>49</td>
</tr>
<tr>
<td>Operation</td>
<td>3</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Incremental spending</td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

*Does not include fixed charges (debt service, depreciation, amortization, capital renewal fund, technology renewal allowance, etc.)
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MARKETING AND PROMOTION

One of the keys to maximizing a community’s tourism potential is the provision of quality and professional visitor services. Research has shown that strategically located and professionally delivered visitor services will convey economic benefits to the community. At the present time, there are eight visitor information centres located within a one-hour drive of the proposed location of the Hamilton Gateway Centre. In recent years visitation to these centres has continually declined. The implication is that current services are not making a strong enough connection with travellers and opportunities for greater tourism spending are being missed.

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

1. The facility is designed as a showcase exceeding the standards established by other visitor information centres in the area;

2. The operation is professionally managed and staffed to exceed best practices expectations;

3. The centre is programmed as a destination location rather than just a visitor information centre.

Having these attributes, the Hamilton Gateway Centre will be groundbreaking in its facilities, services and programming approach and a future leader in visitor information centre development. However, these “pull” factors are insufficient to guarantee success. A marketing strategy will need to be developed to “push” visitors off the highway into the gateway centre.

Relying on signage alone to attract drive-by visitors to the gateway centre will not result in the maximum visitation. The marketing strategy must aim at creating awareness that the centre is there and the superior and unique experience that it offers such that travellers seek out the centre, by-passing other visitor information
centres on the way. The gateway centre should be regarded as Hamilton’s newest attraction and the orientation point for all other Hamilton attractions.

The centre should become the preferred venue for all tourism-related announcements—leveraging media coverage to promote the Hamilton Gateway Centre. The gateway centre (as well as Hamilton’s other visitor information centres) should be featured on the Tourism Hamilton website highlighting the services available to in-Hamilton visitors.

Use of social networking sites should be maximized to communicate with potential visitors to the gateway centre and build relationships with past visitors.
12.0 RECOMMENDATIONS

The Hamilton Gateway Centre Feasibility Study and Business Case is premised on the results of an analysis of site attributes, land use options, current trends and best practices, stakeholder input and feedback, business models and investment alternatives, visitor projections and estimates of construction costs and a five-year projection of operating expenses and revenue for three facility design options.

Together, the outcomes of these analyses provide 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. The contextual information presented, however, does not support a definitive recommendation rather it suggests three alternative courses of action that 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

Moving forward with the proposed Hamilton Gateway Centre is a high risk venture that will require a significant commitment of time and resources by Tourism Hamilton and the city. Facility costs will be substantial for an iconic building that would need to meet high planning and design standards. Revenue generation will be dependent on a favourable response from both tourism operators and the travelling public, and ensuring the operating costs are sustainable will require managerial efficiencies.

While the Hamilton Gateway Centre should not be conceived as a pure commercial venture, with on-site revenues able to sustain all capital and operating costs, as that is not its purpose. The operation of the centre will require an ongoing commitment of funding ($160,000-$228,000 plus fixed charges annually) to remain open. This translates into a 10 to 15 per cent increase in Tourism Hamilton’s current core (municipal) funding.
In tourism, it is critical to ensure that balance is maintained between sufficient product offering and the marketing of that offering. Over-marketing with insufficient product (or product not ready for market) only leads to disappointed visitors and bad word-of-mouth advertising, and takes significant time to recover.

The outcome of the Hamilton Premier-ranked Tourist Destination Framework assessment highlighted the urgent need to enhance Hamilton’s tourism offering and brand. Increasing Hamilton’s marketing efforts through the construction of a new visitor centre may be premature and could lead to negative results.

If the decision is made not to proceed with the construction of the gateway centre, the site could be held for future development or resold to the Ontario Realty Corporation as per the original agreement.

**Alternative 2: Proceed with construction of the Hamilton Gateway Centre using Development Option 3.**

In recent years, travellers’ use of visitor information centres has been on the decline; as can be seen with the experience of the eight information centres in close proximity to the proposed Fifty Road site, where visitation has decreased by nearly 29 per cent since 2007. The success of the Hamilton Gateway Centre in getting visitors off the highway and into the community will require the centre to not only possess the following three key attributes but excel in their execution:

- 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.

For investment purposes, Development Option 3 with its indoor and outdoor new media components reflects the preferred Hamilton Gateway Centre design as it has the potential to maximize the number of visitors to the site. A comparison of the average net operating cost per visitor to the Hamilton Gateway Centre ($5.64) and the average incremental spending per visitor ($6.21) shows that only Development Concept 3 could potentially produce a positive return on investment based on average net operating costs.
In moving forward with construction of the centre, it is recommended that Tourism Hamilton:

- Seek counsel from city planning staff regarding rezoning of the site for its specific use as a visitor information centre and the need to initiate an official plan amendment.
- Review site access details with city planning staff to determine if further study, including a traffic impact analysis will be required.
- Contact the Ontario Ministry of Transportation to negotiate the placement of directional signage on the QEW so visitors are aware of the information centre before the turn-off decision point is reached.
- Adopt the business model Tourism Hamilton designs-finances-builds-operates visitor services; private sector operates auxiliary services.
- Consider only auxiliary uses at the gateway centre that meet the following criteria:
  - Good fit with information services and the “Hamilton Story”;
  - Unique along the QEW transportation corridor;
  - Attracts visitors, is continuously changing and offers dynamic experiences;
  - Services both travellers and local residents.
- Contract the services of a sponsorship professional to develop and implement sponsorship programs to attract investment;
Develop a marketing strategy to create awareness of the centre and the superior and unique experience it offers such that travellers seek out the centre, by-passing other visitor information centres.

**Alternative 3: Construct multi-purpose gateway signage.**

The proposed Fifty Road exit site is located at the eastern edge of Hamilton, adjacent to its municipal boundary and is an excellent location to erect gateway signage.

At present, approaching the municipal boundary in the westbound lanes of the QEW, travellers are unaware that they have arrived in Hamilton. Construction of a unique, high quality gateway sign that reflects the Hamilton brand would help to promote the city.

**Figure 12.2: Multi-Purpose Gateway Signage**

The gateway sign could serve multi-purposes through the incorporation of technology. For example, placement of a Bluetooth broadcasting terminal on the site would allow tourists/motorists passing by the site who have activated their Bluetooth reception on their mobile phone to receive information about Hamilton’s tourism offerings. This low cost application would add value to tourism promotion and contribute to enhanced tourism experiences.