‘Status Quo is Not An Option’

A New City-Managed Strategic Plan

July 18, 2012
Introduction

1. General

2. In the next 30 minutes:
   a) What we have accomplished
   b) A new City Managed model that supports our mandate AND reduces taxpayer burden
   c) How we will deliver on our promise
‘Status Quo is Not An Option’
‘Status Quo is Not An Option’

1. We are lifting the organization to new levels:
   • Every organization must reinvent itself regularly
   • The RFP process has been a lightning rod for change
   • Must be done frequently in this competitive market

2. How?
   • Higher level goals and expectations
   • Cost containment & new revenues
   • Private and community partnerships
We can best illustrate our future capabilities by what we accomplish today…

What have we accomplished?
1. Cost containment (Salaries, Operating Expenses, Process Improvements)

Impact on Municipal Operating Contribution
(excluding $450K City assigned portion of professional services)

2009 = $3.18M
2010 = $4.9M    $1.16M reduction
2011 = $3.74M    $630K reduction
2012 = $3.11M    $1.2M further reduction in Strategic Plan
2016 = $1.91 M
2. Reduced staff - including senior management:

Total full time staff reduced from 65 to 53 (39 non-union & 14 union positions)

- Bulldogs took back Marketing/Sales (6 people)
- Includes reduction of senior management positions (from 7 to 4)

Note: our average # of sick days per employee was 3.31 in 2011 and is 2.58 year-to-date in 2012
Small Experienced Leadership Team

John Hertel
Interim CEO
- Corp & Small Bus Exec
- Local, Nat'l, Int'l
- College Prof
- Consultant

Brad Calder
Director of Operations
- Prof. Eng
- 30 Years at HECFI
- Cross functional expertise

Rick DiFilippo
Corporate Controller
- C.A.
- 25 Years at HECFI
- Financial Advisor to SMT

John Elder
Director of Entertainment
- Entertain. Industry Expert
- 30 Years at HECFI
- Programming thru delivery
3. We Achieved High Satisfaction Levels

- Employees*: 75% (8 months ago) ** down from 86%
- Entertainment Patrons: 85%
- Convention Centre Clients: 86%

*Satisfactory or Above
**Very Good to Excellent

*8 months ago  ** down from 86%
4. Strengthened/Built Partnerships

<table>
<thead>
<tr>
<th>Community</th>
<th>Business</th>
<th>Sponsors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Police Services</td>
<td>• Interim Board</td>
<td>• Molson</td>
</tr>
<tr>
<td>• HPO</td>
<td>• City Staff</td>
<td>• PMA</td>
</tr>
<tr>
<td>• Hamilton Bulldogs</td>
<td>• Culture &amp; Tourism</td>
<td>• Pepsi</td>
</tr>
<tr>
<td>• AGH</td>
<td>• 4 Bargaining Units</td>
<td>• FirstOntario C. U.</td>
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<tr>
<td>• BIA’s</td>
<td>• Continuum</td>
<td>• Findlay Law</td>
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<tr>
<td>• Hamilton Arts Comm.</td>
<td>• Compass Group</td>
<td>• Pool Shoppe</td>
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<td>• Boys &amp; Girls Club</td>
<td>• AVW Telav</td>
<td>• Stoney Creek Furn.</td>
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<tr>
<td>• HARRRP</td>
<td>• Eventstream</td>
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<tr>
<td>• HAG</td>
<td>• Ticketmaster</td>
<td>• Hamilton Limo</td>
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<tr>
<td>• Port Authority</td>
<td>• Stronco</td>
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5. We Are Reducing Dark Nights

Entertainment Bookings Confirmed
YTD vs. All of 2011 (plus a strong pipeline)

- Studio - 87 ytd vs. 93 total in 2011
- H.P. - 109 ytd vs. 138 total in 2011
- Copps – 96* ytd vs. 112 total in 2011
  (*includes estimate of 18 Bulldog games Oct – Dec.)

We are actively engaged with approximately 30 Entertainment and Sports promoters
6. **Significantly Enhanced our Marketing Tools**

a) Completed detailed analysis for all markets in the region
b) Recruited top creative designer
c) Developed a full range of traditional and electronic media – with a growing emphasis on e-Marketing
# Marketing Tools

<table>
<thead>
<tr>
<th>Social Networks</th>
<th>E-Marketing</th>
<th>Traditional</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Website: 30% more hits</td>
<td>125,000+ e-Blast data base</td>
<td>Newspaper Advertisements</td>
</tr>
<tr>
<td>2556 Facebook Fans</td>
<td>5 Outreach programs with Ticketmaster</td>
<td>Radio</td>
</tr>
<tr>
<td>1799 Twitter Followers</td>
<td>Banner ads on targeted web sites</td>
<td>TV</td>
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<tr>
<td>New Mobile Sites</td>
<td>Facebook and Google ads</td>
<td>Billboards</td>
</tr>
<tr>
<td>QR Codes</td>
<td>Embedded videos</td>
<td>Banners</td>
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<td></td>
<td>Online satisfaction surveys</td>
<td>Bus Ads</td>
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<tr>
<td></td>
<td>Patron opinion surveys re shows</td>
<td>Street Team &amp; HSR  Flyers</td>
</tr>
</tbody>
</table>
Sample – Data Rich Analysis

Market Summary: Overall Sales

- Hamilton: 15%
- KW-Guelph-Cambridge: 14%
- St. Catherines-NF-Welland: 2%
- Brampton-Mississauga-Oakville: 4%
- Toronto Surrounding Area: 5%
- Toronto: 6%
- Burlington & Area: 6%
- London-Stratford-Woodstock: 8%
- New York, NY: 5%
- Los Angeles, CA: 5%
- Other: 2%

Mumford & Sons
3 Strategic Imperatives

‘Status Quo is Not An Option’
Strategic Imperatives to Re-Invent Ourselves

Above the line plans = what we MUST do to go to the next level:
1. New Governance Model - ‘Embedded Community Engagement’
2. Revenue and Productivity Capacity Building
3. Enhance the Customer Experience

Below the line actions = Business/Operating Plans
1. Client Satisfaction
2. Team Development and Motivation
3. Meeting/Exceeding Revenue and Expense Budgets
One Operator 4 Venues

We are the only market in Canada which has 4 multi-purpose venues under a single operator

1. Our unique Value proposition
2. Directly responsible for a significant annual business. e.g.
   - Country Music Week, Economic Summit, Pentecostal Conference
3. Ability to right size events in the appropriate venue to maximize bookings/minimize dark nights. e.g.
   - 6-10 concerts are done in the Convention Centre annually
   - Convocations, Weddings, and Dance competitions are booked in Hamilton Place, The Molson Canadian Studio, or the Convention Centre based on availability and size
Strategic Imperative #1
Embedded Community Engagement
Optimizing the “Single Operator” Model

Economic Development

Culture & Tourism

Convention & Entertainment Services

Convention Centre Coalition
Members Coalition Led by Conv. & Ent. Services

Advisory Committee 5-7 Members

Sports & Entertainment
Advisory Committee 5-7 Members

Operations
Advisory Committee 5-7 Members

Financial Services
Advisory Committee 5-7 Members
Expanding the Size of the Pie

We can play an expanded role, as part of a City Managed solution, in bringing businesses and community groups together to create a larger market opportunity for Hamilton as a Convention, Sports & Entertainment, Arts, and Leisure destination.
Example – The Convention Centre

Goal – To make the Convention Centre a City asset leveraged by private sector partners as part of their sales proposition:

- a virtual extension of each members’ assets, inventory, and value proposition i.e. promoting their Hotel with Convention Centre facilities
- centralized booking and reservation process (EBMS) is in place
- revenue /expense model = partners not competitors = win/win
- equivalent to multiplying our Sales team – hotels, event planners
- partnerships will generate great new ideas and broader utilization

"P3” Models can work with transparency and accountability
Strategic Imperative #2
Revenue & Productivity Capacity Building

We will better leverage available resources and identify new opportunities to cost effectively grow revenues:

a) Through Partnerships:
   1. The P3 model for the Convention Centre
      – New business for all of us - Creates a virtual sales force
      – Leveraging our delivery expertise
   2. New stadium – Entertainment Events
      – Leverage existing local and national Promoter relationships
      – Leverage existing teams for marketing and event delivery
   3. City owned venues e.g. Auchmar Manor
      – Potential to provide catering services & event delivery services
      – More efficient allocation of fixed costs in HCC
   4. Municipal Parking System
      – Event based models to generate incremental revenues
   5. AGH / McMaster / Convention Center/ HP
      – Capital and operational synergies
Revenue & Productivity Capacity Building

b) **New or expanded revenue streams:**

1. Sponsorships
   - with focus can bring an additional $200K annually
2. Naming Rights
   - Generate a minimum $400-600K annually
3. Expanded Marketing & Sales assistance to clients
   - increase attendance at events therefore more revenues for us
4. Fewer ‘dark nights’ and summer programs
   - community & private e.g. HARRRP and HAG
5. Create service level agreements with City depts. for efficiencies and productivity gains
Strategic Imperative #3
Enhancing the Customer Experience

1. Revitalize the Venues
   a) Execute short term capital projects within budget limits
   b) Develop long term plan, architectural options – to Council in 12 mos.

2. Build on our strengths – continuous improvement
   a) 1000 Points of Light
   b) Client / Patron loyalty experiences and value added services

3. Re-launch and re-brand the actual venues vs. HECFI
   a) Focus on the unique characteristic of each venue
   b) Programming collaboration with community partners to create a 12 month destination
Video walls, exterior and interior sound systems
Leverage existing telephony system and enhance with interactive software

Interactive IP Telephony in VIP boxes. Calls a hostess, interactive entertainment, and sponsored content
Interactive video booth with outside screen showing a recording in progress or sponsored content.

Digital signage facing out towards main lobby.
Summary

1. This is Hamilton’s time
2. Status Quo is Not An Option
3. Costs are contained – tax payer costs will continue to be reduced
4. We recommend a City Managed Model with a growth plan that engages private sector & community partners
5. We look forward to the opportunity to execute this plan