THE REVIVAL OF THE HAMILTON CONVENTION CENTRE

Presentation By
The Carmen’s Group
Who We Are

- We represent the fabric of Hamilton.
- Residents of Hamilton for 55+ Years.
- Business Operators in Hamilton for 35 Years.
- Operational Experience at Royal Botanical Gardens, Canadian Warplane Heritage Museum, King’s Forrest Golf Club, City Hall Cafeteria, Hamilton Spectator Cafeteria, Royal Connaught Hotel and Other Local Venues.
What We Currently Operate

- Carmen’s Banquet Centre (40,000 sq ft)
- Best Western Premier C Hotel (60,000 sq ft)
- We Cater and Host Over 1000 Events Yearly.
- HCC has 3 X’s the event space of Carmen’s yet we have almost double its revenue.
- Only local proponent with experience at running large events with 1000+ guests.
- Long standing track record of profitability.
TAXPAYERS & EMPLOYERS

- Only Proponent that is a significant local taxpayer.
- Immediate Mercanti Family Members have paid over $14 million in commercial and residential property taxes over the past 25 years and $650,000 annually.
- We have “skin in the game” and have invested more in Hamilton than any other proponent.
- Carmen’s currently employs 200 Hamiltonians and CARSTAR employs 300 Hamiltonians.
Our only option is to succeed because we have nowhere to run if we are not successful.

Our head office is in Hamilton and our home is in Hamilton. We cannot hide.

We would not compromise our reputation by taking on something we cannot execute well.

For us Hamilton is City # 1 out of 1, not City #150 out of 150.
The Lakeland Centre Model

- The Lakeland ballroom is a public-private partnership that works.
- Carmen’s guarantees escalating yearly rent payments to Hamilton Conservation Authority.
- HCA has eliminated its direct expenses against the Lakeland Centre.
Hamilton Before HECFI

- Each venue (Copps, HP, HCC) operated independently of one another.
  - Running conventions/events requires a different infrastructure than promoting concerts.
- We may not be able to solve Copps and HP issues, but we can solve the HCC.
- The HECFI Experiment has cost taxpayers $75 million over the years.
- The Time is Now To Make the Change.
Enhanced Community Impact

- We will continue to invest our time and money into community organizations and associations.
- We will use the HCC as a central charity hub.
Community Excitement

- Carmen’s events have raised over $20 million for Hamilton charities and community associations over the last 20 Years.
- We will be able to do more with the HCC.
- Celebrity events raise profile for charities and put Hamilton on the MAP via media exposure.
- We have brought in: George Bush Sr., Bill Clinton, Margaret Thatcher, Shimon Peres, Sophia Loren, Michael Douglas, Al Pacino, the Band Chicago, and Sylvester Stallone.
Celebrity Guests in the 1990s and early 2000s

Peter Mercanti Giving Sophia Loren a Book About Hamilton
Sly Stallone and Al Pacino
A New Deal for a New Day

- Current Subsidy for the HCC is $1,344,454.
- Our proposed subsidy is $344,454 for Year 1, $250,000 for Year 2, $200,000 for Year 3, $125,000 for Year 4, and $0 for Year 5.
- Taxpayer Savings of $1,000,000 Immediately.
- We will post a $1 million performance bond as a guarantee.
- We assume city will eliminate all indirect expenses (e.g. insurance) and allow private operators to source their own suppliers.
Carmen’s Capital Contribution

- In Year 1 it would be our objective to invest $250,000 into the Hamilton Convention Centre via the following items:
  1) Significantly Enhanced and Illuminated Exterior Signage Visible from Both Main St. and King St.
  2) Decorative Plants, Trees, and Other Greenery For Use in Foyer/Lobby Areas and Ballroom Perimeters.
  3) Vibrant L.E.D. Uplights to illuminate the perimeter of Lobby Areas and Ballrooms.
Carmen’s Capital Contribution

4) Special Effect "Intelligent Lighting" to be installed in the ceiling area of the Wentworth Ballroom.

5) Radical Refurbishment and Decorative Enhancements of Level 1 and 3 Ballroom Ceilings.

6) Event-Related Decorations such as Centerpieces, Chair Covers, Table Overlays, Charger Plates, Etc.
Mandatory Capital Changes

- No mandatory capital upgrades necessary.
- All major items such as HVAC units, kitchen ovens and warming units, dishwashing equipment, and service elevators are to be replaced after their useful life by the City.
- Internal engineers to observe and maintain these units but it is to be understood that any major repairs would be assumed by The City and minor repairs by Carmen's.
Utilities Contributions

- Would contribute towards utility costs using the same ratio of utilities-to-sales that Carmen’s currently achieves. (around 2.5-3.00%)
- Utility efficiencies achieved through a "Utility Cost Control Program". (Shutting off lights, ensuring that HVAC units are not cooling/heating ballroom spaces when there are no events taking place)
- As revenues grow we will contribute a higher amount to the utility costs.
- Immediate contributions of $115,000 towards utilities, up to $165,000 by Year 5.
Sharing in the Upside

- **Year 1**
  - Subsidy Savings - $1,000,000
  - Capital Contribution - $250,000
  - Utility Contribution - $115,000
  - **TOTAL - $1,365,000**

- As a sign of faith towards increasing the success of the HCC the Carmen’s Group will agree to fully eliminate the city's component of the annual subsidy by 2017 and increase contributions to utility costs each year.

- This would essentially be our group's way of "sharing in the upside" of a successful Convention Centre.
How to Increase Sales at HCC

- Hamilton Convention Centre is wildly underutilized, should be doing double its sales.
- Must Attract events from outside of the city.
- Pull from other communities, not from our own.
- Compete against Burlington, Oakville, Milton, Mississauga, GTA, St. Catharines, Niagara Falls.
- HCC to become a corporate regional venue in the same way Carmen’s became a regional wedding venue.
- Other operators may have convention centres in nearby cities therefore it may be a conflict of interest for them.
More Active Days at the HCC

- Aggressively pursue convention business. Call all convention groups from past 10 years.
- Establish HCC as a Charity Event Hub.
- Creation of a Concert Event Series with Hamilton Place Operator/Promoter
  - Opportunity to host concerts for musicians too large for Studio Theatre but too small for Hamilton Place (500 to 1500 people)
  - Entertainment experience between Mr. Lieberman and Mercanti Family is undeniable.
“I don’t believe there’s a challenge anywhere in the world that’s more important to people everywhere than finding solutions to the problems of our cities. But where do we begin – how do we start answering this great challenge? We must start by answering the public need… to build a special kind of new community that will always be in a state of becoming. It will never cease to be a living blueprint of the future, where people actually live a life they can’t find anywhere else in the world.”

- WALT DISNEY
Enhanced Efficiencies at HCC

- Tap Into Carmen’s Brain Trust
  - Replicate Carmen’s Efficient Event Operating Style.
  - Don’t Reinvent the Wheel, just move it from Stone Church to King Street.
- Rely on Carmen’s Organizational Infrastructure for value added support and to reduce overhead.
- Take advantage of Carmen’s suppliers deals, create further discounts due to extra volume.
- Mimic Carmen’s pricing strategy: maximize revenues during high season and maintain steady volume levels during off-season.
- Existing HCC customers already use Carmen’s for events. A potential transition would be relatively easy due to established relationships.
Why a Private Culture is Required

- A private operator cannot accept or tolerate financial losses year after year.
- Owners have a vested interest in making sure their business is being run properly.
- Instilling the “ownership” gene in a team where they are as passionate as the owners to be successful is essential.
- Moneyball economics are applied: pay staff fairly, closely monitor their performance, treat them well and reward them.
- “When you’re hungry, you hustle.” There is no sense of entitlement.
Be Cautious Of...

- Supporting a system where taxpaying businesses like Carmen’s have to compete with their own city.
- Where operators have a track record riddled with inefficiency.
  - If they say they will change, can they be trusted?
  - Is it their money on the line if they are not successful?
  - If they have never operated profitably and successfully, how will they ever know how to get there?
- Hearing empty promises of cost cutting and wishful thinking about potential revenue projections that have not materialized after 25 years of existence.
Our Vision for the Future

- Use the Hamilton Convention Centre as a catalyst for something greater, to create a real “Game Changer” in Downtown Hamilton.
- To develop a world class hotel and entertainment complex that would be first in its class which would help Hamilton to Get Over the “Hotel Threshold” of 2000 rooms.
- To introduce a hotel brand not yet in Canada but one that is undeniably recognizable. (Advanced discussions underway).
Hotel Entertainment Complex

- 44 story, 440 Room Hotel
- 150 Condominium Units
- 3 World Class Restaurants
- Classy and Sophisticated Rooftop Lounge
- High Energy Lobby Bar
- Retail Shops including Hugo Boss, Lululemon, Marciano and More
- First Class Amenities
Condo Tower with Infinity Pool

Retail Shop and Lobby Area
Creation of a Tourism Destination

- Possible Future Home of the Canadian Football Hall of Fame.
- Possible Future Home of the Canadian Music Hall of Fame (Ontario Co-Location).
- Hamilton Walk of Fame on Summers Lane.
Impressive Economic Benefits

- $150-200 Million Development
- 700,000 Sq. Ft. Complex including 200,000 Sq. Ft. of parking to accommodate 1000 parking spaces.
- Creation of 500 to 800 jobs between hotel, restaurants, shops and attractions.
This is No Pipe Dream

- Numerous Financing Partners Have Expressed Serious Interest. Financing nearly arranged.
- Meetings scheduled with the Chair & President of CARAS (Canadian Academy of Recording Arts and Sciences) for early August. They are interested.
- PKF Consulting is currently preparing a feasibility study on the complex with prospective locations.
Fast Forward to 2017

- In five short years this proposed complex would get Hamilton up to nearly 2000 hotel rooms.
- Hamilton would then be in a true position to reclaim its territory as a convention destination.
- It is in the best interest of the operator of the HCC to be committed to hotel development.

“There is Nothing More Powerful than An Idea Whose Time Has Come”
The Hamilton of Tomorrow

- Track Record of Delivering What We Promise.
  - Carmen’s and C Hotel
- We are Hamilton.
  - Our Passion and Lifetime Commitment to Hamilton cannot be compared.
- Confident that we can replicate the same success of our Stone Church location downtown at the Convention Centre.
- Remember, “It’s not how you start the race that counts, it’s how you finish it.”
Dream It. Believe It. Do It.