



TO:	CHAIR AND MEMBERS INVESTMENT AND ECONOMIC PROSPERITY COMMITTEE MEETING ON MARCH 31, 2014
FROM:	MIKE TURNER DEPUTY CITY TREASURER
SUBJECT:	2013 ANNUAL UPDATE ON BUDWEISER GARDENS

RECOMMENDATION

That, on the recommendation of the Deputy City Treasurer, this report **BE RECEIVED** for information.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Board of Control, April 28, 2010 – 2009 Annual Update on John Labatt Centre;
 Finance and Administration Committee, February 16, 2011 – 2010 Annual Update on John Labatt Centre;
 Finance and Administration Committee, March 30, 2011 – Expenditure and Debt Information Update on John Labatt Centre;
 Finance and Administrative Services Committee June 5, 2012 – 2011 Annual Update on Budweiser Gardens;
 Corporate Services Committee. February 19, 2013 - 2012 Annual Update on Budweiser Gardens

BACKGROUND

Budweiser Gardens operates as a public private partnership and is designated as a municipal capital facility under the Municipal Act. The Gardens completed its eleventh year of operation in June 2013.

The Gardens is managed by Global Spectrum on behalf of the partnership, London Civic Centre (LP). Global is responsible for the sale of naming rights, advertising, attractions, sale of suites and club seats, and the operation of the Gardens.

The City’s original contribution to the Budweiser Gardens was based upon an anticipated conservative pro forma produced by London Civic Centre (LP). The pro forma anticipated that paid attendance would average between 350,000 and 400,000, the gross revenue from the Centre would average \$5.6 million over the first eleven years and that net proceeds to the City would average \$195,783. Global Spectrum has been able to meet the gross revenues in the facility and achieve generally higher net incomes than budgeted. The net proceeds to the City averaged \$290,491 for the first eleven years, exclusive of ticket surcharge revenue. In 2013, we received \$454,903 on the net proceeds and an additional \$122,444 on ticket surcharges. The net income for the Gardens for 2012-13 was \$64,000 higher than budgeted.

It should be noted that the net proceeds are after the Garden’s debt servicing costs, taxes and contributions to the capital reserve fund.

The City’s share of the net proceeds varies over the life of the lease. In years one to five, the City’s share was 20%; years six to ten, 45% and years eleven to fifty, 70%.

During the summer, the operations crew installed a brand new LED 360 Power Ring in the venue that circles the arena and adds to the excitement and advertising at the events.



The Budweiser Gardens continues to outperform pre-build expectations. Over 675,000 people attended events last year at the Gardens, more than 50% higher than pre-build expectations. The Budweiser Gardens has ascended to world ranking amongst event centres. Pollstar, the industry leader in entertainment news, rated the Gardens 7th in their top 100 facilities in the world and 1st in North America for venues 10,001 - 15,000 capacity.

In Venues Today's September 2013 issue, Budweiser Gardens was named a "Top Stop of the Decade" ranking 3rd internationally and the top Canadian facility (10-15,000 capacity) for the period of July 2002 – July 2012.

During the 2012-13 fiscal year, Social Media continued to be front and center on the marketing agenda to allow for easy accessibility to customers. The Budweiser Garden's Facebook page has over 36,000 fans and the Twitter Account @BUDGARDENS has over 15,700 followers and the Gardens has an e-mail database of over 165,000 addresses.

The Gardens finished 2013 ranked 10th of all North American venues with capacity between 5,000-15,000 seats in the Power Ranking for Social Media, according to Venues Today's year-end rankings.

The Budweiser Gardens hosted a wide range of shows and events in 2012-2013, living up to the multi-purpose function that the City invested in when it built the facility including:

- National Hockey League exhibition game;
- Country stars Carrie Underwood, Rascal Flatts and Eric Church;
- Musical legends such as Neil Young, ZZ Top, Heart and Tom Petty;
- Broadway plays such as Lord of the Dance, Rock of Ages, Sleeping Beauty, Dreamgirls and West Side Story;
- Family shows have been abundant, including the Globetrotters, Disney Live, Disney on Ice, Super Dogs and Monster Jam;
- The London Knights hockey team continued to play to sell out crowds in their second consecutive OHL Championship season;
- The London Lightning of the National Basketball League of Canada had a very successful year, winning their second NBL of Canada championship;
- In March 2013, the Gardens hosted the ISU World Figure Skating Championships;
- In May of 2014, the Gardens will play host to their second Memorial Cup Tournament.

At the end of 2013 there was \$17,645,984 remaining on the outstanding debt. The final payment will be made in 2023.

Performance Summary

Appendix "A" (attached) provides a performance summary for the Budweiser Gardens for the first eleven years, events, paid attendance, incomes, expenses, net income and the City's net proceeds for both ticket fees and share of net operational income.

Appendix "B" (attached) is the Budweiser Gardens 2013 Annual Report.

RECOMMENDED BY:
MIKE TURNER DEPUTY CITY TREASURER

- c. A. Zuidema
M. Hayward