

Memo

Date: Feb 21, 2014

To: Investment and Economic Prosperity Committee
City of London

From: Board of Directors
London Convention Centre

Subject: 2013 London Convention Centre Results

2013 Measured Results:

2013 was a challenging year for the London Convention Centre with much competition for convention and conference business in Ontario. The LCC did generate a small **operational surplus of \$4,061 with a total direct economic impact of \$15.5 million for London**. The LCC hosted 335 events with 107,496 total delegate days attending these events. Of the total delegates days hosted, 29,110 delegate days were from non-resident delegates which contributed directly \$8.8M in economic impact for the community.

LCC Capital Reserve and Special Projects Reserve Background:

Annually, the LCC Board of Directors is to advise Council of the LCC year-end financial result and to request approval to transfer operational surplus funds to reserves. The Auditors require written direction of fund transfers from Council to release final audited statements. The London Convention Centre has, for the past 7 years, generated an operational surplus with all City funding directed to reserves.

In October 2005, the City approved a recommendation for incremental annual increases of \$50,000 in contribution to the LCC Capital Reserve to avoid a future deficit position. In 2006, the budget capital contribution was \$350,000 however the board recommended that an annual capital contribution of \$500,000 representing an investment of approximately 1% of the building value excluding FFE, was required to avoid a fund deficit position by 2013. In 2011 this annual capital reserve contribution was increased to \$600,000. The capital contribution received from the City of London has not been increased since 2011 remaining at \$600,000 for 2013, and 2014. The LCC Capital reserve is used for life cycle maintenance, ensuring the facility is maintained and functioning.

In 2008, Council approved the establishment of a Special Projects Reserve held by the London Convention Centre. This reserve is used for special projects to enhance the LCC experience. In 2012,

this reserve was used to enhance the exterior lighting of the LCC in support of the “Light up London” World Figure Skating campaign. In 2013, funds from this reserve were approved for a public art project with installation scheduled in early 2014.

London Convention Centre Board Recommendation:

Based on receiving 2013 Draft Audited Financial statements, the LCC Board of Directors recommends City of London Council transfer the LCC operational surplus of \$4,061 to the LCC Special Projects Reserve.