



TO:	CHAIR AND MEMBERS INVESTMENT AND ECONOMIC PROSPERITY COMMITTEE MEETING ON JUNE 5, 2012
FROM:	MIKE TURNER DEPUTY CITY TREASURER
SUBJECT:	2011 ANNUAL UPDATE ON JOHN LABATT CENTRE

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.

BACKGROUND

The John Labatt Centre operates as a public private partnership and is designated as a municipal capital facility under the Municipal Act. The Centre completed its ninth year of operation in June 2011.

The Centre 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 Centre.

The City's original contribution to the John Labatt Centre 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 nine years and that net proceeds to the City would average \$157,092. 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 \$269,636 for the first nine years, exclusive of ticket surcharge revenue. In 2011 we received \$355,802 on the net proceeds and an additional \$157,528 on ticket surcharges. This was despite lower events than budgeted for the 2010-11 season due to the lingering effects of the economy.

It should be noted that the net proceeds are after the Centre'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%.

The John Labatt Centre continues to outperform pre-build expectations. Over 600,000 people attended events last year at the John Labatt Centre, more than 50% higher than pre-build expectations. The John Labatt Centre has ascended to world ranking amongst event centres. Pollstar, the industry leader in entertainment news, rated the John Labatt Centre 78th in their top 100 facilities in the world, regardless of size.

The Centre also finished 2011 as the seventh highest-ranking Canadian venue.



In March 2012, the Centre was named Canada's 2012 Major Facility of the Year during ceremonies at Canada's Music Festival for the second time in three years. The Centre topped the Bell Centre in Montreal; The Save On Foods Memorial Centre in Victoria; MTS Centre in Winnipeg; Credit Union Centre in Saskatoon; Halifax Metro Centre in Halifax; ScotiaBank Place in Ottawa; and the Molson Amphitheatre in Toronto.

A news article in the Kingston Whig-Standard on March 31, 2012, was discussing the K-Rock Centre falling \$400,000 short of it's revenue projections and comparing other recent facilities, below is an excerpt from the article.

"Three of the other four facilities built in the past 10 years in Ontario Hockey League cities — Windsor, Oshawa and Sault Ste. Marie — have posted annual operating deficits in the range of half a million dollars.

The exception is London, whose John Labatt Centre, which opened in 2002, hosts more than 100 events a year and annually surpasses its budget forecasts for net income."

During the 2010-11 season, Social Media dominated the Centre's marketing agenda to allow for easy accessibility to customers. The John Labatt Centre's YouTube Channel has received over 1.1 million video views, the Facebook page, has almost 15,000 fans and the Twitter Account @JLC has over 5,000 followers and the Centre has an e-mail database of over 145,000 addresses.

The Centre finished 2011 ranked 54th of all North American venues in the Power Ranking, for Social Media, according to Venues Today's year-end rankings.

The John Labatt Centre hosted a wide range of shows and events in 2011, living up to the multi-purpose function that the City invested in when it built the facility including:

- National Hockey League exhibition game and Rookie Tournament;
- World class entertainers such as Sting, Kid Rock and Tim McGraw;
- Classic rock artists such as Bob Seger, Supertramp and Burton Cummings;
- Canadian Stars Michael Bublé and Justin Bieber;
- Comedians Jeff Foxworthy, Bill Engvall and Larry the Cable Guy;
- Broadway plays such as Monty Python's Spamalot and Mamma Mia;
- Family shows have been abundant, including The Wiggles, Cesar Milan, Monster Jam and Yo Gabba Gabba Live;
- The London Knights hockey team continues to play to sell out crowds;
- The introduction of the London Lightning of the National Basketball League of Canada;
- The Centre also hosted the Tim Horton's Brier, Professional Bull Riders; the Royal Winnipeg Ballet and Cirque du Soleil.

Performance Summary

Appendix A (attached) provides a performance summary for the John Labatt Centre for the first nine 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 John Labatt Centre 2011 Annual Report.

RECOMMENDED BY:
MIKE TURNER DEPUTY CITY TREASURER

- c. T. Dobbie
M. Hayward