

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JUNE 8, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	AGREEMENT BETWEEN THE CITY OF LONDON AND DONALD JONES MANAGEMENT SERVICES INC. MANAGEMENT OF CENTENNIAL HALL

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the attached proposed by-law (Appendix "A") **BE INTRODUCED** at the Municipal Council meeting to be held on June 16, 2020 to:

- a) **APPROVE** a five year extension agreement to December 31, 2025 between The Corporation of the City of London (the City) and Donald Jones Management Services Inc. attached as Appendix "B" to the by-law; it being noted that the agreement includes a 90 day notice provision to terminate the contract with or without cause; and,
- b) **Authorize** the Mayor and the City Clerk to execute the agreement approved in a), above.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- Corporate Services Committee – June 25, 2015 – Agreement between the City of London and Donald Jones Management Services Inc. – Management of Centennial Hall

BACKGROUND

Centennial Hall is a City owned multi-purpose public venue that supports the City's strategic area of focus of Strengthening Our Community through engaging Londoners in culture to increase community vibrancy and awareness by showcasing a variety of music, arts and cultural performance. It also acts as a venue for dances, banquets, meetings, conventions, exhibitions, trade shows, craft shows, fashion shows, travel shows, etc.

Donald Jones Management Services Inc. has managed Centennial Hall since 1986 on behalf of the City. It has been contracted to:

- manage all functions and activities of Centennial Hall (the Hall), including the daily operation and maintenance of the facility,
- use best efforts to promote and market use of the Hall,
- review/approve rental and other applications in accordance with the approved rate schedule,
- prepare rental agreements and negotiate with users any modification in the terms of such agreements and arrange for their execution prior to the holding of an event.

The agreement between the City and Donald Jones Management Services Inc. provides them with \$60,000 or 23% of the gross revenue in a calendar year, whichever is greater. The total operating costs to the City over the last five years, including the agreement costs, have averaged approximately \$73,280 per year. Noting that in 2019 and 2017 the costs were approximately \$51,000 per year and in 2018 there was a surplus of \$13,000.

Centennial Hall is currently allotted \$180,000 per year in life cycle, capital renewal. This amount is currently adequate to continue to maintain the facility so that it is:

- safe,
- functional,
- meeting the needs of the management group for the type of events being hosted in the facility.

The current agreement between the City and Donald Jones Management Services for the operation and management of Centennial Hall expires on December 31, 2020.

The purpose of this report is to extend the current agreement for five (5) years until December 31, 2025 under the same terms and conditions that have been in existence for many years, with the exception of slight increases in some user fees (attached as Schedule "B"). It should be noted that the agreement does contain a 90 day notice provision to terminate the contract with or without cause.

Centennial Hall's current state can best be described as "holding". Centennial Hall is near the end of its service life as concluded in a study commissioned by the City of London; Feasibility and Condition of Centennial Hall Final Report in June 2007.

However, Centennial Hall continues to serve the community by providing a low cost venue that attracts a variety of artists, vendors and participants. It supports the arts by showcasing artistic talent, bringing to London a variety of entertainment. As identified in Novita Interpareas Performing Arts Centre Market Analysis, August 15, 2014, as a live performance venue, Centennial Hall's seating capacity accounts for 20% of the total capacity in the City of London. And it provides for vendors and other groups a reasonably priced venue for meetings, trade shows, dances, awards shows, weddings, commencements etc. Civic Administration is not aware of any updates that would identify whether this has changed since that time.

Centennial Hall not only serves the community but also has the community's support; over last 5 years it has annually hosted on average 127 events with an attendance of greater than 72,000.

To emphasize the cost-effectiveness of Centennial Hall, in 2012, the City of Hamilton contracted KPMG to undertake an analysis of facility subsidies for performing arts centres/theatres. The results of that study indicate that the Centennial Hall is the lowest municipal subsidized centre. A copy of the summary is attached as Appendix "C".

As Council moves forward, decisions regarding Centennial Hall's future will be made within the context of Council's Strategic Plan. While this is being determined, Centennial Hall could continue operations under its current agreement with Donald Jones Management Services. Centennial Hall is still a well maintained facility that operates in a safe and responsible manner providing value to the community.

Conclusion

Continuing to maintain this asset as a low cost venue for arts, culture and entertainment provides Council an opportunity to investigate future avenues and uses for the building and the site that are in line with its Strategic Plan.

Given the continued solid performance of Donald Jones Management Services in operating Centennial Hall, the continued use of Centennial Hall by outside user groups, the minimal capital requirements to maintain it and the flexible conditions in the agreement allowing for cancellation of the contract, it is recommended the contract be extended for five (5) years.

Acknowledgements

This agreement has been prepared with the assistance of Legal Services.

PREPARED BY:	RECOMMENDED BY:
LAURIE GREEN, CPA, CMA FINANCIAL BUSINESS ADMINISTRATOR	ANNA LISA BARBON, CPA, CGA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER

APPENDIX “A”

Bill No.

By-law No. A-

A By-law to authorize an Agreement between The Corporation of the City of London and Donald Jones Management Services Inc., for the operation and management of Centennial Hall, and to authorize the execution the Agreement.

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS section 23(1) of the *Municipal Act, 2001* authorizes the municipality to delegate its powers and duties to a person;

AND WHEREAS it is deemed expedient for The Corporation of the City of London (the “City”) to enter into an Agreement with Donald Jones Management Services Inc. for the operation and management of Centennial Hall (the “Agreement”);

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Agreement substantially in the form attached as Schedule “A” to this By-law, being an Agreement with Donald Jones Management Services Inc. for the operation and management of Centennial Hall is hereby AUTHORIZED AND APPROVED.
2. The Mayor and City Clerk are hereby authorized to execute the Agreement authorized and approved under section 1 of this by-law.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council , 2020

Ed Holder
Mayor

Catharine Saunders
City Clerk

First reading -
Second reading -
Third reading -

APPENDIX “B”

This Agreement made this day of June, 2020

THE CORPORATION OF THE CITY OF LONDON
(hereinafter called the “Owner”)

- AND -

DONALD JONES MANAGEMENT SERVICES INC.
(hereinafter called the “Manager”)

WHEREAS by an agreement dated the 1st day of January, 2006 (the “2006 Agreement”), the Owner engaged the Manager to operate and manage Centennial Hall at 550 Wellington Street in the City of London which is a multi-purpose public hall owned by the Owner;

AND WHEREAS by an agreement dated the 1st day of January, 2010 (the “2010 Agreement”), the Parties extended the term of engagement of the Manager to operate and manage the Hall for the Owner;

AND WHEREAS by an agreement dated the 17th day of September, 2012 (the “2012 Agreement”), the Parties extended the term of engagement of the Manager to operate and manage the Hall for the Owner;

AND WHEREAS by an agreement dated the 28th day of July, 2015 (the “2015 Agreement”), the Parties extended the term of engagement of the Manager to operate and manage the Hall for the Owner;

AND WHEREAS the parties wish to extend the term of engagement of the Manager for an additional five (5) year period;

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, the Owner and the Manager agree as follows:

1. The term of engagement of the Manager shall be extended for an additional five (5) year period commencing on the 1st day of January, 2021 and ending on the 31st day of December, 2025, on the same terms and conditions as set out in the 2006 Agreement, as amended.
2. Schedule “B” – Centennial Hall Rates and Requirements of the 2006 Agreement, as previously amended, is hereby deleted and replaced by the new Schedule “B” attached hereto.
3. In all other respects, the parties confirm that the 2006 Agreement, as amended by the 2010 Agreement, the 2012 Agreement and the 2015 Agreement shall remain in full force and effect.

IN WITNESS WHEREOF the Owner and Manager have executed this Agreement as evidenced by the signatures of their authorized officers.

THE CORPORATION OF THE CITY OF LONDON

Per: _____
Ed Holder, Mayor

Per: _____
Catharine Saunders, City Clerk

DONALD JONES MANAGEMENT SERVICES INC.

Per: _____
Donald Jones, President
I have the authority to bind the corporation.

SCHEDULE "B"

2020 FEES AND CHARGES CULTURE SERVICES

Service/Activity	2020 PROPOSED	
	Effective Date	Fee
<u>SERVICE GROUPING: CENTENNIAL HALL</u>		
i) Hall Rentals		
(a) Auditorium		
Theatre Style (Monday - Thursday, Sunday)	Jan. 1/20	\$2,500 or 10% gross gate to a maximum of \$4,000, whichever is greater
Banquet Style	Jan. 1/20	\$1,500.00
Banquet Style - June, July, August	Jan. 1/20	\$1,000.00
New Year's Eve	Jan. 1/20	\$2,500.00
Rehearsal Stage	Jan. 1/20	\$600.00
(b) Banquet Hall		
Monday through Friday	Jan. 1/20	\$1,000.00
Sunday, Saturday, Holidays	Jan. 1/20	\$1,000.00
New Year's Eve	Jan. 1/20	\$2,000.00
One-half Banquet Hall	Jan. 1/20	\$500.00
Trade Shows (per day)	Jan. 1/20	\$1,000.00
(c) Lounge	Jan. 1/20	\$250.00
(d) Lounge - After Events	Jan. 1/20	\$200.00
(e) Entire Building (Convention Rate)	Jan. 1/20	\$3,500.00
(f) Entire Building (Trade Show Rate)	Jan. 1/20	\$3,500.00
(g) Early/Late Access Charge/hour (Prior to 8:00 a.m./after 1:00 p.m.)	Jan. 1/20	\$50.00
(h) Move In/Move Out	Jan. 1/20	50% of applicable rate
(i) Women's Canadian Club	Jan. 1/20	\$850.00
(j) Teen Dances or Pub Nights (Banquet Hall only)	Jan. 1/20	\$1,000.00
(k) Catering Surcharge	Jan. 1/20	7% of gross catering revenue or \$0.70/person
ii) Bar Receipts		
Centennial Hall License - Rates	Jan. 1/20	Market
iii) Canteen Receipts - Snacks	Jan. 1/20	Market
iv) Checkroom Receipts	Jan. 1/20	Market
v) Sundry Receipts		
vi) Chair Removal	Jan. 1/20	Market
vii) Catering Revenue Self Catering	Jan. 1/20	Market & 7% of admissions
viii) Ticket Surcharge	Jan. 1/20	\$1.00 per ticket
<i>Fanshawe Symphonic Chorus and Local Community Events are excluded.</i>		

Note:

1. Non-profit organizations which book a series of events, in advance, (at least six events per calendar year) and which require a very limited amount of set-up and maintenance will receive a reduced rate.

HECFI Alternative Service Delivery RFP
Analysis of Facility Subsidies – Performing Arts Centres / Theatres

Analysis of Performing Arts Centres / Theatres:

Venue	Location	CMA Population	Capacity	Management	Annual Subsidy (Income) \$'000
Centennial Hall	London	501,000	1,637	Jones Entertainment Group	\$100
River Run Centre	Guelph	141,000	785	City of Guelph	\$385
The Grand Theatre	Kingston	163,000	776	City of Kingston	\$500
Burlington Performing Arts Theatre	Burlington	753,000	718	City of Burlington	\$500
Vancouver Civic Theatres (note 3)	Vancouver	2,413,546	3500 (note 3)	City of Vancouver	\$1,000
Living Arts Centre	Mississauga	5,834,000	1200 (note 1)	City of Mississauga	\$1,050
Centre in the Square	Kitchener	509,000	2,047	City of Kitchener	\$1,500
National Arts Centre (note 2)	Ottawa	1,248,000	2300 (note 1)	National Arts Centre	\$39,000

- All theatres in the above sample receive operating subsidies from their respective municipal / public owners.
- The only theatre that is not managed by its respective municipal owner is the one with the lowest annual subsidy.