



SUBJECT: Licence agreement with Edge Hospitality for the operation of LaSalle Pavilion

TO: Committee of the Whole

FROM: Parks & Recreation Department

Report Number: PR-08-17

Wards Affected: All

File Numbers: 925-15

Date to Committee: April 3, 2017

Date to Council: April 18, 2017

Recommendation:

Approve the single sourcing of Edge Hospitality to provide banquet and conference services at LaSalle Pavilion for the period 2017 to 2022 inclusive; and

Authorize the Mayor and City Clerk to enter into an agreement with Edge Hospitality for the exclusive operation of LaSalle Pavilion between 2017 and 2022 subject to the satisfaction of the Director of Parks & Recreation, Director of Finance and City Solicitor.

Purpose:

Provide Council with information and staff's recommendation regarding continued use of LaSalle Pavilion as a banquet destination as an interim strategy.

Background and Discussion:

LaSalle Pavilion is a designated heritage facility offering banquet services which is located in LaSalle Park. As Committee and Council are aware, The City of Hamilton Council recently rejected recent efforts by the Greater Bay Area Subcommittee to resolve the ownership issues related to LaSalle Park. This disappointing result places the City in a predicament that requires some interim decisions to be made.

Staff from various departments have met and reviewed options and their implications and are recommending the following:

- Continue to operate the LaSalle Pavilion as a wedding/banquet venue via third party provider as per report PR-08-17 Licence Agreement with Edge Hospitality.
- Perform routine maintenance only to the pavilion and the park with any capital repairs and replacements kept to a minimum to ensure public safety until such time as more certainty is known regarding future tenure or ownership.
- Track all future capital expenditures and all current buildings and assets in the pavilion and park to be valued in order to inform any future discussions with Hamilton.

To support the options above, staff are recommending a continuation of banquet services at LaSalle Pavilion for this interim period between 2017 and 2022. To support this recommendation, staff are also recommending the use of one of our current banquet providers (Edge Hospitality) to continue with service at this location. Edge Hospitality has been a successful partner with the City of Burlington since 2001 providing services at Paletta Mansion. Edge Hospitality has seamlessly supported the immediate transition into LaSalle Pavilion, ensuring all booked events would continue as planned.

To move forward with this interim strategy, staff are recommending to single source Edge Hospitality for 2017-2022 inclusive. Pursuant to the Procurement By-law's section 14.8, Council approval is required for single source procurements valued over \$100,000. Continuing with the current vendor will ensure continuity of service without disruption or overlap with customers, while maintaining a continuous revenue stream for the City to support the upkeep of this facility.

Strategy/process

The contract with Edge Hospitality would have similar terms and operating arrangements that exist with the Paletta Mansion licence agreement. The duration of this agreement would run from 2017 to 2022. Edge Hospitality would operate LaSalle Pavilion through offering first class banquet services, marketing and promotion, and general maintenance and upkeep of the inside of the facility. Community access of the facility would also continue through the vendor.

In return, the City would receive rent which would support the operating and capital needs of the facility. This interim operation will allow the reserve fund to continue to have a positive balance throughout, without any financial impact on the general tax-base.

Financial Matters:

LaSalle Pavilion operates within a financially self-sustainable model. LaSalle Pavilion also has a dedicated reserve fund to support all financial needs of this location including all operating and capital expenses. The reserve is funded through rent received less any operational and capital expenses for the facility.

At the conclusion of 2022, staff is forecasting the reserve fund to have a positive balance remaining.

Public Engagement Matters:

Some recent marketing and press release information has been released highlighting the location and the proper website and contact information. It is important for the community, as well as the banquet market to know that LaSalle Pavilion is open for business. Upon approval of staff's recommendation, Edge Hospitality would begin significant efforts to market and sell events beyond 2018.

Conclusion:

Based on the outcome of the land deal with the City of Hamilton, it is being recommended that LaSalle Pavilion continue as a banquet operation as an interim operation up until 2022. This recommendation allows for a continuation of service in a facility that was designed to support banquet services. It is staff's opinion that this option is the most feasible and realistic to ensure the facility continues to be well used and that sufficient revenue is generated to support the assets overall needs.

Respectfully submitted,

Rob Axiak

Manager of Recreation Services

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Report Approval:

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.