

**REPORT NO. 339** of the  
**SOCIAL DEVELOPMENT,  
HEALTH & CULTURE STANDING COMMITTEE**  
of its meeting held October 7, 2015

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**Present:** Councillor Ed Sleiman, Chair  
Councillor Paul Borrelli  
Councillor Rino Bortolin  
Councillor Jo-Anne Gignac

**Regrets:** Councillor John Elliott

That the following recommendation of the Social Development, Health and Culture Standing Committee **BE APPROVED** as follows:


Moved by Councillor Borrelli, seconded by Councillor Bortolin


THAT the report authored by the Manager of WFCU Centre and Facilities dated September 17, 2015 entitled "Windsor Express Basketball Licence Agreement Renewal" **BE REFERRED TO COUNCIL FOR DECISION.**

Carried.

**Livelihood #17967, SR/11962**

Clerk's Note: The administrative report authored by the Manager of WFCU Centre and Facilities dated September 17, 2015 entitled "Windsor Express Basketball Licence Agreement Renewal" is attached as background information.

  
\_\_\_\_\_  
CHAIRPERSON

  
\_\_\_\_\_  
SUPERVISOR OF COUNCIL SERVICES

<b>NOTIFICATION:</b>				
<b>Name</b>	<b>Address</b>	<b>Email Address</b>	<b>Telephone</b>	<b>FAX</b>
Dartis Willis		dw@windsroexpress.ca		
Gordon B. Lee		info@gordonbleeca.com		
Ryan Merrow		ryan@windsroexpress.ca		



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Social Development, Health and Culture Standing Committee-**  
**Administrative Report**



**MISSION STATEMENT:**

*"Our City is built on relationships – between citizens and their government, businesses and public institutions, city and region – all interconnected, mutually supportive, and focused on the brightest future we can create together."*

<b>LiveLink REPORT #: 17967 SR/11962</b>	<b>Report Date: September 17, 2015</b>
<b>Author's Name: Ray Mensour</b>	<b>Date to Standing Committee: October 7, 2015</b>
<b>Author's Phone: 519 974-7979 ext. 4617</b>	<b>Classification #:</b>
<b>Author's E-mail: rmensour@citywindsor.ca</b>	

**To:** Social Development, Health and Culture Standing Committee

**Subject:** Windsor Express Basketball Licence Agreement Renewal  
P&R 15-140

**1. RECOMMENDATION:** City Wide: \_\_\_\_\_ Ward(s): 6

**THAT** the renewal of the licence agreement with Windsor Express Basketball Inc. (Ontario Corporation Number 002333069), a team of the National Basketball League of Canada, for the use of the WFCU Centre **BE APPROVED** as per Option 1 of this Administrative report; **and further,**

**THAT** the Chief Administrative Officer and City Clerk **BE AUTHORIZED** to execute and sign the agreement, satisfactory in technical content to the Executive Director of Recreation and Culture, in financial content to the Chief Financial Officer and City Treasurer, and in form to the City Solicitor.

**Terms and Conditions:**

- a) Term – Three year period from October 1, 2015 to September 30, 2018 with an option for a mutually agreeable two year extension.
- b) Fees – To cover all direct costs up to a maximum of \$4,530/game (with annual CPI increase) which would include, conversion costs, event staff, bowl/floor rental, two dressing rooms, sports medic and game day box office staff. Additional services may be provided at the applicable rates including credit card service, rental of drapes or risers, VIP Parking and security services.
- c) Scheduling – With the exception of one regular season game that can be played at Caesars Windsor, the Team will schedule all regular season, playoff and all-star games at the WFCU Centre. The home game dates to be confirmed by no later than August 31<sup>st</sup> for the upcoming season. The City reserves the right to request a change of up to 2 games per season for major events.
- d) Ticket surcharge – a surcharge in the amount of \$1 per ticket will be provided to the City on all tickets sold. This surcharge does not apply to the complimentary tickets (maximum 500 tickets per game) that the Team is allowed to distribute in the community.

- e) Sponsorship and Advertising – the Team will be responsible for securing its own sponsorship and advertising and must comply with existing agreements in place at the WFCU Centre.
- f) Signage – Continue to provide a location for permanent sign “Home of the Windsor Express”, installed at the WFCU Centre, the location of which will be subject to the City’s approval. The Windsor Express will be responsible for the costs to maintain the existing sign.
- g) Office/Dedicated Dressing Room – the Team will continue to be provided space for an office or dedicated locker room consistent with existing square footage rates. Any costs to renovate and outfit the space will be at the Team’s expense.
- h) Practices – The Team will arrange for its own practice time and location outside of this agreement.
- i) Insurance – The Team will provide liability insurance (at its own cost) in the minimum amount of \$5,000,000.00 with other specific terms satisfactory to the Manager of Purchasing and Risk Management and the City Solicitor.
- j) Box Office Services – the City will provide box office services and will retain convenience fees. The net proceeds from all ticket sales will flow to the Windsor Express team.
- k) Equipment – the City will provide the flooring required to host basketball games for the season, as well as access to the general west end score clock, house PA system, and media suite. The Team will provide the basketball standards, backboards and nets. The Team is responsible for arranging the use of additional scoreboards (i.e. Jumbotron) and shot clocks at its own expense.
- l) Staffing – The City will provide staffing for the set up and cleaning of the facility. The Team will provide staffing required for team medical services, officials, game day promotions and security as required.
- m) Parking – Eight (8) spaces at the back of house will be provided on game days only.
- n) Suites – the City has the right to rent suites consistent with current agreements relating to suite licensing. The Team retains the ticket revenue from each suite.
- o) The Team will be allocated one (1) suite on game days for their use.

## **EXECUTIVE SUMMARY:**

Five options are presented here for City Council’s consideration. For each option, there would be a number of standard terms and conditions that would be consistent (e.g. insurance, scheduling, equipment, staffing, etc.). Outlined below are the terms and conditions that would vary with each option.

### **Option #1**

This option is primarily based on the original first year agreement (2012/2013 Season). The per-game fee would cover all direct costs plus a rental fee, up to a maximum of \$4,530 per game. The City would retain all concession revenue and there would be an upset limit of 500 complimentary tickets (compared to 150 in the original year 1 agreement) that would not be subject to a \$1 ticket surcharge. This option would include a permanent sign “Home of the Windsor Express”, as well as the provision of a dedicated dressing room, at the Team’s expense, and subject to an annual fee consistent with existing square footage rates.

## **Option #2**

Based on the second year's agreement (2013/2014 Season), Option #2 provides a per-game fee that would cover all direct costs plus a rental fee (depending on actual game costs), up to a maximum of \$4,030 per game. The concession revenue would be split 50% City, 50% to the Windsor Express and there would be no limit on the number of complimentary tickets available and no surcharge on these tickets. This option would include a permanent sign "Home of the Windsor Express, as well as the provision of a dedicated dressing room, at the Team's expense and subject to an annual fee consistent with existing square footage rates.

## **Option #3**

The third option is based on the terms and conditions of last season (2014/2015 Season). Option #3 provides a fee of \$3,500 per game which only recovers the direct costs and does not include a rental fee. The City portion of the concession revenue was split 50% with the Windsor Express and there would be no limit on the number of complimentary tickets available with no surcharge. This option would include a permanent sign "Home of the Windsor Express", as well as the provision of dedicated dressing room space, at the Team's expense (for renovation costs), but with no annual fee. The Team would also be provided practice time at the WFCU Centre or best available city facility at no charge during non-prime hours.

## **Option #4**

The fourth option is based on the requested terms and conditions submitted by the Windsor Express. The requested fee would be \$1,750 per game which would not recover the direct costs and would not include a rental fee. The City portion of the concession revenue would be split 50% with the Windsor Express and there would be no limit on the number of complimentary tickets available and no surcharge on complimentary tickets.

This option would continue to include a permanent sign "Home of the Windsor Express", as well as the provision of a dedicated dressing room at no cost. The Team would also be provided practice time at a City gymnasium at no charge during non-prime hours.

## **Option #5**

City Council can choose a hybrid of any of the alternatives and identify specific terms and conditions they wish to incorporate into the agreement.

As it relates to the five options presented, Administration supports Option #1 (generally reverting to the inaugural season agreement) as it is the option that results in the largest positive net incremental revenue to the City (see Table 2 in the financial matters section) and is therefore the option most consistent with Council's focus on holding the line on property taxes.

## **2. BACKGROUND:**

### **Windsor Express - 2012/2013 Season**

The Windsor Express began their inaugural season with the National Basketball League of Canada (NBLC) in the 2012/13 season, playing at the WFCU Centre. City Council approved the

terms and conditions of the license agreement for a one year term, and the purchase of a basketball floor, through CR214/2012. The basic terms of the agreement were as follows:

**Game Fee** – up to \$4,530/game. This fee covers the direct cost to the facility, including the conversion staff required to change the floor from ice surface to basketball floor and back again, event staff (i.e. ushers), box office staff, emergency services personnel, cleaning and maintenance staff. The fee also includes a rental fee of \$600. This rental fee only assumes a 3 hour rental at \$200/hour, when in reality the ice surface is taken out of service for the full day. Therefore the rental fee only covers the approximate game time and does not cover any additional lost revenue for that day.

If the direct costs and rental fee for each game were below the \$4,530 limit, the team was charged the actual amount. At times the costs were lower due to the scheduling of back-to-back games which reduced the conversion costs. However, if the direct costs were higher, the City had to forgo the full \$600 rental fee in order to stay within the \$4,530 limit

**Ticket Surcharge** - \$1/ticket, with a maximum of 150 complimentary tickets that are not subject to the surcharge. At the WFCU Centre, a ticket surcharge is applied to Windsor Spitfires game tickets, as well as ticketed entertainment events (e.g. concerts). In each of these cases a cap is placed on the number of complimentary tickets that are not subject to the surcharge. The cap for the Windsor Spitfires is 300 complimentary tickets, due to larger attendance figures. The cap for other events varies depending on the attendance projections for each. The surcharge revenue is currently applied to the operating budget for the WFCU Centre to assist in offsetting the overhead costs for this facility (i.e., utilities, preventative maintenance).

**Concessions** – the City maintained 100% of its portion of the concession revenue. The Food and Beverage agreements in place did not contemplate further splitting of the net revenues. Other than the original agreements with Ovations Food Services and the Windsor Spitfires, no other organization receives a percentage of the Concession revenue. However the Windsor Express is permitted to keep 100% of merchandise revenues, with no fee or percentage payable to the City.

**Practice, Office and Dressing Room Space** – the Team was responsible for securing its own practice and office space, separate from the agreement. In its first year, the team elected to practice at the John Atkinson Memorial Community Centre, which generated approximately \$4,000 in revenue for the City. There was no office space available at the WFCU Centre, without constructing additional space, or displacing current program space. Exclusive office or storage space utilized by other groups, including Windsor Spitfires and the Life After Fifty organization (formerly Centres for Seniors), pay for use of the space. It should be noted that on a number of game days, the team organized additional events and activities before and/or after their games and were not charged any additional fees, although some additional costs were incurred (e.g. event staff worked additional hours). On game days the Windsor Express was provided access to the OHL Visitors Dressing Room and an additional community dressing room was provided to the visiting team.

### **Windsor Express - 2013/2014 Season**

City Council approved the renewal of the license agreement for the Windsor Express for the 2013/14 season. Administration recommended the renewal of the agreement under the same terms and conditions as the first year. The Team requested City Council consider some modified terms in recognition of the financial pressures they were experiencing as a new team in the

league and the challenges in establishing a fan base. City Council approved the following amendments:

**Game Fee** – reduced by \$500/game to a maximum of \$4,030/game. Although the average cost to the City for game day expenses was below the above limit, this limit does not take into consideration the instances where the city had to forgo all or a portion of the \$600 rental fee, any other lost revenue opportunities (e.g. ice rentals), or any other indirect costs.

**Ticket Surcharge** – elimination of the cap to allow for an unlimited number of complimentary tickets that were not subject to the surcharge. The rationale for this proposal presented by the Team was that the extra spectators would lead to additional food and beverage sales to make up for the loss of the ticket surcharge. The Express would also be able to market the team through the complimentary tickets without the added cost of the ticket surcharge.

**Concessions** – the Team received 50% of the City's portion of the net food and beverage revenue for Windsor Express Games. As noted above, the expectation was that the anticipated increase in attendance through complimentary tickets would make up for the percentage given to the Team through increased sales. Although the food and beverage sales for the full season including the playoffs were higher in Year 2, the net revenue to the City for concessions was lower than revenues received in Year 1. When added to the decrease in revenue from the ticket surcharge, the City's overall revenues were negatively impacted (approximately \$31,000 revenue decrease) by the amended terms.

**Other Terms** – the Team was required to secure its own practice and office space. In Year 2, the Team did not use John Atkinson Memorial Community Centre for its practices, electing to utilize a private facility. This resulted in an additional net reduction in revenues received by the City. However, the Team was charged for additional events and activities booked at the WFCU Centre before and after its games, which helped to mitigate, but not eliminate, this reduction in revenue. In addition, the Team was permitted to execute one regular season home game at an offsite location (Caesars Windsor). The Team was required to pay for the rental and transportation of the basketball floor (owned by the City) which covered the department's costs, and the Team paid Caesars Windsor for the one-time event. In keeping with the arrangements for Year One, the Express continued to be provided access to the OHL Visitors Dressing Room and their guests to a community dressing room on game days.

### **Windsor Express - 2014/2015 Season**

City Council approved the renewal of the license agreement for the Windsor Express for the 2014/15 season. Administration recommended the renewal of the agreement under the same terms and conditions as the first year. The Team requested City Council consider some modified terms in recognition of the financial pressures they were experiencing as a new team in the league and the challenges in establishing a fan base. City Council approved the amendments below:

**Game Fee** – reduced by \$530/game from the previous season to a flat rate of \$3,500/game. On average, the reduced fee of \$3,500 did not cover the average game costs of \$3,653 which resulted in a \$4,538 loss to the City over the course of a season. The game costs includes conversion and setup costs, post event cleanup, box office staff, event staff, forklift operator and Emergency Medical Services. Furthermore, this loss does not take into consideration the instances where the city had to forgo ice rental revenue on an Express game day which could range from \$500 to \$1,500 depending on the day of the week.

**Ticket Surcharge** – elimination of the cap to allow for an unlimited number of complimentary tickets that were not subject to the surcharge. The rationale for this proposal presented by the Team was that the extra spectators would lead to additional food and beverage sales to make up for the loss of the ticket surcharge on complimentary tickets. The Express would also be able to market the team through the complimentary tickets without the added cost of the ticket surcharge. On average, the City could have generated an additional \$386 per game (886-500 complimentary tickets) for a total of \$9,650 for the season if the complimentary ticket was capped at 500 tickets per game. One could argue that a portion of this revenue would never be realized as the number of issued complimentary tickets would decrease if there was a ticket surcharge on the additional tickets.

**Concessions** – the Team received 50% of the City's portion of the net food and beverage revenue for Windsor Express Games. As noted above, the City would have retained 100% of its portion of the concession revenue which would have resulted in an additional \$12,903 of concession revenue.

**Other Terms** – the Team was also granted free office and practice during non-prime hours at the WFCU Centre. In addition, the Team was permitted to execute one regular season home game at an offsite location (Caesars Windsor). The Team was required to pay for the rental and transportation of the basketball floor (owned by the City) which covered the department's costs, and the Team paid Caesars Windsor for the one-time event. In keeping with the arrangements for Year One and Two, the Express continued to be provided access to the OHL Visitors Dressing Room and their guests to a community dressing room on game days.

These changes resulted in the following financial implications:



**Table 1 – 2014-15 Express Games Analysis**

Express Game #	Game Costs	Agreement	Cost to City	F & B (50%)	Ticket Surcharge Revenue	# of Comp Tickets
1	\$4,659.68	\$3,500.00	-\$1,159.68	\$733.93	\$716.00	1,061
2	\$3,978.19	\$3,500.00	-\$478.19	\$251.46	\$265.00	489
3	\$4,213.19	\$3,500.00	-\$713.19	\$343.20	\$462.00	708
4	\$3,919.62	\$3,500.00	-\$419.62	\$247.34	\$284.00	478
5	\$3,963.57	\$3,500.00	-\$463.57	\$471.76	\$481.00	1,088
6	\$4,311.39	\$3,500.00	-\$811.39	\$585.54	\$497.00	1,137
7	\$4,350.95	\$3,500.00	-\$850.95	\$608.06	\$738.00	2,171
8	\$4,007.37	\$3,500.00	-\$507.37	\$432.75	\$460.00	1,257
9	\$3,074.89	\$3,500.00	\$425.11	\$422.30	\$372.00	1,112
10	\$2,879.26	\$3,500.00	\$620.74	\$377.24	\$621.00	569
11	\$4,610.56	\$3,500.00	-\$1,110.56	\$486.97	\$654.00	711
12	\$4,242.66	\$3,500.00	-\$742.66	\$403.06	\$442.00	838
13	\$4,485.14	\$3,500.00	-\$985.14	\$704.80	\$752.00	2,313
14	\$4,615.01	\$3,500.00	-\$1,115.01	\$889.14	\$510.00	1,058
15	\$4,212.56	\$3,500.00	-\$712.56	\$780.94	\$1,068.00	1,311
16-G1	\$4,010.05	\$3,500.00	-\$510.05	\$378.56	\$544.00	681
17-G2	\$4,103.99	\$3,500.00	-\$603.99	\$399.68	\$606.00	440
18-G3	\$3,126.64	\$3,500.00	\$373.36	\$503.22	\$680.00	471
19-G4	\$2,758.40	\$3,500.00	\$741.60	\$570.18	\$663.00	614
20-G5	\$4,366.48	\$3,500.00	-\$866.48	\$473.32	\$728.00	539
21-G6	\$2,726.51	\$3,500.00	\$773.49	\$596.16	\$889.00	484
22-G7	\$2,025.26	\$3,500.00	\$1,474.74	\$546.55	\$722.00	481
23-G8	\$1,906.13	\$3,500.00	\$1,593.87	\$767.99	\$1,104.00	577
24-G9	\$1,990.44	\$3,500.00	\$1,509.56	\$928.37	\$1,030.00	1,563
25-G10	\$2,795.06	\$2,795.06	\$0.00	\$0.00	\$0.00	0
<b>Total</b>	<b>\$91,333.00</b>	<b>\$86,795.06</b>	<b>-\$4,537.94</b>	<b>\$12,902.52</b>	<b>\$15,288.00</b>	<b>22,151</b>
<b>Avg. Per Game</b>	<b>\$3,653.32</b>	<b>\$3,471.80</b>	<b>-\$181.52</b>	<b>\$516.10</b>	<b>\$611.52</b>	<b>886</b>

**Windsor Express – Upcoming 2015/2016 Season**

The Windsor Express approached the City for a renewal of the license agreement for their fourth season (2015/16). The Team had a successful third season, emerging as the NBLC Champions for a second consecutive season. Despite having a winning season, which included nine additional home play-off games, the Express are seeking to renegotiate the terms that were amended for the Third Year agreement. Administration and the Team President, Mr. Dartis Willis have met on two occasions where Mr. Willis initially outlined a verbal proposal seeking a partnership with the City to help address his team's financial concerns. Furthermore, it was suggested that a minimum three year term under these proposed conditions would allow the team to better establish itself and create a firm fan base. The details of his request are outlined in the discussion section below.

### **3. DISCUSSION:**

Administration has had a number of discussions with Mr. Willis who has once again expressed his team's financial concerns. Mr. Willis has reiterated that the long term feasibility will require a partnership with the City. Mr. Willis' requests are noted below, and are followed by Administration's comments. The financial impacts of each request are summarized in the Financial Matters section.

#### **1. Per Game Fee of \$1,750 at the WFCU Centre**

*Administration Comments – Based on the 2014/2015 season average direct game costs, the 2014/15 per game fee did not cover the direct costs associated with an Express game. As a result, a further reduction in the per game fee from \$3,500 to \$1,750 will result in additional lost revenues of approximately \$43,045 (see Table 3 below) over the course of one season.*

*This will result in significant lost revenues to the City.*

#### **2. Continue 50% split of City's Percentage of Concessions**

*Administration Comments – Continuation of a 50% split; would amount to continued lost revenue of approximately \$13,250 annually.*

*This will result in significant lost revenues to the City.*

#### **3. Continue Unlimited number of complimentary tickets without a City surcharge**

*Administration Comments – It is hard to quantify the lost revenue opportunity as it would be argued that not as many complimentary tickets would be issued if there was a City surcharge thus making it difficult to promote and grow the Express brand. Based on last year's numbers, the lost revenue was approximately \$886 per game for a season total of \$22,151. The WFCU Centre is in its 7<sup>th</sup> year of operation, and requires increased preventative maintenance and upkeep to sustain established standards for the facility. Although Administration could not support an unlimited number of complimentary tickets, it would support a cap of 500 per game in order to allow the Express to continue to grow their brand.*

*This could result in minor lost revenues to the City.*

#### **4. Continue to designate a private dressing room with no rental fee. Express will assume all costs for any upgrades to this room.**

*Administration Comments – The location of this room is on the lower level (southwest corner) and was previously used as a change room by Global Spectrum event staff. Windsor Express continued to use the OHL Dressing Room for its players, and used this additional space as an Office/Coach's room. It should be noted that the dressing/locker room is*

located in the back-of-house area which is used exclusively by concert promoters and event staff on show days. Please note that the Team would have NO access to this space during other events.

*This could result in minor lost dedicated space revenues to the City.*

5. **Continue to provide a full season of consistent 2 hour practice times at a City of Windsor gym during non-prime hours at no cost. The Team is requesting a consistent time slot.**

*Administration Comments – Based on the current Schedule of Fees, this arrangement would result in the City foregoing revenue of approximately \$5,000 for the season. If Council wishes to provide this space at no cost, Administration recommends that the space be provided during non prime hours based on availability. Furthermore, the Club is requesting that the visiting team as well as they receive free practice time once the court is ready in the WFCU Centre main bowl on game days. Administration does not object to both requests as long as the Express remain flexible on practice times during non-prime hours as we have some existing users that book our gyms at different hours every day of the week.*

*This could result in minor lost revenues to the City.*

6. **Continue provide permanent signage in the WFCU Centre i.e. “Home of the Windsor Express”**

*Administration Comments – The existing sign does not impact the current agreement with the Windsor Spitfires rights on advertising rental space.*

*This would result in no financial impact to the City.*

7. **Express request that funding be provided to purchase additional Risers, Pipe & Drape which includes covering the East End Seats and additional that could be used by the Express at no cost.**

*Administration Comments – The cost to purchase additional risers and pipe & drape is approximately \$25,000. The drape would be used to create an intimate setting by covering some of the empty seats in the WFCU Centre.*

*This would result in a significant cost to the City.*

## **OPTIONS FOR CONSIDERATION**

Five options are presented here for City Council's consideration. For each option, there would be a number of standard terms and conditions that would be consistent (e.g. insurance, scheduling, equipment, staffing, etc.). Outlined below are the terms and conditions that would vary with each option.

### **Option #1**

This option is primarily based on the original first year agreement (2012/2013 Season). The per-game fee would cover all direct costs plus a rental fee, up to a maximum of \$4,530 per game. The City would retain all concession revenue and there would be an upset limit of 500 complimentary tickets (compared to 150 in the original year 1 agreement) that would not be subject to a \$1 ticket surcharge. This option would include a permanent sign "Home of the Windsor Express", as well as the provision of a dedicated dressing room, at the Team's expense, and subject to an annual fee consistent with existing square footage rates.

### **Option #2**

Based on the second year's agreement (2013/2014 Season), Option #2 provides a per-game fee that would cover all direct costs plus a rental fee (depending on actual game costs), up to a maximum of \$4,030 per game. The concession revenue would be split 50% City, 50% to the Windsor Express and there would be no limit on the number of complimentary tickets available and no surcharge on these tickets. This option would include a permanent sign "Home of the Windsor Express, as well as the provision of a dedicated dressing room, at the Team's expense and subject to an annual fee consistent with existing square footage rates.

### **Option #3**

The third option is based on the terms and conditions of last season (2014/2015 Season). Option #3 provides a fee of \$3,500 per game which only recovers the direct costs and does not include a rental fee. The City portion of the concession revenue was split 50% with the Windsor Express and there would be no limit on the number of complimentary tickets available with no surcharge. This option would include a permanent sign "Home of the Windsor Express", as well as the provision of dedicated dressing room space, at the Team's expense (for renovation costs), but with no annual fee. The Team would also be provided practice time at the WFCU Centre or best available city facility at no charge during non-prime hours.

### **Option #4**

The fourth option is based on the requested terms and conditions submitted by the Windsor Express. The requested fee would be \$1,750 per game which would not recover the direct costs and would not include a rental fee. The City portion of the concession revenue would be split 50% with the Windsor Express and there would be no limit on the number of complimentary tickets available and no surcharge on complimentary tickets.

This option would continue to include a permanent sign "Home of the Windsor Express", as well as the provision of a dedicated dressing room at no cost. The Team would also be provided practice time at a City gymnasium at no charge during non-prime hours.

## **Option #5**

City Council can choose a hybrid of any of the alternatives and identify specific terms and conditions they wish to incorporate into the agreement.

As it relates to the five options presented, Administration supports Option #1 (generally reverting to the inaugural season agreement) as it is the option that results in the largest positive net incremental revenue to the City and is therefore the option most consistent with Council's focus on holding the line on property taxes. Notwithstanding this administrative recommendation, it is recognized that there are direct and indirect benefits to the presence of having this calibre of professional basketball as an attraction to residents and visitors. In the previous season, the Team worked on some initiatives to co-promote the City's Adventure Bay Family Water Park presented by WFCU. This included the appearance of players and the Team Mascot at Adventure Bay, and multi-media advertisements for Adventure Bay on game days. Additional initiatives are being planned for the upcoming season. The presence of the Windsor Express provides family entertainment at a relatively low cost. It also appeals to young adults, a demographic that is often difficult to attract. In addition, the team participates in community events at schools and hospitals throughout the season.

## **4. RISK ANALYSIS:**

The NBLC is a professional basketball league, with nine teams participating in Ontario, and the Atlantic provinces. Should Council approve terms as proposed by the Windsor Express, there is a moderate risk that there will be a net loss of revenue to the City. By incorporating terms of Option #1, Administration feels the risks to the City have been mitigated by ensuring that all direct costs are covered and the rental fees contribute to covering a portion of the indirect costs. There is a risk that if the more favourable terms requested by the Windsor Express are not approved; the team may cease to exist in Windsor. Should the Express accept the terms being recommended there is also risk that the team may not be financially viable in the future.

With a minimum of fifteen basketball events at the WFCU Centre there will be changeovers required to convert the ice rink to a basketball court and then back to a rink. City of Windsor staff along with Global Spectrum staff will be performing these changeovers so there is a low risk of injury to staff, however this risk is mitigated by the Health and Safety training the staff receives.

## **5. FINANCIAL MATTERS:**

In 2012, the City purchased the basketball flooring and storage unit needed to host the basketball games for approximately \$125,000. This afforded the City the opportunity to enter into an agreement with the Windsor Express for the 2012/2013. It is also an asset to the City as it can be used for other events when and if required. The table below provides a financial summary of the actual financial results experienced over the past three seasons. This summary includes both the regular season games and any playoff games.

**TABLE 2 – Three Year Comparison**

Description	2012/2013 (Year 1)		2013/2014 (Year 2)		2014/2015 (Year 3)	
	Annual	Per Game	Annual	Per Game	Annual	Per Game
# of Games (Including Playoffs)	22		29		25	
Average Scanned Attendance (incl. Playoffs)		645		775		1,063
<i>Game Revenues/Expenses</i>						
Rent	\$ 91,062	\$ 4,139	\$ 107,627	\$ 3,711	\$ 86,795	\$ 3,472
Game Expenses	81,983	\$ 3,727	95,033	\$ 3,277	91,333	\$ 3,653
<b>Net Game Revenue</b>	<b>\$ 9,079</b>	<b>\$ 413</b>	<b>\$ 12,594</b>	<b>\$ 434</b>	<b>\$ (4,538)</b>	<b>\$ (182)</b>
<i>Food and Beverage Revenue</i>	\$ 16,000	\$ 727	\$ 10,922	\$ 377	\$ 12,902	\$ 516
<i>Ticket Surcharge Revenue</i>	\$ 11,512	\$ 523	\$ 13,968	\$ 482	\$ 15,288	\$ 612
Revenue Rentals for Practices	\$ 4,000	\$ 182	\$ 2,000	\$ 69	\$ 1,381	\$ 55
Forgone Revenues	\$ (22,000)	\$ (1,000)	\$ (29,000)	\$ (1,000)	\$ (25,000)	\$ (1,000)
<b>Profit (Loss)</b>	<b>\$ 18,591</b>	<b>\$ 845</b>	<b>\$ 10,484</b>	<b>\$ 362</b>	<b>\$ 33</b>	<b>\$ 1</b>

Table 2 illustrates that based on last season's agreement; the City did not recover game day cost with the \$3,500 game fee. If the auxiliary revenue does not continue to exist due to the lack of success on the court, the City could financially lose money using last year's model. Further reductions to the game fee will result in greater financial losses to the City.

**TABLE 3 - Windsor Express Proposal**

Description	2014/2015 Terms		2015/2016 Proposal		Variance	
	Annual	Per Game	Annual	Per Game	Annual	Per Game
# of Games (Including Playoffs)	25		25		25	
<i>Game Revenues/Expenses</i>						
Rent Revenue	\$ 86,795	\$ 3,472	\$ 43,750	\$ 1,750	\$ (43,045)	\$ (1,722)
Game Expenses	91,333	\$ 3,653	93,799	\$ 3,752	2,466	\$ 99
<b>Net Revenue</b>	<b>\$ (4,538)</b>	<b>\$ (182)</b>	<b>\$ (50,049)</b>	<b>\$ (2,002)</b>	<b>\$ (45,511)</b>	<b>\$ (1,820)</b>
<i>Food and Beverage Net Revenue</i>	\$ 12,902	\$ 516	\$ 13,250	\$ 530	\$ 348	\$ 14
<i>Ticket Surcharge</i>	\$ 15,288	\$ 612	\$ 15,701	\$ 628	\$ 413	\$ 17
Rentals for Practices	\$ 1,381	\$ 55	\$ 1,418	\$ 57	\$ 37	\$ 1
Forgone Revenues	\$ (25,000)	\$ (1,000)	\$ (25,675)	\$ (1,027)	\$ (675)	\$ (1,000)
<b>Incremental Profit (Loss)</b>	<b>\$ 33</b>	<b>\$ 1</b>	<b>\$ (45,355)</b>	<b>\$ (1,814)</b>	<b>\$ (45,388)</b>	<b>\$ (2,722)</b>

Table 3 compares last season's actual numbers to the projected numbers for the upcoming season based on the Windsor Express' proposal. The forgone revenues refer to the revenues that would have been most likely realized by using the facility for other purposes during the time it was used by the Express. The marginal net increment profit shown in the table does not take into account the cost of the purchase of the floor, nor any apportionment of the capital costs of the facility, nor any corporate overhead cost allocations.

Based on the analysis above, by granting the Express their proposal of a \$1,750 per game fee, the City would be losing approximately (\$45,388) annually as shown in Table 3. In comparison, when reviewing Table 2, the Year One (2012/13) terms which includes a game fee of \$4,350, this is the option that provides the best net incremental revenues for the City. This is the reason for Administration's recommendation of Option 1. As mentioned in the Discussion section, Council could choose another option or a hybrid of any of the options presented.

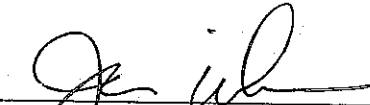
## **6. CONSULTATIONS:**


Global Spectrum, Windsor Express



**7. CONCLUSION:**

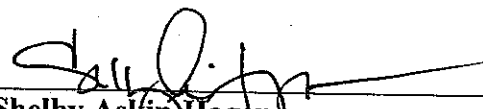
The WFCU Centre was designed and developed to host multiple functions including sports, recreation and entertainment activities. The addition of a team from the National Basketball League of Canada adds to the opportunities for the community to enjoy a variety of events locally. Administration has attempted to develop an agreement with the Windsor Express that recognizes the nature of a professional team, while remaining fair and consistent with other organizations and reflective of Council's overarching mandate to hold the line on property taxes.

  
**Ray Mensour**  
 Manager of WFCU Centre and Facilities

  
**Jan Wilson**  
 Executive Director, Recreation and Culture

  
**Jelena Payne**  
 Community Development and Health  
 Commissioner and Corporate Leader  
 Social Development, Health, Recreation  
 and Culture

  
 for **Onorio Colucci**  
 Chief Financial Officer and City  
 Treasurer/Corporate Leader Finance and  
 Technology 

  
**Shelby Askin-Hager**  
 City Solicitor and Corporate Leader  
 Economic Development and Public Safety

  
 for **Helga Reidel**  
 Chief Administrative Officer

RM:hg

**APPENDICES:**

**DEPARTMENTS/OTHERS CONSULTED:**

**Name:**  
**Phone #: 519** ext.

**NOTIFICATION :**

Name	Address	Email Address	Telephone	FAX