



# City of Moose Jaw

**COMMUNICATION # CC-2020-0310**

**TITLE:** Mosaic Place Budget – 2021

**TO:** City Council

**FROM:** City Manager

**DATE:** November 26, 2020

**PUBLIC:** PUBLIC DOCUMENT

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## **RECOMMENDATION**

That the 2021 Mosaic Place Budget be approved.

## **EXECUTIVE SUMMARY**

The following budget information is for the operations of Mosaic Place. The 2020 Budget for Mosaic Place is the first budget that Spectra Venue Management (Spectra) has prepared for the Facility and is based upon many variables. Spectra works within a calendar fiscal year but most of our business is based upon a "Season".

The Budget prepared for the fiscal year 2021 includes a modified 2020/2021 WHL and AAA Warriors Season, and a normal 2021/2022 Season. Our other business streams (meetings, events, curling) have been budgeted to come back in a limited capacity in the last 4 months of the fiscal year.

We anticipate lower facility attendance, curling league registrations and hockey user groups and hours booked to be reduced in the first quarter too. The budget includes the new SaskTix ticketing revenue streams. The overall impact due to COVID and related event revenue streams is substantial and impacts the 2021 Operating Budget.

## **BACKGROUND/DISCUSSION**

Mosaic Place is a multi-event centre that is owned by the City of Moose Jaw. In September 2019, the City of Moose Jaw entered a five-year Management Contract with Spectra Venue Management (Spectra). Spectra is the day to day managers and operators of the complex.

## **MISSION STATEMENT**

To meet Moose Jaw's recreational needs in an affordable manner while maximizing facilities so they will contribute to the financial well-being of the facilities; and to enhance the economic development of the City through events that provide broad economic benefits to the community.

## **THE FACILITIES**

Located in the downtown core, the Mosaic Place events centre opened September 2011 and is a 210,000 square foot facility featuring an entertainment/sports bowl, an 8-sheet curling club, banquet and meeting rooms and retail space. Bowl seating is 4,013 for hockey spectators and 4300+ for events & concerts. The bowl also features 21 private suites and 132 club seats. The Moose Jaw Ford Curling facility features 8 curling sheets, lobby, locker rooms and the Great Western Lounge, a spacious loft social area overlooking the curling field of play. Mosaic Place has five meeting spaces that can be used to host small group and or combined for large functions.

## **CORE BUSINESS**

There are 7 pillars to the business at Mosaic Place: Live Events (WHL/AAA Games, concerts and Events), Ice Rentals, Curling, Meetings/banquets/conferences, SaskTix, Food and Beverage, Corporate Partnerships

## **TENANTS, CONTRACTORS, AND PARTNERS**

### **Tenants**

- Major Tenant – WHL Moose Jaw Warriors, Lease agreement expires in 2021
- Minor Tenant – AAA Moose Jaw Warriors, Lease agreement expires in 2024

### **Major Contractors**

- Compass Group – food and beverage provider - Contract expires in 2021
- Paciolan – ticketing platform - Contract expires in 2027

### **Major Partners**

- Mosaic Company – complex naming rights, contract expires in 2021
- Moose Jaw Ford – sub naming rights, contract expires in 2021, but deferred and extended b/c of COVID
- Coca Cola – pouring rights, contract expires in 2025
- Great Western Brewery – pouring rights contract expires in 2025
- Spirits, RTD, Wine – Open
- Premium Seating – there are over 21 suite owners that invest annually on multiple year contracts for the use of their suite.

## FUNDING

The 2021 combined facility budget calls for revenue of \$1,763,929. and expenses of \$2,517,560 plus the Spectra fees of \$154,585 leaving a subsidy of \$908,306.

	<b>2021**</b>	<b>2020@</b>	<b>2020@</b>
	<b>Budget</b>	<b>Projected Roll</b>	<b>Budget</b>
<b>Total Revenue</b>	\$1,763,929	\$1,208,523	\$1,830,905
<b>Total Expenses</b>	\$2,517,560	\$2,237,032	\$2,264,581
<b>Sub Total Subsidy</b>	\$753,722.	\$1,028,573	\$433,676
<b>Ticket Rocket</b>		\$225,654	
<b>Spectra Fees</b>	\$154,585	\$132,000	\$152,000
<b>Total Subsidy</b>	<b>\$908,306</b>	<b>\$1,385,227</b>	<b>\$585,676</b>

@ budgets provided to Spectra

## STAFFING

The staff at Mosaic Palace and the Moose Jaw Ford Curling Centre are Spectra employees.

- 2020 and 2021 Budget:
  - 14 FTE, and 3 Contracted employees (curling), plus part time and event staff
  - Does not include Food and Beverage staff as contracted through 3<sup>rd</sup> party operators/contract

## ACTIVITY

Mosaic Place has attracted sold out crowds for WHL hockey games and special events since its inception.

Highlights over years have included: Dolly Parton, Motley Crüe, Carrie Underwood, Alan Jackson, Brad Paisley, ZZ Top, Telus Cup, Scotties Tournament of Hearts x 2. The venue has also hosted various events such as Sask Mining Conference, SEGU convention, and large tradeshow have played a part in driving the downtown core and hotel industry in the City of Moose Jaw.

	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>Budget</b>	<b>Projected Roll</b>	<b>Budget</b>
<b>Attendance Paid</b>	115,950	89,652	134,750
<b>Attendance Drop</b>	96,650	93,100	147,450
<b>#Events</b>	109	88	133

## CHALLENGES AND OPPORTUNITIES

COVID has and will continue to impact all aspects of the business. Decreased capacities, sellable tickets versus actual attendance and less enrollment in recreational activities, such as curling, and hockey play a role and factor into the 2021 operational budget. Moreover, there is an increased cost associated with cleaning, consumables (hand sanitizer, soap, etc.) as is an increased cost in preparation for COVID-19. The 2021 budget does not reflect any or minimal COVID related costs, for example plexiglass barriers are not included as was not purchased in the 2020 operating year either. It does include increased costs associated to cleaning supplies. Further, the budget does not reflect any unforeseen challenges outside of our control.

SaskTix is a new revenue stream to the Facility and to the City of Moose Jaw. The ticketing contract allows the City of Moose Jaw to license the Paciolan software across the Province of Saskatchewan. This provides a unique opportunity to increase revenues to Mosaic Place. As part of the new ticketing system the City "owns" the box office and is responsible for the staffing and execution of the box office. At this time, the Box Office Manager position is currently not a new person but rather a different use of staff resources. However, in order to actualize the revenues, we need to staff a Marketing and Sales position to sell the platform to clients including but not limited to SJHL and WHL Teams, cultural centres, and regional festivals. Moreover, this position will be able to leverage the opportunities for increased and better client/sponsor/partner engagement, securing and/or extending naming rights and pouring rights opportunities, but also increase non-traditional revenue streams and sponsorships for venue related events and opportunities.

No rigging steel within the venue limits the ability to attract events on a consistent basis. Rigging steel allows the event to hang the production (lights and sound) from the roof in a manner that is consistent to their needs, industry standard, cost effectively, and timely. Without rigging steel, it is more expensive for promoters and event organizers to make money. Moreover, our competitors (Sasktel Centre and Brandt Centre) have rigging steel and don't have the additional costs thus making it easier for the promoter to hang the production in a more efficient and economical manner.

Food and beverage currently use cash registers for their point of sale and are owned by the contractor. A proper computer POS system will need to be invested in to ensure proper reporting of sales, trends, analytics, inventory, promotions, etc. to maximize revenues. Currently all cash registers have to be programed individually and there is no real inventory tracking and management system. Further, it takes substantially longer to get reports and understand the volumes and sales per event, per category in a timely fashion.

The City has provided the WHL Warriors the corporate advertising sales and premium seating rights for the Arena as part of their lease agreement and in return Mosaic Place receives 50% of all revenues. And the Venue maintains the rights for food and beverage, naming and pouring rights. There could be a decrease in revenues in all sales categories and premium seating due to COVID-19 but also because the lack of events in the past several years. All events and any increased activity would be a substantial benefit to maintain and attract new corporate partners, it is also a way to increase community pride about Mosaic Place.

Repairs and Maintenance of Mosaic Place has been satisfactory, but there have been items that have not been maintained as part of a preventative maintenance program for the complex. This has led to more expensive repairs and replacement of machinery and items over the past couple of years. Not enough money has been identified in the operational budget over the years to ensure a proper preventative maintenance program is in place and the appropriate maintenance is completed.

Lighting in Mosaic Place is still the traditional florescent light bulbs. A significant cost savings could be had if the lighting would be switched to LED from the florescent tubes. For example, in 2020 all the exterior lights of the venue and the parking lots lights were replaced to LED the cost to change was approx. \$15,500. The savings by switching will be \$4,267.95 a 3.62 year pay back. There are 1,771 fixtures with 3974 lamps within Mosaic

Place. There are approximately 1,471 fixtures representing 3,474 lamps that needs to be converted. The energy savings would be substantial if the lamps were switch to LED.

### **FINANCIAL IMPLICATIONS**

- 2021 Subsidy: \$908,306

### **PRESENTATION**

Mr. Jim Puffalt, City Manager, will provide a brief overview of this report. Mr. Ryan MacIvor, General Manager of Mosaic Place, will be in attendance to answer any questions.

### **ATTACHMENTS**

- A. Mosaic Place 2021 Budget Proposal.

### **REPORT APPROVAL**

Written by: Ryan MacIvor, General Manager of Mosaic Place  
Reviewed by: Tracy Wittke, Assistant City Clerk  
Approved by: Jim Puffalt, City Manager  
Approved by: Fraser Tolmie, Mayor

*To be completed by the Clerk's Department only.*

Presented to Regular Council or Executive Committee on \_\_\_\_\_.

Resolution No. \_\_\_\_\_