

Report to Council



Date: July 13, 2020
To: Council
From: City Manager
Subject: 2020 Memorial Cup Financial Summary
Department: Sport & Event Services

Recommendation:

THAT Council receives, for information, the report from the Sport & Event Services Department, dated July 13, 2020, pertaining to the cancellation of the 2020 Memorial Cup and the financial outcomes associated with it;

AND THAT Council approves the allocation of \$90k in committed grant funds to the Kelowna Memorial Cup 2020 Society to assist with the outstanding operational expenses related to the preparations for hosting the 2020 Memorial Cup;

AND FURTHER THAT Council approves the remaining \$135k currently held in reserve be set aside should the next Western Hockey League Memorial Cup Event be awarded to Kelowna.

Purpose:

To seek Council's approval to re-allocate the approved 2020 Memorial Cup grant funds.

Background:

On August 13, 2018, Council agreed to support a bid to host the 2020 Memorial Cup and to provide a grant of \$225k to assist with the expenses to host this unique sport tourism opportunity. The strong support represented a significant investment towards the event and demonstrated the City's commitment to a successful bid. A local non-profit Host Society developed Kelowna's bid and reviewed the various considerations for hosting the event. The City's Event Services team assisted the Host Society with their bid preparations and supported them throughout the planning process.

On October 3, 2018, the Canadian Hockey League (CHL) announced that Kelowna was selected to host the 2020 Memorial Cup. It was anticipated that over 10,000 visitors would visit Kelowna for the 2020 Memorial Cup from May 21 to 31, 2020 with an economic spinoff of more than \$12M to the local community.

By early 2020, plans to host the event were progressing well with strong ticket sales and positive community support. Preliminary reports of the impact of the COVID-19 pandemic prompted the Host Society to explore safety-related adjustments to the plans however, the intention to move forward with the event did not change. As the pandemic progressed and restrictions tightened, it became apparent that the event would not be able to proceed and various postponement options were considered. On March 23, 2020, the CHL officially cancelled the 2020 Memorial Cup and all parties were notified.

Immediately upon cancellation, the Host Society began the process of winding-up operations and sorting out the financial details of the event. Tasks included, but were not limited to: cancelling all event-related activities, refunding tickets, negotiating with suppliers/vendors and informing sponsors/funders. Significant planning had taken place in preparation for the event, and a number of non-refundable operational expenses were incurred, such as branding/design, advertising/promotion and bid development. The outcome is a fairly significant deficit with revenues of \$43k and expenses of \$308k, totaling a net loss of approximately \$265k.

Request for Funding:

The Kelowna Memorial Cup 2020 Society is hoping to divide the event liability equally between the three host organizations: City of Kelowna, Kelowna Rockets and Canadian Hockey League. To that end, they have asked the City to contribute \$90k of the committed funds to the Host Society to assist with the outstanding operational expenses. Additionally, the Host Society has asked the City to set aside the remaining \$135k of committed funds should the next Western Hockey League Memorial Cup event be awarded to Kelowna. To date, none of the City's committed funds have been transferred to the Host Society.

Internal Circulation:

Active Living & Culture Division
Financial Services Division
Communications Department

Financial/Budgetary Considerations:

In the 2020 Financial Plan, Council approved a grant in the amount of \$225k for the 2020 Memorial Cup to be funded \$25K from the Event Development Funds Reserve and \$200k from the Public Private Partnership Opportunity Reserve. The request is to have \$90k of the grant funds used to assist with the outstanding expenses as the event was cancelled due to COVID-19. Furthermore, that the remaining \$135k currently held in reserve be set aside should the next Western Hockey League Memorial Cup event be awarded to Kelowna.

Considerations not applicable to this report:

Legal/Statutory Authority
Legal/Statutory Procedural Requirements
Existing Policy
Personnel Implications
External Agency/Public Comments:
Communications Comments
Alternate Recommendation

Submitted by:

Doug Nicholas, Sport & Event Services Manager

Approved for inclusion:

Jim Gabriel, Divisional Director, Active Living & Culture

Attachments:

2020 Kelowna Memorial Cup – PowerPoint Presentation

cc: Genelle Davidson, Divisional Director, Financial Services