

CASE STUDY

Repurposing a community asset for revitalizing cities: The future of FirstOntario Centre in Hamilton

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Abstract: This paper explores the possibility of renovating the FirstOntario Centre in Hamilton, Ontario, a large hockey stadium that can also be used to host concerts and similar events. Presently the facility is too big to fit the needs of Hamiltonians in a sustainable way and the excess space/seating raise the cost of maintenance unnecessarily while leaving the arena severely underutilized at around an average of just over 50% utilization. In other words, FirstOntario Centre is a case study in regenerating excellence. We describe the challenges and potential solutions to repurpose this space in order to regenerate social, economic, and environmental excellence in the heart of this mid-sized Ontario city. This case study can inform others seeking to reinvigorate attributes of livable cities.

Keywords: reinvigorate, regenerating a city, urban regeneration, Private-Public Partnerships, FirstOntario Centre, Hamilton

1 Introduction

In the year 1930, Hamilton, Ontario was given the honour of hosting the first ever British Empire Games (BEGs) now commonly known as the Commonwealth Games. This was Hamilton's and Canada's first major international sports event that gave it international recognition [1]. Since that event, Hamilton has been trying to keep that spirit of sports alive. Hamilton has also been going through a recent period of revitalization in order to bring it back to its socio-economically vital past.

Regenerating a city means that every part of the city adds value to the people in some way. Adding value can be thought of as providing employment, greenspace and public space that citizens will enjoy. In other words, it adds to the economy, improves the health of citizens, or improves the reputation and social status of the city [2,3]. When a certain neighborhood, block or building starts to decline in its ability to add value to the city, it is reasonable to consider whether its function can be changed to make it more valuable to the city and its citizens [4,5]. The stakeholders involved with regenerating a city are often it's citizens, it's civil servants and private corporations [3–6]. Of course, this is easier said than done, as there is no definitive correlation between the economic success and the quality of the neighborhood and because of this there are bound to be concerns to achieve a balance between the two [7]. One method of regeneration includes the addition of new greenfields that will eventually become suburbs or commercial pockets that surround the central downtown area. This method can be effective at bringing life to a traditional city but can also be argued that it in some ways makes the city a little less livable in terms of walkability to services, institutions, and commercial shopping areas. Another newer method seeks to limit the amount of area the city can expand with new land and instead focus on rehabilitating the existing infrastructure that are in need of repurposing [8]. Most institutional (services) and social (concerts, conventions and sports events) infrastructure also happen to be most optimal in high density settings [9].

When looking into urban regeneration, it is vital to consider what it is that is being changed. Lucia & Trunfio (2018) [6] point out that the culture of the city must also be taken into account. They break it down into two types of sub-categories within culture which are the Cultural Heritage and the Cultural Industry. Cultural Heritage includes buildings/areas that are not replaceable (museums, archives, archeological sites) or that have intangible significance in the form of values or knowledge. Cultural Industry refers to pieces of culture that are easily reproduceable or tradeable (publishing, film, music). The extent of the change must also be taken into consideration while addressing current and future challenges. Will the area/building after regeneration serve the same purpose? Does it fit into the city's identity? Does the revitalized plan take into consideration the current and future challenges that it aims to alleviate/solve?

As it turns out, the answer is somewhere in the middle. The revitalization plan should be innovative/modern while preserving the city's identity to achieve a sustainable change into the future [6].

Private-Public Partnerships (PPP's) combine the two main types of contracts that are used for procurement building needs for government. These two contracts are the design and build contract where a private firm is contracted to design and build a facility to the requirements provided by the government body and the other is to contract the building's maintenance or operation work, also known as outsourcing. These types of contracts are suitable for long term projects that involve the co-operation of the government and the private firm that both share a common goal [10]. We will apply these concepts to solving the challenges posed by the FirstOntario Centre in Hamilton Ontario and examine the risks and benefits of PPPs in our discussion below.

The FirstOntario Centre or Copps Coliseum as it was referred to was originally built with the intention of hosting not just Ontario Hockey League (OHL) players but primarily National Hockey League (NHL) players. The "Copps Coliseum" was opened on Nov, 30, 1985 with the purpose of attracting NHL teams as tenants to the Centre [11]. The name was changed to the "FirstOntario Centre" in 2014 [12]. From the 1980s well into the 2010s, the FirstOntario Centre has failed to attract any NHL tenants to fully utilize the space.

The closest attempt at hosting NHL teams was the proposal to host the Nashville predators. In 2007 Jim Balsillie had planned to buy the Nashville predators and was looking into setting up a temporary home base while he researched the construction of a state-of-the-art facility. He proposed that the FirstOntario Centre (Copps Coliseum at the time) to house the Predators. There were, however, complications in the negotiations and the deal to buy the Nashville Predators ultimately fell through [13], leaving Copps Coliseum with no income from this potentially feasible deal. Balsillie had also tried to acquire the Pittsburgh Penguins hockey team with the same intent of setting up a temporary base in FirstOntario Centre the year before on May, 5, 2006 (for \$175 million) but his offer was rejected due to his rather aggressive approach in trying to buy and relocate the team [14].

The Hamilton Bulldogs use the Centre as their home base. The Centre also hosts music concerts (such as the BROTT Music Festival) and other events such as the viewing of "Chris Hadfield" [15]. The Centre can hold up to approximately 19,000 people when used for concerts and 17,383 when used for hockey games [16, 17]. The problem is that the average attendance for concerts is about 9,140 and when taking into consideration sports like hockey and entertainment it averages to about 4,991 which is less than 1/3 of the seats that the Centre can provide [18]. This leads us to the conclusion that the Centre has not fulfilled its potential and that all these uses for the Centre do not fully utilize the space effectively, not even to 50% of its total capacity.

In 2017, it was projected that there would be an operating loss of about \$1,118,917. The actual number turned out to be \$810,176. This loss is subsidized by the City of Hamilton every year, for a maximum of \$1,402,000 per year [19]. Economically, the Centre is a money sink rather than a money source which ultimately is underwritten by the taxpayer. The difference between the projected loss and actual loss shows us that there is some potential in the location, but the land needs to be purposed in a more efficient manner to start generating a profit from the events rather than subsidizing the Centre.

2 Method

Research on repurposing the FirstOntario Centre is one step towards regenerating the socioeconomic health of Hamilton's industrial past. Our literature review of the FirstOntario Centre considers its history and the previous negotiations between the City of Hamilton and the businesspeople willing to invest in its future. The following methods were used:

(1) Secondary research was conducted to learn of the historical significance of the First Ontario Centre and its place within Hamilton.

(2) A previous report outlining potential plans and costs of the Centre was also reviewed to determine what the city had already considered, and costs and benefits associated with various options.

(3) Semi-structured interviews were examined to determine the mindset of the City of Hamilton as a whole and also to gain the perspective of the business community and their reasoning for investing into a stadium and under what conditions.

3 Results

Three options have been proposed by the city to try and use the space currently occupied by the FirstOntario Centre. Two of these options, outlined in a report and outlined below, were

created and released by the City of Hamilton on April, 5, 2017. The two-solutions outline upgrading the existing FirstOntario Centre to modern standards, given that the FirstOntario Centre has not been significantly renovated since its construction in 1985. The only difference between these two solutions is the extent to which the Centre will be revitalized. The final option that the city is proposing is to do nothing itself and let private companies change the property as they see fit, as highlighted in the following quote:

“Based on the cost of the proposed renovations and the uncertainty of whether Hamilton could attract a tenant that could fully utilize a modern 18,000 seat arena, staff recommends that the city does not move forward with either renovation option at this point in time.” [20]

This final option of the private sector revitalizing the venue would have to meet a City of Hamilton criterion that the change by the company will be beneficial to the downtown core and to Hamilton overall.

The first option had an estimated budget of \$68 million and an estimated renovation/construction time of 20 months (1 year and 8 months). The option was to update certain areas of the Centre in order to upgrade the facility to make it more modern. Some key aspects include new upholstery for the seats, updating the bathrooms, refreshing the look of the concessions and renovations to the hockey locker room [21].

The second option proposed completely transforming the Centre to an NHL level sports facility. This was estimated to cost about \$252 million and would take about 43 months (3 years and 7 months) to renovate. This was to include but not limited to renovating the main entrance, public areas, seating bowl (for 18,000 seats), new hospitality areas, back of house (locker rooms) and areas for media coverage [21].

The third option was to enable another enterprise to take over the property and modify/change the site, in the form of a public-private partnership. One very recent example of this is Michael Andlauer’s (owner of the local Hamilton Bulldogs hockey team) vision to build a new arena by Limeridge Mall. (see Figure 1)



Figure 1 Map of the location of Limeridge Mall; South east of Mohawk College.

Although he primarily envisioned the setting of Limeridge, it was with the intent that it would replace the FirstOntario Centre arena for the Hamilton Bulldogs. The councilors have pushed for Andlauer to consider a larger, 10,000 seat arena replacing the FirstOntario arena than the 6,000 seat arena by Limeridge mall. To put into context, the current FirstOntario Centre can seat up to 17,383 for hockey games [15, 17] while the attendance for all events averages about

4,991 [22]. They have even rejected Andlauer's first Limeridge arena proposal [23].

4 Discussion

Financing for certain infrastructure can be thought of as an investment to attract citizens and tourists to come and spend their money in the stadium's host city. If a stadium spectator attends the sports event, they will likely spend money at concession stands, restaurants, hotels and on travel while going to and returning from the event. The logic also suggests that it would create jobs in and around the stadium and therefore improving the local economy. However, there are a few significant flaws with this theory. When compared to the predicted job creation and actual job creation in many cases, the actual number of jobs is very little [24, 25]. One example of this is the Gateway Project in Cleveland. The Project promised to generate 28,000 new jobs when projections were made. In actuality, there were only about 2,000 jobs created as a result of the project in total [24]. We can assume then that it would not be in the best interest of the City of Hamilton to invest tax dollars into renovating First Ontario Centre or investing into a new stadium.

There are four main types of public-private partnerships (PPP) that a contract to improve upon a location could take. The 1st scenario is that the private enterprise builds/renovates the location in question and operates for a number of years (usually duration of contract, commonly 25 years) before transferring ownership to the government. The 2nd scenario gives ownership of the building to the private enterprise, while the service provided in the building is handled by the government. The 3rd scenario is opposite to the 2nd where the building is owned by the government and the service is provided by the business. The 4th and final scenario is not really a PPP as the building and service within the building are both owned and managed by the public sector [26, 27].

There are many advantages and disadvantages to having a PPP for projects when looking at the perspective of the Public Sector. Some major advantages include: reducing the financial burden from the public-sector (avoiding an increase of tax or spending of taxpayer money), procurement/provision convenience for buildings and infrastructure, having the opportunity to use the generally more efficient processes of the private sector and being able to offload some of the risk of the project to another entity. These advantages come with potential tradeoffs in the form of disadvantages. These include: the potential increase of capital cost of the overall project (compared to a non-PPP project), the increase of complexity of a project (complexity in the form of stakeholder responsibilities) and the long-term contract that must be created for the PPP is often not very flexible after it has been established [28, 29].

The challenge of implementing the renovation options for the city is that is that the taxpayer would be required to invest capital itself to renovate/overhaul the Centre. The other possibility is that an investor pays to change/modify the Centre. If the City of Hamilton maintains that it does not have capital to invest in the upgrades of the Centre, then it might be in a position where a PPP may be needed to successfully renovate the Centre to a more manageable size.

If the scenario plays out to be a situation in which the city does not have the capital to invest in the arena itself, it appears feasible that a private enterprise or private investor make the appropriate changes, with the acknowledgement that these changes help revitalize the city. Depending on the situation for the City of Hamilton, a full renovation and operation by the private enterprise (followed by a transfer to the city after an agreed time) or a renovation financed by a private enterprise followed by a public sector operation (which may or may not be outsourced) seem to be the most viable options. Planning to renovate the Centre to serve as an NHL hockey stadium could be a risky approach for both the city and a private investor as there has not been an NHL team owner that has been willing to locate in Hamilton. There have been five attempts to attract NHL teams in the past as their team headquarters at the FirstOntario Centre, but all attempts have been unsuccessful so far [17]. Downsizing the facility to a more reasonable size has the potential reduce the amount of operating and maintenance costs associated with the facility, potentially being able to turn a profit. It also has the potential to revitalize the city with more businesses and greenspace with the extra space.

Based on our findings supported by the literature a logical course of action is to work with a private sector partner, in this case, Michael Andlauer, who is the current owner of the Hamilton Bulldogs. The private sector partner has confirmed his willingness to locate the arena in the downtown core. The private sector provider is also a local businessperson who is well affiliated with the city and has been for at least a decade. Right now, this partnership could redesign the arena to be the right size for Hamilton and the Bulldogs hockey team. The best location still seems to be the exactly where FirstOntario centre is located. From a city regeneration perspective, the location is optimal because it is in the downtown core where other facilities like

hotels, restaurants and retail venues are easily accessed before and after an event generating economic returns far beyond the stadium itself. It is yet unproven whether having a sports stadium would directly benefit the local economy, but if there are secondary benefits that would come in the form of businesses and shops that will open up as a result of the stadium. Many analysts point out that the downtown area would do a better job of providing these areas close by than a suburban or rural area [30–32]. To accomplish regenerative endeavor means that facility would have to be downsized (or less desired, demolished and rebuilt altogether) in order to accommodate the roughly 10,000 seats that the location needs for concerts and 6,000 for OHL hockey games. The extra space left over from the downsizing could be redeveloped into small shops and/or green public space which can in turn simultaneously stimulate the economy as well as make the surrounding area a pleasure to walk around. The green space might not be enough for forest bathing, but at least make walking around the downtown core a bit more pleasant, a break from the continuous concrete jungle. Green space can also serve as an open public space for interaction between the community and serve as an area for recreational activities [33]. The most important stakeholder to keep in mind will be the citizens of Hamilton, particularly the ones who interact with downtown (live and/or work in downtown) regularly. Consultation with those citizens that reside around the Centre is essential to avoid having the neighbourhood adversely affected. This is well within reason when the project could have an impact on their living situation or business [34–37].

5 Conclusion

The FirstOntario centre was opened on November, 30th, 1985 as Copps Coliseum with the intention of housing NHL teams, but its purpose has still not been fulfilled. The other uses that the Centre has fulfilled, for example, serving as the Hamilton Bulldogs' (a smaller Ontario Hockey League Team) home ice unfortunately does not represent a function that takes advantage of the Centre's capacity. We contend that to help regenerate excellence in the centre of the city, it makes sense to repurpose or modify the arena to increase capacity utilization closer to 100% during events while also taking advantage of the extra space according to the needs of Hamilton. If it is not a priority for the city to fund the update/change the Centre, a viable alternative may be to form a private-public partnership and share in the expenses of a transformation. If the private sector can be actively engaged in regenerative transformations, the partnership approach can enhance the livability of our cities.

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