

Amended Item

Item No: 2.4
Title: Central Coast Stadium Business Strategy
Department: Roads Transport Drainage and Waste



10 August 2020 Ordinary Council Meeting

Trim Reference: DR/018047 - D13746797

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Report Purpose

The purpose of this report to outline the Central Coast Stadium Draft Business Strategy.

The report and the attachments address the following:

- Defining the vision, purpose and strategic objectives for the Central Coast Stadium (the Stadium);
- The financial, economic and non-financial contributions made by the Stadium;
- The relative merit of the options for the ongoing ownership and management of the Stadium;
- The value of a naming rights sponsor for the Stadium

Recommendations

- 1 That Council receive the Draft Central Coast Stadium Business Strategy.**
- 2 That Council place the Draft Business Strategy on public exhibition for a period of 28 days. Once public exhibition is completed a report will be prepared and sent to Councilors summarising public comment.**
- 3 That Council commence the process to seek Expressions of Interest from suitably experienced parties to manage and operate the Central Coast Stadium including Public Private Partnerships or other innovative opportunities.**
- 4 That Council receive a confidential report on the completion of the Expression of Interest process for the management and operation of the Stadium to determine whether to proceed to tender.**
- 5 That Council commence a Request for Tender process for naming rights sponsorship of the Central Coast Stadium.**
- 6 That Council receive a confidential report on the completion of the tender process to determine whether to appoint a naming rights sponsor for the Stadium.**

- 7 That Council resolve, pursuant to section 11(3) of the Local Government Act 1993, that Attachments 1 and 2 to this report remain confidential in accordance with section 10A(2)(c) information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business. Consideration of the matter in open Council would on balance be contrary to the public interest as it would affect Council's ability to obtain value for money services for the Central Coast community.**

Background

The Stadium was built in 1999 and opened in 2000. It was managed by Central Coast Stadium Pty Limited (a private operator) until 2014, when the management rights were handed back to Gosford City Council.

When Gosford City Council took back the management of the Stadium, the strategic direction set was to endeavour to break even on event operations. Gosford Council sought to review the management and strategy for the Stadium after two (2) years of internal management. However, this review was postponed due to the merger and creation of Central Coast Council occurred in May 2016.

Central Coast Council has now commissioned KPMG to:

- Undertake a review of all the strategic documentation around the Central Coast Stadium
- Provide an estimate of the economic value generated in the Gosford CBD and the Central Coast region as a result of the events held at the Stadium
- Identify and analyse the strategic options available to Council for the future ownership and management of Central Coast Stadium
- Develop a Business Strategy to ensure sound management of Central Coast Stadium that:
 - ✓ Provides the best value for money to Council
 - ✓ Optimises the economic potential of the Stadium, and
 - ✓ Is best able to meet current and future market demand for content at the Stadium.

In addition, Council also commissioned a specialist report to provide an estimate of the value that could be expected from a Naming Right Sponsor for the Stadium in comparison to the Economic and Brand Value of maintain the name "Central Coast" Stadium.

This report outlines the outcomes of this work and presents the Draft Central Coast Business Strategy (the Strategy) for public exhibition.

Key Findings

Strengths

The Stadium's core strengths provide a strong foundation. Overall, the Stadium is a valuable community asset, delivering significant economic benefits to the region and acting as a focal point for community pride and sense of place within the Central Coast.

The Stadium is set in a central location on the Gosford Waterfront with an iconic view to the Brisbane Water to the south. At 20,000 capacity, it is of a good scale to service the Central Coast region and attract elite sports and entertainment hirers.

The infrastructure is in good condition and the Stadium set up for convenient and easy access for hirers. There is good access to the venue via road and train, with parking and public transport connections in close proximity.

The venue management team is experienced, stable and has a reputation for dedication to working with and supporting hirers.

The stadium has hosted numerous events including the Mariners, Roosters, concerts, carols and recently is the home ground for the New Zealand Warriors and other NRL teams. There are also great opportunities to potentially host further international and national events.

Challenges

While the Stadium has been well maintained over 20 years and there are no major issues with the building or current uses of the venue, the following have been identified as challenges within the current arrangements for the Stadium:

- Food and beverage facilities, as well as spaces for functions are limited. The corporate food offering could be improved with an onsite commercial kitchen.
- Events could attract more spectators with improved parking and public transport options
- Pre and post event spending in the local area could be enhanced through better activation of the Stadium precinct and more accommodation options to keep guest from Sydney and Newcastle on the Central Coast longer.
- The costs on hosting community events are prohibitive for community groups, Council offers better value alternatives elsewhere.
- The ability to host concert events is also limited as they can have a detrimental impact on the quality of the playing surface.
- The Stadium is reliant on a single tenant hirer and finds it difficult to compete as a stand-alone venue in attracting content to the Central Coast.

Management Rights

The current 'in-house' management model at the Stadium is like models at other regional stadia and could well continue. However, Council is also aware of strong interest in the

management rights for the Stadium. There are potential benefits for Council (and thus the community) if the Stadium was operated by a third party, including:

- Reducing the risk, financial and operational burden for Council of managing the Stadium.
- Potential stronger focus on revenue maximisation and commercialisation of the asset, and;
- More ability for quick, innovative decision-making in a competitive environment.

As a result, it is recommended that Council commence the process to seek expressions of interest from suitably qualified third party to manage and operate the Stadium to compare directly with the current in-house management model.

On completion and analysis of responses to the Expressions of Interest for Management Rights, a further confidential report will come to Council to determine whether to proceed to tender.

It should be noted that under the Expression of Interest process there is no definite decision to move to an outsourced management provider. An Expression of Interest would allow the variety of outsource models to be compared to the current in-house model. Only when the Council resolves to progress to tender where there would be an intention to move engage an outsourced provider, as per s377(i) of the Local Government Act 1993.

Naming Rights

Analysis of the opportunity for a naming rights sponsor looked at:

- The direct revenue that could be generated through a naming rights sponsor
- The impact on the Central Coast brand value of losing the name Central Coast Stadium.

The risk to relinquishing the Central Coast Stadium name would need to be mitigated through strong alignment of a potential naming rights sponsor with regional attributes and community attitudes. As well as a long-term commitment that equitably compensates for the loss of the Stadium brand name.

It is also vital that the naming rights partner aligns with the Central Coast Council's core values and brings a positive association to the stadium.

As initial exploration has indicated there are potential interested sponsors in the market, it is recommended that Council commence a Request for Tender process for the naming rights sponsorship of the Stadium.

On completion and analysis of responses to the tender responses, a further confidential report will come to Council to determine whether to proceed to appointment.

The Central Coast Stadium Draft Business Strategy

Council's ambition for the Stadium is to be recognized by patrons, event owners and the Central Coast community as a premier 'Tier 2' venue within NSW and Australia, delivering a vibrant and diverse event calendar and providing a high-quality event day experience.

In NSW, the Stadium sits among eleven other Tier 2 venues which are defined as such by a total capacity of between 20,000 and 40,000, the provision of corporate facilities the ability to provide a home ground for sporting teams within a national competition.

The purpose of the Stadium is to provide a fit-for-purpose major stadium facility to host elite sports and professional entertainment events for the benefit of the Central Coast community – enhancing livability, delivering economic value, and providing exposure to national and international level competition and events within the region.

Strategic Priorities for the Stadium

- 1 **Deliver an expanded event calendar** that leverages the Stadium's major tenant and existing event content while attracting and creating new events that deliver commercial value for the Stadium and economic value for the region.

The Stadium is currently underutilised and has the capacity to provide more events, as well as a greater variety of events. Delivering expanded content would focus on professional sports and entertainment.

While community events will be supported, there are many other more suitable and affordable venues for hosting local community events across the Central Coast.

- 2 **Ensure Stadium infrastructure meets the needs** and expectations of hirers and patrons, delivering a modern, high-quality event day experience.

Providing a fit-for-purpose venue will ensure that the Stadium remains competitive amongst other Tier 2 venues across NSW and continues to provide a quality venue to the community.

- 3 **Enhance how the Stadium, and its patrons engage with the broader precinct** in order to deliver a high-quality overall event experience.

The precinct around the Stadium includes the Brisbane Water foreshore, Leagues Club Park, the route from the Gosford Train Station to the Stadium and Dane Drive.

By activating this precinct on both event days and non-events days, the Stadium precinct will help stimulate and grow the local economy.

- 4 **Define and establish clear governance structures** to help realise and maintain accountability in delivering the purpose and ambition of the Stadium.

Good governance is central in delivering all elements of the Strategy efficiently and effectively. The implementation of key strategy elements will require extensive collaboration and cooperation by internal and external stakeholders.

- 5 **Optimise Stadium operations** to deliver greater returns to Council – through cost efficiencies, increased revenues, and a decrease in risk worn by Council.

The overall aim of the Strategy is to deliver the best possible sporting and entertainment offering to the local community in the most cost-effective way possible. By tightening the approach to the marketing of the Stadium, the team will be better placed to attract and promote events. Investigating different business models will provide an informed pathway to improving the efficiency of event operations.

Financial Impact

The strategic elements, once implemented, will improve the financial impact of the Stadium to Council by improving revenue streams, reducing operational costs and mitigating risk. However, it is unlikely that the Stadium will ever be a profit generating asset for Council. This is common across Tier 2 venues in NSW and stadia generally.

Council will need to determine their appetite for direct investment in the attracting content to the Stadium once the Event Strategy (item 1.2 of the strategy) is developed.

Consultation

In the development of the business strategy, the following consultation was undertaken:

- Interviews with current and potential hirers of the stadium, including the Central Coast Mariners (the tenant hirer), and the Rabbitohs and Roosters, who have multi-year contracts at the Stadium
- A customer satisfaction survey
- Interviews with local business owners in vicinity of the Stadium
- Three (3) Councillor briefings and individual Interviews with interested Councillors
- A workshop with senior Council staff

It is recommended that the Strategy go to public exhibition for a period 28 days, with a further report to Council to endorse the final Strategy after the exhibition period.

Link to Community Strategic Plan

Theme 1: Belonging

Goal B: Creativity connection and local identity

B-B2: Promote and provide more sporting, community and cultural events and festivals, day and night, throughout the year.

Attachments

- | | | |
|----------|---|-----------|
| 1 | Confidential - Central Coast Stadium Rights and Valuation Final 310119
- | D13849868 |
| 2 | Confidential - KPMG Strategy - | D13956573 |
| 3 | Central Coast Stadium Report for Public Exhibition | D14064385 |
| 4 | Memo to Councilors - additional commentary on the Central Coast Stadium business strategy Council Report. | D14112022 |

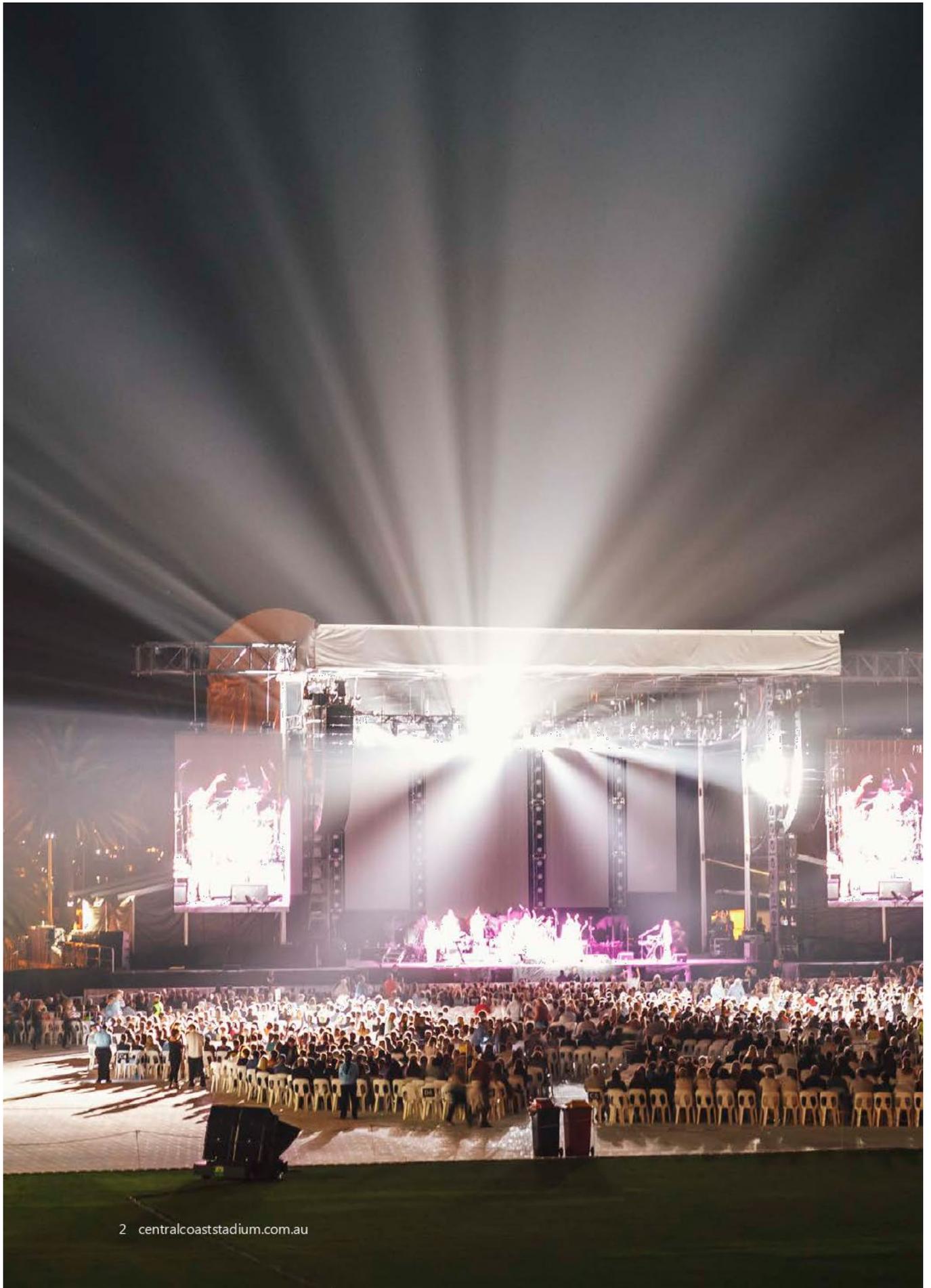


Central
Coast
Stadium



strategy

MAY 2020 - DECEMBER 2023



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INTRODUCTION

The Central Coast Stadium (Stadium) is a unique location for sporting, entertainment and community events, overlooking the Brisbane Water. It is a 20,000 all-seated stadium, ideal for a regional population, and has been well-maintained over its history.

With the 20-year anniversary of the Stadium in 2020, Council has developed a business strategy for the Stadium to ensure it remains a highly valued community asset, delivering significant economic benefits to the region and acting as a focal point for community pride and sense of place within the Central Coast. Now is the time to focus on the Stadium and to develop a strategic direction and business plan for the Stadium.

This Central Coast Stadium Strategy (Strategy) provides Council with a strategic framework to improve the Stadium as the major sporting and entertainment facility in our region and harness commercial opportunities for the benefit of the community.

The Strategy seeks to build on the economic, social, sporting and financial value of the Stadium to the Central Coast.



We acknowledge the traditional owners of the land on which we live and pay respects to elders past and present.

ABOUT THE STADIUM

Situated along the waterfront in the suburb of Gosford, the Stadium is one of Australia's most picturesque venues.

The Stadium has a U-shaped design with permanent stands along the western, eastern and northern sides of the venue with an open southern end. The upper tiers on the west and east stands are roofed.

The Stadium is accessible via the main north/south rail line and major road networks, making the Stadium accessible for residents as well as key adjacent markets of Sydney and Newcastle.

The Stadium is owned by the Council and, since 2014, has also been managed by the Council.

THE STADIUM



Seating Capacity
20,059



Build Date
The year 2000



Home Ground
Central Coast Mariners



Major Events Hosted
NRL, Rugby Union, Boxing,
Motorcross, Concerts & Carols



Events Per Year
20-30

FACILITIES



Corporate/premium
Corporate/premium seating including
3 corporate lounges, 39 premium suites,
and 58 open-air corporate enclosures



Food and beverage
6 food outlets
6 bar areas
Ability to set up mobile vendors on
warm-up field and around concourse



Wheelchair and carer seating
200 seats including carers



Public toilets
10 toilet blocks



Change rooms
2 home change rooms
2 visitor change rooms



Parking
Free parking for hirers and VIPs next to
Stadium
Public parking available around Stadium



Public transport
700m from Gosford Railway Station

COUNCIL'S AMBITION FOR THE STADIUM

Council's ambition for the Stadium is to be recognised by patrons, event owners and the Central Coast community as a premier 'Tier 2' venue within NSW and Australia, delivering a vibrant and diverse event calendar and providing a high quality event day experience.

In NSW, Tier 2 venues are defined as those with a capacity between 20,000 and 40,000, the provision of corporate facilities and the ability to provide a home ground for national sporting teams.

The Council is focused on developing a refreshed strategy for the Stadium to ensure it meets the community's and hirer's needs for major events facilities, supports the activation of the Stadium precinct, on a sound financial basis for Council. The strategic direction and business plan will build on the foundations of the Stadium's current strengths and recent significant investment to upgrade the change room facilities and video scoreboard.



For individuals and families

More opportunities to participate in and view home-team, national and international sports at a local venue

Greater diversity of world-class entertainment and regional cultural events

High quality services and amenities at a reasonable price and proximity, e.g. food and beverage options, public transport and parking



For the Central Coast community

A focal point for sporting, entertainment and community events

A sense of place and pride within the Central Coast

An activated Stadium precinct for event days and non-event days

Revenue generation for the region's economy



For hirers and businesses

High quality infrastructure that attracts major events

Stadium amenities and services that encourage 'retained' spending from residents and 'in-bound' spending from visitors on event and non-event days

Sound commercial arrangements with a Stadium operator focused on hirer, business and supplier satisfaction



For Council as owner of the Stadium

A clearly defined strategic plan for a substantial and valued community asset

An exciting events calendar that supports a sustainable business model

Management of risk, investment and operational issues

WHY THIS AMBITION?



A Tier 2 venue, with a capacity of 20,000, is well matched with the needs of the Central Coast region.



The Stadium's current strengths demonstrate potential for the Stadium to be a market leading Tier 2 venue, which would help to attract the highest quality events to the Central Coast.



The events calendar needs to be expanded to achieve the goal of a vibrant and diverse calendar including new sporting, entertainment and other events.



The Stadium is already well known as a valuable community asset, and there is an imperative for the Council to ensure this is maintained and enhanced through increasing the use, profile and event day experience of the venue.



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THE PURPOSE OF THE STADIUM

The aim of the Stadium is to provide a fit-for-purpose major stadium facility to host elite sports and professional entertainment events for the benefit of the Central Coast community – enhancing liveability, delivering economic value, and providing exposure to national and international level competition and events within the region.

WHY THIS PURPOSE?



The Stadium was purpose built for hosting major sporting and entertainment events. The Council owns a range of other spaces and facilities across the Central Coast that are sized and efficient for hosting many of the region's community events.



Local sportspeople can be inspired by the world-class sporting events at the Stadium and see their pathway from grassroots participation to elite sports, all within their home region of the Central Coast.



The Stadium is a key driver of economic activity within the region, both inbound spending from across NSW and interstate, and retained spending within the Central Coast area that might otherwise be spent outside of the region if sporting and entertainment options are not available locally.



The Stadium needs to contribute to the quality of life of individuals, families and businesses in the region, and the broader community, and this contribution is acknowledged so that the Stadium is widely valued.

ASSESSMENT OF THE STADIUM AND EMERGING ISSUES

Economic analyses and initial stakeholder consultation have shown the Stadium to be a valuable asset with strong potential. By harnessing this potential in a strategic and efficient way, the Stadium can address existing challenges and create even more value for the Stadium precinct and the Central Coast community.



STRENGTHS OF THE CURRENT STADIUM

The Stadium has core strengths that provide a strong foundation for the venue. Overall, the Stadium is a valuable community asset, delivering significant economic benefits to the region and acting as a focal point for community pride and sense of place within the Central Coast.



The **vista and view** of the Stadium is unique, providing a key defining feature of the venue, along with three stands.

The **physical infrastructure** of the Stadium is of good quality and fit-for-purpose. The turf playing surface is regarded as being of high quality and is a major attraction for sports hirers.

The **scale** of the Stadium is a strength for a regional venue, with an ideal size of 20,000 all-seated capacity.

The **location** of the Stadium between Sydney and Newcastle allows the venue to service two large population centres in addition to the Central Coast community.

Events held at the Stadium make an important contribution to the Central Coast **economy**. For example, Central Coast Mariners events in 2018-2019 were estimated to have increased Gross Regional Product by up to approximately \$2.1 million.

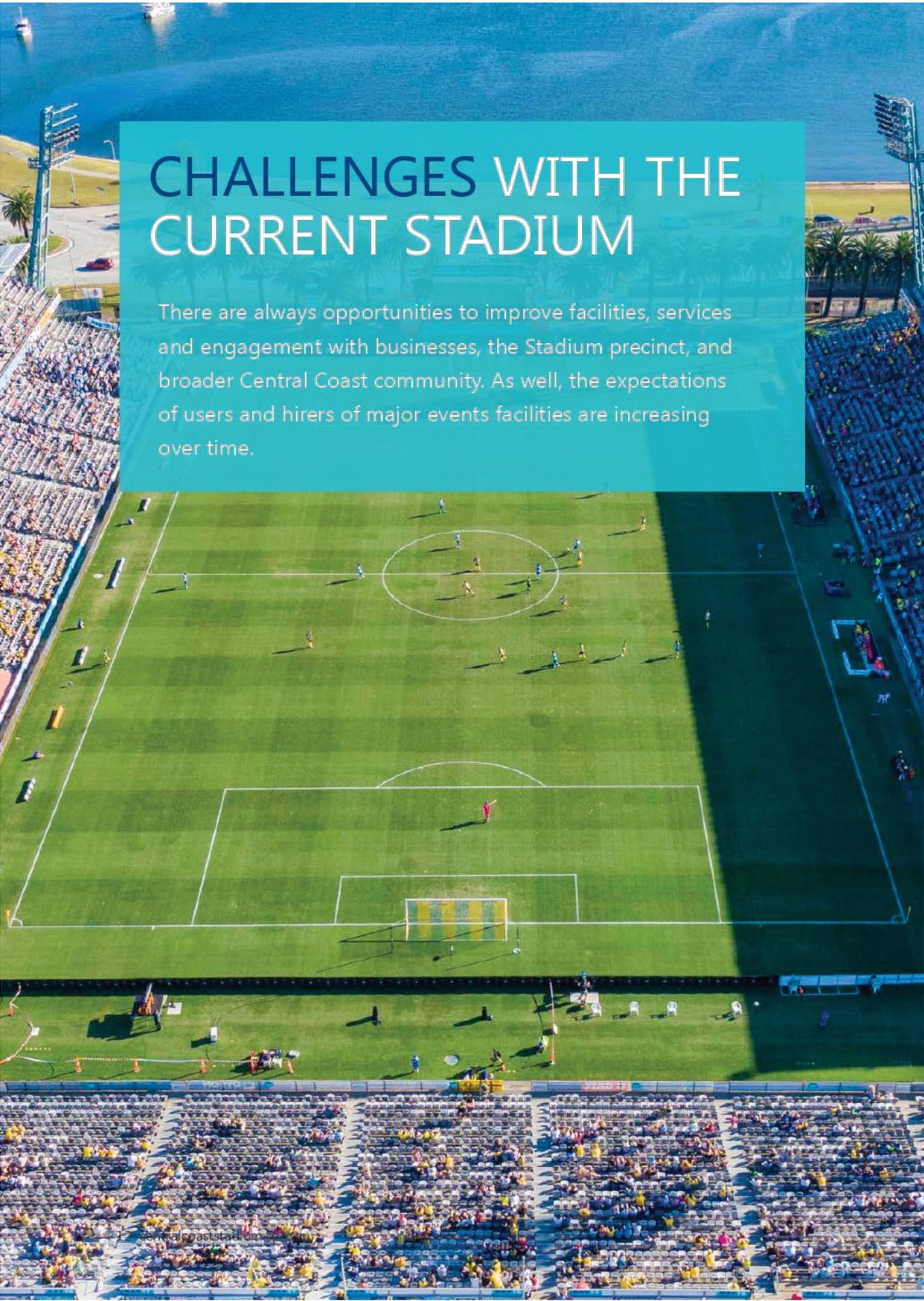
There are **existing events** in place, including the Mariners games, which prove the amenity and use of the Stadium. In particular, the Stadium is in a rugby league and sporting heartland which is attractive to hirers.

Hirers indicate that the Stadium can give them easy access to all their requirements including storage, transport links and access to the warm up field.

Parking and public transport are located within relatively close proximity.

The **venue management** team is experienced, stable and has a reputation for dedication to working with and supporting hirers.





CHALLENGES WITH THE CURRENT STADIUM

There are always opportunities to improve facilities, services and engagement with businesses, the Stadium precinct, and broader Central Coast community. As well, the expectations of users and hirers of major events facilities are increasing over time.

While the Stadium has been well maintained over 20 years and there are no major issues with the building or current uses of the venue, the following have been identified as challenges within the current arrangements for the Stadium:

Infrastructure

- The food and beverage facilities are limited. A large commercial kitchen could service the corporate/premium facilities and support additional offerings for General Admission spectators such as a BBQ deck.
- The size of the function space is currently limiting the ability to host large functions.
- Match day parking is perceived as an issue for spectators.
- Turf maintenance can impact hosting large events such as concerts with close timing to sporting events which require the highest quality turf standards.

Precinct

- Pre-event and post-event spending at the Stadium or within the Gosford central business district is limited by a lack of precinct activation.
- Accommodation in the area is limited, impacting the ability to leverage potential economic contribution from large-scale events attracting out-of-area visitors.

Strategy and operations

- Since management rights reverted to Council in 2014, the direction was to focus on financial performance which limited the effectiveness of the management of the Stadium. Now that Council amalgamation is embedded, Council's focus has turned to reinvigorating the Stadium's strategic direction.
- With around half of all events provided by Central Coast Mariners, the success of the Stadium is related to the team's ability to attract crowds.
- The opportunities for scale in operations is challenged by the Stadium's status as a stand-alone venue (i.e. not part of a privately owned or NSW Government owned group of stadia).

OPPORTUNITIES WITH THE CURRENT STADIUM

Opportunities for the Stadium present an exciting vision for the future of the venue, to help meet the Stadium's purpose of enhancing liveability, delivering economic value, and providing exposure to national and international level competition and events within the region.



Opportunities have been identified to address the growing needs of the community and hirers for venues like the Central Coast Stadium:

Infrastructure

- Improve the corporate/premium product offering at the Stadium by refurbishing the corporate lounge spaces and adding a commercial kitchen.
- Expand capacity for game day functions and non-event day conferences and events by providing a larger dining and conference facility, e.g. up to 400 people.
- Increase event day amenity by establishing new seating and food and beverage products within the Stadium, e.g. a BBQ deck.
- Increase the profile of the Stadium by replacing existing static signage with LED signage, and exploring additional advertising signage opportunities.
- Support hirers by establishing a merchandise outlet.
- Improve connectivity and technology at the Stadium, e.g. WIFI, mobile apps for event days, digital signage, video walls, event space screens, menu boards for screens near food and beverage stands.

Precinct

- Create a vibrant precinct around the Stadium that people want to visit, by engaging with the local environment and connecting with local businesses through a local precinct strategy or plan.
- Develop new and complementary commercial opportunities such as hotels, gyms, pools, retail, training facilities, to further activate the Stadium precinct and generate economic returns.

Strategy and operations

- Generate additional commercial revenue by securing a naming rights partner (noting there is value in potentially seeking to retain the name 'Central Coast' in some form if possible).
- Develop a strong relationship with Destination NSW to help attract hirers, events and visitors to the Stadium and region.
- Enhance the event day experience by transforming event day planning through better coordination across Council departments.
- Encourage visitation to the Stadium and precinct by improving wayfinding, e.g. making transport options more convenient to use on event days.
- Develop an events strategy for the Stadium events calendar.
- Consider management rights models and implement the most efficient and effective model for the Stadium with the greatest benefits for Council and the community.

EMERGING ISSUES

Owning and managing a major events asset like the Central Coast Stadium requires a clear and achievable strategy, taking account of the operating environment.

Factors in the overall environment for stadia include the increasingly competitive market and rising expectations of hirers, businesses and users (participants and spectators). Other Councils and venue managers are competing aggressively for events and often include financial incentives above those on offer from Central Coast Council to attract events to their venues. The NSW Government is investing in government-owned stadia, which does not include the Central Coast Stadium. While the Stadium is well located between Sydney and Newcastle, these large population centres also have major venues.

Factors in the environment for Central Coast Stadium include the reliance on the Mariners hiring and attendance patterns, the current financial performance of the Stadium (which is an overall cost to Council), and the ageing of the asset.

These factors require careful consideration in the Stadium Strategy.



Management rights for the Stadium

A crucially significant issue for the future of the Stadium is the management model for the venue. Between 2000 and 2014 Council out-sourced the management of the Stadium to a third-party venue manager, and the venue was operated autonomously of Council. Management responsibility for the Stadium reverted to Council in 2014, making Council both the owner and manager of the venue for the first time.

The current 'in-house' management model at the Stadium is like models at other regional stadia and could well continue into the future. However, Council is also aware of strong interest in the management rights for the Stadia. There are potential benefits for Council (and thus the community) if the Stadium was operated by a third party, including:

- Reducing the risk, financial and operational burden for Council of managing the Stadium.
- A third party may bring a stronger focus on revenue maximisation and commercialisation of the asset and quick, innovative decision-making in a competitive environment.

Venue management rights need to be addressed in the Stadium Strategy and this issue will form a part of the strategic direction for the Stadium beyond 2020. Refer to priority 5.7 on page 34 which outlines the recommendation to go to an EOI for management rights.



THE BUSINESS CASE FOR THE STADIUM STRATEGY

The Stadium Strategy needs to provide a sustainable financial model for ownership and management of the venue. Implementation of an invigorated financial model will align to Council's ambition for the Stadium as a premier Tier 2 venue within NSW and Australia, delivering a vibrant and diverse event calendar and providing a high quality event day experience.

A detailed analyses of Stadium use, commercial revenue streams and capital investment needs forms the business case for the Stadium Strategy. In summary, the challenging financial performance of the Stadium reflects a relatively common theme for regional venues with a single tenant. The Stadium has not been able to achieve 'break even' financial performance since its return to Council management in 2014. There are options to address these issues and improve the financial situation through the Stadium Strategy.

Stadia can generate revenue through a variety of sources, including:

- Gate/tickets
- Food and beverage
- Ticketing rights and fees
- Naming rights sponsorship
- Other signage rights
- 'Pourage' rights (alcoholic and non-alcoholic beverages)
- Other supplier rights (food, audio visual, etc.)
- Merchandise
- Non-event day functions and events
- Car parking
- Office/storage lease.

Stadia also incur management and operational expenses including:

- Event day expenses, e.g. security, event cleaning, ushers, traffic management, event presentation.
- Venue expenses, e.g. employee expenses, regular repairs and maintenance, turf maintenance, insurances, promotion and marketing, legal and accounting and general administrative expenses.

KEY FACTS

- The Stadium is underutilised with a relatively limited event calendar both in quantity and diversity of events.
- Council is not currently offering a competitive commercial arrangement for visiting sporting teams when compared with other similar venues, who often offer substantial financial incentives. This limits event 'content' able to be secured for the Stadium.
- Events held at the Stadium make an important contribution to the Central Coast economy.
- Mariners events in 2017-2018 increased Gross Regional Product (GRP) by around \$2.1 million.
- NRL events delivered increased GRP of around \$287,3000 per event.
- Concerts delivered increased GRP of around \$250,000 per event.
- Currently the Stadium represents a net financial cost to Council, with annual operating losses between \$841,000 to \$1.4 million. Ongoing capital expenditure requirements are estimated in excess of \$1 million per annum on average.



EVENTS, ATTENDANCES AND RETURNS

Typically stadia hiring agreements across Australia include components relating to the cost of hiring, net ticketing revenue, gross catering revenues, ticketing charges, naming rights and supply rights, and event day expenses. Hiring agreements also include a term of the agreement, number of events, and any appearance fee paid by the Stadium to the hirer. All these elements are part of the existing commercial hiring agreements in place for the Stadium.

The event calendar is perhaps the single most important driver of a venue's performance.

The event calendar supports average attendance levels and related revenue such as ticketing and catering revenue. The number of event days and annual overall event attendance also drives the value of non-event day revenue streams such as naming rights, sponsorship, signage and supply rights. Designing an events calendar requires a careful balance between ensuring the venue is not under-utilised and maintaining the quality of the turf. Over-using the playing surface with high intensity activities (such as concerts) could impact the viability of the Stadium for use as a world-class sporting field.

KEY FACTS

Overall, the Stadium hosted 27 events in 2017/18 and 21 events in 2018/29, including 13 home A-League Mariners games and at least two other major events in each year (see Table 1).

The event calendar is in line with that of the Wollongong Stadium and Newcastle Stadium, though the Newcastle Stadium had the highest number of events by reason of hosting two national sporting franchises.

Stadia are generally used more frequently in winter months, aligning to the NRL, Super Rugby and AFL seasons. For the Stadium, this is offset by the A-League season running from October to April. Consequently a lower number of events are held during winter months than the A-League season.

The Central Coast region is important for the rugby league, with strong local fan bases and high junior rugby league participation. This could be a focus for development of the events calendar for the Stadium.

TABLE 1: SUMMARY OF STADIUM EVENT CALENDAR 2017/18-2018/19

Event	Hirers	2017/18	2018/19
A-League	Central Coast Mariners	13	13
NRL – regular season	Roosters, Rabbitohs	3	0
NRL - trials	Roosters	1	1
Exhibition	Legends of League, CCF Select	1	2
Concerts	Lionel Richie	1	0
Community events	Local Finals, Carols	8	5
Total		27	21

Major hirers are the A-League Central Coast Mariners, the NRL Sydney Roosters, and the NRL South Sydney Rabbitohs.



COMMUNITY EVENTS

Community events are also part of the Stadium events calendar, including Carols and grand final days for local sporting clubs. While the Stadium is generally underutilised, these events may not be the most suitable events to fill out the events calendar, because:

- Community hirers are generally unable to pay commercial rates for the venue, and there are other facilities that may be more suitable for such events.
- Community use may clash with other uses e.g. designated game days.
- Community use can affect the quality of the turf playing surface, to the detriment of commercial hirers.

However, there is an opportunity to host existing and/or new large-scale community-focused events and festivals that enhance the event calendar and engage the community directly with the Stadium. These events could include major cultural events, community fitness events, e.g. fun runs, and community focused concerts and exhibitions, e.g. wine festivals.

A clearly defined events strategy is critical to optimise the Stadium's events calendar (and therefore its revenue), especially in the context of an increasingly competitive landscape for attracting content to venues. The events strategy is part of a broader economic plan for a region.

Attendances at the Stadium drive revenue both for event days (e.g. tickets, food and beverages) and non-event days (e.g. naming rights and sponsorship).

Table 2: Summary of Stadium average and total attendance 2017/18-2018/19

Event	Hirers	2017/18	2018/19
Average attendance			
A-League	Central Coast Mariners	6,795	5,032
NRL – regular season	Roosters, Rabbitohs	12,689	-
NRL - trials	Roosters	6,232	5,310
Exhibition	Legends of League, CCF Select	7,349	6,793
Concerts	Lionel Richie	10,069	-
Community events	Local Finals, Carols	3,032	3,380
Total attendance		2017/18	2018/19
A-League	Central Coast Mariners	88,341	65,419
NRL – regular season	Roosters, Rabbitohs	38,067	-
NRL - trials	Roosters	6,232	5,310
Exhibition	Legends of League, CCF Select	7,349	13,586
Concerts	Lionel Richie	10,069	0
Community events	Local Finals, Carols	24,252	16,900
Total		174,310	101,215

KEY FACTS

Average attendance to Mariners fixtures declined from 6,795 to 5,032 between the 2017/18 and 2018/19 seasons (see Table 2).

Total attendance fell in 2018/19 (101,215) compared to 2017/18 (174,310)(see Table 2). This was due to the same number of NRL fixtures in the previous playing season being scheduled after the close of the 2018/19 financial year. In other words the same number of events were held but later in the calendar year, impacting on financial year calculations.

NRL fixtures tend to record relatively strong attendances compared to A-League events, but overall there are more A-League attendances per annum.

Attendances are influenced by several factors:

- On-field performance of sporting teams with regular fixtures at the Stadium
- Increased competition from other entertainment products
- Ongoing improvements to the 'in-home' entertainment experience
- Broader trends in sport attendance.

Event returns include ticketing commission, food and beverage commissions, corporate commissions and hire fees.

KEY FACTS

Modest returns have been generated from Mariners' games, driven mostly by recent lower attendances.

NRL game returns vary, with the appearance fee having a significant impact on revenue.

The Lionel Ritchie concert in 2017/18 was managed as a 'loss leader', meaning that it was held at below a commercial price to demonstrate the Stadium's potential to attract and hold a successful major concert event.

OTHER COMMERCIAL REVENUE STREAMS

Other revenue streams that can be generated by the Stadium relate to sponsorship and supply rights. As with attendances, the value of these revenue streams is closely related to the strength of the events calendar.

- **Naming rights:** there is currently no naming rights partner at the Stadium. Council recently engaged a specialist to estimate the potential value of naming rights.
- **Ticketing rights:** The Stadium has an exclusive contract with Ticketek for all events at the Stadium. The Stadium receives a proportion of the Booking Fees of each ticket.
- **Sponsorship and supply rights:** There are existing contracts in place for non-alcoholic beverages, alcoholic beverages (wine and beer), food/beverage and signage.



Capital investment

The nature of stadia means that significant capital replacement needs to occur over the life of the asset to maintain its quality and usefulness. As well, there is a constant need to match event day experiences in line with hirer and patron expectations. Since 2014 Council has made significant investments including:

- Corporate suite upgrades to the eastern and western sides.
- Two new screens and scoreboards on the southern side.
- Upgrade of the player change facilities, public amenities, sound system, food outlets and tunnel area.

Council has planned expenditure as follows:

Maintenance

Project maintenance to 2038 is around \$1 million per annum, however this will need to be reviewed as part of a new Stadium Strategy

Renewal and replacement

Project expenditures on renewal and replacement (e.g. pavement reconstruction) are around \$1 million per annum, with some years requiring more funds than others

Upgrade/New

To 2022 there is \$3.2 million forecast for upgraded or new facilities. There is no significant projection for new assets, however this will need to be reviewed as part of a new Stadium Strategy

Council's Operational Plan 2019-20 and Asset Management Plan 2018-2028 commit to ongoing investment in the Stadium including:

- Replacing 20,000 seats
- Upgrading lighting towers
- Replacing perimeter fencing
- Upgrading the CCTV and security gate access at the East and West
- Renovating the eastern corporate suites.
- Resurfacing the stadium field of play.



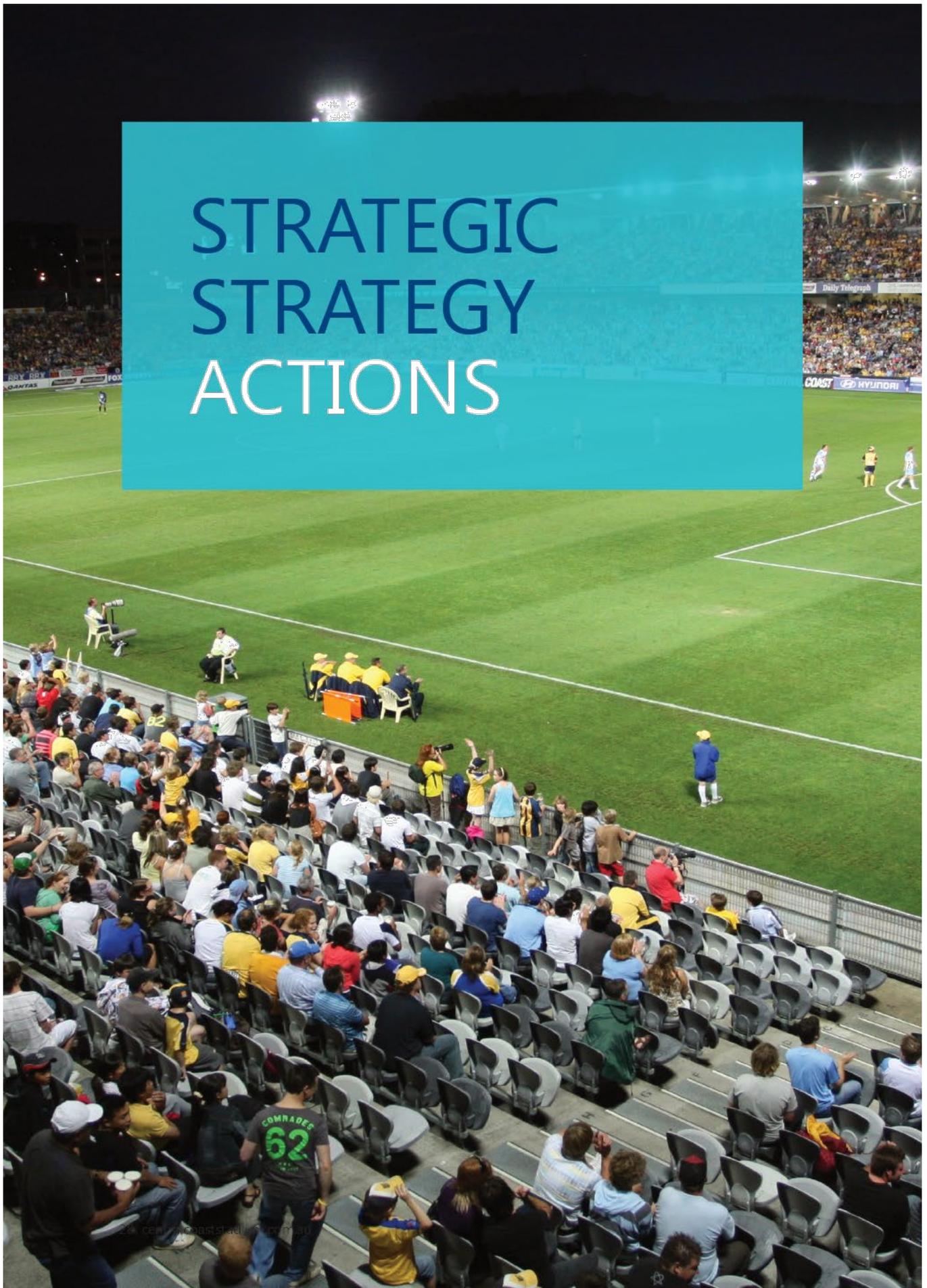


STRATEGIC PRIORITIES FOR THE STADIUM

The 20 year anniversary of the Stadium in 2020 provides a great opportunity to celebrate the Stadium, re-engage with the community and launch a new Stadium Strategy. This campaign is currently on hold due to COVID-19 restrictions.

The Central Coast Stadium Strategy has five strategic priorities, with related focus areas and targets:





Strategic Priority 1 : Content

1.1 Continue to build a more productive relationship with our Hirers

The Mariners are the key tenant of the Stadium and the only national sporting franchise located on the Central Coast. Ensuring the Stadium and all Hirers are working together to achieve mutually beneficial outcomes is important to the success of both the Stadium and the Hirers

- 1.1.1** Continue to build a more productive relationship with all hirers and work collaboratively for the mutual benefit of both parties
- 1.1.2** Renew and re-energise existing meetings / forums between parties
- 1.1.3** Re-evaluate all hiring arrangements
- 1.1.4** Enact any approved changes to the current relationship as required



Commencing immediately and on an ongoing basis

1.2 Develop an events strategy

The Stadium will require a proactive and targeted events strategy to deliver a vibrant and diverse events calendar

- 1.2.1** Develop a desired annual calendar of events, including but not limited to:
 - Mariners (A-League and W-League)
 - NRL (pre-season and regular season)
 - Other sports content (e.g. women's sport, rugby union, elite training camps)
 - Concerts and music festivals
 - Entertainment events (e.g. Nitro circus)
 - Other events (e.g. outdoor exhibitions, food and beverage festivals)
 - Large-scale community events (e.g. Carols)
- 1.2.2** Develop an implementation plan to attract / develop the identified events
- 1.2.3** Develop a rights / content owner engagement strategy, defining who is responsible and how they will interact with 'content owners' of the events
- 1.2.4** Hold preliminary discussions with rights / event owners to understand appetite and requirements to attract content to the Stadium (e.g. hiring deals, scheduling)
- 1.2.5** Develop indicative forecasts for the event calendar, including, for example, event project returns, annualised impact on Stadium performance, event economic impact and annualised economic impact, 'attraction funding' and other incentives, and Council investment and return on investment



Completed by April 2021

1.3 Establish an event attraction fund / budget

Establishing a defined fund / budget and criteria for event attraction will allow the Stadium to more confidently enter negotiations with rights / content owners and to effectively manage available funding for maximum impact

- 1.3.1 Agree on an annual level of event attraction support from Council, based on the indicative forecasts
- 1.3.2 Agree the key criteria required to access the fund
- 1.3.3 Agree a governance structure for administering event attraction support funds



September 2020 to October 2021

Strategic Priority 2: Infrastructure

2.1 Implement findings from the LED signage business case

The Stadium currently has limited LED signage opportunities, with hirers having to 'bump-in' LED signage as required. Implementing LED signage will likely reduce cost to hirers, and deliver a new revenue source for the Stadium

- 2.1.1 Finalise LED signage business case
- 2.1.2 Implement findings of LED signage business case, where the ROI is viable, in a staggered approach
- 2.1.3 Review external advertising opportunities



Completed by July 2023

2.2 Undertake a mid-life design review / master plan of the Stadium

The Stadium is entering its 20th year of operations, which represents the mid-point of its useful life. A design review would evaluate any opportunities to improve amenities throughout the Stadium focusing on efficiency, fan experience, hirer expectations and new revenue opportunities.

- 2.2.1 Agree scope of design review / master plan, potentially including:
 - Food and beverage infrastructure (e.g. outlets, commercial kitchen, kitchenettes)
 - Corporate facilities (e.g. dining / lounge facility, product mix such as BBQ deck)
 - Merchandising outlet
 - In-stadium technology and connectivity (e.g. WIFI and wayfinding)
 - Access and accessibility (e.g. circulation space, entry points, ticket booths)
 - Longer-term solutions (e.g. car park, roof extension, development over the bowls club)
- 2.2.2 Undertake the review, including engagement of specialists as required e.g. architects



December 2020 to December 2023

2.3 Develop a turf maintenance strategy

An expanded event calendar will require a revised turf maintenance strategy to manage the impacts of additional events at the Stadium

- 2.3.1** Engage specialist consultants to develop a turf maintenance strategy that aligns to the event strategy, also considering the feasibility of investing in protective coverings to minimise impact of other events on turf quality, and opportunities to partner with Venues NSW or others to achieve economies of scale with respect to turf replacements



October 2020 to October 2021

Strategic Priority 3: Precinct

3.1 Develop a precinct master plan

A precinct master plan will help to improve connectivity between the City and the Stadium, lead to better activation of event days, and enhance the overall event and non-event day experience of the Stadium. This is expected to lead to greater community, economic, and financial impacts of events held at the Stadium, to both the Stadium and surrounding businesses

- 3.1.1** Council will develop the scope of the master plan, including consideration (at a minimum) of:
- Connectivity to transport links, CBD and local businesses
 - Engagement with Brisbane Water and Leagues Park
 - Parking
 - Non-event day activation
- 3.1.2** Engage a specialist consultant to deliver the master plan in partnership with Council and key stakeholders



December 2020 to December 2023

Strategic Priority 4: Governance

4.1 Develop an Inter-Council Committee focused on delivering the ambition of the Stadium

Consultation identified the need for strategic direction and coordination from Council for the Stadium. An Inter-Council Committee will assist the Strategy is delivered effectively to achieve the ambition for the Stadium

- 4.1.1** Identify the most appropriate governance structure / mechanism within Council's existing frameworks to deliver the Strategy
- 4.1.2** Identify appropriate personnel from across Council to form the Committee, including representatives from Connected Communities, Environment and Planning, and Finance

- 4.1.3** Define and document the Charter for the Committee, including but not limited to:
- Primary governance responsibility for the Event Attraction Fund
 - Accountability for delivering the Stadium Strategy
 - Promoting a 'one-Council' approach to operations at the Stadium
 - Streamlining broader Council policies and procedures with respect to operations at the Stadium
 - Ongoing governance and accountability for the Stadium Strategy



June 2021 to April 2022

Strategic Priority 5: Venue Operations

5.1 Develop a 20th anniversary event calendar and promotional program

The 20th anniversary represents an opportunity for Council to unveil to the community its recommitment to the success of the Stadium through an expanded event calendar and reinvigorated Strategy

- 5.1.1** Organise 20th anniversary promotional and celebratory activities, including events / festivals
- 5.1.2** Deliver 20th anniversary activities, alongside launching Council's refreshed Stadium Strategy (and potentially a naming rights partner)
- * Due to COVID-19, this campaign has been paused. We will look at 21st Birthday opportunities.



October 2019 to January 2021

5.2 Agree approach to naming rights and pursue Expression of Interest (EOI)

The Council has commissioned a report into the potential value of naming rights for the venue. Pursuing an EOI for naming rights will deliver new revenue sources for the Stadium.

- 5.2.1** Confirm Councillor parameters regarding naming rights for the Stadium. Council will ensure that the naming rights align with the purpose and ambition for the Stadium. A key issue in naming rights is ensuring a commercial arrangement reflects increased exposure levels as events and attendances increase as planned under this Strategy.
- 5.2.2** Undertake EOI for naming rights - subject to 5.2.1



January 2021 to January 2022

5.3 Create scale across operation through internal or external partnerships

Council has a number of venues within its portfolio that could be 'bundled' to create scale in procurement and commercial rights (e.g. ticketing). There is also an opportunity to explore partnerships with external bodies to generate scale and efficiencies

- 5.3.1** Develop a strategy to generate benefits for the Stadium through scale, especially for supplier rights and procurement opportunities. This could include:
- Aggregating commercial rights from across Council's portfolio (e.g. ticketing and pourage rights at the Stadium and Laycock Street Theatre)
 - Aggregating similar assets within the same business unit of Council
 - Partnering with a third party that has already achieved scale



May 2021 to July 2022

5.4 Develop a marketing and promotions strategy for the Stadium

To promote the reinvigorated approach to the Stadium, Council should develop an integrated marketing and promotions strategy for the venue

- 5.4.1** Develop an annual, integrated marketing and promotions strategy and plan for the venue
- 5.4.2** Develop materials and collateral to support the strategy (e.g. brochures, website)
- 5.4.3** Monitor the performance of the strategy, including through a community survey and refine as appropriate



November 2019 to June 2021

5.5 Develop a targeted stakeholder engagement strategy

Collaborative and strategic engagement with stakeholders help to identify needs that can subsequently be incorporated into organisational goals and strategic decision making

- 5.5.1** Develop a targeted and ongoing stakeholder engagement strategy, with stakeholders including but not limited to:
- Key hirers
 - Council
 - Service providers
 - Sponsors
 - Other industry stakeholders (e.g. event promoters)



October 2020 to June 2022

5.6 Develop a staff capability plan

Staff capability is a critical component of operational success. A staff capability plan will help ensure that Stadium staff skills and expertise continue to support the operations of the venue, including investing in new business development / sales capability for the venue and considering succession planning for key roles.

- 5.6.1** Undertake a skills and capability assessment of Stadium staff; upskill and train staff where necessary, and recruit to fill capability gaps as necessary
- 5.6.2** Based on the above, identify any need to invest in dedicated business development / sales capability to deliver the events strategy
- 5.6.3** Undertake succession planning to mitigate the risk of loss of key staff and institutional knowledge



September 2020 to June 2022

5.7 Go to market for the venue management rights for the Stadium

Council has identified sufficient interest and potential benefit to pursue an Expression of Interest (EOI) for the management rights of the Stadium (but retaining full ownership). Council can participate in the EOI to provide a public sector comparator. Council may still decide to retain management of the Stadium if the EOI shows this to be the most appropriate model.

- 5.7.1** Develop EOI documenting including summary of the venue, statement of requirements and summary of key terms (e.g. term, financial structure)
- 5.7.2** Develop evaluation plan for the EOI responses, including criteria and weightings. These may include but are not limited to:
 - Mandatory compliance (e.g. insurances)
 - Compatability of organisation to manage the Stadium
 - Capability (e.g. experience and business capability)
 - Financial strength
 - Management approach and methodology
 - Proposed commercial terms and arrangements

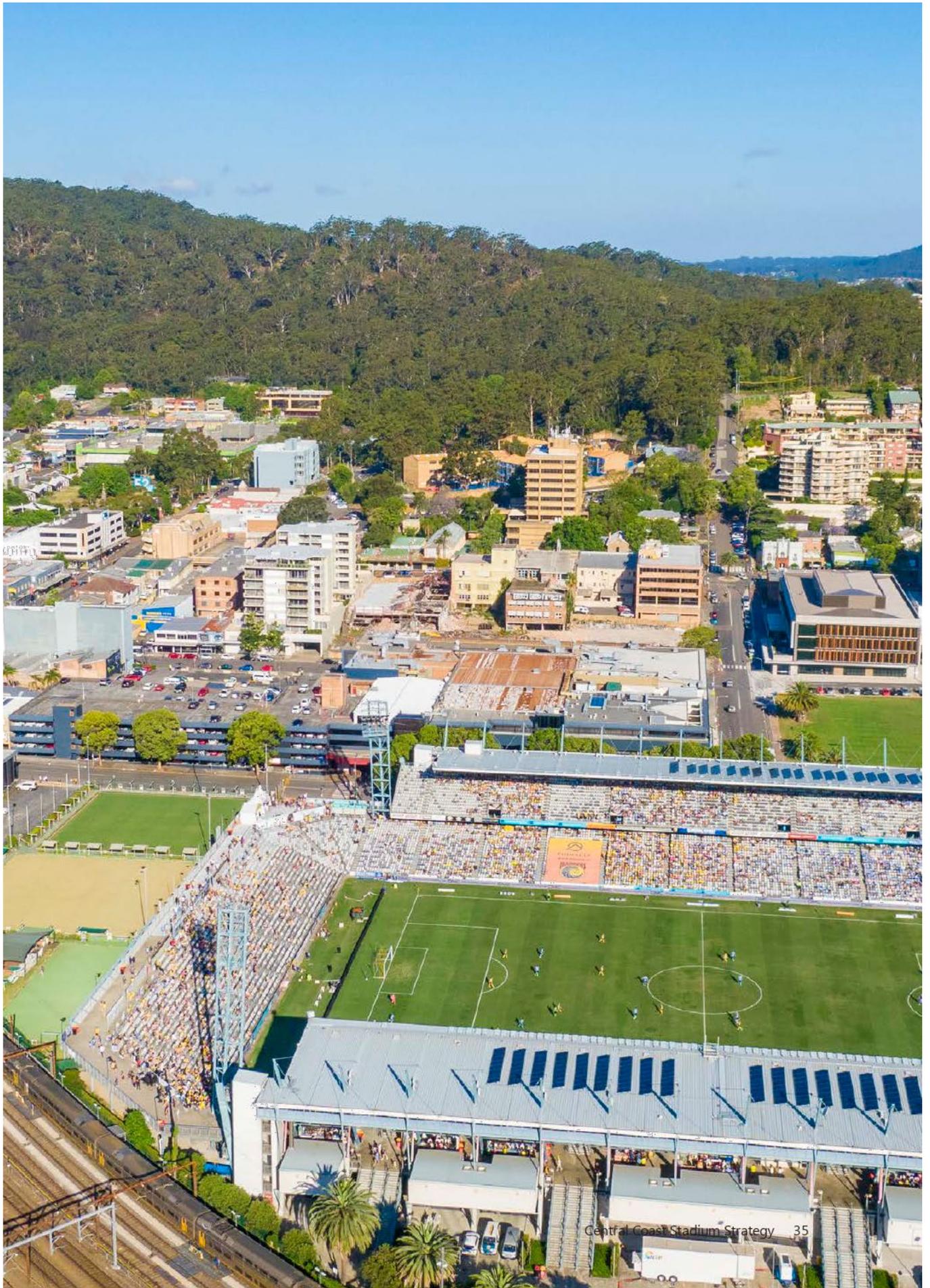
Go to market for venue management rights

Assess responses in line with evaluation criteria

Decide whether to proceed to Request For Proposal stage



February 2021 to December 2021



THE STADIUM STRATEGY AND ONE CENTRAL COAST

The Stadium is a key asset for the Council and Central Coast community, and provides a location for many sporting, entertainment and community events. Accordingly, the Stadium Strategy links to a range of Council plans and strategies, including:

- Community Strategic Plan – One Central Coast 2018-2028
- Delivery Program and Operational Plan 2019-2020
- Engagement Framework 2017
- Tourism Opportunity Plan 2019-2024
- Economic Development Strategy (underway as at February 2020)

The Community Strategic Plan - One Central Coast 2018-2028, encapsulates the voice and values of the Central Coast community through five themes:

1. Belonging
2. Smart
3. Green
4. Responsible
5. Liveable

The Stadium Strategy incorporates these themes to ensure the Stadium is a fully realised part of the Central Coast community by directly contributing to the following objective from the Community Strategic Plan;

Promote and provide more sporting, community and cultural events and festivals, day and night, throughout the year.



WHAT IS THE NSW GOVERNMENT PLAN FOR STADIA?

The NSW Government also has a policy framework relating to stadia, the NSW Stadia Strategy. The NSW Stadia Government Network (i.e. NSW Government owned venues) does not directly incorporate the Central Coast Stadium, but the NSW Stadia Strategy can provide Council with strategic direction for the Stadium by highlighting issues such as:

- Providing the community with increased access to stadia.
- Encouraging the multi-purpose use of stadia.
- Improving facilities for participants and spectators.
- Improving the competitive position of NSW when attracting major events.

The Central Coast Stadium was defined in the NSW Stadia as a Tier 2 stadium, having total capacity between 20,000 to 40,000 people, some corporate facilities, and being the home ground for a sporting franchise playing in a national sporting competition.

Design principles for Tier 1 and Tier 2 stadia were articulated in the NSW Stadia Strategy as follows:



Multi-tenant, multi-use

All stadia should host the majority of home matches for at least two national sporting teams.



Utilisation

Greater use of Tier 1 stadia will be prioritised. The aim was to have an increased number of sport and entertainment event days held at stadia included in the NSW Stadia Strategy.



Capacity

Seating capacity should be sufficient to meet the current and short to medium-term requirement. Tier 2 stadia should have the capacity to expand to accommodate future demand.



Quality of facilities

All stadia should meet the minimum requirements of key hirers and, through continued investment, have the potential to meet future requirements, including facilities for players, spectators, media and broadcasting.



Transport connectivity

All stadia should have good public transport access and appropriate parking capacity.



Entertainment capacity

Stadia should be surrounded by a vibrant entertainment precinct to enhance the match day experience.

The approach by the NSW Government to invest in the venues owned by the NSW Government means that the Central Coast Stadium is outside of any planned future investment by the NSW Government. It is also not within the plans of the NSW Government to consider taking ownership of any further venues.

DEVELOPMENT OF THE STADIUM STRATEGY

In 2019 Council commissioned a report, including economic analyses and business strategy, from KPMG. KPMG assessed the current state of operations of the Stadium and compared it to other similar venues across NSW and Australia. The analyses considered Stadium infrastructure and the venue precinct, use of the Stadium and events, strategy and operations, and financial sustainability.

As part of the KPMG project targeted consultation was undertaken in 2019 to collate insights from a range of stakeholders, including:

- Councillors
- Stadium management
- Commercial hirers
- Community hirers
- Associated organisations (e.g. catering company)
- Other venue operators
- Government bodies
- Local business leaders.

A workshop was also held with Council business units and Stadium management in August 2019.

The Strategy has now been developed for Council endorsement and public exhibition, to ensure Council has access to the broadest range of community views about the future direction of the Stadium.





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Memo



Amendment to the Council Report Item 2.4 Central Coast Stadium Business Strategy

To: Councillors
From: Gary Murphy, Chief Executive Officer
Subject: Additional information to Stadium Business Strategy Report in the Expression of Interest Process
Date: 7 August 2020
Ref: D14112022

Context

In 2019, Council developed a business strategy for the Central Coast Stadium. In December 2019, as the strategy was being finalised, the Central Coast Mariners submitted an Unsolicited Proposal to Council to take over the management of the stadium.

The Stadium business strategy was put on hold while the Unsolicited Proposal was considered under the Unsolicited Proposal Policy. In July 2020, the Proposal was unsuccessful as it did not meet the Uniqueness criterion in Stage One of the process.

In Item 2.4 of the business papers for 10 August 2020, which deals with the stadium business strategy, it is recommended that Council commence an Expression of Interest for the management rights at the stadium. The recommendation is on the basis that while the current in-house management model is comparable to other similar stadia, there were other interested parties with capabilities and experience in managing a stadium. It was considered prudent that Council explore all options for a management model.

Recent announcement of Central Coast Mariners sale

On 4 August 2020, the owner of the Central Coast Mariners, Mike Charlesworth, announced his intention to sell the club.

This creates uncertainty both on the future of the Mariners, as the Stadium's anchor tenant, on the Central Coast and whether the Mariners would be able to respond on an Expression of Interest process in the current environment.

Staff Recommendations Unchanged

Council staff still recommend that Council commence the process to seek Expressions of Interest from suitably experienced parties to manage and operate the Central Coast Stadium. Council staff will require time to prepare for the expression process, and it will also be important to signal to the market (and prospective buyers of the Mariners) that is still Council's intention to look at alternative management models.

However, staff will undertake further analysis on the optimal time to call for the Expressions of Interest and will update Council on this, with the objective to:

- Ensure that there is some clarity on the future of the anchor tenant before Expressions of Interest are called.
- Enable the Mariners, if they so wish, to participate in any Expressions of Interest process.