

THE \$10 MILLION BID

BY PAUL KNOWLES

The Memorial Cup is coming to Kitchener: good news for hockey fans, great news for the local hospitality industry

May 16, 2008, is going to be a million-dollar day for the city of Kitchener. So is May 17, and each subsequent day, through May 25, 2008.

That's because Kitchener has been chosen to host the 2008 Memorial Cup, the Canadian Hockey League championship tournament. The CHL includes three leagues – the Western Hockey League, the Québec Major Junior Hockey League, and the Ontario Hockey League, which includes the local hockey heroes, the Kitchener Rangers.

The Memorial Cup tourney – named to honour members of the Canadian armed forces who died in World War I – alternates between the three leagues. This year, Kitchener's bid beat out four of their OHL rivals, including apparent favourite Oshawa, as well as Sarnia, London (which hosted the tournament in 2005), and Saginaw, Michigan.

So, in May 2008, an already hockey-mad city will go right over the top, with a sound track of skates on ice, bodies against boards, cheering fans... and cash registers ringing all around the region.

Everyone involved agrees – while admitting that they are really just guessing – that the Memorial Cup will bring \$10 million to \$11 million – or more – to Kitchener and area.

Steve Bienkowski is Chief Operating Officer and Governor of the Kitchener Rangers. He was also the lead person on the successful Memorial Cup bid. He told Exchange that the economic impact on the community is expected to be \$1 million a day.

Kitchener Mayor Carol Zehr also suggests similar economic impact figures, while Carla Ladd, CAO for the city of Kitchener, adds: "In addition to the significant economic benefits for our community – which are estimated at \$10 million – this tournament shines the national spotlight on Kitchener. The benefits of hosting the Memorial Cup go way beyond one hockey tour-

Everyone involved agrees that the Memorial Cup will bring \$10 million to \$11 million – or more – to Kitchener and area.

Steve Bienkowski (left), Chief Operating Officer and Governor of the Kitchener Rangers and Ted Scharf, President

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nament and way beyond the dollars and cents."

But there is no question that the dollars and cents are big. Kitchener and area businesses – especially in the tourism and hospitality sectors – will certainly benefit.

Ironically, one organization that will not see a direct economic benefit is the Kitchener Rangers hockey club.

No direct profit to Rangers

Bienkowski simply explains, "It's not about us... it's about bringing this to the community, to thank our fans for the support they give us."

The Rangers will, in fact, share the profits from the tournament – on exactly equal shares with all 20 OHL teams. The team itself will get not one more dollar from the tournament than rival OHL organizations such as the Guelph Storm or the London Knights.

The only difference is, in 2008, the Kitchener organization gets to do all the work. A separate legal entity has been created to organize and run the tournament. That organization's budget will be between \$3.6 and \$3.9 million. A huge chunk of that is

the guarantee made to the OHL – the Kitchener bid includes a promise of \$1.8 million for the league. Ironically, the entire annual Rangers' operating budget of \$4 million is about the same as the 10-day Memorial Cup budget.

The Rangers – and their fans – do benefit directly from hosting the tournament, though – the host team of the Memorial Cup is automatically entered in the tournament. The quality of the team is therefore one of the key factors in the decision to award the event to a community. Rangers coach and general manager Peter DeBoer says the team will be ready to compete for the Canadian championship: "I feel we will have a very competitive team. The strength of our team will be our goaltending and defense. I also feel we have an underrated group of forwards that can carry the load offensively."

He also told Exchange: "Playing for the Memorial Cup is what we all strive for. It is such a difficult trophy to win, with over 50 Major Junior teams across Canada and the U.S. competing. Some suggest it is the toughest trophy in hockey to win. To have



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Ted Scharf, Rangers President, is grateful for "strong fan support".



Matt Halischuk (left), leads the team in goals and points earned for the Kitchener Rangers and goalie Dan Turple.

The Rangers won in 1982 and 2003, but for the team COO, 1981 may hold the fondest memories – Steve Bienkowski played goal for the Rangers that year.

a spot in the tournament in front of our hometown fans is the opportunity of a lifetime for our young athletes.”

Maybe also for DeBoer, himself. The Kitchener coach is often subject of speculation when an NHL coaching job comes open (his continuing three-year contact would not prevent such a move), but Bienkowski believes that the opportunity to coach in the Memorial Cup will be the anchor that keeps DeBoer with the Rangers.

A heritage of hockey

There is no doubt that Kitchener is a hockey town – look no further than the enormous buzz created by Research in Motion’s co-CEO Jim Balsillie’s recent efforts to buy the Nashville Predators. The Rangers play to near sell-out crowds every home game – Bienkowski insists that they do not actually sell out all the time, and that fans should still be able to get seats, or at least standing room, during the regular season. That will definitely not be the case

at the Memorial Cup, though, where – even though the plan is to add some seats to the Kitchener Auditorium – the competition for seats may rival the competition on the ice.

There is a hockey heritage in the community that includes hosting two previous Memorial Cup tournaments – in 1975, and in 1984. The Rangers have appeared in five Cups, including 1981, 1982, 1984, 1990 and 2003 (the 1975 Memorial Cup did not include a host team, so the Rangers did not compete that year). They won in 1982 and 2003, but for the team COO, 1981 may hold the fondest memories – Steve Bienkowski played goal for the Rangers that year.

That kind of connection is not rare around the Rangers’ offices. Team President Ted Scharf – today head of Royal LePage Scharf Realty – played three seasons on right wing with the Rangers, from 1968 through 1971. In his last season, he captained a Rangers team that included Larry Robinson and Bill Barber. Scharf went on

to play 420 games of pro hockey for the New York entry in the upstart World Hockey League. He’s been part of the Rangers’ organization since 1988; his current term is his third at team President. He explains his commitment: “People always talk about giving back to the community. For me it was going back to where I got my start.”

Scharf reflects on the current success of the Rangers, highlighted by the coming of the Memorial Cup. Things were not always this positive, he admits, recalling a period in the early 1990s when the team struggled financially, losing half a million dollars over two years.

According to Scharf, the recovery was led by Bienkowski – who worked as a CA after his hockey career ended. Bienkowski, then a volunteer on the executive, “created a zero-based budget” for the organization. Previous budgets had depended on the Rangers reaching playoff competition every year – an untenable approach in an unpre-



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dictable sport.

The 1990s recovery stressed corporate sponsorship. "We've always had strong fan support," says Scharf, "but we needed the support of the businesses in the community." They got it, and now, with the \$10 million-plus impact of the 2008, the Rangers can return the favour.

Kitchener CAO Ladd points out that the benefits go well beyond ten days in May. "Hosting the Memorial Cup is a huge boost to the spirit of our city and an exciting opportunity to show the world what we have to offer."

Mayor Zehr concurs. "It means a lot... a community only gets a chance at this once every 20 years."

"We have returned a significant amount to this community... millions of dollars. We have a unique relationship with this city."

Learning from experience

In fact, Kitchener also bid for the cup in 2004, but lost out to London. Bienkowski says they learned a lot from that experience, and approached their 2008 bid "a little bit differently this time." Whereas in 2004, the bid was heavily dependent on a video presentation, this time around the Kitchener bid included diverse elements such as an exhaustive technical manual outlining the bid, and the team's scouting report, which supported DeBoer's contention that the Ranger squad will be strong.

That's important for the quality of the

tournament; all four teams need to be solid competitors. Of course, DeBoer and Bienkowski agree that they are hoping the Rangers will be the OHL champs, and earn their way in by the front door. If that happened, the second-place OHL team would also play in the Memorial Cup.

Speaking of competition, Kitchener faced tough opposition to be host community, especially from Oshawa. Bienkowski says that, while he knew "we had a quality bid," and that "we met or exceeded all of their criteria," he was still somewhat surprised to win.

But he knew that Kitchener deserved the opportunity to host the event. The team COO ticks off the attributes that make the

city the perfect host. "We're fortunate here," he says, "in our facility, in the community. We've got experience participating in big events."

One of those big community events is the internationally known KW Oktoberfest. That has not been forgotten – the organizers are working the Oktoberfest, and one of the ice pads at the rear of the Aud will become Oktoberfest in May.

Not for profit

Bienkowski also believes the organizational structure of the Rangers is a huge plus in the team's success, and in the success of the Memorial Cup bid. Kitchener is



Mayor Carl Zehr: "It means a lot."



Kitchener CAO, Carla Ladd says, "the National spotlights is on Kitchener."

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one of only two OHL teams that are operated as not-for-profit corporations (the other is Peterborough).

Bienkowski laughs as he says, “this is a huge advantage – we don’t need to build the owner a new cottage.”

When the team is financially successful – as it has consistently been since the early 1990s – it puts its money where its fans are. “We have returned a significant amount to this community... millions of dollars,” says Bienkowski. “We have a unique relationship with this city.”

A lot of the money goes toward hockey-related causes. The Rangers have supplied

**Grade 6 children from
Waterloo Region will be
invited to develop
booths featuring the 60
communities of the CHL.**

the state-of-the-art clock in the Aud, to the tune of \$800,000. The team supports minor hockey, including the Kitchener Junior Rangers and the Lady Rangers, a sponsorship that will run to \$1 million over 25 years.

Bienkowski says the approach to doing business is clear: “We operate this as a business, even though we are a non-profit.” They aim to make a surplus... and then give it away to community betterment. They have a positive economic impact in other ways, too – Bienkowski points out that their lease arrangement with the Aud involves payments “in excess of the average in the league... another way of contributing.”

Money from the Rangers’ organization will go toward a planned seating expansion prior to the Memorial Cup; Bienkowski says they are “looking at a plan that adds between 450 and 500 seats.” The Aud now seats 5750 (including corporate boxes), plus standing room. Regular seats total 5445. That presents some challenges during the Cup – the Rangers have 4100 season ticket holders (a figure capped at that level to allow other fans the chance to attend games). During the Memorial Cup, the Canadian Hockey League receives 1800 seats. Thus, the plans for the limited expansion, and talk of a lottery among season ticket holders, who are only guaranteed up to two tickets, no matter how many season tickets they own. And then, muses Bienkowski, “What do I do for the

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Of course, not all games will be equally popular, so there is still a good chance local fans will have an opportunity to see action in the tournament.

Visitors make the impact

The local fans are the foundation, but in terms of economic impact in Waterloo Region, it is the visitors who make the difference. Mayor Zehr stresses that when estimates of a \$10 million infusion of cash are mentioned, "a lot of that would be new business, economic churn."

Several hotels have been identified as key players by the bid committee, including the Delta, the Holiday Inn, the Hampton Inn and Suites, and the Radisson. Gord Bossy is General Manager of the Radisson Hotel in Kitchener, one of several local hospitality facilities that have supported the Rangers for several years. The Memorial Cup is "great for all tourism in the city," he says. In the hotel industry, "May is a fairly busy month, but this will bring in additional people. I'm sure the hotels in the city will be full."

And asked if the impact will primarily affect the tourism sector, he says, "That depends how you classify tourism – shopping, restaurants, theatre, going to St. Jacobs?"

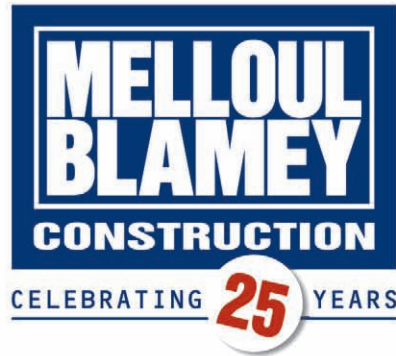
Tourism will also involve golf courses – especially Whistle Bear, which is hosting the Memorial Cup Golf Tournament. And the impact goes much further; for instance, Paul Straus, Home Hardware CEO, is honorary chairman of the Memorial Cup in Kitchener.

Funding challenges

Bienkowski exudes confidence in Kitchener's bid, but he also admits that the details of the tournament present some economic challenges. Of course, there is the commitment that \$1.8 million – half of the projected gross income – will go directly to the OHL. And there is the fact that some of the more obvious funding sources – advertising on the boards, on-ice logos – remain in the hands of the Canadian Hockey League. The same goes for television rights, says the COO.

No problem, says Bienkowski. There are still plenty of sources of revenue – ticket sales, local sponsorships, auxiliary events like the golf tournament and banquets. The plan and the budget will work, and Kitchener will host an important national event. And the organizers plan to celebrate the Canada-wide importance of this in unique ways.

Mayor Zehr points to an innovative part of the bid package, in which Bienkowski and his committee developed "a unique and impressive education package for school kids." This will be located in the second Aud ice pad arena. Bienkowski explains that Grade 6 children from Waterloo Region will be invit-



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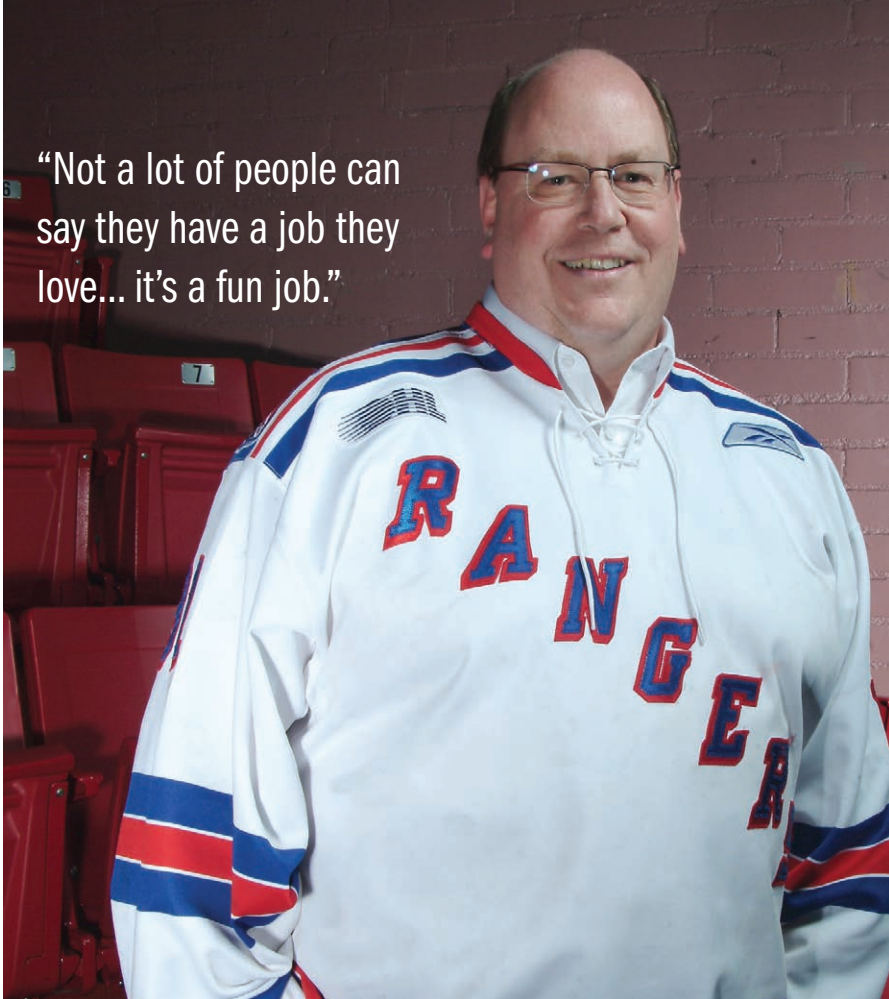


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“Not a lot of people can say they have a job they love... it’s a fun job.”



ed to develop booths featuring the 60 communities of the CHL, one display per community. The students will learn about communities right across Canada... “and a few American cities.” He estimates that 2,000 children will be involved in this project.

The educational event is not the only not-for-profit element of the week. There is a one-day break in the tournament, on the Saturday before the Sunday Cup Final. That day will see a charity event, as players from all five Kitchener Rangers Memorial Cup teams – 1981, 1982, 1984, 1990 and 2003 – are invited back to play for fun and for charity. Bienkowski hopes to raise \$60,000 from that event, which will go toward building a new rink for the Junior and Lady Rangers.

Overall benefits

There are clearly a number of economic and public relations benefits for Kitchener, its business community, hockey fans and of course the Kitchener Rangers, because of the successful 2008 Memorial Cup.

But what’s in it for Steve Bienkowski, already fully occupied as COO and Governor of the Rangers? Sheer pleasure, he says: “Not a lot of people can say they have a job they love... it’s a fun job.”

And, come May 2008, an incredibly challenging and busy one. X

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