

**PRESENTATION TO THE
BUDGET ADVISORY COMMITTEE**

2006
**EXHIBITION
PLACE**
Operating
Budget



BOARD OF GOVERNORS OF EXHIBITION PLACE

Friday, January 13, 2006

INTRODUCTION

- For the first time since 1998, Exhibition Place is not budgeting for an operating surplus
- 2003 & 2004 – absorbed budget pressures of \$3.3 M while still budgeting for a surplus
- 2005 – absorbed budget pressures of \$1.0M while still budgeting for a surplus of \$398,480
- Mid-year City transferred insurance costs to Exhibition Place reducing 2005 budget surplus to budget deficit of \$189,860
- 2006 – absorbed all budget pressures of \$1.6M but WSIB costs related to serious accident that happened in August 2005 (\$350,000) cannot be absorbed

2006 OPERATING BUDGET PRESSURES

		NET
Salary & Wage Increases at 3%	Permanent Staff & Collective Agreements	\$347,650
OMERS at approx. 9% Increase and Employee Benefits - Manulife	Projected Premium Increases for 2006	\$60,000
WSIB Provision	Hospitalization, Medical Costs, Wages	\$350,000
Utilities & Fuel	Higher Hydro and Water Costs	\$150,000
NTC Show/Event Revenue and Related Revenues	Ancillary revenues are lower	\$277,501
Grounds Rental	Reduction	\$200,000
Parking Income	Reflects actual 2003/2004/2005	\$114,000
NTC Sponsorship Revenue	Reflects actual 2004/2005 results	\$105,000
Ricoh Coliseum Revenue	Reflects actual 2005	\$305,162
	TOTAL	<u>\$1,909,313</u>

Note: Of These Pressures \$1,613,887 were Absorbed in Budget

EXHIBITION PLACE AS A PARK FOR PUBLIC CELEBRATION

ESTIMATED 2006 OPERATING COST

The annual cost of maintaining the 192 acre site and the many historical buildings and structures is estimated below:

	2006 Net Expenditure ¹
Administrative – Exhibition Place Program	\$5,354,357
Operational – Exhibition Place Program	\$7,779,376
Less CNE Contribution	(\$3,148,445)
Less Recoveries for Taxes and Other Costs	<u>(\$1,787,862)</u>
Net Annual Cost	\$8,197,426

Note:

¹Net Expenses less recoveries and excluding revenue generating expenses such as parking and show services and all revenue/expenses related to The National Trade Centre.

MANDATE & MANAGEMENT

To provide an opportunity for business stimulation and economic development in the community and across the country and to provide a focus for public celebrations and events, while preserving the architecturally and historically significant structures on the grounds

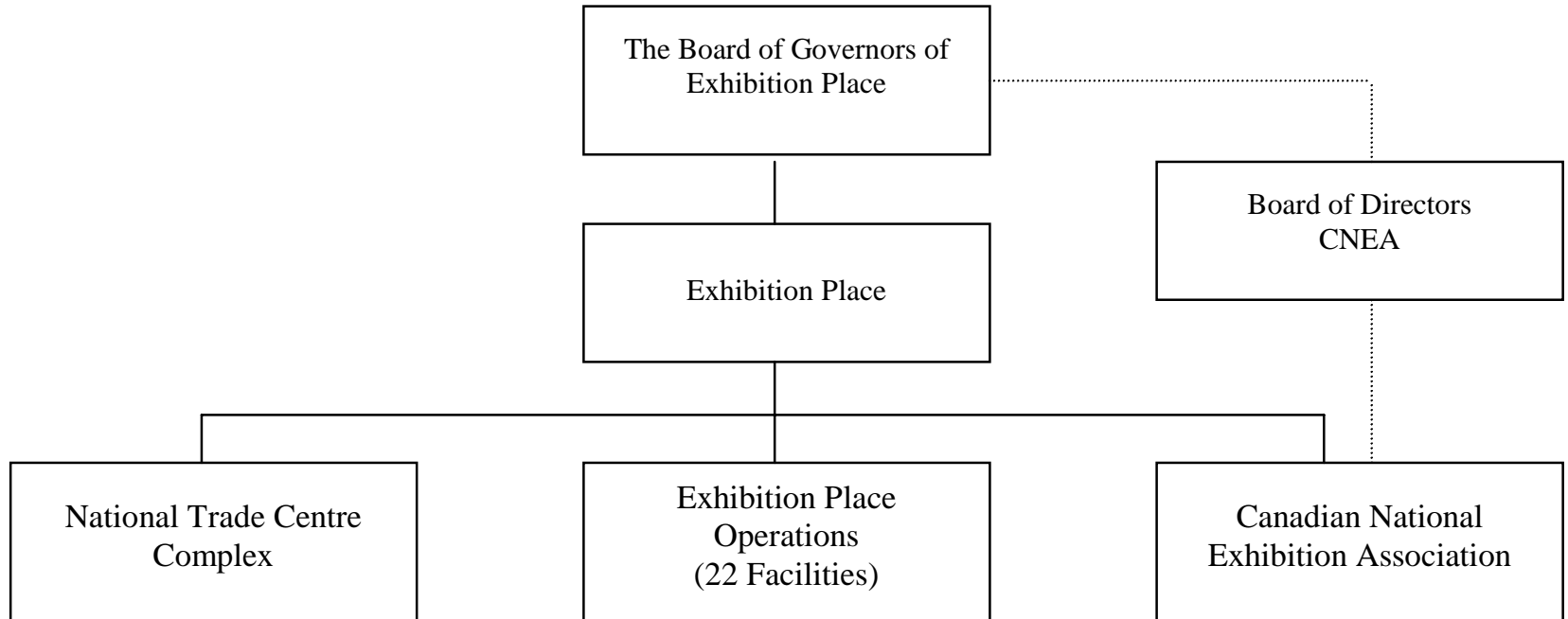
City of Toronto Act

- Enter an agreement with the Board for use, operation and maintenance of Exhibition Place
- Board shall submit its budget to Council for approval
- Use clause: parks and exhibition purposes, trade centres and trade and agricultural fairs; displays, agricultural activities sporting events, athletic contests; public entertainment and meetings; highways, electrical transmission or public utility purposes; and any other purposes that the City Council may approve

City Management Agreement

- Board shall use, operate, manage and maintain Exhibition Place subject to general policies adopted by Council
- Board shall not enter into any agreement with third parties for longer than 3 years without Council approval

STRUCTURE



THREE PROGRAM AREAS

Each program at Exhibition Place is treated financially as if it were a separate department/company.

Exhibition Place Program

- Day-to-day management & operation of 192-acre site
- Redevelopment of the site
- Security, parking & traffic control
- Grounds maintenance; preservation of historic buildings & structures
- Corporate administration
- Development & monitoring of operating & capital budgets
- Negotiation & management of third party contracts
- Management of unionized labour force & 7 collective agreements
- Approval of general policies and procedures and staffing policies

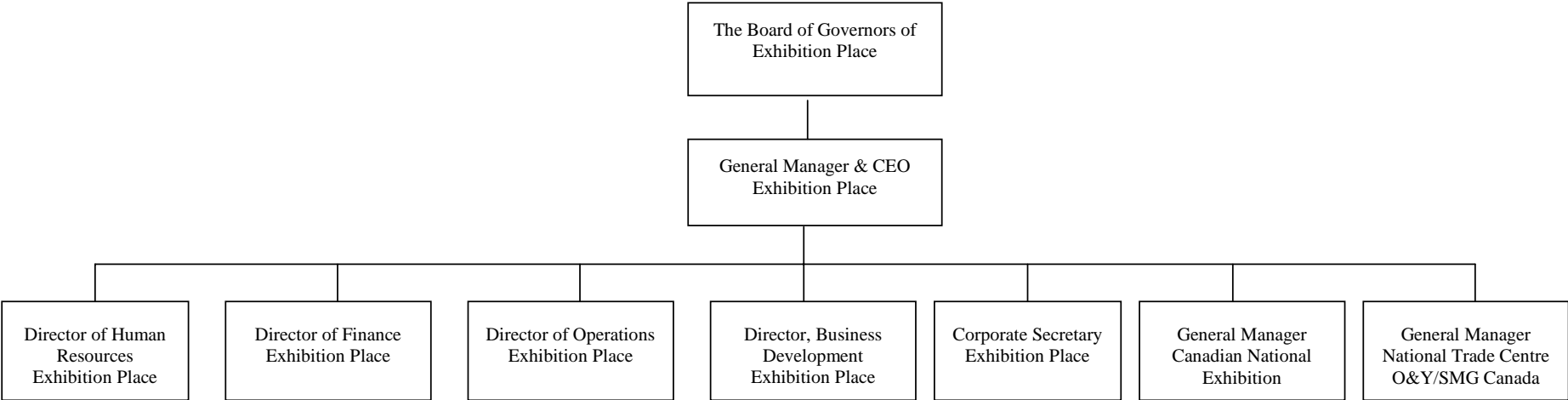
National Trade Centre Program

- Management Agreement with O&Y/SMG Canada commenced on April 1, 1997
- Agreement extended twice & terminates December 31, 2006
- Agreement governs management of the National Trade Centre Complex including the Automotive Building
- O&Y/SMG is responsible for administration; all booking commitments; maintenance and repair; accounting; staffing (9 O&Y/SMG senior management & remainder Board employees); sponsorship/promotion; contracts with third parties of less than one year
- Follow Board policies; abide by Board collective agreements
- Annual operating budget must be approved by Board & Council

Canadian National Exhibition Program

- Governed by the *Canadian National Exhibition Association Act, 1983*, as amended
- Mandate is **to provide entertaining and informative activities for all visitors by focusing on new and unique experiences in an exciting and stimulating environment**
- Memorandum of Understanding (“MOU”) with CNEA commenced January 1, 1998
- MOU extended twice to December 31, 2004. New MOU being negotiated
- CNEA Board is responsible for planning & operating the annual exhibition
- Must follow Board & City policies
- All permanent/contract staff are Board employees
- Annual operating budget must be approved by Board & Council

ORGANIZATIONAL CHART



	DIVISIONAL TOTALS		
	PERMANENT 2005	PERMANENT 2006	VARIABLE WORKFORCE 2006
Executive & Senior Management	12	12	
Management	59	59	
Exempt Professional & Clerical	30	30	
Exempt Clerical/Technical/Hourly	31	31	320
TOTAL	132	132	320

2005 ACCOMPLISHMENTS

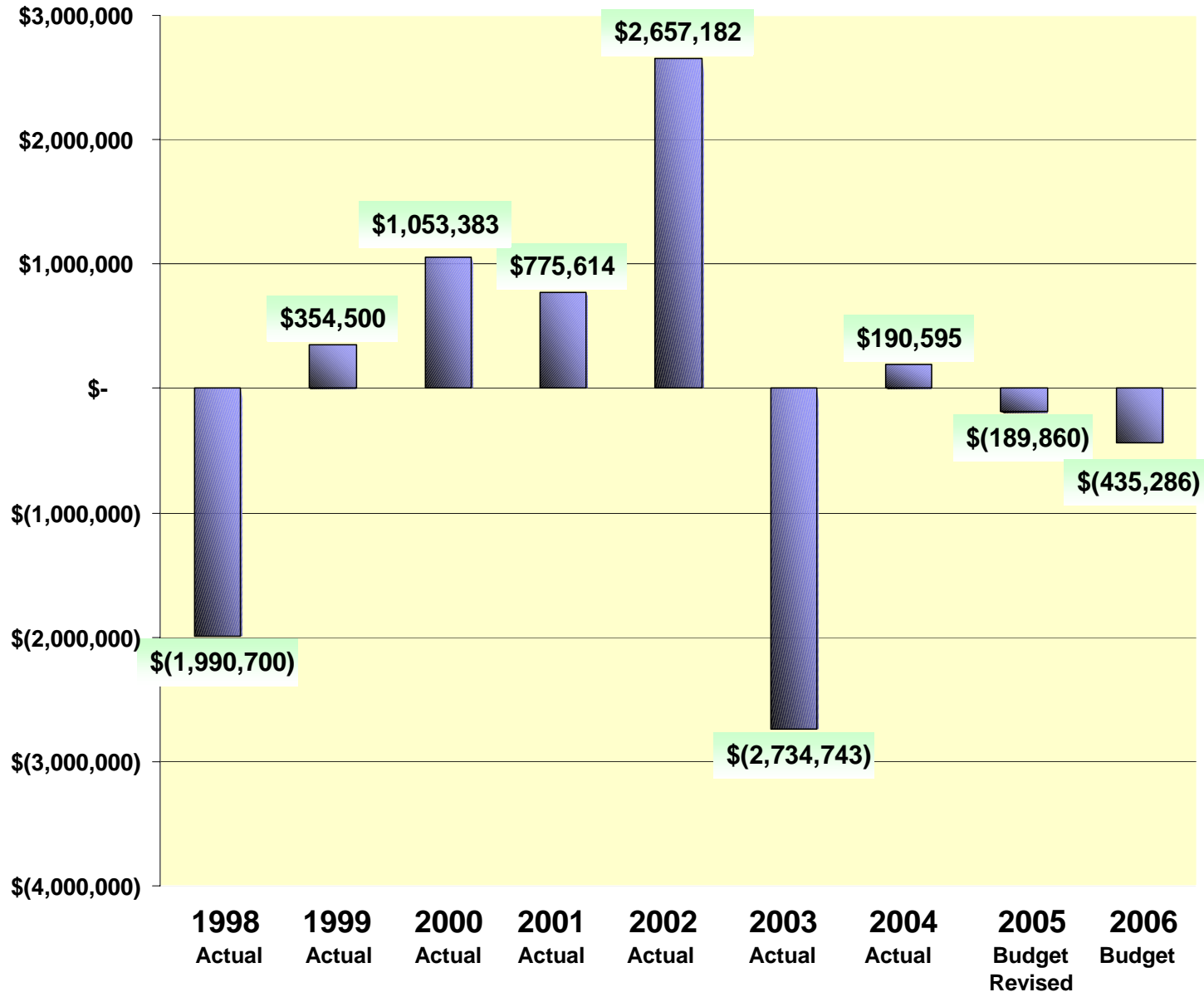
- Finalized leases for year round development opportunities/tenants in the Horticulture Building & Bandshell restaurant
- Welcomed Maple Leaf Sports & Entertainment as new managers of Ricoh Coliseum as of July 1, 2005
- A key venue for the Aga Khan's visit to Toronto & hosted many other culturally significant and commercially successful events
- Continued to be world class demonstration site for advanced "Green" energy technology with various energy savings projects such as the tri-generation project & the largest photo-voltaic installation in Canada
- Achieved a waste diversion rate of approximately 52% for all programs (CNE was 55%) in 2005
- Negotiated development proposal for new 20,000 seat soccer stadium
- Staged a successful 2005 Canadian National Exhibition with over 1.2 million visitors and preliminary indications of meeting the budget surplus of \$696,710
- Negotiated collective agreements with 6 of the 7 unions with wage increases within the City targets

2006 GOALS AND OBJECTIVES

- Commence operation of the tri-generation project within The National Trade Centre
- Complete construction of the photovoltaic pilot project
- Launch the naming partnership for The National Trade Centre
- Diversification of our target customer group for future shows & events to include more film shoots, religious & cultural events & private functions
- Continue improvements to the gates admission process at the 2006 CNE and the exploration of cashless transaction options
- Continue to implement the strategy for energy efficient capital upgrades for the non-tenanted buildings
- Begin construction of new 20,000 seat soccer stadium to open in May 2007



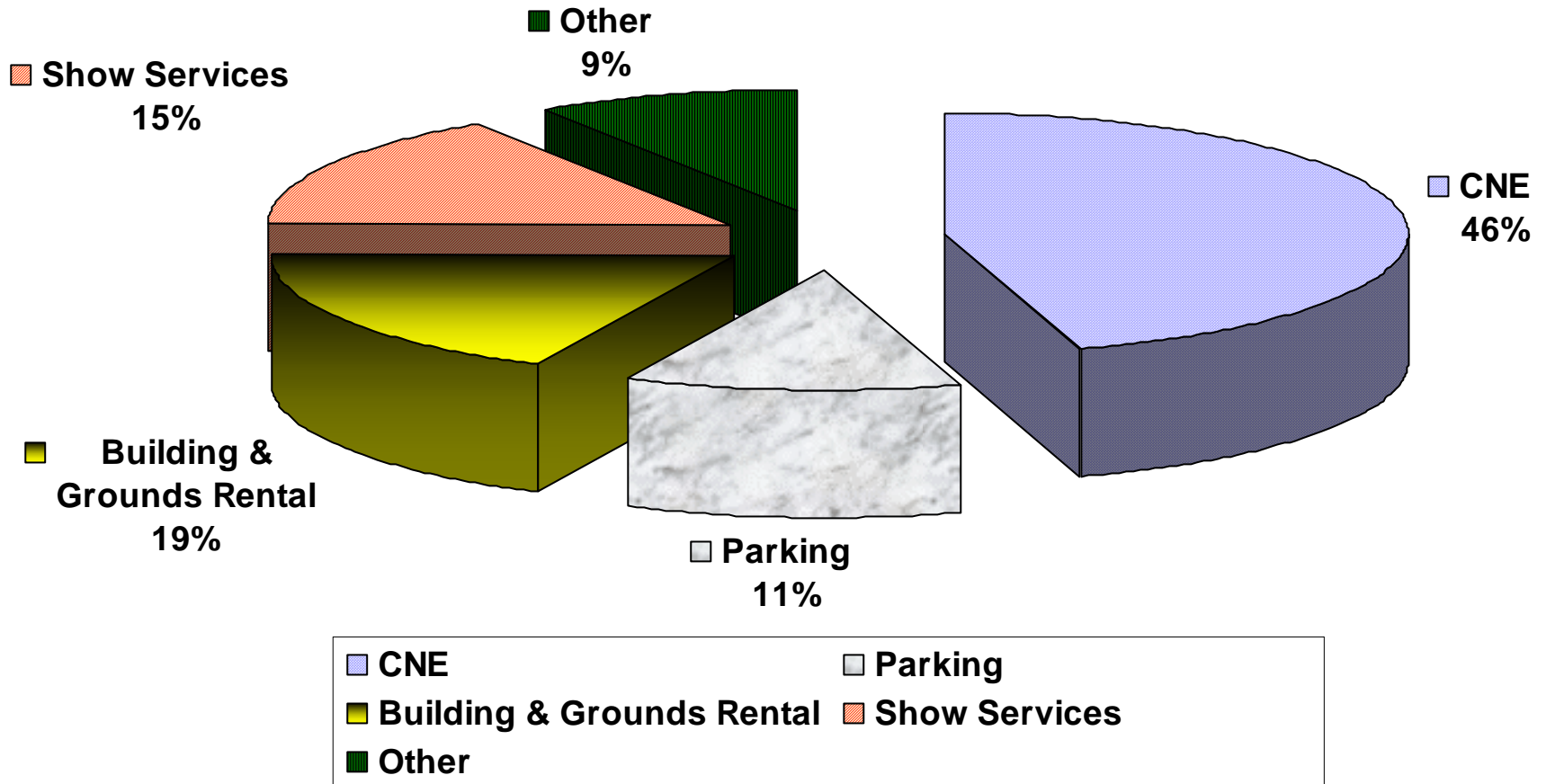
CONSOLIDATED OPERATING BUDGET NET OPERATING INCOME (LOSS) - \$000's



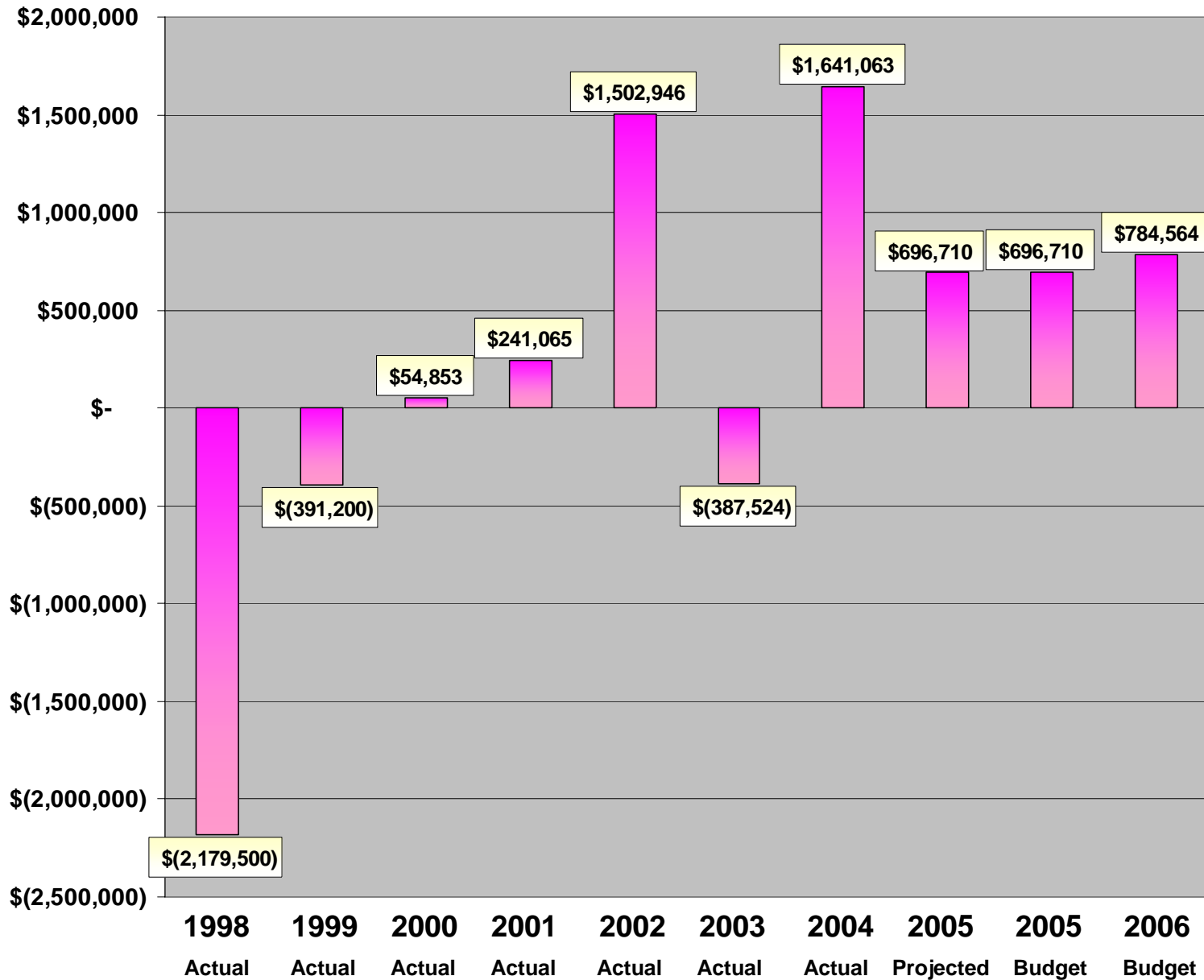
CONSOLIDATED EXHIBITION PLACE REVENUE

2006 Operating Budget

Total \$47,611,996

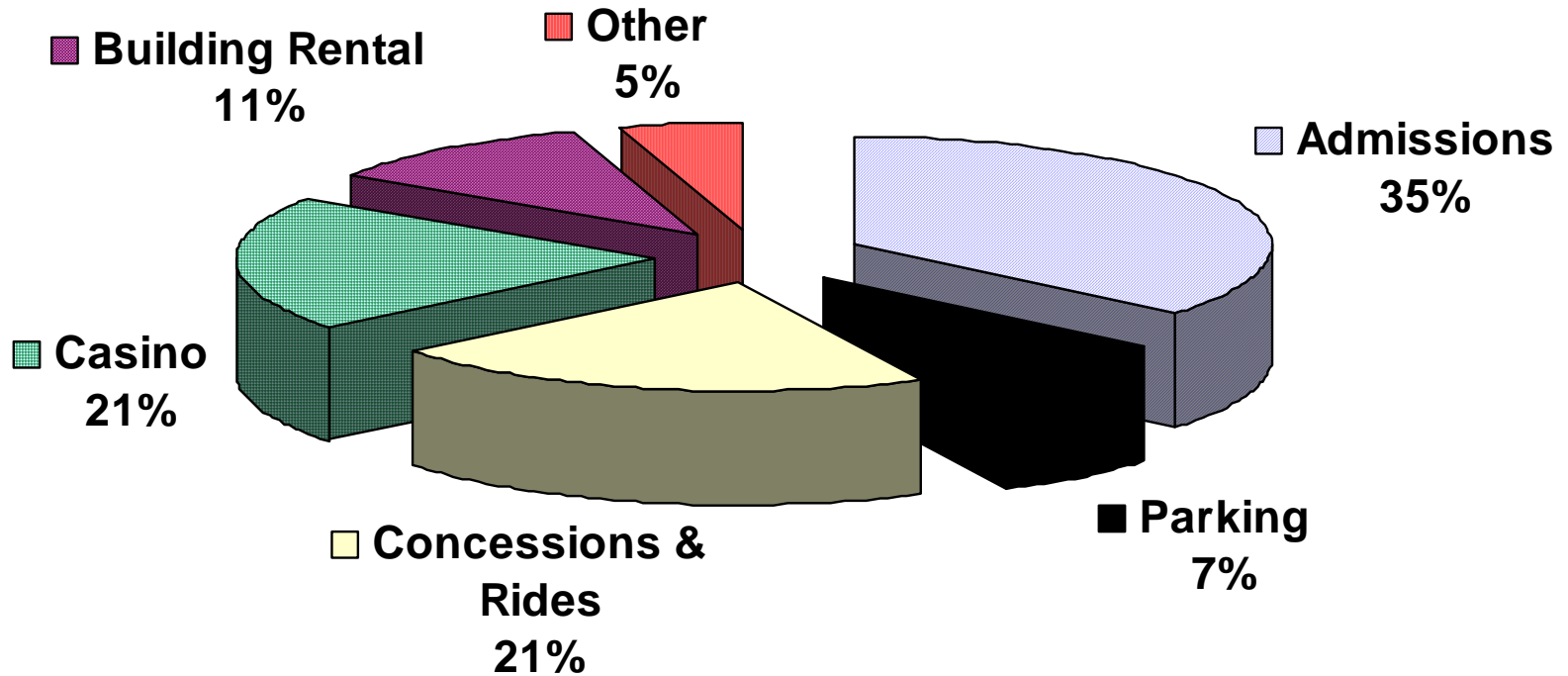


CANADIAN NATIONAL EXHIBITION – Net Income (Loss)

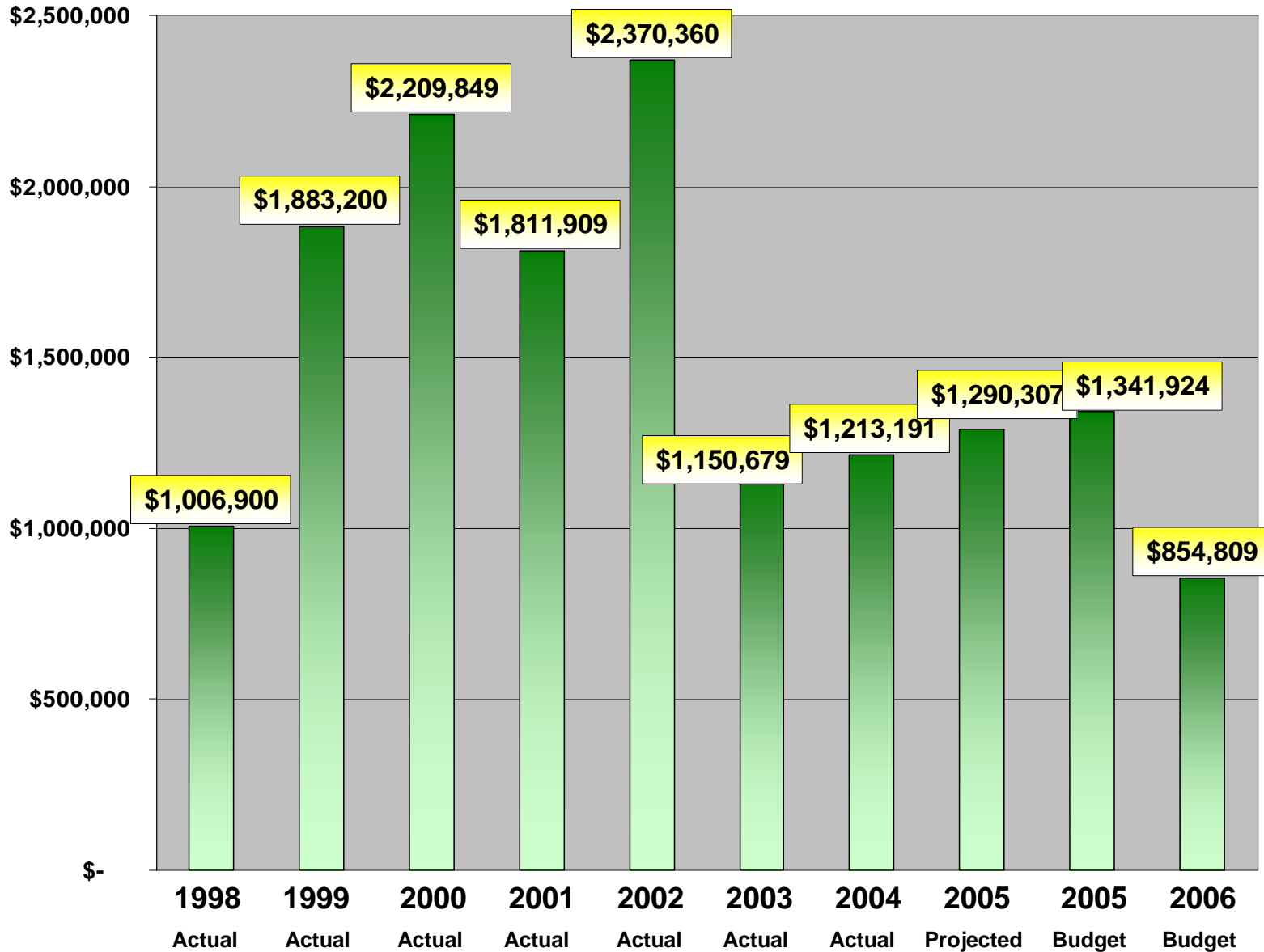


CANADIAN NATIONAL EXHIBITION REVENUE

Total \$21,510,754

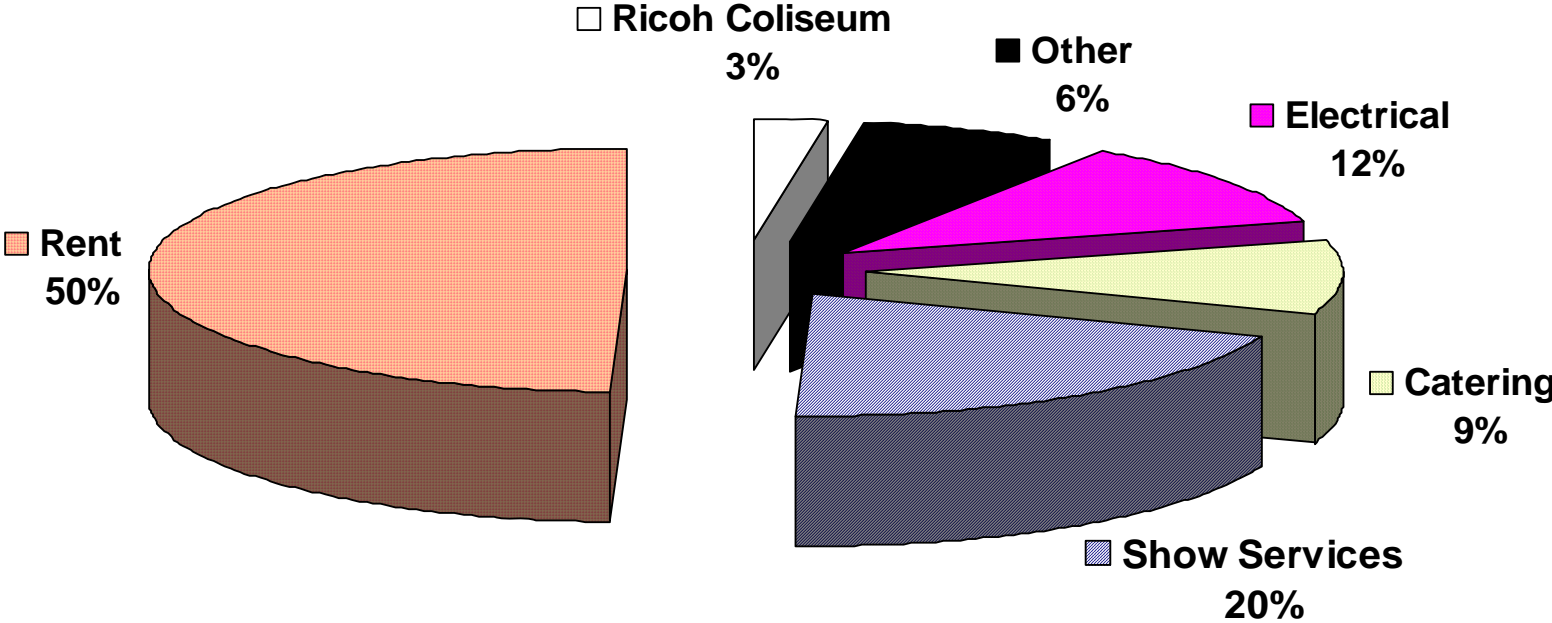


NATIONAL TRADE CENTRE - Net Income

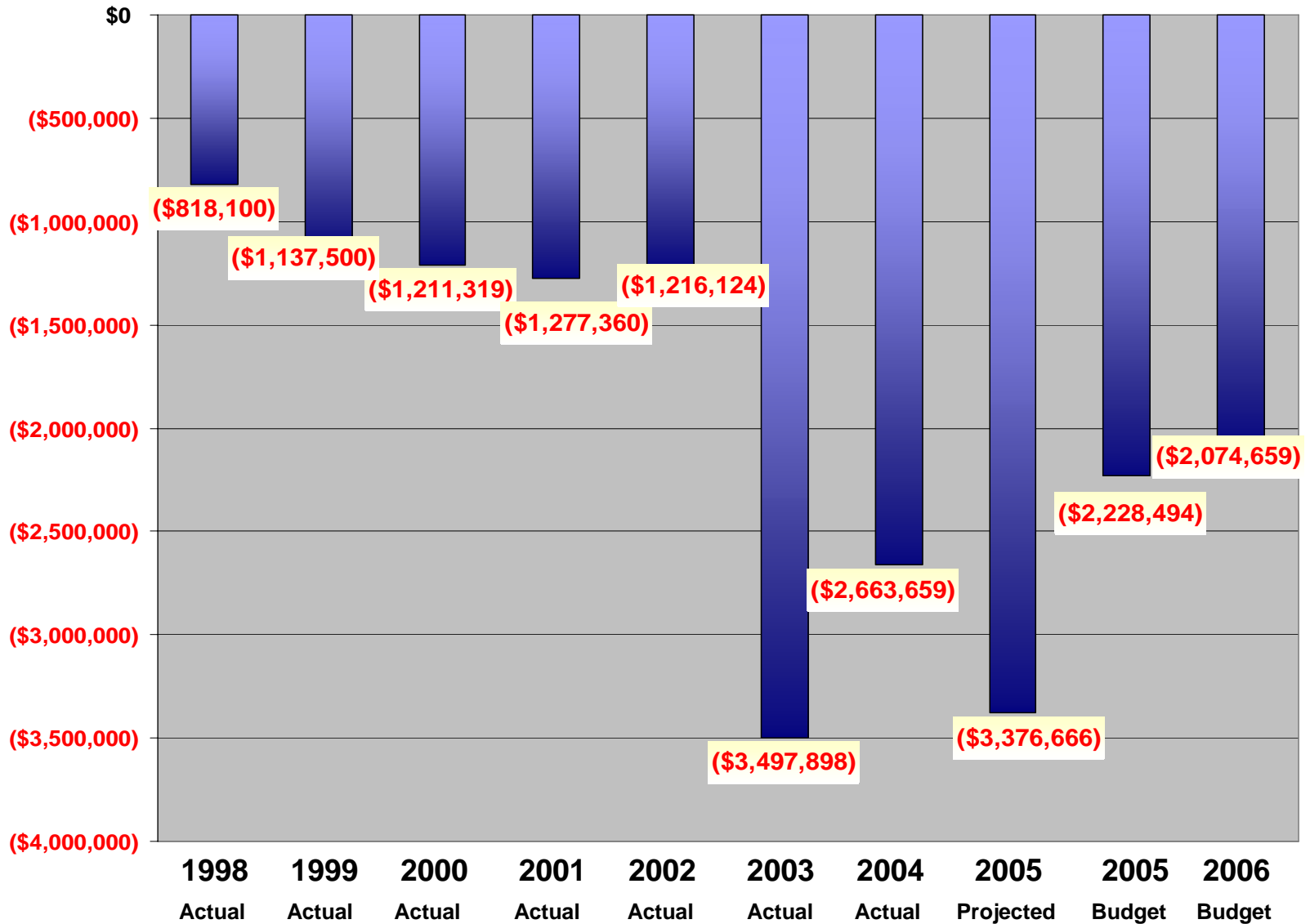


NATIONAL TRADE CENTRE REVENUE

Total \$13,593,987



EXHIBITION PLACE OPERATIONS - Net Expenses



EXHIBITION PLACE OPERATIONS REVENUE

Total \$12,071,969

