



## City Budget 2012

## Exhibition Place Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for City services.

# 2012–2021 Operating Budget

## 2012 OPERATING BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

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## PART I: RECOMMENDATIONS

### 2012 Recommended Operating Budget (In \$000s)

(In \$000s)	2011		2012 Recommended Operating Budget			Change - 2012 Recommended Operating Budget v. 2011 Appvd. Budget		FY Incremental Outlook	
	2011 Appvd. Budget	2011 Projected Actual	2012 Rec. Base	2012 Rec. New/Enhanced	2012 Rec. Budget	\$	%	2013	2014
	\$	\$	\$	\$	\$			\$	\$
<b>GROSS EXP.</b>	64,271.8	64,271.8	64,765.0		64,765.0	493.2	0.8		
<b>REVENUE</b>	64,225.1	64,225.1	64,770.3		64,770.3	545.2	0.8		
<b>NET EXP.</b>	46.7	46.7	(5.3)		(5.3)	(52.0)	(111.3)		
<b>Approved Positions</b>	529.5	259.5	529.5		529.5	-	-		

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction vs. 2012 Rec'd Reduction	Target %
2012 Reductions	(6,378.3)	(52.0)	(6,326.3)	0.1%

## Recommendations

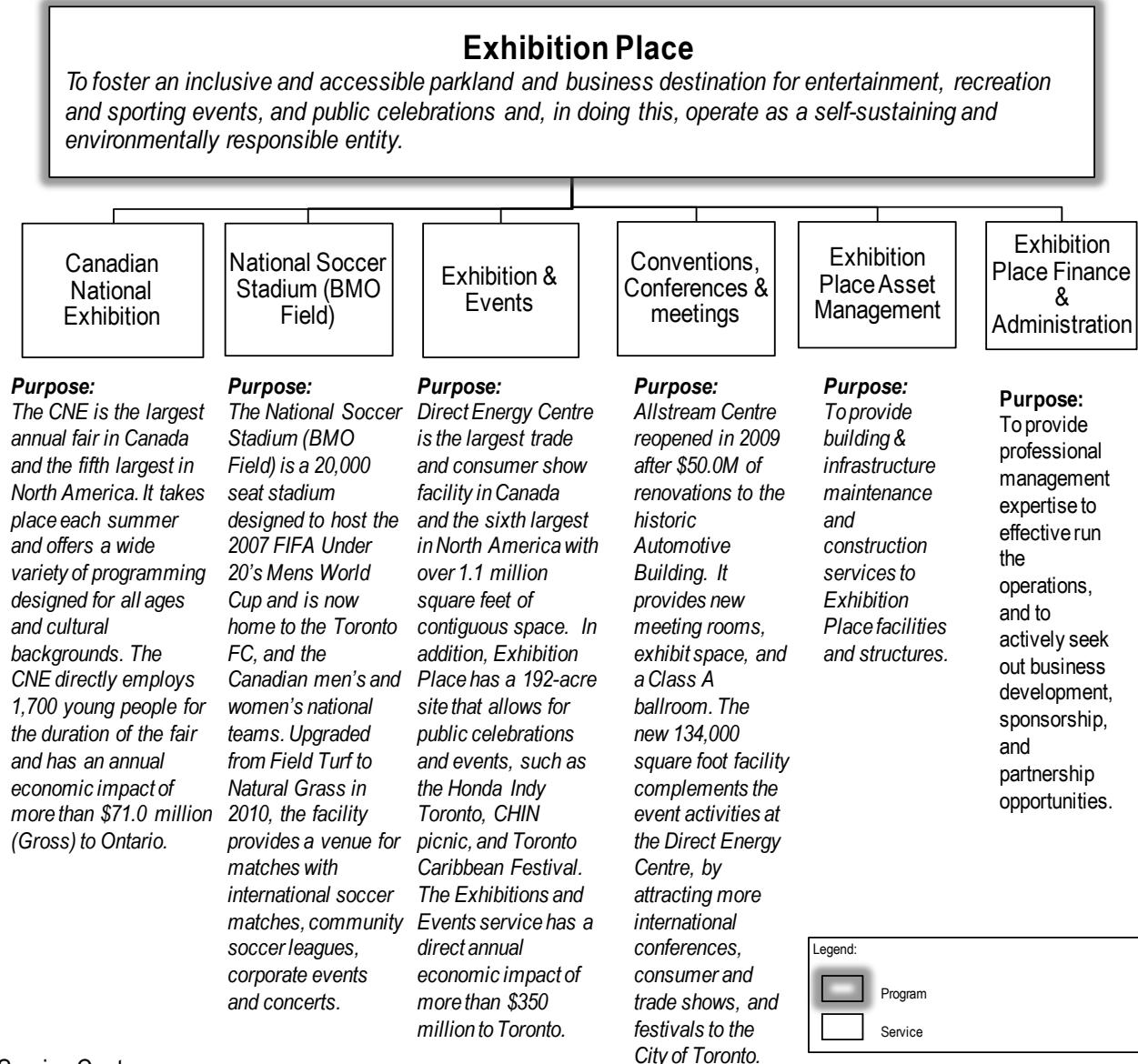
The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2012 Recommended Operating Budget for Exhibition Place of \$64.765 million gross and (\$0.005) million net, comprised of the following services:

<u>Service(s):</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Exhibition Place & Direct Energy Centre	27,055	(1,045)
Canadian National Exhibition	24,097	800
National Soccer Stadium	9,349	250
Allstream Conference Centre	4,264	0
<b>Total Program Budget</b>	<b>64,765</b>	<b>(0.005)</b>

## PART II: 2012 SERVICE OVERVIEW AND PLAN

### Program Map and Service Profiles



**Service Customer**

**Canadian National Exhibition**

- Fairgoer / Visitor
  - Adults
  - Seniors
  - Children
  - Students

**National Soccer Stadium (BMO Field)**

- Lessors
- Toronto FC
- MLSE

**Exhibition Place Finance & Administration**

- Business Partners
- Sponsors and Naming Partners
- Long-term tenants
- City of Toronto
- Provincial and Federal Governments

**Exhibition & Events**

- Event Organizer
- Exhibitors
- Leased Tenants (10 long-term tenants)
- Parking Patron

**Exhibition Place Asset Management**

- Exhibition Place Services

**Conventions, Conferences & Meetings**

- Associations
- Corporations
- Local and International businesses and organizations
- Government
- Not-for-Profits and Community Organizations
- Conference Attendees

## 2012 Recommended Service Levels

Service	Type	Sub-Type	2011 Current Service Level	2012 Proposed Service Level
Canadian National Exhibition	Midway	Rides	100% compliance TSSA Standard	100% compliance TSSA Standard
		Games	100% compliance with CNEA Concession and Review Policy	100% compliance with CNEA Concession and Review Policy
	Entertainment	Air show	100% compliance with NavCan regulations	100% compliance with NavCan regulations
		Cat Show	100% compliance with negotiated obligations	100% compliance with negotiated obligations
		Dog Show	100% compliance with negotiated obligations	100% compliance with negotiated obligations
		International Stage	100% compliance with negotiated obligations	100% compliance with negotiated obligations
		Bandshell	100% compliance with negotiated obligations	100% compliance with negotiated obligations
		Park Entertainment	100% compliance with negotiated obligations	100% compliance with negotiated obligations
		Shopping	100% compliance with CNEA Rules & Regulations	100% compliance with CNEA Rules & Regulations
		Casino	100% compliance with AGCO Rules & Regulations	100% compliance with AGCO Rules & Regulations
		Celebrity Appearances	100% compliance with negotiated obligations	100% compliance with negotiated obligations
	Sports	Baseball	Hosted 32 teams across Ontario	Host 32 or more teams across Ontario
		KidsWorld	To Operate for the duration of the CNE	To Operate for the duration of the CNE
	Education	Farm pavilion	To Operate for the duration of the CNE	To Operate for the duration of the CNE
		General Displays (Horticulture, etc)	To Operate for the duration of the CNE	To Operate for the duration of the CNE
	Culinary (Food)	Concession Stands	To Operate for the duration of the CNE	To Operate for the duration of the CNE
		Food Building	To Operate for the duration of the CNE	To Operate for the duration of the CNE
		Cooking Demonstrations	To Operate for the duration of the CNE	To Operate for the duration of the CNE

Service	Type	Sub-Type	2011 Current Service Level	2012 Proposed Service Level
<b>National Soccer Stadium (BMO Field)</b>	Soccer		Toronto FC (19 games) achieving 84% capacity	Toronto FC (19 games) achieving 84% or more capacity
	Corporate Functions /Private Parties		65% utilization	<b>70% utilization</b>
	Community Use		100% compliance for contracted community usage	100% compliance for contracted community usage
	National / International Friendlies		80% capacity of 21,000 seats	80% or more capacity of 21,000 seats
	Guest Services:	Food & Beverage	\$8.00 food & beverage sales per attendee	<b>\$8.25 food &amp; beverage sales per attendee</b>
		Parking	\$2.00 Parking sales per attendee	\$2.00 Parking sales per attendee
		Merchandise	\$2.80 merchandise sales per attendee	\$2.80 merchandise sales per attendee
<b>Exhibitions &amp; Events</b>	Event (Space):	Trade & Consumer	100% compliance with negotiated terms	100% compliance with negotiated terms
		Meetings & Corporate	100% compliance with negotiated terms	100% compliance with negotiated terms
		Community / Festivals / City of Toronto / Sporting / Photo & Film	100% compliance with negotiated terms	100% compliance with negotiated terms
		Major Citywide celebrations & special events (Pan Am Games, World Youth Day, G8/G20 International Media)	100% compliance with negotiated terms	100% compliance with negotiated terms
	Guest Services:	Food & Beverage	\$4.75 food & beverage sales per attendee	<b>\$5.03 food &amp; beverage sales per attendee</b>
		Facility Support (electrical, cleaning, Theatrical, and IT/ Telecom)	\$0.65 of Service Revenue per \$1 of Rent Revenue	<b>\$0.73 of Service Revenue per \$1 of Rent Revenue</b>

Service	Type	Sub-Type	2011 Current Service Level	2012 Proposed Service Level
<b>Conventions, Conference &amp; Meetings (Allstream Centre)</b>	Event (Space):	Conventions, Conferences, Meetings, Examinations & Gala	100% compliance with negotiated terms	100% compliance with negotiated terms
	Guest Services:	Food & Beverage	\$61.25 food & beverage sales per attendee	<b>\$61.50 food &amp; beverage sales per attendee</b>
		Facility Support (electrical, cleaning, Theatrical, and IT/ Telecom)	\$0.40 of Service Revenue per \$1 of Rent Revenue	<b>\$0.41 of Service Revenue per \$1 of Rent Revenue</b>
<b>Assets Management</b>	Facilities, Parks, Parking Lots, Roads & Sidewalks		Maintain Parking Lots, Roads & Sidewalks in good condition for public access Increase sustainability of Exhibition Place Asset Reduce failure of Exhibition Place Assets Effective investment of Capital funds Ensure preservation of Historical site and area	Maintain Parking Lots, Roads & Sidewalks in good condition for public access Increase sustainability of Exhibition Place Asset Reduce failure of Exhibition Place Assets Effective investment of Capital funds Ensure preservation of Historical site and area
	Waste Management		90% waste diversion	90% waste diversion
	Fleet & Equipment Maintenance		Maintain 43 of vehicles and 73 pieces of equipment	Maintain current 43 of vehicles and 73 pieces of equipment and additional acquisitions
<b>Exhibition Place Parking Access</b>	Parking lots		100% of 6192 parking spaces available and accessible for all major events Variable labour cost ratio of 9% of revenue	100% of 6192 parking spaces available and accessible for all major events Variable labour cost ratio of 9% of revenue

Service	Type	Sub-Type	2011 Current Service Level	2012 Proposed Service Level
<b>Exhibition Place Management &amp; Administration</b>	Financial Management		100% compliance with GAAP Manage financial resources Seek new revenue opportunities	100% compliance with GAAP Manage financial resources more efficiently Seek new revenue opportunities
	Human Resources Management		100% compliance with HR & Payroll standards	100% compliance with HR & Payroll standards
	Grounds Security		Ensure a safe and secure environment for employees, guests and for our property and our assets	Ensure a safe and secure environment for employees, guests and for our property and our assets
	Governance & Board Management		A 5-year business plan for Exhibition Place: Integrate each of the business enterprises across Exhibition Place to stimulate local and regional economic growth and promote Exhibition Place as an international centre of business excellence	A 5-year business plan for Exhibition Place: Integrate each of the business enterprises across Exhibition Place to stimulate local and regional economic growth and promote Exhibition Place as an international centre of business excellence
	Information Management		24/7 access control Manage information system	24/7 access control Manage information system
	Marketing & Promotion		Developing an annual marketing plan for pursuing new event businesses and ensure competitiveness Maintain a strong relationship with Tourism Toronto Advertisements in trade magazines & attendance trade/expo events Leverage the multiple business enterprises and the types of events on site Grow our new events business	Developing an annual marketing plan for pursuing new event businesses and ensure competitiveness Maintain a strong relationship with Tourism Toronto Advertisements in trade magazines & attendance trade/expo events Leverage the multiple business enterprises and the types of events on site Grow our new events business
	Long-term Tenant Support		\$10.43 per Square foot of long term tenant space supported	\$10.43 per Square foot of long term tenant space supported
	Sponsorship and Partnership Development		100% compliance with negotiated terms	100% compliance with negotiated terms
	Property Development		Depending on Council approval-Hotel approved for development in 2012 and festival plaza concept design in progress	Depending on Council approval-Hotel approved for development in 2012 and festival plaza concept design in progress
	Heritage Site Preservation		100% compliance with heritage standards	100% compliance with heritage standards Expand our public outreach program focusing on the heritage of our grounds

## 2012 Service Deliverables

The 2012 Recommended Operating Budget of \$64.765 million gross, (\$0.005) net revenue will provide funding for:

- ✓ The Exhibition Place Operations & the Direct Energy Centre to continue to host City celebrations and events that attract international visitors, such as the Toronto Caribbean Festival, CHIN Picnic and the Honda Indy Toronto. The Direct Energy Centre will host national and community events and shows such as the Royal Agricultural Winter Fair, the Boat Show, the National Home Show, the One of a Kind Craft Show and Hostex.
- ✓ The Canadian National Exhibition (CNE) to stage the largest annual fair in Canada, which offers a wide variety of programming for all ages and cultural backgrounds. The CNE also employs 1,700 youths and attracts more than \$48.0 million in economic activity to the Toronto area every August.
- ✓ The National Soccer Stadium (BMO Field) to provide a venue for major league soccer matches, concerts, community use, corporate functions and private parties.
- ✓ The Allstream Conference Centre to operate the new venue for its second year. The new facility provides meeting room, exhibit space, and a Class A ballroom to complement the event activity at the Direct Energy Centre. The centre will help in attracting more international conferences, conventions, consumer and trades shows and festivals to the City.

## PART III: RECOMMENDED BASE BUDGET

### 2012 Recommended Base Budget (In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change 2012 Recommended Base v. 2011 Appvd. Budget		FY Incremental Outlook	
			\$	%	2013	2014
	\$	\$			\$	\$
<b>GROSS EXP.</b>	64,271.8	64,765.0	493.2	0.8		
<b>REVENUE</b>	64,225.1	64,770.3	545.2	0.8		
<b>NET EXP.</b>	46.7	(5.3)	(52.0)	(111.3)		
<b>Approved Positions</b>	529.5	529.5	(1.0)	(0.2)		

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 1Rec'd Reduction vs. 2012 10% Reduction Target	Target %
<b>2012 Reductions</b>	(6,378.3)	(52.0)	(6,326.3)	0.1%

### 2012 Recommended Base Budget

- The 2012 Recommended Base Budget for Exhibition Place of \$64.765 million gross and \$0.005 million net is \$0.052 million below the 2011 Approved Operating Budget.
- The 2012 Recommended Base Budget reduction of \$0.052 million is \$6.326 million over the 2011 reduction target of \$6.378 million.
- The 2012 Recommended Budget includes no change to the 2011 approved staff complement of 529.5 positions.

### 2012 Recommended Staff Complement – Base Budget Summary

Changes	Staff Complement
<b>2011 Approved Positions</b>	529.5
- 2011 In-year Adjustments	
2011 Approved Staff Complement	<b>529.5</b>
<b>2012 Recommended Staff Complement Changes</b>	
- 2012 Temporary Positions - Capital Project Delivery	
- 2012 Operating Impacts of completed Capital Projects	
- 2012 Service Changes	
<b>Total Recommended Positions</b>	<b>529.5</b>

### 2012 Recommended Service Change Summary (In \$000s)

Description	2012 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% of 2012 Budget Reduction Target	2013		2014	
	#	\$	\$	%	\$	# Pos.	\$	# Pos.
<b>Base Changes:</b>								
<b>Base Expenditure Changes</b>	529.5							
Economic Factors-Labour Related Costs		862.0	862.0	1.4%				
Adjustment to Non-Salary increase based on Actual Experience		(169.7)	(149.4)	(0.2%)				
Reduced Expenditures CNEA		(200.0)	(200.0)	(0.3%)				
<b>Base Expenditure Changes</b>	<b>529.5</b>	<b>492.3</b>	<b>512.6</b>	<b>0.8%</b>				
<b>Base Revenue Changes</b>								
Red. of draw from CCRF for Sportsman			200.0	0.3%				
Revenue increases			(765.5)	(1.2%)				
<b>Base Revenue Changes</b>	<b>-</b>	<b>-</b>	<b>(565.5)</b>	<b>(0.9%)</b>				
<b>Sub-Total Base Budget Changes</b>	<b>529.5</b>	<b>492.3</b>	<b>(52.9)</b>	<b>(0.1%)</b>				
<b>Service Efficiencies</b>								
<b>Revenue Adjustments:</b>								
<b>Minor Service Impact:</b>								
<b>Major Service Impact:</b>								
<b>Total Service Changes</b>		<b>492.3</b>	<b>(52.9)</b>	<b>(0.1%)</b>				

## 2012 Recommended Base Changes

- The 2012 service changes consist of base budget changes that total \$0.492 million gross and \$0.512 million net reduction.

### Base Expenditure Changes

#### *Economic Factors Labour Related Costs*

- An increase of \$0.862 million is required, including \$0.623 million for step and merit increases and \$0.240 for COLA and Fringe Benefits increases.

#### *Adjustments to Non-Salary Expenses based on Actual Experience*

- Based on a detailed review of 2011 spending various non-salary expenditures will result in a total reduction of \$0.170 million gross resulting in a savings of \$0.149 million net. These non-salary expenses include various materials and supplies, and services and rents.

#### *Decreased expenditure on the Canadian National Exhibition Association (CNEA)*

- Based on a renegotiation of the service agreement with CNEA, expenditures by Exhibition Place will be reduced by \$0.200 million.

## Base Revenue Adjustments

*Reduction in Contribution from the Conference Centre Reserve Fund (CCRF) for Sportsman show loss (\$.200 million)*

- In 2010 Council approved the use funds from the Conference Centre Reserve Fund to cover an unexpected operating shortfall resulting from the loss of the Sportsman show following their decision to prohibit guns in City Facilities. The draw from the CCRF will be reduced by \$0.200 million, from \$0.300 million in 2011 to \$0.100 million in 2012. 2012 is the final year of the Council approved use of the CCRF for the Sportsman Show loss. Contributions from CCRF were \$0.473 million in 2010 and \$0.300 million in 2011.

*Revenue Increases (\$0.766 million)*

- The increase in revenue of maintains current service levels for: Direct Energy Centre/Ex. Pl. (increase of \$0.738 million), Allstream (increase of \$0.146 million), BMO (decrease of \$0.301 million).
- Allstream revenue is in its third year of operation and the increased revenue is indicative of increased activity with events ramping up.
- The reduction in BMO revenue reflects a reduction of international matches from 6 to 2 games in 2012.

## 2012 Recommended Service Changes

- There are no Service Changes included in the 2012 Recommended Operating Budget.

## 2013 and 2014 Outlook:

- There are no incremental pressures projected for 2013 and 2014 as Exhibition Place absorbs all future year pressures as part of their ongoing business model.

## PART V: ISSUES FOR DISCUSSION

### 2012 and Future Year Issues

#### 2012 Issues

##### *Core Service Review Approvals*

- At its meeting of September 26 and 27, 2011 City Council approved the report 'Core Service Review – Final Report to Executive Committee' from the City Manager. The City Manager was directed to review efficiency related opportunities for various program areas to determine whether and in what manner implementation is appropriate through the 2012, 2013 and 2014 Operating Budgets.
- The following reviews were recommended for Exhibition Place:
  - The City Manager, in consultation with the General Manager of Exhibition Place, to negotiate, and report on an agreement for separation and governance arrangements between Exhibition Place and the Canadian National Exhibition Association (CNEA).
  - The Exhibition Place Board of Governors to prepare a development plan for Exhibition Place to increase annual revenues, and report back to Executive Committee in early 2012.
  - The City Manager to work with the Provincial Government on potential partnership opportunities related to the governance, and operations of the Exhibition Place and Ontario Place, and report back to Executive Committee as required.
- These reviews are pending and the City Manager will be reporting, as appropriate, to Standing Committee and/or City Council or through the City's operating budget processes.
- The Board of Governors is working with the City and the Canadian National Exhibition Association to bring forward a process whereby the CNEA will become operationally and financially independent from both the Board and the City effective January 1, 2013. A report is anticipated for Executive Committee's consideration in January 2012. The intention is not to make any substantial changes to the financial agreements between the Board of Governors and the CNEA. The proposed process is not expected to impact the 2012 Recommended Operating Budget for Exhibition Place.

##### *Loss of the Toronto Sportsmen's Show*

- From 1956 to 2009, 53 years, the Toronto Sportsmen's Show has been held at Exhibition Place's facilities, but because of a Council decision prohibiting guns in City facilities, this major show could no longer be held at Exhibition Place. Therefore, in

2010, City Council approved amendments to Municipal Code 227, Schedule 14, and to the loan agreement between the Board of Governors of Exhibition Place and the City dated January 12, 2009, to revise the purpose of the Reserve Fund to support Exhibition Place's operating shortfalls between 2010 and 2012 with full recovery and no shortfalls by 2013.

- The loss of the Toronto Sportsmen's Show resulted in net revenue reductions of \$0.873 million in 2010. The Program made up approximately half of the lost revenues, resulting in a net budgetary pressure of \$0.473 million in 2010. Shortfalls arising from the lost show were \$0.300 million in 2011 and projected to be \$0.100 million in 2012, the final year the agreement.

### ***Allstream Conference Centre***

- The Allstream Conference Centre is a new conference facility. Renovations and upgrades to the historic Automotive Building were completed in October 2009 to provide new meeting rooms, exhibit space, and a Class A ballroom.
- City Council, at its meeting of December 10, 11, 12, 13 and 14, 2007, approved a loan to The Board of Governors of Exhibition Place" in the amount of \$35.6 million (the "Loan") for funding the renovation of the Automotive Building at Exhibition Place to construct a conference centre facility. The project was completed in 2010 and repayment of the loan, including principal and interest started in 2011.
- The Exhibition Place Conference Centre Reserve Fund (CCRF) was established in 2008 to provide a source of funding for any shortfalls in loan payments to the City from Exhibition Place for the new conference centre. Funds may be withdrawn by the Deputy City Manager/Chief Financial Officer should there be a funding short fall in loan payments to the City from Exhibition Place on an as needed basis.
- Withdrawal from the Conference Centre Reserve Fund to cover temporary shortfalls in loan payments to the City from Exhibition Place for the new Allstream Conference Centre was \$2.275 million in 2011, will be reduced to \$2.225 million in 2012, and will be further reduced to \$2.175 million in 2013.
- Contributions to the Conference Centre Reserve Fund from Naming Rights revenue will be \$1.168 million per year for 2012 and 2013.
- The projected Reserve Fund balance at the end of 2013 is estimated to be \$0.436 million, resulting from future naming fee contributions net of loan payments and the recommended funding to cover operating shortfalls from the Sportsmen's Show from 2011 to 2013.
- Exhibition Place will continue to contribute future operating surpluses (if any) into the Conference Centre Reserve Fund, originally established for 3 years, 2010, 2011, and 2012, subject to an annual review through the Operating Budget process.

## Appendix 1

### 2011 Performance

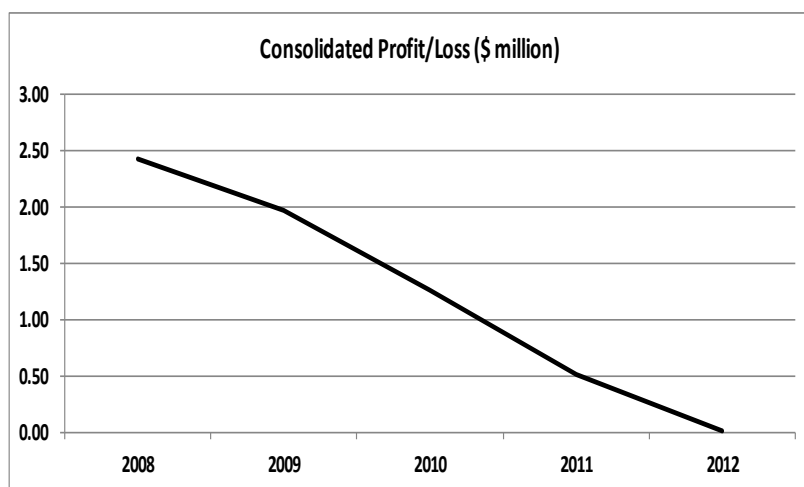
#### 2011 Key Accomplishments:

Exhibition Place's major Accomplishments in 2011 are highlighted below:

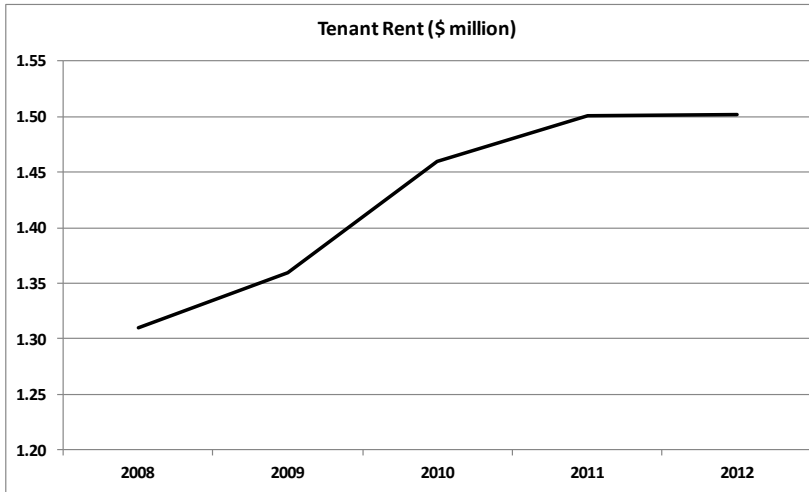
- ✓ Maintained outstanding customer service.
- ✓ Promoted safety in the workplace.
- ✓ Achieved the financial targets.
- ✓ Improved attendance.
- ✓ Continued to promote environmental initiatives.
- ✓ Continued to develop community use of the grounds
- ✓ Diversification of customer target group for shows and events to include more film shoots, religious and cultural events and private functions
- ✓ Continued improvements to the gates admission process
- ✓ Continued implementation of the strategy for energy efficient capital upgrades for the non-tenanted buildings

#### 2011 Performance

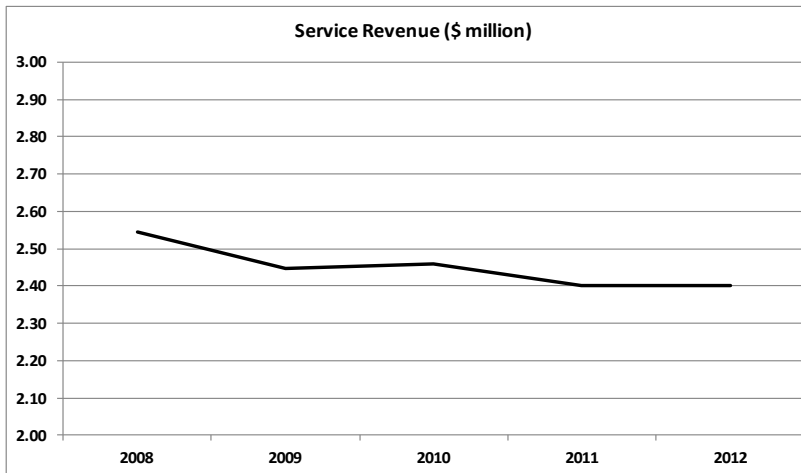
##### Effectiveness



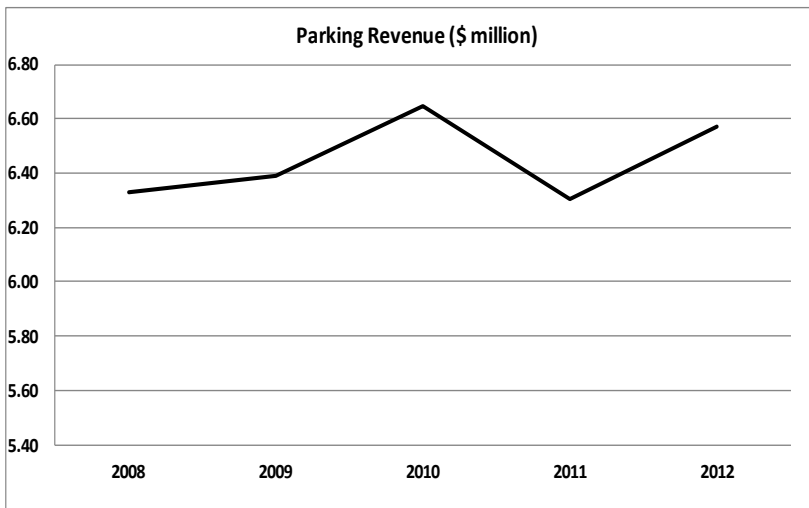
Exhibition Place achieved operating surpluses from 2008 to 2011. Pressures from repayment of the Allstream Centre will result in a "break-even" budget for the near future until Allstream can build a client base.



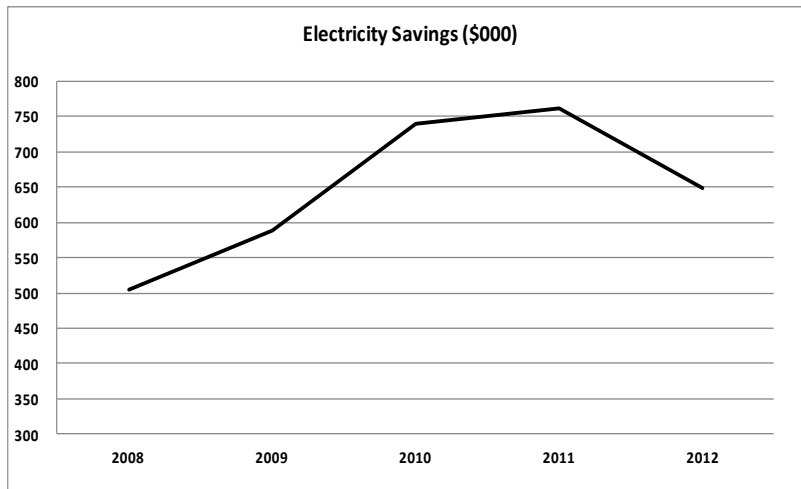
Revenues from ongoing Tenants continue to increase to offset increases in cost.



Exhibition Place continues to make a stabilized contribution of \$2.5 million annually (net of costs) from selling and managing services to show clients.



Revenue from parking services offered to visitors remains stabilized at \$6.5 million annually and provides approximately 10% of total Exhibition Place's revenue.



Savings in electricity costs reached a peak in 2010 of \$0.750 million. Savings continue to offset increases in energy costs. Further savings are dependent on future Green Energy Projects. Exhibition Place continues to look for alternative sources of funding for Green Energy Projects

## 2011 Budget Variance Analysis

### 2011 Budget Variance Review (In \$000s)

(In \$000s)	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	62,360.3	62,571.0	64,271.8	64,271.8		
<b>REVENUES</b>	64,278.0	63,833.7	64,225.1	64,780.1	555.0	0.9
<b>NET EXP.</b>	(1,917.7)	(1,262.7)	46.7	(508.3)	(555.0)	(1,188.4)
<b>Approved Positions</b>	529.5	529.5	529.5	529.5		

## 2011 Experience

- Exhibition Place reported favourable net expenditure variance of \$0.508 million for the 9 months ended September 30, 2011. This favourable variance was primarily the result of increased revenue from CNEA and increased revenue due to additional new businesses at Exhibition Place.

### Impact of 2011 Operating Variance on the 2012 Recommended Budget

- The 2011 Operating Variance has no impact on the 2012 Recommended Budget as the 2011 revenue increase is not projected to continue in 2012.

## Appendix 2

### 2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

#### Program Summary by Expenditure Category (In \$000s)

Category of Expense	2009	2010	2011	2011	2012	2012 Change from		2013	2014
	Actual	Actual	Budget	Projected Actual	Budget	2011 Approved Budget	%	Outlook	Outlook
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	32,813.0	36,341.6	36,671.2	36,671.2	37,534.1	862.9	2.4%	38,284.8	39,050.5
Materials and Supplies	4,257.6	4,567.1	5,520.7	5,520.7	5,476.9	(43.8)	(0.8%)	5,586.4	5,698.2
Equipment	216.0	156.3	177.2	177.2	176.8	(0.4)	(0.2%)	180.3	183.9
Services & Rents	39,587.7	38,211.0	36,306.6	36,306.6	36,233.8	(72.8)	(0.2%)	36,897.4	37,573.5
Contributions to Capital									
Contributions to Reserve/Res Funds	965.8	974.9	954.7	954.7	976.8			980.9	985.1
Contributions to CCRF Naming Rights			1,168.0	1,168.0	1,168.0			1,168.0	1,168.0
Other Expenditures	(14,421.7)	(16,150.1)	(16,526.6)	(16,526.6)	(16,801.3)			(16,923.1)	(17,261.6)
Interdivisional Charges									
<b>TOTAL GROSS EXPENDITURES</b>	<b>63,418.4</b>	<b>64,100.8</b>	<b>64,271.8</b>	<b>64,271.8</b>	<b>64,765.1</b>	<b>745.9</b>	<b>1.2%</b>	<b>66,174.7</b>	<b>67,397.6</b>
Interdivisional Recoveries									
Grants from others									
Other Subsidies									
User Fees & Donations	64,189.1	63,309.6	61,499.0	61,499.0	62,293.3	794.3	1.3%	63,634.6	64,910.9
Transfers from Capital Fund	429.7								
Contribution from Reserve Funds	717.5	138.7	129.0	129.0	129.0			129.0	129.0
Contrib. from CCRF (Sportsman Show)		472.5	300.0	300.0	100.0				
Contrib. from CCRF (Allstream)		369.7	1,129.1	1,129.1	1,080.0	(49.1)	(4.3%)	1,073.4	1,049.5
Naming Rights (CCRF)		1,073.1	1,168.0	1,168.0	1,168.0			1,168.0	1,168.0
<b>TOTAL REVENUE</b>	<b>65,336.3</b>	<b>65,363.6</b>	<b>64,225.1</b>	<b>64,225.1</b>	<b>64,770.3</b>	<b>745.2</b>	<b>1.2%</b>	<b>66,005.0</b>	<b>67,257.4</b>
<b>TOTAL NET EXPENDITURES</b>	<b>(1,917.9)</b>	<b>(1,262.8)</b>	<b>46.7</b>	<b>46.7</b>	<b>(5.2)</b>	<b>(51.9)</b>	<b>(111.1%)</b>	<b>169.7</b>	<b>140.2</b>
<b>APPROVED POSITIONS</b>	<b>529.5</b>	<b>529.5</b>	<b>529.5</b>	<b>529.5</b>	<b>529.5</b>	<b>0.0</b>	<b>0.00</b>	<b>529.5</b>	<b>529.5</b>

### 2012 Key Cost Drivers

- Salaries and Benefits are the largest expenditure category and account for 58% of the total expenditures, followed by Services and Rents at 55.9%, and Materials and Supplies at 8.5%.
- Exhibition Place has offset a 2.4% increase in Salaries and Benefits in 2012 with a 1.2% or \$0.794 million increase in revenue mostly through increases in contributions from tenants. Increases in expenditures continue to be funded from additional revenues.
- Expenditures on materials and supplies, equipment and services and rents have remained relatively constant since 2010 demonstrating the effectiveness of the cost control methods utilized by Exhibition Place.

- A draw of \$2.225 million from the Allstream Reserve Fund is required to offset the shortfall in revenue to contribute to repayment of Principal, and interest for the \$38.7 million Allstream Loan. Draw from the reserve will be reduced to \$2.175 million in 2013 due to a projected increase in revenue from the maturing Allstream business.
- Contributions to the Conference Centre Reserve Fund from Naming Rights revenue will be \$1.168 million per year for 2012 and 2013
- Exhibition Place will continue to contribute future operating surpluses (if any) into the Conference Centre Reserve Fund, for 2012, subject to an annual review through the Operating Budget Process. This is the final year of the 2010, 3 -year agreement.
- 2013–2014 Outlook: There are no incremental pressures projected for 2013 and 2014 as Exhibition Place absorbs all future year pressures as part of their ongoing business model.

## Appendix 5

### Inflows / Outflows / from Reserves & Reserve Funds

#### Program Specific Reserve/ Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2011	2013	2014
			\$	\$	\$
Conference Centre Reserve Fund	XR 3019	Projected Beginning Balance*	3,538.0	2,358.0	2,358.0
		Proposed Withdrawals (-)	(2,348.0)		
		Contributions (+)	1,168.0		
		<b>Balance at Year-End</b>	<b>2,358.0</b>	<b>2,358.0</b>	<b>2,358.0</b>
Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2011	2013	2014
			\$	\$	\$
Vehicle Equipment Reserve - Exhibition Place	XQ1702	Projected Beginning Balance*	40.6	20.4	20.4
		Proposed Withdrawals (-)	(350.0)		
		Contributions (+)	329.8		
		<b>Balance at Year-End</b>	<b>20.4</b>	<b>20.4</b>	<b>20.4</b>

\* Based on 3rd Quarter Variance Report

#### Corporate Reserve/ Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2011 *	Proposed Withdrawals (-) / Contributions (+)		
			2012	2013	2014
			\$	\$	\$
Insurance Reserve Fund	XR1010	31,346.0	593.0		
Sick Bank Reserve	XR 1007	3,779.0	54.0		
Environmental Protection (Tree Planting)	XR 1718	6,318.0	(75.0)		
<b>Total Reserve / Reserve Fund Draws / Contributions</b>			<b>572.0</b>		

\* Based on 3rd Quarter Variance Report