

Feasibility of Toronto Hosting 2025 World Expo

Date:	January 6, 2014
To:	Economic Development Committee
From:	City Manager and General Manager, Economic Development & Culture Division
Wards:	All Wards
Reference Number:	

SUMMARY

This report provides a high level feasibility review of considerations with respect to the City of Toronto hosting the 2025 World Expo. As directed by Council, the issues examined in this report include the following:

- procedures for selecting host cities;
- competitive position of Toronto compared to other potential bid cities;
- impact of past Council decisions and their bearing on any future bid;
- potential revenue to the City as a result of hosting the 2025 World Expo;
- potential number of jobs that would be created within the City as a result of hosting the 2025 World Expo;
- City lands that may be useful in hosting this major international event;
- potential legacy projects;
- potential trade and investment opportunities;
- land use, transportation and infrastructure issues;
- an estimate of time, cost and resources required to prepare formal bid documents; and a
- summary of the pros, cons and risks involved in bidding for and hosting the 2025 World Expo.

As part of this review, Ernst & Young (EY) were commissioned to prepare the attached, *Feasibility Study in Respect of Hosting the 2025 World Expo, November 2013*, (Appendix A).

There are significant positive impacts to hosting a World Expo. On a global scale a World Expo provides a unique forum for nations and people from around the world to come together, focus attention on issues of global importance, and offer innovative ideas, products and services to address anticipated challenges and take advantage of opportunities. World Expos can also catalyze investment in infrastructure, development and renewal of urban areas such as the Port Lands.

The EY report notes that hosting a World Expo would increase Toronto's global visibility and name recognition, enhance exports, and increase opportunities to attract investment and jobs, significantly more conventions and conferences, and reinforce its reputation as a major arts and culture hub both in Canada and around the world.

There is also a strong regional context (in Toronto's case for the northeast and central parts of the United States and eastern Canada) since the vast majority of visitors are from a day's travel. Hosting a world's fair would strongly enhance Toronto's competitive position in the Great Lakes super-region.

However, there are also significant costs and risks associated with a bid to host a World Expo. Canada's membership in the Bureau International des Expositions (BIE), the governing body responsible for organizing World Expos, expired in December 2013 as directed by the federal government. Since federal government support is essential for a successful bid, there would have to be a reversal of the decision to exit the BIE and the federal government would have to become a strong supporter and use its international offices to promote Toronto's bid. The support of the government of Ontario is also essential.

The next stage in pursuing a bid to host the 2025 World Expo would be to undertake a more detailed Pre-Bid Phase analysis at an estimated cost for consultant services and staff of about \$1 million. If Council then decided to submit a formal bid, the estimated cost to prepare the necessary supporting documents and promote the bid is in the range of \$10 million to \$15 million. If Toronto's bid was successful, a high level estimate of the net cost to host the 2025 World Expo based on the illustrative scenarios in the EY report is in the range of \$1 billion to \$3 billion which would need to be borne by one or more of the three orders of government.

Time is also of the essence. Allowing for a total time period of 24 months to complete the Pre-Bid and Official Bid phases, including decisions by City Council, Government of Ontario, and Government of Canada, the Pre-Bid analysis must be initiated by May 2014. Meeting this timeline will be complicated by the prospect of all three orders of government having elections over the next two years and the running of the Pan/Para Pan Am Games in 2015.

RECOMMENDATION:

The City Manager and General Manager of Economic Development and Culture recommend that:

1. City Council receive this report for information.

Financial Impact

If City Council receives this report for information or directs that no further action be taken there are no financial implications associated with consideration of this report.

If City Council directs staff to undertake a Pre-Bid Phase analysis of the pros and cons of hosting the 2025 World Expo the estimated cost for consultant services and staff to prepare this more detailed assessment is about \$1 million. The current 2014 and 2015 Budget submissions do not include funds to cover these expenses. This work which would, among other things, confirm the degree of support from the federal and provincial governments, private sector and public, would take about nine months to complete and be submitted early in the next term of Council, January/February 2015.

At that time Council would have the opportunity to decide whether to proceed to prepare a formal bid to host the 2025 World Expo. The estimated cost to prepare and submit a formal bid is in the range of \$10 million to \$15 million. High level estimates of the revenues and costs to deliver the 2025 World Expo should a Toronto bid be successful are included in this report and the appended *Feasibility Study in Respect of Hosting the 2025 World Expo, November 2013*, prepared by Ernst & Young (Appendix A) and summarized in Appendix B. Based on the illustrative scenarios in the EY report the net cost is in the range of \$1 billion to \$3 billion. More refined and detailed estimates would be prepared as part of the Pre-Bid Phase analysis. These costs would be funded by all three orders of government.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of June 6, 2012 City Council directed the City Manager and the General Manager, Economic Development and Culture to obtain input from the provincial and federal governments and key relevant agencies and boards and submit separate reports to the Economic Development Committee on the pros and cons of creating a bid to host World Expo 2025 and the 2024 Olympic Games in Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.MM24.13>

ISSUE BACKGROUND

In response to City Council's direction, the City engaged Ernst & Young (EY) to undertake a study of the pros and cons of hosting the 2024 Olympic Games and the 2025 World Expo in Toronto and prepare separate high level feasibility studies for each event. The *Feasibility Study in Respect of Hosting the 2025 World Expo, November 2013*, prepared by Ernst & Young, is appended to this report as Appendix A.

This report and the attached Feasibility Study provide an initial assessment of the pros and cons of hosting the 2025 World Expo in the city of Toronto to assist Council in deciding if it wishes to proceed to the more detailed Pre-Bid Phase. This approach (i.e. initial assessment, Pre-Bid Phase, and Official Bid) follows the same process undertaken for the approval and preparation of Toronto's bid to host the 2015 World Expo which was ultimately abandoned.

The information and analysis in these reports are based on key informant interviews as well as the review of available documents from previous bids, past and upcoming World Expos. As part of their assignment, EY met with officials from the federal and provincial governments, key relevant agencies and boards, private sector representatives, and City staff. Bid documents, research studies and literature on the impacts of World Expos in other jurisdictions were also reviewed.

COMMENTS

Reasons for Considering a Bid to Host a World Expo:

Historically, World Expos explore the potential of the world's future. They provide a unique forum for nations and people from around the world to come together, focus attention on issues of global importance, and offer innovative ideas, products and services to address anticipated challenges and take advantage of opportunities. Recent and upcoming Expo themes include: *Nature's Wisdom*, Aichi, Japan (2005); *Better City, Better Life*, Shanghai, China (2010); and *Feeding the Planet, Energy for Life*, Milan, Italy (2015). These international events provide platforms for participating countries, corporations and organizations to share knowledge, exchange ideas, and showcase their culture, capabilities and achievements with a view to helping shape, influence and improve our future as well as for business, government, civic leaders and trade delegations from around the world to meet, establish or strengthen relationships, and form mutually beneficial partnerships. There is also a strong regional context (in Toronto's case for the northeast and central parts of the United States and eastern Canada) since the vast majority of visitors are from a day's travel. Hosting a world's fair would strongly enhance Toronto's competitive position in the Great Lakes super-region.

World Expos also have a local context and can have a transformative effect on the host city. A bid often originates with a group of business and civic leaders in a host city or city-region. World Expos increase the international and large scale regional visibility of

the host city and enhance its global profile and image by putting the city at the centre of a scientific, social, economic and cultural discourse on issues of global relevance and importance. World Expos can also catalyze investment in infrastructure, development or renewal of urban areas, help establish and strengthen business and trade relationships; support economic growth and job creation; attract international media and tourism during the event; and help bring diverse communities together. For example, the Aichi 2005 Expo site was transformed into a public park; Zaragoza 2008 Expo pavilions were incorporated into a business park; and Shanghai 2010 Expo redeveloped an industrial waterfront area.

Two Canadian cities have hosted World Expos in the past 47 years. Montreal and Vancouver hosted World Expos in 1967 and 1986 respectively. These events were catalysts for major infrastructure and city building projects that would not have been achieved, or would have been achieved over a much longer time period, if these events did not occur.

The American pavilion in the Montreal Expo is now the Montreal Biosphere. The former Quebec and French pavilions are now the Montreal Casino. And two new islands created for the Expo 67 are now a park – Parc Jean-Drapeau.

The Vancouver Expo is viewed by many as a catalyst that established Vancouver as a city with global clout. It marked a strong boost to tourism for the province. The Vancouver SkyTrain, a fully automated elevated advanced rapid transit system was built intending partially to serve Expo, and has since become the backbone of the city's metropolitan transit system which has been extended five times, including three minor expansions to the original line. BC Place Stadium was built for Expo 86 and is still in use today. It was recently used for the opening and closing ceremonies of the 2012 Winter Olympic Games. The Canada Government's Expo pavilion is now a major downtown convention centre and cruise ship dock.

The City of Toronto's history in attempting to attract a World Expo includes finishing second to Lisbon's bid to host the 1998 Recognized Exhibition and second to Hanover's bid to host the 2000 World Exhibition. Toronto's bid to host the 2015 World Expo was abandoned due to lack of support from other orders of government.

While previous bids by the City have not been successful, finishing second on two occasions indicates that BIE members consider Toronto to be a highly regarded candidate city to an Expo. Based on consultation with relevant stakeholders the Feasibility Study prepared by EY (Appendix A) includes information about lessons learned from previous World Expo bids. New opportunities may exist for successful bids for the 2025 World Expo. It has been widely speculated that a North American city would be a desired choice to host the 2025 World Expo since it has been some time since a major Expo was held in North America.

Reasons for Not Considering a Bid for the 2025 World Expo

There are a variety of reasons why a bid for the 2015 World Expo may not be in the best interests of the City:

- The Federal Government's decision to exit the BIE means that there would have to be a reversal of this decision in order to mount a bid. In addition, not only is a reversal needed, but the Federal government would have to become a strong supporter since their international offices would be key to selling Toronto's bid.
- The future relevancy of a world exposition in a world increasingly connected by technology is difficult to assess. However, the continued growth of world tourism indicates that many people still want to travel and see things for themselves.
- The costs to bid, while not nearly as expensive as a Summer Olympics, are still significant with a degree of uncertainty of success. The first step in bidding will cost approximately \$1 mil and there is no ready source of funds. Subsequent steps will take in the range of \$10 mil - \$15 mil with some possibility of raising the funds through sponsors and shared costs with the Federal and provincial governments. (possibly limiting Toronto's expenditure to \$1 or \$2 mil). The chance of success in bidding is risky. The geo-politics of the BIE and the potential competitors are difficult to assess at this stage.
- The net costs to host a World Expo themselves could be significant, in the billions of dollars (\$0.2 bil to \$3 bil), depending on infrastructure requirements
- The degree of public support now and through a bid process is not known. A strong supportive community is important in any bid and the City has had some challenges with this in the past.
- Finding the right location(s) to build the Expo site will be a challenge within the City. Most of the limited number of possible new sites have extensive infrastructure challenges.
- There is a very constrained window during which to prepare and sell a bid for 2025 considering that 2014 and 2015 will see all three orders of government hold elections and the Pan /ParaPan Am Games will be held in the summer of 2015. For Toronto, the BIE's bid process could start as early as Nov 2016 and ends in the late fall of 2017. There is barely enough time to wait until after the elections and the holding of the Games in 2015 to decide whether to bid. Certainly significant preliminary work would need to be done in the meantime.
- Staging a World Expo is an incredibly complex and challenging project and would demand very significant resources and the concentration of strong government and private sector leadership. Achieving this alignment would require the very strong backing of all key stakeholders. It is unclear, at this stage, whether this alignment is possible given the considerable efforts expended in the not-too-distant past on unsuccessful bids.

Bureau of International Expositions Bid Process:

The Bureau International des Expositions, commonly known by its acronym, BIE, is the governing body of Expos, and provides the regulatory framework for these prestigious global events. The BIE currently has a total of 167 member countries with the following geographic distribution: Africa, 45; Europe, 41; Asia, 23; Middle East, 15; Oceania/Australasia, 12; South America, 11; Caribbean, 11; Central America, 7; North America, 2. Canada and Mexico are the two North America members. The United States is not a member of the BIE.

It is responsible for regulating World Expos, overseeing the calendar, as well as the bidding and host city selection process, and selection of the host city. The BIE has established two types of World Expos: International Registered Exhibitions (commonly referred to as Registered Expos or World Expos) and International Recognized Exhibitions (commonly referred to as Recognized Expos or International Expos). In 1996 the BIE amended its regulations to permit World Expos to be held only every five years commencing in 2000. World Expos are large, six month events where the participants (nations, international organizations such as the UN, and corporations), including the host country, are each responsible for building their own pavilions.

Expo 67 (Montreal), Expo 70 (Osaka), Expo 92 (Seville), Expo 2000 (Hanover), Expo 2005 in Aichi, Japan, and Expo 2010 (Shanghai) are modern examples of World Expos or Registered Exhibitions. Milan will hold the next World Expo in 2015. Four cities, São Paulo, Brazil; Ekaterinburg, Russia; Izmir, Turkey; and Dubai, UAE; were competing to host the World Expo in 2020. No matter which of these four competing cities was selected it would be a World Expo first. São Paulo would be the first World Expo to be held in South America; Ekaterinburg would be the first World Expo in Russia; and if either Izmir or Dubai is selected it would be the first World Expo to be held in the Middle East. (For many reasons, including its application to become a member of the EU, Turkey is considered to be part of Europe, however, geographically it is in the Middle East.) On November 27, 2013, the BIE General Assembly, chaired by its Secretary General Vicente Gonzalez Loscertales (Spain), met in Paris and selected Dubai as the host city.

Recognized or International Expos are smaller in scale and duration, limited to a maximum of 25 hectares (approximately 62 acres) and held for a maximum of three months. Only one International Expo can be held between World Expos. For International Expos the host country is responsible for building the pavilions and exhibit space to be occupied by all participants. Examples of the International Expos are Vancouver 1986 (Canada), Brisbane 1988 (Australia), Plovdiv 1991 (Bulgaria), Genoa 1992 (Italy), Taejon 1993 (South Korea), and more recently Lisbon 1998 (Portugal), Zaragoza 2008 (Spain), and Yeosu 2012 (South Korea). Astana, Kazakhstan, will host the next Recognized Expo in 2017. Several cities, including Newcastle, Australia; Copenhagen, Denmark; and Sørlandet, Norway; Canary Islands, Spain; and Minnesota, USA; have been suggested as possible candidates to bid to host an International Expo in 2022 or 2023.

Bids for World Expos must be submitted a maximum of nine years and a minimum of six years before the proposed opening date of the exhibition, 2016 and 2019 respectively for the 2025 World Expo. However, once the first application to host a World Expo is submitted to the BIE, any other government wishing to submit a competing bid for that same year must make its submission to the BIE within six months of the first application. There must be a minimum of 15 years between any two Expos held in the same country.

To host a World Expo candidate cities are required to complete a detailed questionnaire for BIE review. Among other requirements, a strong theme or unifying vision, is critical to the development of a successful bid.

The responses to the questionnaire help establish the candidate city's readiness to host the Expo. The questionnaire and other information required by the BIE include:

- The city's theme, concept and legacy for the Expo;
- Venue considerations (locations total area, maximum and minimum space for participants);
- Environmental and meteorological data;
- Details regarding hotels and other accommodations in each city;
- Transportation links;
- Safety and security during the Expo;
- Financial feasibility and financial guarantees under Article 10 of the BIE conventions;
- Legal aspects, including customs and immigration formalities;
- Government and public support for the Expo;
- Finance and marketing plans for World Expo's
- Estimated attendance for Expo;
- Analysis of potential cost for participating nations and strategies to maximize their costs; and
- Level of support from all orders of government, corporations and the public.

Hosting a World Expo requires that a bid be submitted to and selected by the BIE. The bid must be submitted to the BIE by the state (federal) government in which the bid city is located. The support of the federal government is therefore essential for Toronto to submit a bid to host a World Expo. Within the federal government, the International Expositions Directorate (IED) of Heritage Canada is responsible for the planning, implementation and management of Canada's participation in international expositions.

To consider a potential World Expo bid, Heritage Canada would convene an Independent Review Committee to ensure that the city's submission complies with federal policies as well as those of the BIE. If approved, the Prime Minister or designate would submit the bid to the BIE and work through its embassies and Consulates to promote the Canadian bid in conjunction with the candidate city and province.

The timelines to submit a Candidacy Application to the BIE and the BIE process to select a Host City, as stated in the *Feasibility Study in Respect of Hosting the 2025 World Expo, November 2013*, prepared by Ernst & Young (Appendix A) and amended slightly here are shown below in Charts I and II.

Chart I
Timeline to submit a Candidacy Application in November 2016

Step	Timeline
City prepares full feasibility study including detailed business plan to support potential bid and other due diligence.	Spring/Summer 2014
Federal Government establishes its BIE membership. BIE will only recognize federal government in bid process and will not accept bid from any other party.	2014 - 2015
City undertakes public consultation and seeks corporate sponsorship	Winter/Spring 2014
City Council gives direction to City staff to continue with bid process	Spring/Summer 2014
City approaches federal and provincial and private sector to gain support for bid.	Spring/Summer 2014
If Federal and Provincial support received, then multi-party agreements are negotiated	Fall 2014
Selection of Bid committee and Bid leadership. Begin preparation of formal bid.	Fall/Winter 2014
Formal submission of bid to Heritage Canada for approval.	Summer 2015
Heritage Canada establishes evaluation committee and meets with 2025 Bid committee.	Fall 2015
Heritage Canada evaluation committee reports to PMO with recommendation.	December 2015

Chart II
High Level Summary of BIE Process and Timeline
for selection of 2025 World Expo Host City

Step	Timeline
Candidacy Applications is submitted to BIE by Heritage Canada, the department in the Federal Government assigned to deal with Expos. Once one candidacy application is received by the BIE any other city must submit within 6 months	Earliest date is May 1, 2016; if any other city applies on May 1, 2016 then November 1, 2016 would be latest possible date for other applicant.
Enquiry mission sent by BIE assesses Candidate's applications and the feasibility of City's bid.	May 2017
Bid Committee responds to enquiry mission's comments.	June/July 2017
Several months after the evaluation commission releases its report, the final bids are presented at a session of the BIE. Each member state has one vote	Fall 2017
A Candidate City is chosen by BIE	November 2017

Current Status of Canada's Membership at the BIE and Implications

The federal government has indicated that it does not intend to renew Canada's membership in the BIE which expired December 19, 2013. In a letter to Mayor Ford, dated October 16, 2012 then federal Heritage Minister, Hon. James Moore also advised that the International Expositions Program was cancelled at the end of March 2012 and that the government of Canada will not be supporting future Canadian Expo bids at this time. In 2007, Edmonton, Alberta with the support of its Provincial government, initiated a bid preparation process to host a Registered Expo in 2017 to mark Canada's 150th birthday, but withdrew in 2010 when the federal government indicated that it would not support the City's bid. Edmonton was the only Canadian city bidding to host an Expo. There does not appear to be any other Canadian city interested in hosting the 2025 World Expo at this time.

A spokesperson for current Canadian Heritage Minister, Hon. Shelly Glover, is reported to have reiterated the same position. The federal government gave the BIE one-year notice of its intent to withdraw in December 2012 therefore effective December 2013.

In August 2013, Mayor Ford wrote to Prime Minister Stephen Harper (Appendix C), to "request that Canada continue its long-standing and respected involvement in the *Bureau International des Expositions*". Mayor Ford noted that the "Expo proposal has gained a broad and increasing level of interest and support from the City of Toronto and in the Province of Ontario, as well as from federal members of Parliament and the Senate". The letter also requested permission for the City of Toronto to send observers to the General Meeting of the Bureau International des Expositions to be held in Paris, November 26-27, 2013.

Feasibility of Toronto Hosting 2025 World Expo

The support of all orders of government is essential for Toronto to host the 2025 World Expo. The BIE requires that the federal government guarantee the finances of the Expo Corporation; however at Vancouver's Expo 86, the government of Canada transferred that responsibility to the provincial government of the host city. In Ontario, the Ministry of Tourism, Culture, and Sport (MTCS) is the lead Ministry for reviewing documentation supporting a bid and seeking approval from Management Board and Cabinet for any financing required. Although Heritage Canada and the Ministry of Tourism, Culture & Sport are respectively the lead federal and provincial ministries responsible for the review of potential bids, the commitments necessary to successfully execute a World Expo will require the support of a number of departments within both the federal and provincial governments. Thus, it will be necessary to obtain broad based support within both orders of government.

Canada previously participated in the 2005 World Exposition held in Aichi, Japan and recently concluded its participation in the World Exposition in Shanghai, China in 2010 (Expo 2010), held May 1 to October 31, 2010. The Canada Pavilion attracted 6.4 million visitors exceeding original expectations of 5.5 million visitors. Canada's budget for Expo 2010 was \$58M with reported final costs of \$51.2M by end of September 2011. Canada will not have a pavilion or be participating in the 2015 World Expo in Milan.

Competing City-regions and Nations:

As of the date of this report we are not aware of any other Canadian cities considering a bid for the 2025 World Expo.

In the global context, cities that may be considering a bid to host the 2025 World Expo include:

- London, U.K.
- Paris, France, and
- Tehran, Iran

Although the United States was one of the founding nations of the BIE, it withdrew in 2001/2002 and is no longer a member. However, organizers in:

- Houston, Texas and
- San Francisco Bay Area/Silicon Valley, California

are encouraging bids from those cities and for the U.S. to rejoin the BIE. San Francisco Bay Area/Silicon Valley had been preparing to bid for the 2020 World Expo, but the United States government did not renew its membership in the BIE and thus did not support or submit a bid.

The BIE does not have any official rotation policy in awarding registered fairs. However it does appear that the BIE would prefer to award registered fairs to regions with proven track records for successfully hosting world fairs. Between 1958 and 2020 the BIE has

awarded 10 registered fairs; five to European cities, three to cities located in Asia, Montreal (1967) and Dubai (2020). After December 19, 2013, the BIE will have 166 members and only one from North America (Mexico). It is therefore possible that geographic considerations may come into play in awarding a registered fair; for example members may vote for or against a country or region based on historic considerations, membership status or other factors that have nothing to do with a city's bid even-though the city's bid maybe technically superior to other bids.

Economic Impact:

The estimated costs and benefits of hosting a World Expo in Toronto have been developed based on a review of information available for past and pending Exhibitions. These estimates are subject to considerable variation for two key reasons.

Unlike the Olympic Games which have a prescribed number and type of events and venues, and venue capacities, World Expos have a much more open format. Participating countries, organizations and corporations can design their pavilions and related activities with few restrictions other than fitting the overall theme of the Expo and within the physical constraints of the available site.

Host cities/countries also have different practices in regard to which costs are attributed to the hosting of the event and which would have been incurred even without the event. Publicly available information is therefore not always useful for comparative purposes. For example, published reports suggest that the 2010 World Expo in Shanghai cost about CDN \$4.2 billion, however, unofficial estimates are as high as CDN \$58 billion when related infrastructure costs are included.

The estimated economic impacts for a World Expo hosted in Toronto in 2025 are based on the following illustrative scenario.

- The Expo pavilions and exhibition infrastructure will be located in the Port Lands.
- Estimated attendance of 40 million (Low Scenario), 55 million (High Scenario).
- A site of up to 600 acres (242 hectares) is contemplated.
- Construction of:
 - An LRT line connecting Union Station to Cherry Street (Low Scenario); or
 - Eastern segment of the proposed Downtown Relief (subway) Line connecting Pape Station to Union Station (High Scenario);
- The Port Lands site needs to be remediated and infrastructure including flood proofing provided;

Estimated Attendance:

World Expo revenues, and therefore the financial and overall success of the event, are primarily driven by attendance. Based on the experience of previous World Expos, as shown on Chart III below, and Toronto's geographic proximity to major population

centres (78 million people live within an 800 km circle of Toronto which is about a 1-day drive) and its accessibility by air, rail and road, EY estimates that attendance at a 2025 World Expo hosted in Toronto would range from 40 million to 55 million visits. It is assumed that attendees will visit the site on average between two and three times each. Therefore the number of unique visitors would be in the range of 14 million to 22 million.

Chart III
World Expos – Number of Participating Countries and Attendance

Year	Host City	Population (millions)	Participating Countries	Attendance (millions)	International	
					% Adjacent	% Other
1958	Brussels	1.2	42	41		
1967	Montreal	1.2	62	50	45	4
1970	Osaka	2.9	75	64	n/a	3
1992	Seville	0.7	108	42	11	5
2000	Hanover	0.5	187	18	9	2
2005	Aichi	2.2	120	22	n/a	5
2010	Shanghai	23.0	192	73	n/a	6
2015	Milan	1.3	130 *	29 *	n/a	n/a

Revenues and Expenditures

Appendix B provides a forecast, based on estimates prepared by Ernst & Young, of the revenues and expenditures associated with hosting the Expo, based on an attendance range of from 40 million to 55 million visits. The net financial impact has been estimated separately for the Organizing Corporation, the City and other orders of government.

Organizing Corporation:

EY has assumed that the Organizing Corporation ("OC") will experience an overall financial surplus that will range between \$80 million and \$900 million. This forecast surplus is primarily the result of the following assumptions:

- venue construction will be funded by others (foreign governments, senior levels of government in Canada, private corporations)
- the OC will be able to realize significant revenues from asset sales after the end of the event.

Provincial and Federal Governments:

EY has assumed that the Federal and Provincial governments will provide the largest contributions towards infrastructure and security costs. EY has forecast that the Federal and Provincial governments will also contribute towards venue construction costs. However, as discussed above, a large portion of the venue cost is expected to be borne by foreign governments and corporations.

The Federal and Provincial governments will be able to recover a large portion of their expenditures through the significant tax revenues that will be generated by the event.

City of Toronto:

According to EY, the host city is usually not a significant contributor of funds to any Expo process. Rather, the host will usually contribute a fixed amount of cash and/or land for the building of venues or other sites used during the Expo. The actual City contribution will likely be a matter of negotiation with the Provincial and Federal Governments. EY has assumed that the City will provide most of its contribution in the form of land with only a \$75-\$150 million cash contribution for infrastructure.

EY estimates that the cost to complete the bid process over the next 4 years will be approximately \$10 to \$15 million. However, other host cities have been able to find corporate sponsors willing to cover these bid costs in their entirety.

Overall Impact:

While the net cost is large under either scenario, this deficit includes the cost of new infrastructure for public transit, Port Lands remediation and flood proofing, and other related work valued at \$1.25 billion (Low Scenario) and \$5.5 billion (High Scenario). From this perspective, the revenues generated by hosting the World Expo make a net positive contribution of \$0.293 billion (Low Scenario) and \$2.364 billion (High Scenario) to the cost of infrastructure construction. Chart IV shows the estimated and imputed cost of construction without and with hosting the 2025 World Expo. This infrastructure, which would serve the city for decades, would also stimulate development of the Port Lands further contributing to city building legacy of the World Expo.

Chart IV
Cost to Construct Infrastructure, Without/With World Expo

		Low Scenario	High Scenario
Cost to provide infrastructure without World Expo		(\$1,250)	(\$5,500)
Net Cost to provide infrastructure in conjunction with World Expo (i.e. World Expo Net Surplus/ (Deficit))		(\$957)	(\$3,136)
Net Contribution to infrastructure construction by World Expo		\$293	\$2,364

GDP & Job Creation

As shown on Chart V below, it is estimated that a World Expo in Toronto would increase GDP by between \$7.4 billion and \$15.5 billion and generate between approximately 92,000 and 190,000 jobs, including 37,500 – 111,000 construction jobs, 21,000 – 32,000 operational jobs, and 34,000 – 46,500 tourism related jobs (person years). These jobs estimates are cumulative over there 7 – 8 year period it would take to prepare for and host the 2025 World Expo.

Chart V
World Expo - GDP and Job Impact

Impact Category		Scenario	
		Low	High
GDP	Construction	3,151	9,338
	Operations	1,562	2,440
	Tourism	2,688	3,696
Total GDP		7,401	15,474
Jobs	Construction	37,470	111,041
	Operations	20,705	32,343
	Tourism	33,810	46,489
Total Jobs		91,984	189,873

Potential Trade and Investment Opportunities

The Feasibility Study prepared by EY indicates that as part of any Expo there will likely be a number of related trade shows and other conventions held in the Host City in addition to activities and events on the Expo site. If these opportunities are leveraged to their fullest, it is likely that Canadian companies and technology would be exposed to a world-wide audience. This, in turn, could drive foreign investment and exports of Canadian goods and services. Additional economic analysis is required to assess the degree to which this has happened as a result of other World Expos.

The EY report also notes that hosting a World Expo would increase Toronto's name recognition and enhance opportunities to attract significant conventions or conferences. These opportunities would be further enhanced if other orders of government or private sponsors could be called upon to expand the convention/conference facilities and space offerings within the city. Although Toronto has well-known convention centres that are used for large scale events throughout the year, they are not as large as other major convention centres in North America. As an example, the Metro Toronto Convention Centre is approximately 600,000 ft². In comparison, the Orange County Convention Centre in Orlando, Florida (the top convention destination in the United States) has approximately 7,000,000 ft² of convention space. Vancouver expanded its convention space as a result of hosting the 2010 Olympic Winter Games.

Given Toronto's multicultural make-up, it is also possible to plan the Expo such that there is a significant focus on worldwide arts and culture, including concerts, theatre performances or other functions. These activities would increase Toronto's global visibility and reinforce its reputation as a major arts and culture hub both in Canada and around the world. Similar events have been held at other Expos and such a program could easily be incorporated into planning for 2024.

Potential Sites

Identification of a site suitable to host a World Expo is clearly an imperative. Ideally, the site would be a contiguous area that allows visitors to move freely and efficiently within the gates. Based on estimated total attendance of 40 million to 55 million, a daily average of 225,000 to 300,000 over a 180 day event period, the site should be about 80 ha. to 160 ha (200 to 400 acres) inside the gates and an additional 40 ha. to 80 ha. outside the gates for ancillary and transportation uses, for a total of 120 – 240 ha. (300 – 600 acres).

Chart VI
World Expo – Participants and Site Size

Year	Host City	Participating Countries	Attendance (millions)	Site Size	
				hectares	acres
2005	Aichi	120	22	185	460
2010	Shanghai	192	73	528	1,305
2015	Milan	130	29 *	110	272

* Estimated attendance

Preferably the site would be located in close proximity to support facilities such as hotels, restaurants and other amenities and must be accessible by mass transit. The site should also be reasonably isolated from nearby neighbourhoods that would be impacted by the magnitude and duration of such an event.

Adequate transportation is a key element for success. The estimated 40 million to 55 million visits to the site over a 180 day period Exposition would mean an average daily attendance of between about 225,000 and 300,000 persons. This level of attendance is expected to result in peak hour access/egress demands of 50,000 – 60,000 persons on average days and up to 60,000 to 80,000 persons on peak days. For context, the Yonge subway line current carries about 35,000 passengers in peak hours. It would be essential for the site to have multiple entry/exit gates and be served by several modes of transportation, e.g. subway, LRT, public and private bus service. Under any circumstances, significant congestion in the vicinity of the Expo site would be expected.

Transportation within the site is also critical. The internal demand can in part be managed by appropriately locating major pavilion and attractions in relation to each other and entry/exit gates and through scheduling of major events to provide for the flow of visitors and minimize the likelihood of surge demands.

Four potential sites within the city of Toronto were assessed: Woodbine Racetrack, Downsview Park, Exhibition Place/Ontario Place, and the Port Lands. The pros and cons of each site are summarized in the EY report *Feasibility Study in Respect of Hosting the 2025 World Expo, November 2013*.

Based on this preliminary analysis the Port Lands appears to be the preferred site for the main cluster of venues. It has sufficient size to accommodate a World Expo, is in close proximity to a large cluster of hotels, restaurants and other amenities, and at this time is relatively isolated from nearby residential neighbourhoods. It is also the site that is expected to have the strongest legacy in terms of urban renewal and revitalization and largest uplift in land value as a result of hosting a World Expo in Toronto. As previously identified in the Port Lands Acceleration Plan, preparing this site to host a World Expo and future development will require a significant investment for flood protection, soil remediation and transportation improvement and providing municipal services. It would also require freezing development for the next few years in large areas of the Port Lands until a bid is submitted and the results known.

Risk Assessment

Hosting a World Expo would be a major catalyst for urban renewal and revitalization within the city, would accelerate implementation of much needed infrastructure, generate between 92,000 and 190,000 jobs, mobilize thousands of volunteers, increase tourism, provide a platform for establishing and strengthening economic, trade and cultural relationships, and showcase Toronto to North America and the world.

However, there are a number of risks to consider and address if Council chooses to pursue this international initiative. First and foremost is the issue of federal government support. The bid must be submitted and supported by the national government of the candidate city. For a Toronto bid to be successful, the federal government would need to renew Canada's membership in the BIE, approve Toronto as Canada's candidate city to host the 2025 World Expo, and be an active participant in guiding and promoting Toronto's application among BIE member countries, i.e. passive support would not be sufficient. A delay in renewing Canada's membership in the BIE would negatively impact the likelihood of a successful Toronto bid.

The support of the government of Ontario is also essential. Although the BIE requires that the finances of the World Expo be guaranteed by the national government of the host city, this responsibility can be delegated. In Canada, the federal government has transferred responsibility for backstopping a World Expo bid to the provincial government of the host city.

In evaluating bids from competing candidate cities, the BIE has shown that it places a high value on stakeholder support, including corporate and community support as well as all orders of government.

As with any initiative of this scale there are risks associated with the outcome of the bid: only one city will be successful; the planning and preparation process for the successful city (e.g. escalating costs, supply chain disruptions, global economic events or pandemics); and the execution process during the Expo (transportation disruptions, marketing, political and security incidents). Many of these risks can be mitigated through good planning, others are beyond the ability of the host city, province or country to prevent.

Next Steps

This initial feasibility study was prepared to assist City Council in determining if it should authorize more detailed studies and development of plans to pursue a bid for Toronto to host the 2025 World Expo. Based on available information from previous World Expo bids and events and key informant interviews, this study provides information about the bid process; cost, revenue and attendance estimates; economic impacts; potential sites; and risk factors.

If it is Council's will to continue to pursue submission of a bid, more detailed information and analysis is required. As outlined in the attached *Feasibility Study in Respect of Hosting the 2025 World Expo, prepared by Ernst & Young, November 2013*, a Business Plan would need to be prepared to address issues relevant to the public, other orders of government, and potential sponsors to gauge stakeholder support for a World Expo bid and provide Council with sufficiently detailed information to determine if an official bid should be prepared.

The most critical elements to confirm are:

- Federal government support. The federal government would need to renew Canada's membership in the BIE and be an active participant in promoting a Toronto bid for it to be successful.
- Provincial government support. The BIE requires that the national government in which the host city is located guarantee the finances of the World Expo. In Canada, the federal government has transferred this responsibility to the host Province. In addition to providing a financial guarantee, the Government of Ontario would also need to commit to funding infrastructure improvements necessary to accommodate the World Expo.
- Corporate sponsorships and public support. In evaluating bids, the BIE has placed a high value on broad based support by business and the public as well as all orders of government. Also the bid process itself is often funded by sponsors.

The Business Plan to address these critical issues would include:

- detailed economic impact study;
- evaluation of potential sites (including availability for 10+ years and recommendation for preferred site);
- infrastructure needs and estimated costs;
- transportation plan to accommodate estimated attendance levels;
- a recommended theme or potential themes that would resonate with BIE member nations as well as locally;
- social impact analysis and development strategy;
- tourism and investment attraction strategy to maximize short and long term impacts, i.e. in advance of, during and after the World Expo;
- cultural celebration and development strategies;
- market sounding for corporate support and sponsorship opportunities;
- risk assessment and mitigation strategy;
- social, environmental and financial accountability plan;
- potential legacies and strategies to achieve;
- assessment of competitive position of other city-regions/nations expected to bid for the 2025 World Expo;
- recommended structure, mandate and composition of a Bid Committee;
- work plan including time and cost estimate to prepare and execute a successful bid; and
- results of consultation with other orders of government and the community.

Ernst & Young estimated that the above work would cost between \$350,000 and \$400,000 and require about 3 to 6 months to complete. A Steering Committee with representatives from major stakeholder groups should be established to help guide the Pre-Bid Phase. A Secretariat with 6 – 8 staff would also need to be established to support the work of the Steering Committee. The estimated cost for consultant services and staff to prepare this more detailed assessment is about \$1 million. Staff anticipate this work which would, among other things, confirm the degree of support from the federal and provincial governments, private sector and public, would take about nine months to complete and be submitted early in the next term of Council, January/February 2015. At that time Council would have the opportunity to decide whether to proceed to prepare a formal bid to host the 2025 World Expo. Funding for a Pre-Bid analysis is not included the current 2014 budget submission.

If Council decides to proceed to the Official Bid phase, Ernst & Young estimates it would cost between \$10 million to \$15 million to refine master plans and prepare Bid documents, continue to engage with stakeholders, undertake a marketing and communications strategy, and meet with BIE representatives to support the bid. It is assumed that the support of the federal and provincial governments, corporations and the

public would have been confirmed by then and that about 80% of these costs would be funded by other stakeholders. The net cost to the City is estimated to be about \$2 million to \$3 million. This work would require about 15 – 18 months.

First level estimates of the revenues and costs to deliver the 2025 World Expo should a Toronto bid be successful are included in this report and the appended *Feasibility Study in Respect of Hosting the 2025 World Expo, November 2013*, prepared by Ernst & Young (Appendix A). More refined and detailed estimates would be prepared as part of the Pre-Bid Phase analysis.

The Steering Committee and Secretariat established for the Pre-Bid Phase would need to be expanded to a full Toronto 2025 Bid Organization,

Time is of the essence. Allowing for a total time period of 24 months to complete the Pre-Bid and Official Bid phases, including decisions by City Council, Government of Ontario, and Government of Canada, the Pre-Bid analysis must be initiated by May 2014 in order to submit the Toronto Bid to the BIE by May 1, 2016 the earliest date for applications. Assuming that one or more cities submit a bid on May 1, 2016, the final day for applications to host the 2025 World Expo would be November 1, 2016.

Alternatively, Council could direct staff to develop a strategy to mount a strong bid to host the 2030 World Expo building on the success of the 2015 Pan/Para Pan Am Games.

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ATTACHMENTS

Appendix A: Feasibility Study in Respect of Hosting the 2025 World Expo, November 2013

Appendix B: 2025 World Expo – Toronto, Revenue & Expenditure Estimates, January 2014

Appendix C: Letter dated August 13, 2013, from Mayor Ford to Prime Minister Stephen Harper