



## City Budget 2013

## 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 operating costs for the City.

# 2013 Operating Budget

## 2013 OPERATING BUDGET ANALYST NOTES BRIEFING NOTES

BUDGET COMMITTEE, NOVEMBER 29, 2012

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## PART I: RECOMMENDATIONS

2013 Recommended Operating Budget  
(In \$000s)

(In \$000s)	2012		2013 Operating Budget			Change - 2013 Recommended Operating Budget v. 2012 Appvd. Budget		FY Incremental Outlook	
	Approved Budget	Projected Actual	2013 Rec. Base	2013 Rec. New/Enhanced	2013 Rec. Budget	\$	%	2014	2015
	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	64,772.7	64,772.7	43,650.7		43,650.7	(21,122.0)	(32.6)	819.6	836.1
REVENUE	64,770.3	64,770.3	43,750.7		43,750.7	(21,019.6)	(32.5)	819.6	936.1
NET EXP.	2.4	2.4	(100.0)		(100.0)	(102.4)	(4,266.7)	0.0	(100.0)
Approved Positions	529.5		397.5		397.5	(132.0)	(24.9)		

## Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. City Council approve the 2013 Recommended Operating Budget for Exhibition Place of \$43.650 million gross and (\$0.100) million net, comprised of the following services:

<u>Service:</u>	Gross (\$000s)	Net (\$000s)
Exhibition Place & Direct Energy Centre	29,895.6	404.7
National Soccer Stadium	9,261.1	(304.7)
Allstream Conference Centre	4,494.0	
Total Program Budget	<u>43,650.7</u>	<u>(100.0)</u>

2. Exhibition Place services and 2013 proposed service levels, as outlined on pages 4 to 6, and associated staff complement of 397.5 be approved.
3. City Council approve the 2013 recommended market rate user fees changes for Exhibition Place identified in Appendix 6 (iii), Column D, "2013 Recommended Fee" for inclusion in the Municipal Code Chapter 441, User Fees and Charges.

PART II: 2013 SERVICE OVERVIEW AND PLAN

Program Map and Service Profiles

**Exhibition Place**  
*To foster an inclusive and accessible parkland and business destination for entertainment, recreation and sporting events, and public celebrations and, in doing this, operate as a self-sustaining and environmentally responsible entity.*

National Soccer Stadium (BMO Field)

Exhibition & Events

Conventions, Conferences & meetings

Exhibition Place Asset Management

Exhibition Place Finance & Administration

Exhibition Place Parking Access

**Purpose:**  
*The National Soccer Stadium (BMO Field) is a 20,000 seat stadium designed to host the 2007 FIFA Under 20's Mens World Cup and is now home to the Toronto FC, and the Canadian men's and women's national teams. Upgraded from Field Turf to Natural Grass in 2010, the facility provides a venue for matches with international soccer matches, community soccer leagues, corporate events and concerts.*

**Purpose:**  
*Direct Energy Centre is the largest trade and consumer show facility in Canada and the sixth largest in North America with over 1.1 million square feet of contiguous space. In addition, Exhibition Place has a 192-acre site that allows for public celebrations and events, such as the Honda Indy Toronto, CHIN picnic, and Toronto Caribbean Festival. The Exhibitions and Events service has a direct annual economic impact of more than \$350 million to Toronto.*

**Purpose:**  
*Allstream Centre reopened in 2009 after \$50.0M of renovations to the historic Automotive Building. It provides new meeting rooms, exhibit space, and a Class A ballroom. The new 134,000 square foot facility complements the event activities at the Direct Energy Centre, by attracting more international conferences, consumer and trade shows, and festivals to the City of Toronto.*

**Purpose:**  
*To provide building & infrastructure maintenance and construction services to Exhibition Place facilities and structures.*

**Purpose:**  
*To provide professional management expertise to effectively run the operations, and to actively seek out business development, sponsorship, and partnership opportunities.*

**Purpose:**  
*To provide convenient access to public parking for Exhibition Place events, BMO field sporting events, and general public use..*

Service Customer

- National Soccer Stadium (BMO Field)**
- Lessors
  - Toronto FC
  - MLSE

- Exhibition Place Parking Access**
- Exhibition Place Event & BMO Field Sporting Events attendees
  - Long term tenants
  - Commuters

- Exhibition & Events**
- Event Organizer
  - Exhibitors
  - Leased Tenants

- Conventions, Conferences & Meetings**
- Associations
  - Corporations
  - Local and International Businesses and Organizations
  - Government
  - Not-For Profits and Community Organizations
  - Conference Attendees

- Exhibition Place Finance & Administration**
- Business Partners
  - Sponsors and Naming Partners
  - Long Term Tenant
  - City of Toronto
  - Provincial and Federal Governments
- Exhibition Place Asset Management**
- Exhibition Place Services

## 2013 Recommended Service Levels

The 2013 proposed service levels for Exhibition Place activities are summarized in the table below:

### Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
Conventions, Conference & Meetings			Event Space		100% compliance with negotiated terms	100% compliance with negotiated terms
			Guest Services:	Facility Support (electrical hook-up, etc)	\$0.41 of Service Revenue per \$1 of Rent Revenue	<b>Increase net service profit vs. 2012 level</b>
				Food & Beverage	\$61.50 food & beverage sales per attendee	<b>Increase sales per attendee vs. 2012 level</b>
Exhibition Place Asset Management			Fleet & Equipment Maintenance			Fleet & Equipment Maintenance: Maintain current 43 vehicles and 73 pieces of equipment and additional acquisitions
			Parking Lots, Roads & Sidewalks			Maintain Parking Lots, Roads & Sidewalks in good condition for public access; increase sustainability and reduce failure of Exhibition Place Assets; effective investment of Capital funds; ensure preservation of Historical site and area
			Waste management			Waste Management: Achieve 80% waste diversion
Exhibition Place Finance & Administration			Financial Management			100% compliance with PSAS, manage financial resources more efficiently; seek new revenue opportunities
			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
			Grounds Security			Ensure a safe and secure environment for employees, guests and for our property and our assets
			Heritage Site Preservation			100% compliance with heritage standards and expand our public outreach program focusing on the heritage of our grounds
			Human Resources Management			100% compliance with HR & Payroll standards
			Information Management			24/7 access control and manage information system
			Long-term Tenant Support			

## Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
			Marketing & Promotion			Develop an annual marketing plan for pursuing new event businesses and ensure competitiveness; maintain a strong relationship with Tourism Toronto; advertise in trade magazines & attendance trade/expo events; leverage the multiple business enterprises and the types of events on site; grow our new events business
			Property Development			Hotel construction, festival plaza concept design and district energy system, upgrade DEC washrooms
			Sponsorship and Partnership Development			100% compliance with negotiated terms
Exhibition Place Parking Access			Guest Services:	Parking	100% of 6192 parking spaces available and accessible for all major events. Variable labour cost ratio of 9% of revenue.	<b>100% of 5692 parking spaces available and accessible for all major events. Variable labour cost ratio of 9% of revenue.</b>
Exhibitions & Events			Event (Space):	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
				Meetings & Corporate	100% compliance with negotiated terms	100% compliance with negotiated terms
				Trade & Consumer	100% compliance with negotiated terms	100% compliance with negotiated terms
			Guest Services:	Facility Support (electrical, cleaning, Theatrical, and IT/ Telecom)	\$0.73 of Service Revenue per \$1 of Rent Revenue	<b>Increase sales per attendee vs. 2012 level</b>
				Food & Beverage	\$5.03 food & beverage sales per attendee	<b>Increase sales per attendee vs. 2012 level</b>

## Service Types and Service Levels

Service	Activity	Sub-Activity	Type	Sub-Type	Approved 2012 Service Levels	Proposed 2013 Service Levels
National Soccer Stadium (BMO Field)			Community Use		100% compliance for contracted community usage	Community use: 100% compliance for contracted community usage
			Corporate Functions /Private Parties		70% utilization projected for 2012	Corporate functions/private parties: achieve 70% utilization
			Guest Services:	Food & Beverage	\$8.25 food & beverage sales per attendee	<b>Guest Services: Increase sales per attendee vs. 2012 level</b>
				Merchandise	\$2.80 merchandise sales per attendee	<b>Guest Services: Increase sales per attendee vs. 2012 level</b>
				Parking	\$2.00 Parking sales per attendee	<b>Guest Services: Increase sales per attendee vs. 2012 level</b>
			National / International Friendlies		80% capacity of 21,000 seats	National / International Friendlies games: achieve 80% capacity or more of 21,000 seats
			Soccer		Toronto FC (19 games) achieving 84% capacity	Soccer games: achieve 84% or more capacity

## 2013 Service Deliverables

The 2013 Recommended Operating Budget of \$43.651 million gross provides funding to:

- Continue Exhibition Place Operations and the Direct Energy Centre hosting of 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.
- Maintain The National Soccer Stadium (BMO Field) as a venue for major league soccer matches, concerts, community use, corporate functions and private parties.
- Continue the development of Allstream Conference Centre operating requirements as the new venue enters its third 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

**2013 Recommended Base Budget  
(In \$000s)**

(In \$000s)	2012 Approved Budget	2013 Recommended Base	Change 2013 Recommended Base vs. 2012 Appvd. Budget		FY Incremental Outlook	
			\$	%	2014	2015
	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	64772.7	43650.7	(21122.0)	(32.6)	819.6	836.1
<b>REVENUE</b>	64770.3	43750.7	(21019.6)	(32.5)	819.6	936.1
<b>NET EXP.</b>	2.4	(100.0)	(102.4)	(4266.7)	0.0	(100.0)
<b>Approved Positions</b>	529.5	397.5	(132.0)	(24.9)		

### 2013 Recommended Base Budget

The 2013 Recommended Base Budget of \$43.651 million gross and \$(0.100) million net is \$0.102 million below the 2012 Approved Budget of \$0.002 million net.

- The 2013 Recommended Base Budget has been reduced by \$21.573 gross, 0 net to reflect the change in governance for the Canadian National Exhibition Association (CNEA) which will become independent by April 2013.
- The 2013 Recommended Base Budget includes \$0.658 million of inflationary cost increases attributed to \$0.511 million for labour related costs and \$0.147 million to non-labour expenses.
- The 2013 Recommended Base Budget includes \$0.820 million for other base changes, including a \$0.397 million net increase in cost recoveries from tenants and \$0.423 million decrease in utility costs.
- The 2013 Recommended Base Budget includes a \$0.039 million increase in base revenue for 5 revenue changes (see page 17).
- Approval of the 2013 Recommended Base Budget will result in a reduction of 132 positions to the Program's approved staff complement arising from the independence of the CNEA. This results in a complement change from 529.5 to 397.5 as highlighted in the table below:

**2013 Recommended Staff Complement  
Base Budget Summary**

Changes	Staff Complement
<b>2012 Approved Complement</b>	529.5
- 2012 In-year Adjustments	
2012 Approved Staff Complement	<b>529.5</b>
<b>2013 Recommended change in Staff Complement</b>	
- 2013 Temporary Complement - Capital Project Delivery	
- 2013 Operating impacts of completed Capital projects	
- 2013 Base Change-CNEA Independence	(132.0)
<b>Total 2013 Recommended Complement</b>	<b>397.5</b>

### 2014 and 2015 Outlook (In \$000s)

Description	2014 - Incremental Increase					2015 - Incremental Increase					Total Net % Change from 2013
	Gross Expense	Revenue	Net Expense	% net Change from 2013	# Positions	Gross Expense	Revenue	Net Expense	% net Change from 2014	# Positions	
<b>Sub-Total - Known Pressures</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Anticipated Impacts</b>											
Inflationary Impact	819.6		819.6	1.27%		836.1		836.1	1.88%		3.79%
User fee increases		819.6	(819.6)	(1.27%)			936.1	(936.1)	(2.11%)		(3.10%)
<b>Sub-Total - Anticipated Additional Pressures</b>	<b>819.6</b>	<b>819.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>836.1</b>	<b>936.1</b>	<b>(100.0)</b>	<b>(0.18%)</b>	<b>0.0</b>	<b>(0.23%)</b>
<b>Total Incremental Impact</b>	<b>819.6</b>	<b>819.6</b>	<b>0.0</b>	<b>0.00%</b>	<b>0.0</b>	<b>836.1</b>	<b>936.1</b>	<b>(100.0)</b>	<b>(0.18%)</b>	<b>0.0</b>	<b>(0.23%)</b>

There are no net incremental pressures projected for 2014 and 2015. Exhibition Place absorbs all future pressures as part of their ongoing business model. However, future year increases in revenue (volume and rate), offset by supporting increases in staffing costs and other expenditures are anticipated.

Staffing and activity supported inflationary incremental cost is projected to be \$0.820 million in 2014 and \$0.836 million in 2015.

User fee incremental revenue is projected to be \$0.820 million in 2014 and \$0.936 in 2015 resulting in a net revenue increase of \$0.100 million in 2015.

## PART V: ISSUES FOR DISCUSSION

**2013 and Future Year Issues****2013 Issues*****CNEA Independence* Core Service Review and Efficiency Study Implementation**

- At its meeting of June 24, 2011, the Board of Governors approved a recommendation to commence negotiations with the CNEA Board of Directors on the terms and conditions of a transition process for the CNEA to become financially and programmatically separate and independent of the Board of Governors and the City as requested by CNEA Board of Directors. At the same meeting, the CNEA President proposed that the Board of Governors establish a committee to work with the CNEA on the issue of independence.
- At its meeting of September 26, 2011, City Council considered a report from the City Manager regarding the Core Services Review conducted by KPMG. City Council approved a recommendation for the City Manager, in consultation with the CEO of Exhibition Place, to negotiate and report back to City Council on an agreement for separation and governance arrangements between the City, the Board of Governors and the CNEA.
- At its meeting of March 5, 2012 City Council adopted a report (EX 16.7) from the City Manager regarding the agreement for separation and governance arrangements for the CNEA, directing the following actions:
  - A Transition Term (pre-independence) commencing April 1, 2012; and an Initial Term (post-independence) commencing April 1, 2013 and expiring March 31, 2017, be put in place.
  - The Exhibition Place Board of Governors was authorized to negotiate schedules to a Master Agreement.
  - City Council authorized the placement of any surplus in excess of the City Council approved budget for the CNEA Program, for 2011 and 2012, into the “Exhibition Place Stabilization Reserve” for the sole purposes of assisting the CNEA to become independent and authorized, for this purpose, a temporary exemption to the City's Surplus Management Policy.
  - Exhibition Place ensure that the terms and conditions for future include the requirement that they shall work cooperatively with the CNEA to ensure that tenant operations during this period do not impose a financial hardship on the CNEA or interfere with the CNEA's ability to operate the CNE event successfully
  - The CNEA shall plan and stage an annual CNE (the “CNE Event”) worthy of community support at Exhibition Place at the sole cost and expense of the CNEA.
  - The CNEA will operate as a distinct and independent not-for-profit organization.
  - CNEA and Exhibition Place acknowledge that it is important and mutually beneficial for all parties to stage the CNE Event on the grounds each year.

- The CNEA surplus deposited in the “Exhibition Place Stabilization Reserve” for 2011 was \$1.320 million. It is intended that such funds be transferred to the CNEA when the transition to their independent status by April 1, 2013.

### ***Sportsman Show***

- For 53 years, (1956 to 2009), the Toronto Sportsmen’s Show has been held at Exhibition Place’s facilities, but because of a City Council decision in 2009 prohibiting the promotion of guns in City facilities, this major show could no longer be held at Exhibition Place. To support this transition, 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 Conference Centre Reserve Fund to support Exhibition Place’s operating shortfalls between 2010 and 2012 projecting a 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. Exhibition Place 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 of the agreement. The 2013 Recommended Operating Budget does not include any shortfall arising from the withdrawal of the Sportsman Show.
- The policy prohibiting guns in City facilities was changed by City Council May 8, 2012, (MM23.24) exempting the Board of Governors of Exhibition Place from this prohibition and permitting the Toronto Sportsmen's Show to host its annual five day show at Exhibition Place. The show will return in 2013.

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

- 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. Continuation of the 3 year agreement (2010, 2011 and 2012) is subject to an annual review through the Operating Budget Process to receive approval from the Deputy City Manager/Chief Financial Officer.
- The withdrawal from the Conference Centre Reserve Fund to cover anticipated temporary shortfalls in loan payments to the City from Exhibition Place for the new Allstream Conference Centre was \$1.066 million in 2011, will be \$1.080 million in 2012, and will be further reduced by \$0.272 million to \$0.808 million in 2013.

- Contributions to the Conference Centre Reserve Fund from Allstream naming rights revenue will be \$1.143 million for 2013. The Allstream naming rights agreement signed in October 2009 has a term of 10 years.
- On November 5, 2012, Executive Committee recommended to City Council a report, (EX24.19), from the DCM and CFO "Administrative Amendments to Reserve Fund Accounts - 2012" recommending :
  - *City Council change the purpose of the Exhibition Place Conference Centre Reserve Fund in Schedule #15 of Chapter 227 to: 'provides a source of funding, in the first instance, for any shortfalls in the loan payments to the City from Exhibition Place for the new conference centre, and this being provided for, to support any cash shortfalls with respect to capital funding required to maintain the Direct Energy Centre and the Allstream Centre in a state of good repair'.*
- Exhibition Place will contribute any surplus provided by improved performance by the Direct Energy Centre, up to \$0.500 million in 2013 and 2014 into the Conference Centre Reserve Fund to fund urgently needed improvements to washrooms in the Direct Energy Centre. This SOGR project for washroom repair is included in the Exhibition Place 2013 Recommended Capital Budget.

Balance in CCRF start of year	2013			2014			2015		
	Contribution	Draw	Net Impact	Contribution	Draw	Net Impact	Contribution	Draw	Net Impact
			1758.7			2,117.7			2,451.7
Naming Rights DEC	700.0	-	675.0	675.0	-	675.0	675.0	-	675.0
Naming Rights Allstream	468.0	-	468.0	468.0	-	468.0	468.0	-	468.0
Projected year-end surplus	500.0		500.0	500.0		500.0	500.0		500.0
Draw for DEC washrooms		(500.0)	(500.0)		(500.0)	(500.0)		(500.0)	(500.0)
Allstream (Loss)		(809.0)	(809.0)		(809.0)	(809.0)		(809.0)	(809.0)
<b>Totals</b>	1,668.0	(1,309.0)	359.0	1,643.0	(1,309.0)	334.0	1,643.0	(1,309.0)	334.0
<b>Balance in CCRF year end</b>			<b>2,117.7</b>			<b>2,451.7</b>			<b>2,785.7</b>

## Appendix 1 2012 Performance

### 2012 Key Accomplishments

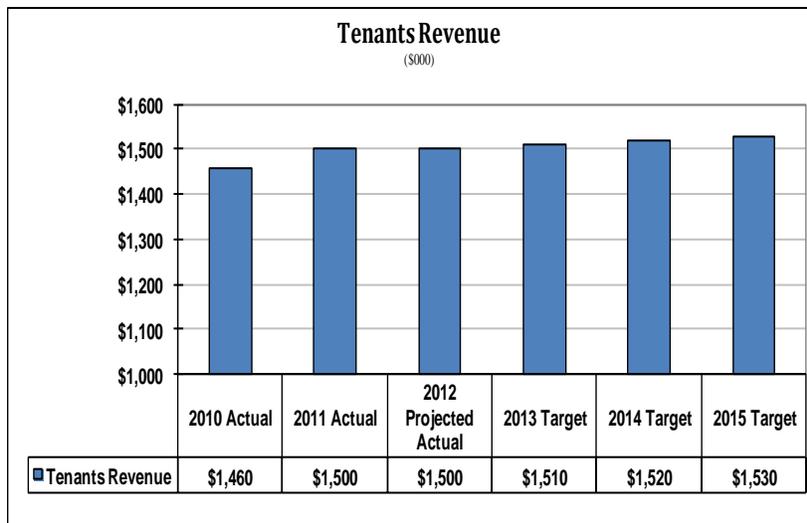
In 2012, Exhibition Place achieved the following results:

- ✓ Maintained outstanding customer service by achieving an average of 90% rating from client satisfaction surveys.
- ✓ Received LEED Silver Certificate for Allstream Centre.
- ✓ Promoted safety in the workplace, reduced lost time by 62% over 2010.
- ✓ Achieved financial targets, transferring \$11.0 million to City in the last 10 years.
- ✓ Continued to promote environmental initiatives; savings of \$3.8 million and 49 million Kwh from 2007-2012
- ✓ Improved events attendance and occupancy by diversification of customer target groups for shows and events to include more film shoots, religious and cultural events and private functions
- ✓ Direct Energy Centre received BOMA Certificate of Building & Management Excellence, and Office Building of the Year (TOBY) Award and UFI Operations Award

### 2012 Performance

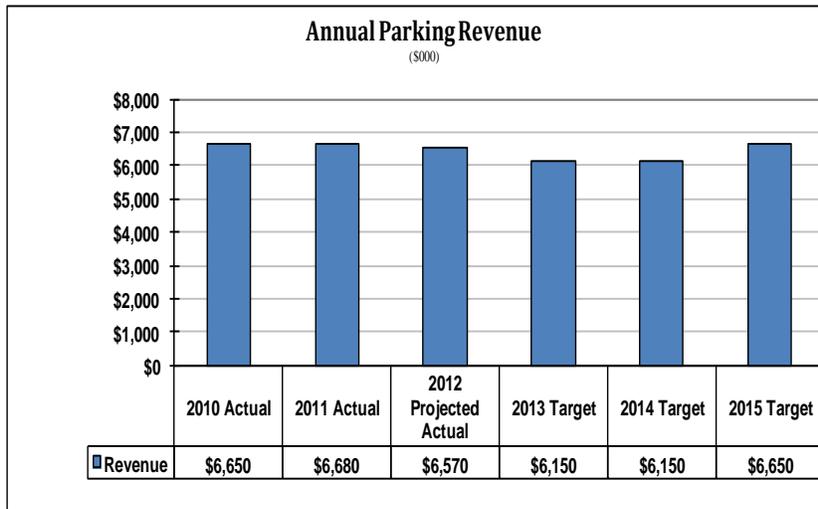
#### Effectiveness

- Annual Revenue from Tenants under long term lease agreements.



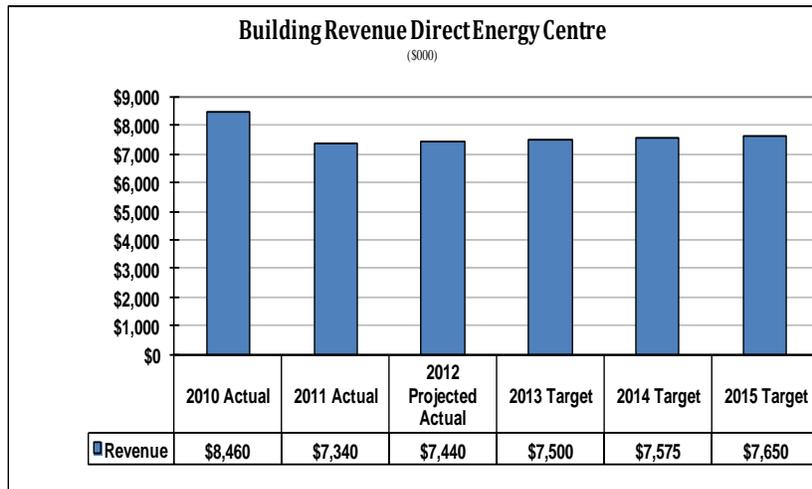
- Revenues from tenants have been sustained through the economic down turn and are anticipated to remain stable over the next three years.

- Annual Parking revenue from visitors utilizing parking facilities



- 2013 and 2014 parking revenues will be reduced by \$0.455 million due to the temporary loss of 500 parking spaces during the construction of the new hotel.
- Construction of the hotel will be completed in late 2014. These 500 parking spaces will be accessible for 2015 with revenue returning to the 2012 budget level.

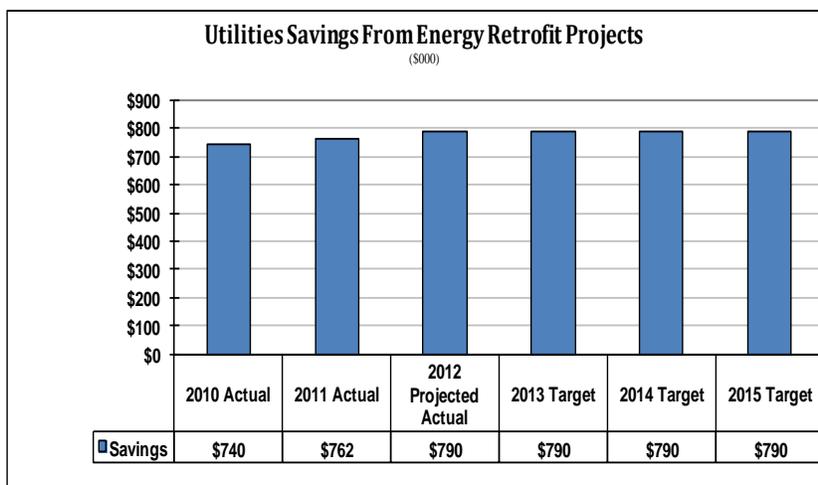
- Revenue from events at the Direct Energy Centre



- Direct Energy Centre Revenue has stabilized after the economic downturn and is anticipated to be stable over the next three years.

**Efficiency**

- Annual savings attributed to reduced utility cost as a result of Energy Retrofit Projects



- Savings in electricity costs have stabilized in 2012 at \$0.790 million and savings will continue at this level over the next three years.
- Further savings are dependent on future Green Energy Projects. Exhibition Place continues to look for alternative sources of funding for future Green Energy Projects.

## 2012 Budget Variance Analysis

### 2012 Budget Variance Review (In \$000s)

	2010 Actuals	2011 Actuals	2012 Approved Budget	2012 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	(In \$000s) \$	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	62,571.0	63,199.2	64,772.7	63,939.0	(833.7)	(1.3)
<b>REVENUES</b>	63,833.7	66,248.7	64,770.3	64,975.7	205.4	0.3
<b>NET EXP.</b>	(1,262.7)	(3,049.5)	2.4	(1,036.7)	(1,039.1)	(43,295.8)
<b>Approved Positions</b>	529.5	529.5	529.5	529.5		

\* Based on the Third Quarter Operating Budget Variance Report.

### 2012 Experience

- Based on third quarter results, Exhibition Place is projecting a year-end favourable variance of \$1.037 million. This favourable variance is primarily the result of \$1.003 million of increased net revenue from CNEA, and \$0.035 million of increased net revenue from other tenants.
- The Deputy City Manager and Chief Financial Officer will deposit actual surpluses over the City Council approved budget for the CNEA Program for 2012 into the Exhibition Place Stabilization Reserve for the sole purpose of stabilizing the CNEA, following the completion of the annual audit for the consolidated Exhibition Place operations for the year ending December 31, 2012 as directed by City Council. 2012 is the last year of the agreement with CNEA.

### Impact of 2012 Operating Variance on the 2013 Recommended Budget

- The 2012 Operating Variance has no impact on the 2013 Recommended Budget as the net revenue from CNEA will no longer be included in Exhibition Place results after CNEA Independence in April 2013.

## Appendix 2

### 2013 Recommended Operating Budget by Expenditure Category and Key Cost Driver

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

Category of Expense	2010	2011	2012	2012	2013	2013 Change from		2014	2015
	Actual	Actual	Budget	Projected	Recommended	2012 Approved	%	Outlook	Outlook
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	36,341.6	37,680.8	37,611.2	37,611.2	31,747.4	(5,863.9)	(15.6%)	32,350.5	32,965.2
Materials and Supplies	4,567.1	4,517.6	5,451.4	5,451.4	3,923.3	(1,528.1)	(28.0%)	3,923.3	3,923.3
Equipment	156.3	284.0	176.8	176.8	526.8	350.0	198.0%	526.8	526.8
Services & Rents	38,211.0	35,486.3	35,862.0	35,028.3	19,131.2	(16,730.8)	(46.7%)	19,347.7	19,569.1
Contribution to Reserves	974.9	977.8	984.5	984.5	984.5		0.0%	984.5	984.5
Contrib.to CCRF Naming Rights		1,142.6	1,168.0	1,168.0	1,021.8	(146.2)	(12.5%)	1,021.8	1,021.8
Contrib.to CCRF Capital Projects					500.0			500.0	500.0
Other Expenditures	(16,150.1)	(16,889.9)	(16,481.2)	(16,481.2)	(14,184.4)	2,296.8	(13.9%)	(14,184.4)	(14,184.4)
<b>TOTAL GROSS EXPENDITURES</b>	<b>64,100.8</b>	<b>63,199.2</b>	<b>64,772.7</b>	<b>63,939.0</b>	<b>43,650.6</b>	<b>(21,622.1)</b>	<b>(34.2%)</b>	<b>44,470.3</b>	<b>45,306.4</b>
User Fees & Donations	63,309.6	63,639.0	62,293.3	62,498.7	41,170.6	(21,122.7)	(33.9%)	41,990.3	42,926.4
Contribution from Reserve Funds	138.7	101.4	129.0	129.0	129.0		0.0%	129.0	129.0
Contribution CCRF Sportsman Show	472.5	300.0	100.0	100.0		(100.0)	(100.0%)		
Contribution from Conference Centre RF	369.7	1,065.7	1,080.0	1,080.0	809.0	(271.0)	(25.1%)	809.0	809.0
Contribution from CCRF (Capital Projects)					500.0			500.0	500.0
Cont. from CCRF Naming Rights	1,073.1	1,142.6	1,168.0	1,168.0	1,142.0	(26.0)	(2.2%)	1,142.0	1,142.0
<b>TOTAL REVENUE</b>	<b>65,363.6</b>	<b>66,248.7</b>	<b>64,770.3</b>	<b>64,975.7</b>	<b>43,750.6</b>	<b>(21,519.7)</b>	<b>(32.5%)</b>	<b>44,570.3</b>	<b>45,506.4</b>
<b>TOTAL NET EXPENDITURES</b>	<b>(1,262.8)</b>	<b>(3,049.5)</b>	<b>2.4</b>	<b>(1,036.7)</b>	<b>(100.0)</b>	<b>(102.4)</b>	<b>(4284.5%)</b>	<b>(100.0)</b>	<b>(200.0)</b>
<b>APPROVED POSITIONS</b>	<b>529.5</b>	<b>529.5</b>	<b>529.5</b>	<b>529.5</b>	<b>397.5</b>	<b>(132.0)</b>	<b>(24.9%)</b>	<b>397.5</b>	<b>397.5</b>

### 2013 Key Cost Drivers

- The 2013 Recommended Base Budget includes \$21.761 million or a 34.4% gross expenditure reduction including a reduction of \$21.573 for the Canadian National Exhibition Association (CNEA) to reflect its independence by April 2013.
- Approval of the 2013 Recommended Base Budget will result in a reduction of 132 positions for CNEA Independence resulting in a change in approved staff complement from 529.5 to 397.5. Salaries and benefits are reduced by \$6.298 million.
- Other Base Budget reductions attributed to the CNEA independence include a \$0.839 million reduction to materials and supplies, \$17.094 million reduction to services and rents, and \$2.813 million reduction in service recoveries as outlined below.

#### Impact of CNEA Independence

Element	2013 Incremental Change
Salaries and Benefits	(6,298.1)
Materials & Supplies	(839.2)
Service & Rents	(17,094.0)
Contribution to Reserve	(154.2)
Recoveries for Services	2,813.0
<b>Total Gross Expenditure</b>	<b>(21,572.5)</b>
User Fees	(21,572.5)
<b>Total Revenues</b>	<b>(21,572.5)</b>
<b>Net</b>	<b>0.0</b>

The 2013 Recommended Base Budget provides funding for the following:

***Economic Factors Labour Related Costs***

- An increase of \$0.511 million is recommended, including \$0.128 million for negotiated collective agreement increases, and \$0.383 million for progression pay and benefits increases for other staff.

***Economic Factors Non-Labour Costs***

- An increase of \$0.815 million gross, \$0.167 million net is recommended, including \$0.157 million increase in utilities costs for forecasted rate changes and an increase of \$0.147 million gross, \$0.010 million net after a detailed review of 2012 spending levels.

***Other Base Changes***

- A decrease of \$0.397 million net is recommended as a result of increased recoveries due to increase volume of actual labour costs for client services.
- A decrease of \$0.423 million net is recommended as a result of changing needs primarily due to volume decreases in utilities costs.

***Base Revenue Changes***

The 2013 Recommended Operating Budget includes 5 revenue changes for a total of \$0.039 million including:

- A decrease of \$0.100 million in the contribution from the Conference Centre Reserve Fund (CCRF). 2012 is the final year of the agreement to draw from the reserve to offset the shortfall due to the loss of the Sportsman Show. The City gun policy was changed in 2012 to allow the Sportsmen Show to return in 2013.
- A revenue increase of \$0.812 million is a result of rent, food and beverage and service revenue increases arising from increased attendance at events.
- The contribution from the CCRF is decreased by \$0.271 million as a result of decreasing losses at the Allstream Centre. 2013 is the 4th year of operations for the Allstream Centre and revenues will increase by \$0.387 million and expenses will increase by \$0.116 million.
- Construction of the new hotel commencing in January 2013 will result in a parking revenue reduction of \$0.455 million due to a temporary loss of 500 parking spaces.
- A \$0.025 million decrease in contribution from naming rights to a \$1.143 million contribution to the CCRF reserve fund, due to an increase in branding costs.

***2013 Recommended User Fee Changes***

- In accordance with the City's User Fee Policy, market driven changes to user fees will be included in the Municipal Code Chapter 441, User Fees and Charges. Please see Appendix 6 (iii) for Market Driven User Fee Increases for Exhibition Place.

## Appendix 5

### Inflows / Outflows to / from Reserves & Reserve Funds (In \$000s)

#### Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2012	2013	2014	2015
			\$		\$	\$
Conference Centre Reserve Fund	XR 3019	Projected Beginning Balance	2,711.0	2,711.0	1,902.5	1,195.5
		Proposed				
		Withdrawals (-)		(1,951.5)	(1,850.0)	(1,651.5)
		Contributions (+)		1,143.0	1,143.0	1,143.0
<b>Balance at Year-End</b>			<b>2,711.0</b>	<b>1,902.5</b>	<b>1,195.5</b>	<b>687.0</b>

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	Projected Balance as of December 31, 2012	2013	2014	2015
			\$		\$	\$
Vehicle Equipment Reserve- Exhibition Place	XQ1702	Projected Beginning Balance	260.3	260.3	260.3	260.3
		Proposed				
		Withdrawals (-)	(330.0)	(330.0)	(330.0)	(330.0)
		Contributions (+)	330.0	330.0	330.0	330.0
<b>Balance at Year-End</b>			<b>260.3</b>	<b>260.3</b>	<b>260.3</b>	<b>260.3</b>

#### Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31, 2012 *	Proposed Withdrawals (-) / Contributions (+)		
			2013	2014	2015
			\$	\$	\$
Sick Bank Reserve	XR 1007	25,170.4	(233.1)		
			51.0		
Insurance Reserve Fund		34,605.7	(449.5)		
			449.5		
Environmental Protection (Tree Planting)	XR 1718	10,754.3	(75.0)		
<b>Total Reserve / Reserve Fund Draws / Contributions</b>			<b>(257.1)</b>		

**Appendix 6 (iii)**  
**2013 Recommended User Fee Rate Changes**  
**Other Adjustments**

Ref #	User Fee Description	Fee Category	Fee Unit/Basis	2012 Fee (A)	Inflationary Adjustment (B)	Other Adjustments (C)	2013 Recommended Fee (D)	2013 Incremental Revenue
1	<b>EXHIBITION PLACE</b> Rental charge for use of facilities	Market Based	Per sq. ft.	\$0.08 to \$0.158	N/A	\$0.003 to \$0.005	\$0.083 to \$0.163	<b>\$812,400</b>
2	General Parking on Exhibition Ground	Market Based	Per day	\$10 to \$25	N/A	\$1.00	\$11 to \$26	
3	Rental of meeting and ball room (various by size and time)	Market Based	Daily Rate per square foot	\$0.50 to \$0.55	N/A	\$0.02	\$0.52 to \$0.57	
	<b>EXHIBITION PLACE - TOTAL</b>							<b>\$812,400</b>