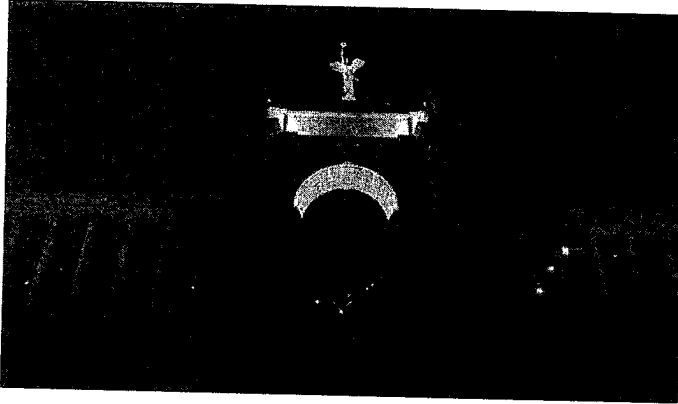


# Toronto 2014 BUDGET

## OPERATING ANALYST NOTES



## Exhibition Place

### 2014 OPERATING BUDGET OVERVIEW

#### What We Do

Exhibition Place fosters an inclusive and accessible parkland and business destination for entertainment, recreation, sporting events, and public celebrations, operating as a self-sustaining and environmentally responsible entity.

Exhibition Place is an integral component of Toronto and Ontario's economy, particularly with respect to sports, festivals, recreation, culture and tourism. Exhibition Place is a world leader in emerging green technologies and attracts over 5.3 million visitors a year.

The total cost to operate Exhibition Place in 2014 is \$44.438 million with operating revenues of \$44.538 million, thereby fully funding its operations with a \$0.100 million budgeted net revenue.

(In \$000s)	Approved 2013 Budget	Recommended 2014 Budget	Change	
			\$	%
Gross Expenditures	43,650.7	44,438.1	787.4	1.8%
Gross Revenue	43,750.7	44,538.1	787.4	1.8%
Net Expenditures	(100.0)	(100.0)	0.0	0.0%

In 2014 Exhibition Place will generate operating revenue of \$0.100 million for the City of Toronto. The 2014 Recommended Operating Budget presents no changes vs. the 2013 Approved Operating Budget. Exhibition Place will continue to deliver its services to the public on a self-sustaining and environmentally friendly manner.

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Fast Facts

- Canada's largest entertainment venue.
- Exhibition Place attracts over 5.3 million visitors a year.
- 192-acre parkland.
- Has hosted major events such as the G-20 Summit, the Pope's visit, Canadian National Exhibition, Honda Indy and Major League Soccer matches.

Trends

- Revenue from tenants has been sustained through the economic downturn, anticipated to grow until 2015 and remain stable in 2016.
- Exhibition Place has maintained outstanding customer service over the years, with a 90% customer satisfaction rating in 2013.
- Environmental initiatives generated savings of \$3.8 million from 2007 to 2012.

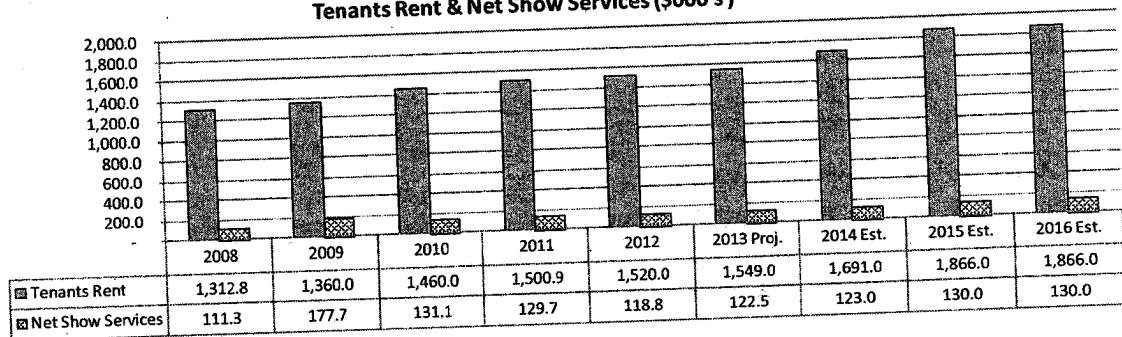
Our Service Deliverables for 2014

Exhibition Place is Canada's largest entertainment venue, responsible for managing 192-acre parkland, for providing inclusive and accessible parkland, and for serving as a business destination for entertainment, recreation and sporting events, and public celebrations, while operating as a self-sustaining and environmentally responsible entity.

The 2014 Operating Budget will fund:

- Exhibition Place Operations and the Direct Energy Centre 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 and the One of a Kind Craft Show.
- The National Soccer Stadium (BMO Field) as a venue for major league soccer matches, concerts, community use, corporate functions and private parties.
- The development of Allstream Conference Centre operating requirements as the new venue enters its fifth year. This facility provides meeting rooms, exhibit space, and a Class A ballroom to complement the event activity at the Direct Energy Centre. The centre will help to attract more international conferences, conventions, festivals, consumer and trades shows to the City.

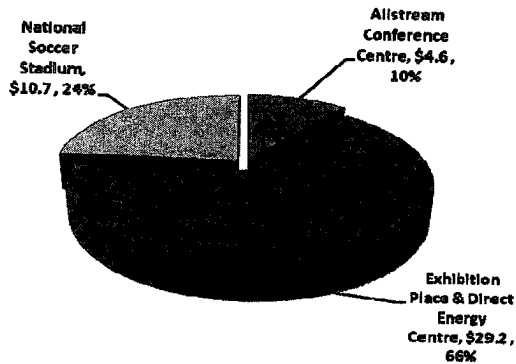
Tenants Rent & Net Show Services (\$000's)



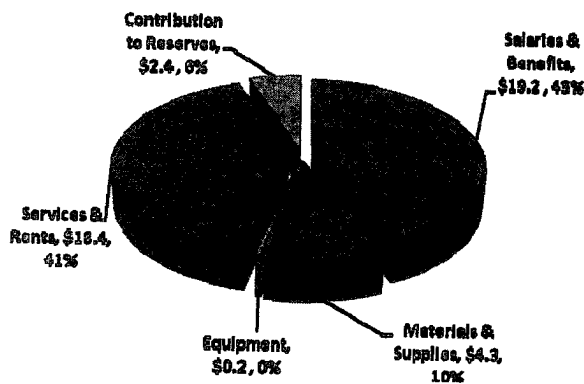
2014 Budget Expenditures & Funding

Where the money goes:

2014 Gross Operating Budget by Service  
\$44.438 Million

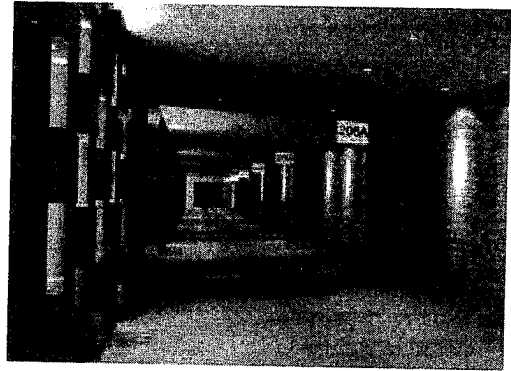
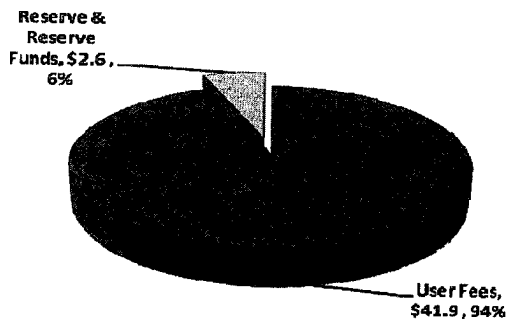


2014 Operating Budget by Expenditure Category



Where the money comes from:

2014 Operating Budget Funding Source  
\$44.538 Million



Key Challenges & Priority Actions

- Maintain positive financial performance, by seeking additional revenues and efficiencies within the budget, while mitigating the loss of parking revenue due to hotel construction and the loss of three large events (\$1.1 million).
- Remain competitive in the market place for venues encouraging high performance and customer service levels through an employee engagement strategy.
- Develop an environmental leadership strategy while securing funding for green initiatives.
- Promote the site as an international business centre, promoting Exhibition Place beyond the CNE (Canadian National Exhibition) and building positive public relationships.
- Ensure a safe and secure environment for employees, guests, the property and assets, while maintaining Exhibition Place heritage buildings.

## II: RECOMMENDATIONS

### Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2014 Recommended Operating Budget for Exhibition Place of \$44.438 million gross and \$0.100 million net revenue, comprised of the following services:

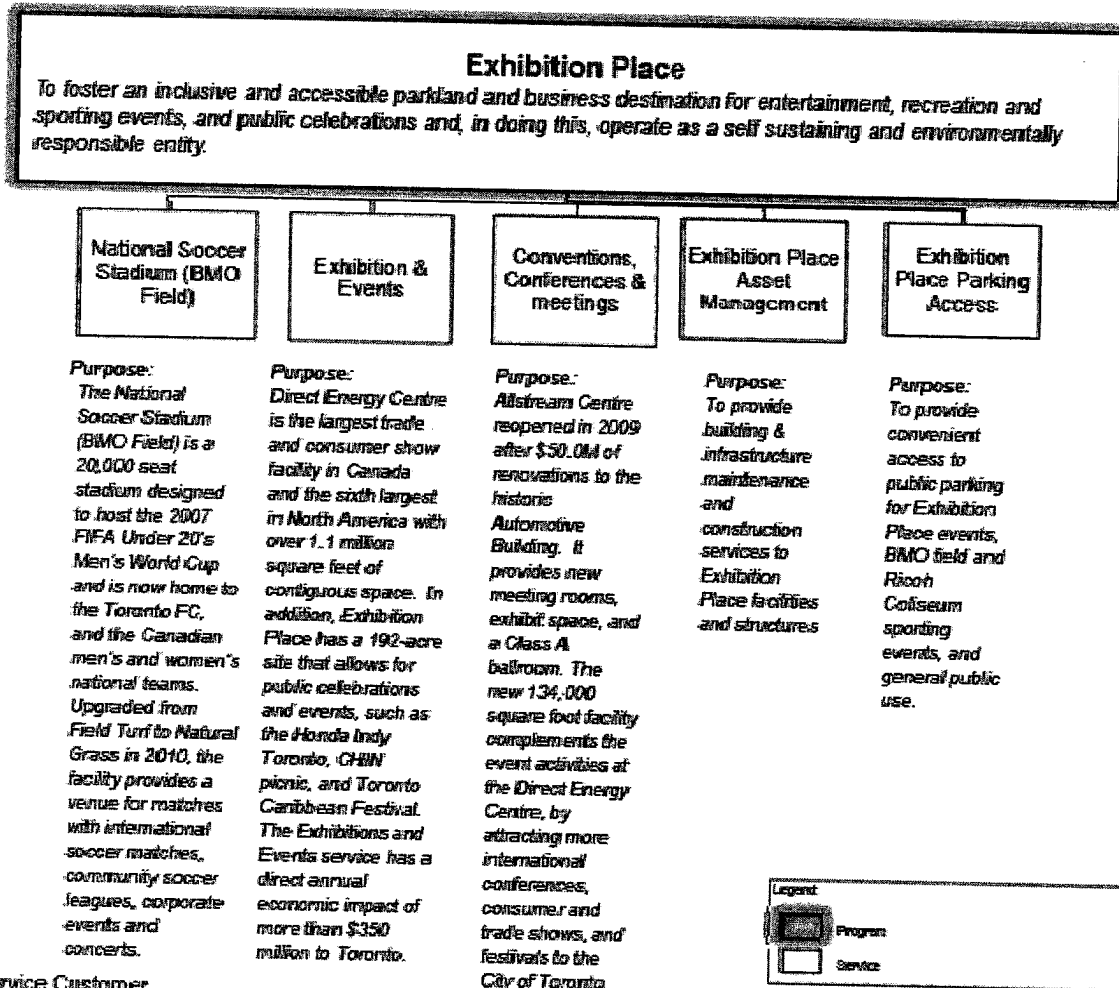
<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Exhibitions Place & Direct Energy Centre	29,184.3	223.9
National Soccer Stadium	10,677.0	(323.9)
Allstream Conference Centre	4,576.8	0.0
Total Agency Budget	<u>44,438.1</u>	<u>(100.0)</u>

2. City Council approve Exhibition Place's 2014 recommended service levels, as outlined on page 7, and associated staff complement of 397.5 positions.
3. City council approve the 2014 recommended market rate user fee changes for Exhibition Place as identified in Appendix 6 (Inflation and Other Adjustments) for inclusion in the Municipal Code Chapter 441, User Fees and Charges.

### III: 2014 SERVICE OVERVIEW AND PLAN

#### Program Map

Exhibition Place fosters an inclusive and accessible parkland and business destination for entertainment, recreation, sporting events, and public celebrations by providing the following services:

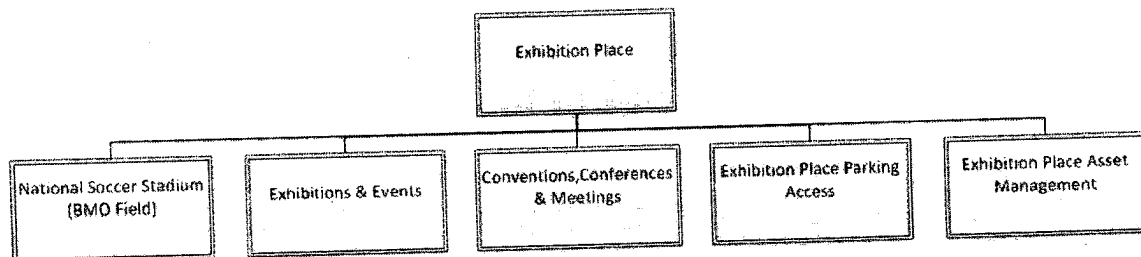


2014 Service Deliverables

The 2014 Recommended Operating Budget of \$44.438 million gross expenditure and \$0.100 million net revenue for Exhibition Place will fund:

- Exhibition Place Operations and the Direct Energy Centre 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 and the One of a Kind Craft Show.
- The National Soccer Stadium (BMO Field) as a venue for major league soccer matches, concerts, community use, corporate functions and private parties.
- The development of Allstream Conference Centre operating requirements as the new venue enters its fifth year. This 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 to attract more international conferences, conventions, consumer and trades shows and festivals to the City.

Service Profile: Exhibition Place



What we do

- **National Soccer Stadium (BMO Field):** The National Soccer Stadium (BMO Field) is a 20,000 seat stadium designed to host the 2007 FIFA Under 20's Men's 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.
- **Exhibitions and Events:** 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.

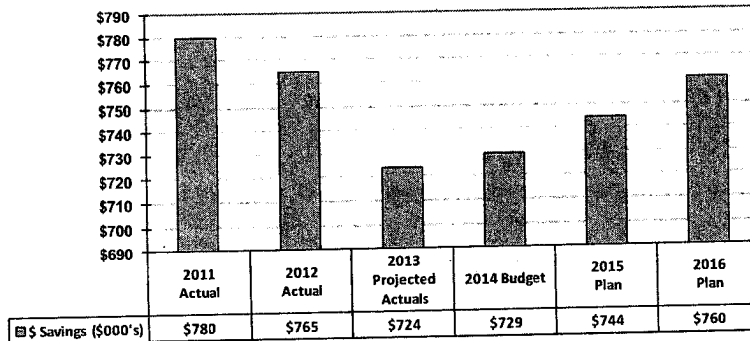
- **Conventions, Conferences & Meetings:** Allstream Centre reopened in 2009 after a \$50.0 million renovation to the historic Automotive Building. It provides new meeting rooms, exhibit space, and a Class A ballroom. The new 134,000 square foot facility complements the event activities at the Direct Energy Centre, by attracting more international conferences, consumer and trade shows, and festivals to the City of Toronto.
- **Exhibition Place Asset Management:** Provide building & infrastructure maintenance and construction services to Exhibition Place facilities and structures.
- **Exhibition Place Parking Access:** Provide convenient access to public parking for Exhibition Place events, BMO field sporting events, and general public use.

**2014 Recommended Service Levels**

Service	Activity Type	Service Levels
		2014 Recommended
National Soccer Stadium (BMO Field)	Sporting Event	Achieving 84% capacity
	Corporate Functions /Private Parties	70% utilization projected for 2012
	Community Use	100% compliance for contracted community usage
	National / International Friendlies	National / International Friendlies games: achieve 80% capacity or more of 21,000 seats
	Guest Services: Food & Beverage	Increase sales per attendee vs. 2012 level
	Guest Services: Merchandise	\$2.80 merchandise sales per attendee
Exhibitions & Events	Event - Trade & Consumer	100% compliance with negotiated terms
	Event - Meetings & Corporate	100% compliance with negotiated terms
	Event - Community / Festivals / City of Toronto / Sporting / Photo & Film	100% compliance with negotiated terms
	Event - Major Citywide celebrations & special events	100% compliance with negotiated terms
	Guest Services: Food & Beverage	\$4.75 food & beverage sales per attendee
	Guest Services: Facility Support	\$0.65 of Service Revenue per \$1 of Rent Revenue
Conventions, Conference & Meetings	Long-term Tenant Support	\$10.43 per Square foot of long term tenant space supported
	Event Space	100% compliance with negotiated terms
	Guest Services: Food & Beverage	\$4.75 food & beverage sales per attendee
	Guest Services: Facility Support	\$0.65 of Service Revenue per \$1 of Rent Revenue
Asset Management	Guest Services: Parking	Labour Cost ratio of 9% of revenue
	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 Parking Access	Fleet & Equipment Maintenance	Fleet & Equipment Maintenance: Maintain current 43 vehicles and 73 pieces of equipment and additional acquisitions
	Surface	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 9% of revenue.
	Underground	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 9% of revenue.

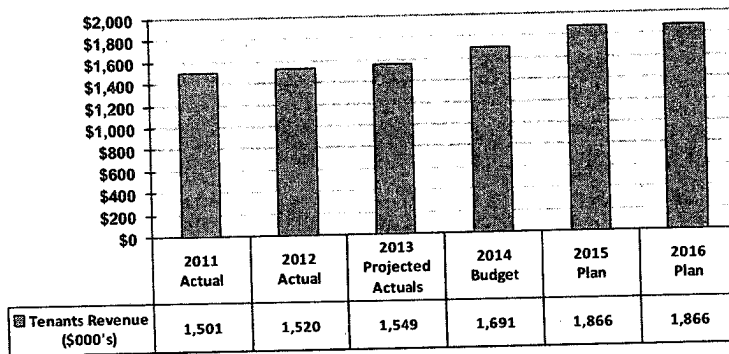
Service Performance Measures

Efficiency Measure – Utility Cost Savings from Energy Retrofit Projects



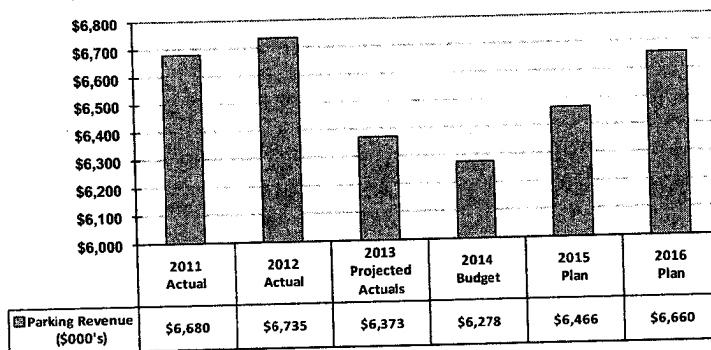
- Savings in energy costs are projected to grow to reach an amount close to the 2012 savings.
- Further savings increases are dependent on future Green Energy Projects.

Effectiveness Measure – Annual Revenue from Tenants under long term lease agreements



- Revenues from tenants have been sustained through the economic down turn, are anticipated to grow until 2015 and remain stable in 2016.

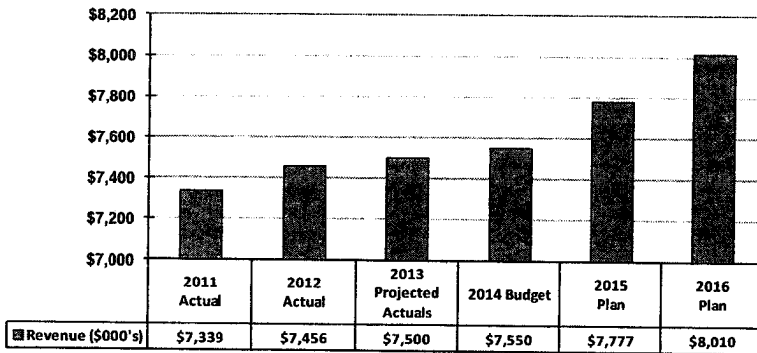
Effectiveness Measure – Annual Parking revenue from visitors utilizing parking facilities



- Parking revenue has declined since 2013 due to the temporary loss of parking spaces during the hotel construction.
- Parking revenue is expected to slowly increase after completion of the hotel project.



Effectiveness Measure – Revenue from events at the Direct Energy Centre



■ The revenue from events at the Direct Energy Centre is projected to remain stable from 2012 to 2014 and slowly increase from 2015 onwards.

## IV: 2014 Recommended Total Operating Budget

### 2014 Recommended Operating Budget (In \$000s)

(In \$000s)	2013		2014 Recommended Operating Budget					Incremental Change 2015 and 2016 Plan			
	Approved Budget	Projected Actual	2014 Rec'd Base	2014 Rec'd New/Enhanced	2014 Rec'd Budget	2014 Rec'd vs. 2013 Budget Approved Changes		2015		2016	
						\$	%	\$	%	\$	%
<b>By Service</b>	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>Exhibition Place &amp; Direct Energy Centre</b>											
Gross Expenditures	29,895.6	29,895.6	29,184.3		29,184.3	(711.3)	(2.4)	1,257.0	4.3	(557.3)	(1.9)
Revenue	29,690.9	29,690.9	28,960.4		28,960.4	(730.5)	(2.5)	1,795.0	6.2	(1,121.3)	(3.8)
<b>Net Expenditures</b>	<b>204.7</b>	<b>204.7</b>	<b>223.9</b>	<b>-</b>	<b>223.9</b>	<b>19.2</b>	<b>9.4</b>	<b>(538.0)</b>	<b>(240.3)</b>	<b>564.0</b>	<b>225.7</b>
<b>National Soccer Stadium</b>											
Gross Expenditures	9,261.1	9,261.1	10,677.0		10,677.0	1,415.9	15.3	169.0	1.6	260.6	2.3
Revenue	9,565.8	9,565.8	11,000.9		11,000.9	1,435.1	15.0	231.0	2.1	224.6	2.0
<b>Net Expenditures</b>	<b>(304.7)</b>	<b>(304.7)</b>	<b>(323.9)</b>	<b>-</b>	<b>(323.9)</b>	<b>(19.2)</b>	<b>6.3</b>	<b>(62.0)</b>	<b>19.1</b>	<b>36.0</b>	<b>(10.3)</b>
<b>Allstream Conference Centre</b>											
Gross Expenditures	4,494.0	4,494.0	4,576.8		4,576.8	82.8	1.8	(45.2)	(1.0)	102.8	2.2
Revenue	4,494.0	4,494.0	4,576.8		4,576.8	82.8	1.8	(45.2)	(1.0)	102.8	2.2
<b>Net Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>NA</b>	<b>-</b>	<b>NA</b>	<b>-</b>	<b>NA</b>
<b>Total</b>											
Gross Expenditures	43,650.7	43,650.7	44,438.1		44,438.1	787.4	1.8	1,380.8	3.1	(193.9)	(0.4)
Revenue	43,750.7	43,750.7	44,538.1		44,538.1	787.4	1.8	1,980.8	4.4	(793.9)	(1.7)
<b>Total Net Expenditures</b>	<b>(100.0)</b>	<b>(100.0)</b>	<b>(100.0)</b>	<b>-</b>	<b>(100.0)</b>	<b>-</b>	<b>-</b>	<b>(600.0)</b>	<b>600.0</b>	<b>600.0</b>	<b>(600.0)</b>
Approved Positions	397.5	397.5	397.5		397.5	-	-	11.0	2.8	(11.0)	(2.8)

The 2014 Recommended Operating Budget for Exhibition Place of \$43.438 million gross and \$0.100 million net revenue is comprised of the following services:

- *The Exhibition Place & Direct Energy Centre* service's 2014 Recommended Budget reflects an increase of \$0.019 million or 9.4% over the 2013 approved net expenditures. This is driven by an increase in benefits of \$0.192 million, lower net reserve contributions of \$0.107 million, and a decrease in revenue from exhibits of \$0.547 million. This is partially offset by a decrease of \$0.191 million in natural gas cost and a decrease of \$0.635 million in other expenditures, resulting from lower exhibit volume.
- *The National Soccer Stadium (BMO Field)* service's 2014 Recommended Operating Budget reflects a net expenditure decrease of \$0.019 million or 6.3% over the 2013 approved net expenditures. This is driven by an increase in COLA and progression pay of \$0.022 million, hydro, water and miscellaneous materials and supplies increase of \$0.113 million, as well as an increase in cost of services and other expenditures of \$1.281 million offset by higher revenues of \$1.435 million.
- *The Allstream Conference Centre* service's 2014 Recommended Operating Budget has no change over the 2013 approved net expenditures.

Overall, the 2014 Recommended Operating Budget for Exhibition Place reflects no change, maintaining its 2013 revenue of \$0.100 million net for 2014.

There are no recommended service level changes or new and enhanced services in the Exhibition Place's 2014 Recommended Operating Budget.

Approval of the 2014 Recommended Budget will not change the Agency's approved staff complement, maintaining its staffing level of 397.5 positions as highlighted in the table below:

### 2014 Recommended Total Staff Complement

Changes	2014 Budget	2015 Plan	2016 Plan
Opening Complement	397.5	397.5	408.5
In-year Adjustments			
Adjusted Staff Complement	397.5	397.5	408.5
<b>Recommended Change in Staff Complement</b>			
- Temporary Complement - capital project delivery			
- Operating impacts of completed capital projects			
- Service Change Adjustments		11.0	(11.0)
- New / Enhanced			
<b>Total</b>	<b>397.5</b>	<b>408.5</b>	<b>397.5</b>
<b>% Change over prior year</b>		<b>2.8</b>	<b>(2.8)</b>

In 2015, the staff complement will increase by 11 temporary positions to host and deliver Pan Am Games events at Exhibition Place. The additional operating cost will be absorbed by additional revenue earned from the Pan American Games, resulting in net revenue of \$0.600 million to Exhibition Place and, therefore, to the City of Toronto.

### 2014 Recommended Base Budget (In \$000s)

(In \$000s)	2013 Approved Budget	2014 Rec'd Base	Change 2014 Recommended Base vs. 2013 Approved Budget		Incremental Change			
					2015 Plan		2016 Plan	
					\$	%	\$	%
<b>By Service</b>	\$	\$	\$	%	\$	%	\$	%
<b>Exhibition Place &amp; Direct Energy Centre</b>								
Gross Expenditures	29,895.6	29,184.3	(711.3)	(2.4)	(1,043.0)	(3.6)	1,742.7	5.8
Revenue	29,690.9	28,960.4	(730.5)	(2.5)	(1,105.0)	(3.8)	1,778.7	6.0
Net Expenditures	204.7	223.9	19.2	9.4	62.0	27.7	(36.0)	(14.4)
<b>National Soccer Stadium</b>								
Gross Expenditures	9,261.1	10,677.0	1,415.9	15.3	169.0	1.6	260.6	2.3
Revenue	9,565.8	11,000.9	1,435.1	15.0	231.0	2.1	224.6	2.0
Net Expenditures	(304.7)	(323.9)	(19.2)	6.3	(62.0)	19.1	36.0	(10.3)
<b>Allstream Conference Centre</b>								
Gross Expenditures	4,494.0	4,576.8	82.8	1.8	(45.2)	(1.0)	102.8	2.2
Revenue	4,494.0	4,576.8	82.8	1.8	(45.2)	(1.0)	102.8	2.2
Net Expenditures	-	-	-	NA	-	NA	-	NA
<b>Total</b>								
Gross Expenditures	43,650.7	44,438.1	787.4	1.8	(919.2)	(2.1)	2,106.1	4.6
Revenue	43,750.7	44,538.1	787.4	1.8	(919.2)	(2.1)	2,106.1	4.6
Net Expenditures	(100.0)	(100.0)	(0.0)	0.0	-	NA	-	NA
Approved Positions	397.5	397.5	-					

The 2014 Recommended Base Budget of \$44.438 million gross and \$0.100 million net revenue is at the same expenditure level as the 2013 Approved Budget of \$0.100 million net revenue and represents no base increases, bringing the Agency's base budget to the target of a 0% increase as detailed below.

**Key Cost Drivers  
(In \$000s)**

(In \$000s)	2014 Rec'd Base Budget
<b>Gross Expenditure Changes</b>	
<b>Economic Factors</b>	
Increase in hydro, gas, water, materials, supplies, equipment and other expenses.	609.1
Expenditure reductions to reflect actual usage of utilities, equipment, services and rents.	(1,972.9)
<b>COLA and Progression Pay</b>	
COLA and Progression Pay	244.6
<b>Expenditure Changes</b>	
Increased labor/costs for client services due to increase in volume	1,982.9
<b>Other Changes</b>	
Changes to Reserve Contributions (Naming Rights Revenue, Insurance Reserve, Conference Centre Reserve Fund)	91.7
	<b>955.4</b>
<b>Total Changes</b>	
<b>Revenue Changes</b>	
Volume changes in rental shows, parking revenues and various user fees at the BMO Field	955.4
	<b>955.4</b>
<b>Total Changes</b>	<b>0.0</b>
<b>Net Expenditures</b>	

Key cost drivers of \$0.955 million in base budget pressures have been directly offset by corresponding revenue increases.

***Economic Factors***

- An increase of \$0.609 million gross consistent with City guidelines for inflationary increases is provided for hydro (\$0.110 million), gas (\$0.017 million), water (\$0.031 million), materials and supplies (\$0.015 million), equipment (\$0.04 million) and other expenses (\$0.432 million).
- Expenditure reductions of \$1.973 million reflect actual usage of utilities, equipment, and services and rents and offset inflationary increases.

***COLA and Progression Pay***

- A net expenditure increase of \$0.245 million is recommended for 2014: \$0.268 million for non-union merit and cost-of-living adjustments and \$0.272 million for trade worker COLA as stipulated by union agreements which is partially offset by other wage and benefits decreases of \$0.295 million.

***Expenditure Changes***

- Additional expenditures of \$1.983 million are the result of increased volume and associated labor/costs for client services which are offset through recoverable revenues that had previously been reported on a net basis.

**Other Base Changes**

- Changes to reserve contributions reflect an increase of \$0.092 million which is comprised of a decreased contribution of \$0.025 million from the Naming Rights revenue to the Conference Centre Reserve Fund (CCRF) due to an increase in branding costs, \$0.050 million decrease in the contribution to the Insurance Reserve Fund and \$0.001 million decrease in contribution for the Sick Leave Reserve Fund due to CNEA's departure. These decreases are offset by a decreased withdrawal of \$0.183 million from the Sick Leave reserve fund due to the departure of the CNEA and an increase in the budgeted withdrawal from the CCRF by \$0.015 million as a result of increasing principal and interest repayments on the Allstream Conference Centre and Centre Loan.

**Base Revenue Changes**

- The user fee revenues will increase by \$0.955 million over 2013 Operating Budget revenues primarily due to volume changes in rental shows, parking revenues, various user fees at the National Soccer Stadium, and grossed up recoverable revenues that were previously reported on a net basis.

**2015 and 2016 Plan  
(In \$000s)**

Description (\$000s)	2015 - Incremental Increase					2016 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change vs. 2014 Operating Budget	# Positions	Gross Expense	Revenue	Net Expense	% Change vs. 2014 Operating Budget	# Positions
<b>Known Impacts:</b>										
Progression Pay	184.4		184.4			(218.9)		(218.9)		
COLA and Fringe Benefits	825.6		825.6			948.9		948.9		
<b>Sub-Total</b>	<b>1,009.9</b>	<b>-</b>	<b>1,009.9</b>		<b>-</b>	<b>730.0</b>	<b>-</b>	<b>730.0</b>		<b>-</b>
<b>Anticipated Impacts:</b>										
Increase in utilities, supplies, equipment, services, rent and other expenses	1,193.8		1,193.8			384.5		384.5		
Client services cost (offset by revenue)	(2,622.8)		(2,622.8)			991.5		991.5		
Increase in reserve contributions	(500.0)	(600.0)	100.0				(100.0)	100.0		
Revenue change		(319.1)	319.1				2,206.1	(2,206.1)		
<b>Sub-Total</b>	<b>(1,929.1)</b>	<b>(919.1)</b>	<b>(1,009.9)</b>		<b>-</b>	<b>1,376.0</b>	<b>2,106.1</b>	<b>(730.0)</b>		<b>-</b>
<b>Pan Am Games Impacts:</b>										
Staffing	720.0		720.0		11.0	(720.0)		(720.0)		(11.0)
Equipment Rental	765.0		765.0			(765.0)		(765.0)		
Utilities	300.0		300.0			(300.0)		(300.0)		
Other Expenses	515.0		515.0			(515.0)		(515.0)		
Additional Revenue Pan Am Games		3,947.0	(3,947.0)				(3,947.0)	3,947.0		
Foregone Revenue (Honda Indy & Other Events)		(1,047.0)	1,047.0				1,047.0	(1,047.0)		
<b>Sub-Total</b>	<b>2,300.0</b>	<b>2,900.0</b>	<b>(600.0)</b>		<b>11.0</b>	<b>(2,300.0)</b>	<b>(2,900.0)</b>	<b>600.0</b>		<b>(11.0)</b>
<b>Total Incremental Impact</b>	<b>1,380.9</b>	<b>1,980.9</b>	<b>(600.0)</b>	<b>600.0%</b>	<b>11.0</b>	<b>(193.9)</b>	<b>(793.9)</b>	<b>600.0</b>	<b>-600.0%</b>	<b>(11.0)</b>

Approval of the 2014 Recommended Operating Budget will result in incremental increases of \$1.010 million in 2015 and \$0.730 million in 2016 which will be fully offset. Exhibition Place is

also projecting a one-time revenue increase of \$0.600 million in 2015 due to Pan Am Games activities.

Future year incremental costs are primarily attributable to the following:

**Known Impacts:**

- *Progression Pay and COLA:* An expenditure increase of \$1.009 million and \$0.730 million in 2015 and 2016 respectively represents progression pay and cost of living adjustments.

**Anticipated Impacts:**

- *Utilities, Supplies, Equipment, Services and Rent:* An increase of \$1.194 million in 2015 and \$0.384 million in 2016 is anticipated for cost increases of hydro, gas, water, materials, supplies, equipment as per the city economic guidelines, as well as increases in services and rent.
- *Change in Client Services Cost:* Client services costs related to volume of activity and associated labor/costs for client services are projected to decrease by \$2.623 million for 2015 and increase by \$0.992 million for 2016.
- *Increase in Reserve Contributions:* An increase of \$0.100 million for 2015 and \$0.100 million for 2016 is projected for contributions to various reserve funds.
- *Revenue Changes:* A decrease in revenue of \$0.319 million is projected in 2015 and an increase of \$2.206 million in 2016 due to volume changes in rental shows, parking revenues, various user fees at the National Soccer Stadium.
- *Pan Am Impact 2015:* In 2015, the Pan Am Games will be held in Toronto with the Pan Am Park at the Exhibition Place being designated the central hub for 12 different sports. The anticipated additional operating cost of \$2.300 million will be offset by additional revenue of \$2.900 million, resulting in revenue of \$0.600 million for Exhibition Place and the City of Toronto in 2015.
  - Preliminary expenditures are projected to increase by \$2.300 million in 2015 with offsetting revenues forecasted at \$2.900 million for a net revenue increase of \$0.600 million in 2015 to host and deliver the Pan Am Games events.
  - The additional operating costs of \$2.300 million include staffing costs of \$0.720 million (facilities, events, sales and security staff), as well as equipment rental expenses of \$0.765 million, expenses for utilities of \$0.300 million and other expenses of \$0.515 million.
  - The additional revenue includes space rent and show services of \$3.947 million and is partially offset by foregone revenue from events that would have taken place at the same time as the Pan Am Games for \$1.047 million.
  - Delivering the Pan Am Games activities at Exhibition Place will require additional 11 temporary positions in 2015, which will increase the Exhibition Place's staffing complement from 397.5 to 408.5 positions.

## V: ISSUES FOR DISCUSSION

### Key Program Issues

#### *Conference Centre Reserve Fund (CCRF)*

- 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 Allstream 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 Allstream Conference Centre was \$1.143 million in 2011, \$1.158 million in 2012, and \$1.143 million in 2013.
- Contributions to the Conference Centre Reserve Fund from Allstream and Direct Energy Centre naming rights revenue will be \$1.158 million for 2013. The Allstream naming rights agreement signed in October 2009 has a term of 10 years and the Direct Energy Centre naming rights agreement was signed in June 2006 for a 10 year term.
- 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 changed 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".
- Council directed that 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 was started in 2013 and continues in Exhibition Place's 2014 Recommended Capital Budget.

- In order to use its Vehicle and Equipment Reserve for equipment costs previously included in the Capital Budget, it is suggested that Exhibition Place set out a schedule of Operating Budget contributions and Capital Budget draws from 2015 and future years.



## Appendix 1

### 2013 Service Performance

#### 2013 Key Accomplishments

In 2013, Exhibition Place achieved the following results:

- ✓ Maintained outstanding customer service by achieving an average of 90% rating from client satisfaction surveys.
- ✓ Promoted safety in the workplace, reduced lost time over 2010 base year.
- ✓ Exhibition Place is projecting to achieve its operating budget target in 2013
- ✓ Improved events attendance and occupancy.
- ✓ Continued to promote environmental initiatives; savings of \$3.8 million and 49M Kwh from 2007 – 2012.
- ✓ 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
- ✓ Completed the transition process for CNEA independence
- ✓ Contracted new food and beverage provider at Direct Energy Centre

#### 2013 Financial Performance

##### 2013 Budget Variance Analysis (In \$000s)

(\$000s)	2011 Actuals	2012 Actuals	2013 Approved Budget	2013 Projected Actuals*	2013 Approved Budget vs. Projected Actual Variance	
	\$	\$	\$	\$	\$	%
Gross Expenditures	63,199.2	62,393.2	43,650.7	43,650.7	-	-
Revenues	66,248.7	67,012.0	43,750.7	43,750.7	-	-
Net Expenditures	(3,049.5)	(4,618.8)	(100.0)	(100.0)	-	-
Approved Positions	529.5	529.5	397.5	397.5	-	-

\* Based on the 3rd Quarter Operating Budget Variance Report

#### 2013 Experience

- ▣ At of the 3<sup>rd</sup> Quarter for 2013, Exhibition Place is forecasting it will be on budget at year-end.

#### Impact of 2013 Operating Variance on the 2014 Recommended Budget

- ▣ There is no impact of the 2013 Operating Variance on the 2014 Recommended Budget.

## Appendix 2

### 2014 Recommended Total Operating Budget by Expenditure Category

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

Category of Expense	2011	2012	2013	2013	2014	2014 Change from		2015	2016
	Actual	Actual	Budget	Projected	Rec'd	2013 Approved	%	Plan	Plan
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	37,680.7	36,970.5	31,747.6	31,747.6	31,992.2	244.6	0.8%	33,722.1	33,732.2
Materials and Supplies	4,517.6	3,788.9	4,371.8	4,371.8	4,273.1	(98.7)	-2.3%	4,459.1	4,648.6
Equipment	284.0	579.2	176.8	176.8	176.8	-	0.0%	180.6	184.3
Services & Rents	35,486.4	30,970.9	19,632.1	19,632.1	19,190.5	(441.6)	-2.2%	20,126.1	19,562.3
Contributions to Capital	-	-	500.0	500.0	500.0	-	0.0%	-	-
Contributions to Reserve/Res Funds	977.8	984.5	830.2	830.2	778.8	(51.4)	-6.2%	778.8	778.8
Contributions to Reserve (CCRF) - Naming Rights	1,142.6	1,158.0	1,168.0	1,168.0	1,143.0	(25.0)	-2.1%	1,143.0	1,143.0
Other Expenditures	(16,889.9)	(12,058.7)	(14,775.8)	(14,775.8)	(13,616.4)	1,159.4	-7.8%	(14,590.8)	(14,424.2)
Interdivisional Charges	-	-	-	-	-	-	-	-	-
<b>Total Gross Expenditures</b>	<b>63,199.2</b>	<b>62,393.2</b>	<b>43,650.7</b>	<b>43,650.7</b>	<b>44,438.0</b>	<b>787.3</b>	<b>1.8%</b>	<b>45,818.9</b>	<b>45,625.0</b>
Interdivisional Recoveries	-	-	-	-	-	-	-	-	-
Provincial Subsidies	-	-	-	-	-	-	-	-	-
Federal Subsidies	-	-	-	-	-	-	-	-	-
Other Subsidies	-	-	-	-	-	-	-	-	-
User Fees & Donations	63,639.0	64,852.8	40,991.1	40,991.1	41,946.5	955.4	2.3%	44,527.4	43,833.5
Transfers from Capital Fund	-	-	500.0	500.0	500.0	-	0.0%	-	-
Contribution from Reserve Funds	101.4	123.3	308.0	308.0	125.0	(183.0)	-59.4%	125.0	125.0
Contribution from Reserve -CCRF	2,508.3	2,035.9	1,951.6	1,951.6	1,966.5	14.9	0.8%	1,866.5	1,766.5
Sundry Revenues	-	-	-	-	-	-	-	-	-
Required Adjustments	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>66,248.7</b>	<b>67,012.0</b>	<b>43,750.7</b>	<b>43,750.7</b>	<b>44,538.0</b>	<b>787.3</b>	<b>1.8%</b>	<b>46,518.9</b>	<b>45,725.0</b>
<b>Total Net Expenditures</b>	<b>(3,050)</b>	<b>(4,619)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>0.0</b>	<b>0.0%</b>	<b>(700)</b>	<b>(100)</b>
<b>Approved Positions</b>									

### 2014 Key Cost Drivers

#### Salaries and Benefits

- An expenditure increase of \$0.245 million includes \$0.268 million for non-union merit and cost-of-living adjustments and \$0.272 million for trade worker COLA as stipulated by union agreements, and it is partially offset by other wage and benefits decreases of \$0.295 million.

#### Materials and Supplies

- A decrease of \$0.099 million on materials and supplies is driven by expenditure reductions to reflect the actual usage of utilities and equipment at Exhibition Place.

**Services and Rent**

- An decrease of \$0.442 million in services and rents is driven by additional recoverable revenue from clients of \$1.697 million as a result of increased volume, partially offset by associated labour/costs for client services of \$1.255 million.

**Contribution to Reserves / Reserve Funds**

- A \$0.076 million decrease in contributions to Reserve funds comprised of \$0.025 million decrease in contribution from Naming Rights revenue to the Conference Centre reserve fund due to an increase in branding costs, \$0.050 million decrease in contribution to the Insurance Reserve Fund, \$0.001 million for the Sick Leave Reserve Fund due to CNEA's departure.

**Other Expenditure Changes**

- Additional expenditures of \$1.159 million are the result of increased volume and associated expenditures for client services for \$0.727 million, and increases in other expenses for \$0.492 million consistent with the City's corporate inflationary increases guidelines.

**Revenue Changes**

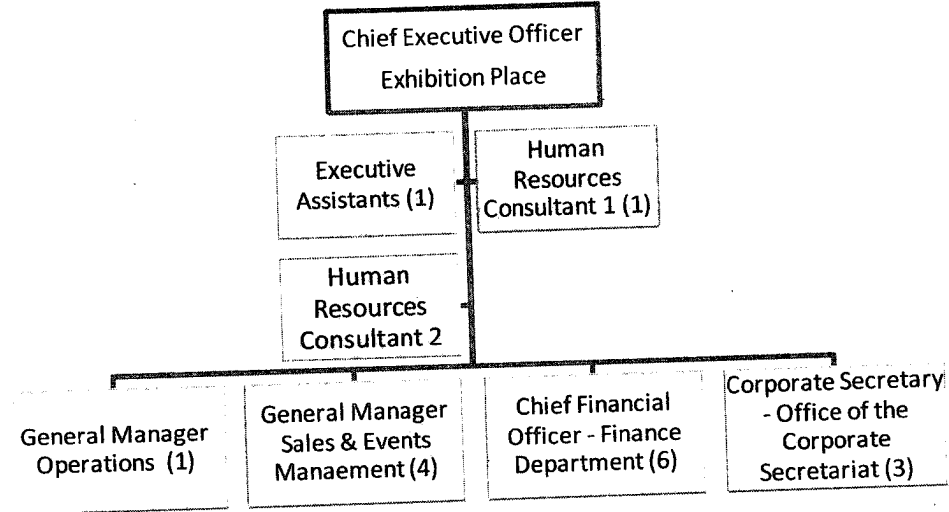
- User fee revenues reflect a \$0.955 million increase over the 2013 Operating Budget revenues primarily due to volume changes in rental shows, parking revenues, various user fees at the National Soccer Stadium, and grossed up recoverable revenues that were previously reported on a net basis.

**Contributions from Reserves / Reserve Funds**

- A decrease in withdrawal from reserve funds for \$0.168 million includes a decreased draw of \$0.183 million from the Sick Leave reserve fund in 2014 due to the departure of the CNEA (Canadian National Exhibition Association). It also includes an increase of \$0.015 million in the budgeted draw from the Conference Centre reserve fund as a result of increasing principal and interest repayments on the Allstream Conference Centre loan.

## Appendix 2 - Continued

### 2014 Organization Chart



### 2014 Full and Part Time Staff

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Total	10.5	66.5	56.5	264.0	397.5

## Appendix 5

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

#### Program Specific Reserve / Reserve Funds

(In \$000s)

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013	Proposed Withdrawals (-) / Contributions (+)		
			2014	2015	2016
<b>Projected Beginning Balance</b>		\$	\$	\$	\$
Conference Centre Reserve Fund	XR3019	3,633.8	3,633.8	3,770.2	4,506.7
<i>Proposed</i>					
<i>Withdrawals (-)</i>			(1,966.5)	(1,866.5)	(1,766.5)
<i>Contributions (+)</i>			2,103.0	2,603.0	1,803.0
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		3,633.8	3,770.2	4,506.7	4,543.2
<b>Balance at Year-End</b>		3,633.8	3,770.2	4,506.7	4,543.2

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013	Proposed Withdrawals (-) / Contributions (+)		
			2014	2015	2016
<b>Projected Beginning Balance</b>		\$	\$	\$	\$
Vehicle Equipment Reserve- Exhibition Place	XQ1702	225.4	225.4	225.4	225.4
<i>Proposed</i>					
<i>Withdrawals (-)</i>			(329.8)	(329.8)	(329.8)
<i>Contributions (+)</i>			329.8	329.8	329.8
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		225.4	225.4	225.4	225.4
<b>Balance at Year-End</b>		225.4	225.4	225.4	225.4

**Corporate Reserve / Reserve Funds**  
(In \$000s)

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013 \$	Proposed Withdrawals (-) / Contributions (+)		
			2014 \$	2015 \$	2016 \$
<b>Projected Beginning Balance</b>		<b>36,428.0</b>	<b>36,428.0</b>	<b>37,567.3</b>	<b>40,670.2</b>
Sick Bank Reserve	XR1007				
<i>Proposed</i>					
<i>Withdrawals (-)</i>			(50.0)	(50.0)	(50.0)
<i>Contributions (+)</i>			50.0	50.0	50.0
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>36,428.0</b>	<b>36,428.0</b>	<b>37,567.3</b>	<b>40,670.2</b>
<b>Other program / Agency Net Withdrawals &amp; Contributions</b>			<b>1,139.3</b>	<b>3,102.9</b>	<b>5,402.9</b>
<b>Balance at Year-End</b>		<b>36,428.0</b>	<b>37,567.3</b>	<b>40,670.2</b>	<b>46,073.1</b>

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013 \$	Proposed Withdrawals (-) / Contributions (+)		
			2014 \$	2015 \$	2016 \$
<b>Projected Beginning Balance</b>			<b>18,307.1</b>	<b>36,762.2</b>	<b>51,417.2</b>
Insurance Reserve Fund	XR1010	18,307.1			
<i>Proposed</i>					
<i>Withdrawals (-)</i>					
<i>Contributions (+)</i>			399.1	399.1	399.1
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>18,307.1</b>	<b>18,706.2</b>	<b>37,161.3</b>	<b>51,816.3</b>
<b>Other program / Agency Net Withdrawals &amp; Contributions</b>			<b>18,056.1</b>	<b>14,256.0</b>	<b>14,691.4</b>
<b>Balance at Year-End</b>		<b>18,307.1</b>	<b>36,762.2</b>	<b>51,417.2</b>	<b>66,507.7</b>

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013 \$	Proposed Withdrawals (-) / Contributions (+)		
			2014 \$	2015 \$	2016 \$
<b>Projected Beginning Balance</b>			<b>22,759.6</b>	<b>7,888.4</b>	<b>(6,782.8)</b>
Environmental Protection (Tree Planting)	XR1718	22,759.6			
<i>Proposed</i>					
<i>Withdrawals (-)</i>			(75.0)	(75.0)	(75.0)
<i>Contributions (+)</i>					
<b>Total Reserve / Reserve Fund Draws / Contributions</b>		<b>22,759.6</b>	<b>22,684.6</b>	<b>7,813.4</b>	<b>(6,857.8)</b>
<b>Other program / Agency Net Withdrawals &amp; Contributions</b>			<b>(14,796.2)</b>	<b>(14,596.2)</b>	<b>(11,796.2)</b>
<b>Balance at Year-End</b>		<b>22,759.6</b>	<b>7,888.4</b>	<b>(6,782.8)</b>	<b>(18,654.0)</b>

## Appendix 6

### 2014 User Fee Rate Changes Inflation and Other Adjustment

Rate Description	Service	Fee Category	Fee Basis	2013	2014		2015	2016
				Approved Rate	Other Adjustment	Budget Rate	Plan Rate	Plan Rate
Rental charge for use of facilities	Exhibitions & Events	Market Based	Per sq. ft.	\$0.085 to \$0.168	\$0.003 to \$0.005	\$0.088 to \$0.173	\$0.090 to \$0.178	\$0.093 to \$0.183
General Parking on Exhibition Ground	Exhibitions & Events	Market Based	Per car park per day	\$11 to \$25		\$11 to \$25	\$11 to \$25	\$11 to \$25
Rental of meeting and ball room (various by size and time)	Conventions, Conference & Meetings	Market Based	Daily Rate per sq. ft.	\$0.54 to \$0.59		\$0.54 to \$0.59	\$0.56 to \$0.61	\$0.56 to \$0.61

