



Toronto 2016 BUDGET

OPERATING BUDGET NOTES



Exhibition Place

2016 OPERATING BUDGET OVERVIEW

Exhibition Place is a diverse venue for major trade and public exhibitions, meetings, conventions, professional sports, entertainment, green technologies, and public celebrations. It hosts more than 350 events annually and attracts over 5.3 million visitors a year.

2016 Budget Highlights

The total cost to deliver these services to Toronto residents is \$36.566 million gross with operating revenues of \$36.671 million, resulting in \$0.105 million net revenue as shown below.

(in \$000's)	2015 Approved		Change	
	Budget	2016 Budget	\$	%
Gross Expenditures	38,178.6	36,565.9	(1,612.7)	(4.2%)
Gross Revenues	38,430.9	36,670.9	(1,760.0)	(4.6%)
Net Expenditures	(252.3)	(105.0)	147.3	(58.4%)

The 2016 Preliminary Operating Budget represents a 5% increase in net revenue over the 2014 Approved Operating Budget. The 2014 Operating Budget is used for base comparison since the 2015 Operating Budget included significant one-time Pan Am Games related expenditures and revenues.

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Fast Facts

- Exhibition Place is Canada's largest entertainment venue and attracts over 5.3 million visitors a year.
- 192-acre parkland with 3,002 trees.
- Host to 6 of the 10 consumer exhibitions in Canada including the Toronto International Boat Show, the National Home Show, Royal Agricultural Winter Fair and the Canadian National Exhibition.
- Exhibition Place hosted 13 major events for Pan Am Games in 2015.

Trends

- 95% of meetings and events at Exhibition Place occur between September and June each year.
- Over 85% of waste collected at Exhibition Place is recycled or reused and diverted from landfills.
- Exhibition Place is a Canadian leader in environmental sustainability for convention centre operations. Enercare Centre is "LEED Gold Certified" and Allstream Centre is the "LEED Silver Certified" by the Canada Green Building Council.
- Revenue from tenants has been sustained through the economic downturn, anticipated to remain stable in 2016.

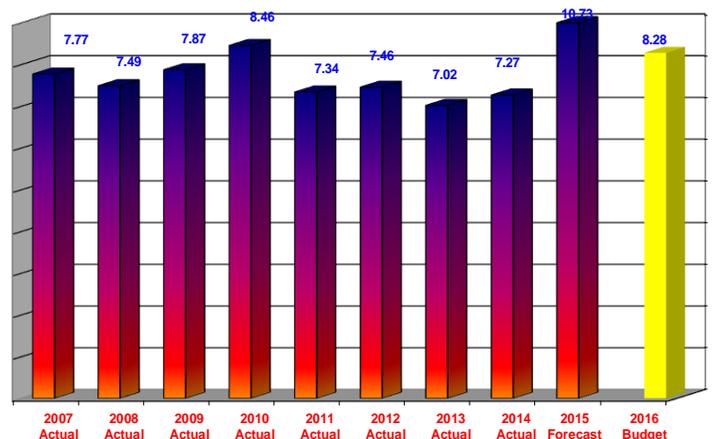
Our Service Deliverables for 2016

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

The 2016 Preliminary Operating Budget will fund:

- Exhibition Place operations that will host City celebrations and events that attract international visitors, such as the NBA FanFest as part of the NBA All-Star Event, Toronto Caribbean Festival and the Honda Indy Toronto.
- The Enercare Centre that will host national and community events and shows such as the Royal Agricultural Winter Fair, Toronto International Boat Show, the National Home Show/Canada Blooms and the One of a Kind Craft Shows.
- The Allstream Centre which hosts conventions, conferences and meetings, complementing the event activities at the Enercare Centre by attracting more international conferences, consumer and trade shows, exhibits, festivals and conventions to Toronto.

Effectiveness Measure – Building Rental for Enercare Care Centre (\$ Millions)

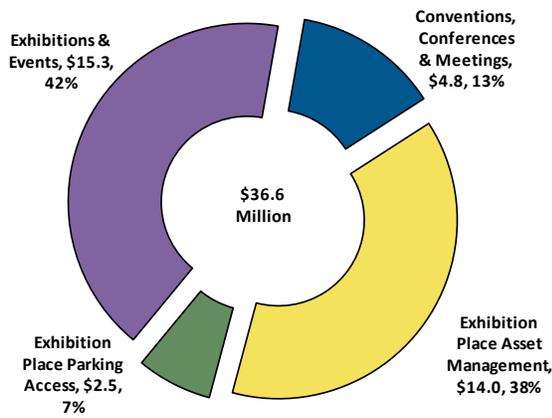


2016 Operating Budget Expenses & Funding

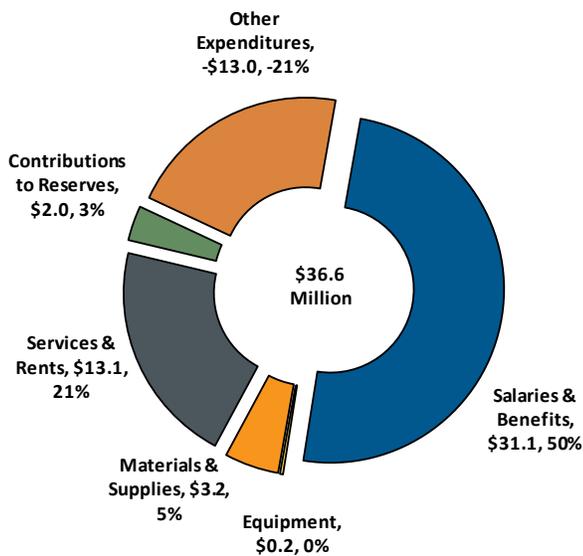
Our Key Issues & Priority Actions

Where the money goes:

2016 Budget by Service (\$ Millions)

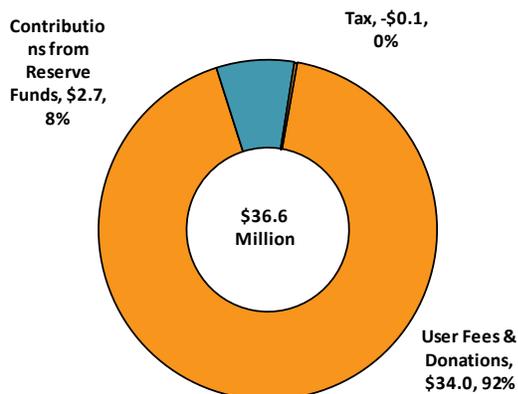


2016 Budget by Expenditure Category



Where the money comes from:

2016 Budget by Funding Source



Maintaining Positive Financial Performance

- ✓ Increases in market based user fees for facility rentals and parking will be implemented to generate additional revenue for the Program.
- ✓ The 2016 Operating Budget achieves service efficiencies from outsourcing its electrical and mechanical services to a third party contractor, which in turn will reduce the operating costs.

Green Initiatives

- ✓ Maintain Exhibition Place's status as a leader in environmentally friendly facilities by securing funds for the new green energy initiatives.

Maintaining Trade and Consumer Show Business

- ✓ With the new hotel being completed in July 2016 on the Exhibition Place's grounds, Exhibition Place will be able to compete for a whole new segment of the conference, meeting and convention business that would not previously consider Exhibition Place's facilities because of lack of on-site accommodations.

2016 Operating Budget Highlights

- The 2016 Preliminary Operating Budget for Exhibition Place of \$36.566 million gross and \$0.105 million in net revenue will provide funding for:
 - ✓ Conventions, Conferences & Meetings (\$4.806 million).
 - ✓ Exhibitions & Events (\$15.273 million).
 - ✓ Exhibition Place Asset Management (\$13.970 million).
 - ✓ Exhibition Place Parking Access (\$2.518 million).

Actions for Consideration

Approval of the 2016 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2016 Preliminary Operating Budget for Exhibition Place of \$36.566 million gross, (\$0.105) million net for the following services:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Conventions, Conferences & Meetings:	4,806.2	
Exhibition Place Asset Management:	13,969.6	12,379.7
Exhibition Place Parking Access:	2,517.6	(4,776.3)
Exhibitions & Events:	<u>15,272.5</u>	<u>(7,708.5)</u>
Total Program Budget	<u><u>36,565.9</u></u>	<u><u>(105.0)</u></u>

2. City Council approve the 2016 service levels for Exhibition Place as outlined on pages 13, 15, 17 and 19 of this report, and associated staff complement of 361.0 positions.
3. City Council approve the 2016 market rate user fee changes for Exhibition Place identified in Appendix 7, for inclusion in the Municipal Code Chapter 441 “Fees and Charges”.

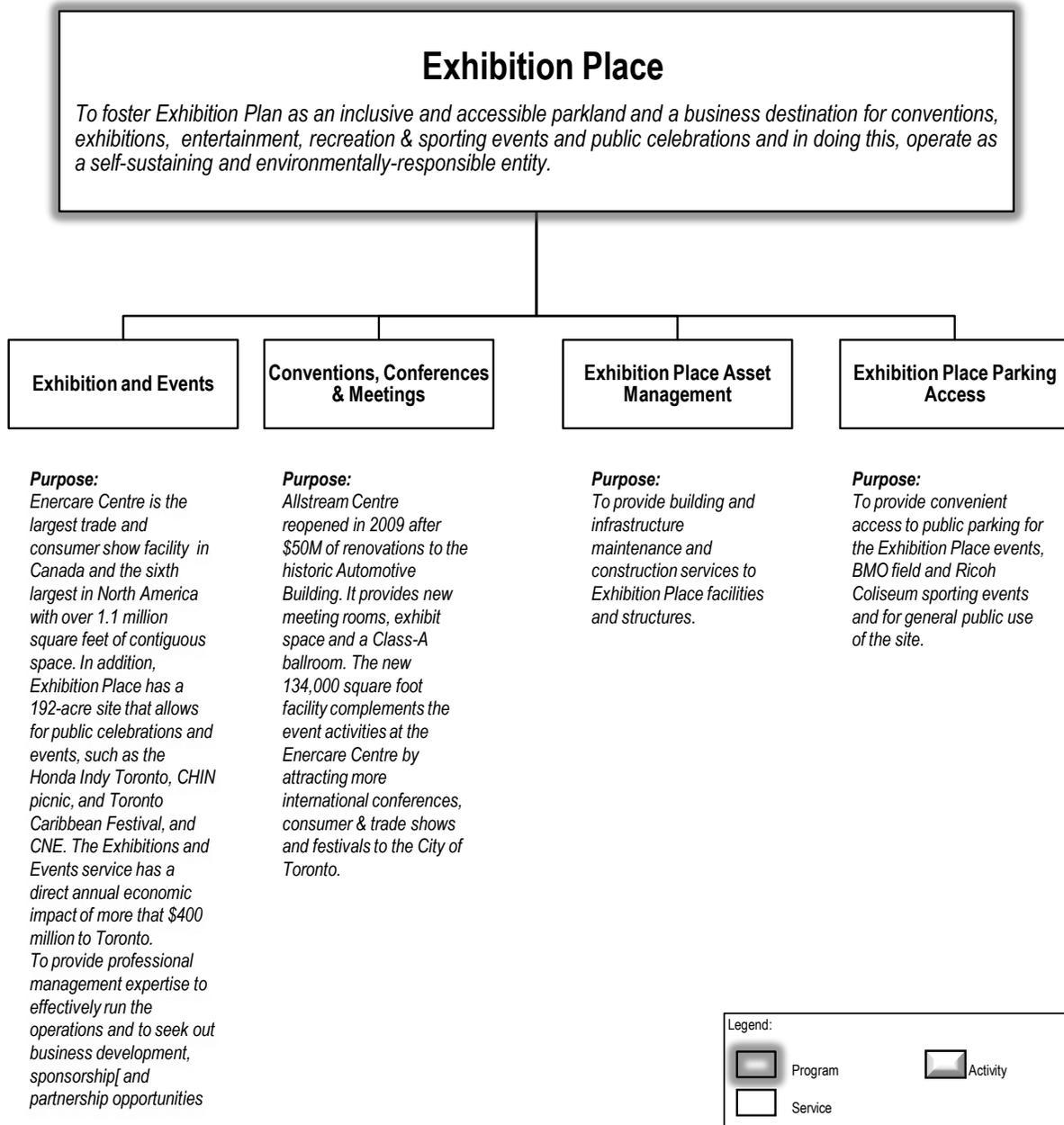


Part I:

2016 – 2018

Service Overview and
Plan

Program Map



Service Customer

Exhibitions and Events

- Event Organizers
- Exhibitors
- Leased Tenants (10 Long-term Tenants)
- Parking Patrons
- Sporting Event Attendees
- Indirect (Beneficial)
 - Event Participants
 - Local Hotels and Restaurants
 - Local Business Community

Conventions, Conferences & Meetings

- Associations
- Corporations
- Local and International Businesses & Organizations
- Not-For-Profits and Community Organizations
- Conference Attendees
- Indirect (Beneficial)
 - Local Hotels and Restaurants
 - Local Business Community

Exhibition Place Asset Management

- Exhibition Place Services
- Indirect (Beneficial)
 - Event Organizers
 - Exhibitors
 - Leased Tenants
 - Parking Patrons
 - Visitors / Walking Tours
 - Shows and Events Attendees
 - General Public

Exhibition Place Parking Access

- Exhibition Place Event Attendees
- BMO Field Sporting Event Attendees
- Long-term Tenants
- Commuters
- Indirect (Beneficial)
 - Event Hosts

Table 1
2016 Preliminary Operating Budget and Plan by Service

(In \$000s)	2015		2016 Operating Budget			2016 vs. 2015 Budget		Incremental Change 2017 and 2018 Plan			
	Approved Budget	Projected Actual	2016 Base	2016 New/Enhanced	2016 Budget	Approved Changes		2017		2018	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Conventions, Conferences & Meetings											
Gross Expenditures	4,794.5	4,721.4	4,806.2		4,806.2	11.7	0.2%	52.7	1.1%	46.1	0.9%
Revenue	4,794.5	3,738.2	4,806.2		4,806.2	11.7	0.2%	(1,250.2)	(26.0%)	79.1	2.2%
Net Expenditures	-	983.2	-	-	-	-	-	1,302.9		(33.0)	
Exhibition Place Asset Management											
Gross Expenditures	15,201.4	14,303.4	13,432.7	536.9	13,969.6	(1,231.8)	(8.1%)	441.0	3.2%	310.6	2.2%
Revenue	1,695.5	883.7	934.8	655.0	1,589.8	(105.7)	(6.2%)	85.2	5.4%	(56.8)	(3.4%)
Net Expenditures	13,505.9	13,419.7	12,497.8	(118.1)	12,379.7	(1,126.1)	(8.3%)	355.8	2.9%	367.4	2.9%
Exhibition Place Parking Access											
Gross Expenditures	2,340.7	2,449.2	2,517.6		2,517.6	176.9	7.6%	48.8	1.9%	56.8	2.2%
Revenue	6,689.8	7,181.9	7,293.9		7,293.9	604.1	9.0%	200.0	2.7%	100.0	1.3%
Net Expenditures	(4,349.1)	(4,732.7)	(4,776.3)	-	(4,776.3)	(427.3)	9.8%	(151.2)	3.2%	(43.2)	0.9%
Exhibitions & Events											
Gross Expenditures	15,842.0	16,339.4	15,272.5		15,272.5	(569.5)	(3.6%)	(794.6)	(5.2%)	442.4	2.8%
Revenue	25,251.2	27,483.3	22,981.0		22,981.0	(2,270.2)	(9.0%)	712.9	3.1%	733.6	3.1%
Net Expenditures	(9,409.2)	(11,143.9)	(7,708.5)	-	(7,708.5)	1,700.7	(18.1%)	(1,507.5)	19.6%	(291.2)	3.2%
Total											
Gross Expenditures	38,178.6	37,813.4	36,029.0	536.9	36,565.9	(1,612.7)	(4.2%)	(252.1)	(0.7%)	855.8	2.4%
Revenue	38,431.0	39,287.1	36,015.9	655.0	36,670.9	(1,760.1)	(4.6%)	(252.1)	(0.7%)	855.8	2.3%
Total Net Expenditures	(252.4)	(1,473.7)	13.1	(118.1)	(105.0)	147.3	(58.4%)	-		-	
Approved Positions	395.0	395.0	360.0	1.0	361.0	(34.0)	(8.6%)				

The Exhibition Place's 2016 Operating Budget is \$36.566 million gross and (\$0.105) million net, representing a 5% increase to the 2014 Approved Net Operating Budget of (\$0.100) million net and is in line with the reduction target as set out in the 2016 Operating Budget Directions and Guidelines. Comparison is made with the 2014 Net Operating Budget, since the 2015 Operating Budget included one-time Pan Am Games related expenditures and revenues.

- Base pressures of \$0.448 million are mainly attributable to economic factors, cost of living adjustments and progression pay.
- To help mitigate the above pressures, the Program was able to achieve service efficiency savings of \$0.183 million through outsourcing its electrical and mechanical services to a third party contractor.
- New and enhanced services include one full-time District Energy System operator. The new energy system connections will offer Exhibition Place a new source of net revenues from energy sales to the new Hotel on its grounds.
- Approval of the 2016 Operating Budget will result in Exhibition Place reducing its total staff complement by 34 positions from 395 to 361.
- The 2017 and 2018 Plan increases are attributable to projected cost of living adjustments and fringe benefits increases which are offset by anticipated additional user fee revenue.

**Table 2
Key Cost Drivers**

(In \$000s)	2016 Operating Budget								2016 Base Budget	
	Conventions, Conferences & Meetings		Exhibition Place Asset Management		Exhibition Place Parking Access		Exhibitions & Events		Total	
	\$	Position	\$	Position	\$	Position	\$	Position	\$	Position
Gross Expenditure Changes										
Economic Factors										
Corporate Economic Factors	18.3		93.0				37.0		148.3	
Salary & Benefits Adjustments										
COLA	3.4		66.6		8.3		225.9		304.2	
Progression Pay	38.7		56.6		14.8		208.2		318.3	
Benefits Adjustment	18.8		163.7		2.4		(48.6)		136.3	
Base Salary Adjustment (Pan Am Games Reversal)	(3.4)		(358.9)		68.0		(515.1)	(11.0)	(809.4)	(11.0)
Other Base Changes										
Hydro, Gas & Water	(55.0)		(409.6)						(464.6)	
Services & Rents Adjustment	(9.1)		(1,640.4)		84.5		163.6		(1,401.4)	
Equipment Adjustment							1.0		1.0	
General Expenses Adjustment			(10.6)		(1.1)		(300.8)		(312.5)	
Contributions to/from Reserve Funds	110.1		800.0				(57.8)		852.3	
Total Gross Expenditure Changes	121.7		(1,239.6)		176.9		(286.7)	(11.0)	(1,227.7)	(11.0)
Revenue Changes (Increase) / Decrease										
User Fees	(121.7)		303.6		(604.1)		2,098.1		1,675.9	
Total Revenue Changes	(121.7)		303.6		(604.1)		2,098.1		1,675.9	
Net Expenditure Changes			(936.0)		(427.2)		1,811.4	(11.0)	448.2	(11.0)

Key cost drivers for Exhibition Place are discussed below:

- Economic Factors:
 - Inflationary increases will require additional funding of \$0.148 million in 2016.
- Salary & Benefits Adjustments:
 - Additional funding of \$0.304 million will be required for Board approved Cost of Living Adjustment, \$0.318 million for progression pay and \$0.136 million for benefit adjustments. This increase will be offset by a reversal of \$0.809 million in one-time Pan Am Games related expenditures for staffing and operating costs. 11 positions related to Pan Am Games will also be deleted from the Exhibitions & Events Service.
- Other Base Changes:
 - Reduction to expenditures for hydro, gas & water, as well as services & rents and general expenses reflects the return to normal service levels after the Pan Am Games.
 - A one-time Reserve Fund draw of \$0.800 million for remediation of hotel soil is reversed for the Exhibition Place Asset Management service.
- Revenue Changes:
 - An increase of \$0.604 million for parking fees is included for the Exhibition Place Parking Access Service, while Exhibitions & Events Service reflects a reversal of one-time user fee revenue of \$2.098 million related to Pan Am Games.

To offset the above net pressures, the 2016 Exhibition Place Net Budget includes efficiency savings of \$0.183 million arising from the outsourcing of electrical and mechanical services.

Table 3
2016 Total Service Change Summary

Description (\$000s)	2016 Service Changes								Total Service Changes			Incremental Change			
	Conventions, Conferences & Meetings		Exhibition Place Asset Management		Exhibition Place Parking Access		Exhibitions & Events		\$	\$	#	2017 Plan		2018 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Service Efficiencies															
Outsourcing Electrical/Mechanical Services			(72.1)	(72.1)			(282.7)	(110.7)	(354.8)	(182.8)	(24.0)	(32.8)		(50.1)	
Sub-Total			(72.1)	(72.1)			(282.7)	(110.7)	(354.8)	(182.8)	(24.0)	(32.8)		(50.1)	
Total Changes			(72.1)	(72.1)			(282.7)	(110.7)	(354.8)	(182.8)	(24.0)	(32.8)		(50.1)	

Service Efficiencies (Savings of \$0.355 million gross & \$0.183 million net)

Outsourcing Electrical/Mechanical Services

- By outsourcing its electrical and mechanical services to a third party contractor, Exhibition Place will be able to eliminate 23, temporary positions that provide electrical, mechanical and plumbing services to clients and 1 full-time Electrical Services position.
- Savings of \$0.355 million gross and \$0.183 million net will be realized due to cost reduction for salaries and benefits, uniforms, staff training, WSIB, payroll processing, credit card processing fees, electrical/mechanical equipment rental and maintenance, and contracted services.
- This service efficiency will also result in incremental savings of \$0.033 million in 2017 and \$0.050 million in 2018.

Table 4
2016 Total New & Enhanced Service Priorities

Description (\$000s)	New and Enhanced								Total Service Changes			Incremental Change			
	Conventions, Conferences & Meetings		Exhibition Place Asset Management		Exhibition Place Parking Access		Exhibitions & Events		\$	\$	Position	2017 Plan		2018 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	#	Net	Pos.	Net	Pos.
Council Approved															
District Energy System Operator			536.9	(118.1)					536.9	(118.1)	1.0	(32.7)		(33.3)	
Total			536.9	(118.1)					536.9	(118.1)	1.0	(32.7)		(33.3)	

New Service Priorities (\$0.537 million gross & (\$0.118) million net)

District Energy System Operator

- In 2012, Council approved \$4.5 million in recoverable debt to redesign and connect the existing energy generation assets at Exhibition Place to supply heating, cooling and water heating to the new hotel development as well as to existing event facilities including Ricoh Coliseum, Coliseum Complex, Enercare Centre and Allstream Centre, in the form of a District Energy System (DES).
- City Council also authorized the City and Exhibition Place to enter into an energy services agreement with Princes Gates Hotel Limited Partnership for the supply of thermal energy.
- Additional funding of \$0.537 million gross is included in the 2016 Operating Budget for salaries and benefits of one full-time District Energy System operator and interest/amortization expenses which will be fully offset by an additional capacity charge and energy sales to the new hotel.

- This new service priority will result in incremental savings of \$0.033 million in both 2017 and 2018.

Approval of the 2016 Preliminary Budget for Exhibition Place will not result in incremental net costs in 2017 or 2018 since anticipated cost increases are expected to be fully offset by additional revenue, as discussed in the following section:

Table 5
2017 and 2018 Plan by Program

Description (\$000s)	2017 - Incremental Increase				2018 - Incremental Increase			
	Gross Expense	Revenue	Net Expense	# Positions	Gross Expense	Revenue	Net Expense	# Positions
Known Impacts:								
Annualization of 2016 Service Efficiency & New Initiatives	(45.5)	20.0	(65.5)		(63.4)	20.0	(83.4)	
COLA and Fringe Benefits	900.3		900.3		1,116.7		1,116.7	
Progression Pay	179.3		179.3		24.9		24.9	
Sub-Total	1,034.1	20.0	1,014.1		1,078.2	20.0	1,058.2	
Anticipated Impacts:								
Other								
User Fee Revenue		979.8	(979.8)			903.8	(903.8)	
Base Changes (Hydro, Gas, etc.)	(1,286.2)		(1,286.2)		(222.4)		(222.4)	
Contributions to/from Reserve Funds		(1,251.9)	1,251.9			(68.0)	68.0	
Sub-Total	(1,286.2)	(272.1)	(1,014.1)		(222.4)	835.8	(1,058.2)	
Total Incremental Impact	(252.1)	(252.1)			855.8	855.8		

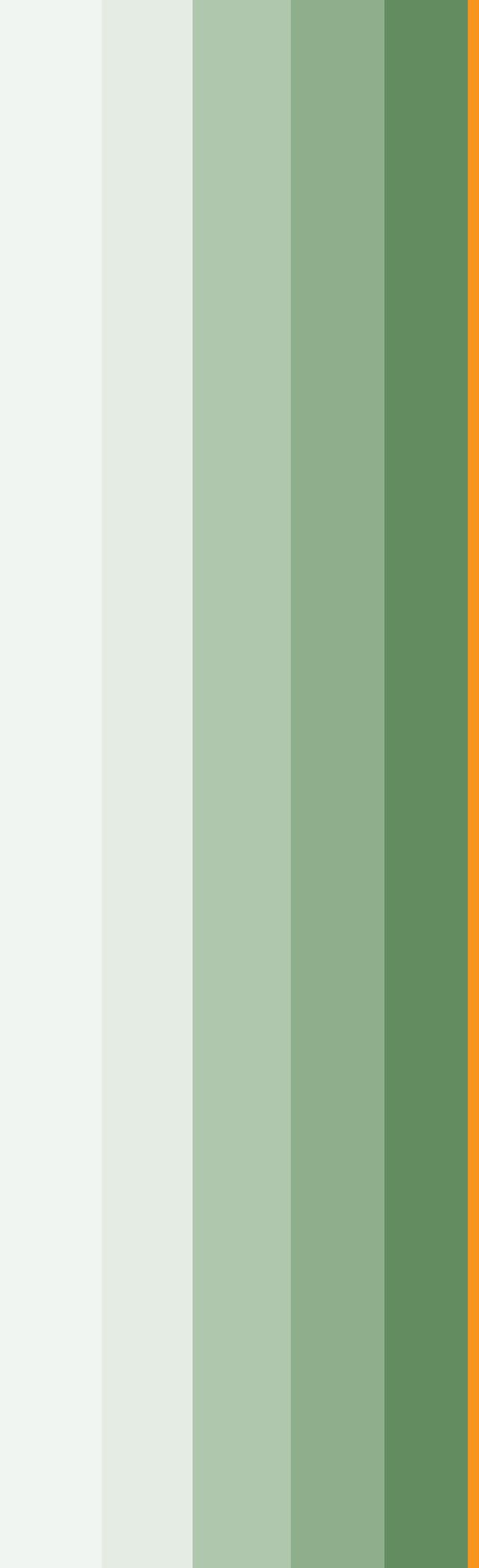
Future year incremental costs are primarily attributable to the following:

Known Impacts:

- Annualized impact of the service efficiency and new service initiatives included for 2016 will result in net savings of \$0.066 million in 2017 and \$0.083 million in 2018.
- Cost of living adjustments, fringe benefits and progression pay will result in combined pressure of \$1.080 million in 2017 and \$1.142 million in 2018.

Anticipated Impacts:

- Revenue generated by user fees is expected to increase by \$0.980 million in 2017 and \$0.904 million in 2018 due to anticipated volume changes and increased parking rates.
- Anticipated base changes for hydro, gas, water and other services and rents will result in savings of \$1.286 million in 2017 and \$0.222 million in 2018.
- Contributions from reserve funds are expected to decrease by \$1.286 million in 2017 and \$0.068 million in 2018.
- No position changes are expected for 2017 and 2018.



Part II:

2016 Budget by
Service

Conventions, Conferences & Meetings

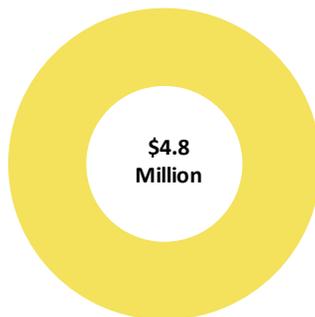


What We Do

- Allstream Centre reopened in October 2009 after a \$50 million renovation to the historic Automotive Building.
- The Centre provides new meeting rooms, exhibit space and a Class A ballroom.
- The new 134,000 square foot facility complements the event activities at the Enercare Centre and Exhibition Place, by attracting more international conferences, consumer and trade shows, and festivals to the City of Toronto.

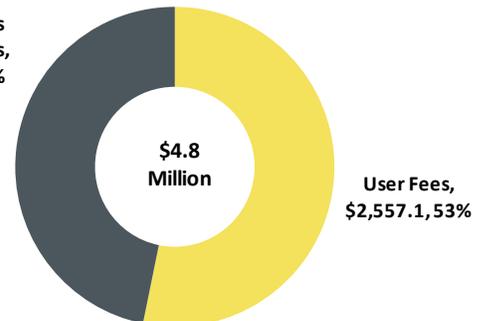
2016 Service Budget by Activity (\$000s)

Conventions, Conferences & Meetings, \$4,806.2, 100%

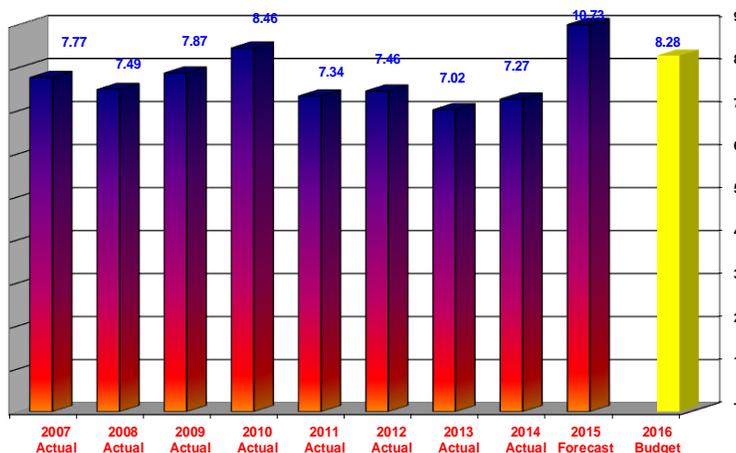


Service by Funding Source (\$000s)

Contributions from Reserves, \$2,249.1, 47%



Effectiveness Measure – Building Rental – Enercare Centre (\$Millions)



- With the successful Pan Am Games events, Exhibition Place will further solidify its leadership position in hosting large variety of events complemented with excellent facility support and amenities.
- 2015 year includes Pan Am Games while 2016 will include contribution from the NBA All Star Jam Session.

**2016 Service Levels
Conventions, Conferences & Meetings**

Activity	Service Levels	
	2015 Approved	2016
Event Space	100% compliance with negotiated terms	100% compliance with negotiated terms
Guest Services: Food & Beverage	\$90.21 food and beverage sales per attendee	\$88.86 food and beverage sales per attendee
Guest Services: Facility Support	\$0.32 of Net Service Revenue per \$1 of total revenue	\$0.30 of Net Service Revenue per \$1 of total revenue
Guest Services: Parking	Labour Cost ratio of 9% of revenue	Labour Cost ratio of 8.2% of revenue

Overall, the 2016 Service Levels are consistent with the approved 2015 Service Levels for Exhibition Place and reflect the return to normal service levels after the Pan Am Games.

Exhibition Place Asset Management

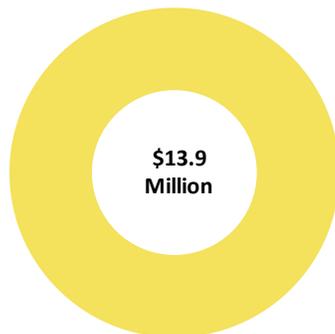


What We Do

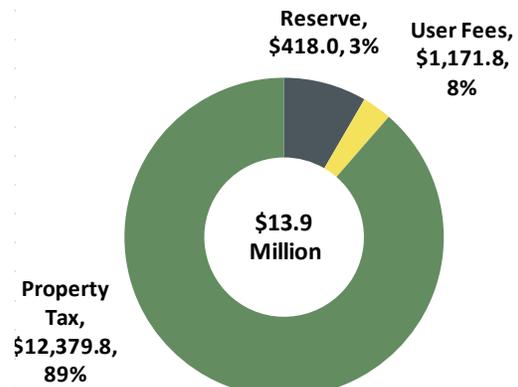
- Provide building and infrastructure maintenance and construction services to Exhibition Place facilities and structures.

2016 Service Budget by Activity (\$000s)

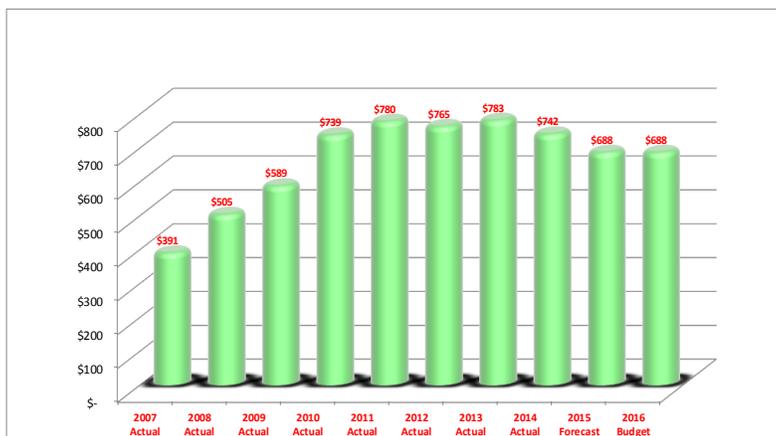
Exhibition Place Asset Management, \$13,969.6, 100%



Service by Funding Source (\$000s)



Efficiency Measure – Utility Cost Savings from Energy Retrofit Projects (\$000's)



- Savings in energy costs are projected to grow to reach an amount close to 2012 savings.
- Further savings are dependent on future Green Energy projects.
- Budget/Actuals include savings from various Energy Retrofit Projects: Photovoltaic at the East and West of the Horse Palace and East Annex, Enercare Centre halls lighting, Five Exhibition Place Buildings retrofit, LED Pathway lights, Back Pressure Steamturbine, Press Building Geothermal, Underground Parking lights.

**2016 Service Levels
Exhibition Place Asset Management**

Activity	Service Levels	
	2015 Approved	2016
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	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 higher than 2013 actual of waste diversion of 85.15%	Waste Management: Achieve higher than 2014 actual of waste diversion of 85.74%
Fleet & Equipment Maintenance	Fleet & Equipment Maintenance: Maintain current 43 vehicles and 73 pieces of equipment and additional acquisitions	Fleet & Equipment Maintenance: Maintain current 43 vehicles and 73 pieces of equipment and additional acquisitions

Overall, the 2016 Service Levels are consistent with the approved 2015 Service Levels for Exhibition Place Asset Management Service.

Exhibition Asset Management Service will continue to focus on improving its waste management operations.

Based on the 2014 actual experience, the service level has been raised to 85.74% waste diversion rate for 2016 or an increase of 0.59% over the 2015 level.

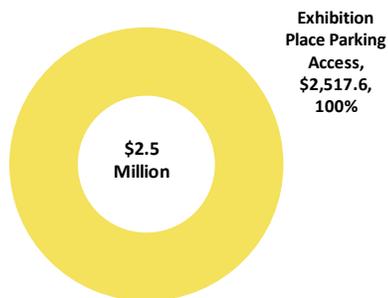
Exhibition Place Parking Access



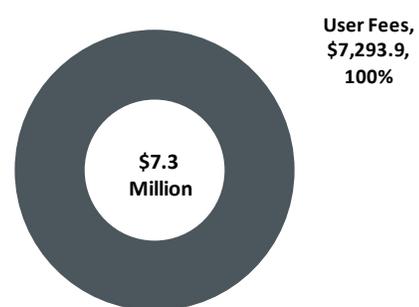
What We Do

- Provide convenient access to public parking for Exhibition Place events, BMO Field sporting events, and general public.

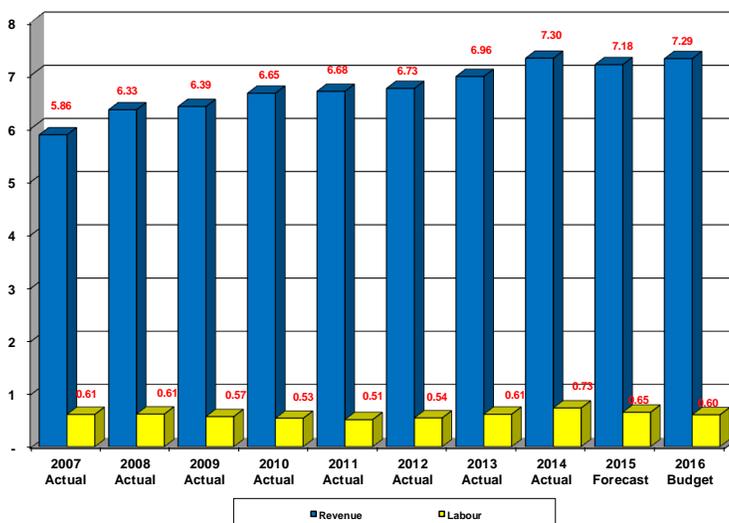
2016 Service Budget by Activity (\$000s)



Service by Funding Source (\$000s)



Effectiveness Measure – Parking Revenue and Direct Labour (\$Millions)



- Parking revenue and direct labour costs have performed at a consistent level over the past years. With the newly adjusted parking fee, parking revenue will continue to offer financial sustainability.
- Ratio between the parking revenue and direct labour costs has improved over the past years.

2016 Service Levels
Exhibition Place Parking Access

Activity	Service Levels	
	2015 Approved	2016
Surface	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 9% of revenue.	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 8.2% of revenue.
Underground	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 9% of revenue.	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 8.2% of revenue.

Overall, the 2016 Service Levels are consistent with the approved 2015 Service Levels for Exhibition Place Parking Access Service. The ratio between the parking revenue and direct labour costs is expected to decrease from 9% of revenue to 8.2% of revenue in 2016.

Exhibitions & Events

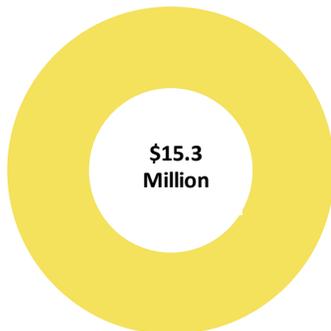


What We Do

- Enercare 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 continuous space.
- The Exhibition Place has a 192-acre site that allows for public celebrations and events, such as the Honda Indy Toronto, Toronto Caribbean Festival and CNE.
- The Exhibitions & Events Service has a direct annual economic impact of more than \$350 million to Toronto.

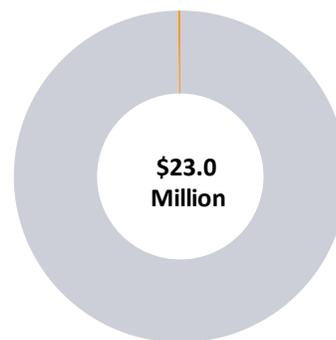
2016 Service Budget by Activity (\$000s)

Exhibitions & Events, \$15,272.5, 100%



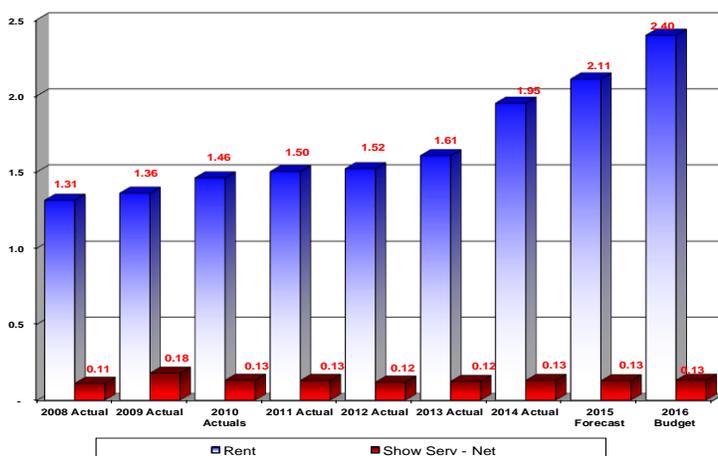
Service by Funding Source (\$000s)

Reserve, \$50.0, 0%



User Fees, \$22,931.0, 100%

Effectiveness Measure – Tenants Rent & Net Show Services (\$Millions)



- Actual experience suggests that Enercare Centre is projected to grow its occupancy rates and number of events hosted.

2016 Service Levels Exhibitions & Events

Activity	Service Levels	
	2015 Approved	2016
Event - Trade & Consumer	100% compliance with negotiated terms	100% compliance with negotiated terms
Event - Meetings & Corporate	100% compliance with negotiated terms	100% compliance with negotiated terms
Event - Community / Festivals / City of Toronto / Sporting / Photo & Film	100% compliance with negotiated terms	100% compliance with negotiated terms
Event - Major Citywide celebrations & special events	100% compliance with negotiated terms	100% compliance with negotiated terms
Guest Services: Food & Beverage	\$4.67 food & beverage sales per attendee	\$11.33 food & beverage sales per attendee
Guest Services: Facility Support	\$0.75 of Service Revenue per \$1 of Rent Revenue	\$0.53 of Service Revenue per \$1 of Rent Revenue
Long-term Tenant Support	\$11.10 per Square foot of long term tenant space supported	\$11.61 per Square foot of long term tenant space supported

Guest Services: Food & Beverage activity will strive to improve its sales per attendee from \$4.67 in 2015 to \$11.33 in 2016. Based on the actual experience in 2015, Exhibition Place anticipates enhanced sales performance for food and beverages at the Allstream Centre.

Service level for Long-term Tenant Support provided per square foot will increase from \$11.10 in 2015 to \$11.61 in 2016.

All other 2016 service levels will remain consistent with the approved 2015 Service Levels.



Part III:

Issues for Discussion

Issues for Discussion

Issues Impacting Future Years

Tree Planting

- Starting in 2009, the annual Operating Budgets for Exhibition Place included \$0.075 million for tree planting from the Environmental Protection Reserve Fund (XR1718).
 - This annual funding was part of the overall Urban Forestry Plan that was developed in order to meet the City's objective to enhance and maintain Toronto's urban forest in a state of good repair and to double the tree canopy from 17% to 34% by the year 2050.
- The Urban Forestry Plan projected that the reserve fund funding towards tree planting at the Exhibition Place grounds will be required for 8 years, with 2016 being the last year.
- 2016 will be the last year to include the full allocation of \$0.075 million for tree planting from the Environmental Protection Reserve Fund in Exhibition Place's Operating Budget.
 - This funding will be phased out over a three year period, with Exhibition Place receiving \$0.050 million in 2017 and \$0.025 million in 2018.
- Exhibition Place will continue with the tree planting activities at its grounds in 2017, 2018 and onwards and will absorb the associated costs within their existing Operating Budgets.

New Hotel on Exhibition Place Grounds

- Phase 1 of the hotel development at Exhibition Place broke ground in 2013 and is targeted for completion in June 2016.
 - A full service four star hotel with 404 rooms will open the doors to new business opportunities and lead to round-the-clock activity at Exhibition Place every day of the year.
- With the hotel on its grounds, Exhibition Place will be able to compete for a whole new segment of the conference, meeting and convention business that would not previously consider Exhibition Place's facilities because of the lack of on-site accommodations. Until the hotel is completed and fully operational, it is difficult to forecast the additional revenue it may generate for Exhibition Place.
- The Direct Energy System (DES) project approved in 2012 will connect two existing isolated energy plants - the steam plant at the Coliseum Complex and the heating/cooling/cogeneration plant at the Enercare Centre.
 - The interconnected plants will not only have enough heating and cooling capacity to supply the four existing event facilities (Ricoh Coliseum, Coliseum Complex, Enercare Centre, and Allstream Centre), but will also be able to sell cold water for air conditioning, hot water for space conditioning and water heating to the new hotel.
- These energy system connections will also offer Exhibition Place a new source of net revenues from energy sales to the hotel.

- The estimated net revenue resulting from the capacity charge and displaced energy sold to the hotel is \$0.118 million in 2016 with incremental net revenue of \$0.033 million projected for both 2017 and 2018.
- This additional net revenue has been reflected in the 2016 Operating Budget and future year outlooks for Exhibition Place.



Appendices:

Appendix 1

2015 Service Performance

2015 Key Service Accomplishments

In 2015, Exhibition Place accomplished the following:

- ✓ Maintained outstanding customer service by achieving an average of 90% rating from client satisfaction surveys.
- ✓ Continued to promote environmental initiatives and energy conservation.
- ✓ Continued implementation of the strategy for energy efficient capital upgrades for the non-tenanted buildings.
- ✓ Hosted 13 major events for Pan Am Games.
- ✓ Continued construction of the Raptors Practice Facility.
- ✓ Improved events attendance and occupancy as well as continued to develop community use of the grounds.

Appendix 2

2016 Preliminary Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2013	2014	2015	2015	2016	2016 Change from		Plan	
	Actual	Actual	Budget	Projected	Budget	2015 Approved		2017	2018
	\$	\$	\$	Actual *	\$	\$	%	\$	\$
Salaries and Benefits	28,920.5	29,837.0	33,109.0	32,968.7	31,140.2	(1,968.8)	(5.9%)	32,193.1	33,291.0
Materials and Supplies	3,485.0	2,712.9	3,658.3	2,868.7	3,168.4	(489.9)	(13.4%)	3,225.0	3,283.2
Equipment	69.4	381.0	176.8	176.8	177.8	1.0	0.6%	176.8	176.8
Services & Rents	19,632.0	11,866.3	14,089.3	15,479.6	13,069.8	(1,019.5)	(7.2%)	12,322.3	12,702.2
Contributions to Capital		473.5							
Contributions to Reserve/Res Funds	1,856.8	1,800.5	2,097.2	1,697.2	2,039.4	(57.8)	(2.8%)	2,039.4	2,039.4
Other Expenditures (Recoverable Wages)	(11,209.6)	(12,479.6)	(14,602.0)	(14,978.7)	(13,029.8)	1,572.2	(10.8%)	(13,642.7)	(14,322.9)
Interdivisional Charges									
Total Gross Expenditures	42,754.1	34,591.6	38,528.6	38,212.3	36,565.9	(1,962.8)	(5.1%)	36,313.8	37,169.6
Interdivisional Recoveries									
Provincial Subsidies									
Federal Subsidies									
Other Subsidies									
User Fees & Donations	39,598.3	31,187.8	35,910.6	37,256.7	33,953.5	(1,957.1)	(5.4%)	34,978.3	35,927.1
Transfers from Capital Fund									
Contribution from Reserve/Reserve Funds	4,891.9	3,560.2	2,870.3	2,429.4	2,717.4	(152.9)	(5.3%)	1,440.5	1,347.5
Sundry Revenues									
Total Revenues	44,490.2	34,748.0	38,780.9	39,686.0	36,670.9	(2,110.0)	(5.4%)	36,418.8	37,274.6
Total Net Expenditures	(1,736.1)	(156.4)	(252.3)	(1,473.7)	(105.0)	147.3	(58.4%)	(105.0)	(105.0)
Approved Positions	397.5	384.0	395.0	395.0	361.0	(34.0)	(8.6%)	361.0	361.0

For additional information regarding the 2015 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2015" approved by City Council at its meeting on December 9, 2015.

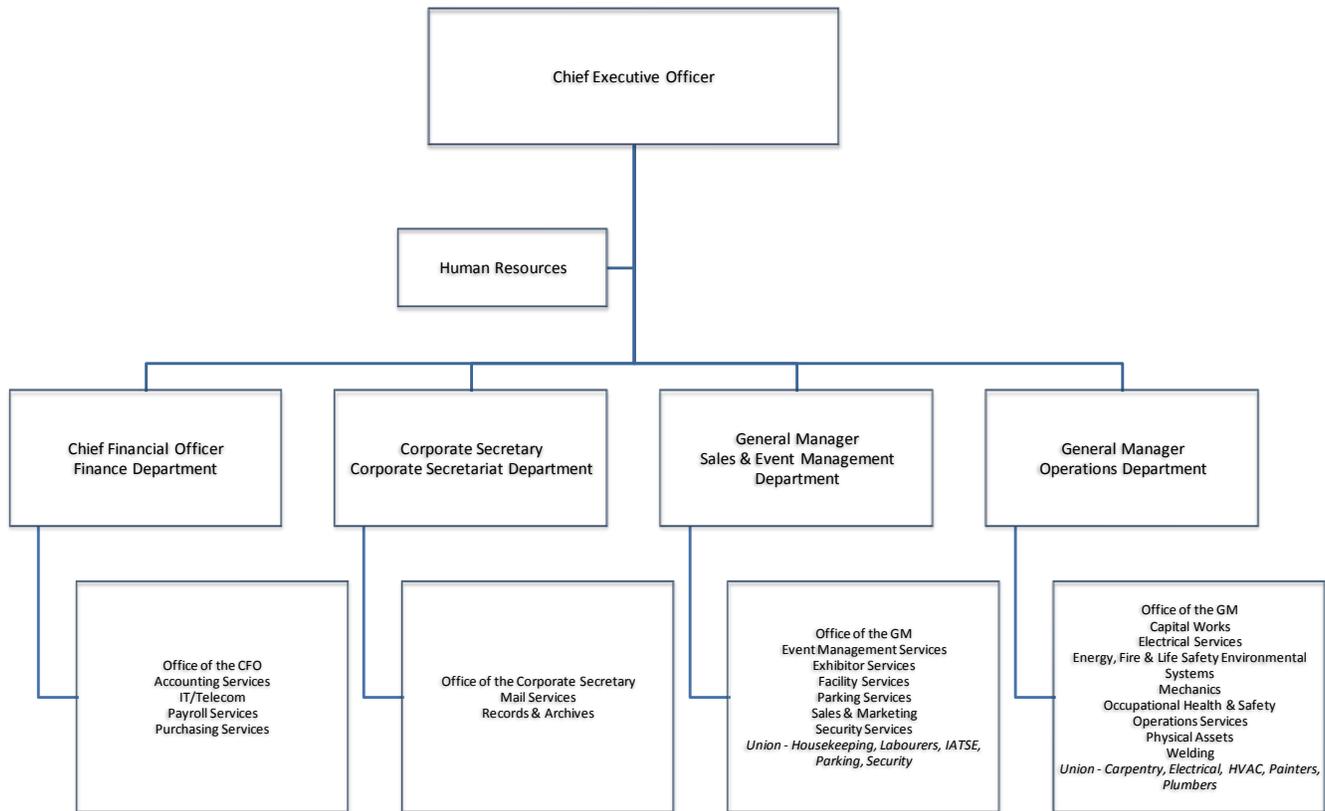
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.27>

Impact of 2015 Operating Variance on the 2016 Preliminary Budget

There are no impacts from the 2015 Operating Variance on the 2016 Operating Budget. In accordance with the decision of City Council in December 2007, any operating surplus over the budgeted surplus of \$0.232 million will be deposited in the Exhibition Place Conference Centre Reserve Fund (CCRF) to be held by the City of Toronto to provide a source of funding for any cash shortfalls with respect to Allstream Centre operations.

Appendix 3

2016 Organization Chart



2016 Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	11.0	56.0	53.0		120.0
Temporary				241.0	241.0
Total	11.0	56.0	53.0	241.0	361.0

Appendix 4

Summary of 2016 Service Changes

2016 Operating Budget - Preliminary Service Changes Summary by Service (\$000's)

Form ID		Agencies - Cluster Program - Exhibition Place	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
2016 Preliminary Base Budget Before Service Changes:			36,383.8	36,188.0	195.8	384.00	65.5	83.4
6456		Outsourcing Electrical/Mechanl Services						
51	1	Description:						
<p>Exhibition Place will outsource its electrical and mechanical services to a third party contractor. Savings of \$0.355 million gross and \$0.183 million net will be realized due to cost reduction for salaries and benefits, uniforms, staff training, WSIB, payroll processing, credit card processing fees, electrical/mechanical equipment rental and maintenance, and contracted services.</p>								
Service Level Impact:								
There will be no service level change as a result of this Service Change.								
Service: Exhibition Place Asset Management								
Preliminary Service Changes			(72.1)	0.0	(72.1)	0.00	0.0	0.0
Service: Exhibitions & Events								
Preliminary Service Changes			(282.7)	(172.1)	(110.7)	(24.00)	(32.8)	(50.1)
Total Preliminary Service Changes:			(354.8)	(172.1)	(182.7)	(24.00)	(32.8)	(50.1)
Summary:								
Total Preliminary Service Changes			(354.8)	(172.1)	(182.7)	(24.00)	(32.8)	(50.1)
Total Preliminary Base Budget:			36,029.0	36,015.9	13.1	360.00	32.7	33.3

Appendix 5

Summary of 2016 New / Enhanced Service Priorities

**2016 Operating Budget - Preliminary New and Enhanced Services
Summary by Service (\$000's)**

Form ID		Agencies - Cluster Program - Exhibition Place	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
6454		2016 OPERATING BUDGET - DISTRICT ENERGY SYSTEM						
75	1	Description:						
<p>In 2012 Council approved \$4.5 million in recoverable debt to redesign and connect the existing energy generation assets at Exhibition Place. City Council also authorized the City and Exhibition Place to enter into an energy services agreement with Princes Gates Hotel Limited Partnership for the supply of thermal energy. Additional funding of \$0.537 million gross is included in 2016 for salaries and benefits of one full-time District Energy System operator and interest/amortization expenses which will be fully offset by additional capacity charge and energy sales to the new hotel.</p>								
Service Level Impact:								
<p>The existing energy generation assets at Exhibition Place will be redesigned and connected to supply heating, cooling and water heating to the new hotel development as well as to existing event facilities including Ricoh Coliseum, Coliseum Complex, Direct Energy Centre and Allstream Centre, in the form of a District Energy System (DES).</p>								
Service: Exhibition Place Asset Management								
Preliminary New / Enhanced Services			536.9	655.0	(118.1)	1.00	(32.7)	(33.3)
Total Preliminary New/Enhanced Services:			536.9	655.0	(118.1)	1.00	(32.7)	(33.3)
<hr/>								
Summary:								
Total Preliminary New / Enhanced Services			536.9	655.0	(118.1)	1.00	(32.7)	(33.3)

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
Projected Beginning Balance		2,539.9	2,539.9	1,213.0	1,213.0
Exhibition Place Conference Centre Reserve Fund	XR3019				
<i>Proposed Withdrawals (-)</i>			(2,249.4)	(922.5)	(922.5)
<i>Contributions (+)</i>			922.5	922.5	922.5
Total Reserve / Reserve Fund Draws / Contributions		2,539.9	1,213.0	1,213.0	1,213.0
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		2,539.9	1,213.0	1,213.0	1,213.0

* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
Projected Beginning Balance		618.4	618.4	825.4	957.4
Vehicle & Equipment Reserve - Exhibition Place	XQ1702				
<i>Proposed Withdrawals (-)</i>			(343.0)	(418.0)	(350.0)
<i>Contributions (+)</i>			550.0	550.0	550.0
Total Reserve / Reserve Fund Draws / Contributions		618.4	825.4	957.4	1,157.4
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		618.4	825.4	957.4	1,157.4

* Based on 9-month 2015 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
Projected Beginning Balance		25,335.2	25,335.2	12,018.2	2,712.2
Insurance Reserve Fund	XR1010				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			516.9	516.9	516.9
Total Reserve / Reserve Fund Draws / Contributions		25,335.2	25,852.1	12,535.1	3,229.1
Other Program / Agency Net Withdrawals & Contributions			(13,833.9)	(9,822.9)	(5,029.4)
Balance at Year-End		25,335.2	12,018.2	2,712.2	(1,800.3)

* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
Projected Beginning Balance		60,624.3	60,624.3	58,760.6	61,433.4
Sick Leave Reserve Fund	XR1007				
<i>Proposed Withdrawals (-)</i>			(50.0)	(50.0)	(50.0)
<i>Contributions (+)</i>			50.0	50.0	50.0
Total Reserve / Reserve Fund Draws / Contributions		60,624.3	60,624.3	58,760.6	61,433.4
Other Program / Agency Net Withdrawals & Contributions			(1,863.7)	2,672.8	3,578.3
Balance at Year-End		60,624.3	58,760.6	61,433.4	65,011.7

* Based on 9-month 2015 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 *	Withdrawals (-) / Contributions (+)		
			2016	2017	2018
		\$	\$	\$	\$
Projected Beginning Balance		11.0	11.0	11.0	11.0
Environmental Protection Reserve Fund	XR1718				
<i>Proposed Withdrawals (-)</i>			(75.0)	(50.0)	(25.0)
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		11.0	(64.0)	(39.0)	(14.0)
Other Program / Agency Net Withdrawals & Contributions			75.0	50.0	25.0
Balance at Year-End		11.0	11.0	11.0	11.0

* Based on 9-month 2015 Reserve Fund Variance Report

Appendix 7a

User Fees Adjusted for Inflation and Other

Rate Description	Service	Fee Category	Fee Basis	2015	2016		2017	2018	
				Approved Rate	Inflationary Adjusted Rate	Other Adjustment	Budget Rate	Plan Rate	Plan Rate
Rental of Exhibit Halls and Heritage Court	Exhibitions & Events	Market Based	Per sq. ft.	\$0.09 to \$0.178 per sq ft	3%		\$0.0927 to \$0.183	\$0.095 to \$0.189	\$0.095 to \$0.195
General Parking	Parking Access	Market Based	Per car park per day	\$11 to \$25	0%	\$5 per car for special events	\$11 to \$30	\$11 to \$30	\$11 to \$30
Rental of Ball Rooms and Meeting Rooms	Conventions, Conferences & Meetings	Market Based	Daily Rate per square foot	\$0.56 to \$0.61 per sq ft	0%		\$0.56 to \$0.61 pre sq ft	\$0.577 to \$0.628 pre sq ft	\$0.577 to \$0.628 pre sq ft