

Amended and Restated Master Agreement with the Canadian National Exhibition Association, Exhibition Place and City of Toronto

Date: March 6, 2023
To: Executive Committee
From: City Manager
Wards: All

SUMMARY

Since 2013, the City has been party to a Master Agreement with the Canadian National Exhibition Association (CNEA) and the Board of Governors of Exhibition Place (Exhibition Place) that governs the use by CNEA of Exhibition Place grounds for hosting the 18-day Canadian National Exhibition (CNE).

The existing agreement expires on March 31, 2023, and the proposed term of the Amended and Restated Master Agreement is April 1, 2023 to March 31, 2028, with the possibility of renewal for a further five years on terms and conditions as agreed by the parties. The proposed Master Agreement requires the CNEA to pay licence fees for the use of Exhibition Place grounds at discounted rates, and for services provided through Exhibition Place at cost plus a 12% administrative fee. This report recommends City Council enter into an Amended and Restated Master Agreement, which has already been approved by the Boards of Exhibition Place and the CNEA.

The report also recommends that the General Manager of Parks, Forestry and Recreation be authorized to execute nominal fee Licence Agreements and grant nominal fee permits on an annual basis for use of portions of Coronation Park and Marilyn Bell Park for the CNE for a five-year term, and provision for a renewal term of a further five years.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council authorize the City Manager to finalize and execute on behalf of the City of Toronto an Amended and Restated Master Agreement with the Canadian National Exhibition Association, Exhibition Place and the City for a

term of five (5) years starting on April 1, 2023 and expiring on March 31, 2028, and a renewal term of a further five (5) years, substantially on the terms and conditions set out in Attachment 1 to this report and such other terms and conditions as may be satisfactory to the City Manager and the Chief Executive Officer of Exhibition Place, and in a form satisfactory to the City Solicitor.

2. City Council authorize the General Manager of Parks, Forestry and Recreation to finalize and execute on behalf of the City, Licence Agreements for use of Coronation Park and Marilyn Bell Park by the Canadian National Exhibition Association for the purposes of the Canadian National Exhibition at a nominal fee for a term of five (5) years starting on April 1, 2023 and expiring on March 31, 2028, and a renewal term of a further five (5) years, on terms and conditions satisfactory to the General Manager of Parks, Forestry and Recreation and in a form satisfactory to the City Solicitor, and to grant permits on an annual basis at a nominal fee for such use, subject to the Canadian National Exhibition Association meeting all required terms and conditions of the application process and permit holders.

FINANCIAL IMPACT

The continued success for both the CNEA and Exhibition Place operations has positive financial implications for the City through revenues paid by CNEA to Exhibition Place and economic activity related to the annual 18-day CNE event.

Under the proposed Amended and Restated Master Agreement effective April 1, 2023, the CNEA has agreed to pay for all services provided by or through Exhibition Place at cost plus a 12% administrative fee. CNEA has also agreed to pay a discounted license fee for its exclusive use of Exhibition Place grounds during the CNE.

Exhibition Place supports the CNEA through the provision of services, discounted licence fees, allowance to retain parking revenues generated from the CNE and use of specific equipment free of charge. In 2023, the value of the discount to the Exhibition Place-approved licence fee rates is estimated at \$4.1 million. The City supports CNEA through permitting of waterfront parks by PFR for a nominal fee. In 2023, the value of the permits is estimated at \$14,000. The CNEA currently receives no direct subsidies or grants from the City.

Approval of the proposed Amended and Restated Master Agreement with CNEA will provide Exhibition Place net license fees of \$3.8 million in 2023, as outlined in Attachment 1. This annual base revenue has been included in the 2023 Council Approved Operating Budget for Exhibition Place, with provisions for inflationary increases thereafter throughout the term of the agreement. Over the five-year term of the proposed agreement, CNEA will provide \$20.6 million in license fees to Exhibition Place.

The licence fee for the upcoming term is lower than the current term due to the loss of certain parking lots historically available to the CNEA's use as a result of new

construction activities on the grounds. The financial pressure from this change is approximately \$450,000. Exhibition Place has reported that this reduction will not impact Exhibition Place's 2023 operating budget net expenditures as the shortfall is offset by additional revenue increases from IT and telecommunications services charged/recovered from the CNEA, and additional revenue increases and lower expenditure savings in various areas. The licence fee reduction will assist the CNEA to address the loss of usable production space.

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

DECISION HISTORY

At its meeting of February 2, 2023, the Board of Governors of Exhibition Place, subject to City Council approval, approved the Amended and Restated Master Agreement between the Board of Exhibition Place, the City and the CNEA that governs the CNEA's use of Exhibition Place grounds and services for a term of five years starting on April 1, 2023 and expiring on March 31, 2028, and including a renewal term of a further five (5) years. [Agenda Item History - 2023.EP2.7 \(toronto.ca\)](#)

At its meeting of May 11, 2022, City Council amended the Amended and Restated Master Agreement with the Canadian National Exhibition Association, Exhibition Place and the City to provide for a one-year extension of the First Renewal Term due to COVID-19 pandemic, starting April 1, 2022 and expiring March 31, 2023. [Agenda Item History - 2022.EX32.11 \(toronto.ca\)](#)

At its meeting of April 5, 2022, the Board of Governors of Exhibition Place, subject to City Council approval, approved the Amended and Restated Master Agreement with the Canadian National Exhibition Association, Exhibition Place and the City to provide for a one-year extension of the First Renewal Term due to COVID-19 pandemic, starting April 1, 2022 and expiring March 31, 2023. [Agenda Item History - 2022.EP23.3 \(toronto.ca\)](#)

At its meeting of October 2, 2017, City Council directed the General Manager, Parks, Forestry and Recreation to issue a license agreement to CNEA and permits to other users, for use of the West Channel waterway based on defined schedule and review the needs of stakeholders annually, and City Council direct that no other motor use of the West Channel waterway be allowed as the noted schedule exceeds the Council directed limit of 10 days. [Agenda Item History - 2017.EX27.7 \(toronto.ca\)](#)

At its meeting of January 31, 2017, City Council authorized the City Manager to finalize and execute on behalf of the City of Toronto the Amended and Restated Master Agreement between the Canadian National Exhibition Association, Board of Governors of Exhibition Place and the City of Toronto. [Agenda Item History - 2017.EX21.4 \(toronto.ca\)](#)

At its meeting of December 9, 2016, Exhibition Place approved the Amended and Restated Master Agreement between the Board of Exhibition Place, the City and the CNEA that governs the CNEA's use of Exhibition Place grounds and services.

[Attachment 1: Report from the Board of Governors of Exhibition Place dated November 30, 2016 \(toronto.ca\)](#)

At its meeting of July 8, 2014, City Council restricted the hosting of motorboat-towed competitions and events within the West Channel to a combined total maximum of 10 days per calendar year, including all days which interrupt public use, so as to ensure access to and quiet enjoyment of the surrounding parkland by residents. [Agenda Item History - 2014.PE28.1 \(toronto.ca\)](#)

COMMENTS

Background

Since 2013, the City has been party to a Master Agreement with the Canadian National Exhibition Association (CNEA) and the Board of Governors of Exhibition Place (Exhibition Place) that governs the use by CNEA of Exhibition Place grounds for hosting the 18-day Canadian National Exhibition (CNE).

The existing agreement expires on March 31, 2023, and the term of the proposed Amended and Restated Master Agreement is April 1, 2023 to March 31, 2028 with the possibility of renewal for a further five years on terms and conditions as agreed by the parties. The proposed Master Agreement requires the CNEA to pay licence fees for the use of Exhibition Place grounds at discounted rates, and for services provided through Exhibition Place at Board-approved rates.

Licence Fees

The Amended and Restated Master Agreement was negotiated in recognition of CNEA's current financial position. The COVID-19 pandemic had a significant impact on the CNE, resulting in the cancellation of the event in 2020 and 2021. Despite good financial results from the CNE in 2022, the CNEA does not have sufficient financial resources to pay the standard Board-approved licence fees and rebuild its reserves to guard against future financial disruptions at this time.

The licence fees for the upcoming term are lower than those paid for the 2022 CNE due to a reduction in the available production space for the CNE. Various new construction activities on the grounds during the proposed term will result in loss of use of certain parking lots historically licensed by the CNEA for the CNE. The licence fees have therefore been adjusted to reflect this change.

Under the Amended and Restated Master Agreement, the agreement will be extended for five years, from April 1, 2023 to March 31, 2028, with the possibility of renewal for a further five years on terms and conditions as agreed by the parties. The CNEA has agreed to pay a discounted license fees for its exclusive use of Exhibition Place grounds during the 18-day CNE, and cost plus an administrative mark-up of 12% for all services provided by or through Exhibition Place. Exhibition Place supports the CNEA through the provision of services, discounted licence fees, allowance to retain parking revenues generated from the CNE and use of specific equipment free of charge. The

City supports the CNEA directly through permitting of the use of portions of Coronation Park and Marilyn Bell Park by PFR in relation to the event for a nominal fee.

The current Master Agreement provided for renewal on the basis that renewal of the agreement is subject to negotiation by the parties of mutually agreeable terms with the purpose of, but not limited to, having the CNEA pay a licence fee reflective of the rental prices then approved by Exhibition Place and the City for the use of Exhibition Place. While licence fees remain discounted for the CNEA under the proposed agreement, the discount shrinks over the initial term of the agreement, and the proposed Amended and Restated Master Agreement includes renewal terms that identify the same purpose of negotiations (including having the CNEA to pay standard rental prices) to apply to renewal of the agreement in April 2028.

The key terms and conditions in the proposed Amended and Restated Master Agreement were approved by the Board of the CNEA on January 23, 2023 and the Board of Exhibition Place on February 2, 2023. These key terms and conditions are described in Attachment 1 of this report.

Permitting the Use of Coronation and Marilyn Bell Parks

Historically, the CNEA has been permitted to use portions of Coronation Park and Marilyn Bell Park, including associated water lots in the Western Channel adjacent to Ontario Place, for part of its programming for the 18-day CNE. Programming has included a junior baseball tournament in Coronation Park, viewing and concession areas for the air show and water show in Marilyn Bell Park, and the production of the water show in water lots in the Western Channel.

As has been the practice under the existing Master Agreement, PFR has granted Special Event permits for the use of these parks on an annual basis. Applications are typically received in October and issued in December of the previous year. The permitting process allows for the interests of all park user groups and stakeholders to be considered and usage to be adjusted yearly as needed. It will also ensure compliance with existing terms and conditions of the application process and permit holders, and City Council's previous direction to restrict the hosting of motorboat-towed competitions and events within the West Channel to a combined total maximum of 10 days per calendar year. As noted above, the City has historically supported the CNEA by charging nominal permit fees for the use of the parks during the CNE.

As the term of the proposed Master Agreement is more than one year, and the licence agreement and permit fees are nominal, City Council authorization is required for PFR to licence and permit CNEA's use of the parks. This report therefore also recommends that City Council grant sufficient authority to the General Manager of PFR to execute licence agreements and issue annual permits to the CNEA for use of the parks during the 18-day CNE.

CONTACT

Karen Jones, A/Director, Intergovernmental and Agency Relations, City Manager's Office, Karen.Jones@toronto.ca, 416-397-4429

Don Boyle, Chief Executive Officer, Exhibition Place, dboyle@explace.on.ca, 416-263-3611

Christina Iacovino, Director, Client & Business Services, Parks, Forestry & Recreation, Christina.Iacovino@toronto.ca, 416-392-8578

Ward Earle, Director, Municipal Law, Legal Services, Ward.Earle@toronto.ca, 416-397-4058

SIGNATURE

Paul Johnson
City Manager

ATTACHMENTS

Attachment 1: Amended and Restated Master Agreement - Proposed Terms and Conditions