



# Management Report

July 2011

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## **General Manager's Comments**

The 2011 CNE will be an event of which we can all be justifiably proud. Even a cursory scan of the attached Program Overview (Appendix B), not to mention the departmental updates in this report, will give you an appreciation for the scale, scope and size of this year's Ex. Staff takes enormous pride in being prepared and this year we are better prepared than ever; with better programming, marketing and operational plans, and better coordination between these areas to ensure unique and memorable experiences for our visitors. Our new Exhibitor Sales & Services Manager, Gilbert Estephan, has brought new ideas and has fit in well with the management team. The Horse Show and Casino are about to open. We are all in "Countdown" mode!

In previous reports, our "Talking Points" were included in this section. This month, we have attached them as a separate Appendix A. If I may, I would like to suggest that you remove Appendix A, fold it up and keep it in your pocket or purse for convenient reference if you happen to be talking to someone about the Ex. We all need to continue to spread the good news story of the CNE.

**MOU** - Although MOU negotiations have not yet commenced, there are significant developments to report regarding the MOU and the relationship between the BOG and CNEA. These developments have led to the investigation of the CNEA becoming operationally and financially independent of the BOG and the City of Toronto.

As reported in the March Management Report, the MOU committee met to consider MOU cost factors including a report from City of Toronto Internal Audit concerning the Finance and Administration Fee and results of a survey of major North American fairs regarding site costs. The committee decided to name Jim Melvin (President), Brian Ashton (Chair Finance Committee) and myself to act as the negotiating team for discussions with the Board of Governors. The committee also agreed that the discussions with the BOG should explore a better business model for the CNE which might include more independence from the BOG. I prepared a preliminary draft proposal of how such independence might be achieved over a number of years which was reviewed and approved by the committee. However, before discussions began, the advanced timing of the City's 2012 budget process intervened. The results of our submission and the reaction of the BOG are reported in a separate report to this meeting of the CNEA Board (2012 Operating Budget Revision – July 2011) which should be read in conjunction with this section of the Management Report.

Since the meeting of the BOG on June 24, 2011, the draft proposal mentioned above has been given to Dianne Young and Mark Grimes and they will be joined by Camilla MacKenzie (Chair, BOG Finance Committee) as the negotiation team for the BOG. A first meeting is in the process of being scheduled. In the meantime, Ms. Young has prepared a checklist of questions to be answered for discussion purposes and an announcement has been made to all grounds staff so they are aware of the discussions. Although some preliminary negotiation may take place over the summer, I will be concentrating on the 2011 CNE and do not expect to have anything further to report until the fall at the earliest. It will be important for the negotiation teams to meet privately in order to have full and frank discussion. Nevertheless, as mentioned in previous reports, I encourage all Directors to review the current MOU – (2008-2010) and communicate any questions or concerns to myself, Jim Melvin or Brian Ashton.

**Corporate Secretary** - At its meeting of May 25<sup>th</sup>, the CNEA Board, and subsequently at its meeting of June 24<sup>th</sup> of the Board of Governors, the transfer of responsibility of the office of the Corporate Secretariat, including the transfer of the Assistant to the Corporate Secretary, of the CNEA from the Board of Governors to direct management of the Association, was approved. The transfer is not slated to be completed until January 1, 2012, hence further information will be reported in the fall. Linda Costa has agreed to serve as Assistant to the new Corporate Secretary for the CNEA for a trial period following this transfer.

**Procurement Policy** - At its meeting of May 25, 2011, the CNEA Executive Committee requested that “staff provide a report to the Executive Committee and Board on sole sourcing policies, protocol and processes.” Ms. Young’s Report #17 to the June 24<sup>th</sup> meeting of the Board of Governors (BOG), attached as Appendix C, addresses the issue of procurement and describes our system. A key article of our current MOU is that the CNEA abides by the policies and procedures of the BOG and the City of Toronto. Therefore the policy and process described in the attached report are followed by CNEA staff. It is understood that the policy does not apply to the selection of programs and performers.

### **Marketing and Communications**

The CNE Marketing Department has completed the Program Overview (Appendix B) and is busy executing the 2011 Marketing Plan and Media Buy as approved at the March meeting of the Board of Directors. The first brand piece, the CNE Highlights brochure, has been created and distributed to Travel Centres, hotels in the Toronto area, CNE exhibitors and CNEA Association members.

Our new App for Smartphones (iPhone, Blackberry, and mobile web applications) is in the final stages of development. We anticipate that it will be available the first week in August via the iTunes App Store and Blackberry App World, which will coincide with the launch our advertising campaign. Our tickets are now on sale at TheEx.com and at Mac’s Convenience Stores. The Media Buy is in the final phases of being booked, and media promotional partners have been secured for our Bandshell Concerts and major shows. Work is well underway on the CNE Guidebook, Family Fun Guide and Site Map. Responding to the research that was done last year, the number of Guidebooks being distributed before the fair opens has been increased significantly, while the daily handout has been reduced in size to focus on the schedule of concerts, events and shows, and the CNE Grounds Map.

The bulk of the CNE Advertising will hit the Greater Toronto Area immediately following the Civic Holiday in August. Out of Home advertising on Bus Kings (sides of buses and streetcars) will be in market first, followed by radio, newspaper, One Stop (on subway screens), and online advertising, which will all be in full flight by the second week in August.

Facebook and Twitter continue to play an important role in our overall communications, and the CNE Events team, which has been very active in the community, will continue to be so leading up to the opening of the fair on August 19<sup>th</sup>.

A media preview of the 2011 CNE has been scheduled for the morning of Wednesday, August 17, and for the first time ever, the CNE will officially open the Toronto Stock Exchange on Tuesday, August 16<sup>th</sup>.

### **Sponsorship**

As of July 6, 2011 we are at \$889,950 (approx.) - 93.6% of our 2011 budget of \$950,000 (an increase of \$50,000 over 2010). To put these numbers in perspective in comparison to last year, as of June 18, 2010 we were at \$796,090 – 88.5% of our 2010 budget of \$900,000. Since last report, Molson’s have been confirmed and Transat Holidays also committed to additional cash on top of their regular contra deal. There are several possible deals currently in the works so we are still hopeful of hitting the overall objective of \$950,000. Please see separate Sponsorship Report for more detailed information.

As we prepare to start negotiations with Coca Cola for a new four year deal, starting in 2012, we just received notice from the City that our report and recommendations have been adopted and going forward, Exhibition Place and the CNE are exempt from the bottled water ban. This decision will facilitate negotiation of a new agreement.

## **Operations**

The CNE Operations Department is putting the final touches on the 2011 CNE. Currently all outdoor retail and concession spaces have been rented and preparations are underway for the move-in of the CNE commencing the last week of July.

CNE Operations has been conducting a series of emergency preparedness mock exercises involving staff from across the organization in preparation for the fair. In addition, meetings with emergency services & public transportation providers have been conducted in preparation for the fair.

The move-in of the fair commences with the Horse Show and Casino starting in late July and expands throughout the entire site as large events such as the Honda Indy, Caribana and the Beer Festival conclude. Operations staff has been planning the move-in for a number of months and having been finalizing plans with Exhibition Place service providers.

A new access pass program has been developed for the CNE by Event Staff Canada, the company who provides us with our electronic gate program. This new pass program will allow us to provide photo identification to a broader sector of our partners and will assist in enhancing overall security and safety of the site.

We will also be launching the new point of sale system at our gates this year. No longer will tickets be printed in advance, rather patrons will now receive their tickets generated from a printer at the gates. This new system is the next step in our plans to improve the delivery of service to our customers at our gates.

CNE Operations staff has met with representatives of Ontario Place to finalize plans for informing and accommodating visitors who arrive at the CNE and wish to participate in the free admission program at Ontario Place. Modifications have been made to the western boundary of the CNE to accommodate those wishing to visit Ontario Place only. Two new fully functioning gates at the Ontario Place East and West Bridges will be brought on line for the 2011 CNE. In addition, staff is meeting with Go Transit and TTC to ensure patrons are informed of access changes prior to planning their trip to Ontario Place.

## **Programs**

The Programmers have finalized their bookings and are in full implementation mode, obtaining details and working out any issues in advance with the trades, suppliers and other partners. Some of the new items from the last report include:

- Olympic bronze medalist Joannie Rochette will be our guest skater and perform in all 36 shows over the 18-days of the CNE.
- Star of *We Will Rock You* and *Rock of Ages* Yvan Pednault will be the lead singer for our skating show.
- TDSB Day @ CNE planning is well under way. Look for student acts on our stages and Hall D will have special guests *Caillou*, *Franklin* and *Max and Ruby* for the youngest of audiences. The line-up for the Bandshell concert includes JRDN, Shawn Desmond, The Stereos, Amanda Cosgrove, and Down with Webster.
- We have finalized talks with the International Festival of Authors for readings and “meet and greets” on Thursday September 1 at the Presentation Theatre. Authors Andrew Pyper and Ian Hamilton will be on hand.

- A flash mob activity has been planned. At various times and different places throughout the fair a Bollywood dance group will begin a dance with basic moves that anyone can follow. The audience will have a number of “plants” who will gradually join the dance. It is intended to be interactive, but also give our audiences another “unexpected surprise”.

### **Exhibitor Sales & Services**

We are pleased to report that the sales figures in the Shopping Pavilions which include the Arts, Crafts & Hobbies, Shoppers Market, At Home Pavilion, International Pavilion, Warehouse Outlets and the Food Building are on track with last year’s figures and it is anticipated that all revenue targets will be achieved this year.

Applications continue to be processed and spaces allocated based on remaining booth availability. Please see chart below for details.

<b>Building by Pavilion</b>	<b>2010 Budget</b>	<b>2010 Actuals</b>	<b>2011 Budget</b>	<b>2011 Achieved</b>	<b>% Total</b>
Arts, Crafts & Hobbies (QE Building)	\$ 314,575	\$ 308,224	\$ 320,867	\$ 320,602	100%
At Home   Shoppers Market (DEC - Hall A)	\$ 911,836	\$ 943,587	\$ 930,072	\$ 924,279	99%
International Pavilion (DEC - Hall B)	\$ 834,886	\$ 854,784.	\$ 851,583	\$ 808,297	95%
Warehouse Outlets (DEC - Hall C & G)	\$ 347,490	\$ 414,023	\$ 354,440	\$ 402,216	113%
Food Building	\$ 905,061	\$ 914,151	\$ 923,162.	\$ 936,144	101%
<b>TOTALS</b>	<b>\$ 3,313,848</b>	<b>\$ 3,434,769</b>	<b>\$ 3,380,124</b>	<b>\$ 3,391,538</b>	<b>99%</b>

We are equally pleased to announce and welcome the following new Food Concessionaires at the 2011 CNE Food Building;

- Buster’s Sea Cove
- Corn Dogs and Deep Fried Candy Bars
- Deep Fried Coke & Kool-Aid
- EPIC Burger & Waffles
- Kala’s Kitchen Indian Cuisine
- The Colossal Onion
- Tim Hortons & Cold Stone Creamery

**2012 Renewal Applications/Contract:** **New this year** – we will be instituting an early-bird renewal process for all exhibitors in Halls A, B and the Queen Elizabeth building. Exhibitors will have an opportunity to reserve their preferred booth space for the 2012 season at this year’s fair. Deposits will be applied towards the total booth fee. The renewal process for exhibitors will continue throughout the year for all other buildings as usual.

**Food Building Lease Agreements and Fees Schedule:** The conclusion of the 2011 fair marks the end of a three-year agreement with Food Licensee’s in the Food Building. We are proposing to enter into a 4-year agreement option to renew, at the beginning of the 2012 cycle. The Food Building Licensee Fees Schedule will be based on the approved 2% incremental annual rate increase until the end of the 2015 Canadian National Exhibition. Please see attached Appendix D for details.

## **Upcoming Staff Travel**

### **International Festival and Events Association Conference, Fort Worth, TX Sept 30 - Oct 5**

Zis will be attending this conference to begin courses to become a Certified Festival & Events Manager. For the second half of the travel period, Zis will be attending the IFEA conference which will be focussing on professionals gathering together to network, share and discuss new ideas, trends, challenges, opportunities, creativity and possibilities as they look to the future.

### **International Entertainment Buyers Association Conference, Nashville TN October 2 - 4**

Danielle Bourre will attend this conference. The IEBA showcases the most diverse entertainment options available while striving to be the go-to organization for the entertainment community by offering continuing education and networking opportunities to its members.

### **Canadian Association of Fairs and Exhibition (CAFE) Board, Springfield, Mass. - October**

The CAFE fall board meeting has been moved to Springfield, Mass. Board members will be conducting their regular meetings and will have an opportunity to meet with representatives of the Big E Fair and Exposition. As a Director of the CAFE Board, Virginia Ludy will be attending, and will be bringing Mike Knott, Mike Cruz and Gilbert Estephan who will also be visiting the Coney Island, Toppsfield, Rochester and Bloomsville fairs.

### **Canadian Association of Fairs and Exhibitions (CAFE) Convention, London, ON - November**

A number of staff will be attending the annual CAFE convention to be held in London, Ontario this year. Being so close-by, this CAFE convention should be attended by a higher number of staff than usual due to reduced travel costs.

### **International Association of Fairs and Exhibitions (IAFE) Las Vegas, NV - November**

At this time, David Bednar, Virginia Ludy and Mike Cruz are planning to attend the IAFE annual convention in Las Vegas in November. Sessions are planned on relevant topics as well as a large industry trade show. Due to the extra travel required as a member of the CAFE Board of Directors, Virginia will be exceeding her annual travel limit.

As in previous years, the number of staff attending and travelling will depend on our financial situation after the fair.

Respectfully submitted,



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David Bednar  
General Manager