



Exhibition Place

Item No. 1

**ACTION REQUIRED**

March 6, 2014

To: The Board of Governors of Exhibition Place

From: Dianne Young/CEO, Exhibition Place

Subject: **Improvements to BMO Field at Exhibition Place**

Summary:

This report provides the principal terms and conditions of agreements to be entered into with Maple Leaf Sports & Entertainment Ltd. (MLSE), the City and the Board of Governors of Exhibition Place (Board) with respect to major improvements to BMO Field which include the following:

- Increase the permanent seating capacity to 30,000 and allow for an additional 10,000 in temporary seating capacity;
- Add a partial roof that will cover the majority of the seats;
- Reconfigure the field so that the stadium can host Canadian Football League ("CFL") games; and
- Improve amenities within the stadium.

If approved by the Board, this matter is intended to be considered by the City Executive Committee at its meeting of March 19, 2014 and by City Council at its meeting of April 1 & 2, 2014.

**Recommendation(s):**

**It is recommended that the Board:**

- 1. Direct that the confidential information contained in Confidential Attachment 1 to this report not be released publicly until such time that the City Manager has released his report to the Executive Committee;**
- 2. Approve of the Board, subject to approval of City Council, entering into the Letter of Intent (LOI) between the Board, the City and MLSE substantially in the form attached as Appendix "A" and the contemplated agreements including amendments to the Management Agreement (between MLSE, the City and the Board with respect to BMO Field), the Team Licence Agreement (between MLSE, MLS and the Board with respect to BMO Field), the Naming Rights Licence Agreement (between the Board, the City and MLSE) and including such other terms and conditions as required by the Deputy City Manager & Chief Financial Officer, the CEO of Exhibition Place and the City Solicitor; and**
- 3. Request that the City transfer the balance of the funds in the Soccer Stadium Capital Maintenance Reserve Fund (XR3601) to Exhibition Place on December 31, 2014 so that these funds can be used to offset reduced parking income during the stadium improvements construction and also to fund the cost of new wayfinding signage for the grounds.**

### Financial Impact:

The recommendations in this report will result in a capital investment of \$115 to \$120.0M in BMO Field and a positive financial return to the Board and the City as set out more particularly in the Confidential Attachment “A” to this report.

### Decision History:

At its meeting of October 19, 2005, the Board approved of entering into a project (construction) agreement, a management agreement, and facility usage agreements between the Board, the City and MLSE.

At its meeting of October 26, 27, 28 and 31, 2005, City Council approved of Clause No. 36 of Report No. 9 of the Policy & Finance Committee which adopted the report and recommendations of the Board. In accordance with the Council authority, the Board, City, MLSE (as manager) and MLSE (as owner of Toronto FC) entered into a Management Agreement and Team Licence Agreement with respect to BMO Field and the City / Board contributed land at Exhibition Place together with a financial contribution of \$9.8M, for the creation of the professional soccer stadium. Council also approved entering into a Contribution Agreement with the Province and the Federal Government with respect to the funding being provided by all three levels of government.

At its meeting of September 11, 2009, the Board approved of amendments to the Management Agreement and other agreements as required to upgrade BMO Field from turf to natural grass; move the field bubble to Lamport Stadium; and cause the upgrade of the field at Lakeshore (Etobicoke) Collegiate Sports Field to turf all at a cost of \$5.5M which was funded solely by MLSE. These amendments were then approved by City Council at its meeting of September 30, 2009.

At its meeting of February 14, 2014, the Board directed the call of a Community Liaison Committee meeting to solicit input from the community on any issues related to the proposed improvements to BMO Field.

### Issue Background:

BMO Field is a 20,000 seat stadium owned by the Board / City and managed on behalf of Exhibition Place and the City by MLSE with the principal user being the Toronto FC soccer team, which is a franchise member of professional Major League Soccer ("MLS"). The stadium also hosts amateur soccer matches organized through the Canadian Soccer Association (CSA) along with community use including other events such as rugby matches.

A winter bubble was originally used at this stadium until 2009 to allow for amateur soccer use in the off-season. In 2009, the Board/City approved the relocation of this bubble to Lamport Stadium.

The construction of BMO Field was originally funded using the contributions set out below in Table 1:

Table 1 – Summary of Original Capital Contributions to Stadium Development Cost (\$ millions)	
Federal Government	27.0
Provincial Government	8.0
City of Toronto	
• cash	9.8
• land	10.0
MLSEL	18.0
<b>Total:</b>	<b>72.8</b>

In 2009, MLSE invested a further \$3.5M in BMO Field to convert the field from field turf to natural grass thus providing an improved playing surface for soccer.

As part of the Management Agreement, MLSE shares profits from the stadium with Exhibition Place and as detailed in Table 3 below, since its opening annual profits paid to Exhibition Place have been in the range of \$397,000. Exhibition Place operates parking on the site and shares 331/3% of parking revenues with MLSE for Toronto FC soccer events. Since opening, the annual share of parking revenues paid to MLSE have been approximately \$176,000.

Table 3 - Income Received by Exhibition Place from 2009-2013 BMO Field Events						
	2009	2010	2011*	2012	2013	5-Year Average
Stadium Profit Sharing	\$ 377,868	\$ 323,965	\$ 530,811	\$ 334,125	\$ 417,000	\$ 396,754
Parking Income Sharing	\$ 466,627	\$ 425,021	\$ 458,089	\$ 510,655	\$ 432,503	\$ 458,579
	\$ 844,495	\$ 748,986	\$ 988,900	\$ 844,780	\$ 849,503	\$ 855,333

\* - Incorporates Settlement with Canadian Soccer Association

### Comments:

#### Proposed BMO Field Improvements

The improvements to BMO Field being proposed by MLSE are as follows:

- Increase the permanent seating capacity to 30,000 and allow for an additional 10,000 in temporary seating capacity;
- Add a partial roof that will cover the majority of the seats;
- Reconfigure the field so that the stadium can host Canadian Football League ("CFL") games; and
- Improve amenities within the stadium.

The expansion in seating capacity coincides with a major investment being made by MLSE in TFC team development.

Furthermore, the improvements will allow BMO Field to host CFL games and more particularly, be the home of the Toronto Argonaut ("Argos") CFL team which has always been an objective of the City/Board as stated in the existing Management Agreement. This has become a more urgent objective as it is our understanding that the Rogers Centre has indicated that they do not wish to renew their agreement for hosting Argo home games beyond 2017.

Finally, MLSE also expects that the enhanced seating capacity will improve the stadium's ability to attract special events such as the National Hockey League's Winter Classic or soccer matches with major international soccer teams.

### Community/Events Issues

A meeting of the Community Liaison Committee was held on March 5, 2014, and was attended by residents of the local community; representatives of major show/events on the grounds; TFC supporters; and Exhibition Place tenants. Some of the issues raised at the meeting were as follows:

- Traffic flow to and from the grounds relating to limitations of local and arterial roadways;
- Need to improve transit/GO facilities and support from the TTC/GO to increase transit/GO use by attendees at both BMO Field events and other events on the grounds;
- Lack of any wayfinding on the grounds and better wayfinding on major arterial roadways;
- Gridlock on the grounds caused by multiple high-parking use events happening at one time resulting in loss of revenues to event producers and negative public opinion;
- A request to blackout MLSE use on certain dates when parking demand is already at capacity;
- Continual reduction in parking inventory at Exhibition Place;
- Growth of activities / events / tenant activities at Exhibition Place;
- A comment from MLSE that the National Home Show will not be impacted in 2015 and 2016 by BMO Field games as they will not be playing at home in March during the construction;
- A request from the major shows to have traffic studies done as part of the expansion and a commitment by City Planning to have these done and reviewed by the City; and
- A request for the return of dedicated TTC express buses from outlying areas to the grounds on maximum capacity dates.

### Site Plan Control Process

Exhibition Place and the BMO Field improvements are regulated by the City's Site Plan Control process and all issues raised at the Community Liaison Committee meeting will be considered during this process. The process commences with an application by MLSE to the City which cannot happen until MLSE has finalized a proposed design which is likely to happen by the end of April. All materials submitted by MLSE are public documents and can be obtained by interested parties. Exhibition Place will also establish on its website access to any documentation and update on timelines.

The Site Plan Process takes from four to six months with building permits being issued once all approvals have been received and MLSE enters into agreements setting out conditions for development.

### Financial / Agreement Terms

Staff representatives from the City/Exhibition Place have been negotiating amendments to the Management Agreement over the last two months and the LOI reflects the present draft terms. Overriding directions within these negotiations were as follows:

- Required substantial financial and programming commitment from the private sector;
- Have no negative impact on the financial position of the City/Board;
- Allow for improvements to the stadium while at the same time protecting the building asset into the future; and
- Limit any potential for any negative impacts on the grounds or the local community.

#### Community Sports Use of BMO Field

While the increased investment in BMO Field at Exhibition Place is a very positive direction for both the City and the Board, the commitment to community sports use within BMO Field has always been paramount to the arrangement. The amended Management Agreement and other agreements approved by the Board in September 2009 require a commitment to provide at least a minimum of 12 hours per week of use for community sports purposes during the months of April to October. However, with the addition of Lamport community use there actually an increase in potential community use by over one thousand (1,000) hours. In addition to this community use at BMO Field on natural grass, there continues to be a right to use BMO Field by the City for 14 days, Ontario Soccer Association (OSA) for 6 days, Canadian Soccer Association (CSA) for 6 days, and the annual CNE for 18 days. With the improvements to BMO Field being recommended in this report, the commitment to community use as noted above will continue unchanged.

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Submitted by:

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