



Exhibition Place

Item No. 23

January 21, 2014

To: The Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young, Chief Executive Officer

Subject: **Electronic Dance Music Concerts**

Summary:

This report provides information about the Electronic Dance Music concerts (EDM) being booked at Exhibition Place.

Recommendations:

It is recommended that the Board direct that the confidential information contained in Confidential Attachment 1 to this report not be released publicly in order to protect the competitive position and future economic interests of Exhibition Place.

Financial Impact:

Revenues earned from these EDM's will have a positive impact to the operating budget.

Decision History:

The Exhibition Place 2009 - 2012 Strategic Plan had a Financial Goal to *Maintain a positive operating financial performance across Exhibition Place and all its businesses* and as Strategies to support this Goal to *seek new or expand revenue opportunities within our existing operations and ensure operating budgets are met or show a positive surplus to budget.*

Issue Background:

Exhibition Place has been the site of live music events since the 1980's when Concert Productions International began promoting concerts in the Exhibition Place Stadium. For 30+ years, Exhibition Place has booked live music events across all genres, including rock, pop, country, hip-hop, raves and cultural groups in venues such as the Better Living Centre, Direct Energy Centre and Ricoh Coliseum. Over the years Exhibition Place has worked with a variety of national and independent music promoters including CPI, Universal Concerts, House of Blues, Clearchannel/SFX and Live Nation.

In the late 1990's a new form of dance party/music event called Raves became popular starting as an underground music phenomenon, with 18-25 year olds converging on vacant buildings. Eventually Raves became more mainstream and independent promoters began seeking large venues such as Exhibition Place. In response to the nature of these events, Exhibition Place developed a Rave Protocol, which included TPS and EMS presence at all events and at Toronto City Hall was referred to as a protocol for ensuring a safe environment for attendees. Several Raves were booked at the Better Living Centre and Ricoh Coliseum into the early 2000's.

In the last few years, a new genre of music events has appeared. Electronic Dance Music Concerts (EDM) are now the fastest growing mainstream segment of the music industry and according to UBS is a \$4.5B industry. The DJ artists performing at these events are as popular worldwide as many well established pop stars. According to Forbes Magazine, over the last year, high profile DJ artists such as Avicii had earnings of \$20.0M, Tiesto \$32.0M, Kaskade \$16.0M and Calvin Harris at \$42.0M.

Comments:

This past summer, Exhibition Place booked an EDM concert with the promoter INK Entertainment for DJ artist Avicii on September 20, 2013 in the Better Living Centre for an audience of 9,356 attendees. This was a ticketed concert and we understand that all 9,356 tickets were sold out in advance of the event day. Following the September concert, INK booked Direct Energy Centre, Halls A and Heritage Court for December 27, 2013 for another EDM concert with Tiesto for a maximum audience of 5,750 attendees. Again, to our understanding 5,200 tickets were sold in advance of the concert date.

Two of the most active live music promoters licencing large spaces for major sized EDM events (eg over 4,000 attendees in one contiguous indoor area) are INK Entertainment and Live Nation. INK Entertainment is a hospitality and entertainment company headquartered in Toronto that maintains many types of properties in Toronto and Niagara Falls; from nightclubs to restaurants and a hotel. INK also has a partnership with Liberty Entertainment Group for its Tattoo Rock Parlour and Spice Route properties and also within The Coral Gables Country Club located in south Miami, Florida.

Live Nation is considered the major North American/European concert producer for EDM's and has formed a division within its company to deal with these events, Electronic Nation. Over the past few years Live Nation has acquired many international EDM promoters around the world. Live Nation, a long-time client of Exhibition Place, is presently holding several dates for an EDM at Exhibition Place in 2014.

As indicated above, EDM concerts are becoming extremely popular events and depending on their size/attendee audience, they are held at several venues across the City. Exhibition Place competitors with large exhibition spaces that can accommodate capacities in excess of 4,000 have all started to book these events. From our scan of the GTA venues: MTCC is planning to host an EDM concert for 8,500 people on April 19, 2014; Rogers Centre held an EDM concert featuring Sensations on June 1st 2013. We understand that The International Centre is not focusing on the EDM industry but specializes more in ethnic events. At the last CAEM conference, venues from across Canada shared information about exhibition/convention centres hosting EDM concerts, which included Calgary Stampede Park, London Convention Centre, Niagara Falls Convention Centre, Montreal's Place Bonaventure, Metro Toronto Convention Centre and Exhibition Place.

In addition to the major sized EDM events noted above, smaller EDM DJ events have also been held in nightclubs and entertainment venues across Toronto. Liberty Grand held an EDM DJ event for their 2013 New Year's Eve party and Muzik Clubs held one on October 31, 2013 and are planning another event on March 14, 2014. However, the capacity of such nightclubs/entertainment DJ events are considerably smaller than the much more significant size of an EDM concert held at the Exhibition Place exhibit/event buildings, MTCC, International Centre and Rogers Centre.

EDM concerts can pose operational issues that must be addressed and based on recent experience Exhibition Place staff has put in place operational requirements that have to be met by any concert promoter – in other words Exhibition Place updated its 1990 Rave Protocol to meet the nature of these new EDM concerns. Some of the issues related to these concerts are as follows: ensuring the safety and security of all guests; attendance by all ages (generally 15-34) and not strictly just 19+ attendees; limiting venue liability; emergency procedures; alcohol and drug use by attendees; and capacity /egress issues. These issues have been addressed by Exhibition Place through the development of an EDM Protocol (attached), on site Police, Security and EMS, providing a maximum capacity for the space rented, and monitoring both ticket sales and gate admission, review of capacity with Toronto Fire Department, submission of emergency procedures and crisis communications plan by the promoter in advance of event, and detailed review of concert production with the Exhibition Place Event Coordination team.

Mr. Starkovski, Muzik Clubs in his email attached as Appendix “C” to this public report also raises operational issues that he sees affecting his business at Muzik night club. Again, the EDM Protocol that Exhibition Place has put in place specific requirements to address some of these issues. Mr. Starkovski’s comments on the specific event in the Better Living Centre have been addressed in the Confidential Attachment I.

In addition, Exhibition Place staff have met with Mr. Starkovski, Muzik Clubs and suggested he consider the possibility of promoting a major EDM concert similar to the ones held on the grounds in September and December 2013 and Exhibition Place would work with him to find available dates in the Better Living Centre or Direct Energy Centre that Muzik Clubs could rent under the Board’s standard Licence Agreement which follows the EDM & Dance Parties Protocol established for public safety.

Finally, the matter raised by Mr. Starkovski concerning amending the Lease Agreement regarding the Exclusivity Provision are addressed within a separate Board report as this has implications beyond the discussion of electronic dance music concerts.

Contact:

Arlene Campbell

General Manager, Sales & Event Management

Tel: (416) 263-3030

Fax: (416) 263-3019

Email: ACampbell@directenergycentre.com

Submitted by:

Dianne Young
Chief Executive Officer

Appendix "A"
Exhibition Place Facility Requirements
For EDM & Dance Parties

Exhibition Place is pleased to work with promoters and organizers of EDM, Concerts and Dance Parties. In order to create a safe and secure environment for your attendees, we have implemented the following guidelines. Your Sales representative will be happy to answer any questions you may have.

1. The Better Living Centre is the designated location for EDM and dance parties. The Better Living Centre is a self-contained facility, with access to parking and public transit. The main floor square footage is approximately 200,000 square feet, and maximum capacity is 9,356 persons, based on approved floor plans by the Fire Marshall, this capacity may change based on Fire Marshal Approval. Access to the space commences at 6:00am (for set-up) until 12:00 noon the following day.
2. The rental amount for the main floor is **\$34,329.85** + HST. Services and labour for the installation of sound, lighting and rentals are extra. To be eligible for the **\$34,329.85** +HST rate, the event must be over by 6:00am and equipment etc. must be moved out by 12:00 noon the following day. A credit application must be completed.
3. One security company will be used for each event. The expected number of attendance will determine the number of security guards required. A lockable room is available to the promoter for cash room.
4. The number of paid duty police will vary depending on the event and expected attendance. Police will be assigned to the interior space, as well as parking attendants. Mounted police are required to control line-ups to event. The police and the facility will determine the number of paid duty officers, and all fees for paid duty police will be invoiced and collected by Exhibition Place, ten days prior to the event.
5. Turnstiles are required at entry doors. The Exhibition Place event coordinator will monitor the numbers to ensure maximum occupancy for fire safety is not exceeded.
6. Ambulance Service is required on site at all times during event.
7. Ovations is the exclusive Food & Beverage Supplier to the facility, and as such controls and sells product for all concessions, alcohol, soft drinks, and bottled water for all EDM, dance parties, concerts and special events. All Licensed areas must have paid duty police assigned plus security guards throughout the event.

Appendix B Venue Capacities

Possible Venues for EDM Concerts

Venue	Capacity	Venue Type
Over 5,000 Indoor Occupancy		
Rogers Centre	20,000	Venue
Better Living Centre	9,356	Venue
Direct Energy Centre - Hall A & B	10,000	Venue
Direct Energy Centre Hall A	5,750	Venue
International Centre	10,000	Venue
Metro Toronto Convention Centre	10,000	Venue
Ricoh Coliseum	8,200	Arena
Scotiabank Convention Centre - Niagara Falls	5,500	Venue
Under 5,000 Indoor Occupancy		
Liberty Grand	4,100	Entertainment Facility including nightclub
Muzik	3,081	Night Club
Sound Academy	2,600	Night Club
Kool Haus	2,000	Night Club

Appendix "C"
Operational Issues Raised by Muzik Clubs Inc.

From: Zlatko Starkovski
Sent: January 14, 2014 10:51 AM
To: Dianne Young; mgrimes@toronto.ca; councillor_grimes@toronto.ca
Cc: Zlatko Starkovski; Jenny Andonov
Subject: Muzik Clubs Inc

Dear Chairman Mr. Mark Grimes and Ms. Dianne Young,

As you may be aware, Muzik Clubs has been an important tenant and operating business at the Exhibition Place since 2004. Over the last 12 years Muzik Clubs has invested over 15 million dollars on your premises, and now we have started a multi-million dollar renovation project which, when complete, will bring over 20 thousand people a week to the Exhibition Place grounds.

In recent months the Exhibition Place has seen several competing events in both the Better Living Centre and the Direct Energy Centre. While we recognize the competitive nature of our business, this has caused Muzik problems in booking the talent for own shows on other nights. Muzik and the Exhibition Place are a destination venue. Our patrons come here one night a week specifically for our club, many from outside Toronto. If there is similar content and acts being hired on another or the same night, at the same location, we have will not be able to continue our successful programing.

Furthermore, the other events (usually raves) have unfortunately had negative public relations issues that ensued, including 50 ambulance calls to Toronto EMS during one recently held. This effects our collective reputations. Muzik Clubs has establish itself as the premier nightclub location on Saturday night in Toronto. We have worked hard with the community and Toronto Police to build a reputation for safety that is unmatched in the nightclub business.

Allowing these events such as raves, with all the real and perceived negative connotations including underage drinking and drug use, not only damages our good work, but that of the Exhibition Place being a location for top notch entertainment and hospitality and events.

Our patrons expect a level of service, safety and comfort in our nightclub, that is unmatched elsewhere. If this reputation is undermined by the recent problem rave events, and the public mistakenly believes that these occurred at Muzik, since we are widely understood to be the only nightclub on the grounds, we are deeply concerned we will lose our customer base that we have worked so hard to establish over the last 12 years.

Therefore we believe to protect our investment, our reputation and continue to have the ability to offer our customers the best entertainment possible, we need to protect our interests further than what is currently contemplated in our lease.

Muzik, currently operates with a liquor license that has a capacity of 8,755. This encompasses 5,674 people outside in addition to the 3,081 person capacity inside our venue. However, our current lease has an exclusive use clause for events up to 2,999 people. By increasing this to reflect our actual capacity that we are licensed for, it would provide the necessary protection for these type of one off situations, and will give Muzik Clubs the protection it requires to ensure that our business remains successful. This will also ensure we don't permanently damage our collective business interest. I would appreciate if this matter could be brought to the next board of governors meeting for consideration, as we are currently under in construction, each event that occurs further jeopardizes our business plan.

Thank you in for your understanding and consideration.

Sincerely,



THANK YOU FOR CHOOSING
MUZIK™

Zlatko Starkovski
MUZIK
Exhibition Place
15 Saskatchewan Road
Toronto, Ontario
M6K 3C3
Tel: (416) 595-9998
Fax: (416) 595-5554
zlatko@muzikclubs.com
www.muzikclubs.com

The information transmitted is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer.
