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The following report was approved by the Board of Directors at its meeting of March 30, 2006 and is recommended to the Board of Governors for approval.

March 7, 2006

To: The CNEA Executive Committee and Board of Directors
The Board of Governors of Exhibition Place

From: David Bednar Dianne Young
GM CNE GM/CEO Exhibition Place

Subject: **CNEA / Exhibition Place Agreement - 2005-2007**

Purpose:

This report recommends the terms and conditions of a three-year agreement between the Board of Governors (Board) and the Canadian National Exhibition Association (CNEA) with respect to the operation and administration of the CNEA at Exhibition Place.

Recommendation:

It is recommended that the Board and the CNEA enter into a three-year agreement on the terms and conditions set out in Appendix "A" of this report commencing January 1, 2005.

Background:

At its meeting of June 2005, the CNEA Executive Committee considered a report dated June 17, 2005 from both the General Manager/CNEA and the General Manager & CEO/Exhibition Place. The subject report was not forwarded on to the CNEA Directors and the Board as the Executive Committee referred it back to staff to include clauses related to the following:

- (1) Merger with Ontario Place
- (2) CNE Needs Report be attached to subject agreements as a "schedule"; and
- (3) CNEA specify the net budget return to Exhibition Place.

Discussion:

Both preceding and following the direction taken by the Boards at the meetings of September and August of 2004, Mr. Bednar and Ms. Young negotiated the terms and conditions of a three-year agreement. The draft agreement attached as Appendix "A" has been reviewed by the Board and CNEA solicitors and is being recommended to the Boards for approval.

Furthermore, the CNEA solicitor has conducted a review of the proposed agreement to ensure that it does not have any conflict or inconsistency with the CNEA Act nor the CNEA By-Laws. Most terms and conditions are similar to previous agreements. Clarifications have been added as required due to the direction taken not to pursue financial and operation independence. As well, the following comments and changes are noted due to the directions requested by the CNEA Executive Committee:

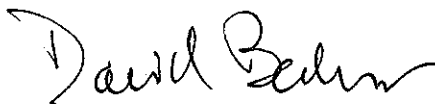
- (1) It does not appear likely that the possible merger between Exhibition Place and Ontario Place will come forward in any meaningful way during the term of this agreement, however if it did come forward, it would lead to a negotiation as contemplated by item 7.4 of the agreement;
- (2) The CNE Needs report has been added as a schedule to the agreement, and is referenced in Article 14.2 of the agreement; and
- (3) With regard to budgeted net return to the Board, the proposed agreement has a new Article (3.6) to attempt to provide some measure of stability for future planning purposes.

The contractual changes proposed above have been highlighted in the attached Appendix A. There is no agreement that can foresee and provide for any and all possible future developments, but the proposed agreement provides the necessary framework for the CNEA to fulfill its dual role as a provincial agricultural society and as a program of the Board. As in the past, the successful implementation of the agreement depends on good will and cooperation between the Board and the CNEA.

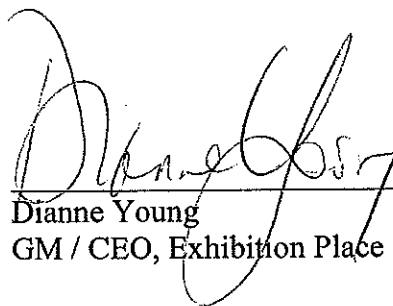
Conclusion:

This report recommends a three-agreement between the Board and the CNEA for the operation of the annual CNE.

Respectfully submitted,



David Bednar
General Manager, CNEA



Dianne Young
GM / CEO, Exhibition Place

This AGREEMENT dated the _____ day of _____, 2006

BETWEEN:

THE BOARD OF GOVERNORS OF EXHIBITION PLACE (the "Board")

AND

THE CANADIAN NATIONAL EXHIBITION ASSOCIATION (the "CNEA")

Whereas the Municipality of Metropolitan Toronto and the Board entered into an Agreement dated the 4th day of July 1983 (the "Main Agreement") concerning the operation of the site known as Exhibition Place which provides that the Board is to enter into an agreement with the CNEA for the management and operation of an annual exhibition at Exhibition Place; and

Whereas the Main Agreement provides that the Board will, by agreement or agreements with the CNEA, cause to be managed and operated an annual exhibition at Exhibition Place; and

Whereas by virtue of the *City of Toronto Act, 1997*, the Metropolitan Corporation was amalgamated into the City of Toronto ("City") and its assets, rights and obligations became the assets, rights and obligations of the City; and

Whereas the Board and the CNEA have since 1983 entered into successive agreements for the management and operation of an annual exhibition and more particularly, the Board and the CNEA entered into a Memorandum of Understanding dated November 25, 1997 ("1997 MOU"); a further Memorandum of Understanding dated September 25, 1999 (the "1999 MOU") and the most recent Memorandum of Understanding dated July 31, 2002 (the "2002 MOU"); and

Whereas the 1997, 1999 and 2002 MOU's articulated an objective of achieving operational and financial independence of the CNEA from the Board and the municipal government; and

Whereas at a meeting of the CNEA Board of Directors dated August 4, 2004 and the Board of Governors dated September 24, 2004, the parties determined that it is not in the best interest of the Board of the CNEA for the CNEA to seek operational and financial independence from the Board and the City; and

Whereas the parties wish to enter into an AGREEMENT for a term of three years substantially on the same terms and conditions as the 2002 MOU save and except for any reference to or intention for the CNEA to seek operational and financial independence from the Board or the City;

Therefore, for good and valuable consideration the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1.0 Parties

The Board and the CNEA or their respective successors.

2.0 Term

The Term shall be for a period of three years, beginning January 1, 2005 and ending on December 31, 2007.

3.0 Principles during the Term (2005, 2006, 2007)

- 3.1 The CNEA shall continue to be a Program of the Board and the CNEA shall continue to operate the annual CNE in a manner consistent with and subject to the Board's obligations under this AGREEMENT, the policies and procedures of the Board and City Council, and any federal, provincial or local laws, by-laws or regulations that may be applicable.
- 3.2 The priority of the CNEA shall be the continued operation and development of the annual CNE in an efficient and effective manner.
- 3.3 The CNEA shall have as much authority as possible to make its own decisions on issues which will affect its long-term structure, operations, and finances.
- 3.4 The CNEA shall make best efforts to maximize net returns from operations and to maximize contributions to the Exhibition Place Stabilization Reserve Fund and the Exhibition Place Capital Reserve Fund which funds were established and are held by the City for the benefit of Exhibition Place and all its programs including the CNEA Program. The parties agree that the CNEA may make an in-year withdrawal for the purposes of new entertainment / event programs for the annual CNE event provided such withdrawal request is supported by a business case and approved by the Board of Governors and City Council.
- 3.5 The Board shall monitor the financial performance of the CNEA Program but shall not unduly withhold approval of CNEA budgetary items.
- 3.6 **The budgeted net operating surplus for the 2007 CNE will be set at \$785,000 plus CPI. Subject to review and approval of City Council, in any subsequent year, the Board and the CNEA will make reasonable commercial best efforts to limit any increase in the CNEA budgeted net operating surplus to the budgeted surplus of the preceding fiscal year plus a CPI increase.**
- 3.7 Subject to Section 14, the Board shall provide the grounds, buildings and such services as the CNEA may request for the staging of the annual CNE.

4.0 Non-Unionized Staff

- 4.1 The Board and the CNEA agree that the CNEA organizational structure outlined in Schedule I shall be adopted subject to amendments from time to time during the Term through the annual operating budget process.
- 4.2 Subject to section 4.4 below and the policies and procedures of the Board and City, including any compensation plan adopted by the Board, the CNEA will be solely responsible for the hiring, performance evaluation and determination of the salary and benefits level of all staff directly assigned to the CNEA Program, including the CNEA General Manager. Without limiting the generality of the foregoing, when hiring for a particular position, the CNEA shall, in addition to any external job call, post the position internally and within the City.
- 4.3 Save and except for the services outlined in section 6.0 which shall be provided by the Board, the CNEA shall continue to assess its administrative and operational needs to determine the most appropriate means of service delivery which may include direct service delivery by CNEA Program staff; contracting out; using the services of the Board or other agencies; or a combination thereof. If external sources are selected as the most appropriate means of service delivery

and such outsourcing results in the loss of employment for present Board employees, the Board must approve of such arrangements.

- 4.4 All staff hired by the CNEA or working directly for the CNEA Program shall be employees of the Board.

5.0 Collective Agreements

The CNEA shall be bound by any collective agreements entered into from time to time between the Board and its unions and between the City and its unions. The Board shall seek the advice and input of the CNEA with regards to any such agreements as they may affect the CNE.

6.0 Administrative Services

- 6.1 The Board and the CNEA agree that during the Term the Board shall provide to the CNEA, at an annual Administrative Fee-for-Service Cost, the following administrative and office support services:

- (a) Accounting services
- (b) Telephone/Mail services
- (c) Records and Archival services
- (d) Information Technology services
- (e) Purchasing and Stores services
- (f) Human Resources services
- (g) Corporate Secretariat/Executive services

Attached as Schedule II to this AGREEMENT is the formula used by the parties for calculating this Administrative Fee-for Service Cost which Fee shall be recalculated each year of the Term as part of the annual operating budget process.

- 6.2 The level of each of the administrative services provided by the Board in consideration of the Administrative Fee-for-Service Cost is set out in Schedule III attached to this AGREEMENT.

7.0 Site Cost Reimbursement

The Board and the CNEA agree that the CNEA shall pay the Board on an annual basis a site cost reimbursement fee which in 2004 was \$1,884,000, which fee is reflective of the costs of maintenance and repairs of the buildings and the grounds of Exhibition Place and is based on consideration of the buildings and area of the grounds to be used by the CNEA and the length of occupancy of both as set out in Schedule IV attached to this AGREEMENT (the "Site Cost Reimbursement Fee").

- 7.1 Subject to section 7.4 below, on an annual basis the Site Reimbursement Fee shall be increased by the (actual or the budgeted) average percentage increase in wages for non-unionized and unionized staff.
- 7.2 In addition to the Site Reimbursement Fee, the Board and the CNEA agree that the CNEA shall pay the Board an operations fee for the use of The National Trade Centre Complex (NTC) which fee is based on consideration of the per diem operating cost for the NTC (but excluding the per diem base rent) and the square

footage area occupied by the CNEA during the CNE event and during move-in and move-out of the event (the "NTC Operations Fee").

- 7.3 In consideration of the Site Cost Reimbursement Fee and the NTC Operations Fee, the Board shall provide the CNEA with the site services outlined on Schedule III to this AGREEMENT.
- 7.4 If during the Term there is a substantial decrease or increase in the use by the CNEA of the buildings or grounds the parties shall negotiate an increase or decrease in the Site Cost Reimbursement Fee and the NTC Operations Fee as the case may be taking into consideration the following factors or other factors agreed to by the parties:
 - (a) Square footage of the increased or decreased space (as outlined on Schedule IV);
 - (b) Actual savings achieved or the increase in actual costs incurred by the Board because of the respective decrease or increase in use of space by the CNEA;
 - (c) Potential loss of income or potential increase in income for the CNEA because of the respective decrease or increase use of space by the CNEA.

8.0 Direct Operational Costs

- 8.1 All charges for operational services provided in whole or in part directly to the CNEA by Board staff as determined by the parties, acting reasonably, (the "Direct Operational Costs") shall be included in the CNEA Program accounts. The Direct Operational Costs shall include staff benefits, materials, supplies, equipment and purchased services. The Board agrees that there shall be no additional allocation of costs for such operating services within the Administrative Fee-for-Service Cost or Site Reimbursement Fee.
- 8.2 The CNEA shall continue to use and the Board shall continue to provide or ensure the provision of operational services such as cleaning, electrical, plumbing, HVAC, labour, sign shop, welding shop, carpentry, mechanical (garage), or other services as may be agreed upon by the parties. All staff and equipment necessary to carry out these services shall remain with the Board. The Board may provide these services through a third party at the Board's discretion. If these services are provided by a third party, the Board will ensure that they meet or exceed current standards and will ensure that service costs billed to the CNEA are comparable to the rates charged by the third party to the Board.
- 8.3 During the Term the parties, acting reasonably, shall determine the level of direct operational services required, including staff time, equipment, supervision, etc., provided that the parties acknowledge that the Board, as landlord of Exhibition Place and all the buildings thereon, has the responsibility of maintaining certain standards for the grounds and buildings.

9.0 Equipment

Direct Operational Costs shall include the cost of any equipment required for the service provided by the Board to the CNEA. The Board shall provide the CNEA with any additional equipment requested by the CNEA that the Board may have available. The CNEA shall reimburse the Board for any rental fee charged by a third party for rental of equipment, as required.

10.0 Annual Review

The Board and CNEA will, on or before the first day of March in each year of the Term, review the required move-in, move-out and occupancy times for each area of the grounds and each building on the grounds including the NTC.

11.0 Financial Reports

- 11.1 During the Term, the CNEA shall prepare an annual operating budget in accordance with the requirements of the Board and the City.
- 11.2 Separate accounts within the CNEA Program appropriation shall be established to record all charges to the CNEA. All such interdepartmental charge accounts shall be identified as such to facilitate reporting and reconciliation and any charges to be allocated to the CNEA accounts shall be as requested by the CNEA Program staff or as authorized by such staff.
- 11.3 Despite anything else in this AGREEMENT, all revenues derived from the annual CNE shall continue to belong to the Board as the agent of the City and all expenses incurred on behalf of the annual CNE shall be the responsibility of the Board as the agent of the City.

12.0 Inventory/Records & Reports/Archives

The parties acknowledge and agree that the inventory/equipment set out in Schedule V is used exclusively by the CNEA for the annual CNE event.

- 12.1 The Board agrees that the following assets are owned by the CNEA and the CNEA shall enter into an agreement with the Board with respect to their continued location at Exhibition Place and their maintenance and repair: (1) the statuary of the Garden of the Greek Gods; (2) the Haines Murals; and (3) the Satok Mural
- 12.2 The CNEA may, at its own discretion, assemble and locate any assets outlined in Schedule V in a location convenient and cost effective for the CNEA that may or may not be within Exhibition Place. If any assets owned by the CNEA are moved to a location outside of Exhibition Place, the CNEA shall bear the relocation cost.

13.0 Year-Round Space

- 13.1 Subject to the limitations as to use imposed by the City and subject to any developments of the site approved by the Board as set out in Section 15, the CNEA shall have exclusive use of the following buildings/areas on a year-round basis during the Term:
 - (a) The Press Building for its permanent administrative offices;
 - (b) The Food Building for storage of some inventory and permanent exhibitor fixtures;
 - (c) One Cubicle located at 20 Manitoba Drive for the storage of inventory;
 - (d) One room in the basement of the Sports Hall of Fame;
 - (e) Storage area in Bandshell;
 - (f) Storage in units in Centennial Square.

- 13.2 The parties acknowledge that all costs associated with daily and annual maintenance and repair of this Year-Round Space shall be included in the Site Reimbursement Fee as set out in Section 7.0, including the cost of any heat, air-conditioning, water, gas, electricity and any other utilities provided.
- 13.3 If for any reason during the Term, any or all of the Year-Round Space is not available for use by the CNEA, the Board agrees to pay all costs associated with any relocation required.

14.0 Use of the Grounds for Annual CNE

- 14.1 The Board shall close Exhibition Place for the duration of the annual CNE event which shall not be more than eighteen (18) days duration ending on Labour Day, save and except for a CNE Casino which may be for a longer period provided that the CNEA receives all necessary approvals from the applicable provincial body and provided that if the CNE Casino is longer than 20 days the CNE shall also conduct a "fair or exhibition" within the meaning of section 206 of the Criminal Code during the entire period the CNE Casino is operating. The Board, its agents, tenants and contractors have the right of access to, and the continued occupation of, Exhibition Place during the annual CNE event for the purposes of using its own administrative offices, for its agents and managers and their personnel (e.g. NTC management personnel), tenants of buildings in Exhibition Place, for any personnel employed by the Board and other persons authorized by the Board as necessary for the Board's purposes.
- 14.2 Subject to section 14.1, it is understood and agreed that the Board shall continue to develop agreements with other tenants for the site and that such agreements shall consider the requirement for the CNE to have a cohesive exhibition site. The Board has the right to withdraw any building, or part thereof, from the availability list for use by the CNEA provided that the Board consults with the CNEA and that the parties endeavour to allocate alternative space for any buildings taken out of use. **The Board acknowledges that the "CNE Needs Report", attached as Schedule VI, will be considered as part of any such re-allocation of space.**

15.0 Building / Site Improvement Costs

- 15.1 The CNEA may require minor structural renovations to the buildings and/or the grounds to enhance the CNEA programming. In such cases, the Board and CNEA will determine whether the requested changes will enhance the Board's ability to generate income or otherwise benefit the Board and the parties will agree if such costs will be a capital expenditure within the Exhibition Place capital budget or an operating expenditure within the CNEA Program.
- 15.2 The Board shall be responsible for carrying out any renovations to the buildings and the grounds. Where the CNE Program bears the cost, the Board shall require the authorization of the CNEA to proceed based on estimated costs and/or quotes.
- 15.3 The structural renovations referred to in this section may be in addition to any capital improvements undertaken by the Board and the City within the annual capital budget allocation.

16.0 Parking

During the annual CNE, all available parking areas inside Exhibition Place shall be provided to the CNEA for its use. The Board shall cooperate with the CNEA in the management of all parking operations during the CNEA. The net income from parking earned during the annual CNE event after deduction of any costs associated with preparation, operation, or reparation of lands used for parking shall be included as revenue generated by the annual CNE event. The Board supports the use by the CNEA of Gore Park, Marilyn Bell Park and Battery Park for parking during the CNE event if permitted by the City.

17.0 Third-Party Agreements (Excluding Lease Agreements)

- 17.1 Where agreements to be entered into by the CNEA and/or the Board impact the operations of the CNEA alone or are intended to benefit the CNEA directly, the CNEA Program will be entitled to the benefits derived from the agreement. Likewise, the benefits derived from any contract designated as attributed to the Board alone will accrue to the Board.
- 17.2 The CNEA and the Board shall negotiate the relative allocation of benefits from any joint agreements.
- 17.3 The CNEA shall obtain approval of the Board before entering into any exclusive agreement which may have an effect or last longer than one annual CNE event, or which may amend, restrict or otherwise impact on any agreement entered into by the Board or the Board's ability to generate income. Subject to section 14.1 and 14.2, the CNEA shall be advised before the Board enters into any exclusive agreement that may impact the CNEA operations.
- 17.4 All expenditures to be incurred under an agreement entered into by the CNEA shall be in accordance with the budget as approved by City Council.

18.0 Exhibition Stabilization Reserve and CNEA Foundation

- 18.1 The parties acknowledge that the City has established an Exhibition Place Stabilization Reserve Fund and an Exhibition Place Capital Reserve Fund and it is the intention that both funds will be used to benefit both the Board and the CNEA, subject to approval of City Council of any expenditures recommended by the Board.
- 18.2 The Board acknowledges that the CNEA has a foundation established for specific charitable purposes and the Board shall not interfere with the management or disbursement of funds from the CNEA Foundation except for any contributions to the CNEA Foundation which must be approved as part of the annual budget process.
- 18.3 The Board supports and will request that City Council transfer to the CNEA Foundation all funds that are presently included in the CNE Prize Reserve Fund held by the City for the benefit of the CNEA Program.

19.0 Line-of-Credit

During the Term, the Board shall advance funds to the CNEA to pay liabilities incurred prior to realizing revenue from the annual CNE provided the CNE Program shall be billed for all the costs of borrowing associated with such funding.

20.0 Schedule I, II, III, IV, V and VI attached hereto are part of this AGREEMENT.

IN WITNESS WHEREOF, the parties have hereunto affixed their corporate seals attested by the hand(s) of their proper officer(s) duly authorized in that behalf.

SIGNED, SEALED and
DELIVERED

**THE BOARD OF GOVERNORS OF
EXHIBITION PLACE**

Dianne Young
General Manager & CEO

Fatima Scagnol
Corporate Secretary

We have authority to bind the corporation

CANADIAN NATIONAL EXHIBITION ASSOCIATION

David Bednar
General Manager

Fatima Scagnol
Corporate Secretary

We have authority to bind the corporation

The Canadian National Exhibition Role and Requirements

February 2005

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INTRODUCTION

The CNE is the largest community celebration in Canada, steeped in history and tradition going back to its founding in 1879. The public's affection for the CNE has been expressed in many ways over its history. In person, in letters, in research surveys, in focus groups, in economic impact studies, on the telephone and over the internet, the message has been consistent and clear: people feel very strongly about the CNE. One of the few positive things to emerge from the 2003 power blackout that closed the first four days of the fair, was the public outcry and sense of ownership the citizens of the city felt for The EX. It was, and is, a *civic* event; it was and it, *their* fair.

The CNE has seen many changes throughout its history, which has been a grand history of countless "firsts" and remarkable achievements. It is a history that has always celebrated the "old" and heralded the "new". The challenge facing the CNE is that we must continue to adapt to change and accurately reflect the evolving face of the city, but it cannot change to such an extent that it is no longer what people recognize and embrace as the CNE – as *their* fair. Recent events have raised the question of how much change the CNE can weather.

As one of the largest and oldest community celebrations in the country, the Canadian National Exhibition deserves proper recognition in all of the debates regarding its future, including the City of Toronto's desire to make "better use" of Exhibition Place; the general ambition to revitalize Toronto's waterfront; and the proposed merger of Exhibition Place and Ontario Place.

This report establishes a basis for that recognition by describing the CNE's role in the community and outlining its essential requirements.

SUMMARY

ROLE

As individuals and as a community, the CNE gives us a sense of where we have been, where we are, and where we may be going. It is a special time for us to take time away from time. *This unique value of the CNE is that it offers fun "hands-on" activities, entertainment, and education for all ages at a reasonable cost.* The CNE is connected to the community and reflects its past, present and future. It makes significant social and economic contributions to the community. It celebrates ongoing social and family traditions and helps to create new ones.

REQUIREMENTS

There is a fundamental relationship between the CNE, its location, and its size. These elements work together and prop each other up like the legs of a stool. *The complexity of this interdependence has led the CNEA to oppose residential construction on Exhibition Place lands and adjacent lands south of the Gardiner Expressway and to oppose year-round retail on site.*

Either development would be fundamentally incompatible with the CNE. In order to thrive in this role, the CNE has basic needs as follows:

Location: As a practical matter, the CNE needs Exhibition Place and Exhibition Place needs the CNE. Proximity to the waterfront and inclusion of Ontario Place are key elements in that they affect the traditions and size of the event, as well as the special place the CNE occupies in the hearts and minds of the community.

Status: It is vitally important for the CNE to maintain its status as an Agricultural Society and the powers vested in it by the Agricultural Society Act and the CNEA Act.

Stature: The CNE must be socially relevant and reflect the diversity of the community. It must provide activity, entertainment and education that, while they are fun, are also meaningful to visitors. Also, as mentioned above, the size of the CNE (both attendance and number of days) adds to its public stature.

Safety: Must be able to accommodate up to 200,000 per day – food, washrooms, rest areas, emergency services, parking and transit.

Space / size: Have access to interior space of approximately 1 million square feet

- 450,000 sq ft for attractions, and
- 550,000 sq ft for commercial exhibits
- 195 acres of exterior space

Food Building: Obviously, there is wide latitude for adaptation of many areas and buildings on the grounds. One notable exception would be the Food Building. Research conducted in 2003 clearly demonstrated that this unique institution represents much more than “just food” to CNE patrons. Elimination of the Food Building would have an extremely detrimental affect on attendance.

Parking: Parking contributes just over \$1,000,000 to the CNE bottom line, but parking is also linked to attendance. The importance of parking to our visitors is evident particularly those who attend the CNE with very young children and out of town visitors. In addition, the inventory of parking facilities operated by other operators in the neighborhood has been drastically reduced making the CNE’s parking facilities even more important to our visitors.

THE "CASE" FOR THE CNE

FINANCING

The City of Toronto retains any operating surplus generated by the CNE and by agreement, assumes responsibility for any operating deficit incurred by the CNE. The CNE does not rely on government grants for its operating budget. The fair-going patrons, the concessionaires and exhibitors who serve them, and corporate sponsors pay the bills. The CNE has generally returned more operating surpluses than deficits. Analysis of the period from 1950 to 2000 indicates a cumulative cash return to the City of Toronto in excess of \$9 million despite a poor showing during the decade 1990 - 1999. These operating surpluses are in addition to significant contributions to the year round expenses of Exhibition Place (\$3.1 million annually). *Contrary to common misconception that the CNE is a burden to the taxpayer, the CNE is in fact a self-sustaining operation.*

ECONOMIC IMPACT STUDY 2003

The CNE generates additional spending on goods and services in the local economy each year. A multi-event study conducted in 2003 by the Festivals and Events Ontario (FEO) and the Ontario Ministry of Tourism and Recreation (OMTR) calculated the economic impact of a wide variety of festivals and events across the province of Ontario. The study was jointly funded by FEO and OMTR, along with each of the 25 events involved in the project. This study revealed that The Canadian National Exhibition attracted more than \$48 million to the Toronto economy and more than \$66 million to Ontario in 2003. The survey also determined that CNE was the most well known event among Ontario respondents. In total, 96% of adults surveyed had heard of the CNE, which resulted in an awareness level of 8.0 million across Ontario.

EMPLOYMENT

The CNE is a major provider of summer student employment. The CNE hires approximately 1,500 seasonal staff to augment its full time staff. It is estimated that an additional 6,000 people are hired by our CNE partners including Emergency Services, Toronto Police, Toronto Fire, Food Exhibitors, Vendors and Concessionaires. Both TTC and GO Transit augment service to accommodate CNE patrons.

An average of approximately \$15,000,000 is spent annually on employment at the CNE, including direct employment by CNEA and estimates of employment by concessionaires, exhibitors, service providers and other partners.

RESEARCH RESULTS

Each year, the CNE conducts extensive research to determine visitor demographics, trends and expectations, and to monitor visitor response to the CNE's existing programs and attractions. Key attendees, as evidenced by visitor satisfaction and per cap spending, remain families with children (ages 6 to 11 years) within the Greater Toronto Area. A key marketing strategy of the CNE in recent years, has been to position the fair as a family tradition, offering "something for everyone within a safe and clean environment". Research results are subject to annual review and are used to assess changes that may be needed in the CNE's programming, marketing, site layout, customer service, etc.

SOCIAL BENEFITS

The CNE has quietly continued and expanded several programs which benefit many segments of society.

School Pass Program

Each year over 1,000,000 free admission Kids passes are sent to 2500 schools in the GTA and Southern Ontario.

Community Outreach

The Community Outreach Program enhances and encourages good relations between the Canadian National Exhibition and the community it serves. The Outreach Program also functions as an effective means for The EX to maintain a high profile within the community throughout the year. The program is comprised of two major areas of activity: 1) the presence of the CNE mascot (AL-EX, the beaver) at community events and 2) public speaking engagements. The program has grown significantly since its inception, and AL-EX has become a popular fixture in countless parades and at dozens of community events each year.

Volunteers

In 2004 the Friends of the CNE Volunteer Program had 108 volunteers who contributed a total of 2,563 hours to the fair. This highly successful program attracts volunteers from all walks of life, all age groups and a wide range of multi-cultural backgrounds. The Friends of the CNE Volunteer Program reflects the community in which we live.

Accessibility

All people with visible disabilities, along with a companion if required, are allowed free access to the CNE. The Boy Scouts of Canada are on site each year to provide wheelchairs and assistance to those in need. Certain days of the fair are planned as Accessibility Days to raise awareness of accessibility issues, including the needs of the; visually, physically, mentally and hearing impaired. Highlights include social services and products as well as sporting equipment and services for this sector, and showcasing artists with disabilities.

Green Advocacy Program

The CNE promotes programming around Tree Advocacy throughout the grounds, including labeling of existing trees, seedling give-aways, and information regarding urban reforestation. In conjunction with Hydrogenics (hydrogen fuel cell) and Toronto Renewable Energy Co-operative Wind Power (wind turbine), we create programming with environmental themes, highlighted by Green Day. This day includes dozens of other groups that promote environmentally friendly practices.

Child Awareness

Although the CNE promotes itself as a family friendly event, we have focused a number of programs around early childhood education and services through young parents through our child awareness program. Involvement of many government and community partners allowed us to create an early childhood centre in the middle of kids world that offered educational programming, storytelling and resources for young parents.

ACTIVITIES OF THE CNE

AGRICULTURE

Farm, Food & Fun

Current location:	Automotive Building
Area Required:	80,000 square feet
Requirements needed:	We are displaying a working farm; building must meet needs of Agricultural partners

The roots of the CNE were formed around agriculture, it is important that we continue to emphasize our working farm exhibit. It continues to be a popular, educational destination for families.

Garden Show

Current location:	NTC
Area Required:	40,000 square feet
Requirements needed:	Adequate natural light

A popular venue for all and Canada's largest competition, as well as being very budget friendly, the Garden Show would require a minimum square footage of 40,000 square feet.

Horse Palace

Area Required:	30,000 square feet
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The horses have traditionally been stabled in the Horse Palace, which remains open to the public for educational programming and to watch them be prepared for their presentation or competition.

Horse Show

Current location:	Ricoh Coliseum
Area Required:	30,000 square feet
Requirements needed:	Ring area 100'x 200', seating for 1,000 +

Given its long standing tradition at the annual fair, the 2005 Horse Show is being given additional prominence by extending its dates forward to the beginning of August. In order to continue operating, we would require the use of the Horse Palace as well as a ring area of 100' x 200' and seating for no less than 1,000 patrons.

AIR SHOW

Current location:	Waterfront
Area Required:	Current Staging
Requirements needed:	Full Waterfront setup for viewing

ATTRACTIONS/SPORTS

Baseball

Current location: Baseball Diamond

A 49 year tradition, thousands of young people are involved annually in the PeeWee Baseball tournament along with other baseball initiatives. Currently using every square foot of the Ballpark and would need the same space as a minimum requirement.

KidsScience

Current location: Double Unit of Centennial Park

Area Required: 10,000 square feet

Since its inception in 2001, KidScience has been an integral part of the family experience at the CNE. Displays and activities that entertain kids and adults alike continue to be the tradition in this highly interactive, fun and educational area. Part to Kids' World and rated as one of the top family attractions, KidScience could use up to 30,000 sq/ft more space adjacent to Centennial Park.

KidsWorld

Current location: Centennial Square

Area Required: 35,000 square feet

An award winning Kids' World flanked by the Kiddie Midway remains high on the list of "must-do" attractions for families with young children. At present, the current space in Centennial Park is the ideal size and location for this program.

SportsZone

Current location: Better Living Centre

Area Required: 40,000 square feet

Requirements needed: Indoor space

Sports is a long running tradition of the CNE. Programming of sports shows and activities in the BLC consists of 3 major areas which utilize approximately 40,000 sq/ft. of indoor space.

Outdoor sports initiatives have over the past few years utilized the North Grandstand, Ontario Drive, Lot H, portions of Lot D to name a few.

ENTERTAINMENT

Bandshell Park

The set up for Bandshell Stage and Park is ideal for mini-festivals and theme-days. In the past few years we have presented Accessibility Days for various groups representing the handicapped, the Festival of Bands, a competition of bands and orchestras from across the province of Ontario, and hosted multi-cultural groups from every part of the world.

Bandshell stage

Current location:

Bandshell Park

Area Required:

Seating for 3,500 – 4,000 – park size

One of the few venues that allows for concerts and large gatherings. Along with seating, the park holds up to 10,000 people.

Parades

Current location:

Dufferin Gates, Princes' Gates, full grounds

Requirements needed:

Parade lane needs to be wide enough to create parade and room for viewers and marshalling and dispersal areas

The annual CNE hosts a number of annual parades on the grounds during the fair. These parades help the CNE maintain links with the various sponsors of these parades. These parades include the Warriors Day Parade, the Shriner's Parade, and the Labour Day Parade. The Warriors Day Parade is a glorious event celebrating our veterans and the parade route begins outside the Princes Gates and down Princes' Blvd. The annual Labour Day enters through the Dufferin Gates. For 2005, the CNE is bringing back the fun and glory of an on-site parade. The parades also require marshalling areas.

Stages/Strolling Artists

Current location:

Throughout grounds

Along with the midway and all the pavilions, the CNE offers a number of stages and strolling artists throughout the grounds. The Celebration Stage offers illusionists, hypnotists, comedy acts and our Rising stars Competition. The Midway Stage offers the best in tribute bands daily. The International Stage presents some of the more popular artists of different ethnic backgrounds. The Outdoor Casino Stage, the Thirsty Cactus and the Rock Valley stage offer musicians. Throughout the grounds, strolling musicians, magicians, mime artists and a variety of others amuse and enthrall our visitors.

Remember When . . . Pavilion

Current location:

East Annex

Area Required:

30,000 square feet

Our Senior's Pavilion remains one of the most popular places during the fair and houses our Archives Display.

FOOD BUILDING

Current Gross Revenue:	\$850,000
Current location:	Food Building
Area Required:	150,960 square feet
Requirements needed:	Fully serviced building with sufficient exhaust hoods for 100 exhibitors, sufficient space for 110 permanent booth structures, adequate space for seating and provides off season storage

The Food Building has been a CNE tradition for over 80 years. Year-in and year-out, visitor research indicates that over 80% of CNE attendees visit the Food Building. The Food Building ranks as highest attended attraction at the Canadian National Exhibition and is unique in the Canadian fair industry, if not in North America. It is difficult to imagine that this "concept" could exist in another building unless such a building were to be purpose – built for this activity.

Since its introduction at the CNE the role of the Food Building has shifted significantly. At one time the Food Building was a place where food manufacturers could display sell and of course sample all of the latest food products that were being introduced to the market at that time. With the introduction of TV food shows, in – store sampling and cooking demonstrations, the participation of food manufacturers diminished over the years.

The void left by the decline of food manufacturers was quickly filled by a mix of ethnic food vendors, corporate chain fast – food producers and individual family operators. Although research shows that our consumers miss the many sampling opportunities formerly provided by the food manufacturers, the Food Building remains a very important destination for visitors. The Food Building offers a wide variety of food products and products that are unique to the CNE. Visitors to the fair know that the Food Building offers a range of unique Ex foods that are only available in the Food Building during fair time.

The CNE Food Building is a unique attraction that holds a certain place in CNE visitors hearts. The potential demolition of the Food Building would not only eliminate the over \$850,000 made from the Food Building in rentals and service revenue but would also have a significant negative impact on attendance at the CNE, and would reduce summer employment opportunities. A decrease in paid attendance and overall spending on the grounds would have negative impacts on parking, concession and other revenues. The Food Building is a key motivator for visitors to attend the CNE and is the number one destination at the fair. The Food Building should be maintained in its current location and structure.

MIDWAY

Current Gross Revenue:	\$4,101,750
Area Required:	1,270,000 sq. feet (32 acres)
Requirements needed:	Fully serviced site with service ports for electrical, portable water and sanitary sewer

The CNE main midway and kiddie midway are key programming elements of the Fair. Midway operations account for just under a quarter of total revenues generated by the Fair. Midway operations contribute \$4,101,750.00 to the CNE bottom line.

The midway is probably one of the most fluid attractions at the CNE in that it can be re-located and configured in many different ways. Any alternative location that is selected must possess the following features in order to accommodate a midway:

- Area must be relatively flat
- A hard surface is preferred to a grass area
- Plenty of underground service ports providing potable water, sanitary sewage and electricity are required
- Significant amount of electrical power must be in close proximity
- As the midway is such a significant draw it should be strategically located away from main gates beyond other building and attractions in order to draw people through those areas to the midway area and then force them back out of the grounds through these buildings and attractions. Therefore a location on the southern portion of the property is preferred.
- The midway should also be located in close proximity to Ontario Place so that it can capture traffic flow between the two parks.
- The requirement for space for the midway could probably be reduced 5 to 10% by relocating supply and service vehicles off the grounds. However, these would have to be located in an area where they were accessible which could impact off site parking revenues.
- Currently the CNE is unique in that it has two separate midway's Kiddie and Adult. These two midways work very well, however, they could be combined into one if required.

SHOPPING

Shopping is a very popular activity for visitors to the CNE, which has the largest number of commercial exhibits of any fair in Canada. Because of that popularity, we are able to attract approximately 700 retail exhibitors offering CNE visitors an opportunity to buy products from around the world. Each year, we generate over \$2,000,000 in rental revenue. Many of these exhibitors describe the CNE as the largest and most important event to the success of their businesses.

Many of the exhibitors in the International Pavilion come to Canada (and, in fact, North America) only once a year. They are a great attraction for many of the visitors to the fair, and, on the flip side, the amount of merchandise they are able to sell to our visitors make it attractive for them to participate.

People are attracted to the International Pavilion by products available from around the world. Over 50% of the exhibitors in the International pavilion come from outside of Canada and this is the only visit they will make to North America. The CNE offers a once a year opportunity to buy a fabulous array of products.

The Arts, Crafts and Hobbies Pavilion

Current Gross Revenue:	\$260,000
Current location:	Queen Elizabeth Building
Area Required:	65,000 square feet

At Home Pavilion / Shoppers Bazaar

Current Gross Revenue:	\$760,000
Current location:	NTC Hall A
Area Required:	130,000 square feet

The International Pavilion

Current Gross Revenue:	\$665,000
Current location:	NTC Hall B
Area Required:	110,000 square feet

Outdoor Retail

Current Gross Revenue: \$170,000
Current location: Princes' Boulevard south
Area Required: 15,000 square feet

SportsZone

Current Gross Revenue: \$140,000
Current location: Better Living Centre
Area Required: 30,000 square feet

Warehouse Outlet

Current Gross Revenue: \$150,000
Current location: NTC Hall C
Area Required: 58,000 square feet

SPECIAL ATTRACTIONS**Fireworks/Human Cannonball**

Current location: Waterfront, Princes' Boulevard
Current Cost: \$800,000
Area Required: 10,000 to 25,000 square feet

The CNE has traditionally had a special attraction or grand show through the grandstand or Inferno or fireworks. This activity helps drive the marketing for the fair and helps draw people onto the grounds. Fireworks have been a traditional special attraction and require access to the waterfront. Most other shows and spectacles would need enough space to create staging and seating for the public, and can range from between 10,000 square feet to approximately 25,000 square feet. The Skywalker was rated the number one show for 2 years.

Super Dogs

Current location: NTC
Current Cost: \$320,000
Area Required: 50,000 square feet
Requirements needed: Full theatrical lights/sound, stadium seating for 3,000 +

Our minimum requirements would be a facility which could house 3,000 seats. Optimally we would like to increase the number of seats as our audience grows.

ACTIVITIES OF THE CNE – SUMMARY CHART

Activity Name	Current Location	Area Required	Research Ranking % Visited	Research Ranking % Most Enjoyed*	Future Requirements / Notes
Farm, Food & Fun	Automotive Building	80,000 sq. ft	27%	31%	We are displaying a working farm; building must meet needs of Agricultural partners.
Garden Show	NTC	40,000 sq. ft	13%	31%	Adequate natural light and open space is required.
Horse Stables	Horse Palace	30,000 sq. ft	See Horse Show	See Horse Show	Horse stables are required.
Horse Show	Ricoh Coliseum	30,000 sq. ft	11%	37%	Ring area 100' x 200', seating for 1,000 +
Air Show	Waterfront	Current Staging	10%	60%	Full Waterfront setup for viewing required.
Baseball	Ball Park	Entire park	n/a	n/a	A Baseball park.
KidsScience	Centennial Square	10,000 sq. ft.	See Kids' World	See Kids' World	KidScience could use up to 30,000 sq/ft more space adjacent to Centennial Park. Must stay in the KidsWorld area.
Kids' World	Centennial Square	35,000 sq. ft	13%	43%	The current space in Centennial Park is the ideal size and location for this program.
SportZone	BLC	70,000 sq. ft	17%	29%	Indoor space of approximately the same size – 40,000 for programming and 30,000 for shopping and retail.
Outdoor Sports	NorthGrandstand, Ontario Drive, Lot H & D		n/a	n/a	
Bandshell Park	Bandshell Park	Entire park and seating areas	n/a	n/a	One of the few venues that allows for concerts and large gatherings. Along with seating, the park holds up to 10,000 people (3500-4000 seated). Ideal for mini-festivals and theme-days.
Parades	Dufferin Gates, Princes' Gates, full grounds		n/a	n/a	Parade lane needs to be wide enough to create parade and room for viewers and marshalling and dispersal areas

* (9 and 10 out of 10; scale: 1 meaning poor & 10 meaning excellent)

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Activity Name	Current Location	Area Required	Research Ranking % Visited	Research Ranking % Most Enjoyed*	Future Requirements / Notes
Stages / Strolling Artists	Through-out the site		n/a	n/a	Very flexible in using any available space.
Remember When Pavilion	East Annex	30,000 sq. ft	9%	39%	Any indoor space with easy accessibility and approx. 30,000 sq.ft.
Food Building	151,000 sq.ft.		71%	38%	Fully serviced building with sufficient exhaust hoods for 100 exhibitors, sufficient space for 110 permanent booth structures, adequate space for seating and provides off season storage.
Midway	32 acres (1,270,000 sq.ft)		26%	42%	Fully serviced site with service ports for electrical, portable water and sanitary sewer, and approximately 32 acres of level space.
Arts Crafts & Hobbies	Q. Elizabeth Building	65,000 sq. ft	33%	26%	Indoor space of approx. equal size with access to services (electrical/plumbing)
At Home Pavilion	NTC – Hall A	130,000 sq. ft	n/a	n/a	Indoor space of approx. equal size with access to services (electrical/plumbing)
International Pavilion	NTC – Hall B	110,000 sq. ft	32%	40%	Indoor space of approx. equal size with access to services (electrical/plumbing)
Outdoor Retail	Princes' Blvd.	15,000 sq. ft	n/a	n/a	Outdoor space of approximately same size suitable for multiple tent installation with access to services (electrical/plumbing)
Warehouse Outlet	NTC – Hall C	58,000 sq. ft	n/a	n/a	Indoor space of approx. equal size with access to services (electrical/plumbing)
Fireworks	Waterfront		n/a	n/a	Need the open water to provide safe distant from the crowds.
Human Cannonball	Princes' Blvd.	10-25,000 sq. ft	New in 2005	New in 2005	
SuperDogs	NTC – Hall D	50,000 sq. ft	14%	74%	Indoor space - full theatrical lights/sound, stadium seating for 3,000 + (preferably larger for increasing audience sizes)

* (9 and 10 out of 10; scale: 1 meaning poor & 10 meaning excellent)
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