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September 8, 2006

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: Agreement with Screemers Inc. ("Screemers") for 2006

Purpose:

This report outlines the terms and conditions of a licence agreement with Screemers with respect to its 2006 event.

Financial Implications and Status:

This event will earn the Board approximately \$32,600 which has been included within the 2006 Operating Budget. This amount represents an increase in rent of \$3,350.00 from 2005 and is the first rent increase for this event organizer since 2003.

Recommendations:

It is recommended that the Board enter into a licence agreement with Screemers to operate their 2006 Haunted House entertainment attraction in the Better Living Centre – West Side in accordance with the terms and conditions set out in this report and such other terms consistent with the Board's standard licence agreement.

Background:

At its meeting of July 2005, the Board approved of a one year license agreement with 2005 Screemers event.

Discussion:

The Board and staff have been working with Screemers since 2000 with certain special conditions, reductions and discounts on rentals and service fees to help get the event started and operating using approximately 29,250 sf. In an effort to change the terms of the License Agreements between Screemers and the Board to bring rental rates in line with the Board's policy, a three step increase in both building and equipment rental fees were implemented over three years commencing in 2000.

In 2004 the event moved to the Better Living Centre because the Horticulture Building was leased for redevelopment by Muzik Clubs Inc. The first year of the Screemers event within the BLC was successful as this new venue allowed the operator to move all of its displays, including its rides and maze, within the footprint of the building which allowed for better control of the event.

The history of the subsidies provided to Screemers since 2000 are summarized as follows:

Description	2000	2001	2002	2003	2004	2005
Rent (13 operating days)	\$2,250/day x 50% = \$14,625.00 + GST	\$2,250/day x 65% = \$19,012.50 + GST	\$2,250/day x 80% = \$24,862.50 + GST	\$2,250/day x 100% = \$29,250 + GST	\$29,250 + GST	\$29,250 + GST
Sq. Footage Utilized	29,250	29,250	29,250	29,250	130,670	130,670
Utilities	N/C	N/C	N/C	N/C	Pay electrical, gas and water consumption	Pay electrical, gas and water consumption
Equipment Rentals	N/C	50%	75%	100%	N/C	N/C
Labour	12% markup + applicable taxes	12% markup + applicable taxes	12% markup + applicable taxes	25% markup + applicable taxes	12% markup + applicable taxes	12% markup + applicable taxes (excluding washroom attendants services)
Food & Beverage Concessions	N/A	28% Board licensing fee & 5.5% to Screemers	28% Board licensing fee & 5.5% to Screemers	28% Board licensing fee & 5.5% to Screemers	21%-food, 25%-alcohol Board licensing fee & 50% to Screemers	21%-food, 25%-alcohol Board licensing fee & 50% to Screemers
Merchandise & Novelty	N/A	0% Board licensing fee & 100% to Screemers	0% Board licensing fee & 100% to Screemers	0% Board licensing fee & 100% to Screemers	0% Board licensing fee & 100% to Screemers	0% Board licensing fee & 100% to Screemers

In 2004 and 2005 Screemers occupied the west side of the Better Living Centre equivalent to 130,670 sf, and still remained on the 2003 venue rental of \$29,250 previously paid in the Horticulture Building.

In 2005 and for the first time since Screemers started their event, they had direct competition for a Haunted House attraction with Canada's Wonderland. This affected their financial performance and attendance. The parking revenue for Exhibition Place has declined for the last three years, as follows: 2003 - \$18,381, 2004 - \$14,841 and 2005 - \$13,901.

In light of the above, staff recommend that the Board adopt the following rate structure and enter into a one-year license agreement with Screemers for the 2006 Haunted House attraction for the period of October 13th to October 31st, 2006 on the following terms and conditions:

- a) Minimum Rent: \$32,664.77 to occupy equivalent space (137,478 sf) for 12 operating days, plus applicable taxes with dark days at no charge; additional space for the mechanical rides to be provided at no charge;
- b) Possession/Termination: Possession is no earlier than 30 days prior to the event, and termination no later than 15 days after the event (for a total of approximately 45 dark days) at no charge;
- c) Labour, Equipment Rentals and Services: Equipment & Labour services to be charged at time plus materials plus 12% mark-up plus applicable taxes (include cleaning services but excluding washroom attendants services), and is equivalent to a discount of approximately \$700.00 annually. Screemers is to be fully responsible for any costs associated with damage/repairs of the Board's IATSE equipment that occurs during the use by Screemers of the equipment;
- d) Pixel Board & Video Board Advertising: 2 week rotation prior to event plus full coverage during event, in accordance with standard Board policy;
- e) Concessions: Standard Concession License Agreements, terms and conditions in effect throughout the term of this agreement, and a shared commission structure as follows: Food and Beverage Sales (21% for food and 25% for alcohol, with 50% of net commissions remitted back to Screemers as a credit to their account) and Merchandise and Novelty Sales (0% licensing fee, with 100% remitted directly to Screemers);
- f) Sponsorship Recognition: The Board will receive sponsorship recognition in a manner that is consistent with Screemers standard recognition of its corporate sponsors, the value of which will be equivalent to the discounts, rebates, and relief granted under this agreement;
- g) Utilities: Screemers to pay all electrical, gas and water consumption for the term of the license for the space occupied by the event; and
- h) Submission of Financial Statements: Screemers will remit full financial statements to the Board within 120 days of the last move-out day of the event.

Going forward into 2007 and in an effort to bring rental rates more in line with the Board's policy, this report recommends implementing a step increase in both the building and equipment rental fees over a period of three years. This approach will endeavor to bring Screemers building and equipment rental fees partially up to posted and approved rental rates and allow Screemers to plan and budget accordingly.

The price/square foot for the Better Living Centre has increased over the last two years and has been orally communicated to the event organizers, wherein a copy of this report has been sent to them.

Conclusions:

This report recommends entering into a one year license agreement with Screemers for the operation of a Haunted House entertainment venue in the Better Living Centre for 2006 on the terms and conditions noted above and such other terms as set out in the Board's standard Licence Agreement or as required by the General Manager and the City Solicitor.

Contact:

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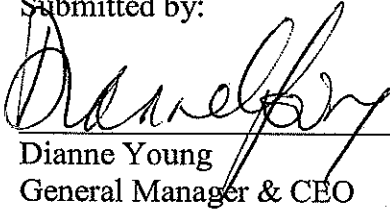
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Submitted by:



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