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April 19, 2004

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: 2004 BluesFest Festival

Recommendation(s):

It is recommended that the Board:

- 1) Approve the terms and conditions for a one-year license agreement with BluesFest, as set out in this report for the purpose of staging a first-class music festival at Exhibition Place in 2004; and**
- 2) Request that staff report to the Board at the end of the 2004 Festival with recommendations for 2005.**

Background:

At its meeting of November 2002, the Board adopted a staff report which recommended the approval of rental and service rates to Bluesfest for the period 2003-2005 inclusive.

Discussion:

Blues Fest is a blues and gospel music festival that began operation in Ottawa in 1994. Opening to a modest crowd of 5,000 in Majors Hill Park, its audience has expanded to over 100,000. Now situated in Confederation Park, it has grown to be Canada's largest blues and gospel festival operating five sound stages, a festival village, and various workshops and development opportunities for young musicians. The Ottawa festival is supported by corporate sponsors and partners such as Cisco Systems, Rogers AT&T, Mitel Corporation, Amex Canada, Clearnet, Bell Mobility, and CIBC Wood Gundy. In 1999, Blues Fest started its "Blues in Schools" program which brings Blues educators into the Ottawa schools for a two-week residency that focuses on using the history of blues music to promote racial tolerance.

In 2003, the festival organizers launched the 5-day Toronto Star Bluesfest (July 23-27 inclusive) at Exhibition Place which included top name acts such as Colin James, Sheryl Crow and George Clinton, attracting fans from Toronto and at least 10% of the audience from the GTA. Unfortunately, the lingering affects of SARS and West Nile virus, the very poor weather and competitive venues such as the Rolling Stones concert (ticket sales went on sale at the same time as Bluesfest was launching ticket sales) resulted in significant losses in 2003.

Despite some of the negative issues facing Toronto Star Bluesfest, the festival attracted very positive reviews. The Globe and Mail wrote, "the lineup is the most wonderfully eclectic collection seen in these parts maybe ever; the setting cozy and comfortable; and the facilities first-class all the way." In October 2003, Toronto Bluesfest was recognized nationally winning the "New Business of the Year Award". In exchange for the support provided by the Board of Governors, we received \$646,287.00 in media recognition as one of the major corporate sponsors which recognition was included in the print media; transit and outdoor advertising; and on eight Toronto radio stations.

Because of the positive response of the media and audiences, the festival organizers remain committed to hosting this event at Exhibition Place and expanding it in future years. They have been working on their corporate campaign and been successful in attracting new sponsors for the 2004 Toronto Festival (i.e.: Cisco Systems) as well as retaining major sponsors from 2003 (i.e. Toronto Star). However, the festival organizer has some very real concerns about the start-up time it will take to develop the Toronto festival to be as financially successful as Ottawa. Accordingly, the organizers have requested the Board to consider providing reductions to standard rents and cost of services at the same level as in 2003 which are outlined below.

Term: 2004

Location: Bandshell Park, Centennial Park and Queen Elizabeth Theatre

Rent & Services:

Facility	Daily Posted Rates – 2003	Festival Rates –2003 & proposed for 2004
QE EXHIBIT HALL	\$0.09 or \$5,347.00	\$.03 or \$1,782.00
QE THEATRE (MAT. & EVE)	Flat rate - \$2650.00	N/C
QE THEATRE (MAT. OR EVE)	Flat rate - \$2100.00	N/C
BANDSHELL	Flat rate - \$2,750.00	33% or \$908.00
CENTENNIAL SQUARE	Flat Rate - \$2,178.00	N/C
PARKING-peak	\$9.00-\$11.00/vehicle	\$15.00 daily flat rate less \$6.00 rebate
FOOD CONCESSIONS	21% - 28% 35% alcohol	21%-28% less 10% rebate N/A
RENTALS AND SERVICES	Posted Rates	Time & Material plus 12%
THIRD PARTY EXPENSES	Plus 12% admin fee	Plus 12% admin fee

The above discounts are intended to provide assistance to the organizers during the critical "start-up" period only and the promoter understands that the Board expects to be fully compensated in accordance with the published rates for facility rentals and services by the end of 2005 and further that the Board is under no obligation to provide such assistance again for the 2005 Festival. In return for its consideration, the Board will continue to receive recognition as a major corporate partner in all media and printed collaterals, as well as inclusion in all corporate

hospitality opportunities. Furthermore, even with the discounts outlined above, the Board will earn approximately \$40,000 in net revenues for this event in 2004.

In 2004, the organizers are proposing events during two weekends (July 16-18 and 22-23) to capitalize on talent who will either be on tour at that time or featured at the Ottawa festival, scheduled for July 9-18, 2004. As in 2003, they propose to use Bandshell Stage as their main stage and Centennial Park as a secondary stage for smaller groups, but will also use the QE Theatre as a new venue. Bandshell Park will continue to feature many of the festival amenities such as food and beverage concessions, buskers, etc. The promoter also plans to continue the Trillium Foundation's sponsorship of the "Blues in Schools" Program in GTA schools.

As noted on the Accounts Receivable report to the end of March 31, 2004 which is before the Board, there is an outstanding amount owed from the 2003 Festival. We have received post-dated cheques from the organizer which will extinguish this debt and in addition, the 2004 Licence Agreement will require that all facility rentals be paid in advance, and also that the organizer remit payment for all 2004 services as follows: 30% on/before July 16; 20% on/before July 22; and the balance (which will include all rebates from parking, concessions, etc.) no later than September 2004 or within 30 days of receipt of our invoice.

Conclusion:

Given the real "start-up" issues that the Toronto Bluesfest experienced in 2003 coupled with the very positive reviews the 2003 festival, staff would recommend that the Board enter into a one-year licence agreement with Toronto Bluesfest which includes the reductions noted above on the condition that all accounts receivable for 2003 are paid in full and all 2004 costs are paid in accordance with the schedule noted. Furthermore, staff be requested to report back at the end of the 2004 Festival with recommendations for 2005 Bluesfest events.

Contact:

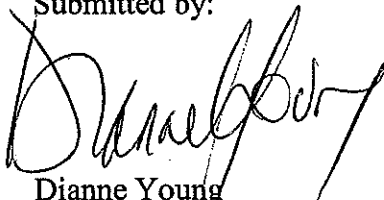
Kathryn Reed-Garrett, Director of Business Development

Tel: 416-263-3606

Fax: 416-263-3690

Email: kreed-garrett@explace.on.ca

Submitted by:



Dianne Young
General Manager & CEO

