



July 20, 2004

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: **Agreement with Screemers Inc. ("Screemers") for 2004 attraction**

Recommendations:

It is recommended that the Board enter into an agreement with Screemers to relocate and operate their 2004 Haunted House entertainment attraction to the Better Living Centre 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 25, 2003, the Board approved of a licence agreement with Screemers for its 2003 event which had special terms and conditions outside the listed rental and service rates at Exhibition Place

Discussion:

Screemers has been operating a two-week Haunted House attraction in the Horticulture Building since 1993. In February 2004, the Board signed a long-term (20 years) lease with Muzik Clubs Inc. to redevelop the Horticulture Building and operate it as a live concert venue. Accordingly, staff has been meeting with Screemers to explore the viability of relocating their Haunted House attraction to the Better Living Centre.

Up until 2000, Screemers had been paying the Board reduced rental and labour and services rates to operate their attraction in the Horticulture Building. Commencing in 2000, the Board adopted a staff recommendation to gradually raise these costs to be consistent with posted and approved rates. For example, in 2000, Screemers paid 50% of all posted building rentals, in 2001 they paid 65% of all posted building rentals, in 2002 they paid 100% of building rentals and 75% of all equipment rentals, and in 2003 they paid 100% of building rentals, 100% of all equipment rentals, and time + materials + 25% for all labour and services. During this period, the Board has also earned approximately \$18,000.00 annually in gross parking revenues from this event.

Screemers and their designers have inspected the Better Living Centre on several occasions to determine the best way to re-create the atmosphere and ambiance of their attraction as it operated

in the Horticulture Building. The major challenges for Screemers is the increased floor space; the amount of light from the walls of windows; and the lack of adjacent land to have outdoor exhibits. In previous years Screemers occupied only 39,000 sf plus additional outdoor space for mechanical rides in the adjacent Bandshell Park. While the leaseable space in the Better Living Centre is approximately 149,000 sf, the 2004 Screemers event will only occupy the same amount of space as in 2003. Screemers plan to move the rides into the BLC, and use curtaining and temporary walls "disguise" the adjacent empty space so as not to diminish the appearance of their attraction; and do full black-out of the windows. Accordingly, Screemers has determined that it will cost them approximately \$40,000.00 - \$50,000.00 in additional costs to relocate its event to the Better Living Centre.

The plan that Screemers has put in place to move the event to the Better Living Centre is a very feasible approach and certainly, the plan to have the entire event within the building will allow Screemers to increase entrance security and address issues that have arisen in recent years. However, it is difficult for Screemers to absorb the additional costs of this relocation within its operation and because this will be the first year of operation, it is difficult to fully understand all the costs associated with this relocation.

Given these factors, staff are recommending that the Board enter into a one-year license agreement with Screemers for the 2004 Haunted House attraction on the following terms and conditions:

- i) Term: One year, with an option to renew for two 1-year terms on terms and conditions to be negotiated and approved by the Board
- ii) Minimum Rent: \$29,250.00 to occupy equivalent space (39,000 sf) for 13 operating days (which is the same as Screemers has been paying in the Horticulture Building, but which is approximately \$12,541.00 less than the posted rates for the same space in the Better Living Centre), plus applicable taxes with dark days at no charge; additional space for the mechanical rides to be provided at no charge;
- iii) Submission of Financial Statements: Screemers will remit full financial statements to the Board within 120 days of each operating year;
- iv) 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;
- v) Labour, Equipment Rentals and Services: Equipment (that is not previously rented & available) to be provided at no charge in the first year only which, based on 2003, is equivalent to a discount of approximately \$5,327.00; Labour services to be charged at time plus materials plus 12% mark-up plus applicable taxes which, based on 2003, is equivalent to a discount of approximately \$700.00 annually;
- vi) Pixel Board Advertising: 2 week rotation prior to event plus full coverage during event, in accordance with standard Board policy;
- vii) 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;
- viii) 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);

- ix) Utilities: The Horticulture Building had no heating which was not an issue given the nature of this event and it is anticipated that there will be no additional heating supplied in the Better Living Centre. However, if Screemers requests additional heating in the Better Living Centre, Screemers will pay for the cost of such heat both during move-in dates and event dates.

Conclusions:

This report recommends entering into a 2004 rental agreement for Screemers for the operation of a Haunted House entertainment venue in the Better Living Centre for 2004 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:

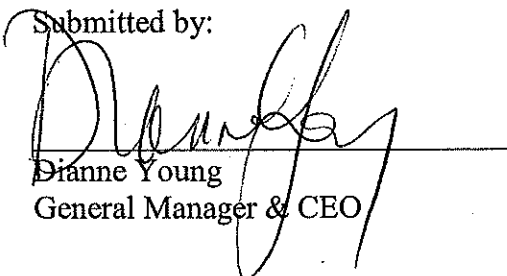
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Submitted by:



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