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January 20, 2003

## EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Dianne Young  
General Manager & CEO

Subject: Gate Management Program & Electronic Ticketing System Agreements

### Recommendation:

It is recommended that the Board of Governors concur with the recommendation of the CNEA Board of Directors with respect to entering into an agreement with Conklin Holdings Inc., Eastlea Security & Shows Services and Outdoor Box Office for 2003, 2004 and 2005, based on the terms and conditions outlined in the attached report from the General Manager of the CNEA dated January 15, 2003.

### Background:

The attached report will be considered by the CNEA Board of Directors at its meeting of January 30, 2003. Should the above recommendation change, the Corporate Secretary will report any changes to the Board on January 31st.

### Discussion:

In accordance with By-law no. 2-99, Section 29, all CNEA agreements over a one-year term requires approval of the Board of Governors.

### Conclusion:

This report recommends that the Board authorize three-year agreements between the CNEA and Conklin Holdings Inc., Eastlea Security & Shows Services and Outdoor Box Office.

### Contact:

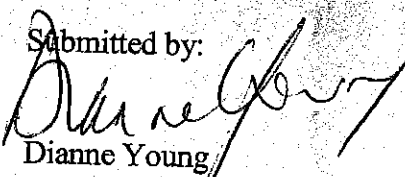
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Submitted by:

  
Dianne Young  
General Manager & CEO



THE BOARD OF GOVERNORS OF EXHIBITION PLACE

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The following report was reviewed by the Executive Committee at its meeting of January 23, 2002 and is recommended to the Board of Directors for APPROVAL.



January 15, 2003

To: The Executive and Board of Directors  
Canadian National Exhibition Association and  
The Board of Governors of Exhibition Place

From: David Bednar  
General Manager

Subject: 2003-2005 Gate Management Program and Electronic Ticketing System

**Recommendation:**

**This report is submitted for the approval of the Executive Committee and the Board of Directors and the Board of Governors of Exhibition Place.**

**It is recommended that the General Manager be authorized to enter into agreements with Eastlea Security and Show Services Inc. (Eastlea) for the provision of Gate Management and Security, Outdoor Box Office (OBO) for the provision of Cash Office Management and Box Office Services and Conklin Holdings Inc. (Conklin) for the provision of its Electronic Ticketing System, under the terms and conditions noted below.**

**Background:**

In 1999, the CNEA entered a one year agreement with Eastlea for the provision of gate attendants and gate security. In 2000 the CNEA entered a similar three-year agreement with Eastlea for the three years 2000, 2001 and 2002.

In 2001, the CNEA entered a one-year agreement with OBO for the provision of ticket selling services only as the cash office services was managed by the Exhibition Place Finance Division. In 2002, the CNEA entered a one-year agreement with OBO for the provision of both ticket selling services and cash office management.

In 2001 and 2002, the CNEA entered one-year agreements with Conklin for the provision of its Electronic Ticketing System for the printing and control of bar coded passes. All of the agreements above were approved by the CNEA Board of Directors and, where required, the Board of Governors of Exhibition Place.

**Discussions:**

The gate operations of the CNE divide into two broad categories: ticket selling (including related cash management) and ticket taking (including related gate security). For control purposes, it is

a common business practice that these two functions be separated at least at the front-line staff level and often at supervision or management levels. An electronic ticketing system is an additional control mechanism to augment both the ticket selling and ticket taking categories.

Prior to 1999, all of the ticket selling and ticket taking for the CNE was handled by Exhibition Place staff, supplemented by seasonal staff hired on a contract basis. Following the final year of this arrangement in 1998, considerable discussion took place as to which services should be kept in-house and which ones should be out-sourced. An RFP was issued for the provision of both ticket selling and ticket taking with the condition that proponents might bid on one or both services, but that no single company would be awarded both contracts. After the bids were received, it was decided to maintain ticket selling, and related cash management, in-house and to contract out the requirements for ticket taking and gate security. Eastlea was the successful respondent to the RFP and provided ticket takers and gate security staff to the 1999 CNE.

In 2000 the CNEA Board approved a three-year agreement with Eastlea for the provision of the same services for the 2000, 2001 and 2002 CNE. Renewal of the agreement in 2001 and 2002 was subject to satisfactory performance as determined by the Association, and, where necessary, the re-negotiation of applicable terms and conditions (specifically rates) and approval of the Board.

In 2000, an RFP was issued for the provision of both ticket selling services and cash office management. No proposals were received in this call and ticket selling and cash management remained in-house for the 2000 CNE. In 2001, the same RFP was issued and one proposal was submitted by OBO and subsequently, OBO was contracted to provide this service for the 2001 CNE, however cash management was kept in house.

In 2001, the CNEA Board approved a one-year agreement with Conklin for the provision of its Electronic Ticketing System for passes, advance and group admissions at the gates. This system was installed to improve security and control of passes, advance sale and group sale tickets. The system is also used by Conklin & Garrett, Conklin Holdings Inc. to handle its rides and is presently being expanded by Conklin to include some game operations. This system has the capacity to handle gate, ride and all concession transactions.

Therefore, 2001 marked the first year that Eastlea, OBO, and Conklin worked together with CNEA management to operate both the ticket selling and ticket taking operations. At the conclusion of the 2001 CNE a number of concerns were raised concerning overall gate operations. These were as follow:

- Lack of coordination in overall gate operation resulting in inefficiencies. Each of the three service providers was working in isolation from each other, which resulted in inefficient operation of the gates.
- Inconsistent interpretation and implementation of gate policies and procedures.
- Fragmented pass program, which resulted in duplication of passes issued and inefficiencies.
- Lack of experience of staff managing CNE gates from an operational perspective thus resulting in higher operating costs.

- Lack of consistency in the level of service provided to CNE customers.
- A broad range of passes that lead to confusion and interpretation by gate staff and also contributed to the overall abuse of free passes to the fair.

Prior to the 2002 CNE, representatives of the CNEA Operations Department and the General Manager met with each of the three service providers to address the above-noted general issues and individual areas of concern and problems for each of the suppliers. The Operations Department then implemented a plan for all three suppliers to work together in planning for the 2002 CNE. This allowed for the early identification of problems and the development of consistent plans to address these problems in an effective and efficient manner.

In addition to accomplishing the above, staff and the three suppliers have started to formulate long term goals and objectives to improve gate operations. These include but are not limited to:

- Increase efficiency at vehicle gates by reconfiguring both the Ontario Drive and Newfoundland gates. Examine ways of creating express lanes for exhibitor and suppliers.
- Full implementation of the electronic gate system, which will increase efficiency and reduce the occurrence of fraud. Implementing an electronic admission/midway ticket-selling program which will introduce automated selling kiosks thus reducing overall gate operation costs through staff reductions.
- Introducing a unified approach to customer service training of all gate staff, which will result in a unified and consistent approach for resolving customer complaints.
- Developing and implement a new pass program which will track distribution, eliminate duplication and increase efficiency in the distribution and reconciliation of passes at the conclusion of the event. This system will also provide a record and comparison of pass distribution and use and will be used to assist in a complete evaluation of current passes and the requirements for these in the future.

In order to implement the long-term initiatives proposed, staff are recommending that the CNEA enter into three-year contracts with each of Eastlea, OBO and Conklin on specific terms and conditions set out below: For all three suppliers general contract conditions will include provision for early termination in the event that performance standards are not met.

### **Eastlea Security and Show Services**

Eastlea has supervised all operational functions of the gates at the CNE since 1999. In this capacity Eastlea has played an integral role in establishing objectives for the gate operations program and has play a leading role in implementing the initial changes of the plan which have a resulted in a positive financial impact on gate operations. Eastlea management continue to play a key role in the team of contractors and staff formulating plans to improve gate operations at the CNE in 2003, 2004 and 2005.

Staff are recommending that CNEA contract with Eastlea for the following services:

- Supervision of gate operations at three pedestrian gates and four vehicle gates during the term of the CNE

- Supervision and coordination of gate set up and removal during CNE move in and move out
- Gate Security and Control
- Ticket /Pass Collection and safe keeping of surrendered tickets and passes
- Hiring, training and supervision of all gate security and ticket taking staff
- Assisting the Operations Manager in development of overall Gate Operation and Management Plan.
- Assisting the Operations Department in preparation of Gate Manuals
- Assisting Operations Department in defining required pedestrian and parking passes

The contract price for delivering by Eastlea of such services are as follows (2002 actuals are provided for comparative purposes):

| Area                            | 2002             | 2003           | 2004           | 2005           |
|---------------------------------|------------------|----------------|----------------|----------------|
| Ticket Taking & Gate Security   | \$232,441        | 240,000*       | 248,000*       | 256,000*       |
| Management Fee                  | \$5,000          | 6,000          | 7,000          | 8,000          |
| Supervisor of Internal Barriers | \$3,500          | 3,650          | 3,800          | 4,000          |
| Internal Barrier Guards**       | \$21,896         | 22,700         | 23,500         | 24,400         |
| <b>Total</b>                    | <b>\$262,837</b> | <b>272,350</b> | <b>282,300</b> | <b>292,400</b> |

\*Maximum upset based on 2002 staffing levels and schedules. It is anticipated that the electronic ticket system may lead to a reduction in overall ticket taking and ticket selling staff in the future.

\*\*Not included in 2002 agreement, under separate contract.

### **Outdoor Box Office**

OBO has performed to the satisfaction of both Board staff and the City of Toronto auditors in 2001 and 2002. OBO has extensive experience in providing cash and ticket selling management to events similar in size and scope to the CNE. Therefore, staff are recommending that the CNEA enter into a contract with OBO for the following services which are the same as provided in 2002:

- Transportation of cash between cash room and ticket booths
- Preparation, control and management and administration of the cash office
- Supervision of admission sales
- Assisting with layout of sellers booths and providing input into overall gate set up
- Hiring, training and supervision of ticket sellers

In addition, to expand transportation of cash around the grounds to include information kiosks and to relieve staff of the Finance Division of administrative functions, OBO will also be given the following responsibilities:

- Control of merchandise inventory sold at information booths
- Selling of passes to Concessionaires and Exhibitors prior to the CNE
- Collecting and reconciling daily concessionaire sales reports
- Providing cash delivery, cash supervision and reconciliation to CNE staff selling merchandise at the CNE information booth

Finally, to improve communications and addressing problems:

- Three additional supervisors have been added to complement the three already in the 2002 gate operations program. These additional supervisors will also assist in supervising the information staff at the eight information booths throughout the grounds.
- To address problems experienced with radio equipment and frequencies, OBO will utilize their own radio equipment and dispatchers; however, the OBO dispatcher will be linked to the Board's Security and Communication Areas for continuity.

The contract price for the above-noted services will be as follows (with 2002 actuals as a price comparison):

| Area                            | 2002             | 2003           | 2004           | 2005           |
|---------------------------------|------------------|----------------|----------------|----------------|
| Management Fee                  | \$20,000         | 20,000         | 22,500         | 25,000         |
| General Manager/Site Manager    | \$14,300         | 13,000         | 13,000         | 13,000         |
| Cash Control Manager            | \$13,600         | 13,000         | 13,000         | 13,000         |
| Gate Operations Manager         | \$8,200          | 8,500          | 8,500          | 8,500          |
| Cash Room Clerks                | \$24,000         | 30,000         | 30,000         | 30,000         |
| Gate Supervisors                | \$12,164         | 30,000         | 30,000         | 30,000         |
| Cash Runners/Mobile Supervisors | \$7,644          | 15,000         | 15,000         | 15,000         |
| Dispatch/Hr                     | N/A              | 5,000          | 5,000          | 5,000          |
| OBO Radio System                | N/A              | 2,200          | 2,200          | 2,200          |
| OBO Workhorse                   | \$750            | 750            | 750            | 750            |
| <b>Total Cost</b>               | <b>\$100,658</b> | <b>137,450</b> | <b>139,950</b> | <b>142,450</b> |

### Conklin Holdings Inc.

The electronic ticketing system was developed as a proprietary system by Conklin in order to replace the paper ticket, or coupon, system familiar to most carnivals. Therefore, its first application was for the rides on the midway. All aspects of the paper ticket system are time consuming and open to human error. Ticket sellers must balance to a numerical calculation of individual tickets sold. Revenue must be apportioned between rides by counting or weighing the

tickets collected. Conklin developed its own system because it was unable to find an existing system with sufficient speed and flexibility.

For the "gates", the electronic ticket system works as follows. Each pass or ticket has a bar code that identifies the type of pass or ticket and also identifies that specific ticket. When the ticket or pass is swiped through the rider one admission is cancelled off the ticket or pass. If the ticket or pass is valid for only one admission then after the admission has been cancelled the ticket or pass is no longer valid and cannot be used again. If the ticket or pass is for multiple uses, the system cancels off admissions until all admissions are used up. The computer can be programmed to allow the admissions to be used at any time or only one admission per day. Once the pass has been swiped a signal is sent to the main computer where that admission is counted in the total admission count. The computer tracks the type of admission, paid or unpaid, the time the admission took place, at what gate the patron entered. Staff can access the system at any time to view in real time was the attendance is at particular time and on that date from a terminal located in the Press Building. This will reduce delays in getting counts of tickets and daily admission numbers.

Conklin first introduced the electronic system on Kiddie rides at the 2000 CNE. In 2001 they expanded the program to include some rides on the major midway. In 2001 the electronic gate portion of the system was tested at the pass gates, for a limited number of passes. In 2002 the program was expanded to include all entrance passes and rides. In 2003 the program will again be expanded to include all paid tickets (excluding Go Transit and Ticket Master). In addition, between 2003 and 2005 the electronic midway system may be expanded to include all rides, merchandise and skill games and outdoor food concessions. The program has proven to be extremely useful in controlling entry to the CNE via passes, providing a clear breakdown of pass usage and provides a real time count of gate attendance. In addition the electronic pass system has reduced the use of lost or stolen passes. When lost or stolen passes are reported, the numbers are entered into the system as no longer being valid and so the system rejects them when they are used. The implementation of this system on the midway reduced shrinkage levels and had significantly a positive effect on concession and ride revenues. With this system, patrons will be able to purchase admission, ride and concessions tickets at automated kiosks thereby reducing the staff and associated costs required in these areas under the current system.

In 2001 Conklin provided the CNE with nine electronic gate ticket readers computer systems to operate the equipment, installation and daily maintenance of the equipment and system. The cost to the CNE was \$15,240 in unearned ride revenue. Conklin also contributed \$15,000.00 to the cost of printing the barcoded passes. In 2002 the electronic system was increased significantly. Conklin installed 45 readers at each of the gates. This required Conklin to dedicate significantly more in staff time to install and service the equipment. The cost to the CNE was \$ 52,254.00 in unearned ride revenue. Conklin again contributed \$15,000.00 to the cost of printing and bar coding the passes. For 2003 to 2005 it is proposed that Conklin be responsible to supply sufficient equipment for both the CNE electronic gate program and also the roll out of the electronic midway program. Conklin will also be responsible for operation of the computer system that supports the electronic equipment, installation and maintenance of the system. Conklin will be compensated for the providing the electronic gate system under the midway agreement between the Association and Conklin (see report "Renewal of Conklin Midway

Agreement"). Under the proposed terms of the Conklin Midway agreement Conklin will pay the Association 27% of all gross ride sales net of GST excluding \$1.00 per transaction for transactions over \$9.00. Conklin will no longer be required to contribute to the printing cost of the tickets, however, Conklin will continue to coordinate ticket printing and will only charge the CNE the actual printing cost with no mark up.

Conclusion:

The current Gate Management program using the three suppliers, OBO, Eastlea and Conklin has resulted in many positive spin-offs. The program has resulted in an increase in paid attendance from 2001 to 2002 and it is anticipated that in the next three years paid attendance will continue to increase. It has reduced the opportunity for theft and fraud to take place at the gates. In addition, the level of customer service at the gates is improving and the three groups are working together to continue to improve the level of customer satisfaction at the gates with quicker service and overall improved customer service. The changes that the gate management team is planning in the realignment of the gates also provide an opportunity for improved customer service. The full automation of the gates will also result in reduced operating costs in the long term.

The past experience and effort of these three suppliers, combined with the team approach to developing and implementing the gate plan for the next three year will be integral to the overall success of gate operations at the CNE for the years 2003-2005.

Respectfully submitted,



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General Manager

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