



22

May 13, 2000

TO: The Board of Governors of Exhibition Place

FROM: Kathryn Reed-Garrett
Director of Business Development

SUBJECT: Agreement with Screemers Inc. ("Screemers")

Recommendations:

It is recommended that the Board enter into annual licence agreements with Screemers for the operation of a Haunted House entertainment venue in the Horticulture Building that reflect the terms and conditions set out in this report and such other terms of the Board's standard licence agreement.

Background:

Screemers has been operating a Haunted House entertainment venue in the Horticulture Building for a term of approximately two weeks each year, including Halloween, since 1993 pursuant to a report considered by the Board at its meeting of September 24, 1993.

Discussion:

When the Screemers event first began at Exhibition Place, it was a completely new event and the Board and staff agreed to provide Screemers with certain special conditions, reductions and discounts on rental and service fees to help the event get started and operating. The event was and continues to be held in the Horticulture Building which is unheated and therefore, other than this event the building is shut down and not used during the winter months. In 1993, rent to be paid to the Board was calculated as a percentage of net sales with 80% of net sales being returned to the Board. Prior to 1998, Screemers operated at a loss and in 1998, returned a small profit to the Board of approximately \$11,000.00 in the form of rent. In 1999, the Licence Agreement provided that rent be calculated at a minimum of 50% of the posted daily rent for the Horticulture Building or 80% of net sales, whichever was greater. Financial statements from Screemers for the 1999 event indicate that rent as calculated (50% of the posted rental rent) was achieved (\$14,625.00 plus GST).

In an effort to change the terms of the Licence Agreements between Screemers and the Board to bring rental rates in line with the Board's policy, this report recommends a three step increase in both building and equipment rental fees over a period of three years. This approach will bring the Screemers building and equipment rental fees partially up to posted and approved rental rates

and will allow Screemers to plan and budget in advance for the next three years. However, because this building is considered by the Board to be available for long-term developments, this report is recommending annual agreements for three years rather than a three-year agreement on the following basis:

MINIMUM RENT:

2000	(approx.) 13 operating days @ \$2,250. /day x 50%	\$14,625.00 + GST
2001	(approx.) 13 operating days @ \$2,250. /day x 65%	\$19,012.50 + GST
2002	(approx.) 13 operating days @ \$2,250./day x 80%	\$24,862.50 + GST

LABOUR, RENTALS and SERVICES:

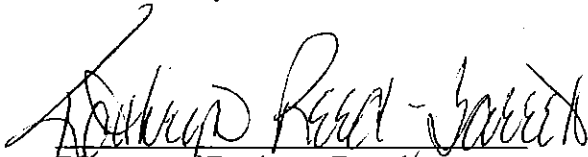
2000	Rentals @ N/C + Labour + 12% mark-up + applicable taxes
2001	Rentals @ 50% + Labour + 12% mark-up + applicable taxes
2002	Rentals @ 75% + Labour + 12% mark-up + applicable taxes

In addition to the above, staff has negotiated a separate storage agreement for the on-site storage of six trailers containing the equipment, props, etc. belonging to Screemers that yields \$7,200.00 in additional income annually.

Conclusions:

This report recommends entering into annual agreements with Screemers for the operation of a Haunted House entertainment venue in the Horticulture Building for the next three years (depending on the availability of the Horticulture Building) 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 Interim General Manager and the City Solicitor.

Submitted by:


Director of Business Development

Reviewed by:


General Manager & CEO