



A

March 23, 2000

To: The Board of Governors of Exhibition Place

From: Kathryn Reed-Garrett
Director of Business Development & Special Events

Subject: CHIN Picnic 2000

Recommendation:

It is recommended that the Board approve the rates for rentals and services to CHIN Radio-TV International ("CHIN") for CHIN Picnic 2000 as contained in this report.

Background:

Since 1981, the Board approved of entering an annual licence agreement with CHIN on certain terms and conditions.

Discussion:

CHIN has been operating a three-to-four day festival, "The CHIN Picnic", at Exhibition Place during the July 1st long weekend for nineteen (19) years. This admission-free event has, in the past, featured a number of international entertainment acts (from Spain, Italy, China, etc.) as well as amusement rides, an annual bicycle race, Mr. Bikini and Miss Bikini contests, concessions, and a marketplace which has been situated in the Better Living Centre.

While the fee structure for CHIN has changed over the last 19 years, there has always been a recognition by the Board of the broad community basis of this Festival in the City of Toronto and has provided some reductions to the standard Board fee structure. The following table indicates the fee structure presently in place together with proposed changes for 2000, which are being recommended by staff. The recommended changes recognize the request from CHIN for further reductions because of its reported loss in 1999. Despite CHIN's efforts to raise additional funds through corporate and community sponsorship, CHIN reports a net loss of approximately \$130,000.00 for the 1999 CHIN Picnic.

| | EXISTING FEE STRUCTURE | PROPOSED FEE STRUCTURE (2000) |
|---|--|---|
| BUILDING RENT | | |
| Better Living Centre: | 40% of posted rate | No change |
| Bandshell: | 100% of posted rate | No change |
| Grounds (including stage in Centennial Park): | No charge | No change |
| CLEANING | 50% of cost | No change |
| PARKING REVENUE | Of the \$12.00/vehicle posted rate \$9.00 to Board and \$3.00/vehicle to CHIN | No change |
| CONCESSION COMMISSIONS | <ul style="list-style-type: none"> - first \$85,000 to Ex.Place - 50% @ \$85,001. - \$95,000. To Exhibition Place - 25% @ \$95,001. + to Exhibition Place | <ul style="list-style-type: none"> - first \$72,500 To Ex Place - 50% @ \$72,501. - \$85,000. To Exhibition Place - 25% @ \$85,001.+ to Exhibition Place |
| RENTALS | 100% of posted rate | No change |
| MARK-UP ON LABOUR | 12% | No change |

CHIN is a profitable event for Exhibition Place. In 1999, CHIN paid \$43,675.00 (excluding GST) for rent for the Better Living Centre and the Bandshell Stage (as per above fee structure) and \$125,614.00 in labour and rentals (including appropriate mark-up and excluding GST), and received a rebate of \$14,377.00 (excluding GST) in parking revenues and a credit of \$17,892.05 (excluding GST) against cleaning costs (there was no rebate from concession commissions), for a net cost to CHIN of \$137,019.95.

The reduced building rental for the Better Living Centre is based on the actual occupation of CHIN Picnic Market Place (approximately 40% of the building area). Fifty (50%) percent of cleaning costs have been paid by the Board based on the fact that a larger share of the food concession commissions have been returned to the Board. The combination of reduced mark-up on labour (with the exception of IATSE which is 15%) and revenue from increased parking costs were agreed to on the basis that operating costs at Exhibition Place are higher than at other competing venues (Ontario Place, Toronto Islands, etc.).

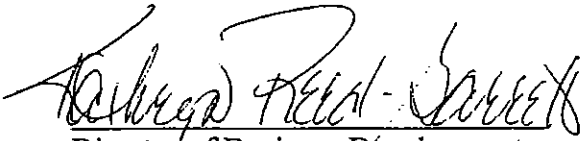
The 2000 Fee Structure proposes a new concession commission to allow CHIN to have a greater opportunity to realize some revenue from the concession operations while at the same time protecting the 2000 Operating Budget allocation for this event. Concession revenues are one of the most important revenue lines for public festivals such as CHIN as typically they are the major or only revenue source. Furthermore, as in the past, CHIN and the Board have worked cooperatively to license concessionaires that provide foods which service the needs of the attendees and add to the festivities of the Picnic.

Staff has had several meetings with CHIN, both in 1999 and this year, to explore opportunities to expand the Picnic (such as a big-ticket entertainment act) and have and will continue to take every possible step to ensure that maximum efficiencies are delivered to CHIN in the execution of the CHIN Picnic.

Conclusion:

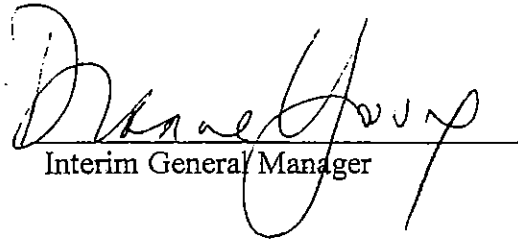
It is recommended that the Board approve the fee structure contained in this report for the CHIN Picnic 2000.

Submitted by:



Director of Business Development
& Special Events

Reviewed by:



Interim General Manager



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March 31/2000

Attention:

Board of Governors of Exhibition Place
Exhibition Place
Toronto, Ontario

Dear Board Member:

CHIN RADIO, producer of the CHIN INTERNATIONAL PICNIC, has requested to appear before you at the next Board meeting April 7th, 2000. Our reason for this is to express the grave concern we have for the future of the CHIN PICNIC at Exhibition Place.

Over the years, the PICNIC has sustained significant financial losses and in 1999 alone posted a loss of over \$130,000. The PICNIC is unique in that it is a non ticketed event, admission to the public is free and as such, we do not have these traditional revenues to offset expenses.

In our letter dated January 7th, 2000 (attached), we state that a real and lasting solution to the financial concerns of the CHIN PICNIC needs to be addressed this year. Failing this, CHIN will have no other recourse but to actively seek an alternate site for PICNIC 2001. Unfortunately, discussions with Exhibition Place have not produced solutions that provide the financial relief we need to survive and remain at Exhibition Place.

CHIN appreciates the opportunity to address the Board of Governors on this important matter.

Sincerely,

Lenny Lombardi
Vice President
CHIN RADIO





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January 7, 2000

Kathryn Reed-Garrett
Director of Business Development and Special Events
Exhibition Place
Toronto, Ontario
M6K 3C3

Dear Kathryn:

Re: **Exhibition Place proposal for CHIN PICNIC 2000**

Thank you for your letter of November 19, 1999 outlining the Exhibition Place proposal for Picnic 2000. The proposal offers a three year contract with immediate rental increases of 10% and diminishing returns each year from parking revenue. Commissions on concessions paid by Exhibition Place to CHIN remains unchanged. As outlined, these terms are unacceptable to CHIN.

As we had discussed briefly in our November meeting, the CHIN PICNIC is unable to meet expenses. This year alone, the PICNIC deficit is \$130,000. Even under the present scenario the CHIN PICNIC will continue to fall deeper and deeper in debt. The new proposed plan will simply escalate these losses.

CHIN too wishes to re-visit our contract with Exhibition Place, but with the expressed purpose of recognizing the important fact that the PICNIC is an admission free event. All the entertainment and exhibits are free to the public. Any future contract should acknowledge the reality that CHIN does not have the benefit of admission proceeds to offset expenses.

Over the past few years, the Board of Governors of Exhibition Place have recognized our financial dilemma and agreed to try and remedy our plight. We appreciate this effort but must concede that the results fell short of a real and lasting solution. Furthermore, in light of the most recent contract proposal, what ever small benefit we gained, will be lost.



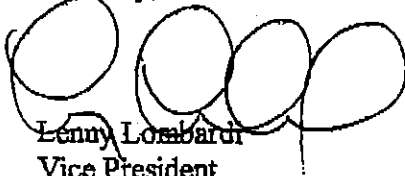
In our opinion, a meaningful and financially sound solution for CHIN would be to retain 100% of all concession revenues generated at the PICNIC. The current contract unfairly denies CHIN payment from Exhibition Place for concession sales, even though CHIN is solely responsible for successfully attracting audience to the event. CHIN is exclusively responsible for all associated expenses relating to staffing, rent, production, advertising, marketing and artist expenses that all go towards creating an audience or customers for concessionaires, which produces the revenue, which CHIN is denied. CHIN assumes all the expense and enjoys none of the benefits. If the PICNIC were a conventional event that charged an admission fee, then those revenues would offset expenses and the economies of scale would be balanced between Exhibition Place and CHIN. However, the PICNIC is a free admission event and therefore the revenue stream tilts disproportionately in the negative for CHIN.

The CHIN PICNIC is now in it's 34th year. As a cultural beacon, it symbolizes the growth, development and significant contribution of the multicultural communities to the unique cultural mosaic of Toronto. CHIN is proud and determined to continue to showcase, entertain and celebrate the cultural diversity within our society. Hundreds of thousands of people were attracted to the CHIN PICNIC at Exhibition Place and entertained by international and local performers representing the world. Headline artists from Hong Kong, India, Portugal, Italy, Caribbean, Greece, Afghanistan and Poland all performed at PICNIC '99. Admission to the public was free.

Our hope is to continue this great cultural celebration at Exhibition Place. To do so however will require a solution that financially addresses our concerns if the PICNIC is to survive. If we fail in this endeavor, CHIN will have no other recourse but to actively seek an alternative site for the year 2001. It is our sincere hope that this will not be necessary.

I look forward to meeting with you to discuss this matter further.

Sincerely,



Lenny Lombardi

Vice President

CHIN RADIO/TV International

c.c. Dianne Young, Interim General Manager

Johnny Lombardi, President, CHIN RADIO