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EXHIBITION PLACE

February 9, 2001

TO: The Board of Governors of Exhibition Place

FROM: Leo Lauro
Interim Director of Operations

SUBJECT: Update on In-House Electrical Services, February 2001

Recommendation:

It is recommended that the Board receive this report for information and request that staff next report on the experience with this service at year end.

Background:

The Board at its meeting of May 26, 2000, requested staff to report on a quarterly basis on the delivery of in-house electrical services.

Discussion:

From 1986 to 1997 Black and McDonald held a contract with the Board which made Black and McDonald the exclusive supplier for the provision of electrical services to the trade and consumer shows and special events on the grounds. In return for this exclusive contract Black and McDonald paid to the Board 35% on the gross revenues for all electrical work performed. In 1997, gross revenues from these services was \$2,033,457.00, with commissions paid to the Board of \$711,710.00. During this same period, the Board's electrical workers provided maintenance electrical services for the grounds.

At the meeting of the Board on November 28, 1997, the Board directed staff to implement a plan to proceed with the provision of in-house electrical services to trade and consumer shows and phase out the electrical contractor Black and McDonald. Since the fall of 1998 all electrical services to trade and consumer shows as well as events such as the CNE and the Molson Indy have been provided by in-house electricians. Although there was an initial learning curve during the transition period net profits earned by the Board on this service has averaged 60% for most shows and 58% for outside events generating total net revenues of \$1.1 million in 2000. In addition, approximately \$150,000.00 of electrical work done for the CNE, excluding third party, was on a cost basis only with no mark up.

THE BOARD OF GOVERNORS OF EXHIBITION PLACE

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Some of the issues that have been addressed by staff in the first two years of operation of this service are as follows:

- **Equipment:** As part of the exclusive agreement with Black and MacDonald, all electrical inventory was provided by the contractor so that the Board had to invest in either the purchase or rental of the necessary equipment. Purchases have been made on an annual basis within the Board's Capital Works budget and at present most of the essential equipment has been purchased. One outstanding equipment need is for "infrastructure inventory" that will allow additional power points to be created both inside the NTC and on the grounds. This inventory will gradually be purchased over the next few years and when permanently put in place will substantially reduce set-up costs and increase profit margins.
- **Personnel:** Exhibition Place has a collective agreement with IBEW, Local 353 for the provision of maintenance electrical work. This Local is also recognized under the Provincial Construction Agreement for the provision of construction work that includes set-ups for trade and consumer shows. One of the major challenges of delivering services in-house has been the requirement to provide electricians qualified to work in trade show environment, this is especially problematic for the larger shows. In 1997, Exhibition Place had 5 electrician on-site. With the assumption of all trade/event show work, this number has increased to 8. In addition, for the larger shows, these 8 electricians are supplemented by 20 to 30 electricians called from the union hall.
- **Customer Service:** Since taking over the electrical services, all electricians have received customer service training in order to improve communications with trade show clients. This training has been effective and there are now few complaints from clients in this area.
- **Occupational Health and Safety/Training:** Another important challenge when large numbers of workers are called from the union hall is the awareness of health and safety procedures and policies at Exhibition Place. Occupational health and safety workshops have been held for the electricians; a safety handbook developed; and on-site orientation programs are now being delivered to address this problem.

One of the major concerns going into the Fall 2000 show season was the ability to provide the large number of experienced electricians on short notice for the Weld Expo Show, a machine and tool show which requires over ten times the power requirements of a standard trade show. In order to address this concern a purchase order was issued to Black and McDonald to provide additional resources at an hourly fixed rate per electrician. The intent was the majority of electrical services were to be provided by Exhibition Place in-house electricians with Black and McDonald electricians being utilized on an as required basis. All costs associated with Black and McDonald were passed directly to the Weld Expo Show.

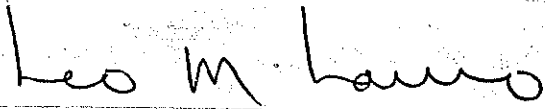
Staff are pleased to report to the Board that the show was a complete operational success with considerably less requirements for Black and McDonald electricians than anticipated. At completion of the show many positive comments were received from exhibitors regarding the efficient delivery of electrical services. However, staff now need to address increasing the

profitability of this show while maintaining the efficient service.

Conclusions:

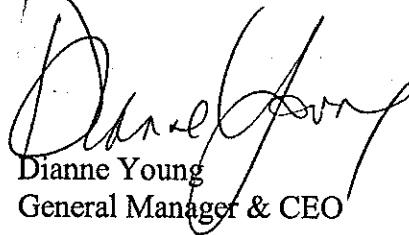
This report updates the Board on the delivery of in-house electrical services at Exhibition Place. Mr. Harvey Repp, Director of Operations, NTC, has provided input and reviewed this report and agrees with its content.

Submitted by:



Leo M. Lauro
Interim Director of Operations

Reviewed by:



Dianne Young
General Manager & CEO

