

EXHIBITION PLACE

July 19, 2001

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: Update on Parking Services for period ending June 30, 2001

Recommendation(s):

It is recommended that the Board receive this report for its information.

Background:

At its meeting of June 29, 2001, the Board requested that staff report on the projected variance to parking revenues for 2001, given the projected decrease in rental activities by the NTC.

Discussion:

The revenue that the Board receives from Parking Services is largely driven by the trade and consumer show business of the NTC. In fact, the parking revenue derived from the trade and consumer shows and events of the NTC represents \$2,969,875.00 of the 2001 budget for parking of \$4,074,000.00. An additional \$304,200.00 is derived from Ontario Place activities (concerts, daily and special events and the Symphony of Fire fireworks competition).

Actual parking revenues to the end of May, 2001 were slightly unfavorable to projected revenues by 4.74% or (\$86,728.00), indicating that the year-to-year volatility in show attendance experienced in 2000 is winding down. However, as reported to the Board by O&Y/SMG, other factors in the trade and consumer show business unique to this year are shows choosing not to stage a show in 2001, relocating to another facility or reducing the size of their show this year. The cumulative negative impact of these changes on parking revenues is \$350,000.00. Furthermore, the cancellation of the Benson & Hedges Symphony of Fire fireworks competition will add an additional shortfall of approximately \$150,000.00, for a projected shortfall to December 31st of \$500,00.00

This impact is now materializing - parking revenues for the month of June, 2001 indicate a shortfall of (\$106,229), \$60,000.00 of which is attributable to the Symphony of Fire, the balance of which is attributable to new business that was not realized. This represents a current year-to-date shortfall in parking revenues of (\$192,967) or 9.41%. To offset this shortfall, staff have taken and will continue to take several initiatives.

One initiative is the reduction in the labour schedule whenever possible while still maintaining an acceptable level of service to our clients. In the 2001 budget, the cost of parking labour was projected at 13.5% of parking revenues – which is substantially lower than the comparative figures for the Toronto Parking Authority (reported as 18.9% in their 2000 Annual Report). In addressing the revenue shortfall projected for this year, staff has further reduced this ratio to 11.7% and project that this ratio will be maintained throughout the balance of the year. The combination of these efforts and the reduced show schedule for 2001 will mean a reduction to labour costs of approximately \$121,835.00. Additionally, while the entire operating budget for parking services is only \$82,000.00, staff has reduced operating expense by an additional \$16,000.00 or 19.8%.

One positive comment with respect to the projected parking revenues for 2001 is the revenues that are to be realized from the new Liberty Grand Entertainment Complex. While it is difficult to quantify with any certainty the parking revenues in their opening year, staff, with some knowledge now of the events booked at this venue from its September opening to December 31st, is projecting parking revenues of approximately \$50,000.00. This venue will have a much greater positive impact to revenues in 2002 when it is fully open and operational.

The total reduced expenses of \$137,835.00 and the increased parking revenue from the Liberty venue of \$50,000.00 will offset the projected shortfall in revenues of \$500,000.00, leaving a projected net shortfall of (\$312,165.00).

Other initiatives such as the new surface parking equipment and the computerized cash management system, which provides consolidated reporting, auditing and transaction statistics, continues to ensure maximum efficiency in reporting sales. Staff also continues to pursue alternative revenue opportunities, such as monthly permit parking for employees in the Liberty and King West business areas and valet parking storage for late weekend evenings.

Conclusion:

This report outlines the issues related to parking services and projected revenues based on the diminished special event, trade and consumer show activities.

Contact:

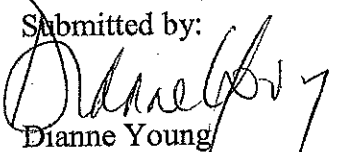
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Submitted by:


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