EXHIBITION PLACE

September 14, 2001

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: Exhibition Riding Academy, Horse Palace

Recommendation(s):

It is recommended that the Board renew the current lease with Exhibition Riding Academy ("ERA") the for use of the exercise ring and nine (9) stalls in the Horse Palace for one year, to December 31 2002, on the terms and conditions recommended in this report, which terms are similar to those in the 2001 Agreement, and such other terms as required by the City Solicitor

Background:

At its meeting in October 2000 the Board approved of the terms of a one-year lease renewal with ERA for year-round use of stalls and the exercise ring in the Horse Palace. This agreement expires on December 31, 2001.

Discussion:

The ERA has been operating a riding academy in the Horse Place for over eight years and has worked cooperatively with the Board during that time to vacate their premises at their own expense to provide full access to the Horse Palace during designated Board events such as the annual Canadian National Exhibition and the Royal Agricultural Winter Fair, the Quarter Horse Show and other similar shows. Furthermore, in 2000, ERA was required to reduce their access to the exercise ring to accommodate the Toronto Police Services Mounted Unit Head Quarters, which began full operation in their new premises in the Horse Palace in July 2000.

At its meeting of October 2000, the Board approved a renewal of the lease agreement with ERA that was based on the same terms and conditions as the previous year, including base rent, which is $14,067.90 plus GST per annum plus all operating expenses for the rental of nine stalls plus the use of the exercise ring in the Horse Palace, plus an additional cost of $157.50 plus GST per month per stall if additional stalls are required. This base rent represents a cumulative increase of 1.5% from 1999 and 5.0% from 1998. The net rental received by the Board in 2000 was $9,869.81 plus GST plus all operating expenses, and in 2001 the net rent received by the Board will be $11,273.38 plus GST, plus all operating expenses. The schedule in 2001 required that ERA vacate its premises for fewer days than in 2000, thus the Board received more rent in 2001 than in 2000.
Staff recommend that the Board re-new its lease agreement with ERA on the same terms as the present agreement with no increase in rent. While the requirement to vacate the premises in 2002 will not change from 2001, which schedule includes a provision for World Youth Days 2002, ERA’s use of the exercise ring has been decreased to accommodate the training and exercise schedule of the Mounted Unit which in turn decreases the lesson time available to ERA and their ability to earn revenues. As well, in 2001, ERA was assessed realty taxes for the first time since they began to operate their business at Exhibition Place – this is an impact to their bottom line of approximately $1,400.00 or 10% of the value of their annual gross lease with the Board.

The recommended terms of the lease renewal agreement with ERA for 2002 are as follows:

(a) Term: One year commencing January 1, 2002;

(b) Premises: A total of nine (9) stalls as follows: five stalls for the stabling of horses, two (2) stalls for office space, and two (2) stalls for storing hay and wood chips; and the use of the exercise ring on a pre-scheduled basis;

(c) Rent: $14,067.90 per annum, plus GST, plus $159.86 plus GST per month for any additional stall that is required, less credit for the vacancy of the premises during any Board designated event, plus realty taxes, all utility costs, all cleaning and interior maintenance costs and any other associated occupancy costs. ERA is to provide post-dated monthly rental cheques to the Board prior to commencement of the lease;

(d) Permitted Uses: The operation of a riding school;

(e) Insurance: Property and liability insurance with limits of $5 million in form satisfactory to City; and,

(f) Operation during designated Board events: ERA agrees to vacate the premises when required to do so for designated Board events. The Board will furnish to ERA a list of designated events for 2002 and such list shall form part of the Lease Agreement.

Conclusion:

This report recommends extending the current agreement with ERA for a period of one year, to expire on December 31, 2002 on the terms and conditions set out in this report and such other terms required by the City Solicitor.

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Submitted by:

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