

Toronto 2017 BUDGET



OPERATING BUDGET NOTES



Exhibition Place

2017 OPERATING BUDGET OVERVIEW

Exhibition Place is a diverse venue for major trade and public exhibitions, meetings, conventions, professional sports, entertainment, green technologies, and public celebrations. It hosts more than 350 events annually and attracts over 5.3 million visitors a year.

2017 Operating Budget Highlights

The total cost to deliver these services to Toronto residents is \$37.283 million gross with operating revenues of \$37.445 million, resulting in \$0.162 million net revenue as shown below:

(in \$000's)	2016 Budget	2017 Preliminary Budget	Change	
			\$	%
Gross Expenditures	36,513.9	37,283.0	769.1	2.1%
Revenues	36,670.9	37,445.0	774.1	2.1%
Net Expenditures	(157.0)	(162.0)	(5.0)	3.2%

The 2017 Operating Budget represents a 3.2% increase in net revenue over the 2016 Approved Operating Budget. The Agency is able to sufficiently offset its operating costs through various revenue streams and service efficiencies.

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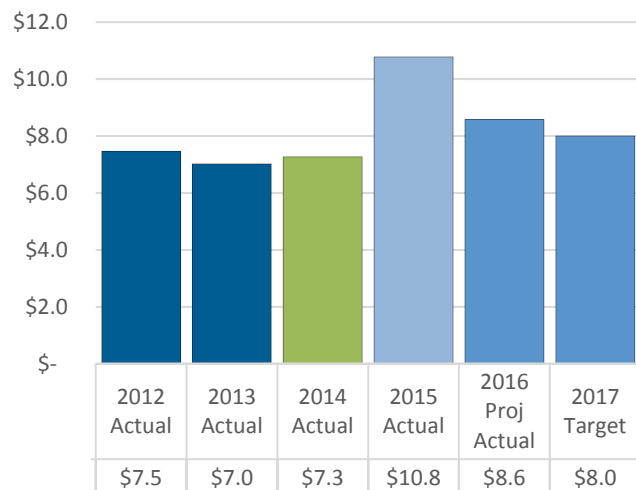
Fast Facts

- Exhibition Place is Canada's largest entertainment venue and attracts over 5.3 million visitors a year.
- 192-acre parkland with 3,002 trees.
- Host to 6 of the 10 consumer exhibitions in Canada including the Canadian National Exhibition, Royal Agricultural Winter Fair, Toronto International Boat Show, National Home Show/Canada Blooms, and One-of-a-Kind Craft Show.
- The Enercare Centre is the largest trade and consumer show facility in Canada and the sixth (6th) largest in North America with over 1.1 million square feet of contiguous space
- A leader and world-class site for advanced “green” energy technology that was recently awarded a LEED® EB:O&M Gold designation

Trends

- 95% of meetings and events at Exhibition Place occur between September and June each year.
- Building rental revenue for the Enercare Centre in 2017 consists of \$1.7 million in new business revenues having solidified its leadership position after hosting events such as the Pan Am Games and the NBA All Star Jam session.
- Over 88% of waste collected at Exhibition Place is recycled or reused and diverted from landfills.

Effectiveness Measure – Building Rental for Enercare Centre (\$ Millions)



Key Service Deliverables for 2017

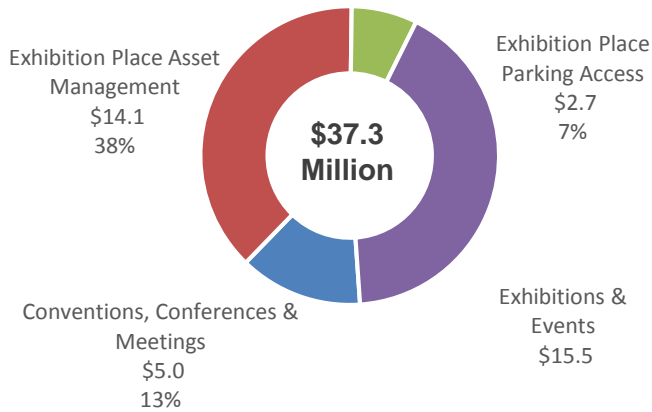
Exhibition Place is Canada's largest entertainment venue, responsible for managing 192-acre site, for providing inclusive and accessible parkland, and for serving as a destination for entertainment, recreation and sporting events, and public celebrations, while operating as a self-sustaining and environmentally responsible entity.

The 2017 Operating Budget will fund:

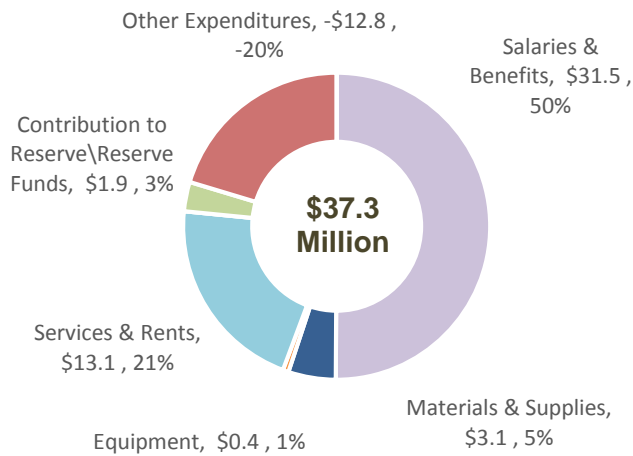
- The Enercare Centre which hosts national and community events, and shows such as the Royal Agricultural Winter Fair, Toronto International Boat Show, the National Home Show/Canada Blooms and the One of a Kind Craft Shows.
- The Allstream Centre which hosts conventions, conferences and meetings, complementing the event activities at the Enercare Centre by attracting more international conferences, consumer and trade shows, exhibits, and festivals.
- The development of a ‘green’ promotion strategy both externally and internally; achievement of net energy self-sufficiency; and reduction of the impact of Exhibition operations on all aspects of the environment
- The sustainment and enhancement of public assets; integration with the surrounding urban fabric; improvement of all forms of transportation needed for the grounds; and the integration between Exhibition Place and Ontario Place.

Where the money goes:

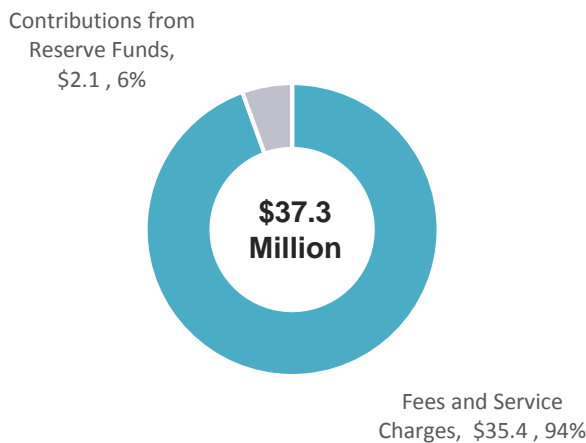
2017 Budget by Service



2017 Budget by Expenditure Category



Where the money comes from:



Our Key Issues & Priority Actions

- **Maintain Positive Financial Performance:** Exhibition Place exists in a competitive market requiring it to operate efficiently and generate new business to maintain positive financial performance
 - ✓ The 2017 Operating Budget aims to address budget pressures such as increasing labour costs and utility rates by pursuing the redevelopment and rental of the underutilized buildings and other business opportunities, various service efficiencies and utility savings initiatives.
- **Pursue Green initiatives** to maintain Exhibition Place's status as a leader in environmentally friendly facilities.
 - ✓ Secure funds for new green energy initiatives.
- **Maintain Trade and Consumer Show Business** by creating a "self-contained" conference and accommodation space.
 - ✓ Facilitating the completion of Hotel X in 2017 on Exhibition Place's grounds and constructing the connecting sky-bridge to Allstream Centre.
 - ✓ Competing for a whole new segment of conference, meeting and convention business.

2017 Operating Budget Highlights

- The 2017 Preliminary Operating Budget for Exhibition Place of \$37.283 million in gross expenditures provides funding for:
 - ✓ Conventions, Conferences & Meetings (\$4.988 million).
 - ✓ Exhibitions & Events (\$15.487 million).
 - ✓ Exhibition Place Asset Management (\$14.149 million).
 - ✓ Exhibition Place Parking Access (\$2.659 million).
- The agency will achieve the budget target of -2.6% by:
 - ✓ Outsourcing its welding service (\$0.091 million)
 - ✓ Outsourcing in-house sign-shop services (\$0.052 million)
 - ✓ Realizing utilities savings from various energy savings initiatives (\$0.248 million)
- Staff complement decrease of 2.0 from 2016 to 2017.

Actions for Consideration

Approval of the 2017 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2017 Preliminary Operating Budget for Exhibition Place of gross expenditures of \$37.283 million and \$0.162 million net revenue for the following services:

<u>Service</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Conventions, Conferences & Meetings	4,988.4	350.0
Exhibition Place Asset Management	14,148.5	12,432.3
Exhibition Place Parking Access	2,658.7	(5,088.0)
Exhibitions & Events	15,487.4	(7,856.3)
Total Program Budget	<u>37,283.0</u>	<u>(162.0)</u>

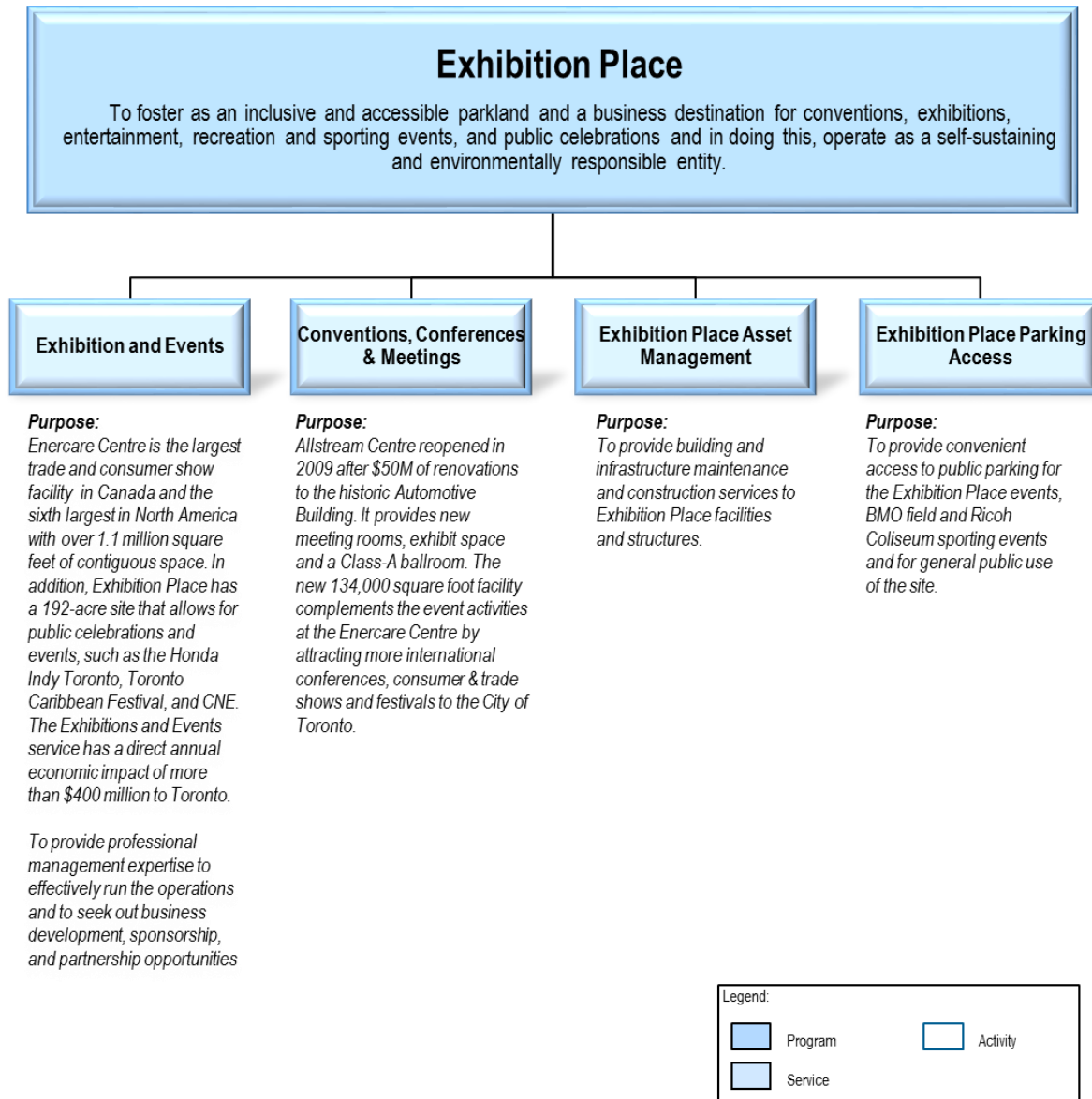
2. City Council approve the 2017 service levels for Exhibition Place as outlined on pages 15, 17, 19 and 21 of this report, and associated staff complement of 359.0 positions.
3. City Council approve the 2017 new user fees, technical adjustments to user fees, market rate user fee changes, rationalized user fees, and other fee changes above the inflationary adjusted rate for Exhibition Place identified in Appendix 7, for inclusion in the Municipal Code Chapter 441 "Fees and Charges".



Part 1:

2017-2019 Service Overview and Plan

Program Map



Service Customer

Exhibitions and Events

- Event Organizers
- Exhibitors
- Leased Tenants (10 Long-term Tenants)
- Parking Patrons
- Sporting Event Attendees
- Indirect (Beneficial)
 - Event Participants
 - Local Hotels and Restaurants
 - Local Business Community

Conventions, Conferences & Meetings

- Associations
- Corporations
- Local and International Businesses & Organizations
- Not-For-Profits and Community Organizations
- Conference Attendees
- Indirect (Beneficial)
 - Local Hotels and Restaurants
 - Local Business Community

Exhibition Place Asset Management

- Exhibition Place Services
- Indirect (Beneficial)
 - Event Organizers
 - Exhibitors
 - Leased Tenants
 - Parking Patrons
 - Visitors / Walking Tours
 - Shows and Events Attendees
 - General Public

Exhibition Place Parking Access

- Exhibition Place Event Attendees
- BMO Field Sporting Event Attendees
- Long-term Tenants
- Commuters
- Indirect (Beneficial)
 - Event Hosts

Table 1
2017 Preliminary Operating Budget and Plan by Service

(In \$000s)	2016		2017 Preliminary Operating Budget			2017 Preliminary vs. 2016 Budget Change		Incremental Change			
	Budget	Projected Actual	Base	New/ Enhanced	Total Budget			2018 Plan		2019 Plan	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Conventions, Conferences & Meetings											
Gross Expenditures	4,806.2	4,806.2	4,988.4		4,988.4	182.2	3.8%	116.8	2.3%	59.4	1.2%
Revenue	4,806.2	4,806.8	4,638.4		4,638.4	(167.8)	(3.5%)	(215.9)	(4.7%)	101.7	2.3%
Net Expenditures		(0.6)	350.0		350.0	350.0	-	332.7	95.1%	(42.3)	(6.2%)
Exhibition Place Asset Management											
Gross Expenditures	13,969.6	13,969.6	14,148.5		14,148.5	178.9	1.3%	45.5	0.3%	251.2	1.8%
Revenue	1,589.8	1,589.2	1,716.2		1,716.2	126.4	8.0%	(225.0)	(13.1%)	(25.0)	(1.7%)
Net Expenditures	12,379.8	12,380.4	12,432.3		12,432.3	52.5	0.4%	270.5	2.2%	276.2	2.2%
Exhibition Place Parking Access											
Gross Expenditures	2,517.6	2,517.6	2,658.7		2,658.7	141.1	5.6%	52.5	2.0%	58.1	2.1%
Revenue	7,293.9	8,615.5	7,746.7		7,746.7	452.8	6.2%	232.4	3.0%	239.4	3.0%
Net Expenditures	(4,776.3)	(6,097.9)	(5,088.0)		(5,088.0)	(311.7)	6.5%	(179.9)	3.5%	(181.3)	3.4%
Exhibitions & Events											
Gross Expenditures	15,220.5	14,920.5	15,487.4		15,487.4	266.9	1.8%	274.0	1.8%	585.2	3.6%
Revenue	22,981.0	21,859.4	23,343.7		23,343.7	362.7	1.6%	697.3	3.0%	637.8	2.7%
Net Expenditures	(7,760.5)	(6,938.9)	(7,856.3)		(7,856.3)	(95.8)	1.2%	(423.3)	5.4%	(52.6)	0.6%
Total											
Gross Expenditures	36,513.9	36,213.9	37,283.0		37,283.0	769.1	2.1%	488.8	1.3%	953.9	2.5%
Revenue	36,670.9	36,870.9	37,445.0		37,445.0	774.1	2.1%	488.8	1.3%	953.9	2.5%
Total Net Expenditures	(157.0)	(657.0)	(162.0)		(162.0)	(5.0)	3.2%				
Approved Positions	361.0	361.0	359.0		359.0	(2.0)	(0.6%)				

Exhibition Place's 2017 Preliminary Operating Budget is \$37.283 million gross and (\$0.162) million net, representing a 3.2% increase (in net revenue) from the 2016 Approved Net Operating Budget and is in accordance with the budget target as set out in the 2017 Operating Budget Directions approved by Council.

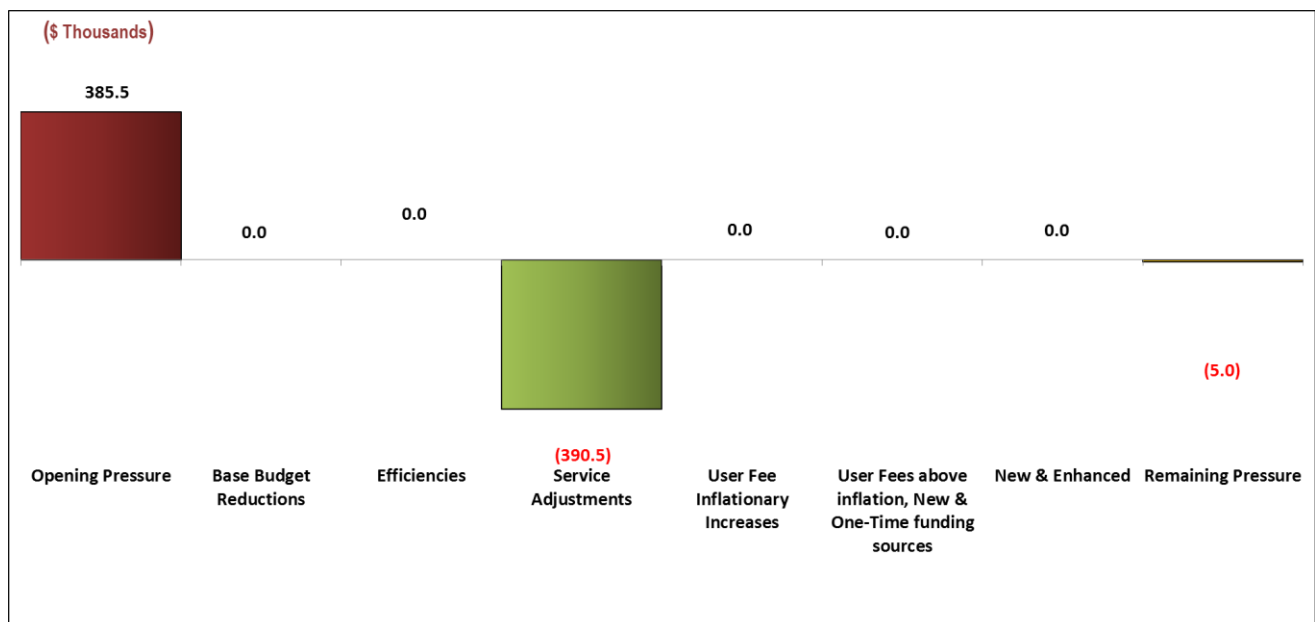
- Base pressures are mainly attributable to salaries and benefits, inflationary cost increases, and one-time equipment expense.
- To help mitigate the above pressures, the Program was able to achieve service efficiency savings through the outsourcing of in-house welding and sign-shop services as well as energy saving initiatives.
- Approval of the 2017 Preliminary Operating Budget will result in Exhibition Place reducing its total staff complement by 2.0 positions from 361.0 to 359.0.
- The 2018 and 2019 Plan increases are attributable to increases in salaries and benefits, event support costs and various other expenditures offset by increases in revenues from volume increases for events and conferences resulting in a net zero budget.

The following graphs summarize the operating budget pressures for this Program and the measures/actions taken to offset these pressures and meet the budget target.

Key Cost Drivers



Actions to Achieve Budget Reduction Target



**Table 2
Key Cost Drivers**

(In \$000s)	2017 Base Operating Budget								Total	
	Conventions, Conferences & Meetings		Exhibition Place Asset Management		Exhibition Place Parking Access		Exhibitions & Events			
	\$	Position	\$	Position	\$	Position	\$	Position	\$	Position
Gross Expenditure Changes										
Salary & Benefits										
Base Adjustment	62.5		45.3	(1.0)	(10.0)		28.8	1.0	126.6	
Progression Pay	12.8		50.0		9.1		115.9		187.9	
Cost of Living Adjustment	1.9		33.3		5.6		114.5		155.4	
Benefit Adjustment	15.3		51.0		2.3		55.1		123.7	
Economic Factors										
Corporate	19.1		160.3				66.8		246.2	
Other Base Changes										
Utilities expense	(24.4)		(0.4)						(24.8)	
Insurance expense			(96.9)						(96.9)	
Other expenses	95.1		153.7		135.8		(286.9)		97.8	
Cost recoveries			(2.1)		(1.7)		122.6		118.8	
Total Gross Expenditure Changes	182.3		394.3	(1.0)			216.9	1.0	934.7	
Revenue Changes										
User fees	711.2		(55.6)		452.8		312.7		1,421.0	
Contribution to/from reserves	(878.9)		7.0						(871.9)	
Total Revenue Changes	(167.7)		(48.6)		452.8		312.7		549.1	
Net Expenditure Changes	143.3		48.2		(452.8)		(312.7)		385.5	

Key cost drivers for Exhibition Place are discussed below:

- Revenue Changes:
 - Conventions, Conferences & Meetings: There is an anticipated increase in the number of events booked at Allstream Centre and a consequent increase in parking revenues from the increased bookings resulting in user fee revenue increase of \$0.711 million.
 - Exhibition Place Parking Access: Additional parking revenues (net of parking rebate) are expected from Argos games being hosted in 2017 at the BMO Field as well as a general increase in anticipated volumes for Toronto FC. The increase is further compounded by a \$5 parking rate hike in 2017 for special events to \$30 (2016 fee: \$25).
 - Exhibitions & Events: Inflationary increases and additional rental income from the anticipated event mix for 2017 are expected to result in a user fee revenue increase of \$0.313 million.

In order to achieve the budget target of -2.6% of the 2016 Approved Net Operating Budget, the following service efficiencies are included in the 2017 Preliminary Net Operating Budget which will realize savings of \$0.391 million net as detailed below.

**Table 3
Actions to Achieve Budget Reduction Target
2017 Preliminary Service Change Summary**

Description (\$000s)	Service Changes								Total Service Changes			Incremental Change			
	Conventions, Conferences & Meetings		Exhibition Place Asset Management		Exhibition Place Parking Access		Exhibitions & Events		\$	\$	#	2018 Plan		2019 Plan	
	Gross	Net	Gross	Net		Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.	
Service Efficiencies															
Outsourcing welding service due to diminished demand			(91.0)	(91.0)				(91.0)	(91.0)	(1.0)					
Outsourcing sign shop service due to diminished demand			(52.0)	(52.0)				(52.0)	(52.0)	(1.0)					
Utilities savings from District Energy System project and contracted price of natural gas			(248.0)	(248.0)				(248.0)	(248.0)						
Sub-Total			(391.0)	(391.0)				(391.0)	(391.0)	(2.0)					
Total Changes			(391.0)	(391.0)				(391.0)	(391.0)	(2.0)					

Service Efficiencies (Savings of \$0.391 million net)

Outsourcing welding service due to diminished demand (\$0.091 million)

- The in-house welding service will close due to diminishing demand from clients. These services will be performed by external contractors. A reduction of 1.0 temporary position will result.

Outsourcing sign shop service due to diminished demand (\$0.052 million)

- The in-house sign-shop will close due to diminishing demand from clients. These services will be performed by external contractors. A reduction of 1.0 temporary position will result.

Exhibition Place staff have reviewed and revised revenue models to outsource the above services to external contractors. To ensure the above changes are sustainable, Exhibition Place will manage costs by engaging these contracted services on an as needed basis and recovering costs from clients.

Utilities savings from District Energy System project and contracted price of natural gas (\$0.248 million)

- Exhibition Place staff expect to generate additional utilities savings as a result of the District Energy System (DES) project which provides hot and cold water to the new Hotel X (upon completion) as well as to existing event facilities including Ricoh Coliseum, Coliseum Complex, Direct Energy Centre and Allstream Centre.
- Further savings in utilities will be realized from reductions in the contract price of natural gas.

Approval of the 2017 Preliminary Operating Budget for Exhibition Place will result in no incremental net costs for 2018 and 2019 to maintain the 2017 service levels, as discussed in the following section.

Table 5
2018 and 2019 Plan by Program

Description (\$000s)	2018 - Incremental Increase					2019 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
Known Impacts:										
Salaries and Benefits										
Progression Pay	394.9		394.9	3.9%		410.4		410.4	3.9%	
COLA and Fringe Benefits	354.5		354.5	1.7%		355.3		355.3	1.6%	
Other Base Changes (specify)										
Utilities	65.5		65.5	2.1%		66.9		66.9	2.1%	
Equipment	(200.0)		(200.0)	(52.9%)						
Other expenses	192.9		192.9	1.5%		135.5		135.5	1.0%	
Cost recoveries	(319.0)		(319.0)	2.5%		(14.2)		(14.2)	0.1%	
Revenue (specify)										
Fees, service charges		1,161.7	(1,161.7)	3.3%			978.8	(978.8)	2.7%	
Contribution from reserve funds		(672.9)	672.9	(32.5%)			(25.0)	25.0	(1.8%)	
Sub-Total	488.8	488.8				953.8	953.8	0.0		
Total Incremental Impact	488.8	488.8				953.8	953.8	0.0		

Known Impacts:

As illustrated above, future year incremental costs will result in a net zero operating position. For additional clarity:

- The decrease in equipment expenditure arises from a one-time purchase of portable equipment in 2017 offset entirely by a withdrawal from the equipment reserve with zero impact on net expenditures.
- Revenues from anticipated volume increases for events and conferences (including inflation) contribute to increased revenues of \$1.162 million. There is a corresponding increase in other expenditures relating to event support costs of \$0.193 million offset by increased cost recoveries of \$0.319 million.
- No position changes are expected for 2017 and 2018.



Part 2:

2017 Preliminary Operating Budget by Service

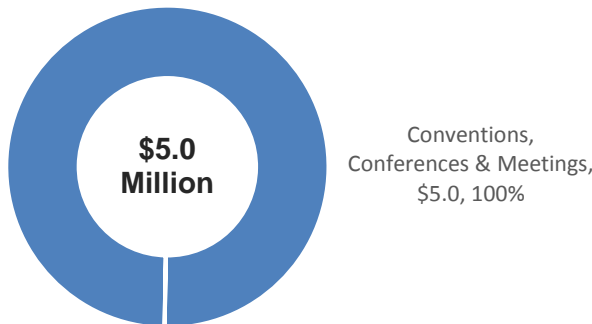
Conventions, Conferences & Meetings



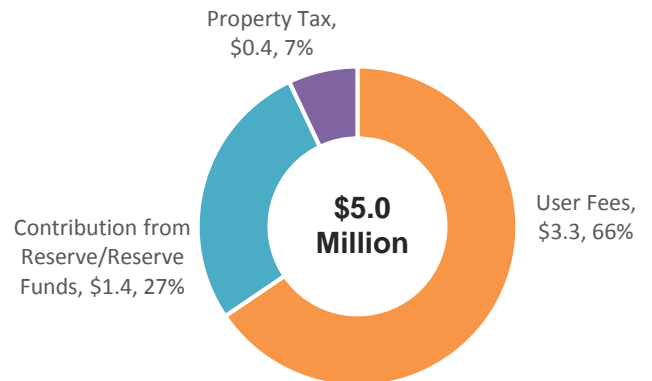
What We Do

- Allstream Centre is a 160,000 square foot, LEED Silver-certified conference facility which reopened in October 2009 after a \$50 million renovation to the historic Automotive Building.
- The Centre provides new meeting rooms, exhibit space as well as a Class A ballroom.
- The facility complements the exhibition and convention activities at the Enercare Centre and Exhibition Place by attracting more international conferences, consumer/trade shows, and festivals to the City of Toronto.

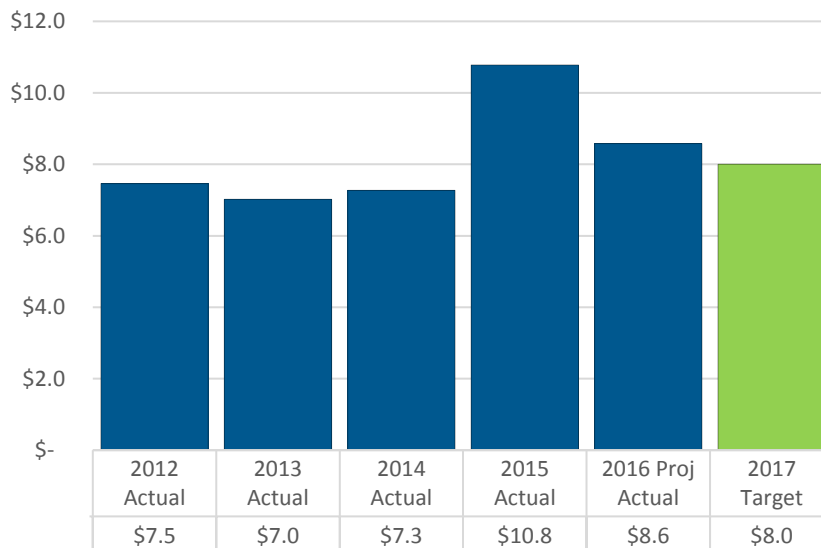
2017 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Ms)



Effectiveness Measure – Events Building Rent – Enercare Centre (\$ Millions)



- With the successful Pan Am Games events in 2015 and the NBA All Star Jam Session in 2016, Exhibition Place has solidified its leadership position in hosting a large variety of events, complemented with excellent facility support and amenities.
- 2017 consists of revenues of \$1.7 million arising from new business. 2015 and 2016 consist of one-time revenues from the Pan Am Games and the NBA All Star Jam Session respectively.

2017 Service Levels Conventions, Conferences & Meetings

Service	Activity	Status	2014	2015	2016	2017
Conventions, Conference & Meetings	Event Space	Approved	100% compliance with negotiated terms	100% compliance with negotiated terms	100% compliance with negotiated terms	100% compliance with negotiated terms
	Guest Services: Food & Beverage	Approved	\$87.58 food and beverage sales per attendee	\$90.21 food and beverage sales per attendee	\$88.86 food and beverage sales per attendee	\$78.40 food and beverage sales per attendee
	Guest Services: Facility Support	Approved	\$0.32 of Service Revenue per \$1 of total revenue	\$0.32 of Service Revenue per \$1 of total revenue	\$0.30 of Net Service Revenue per \$1 of total rent revenue	\$0.22 of Net Service Revenue per \$1 of total rent revenue
	Guest Services: Parking	Approved	Labour Cost ratio of 9% of revenue	Labour Cost ratio of 9% of revenue	Labour Cost ratio of 8.2% of revenue	Labour Cost ratio of 8.0% of revenue

Overall, the 2017 Service Levels are largely consistent with the approved 2016 Service Levels for Conventions, Conferences & Meetings with adjustments to align to the actual experience in 2016.

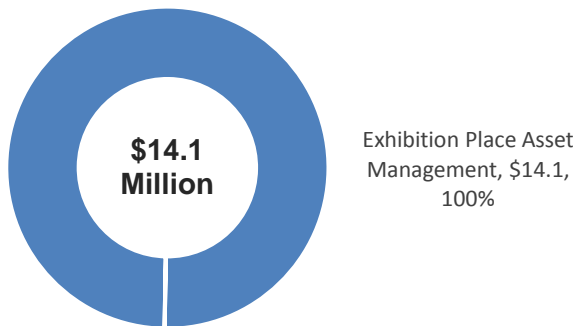
Exhibition Place Asset Management



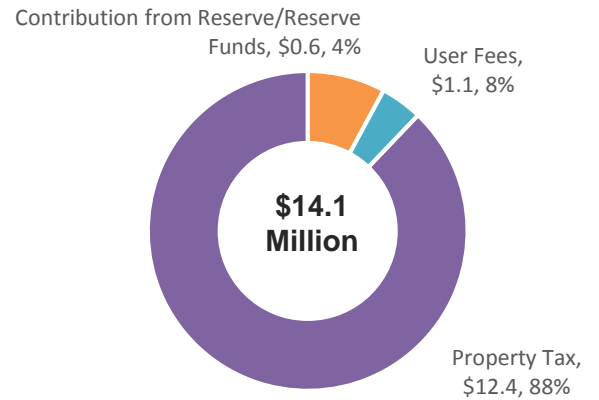
What We Do

- Provide building and infrastructure maintenance and construction services to Exhibition Place facilities and structures.

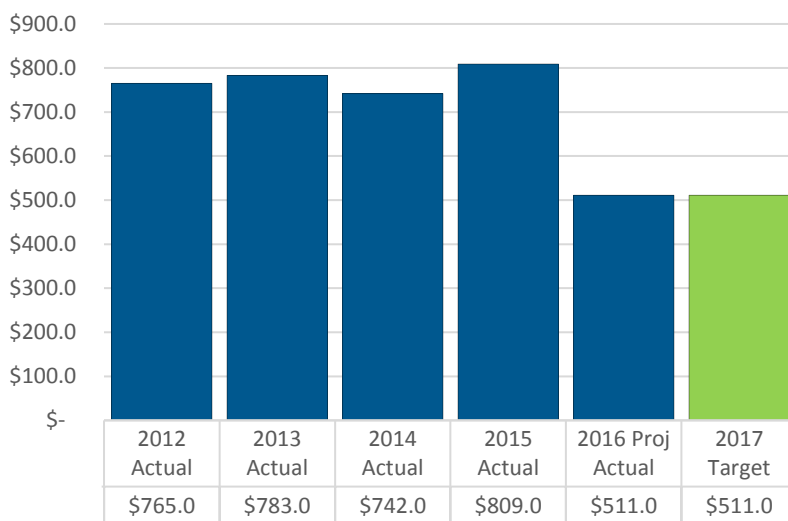
2017 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Ms)



Efficiency Measure – Utilities Savings from ERP Projects (\$ Thousands)



- Savings in energy costs are projected at a level similar to 2016. Further savings are dependent on future Green Energy projects.
- Savings thus far are due to various Energy Retrofit Projects: Photovoltaic at the Horse Palace and East Annex, hall lighting at Enercare Centre, Five Exhibition Place Buildings retrofit, boiler replacements, LED Pathway lights, Back Pressure Steam-turbine, Press Building Geothermal, and underground parking lights.

2017 Service Levels Exhibition Place Asset Management

Service	Activity	Status	2014	2015	2016	2017
Exhibition Place Asset Management	Parking Lots, Roads & Sidewalks	Approved	Maintain Parking Lots, Roads & Sidewalks in good condition for public access; increase sustainability and reduce failure of Exhibition Place Assets; effective investment of Capital funds; ensure preservation of Historical site and area	Maintain Parking Lots, Roads & Sidewalks in good condition for public access; increase sustainability and reduce failure of Exhibition Place Assets; effective investment of Capital funds; ensure preservation of Historical site and area	Maintain Parking Lots, Roads & Sidewalks in good condition for public access; increase sustainability and reduce failure of Exhibition Place Assets; effective investment of Capital funds; ensure preservation of Historical site and area	Maintain Parking Lots, Roads & Sidewalks in good condition for public access; increase sustainability and reduce failure of Exhibition Place Assets; effective investment of Capital funds; ensure preservation of Historical site and area
	Waste Management	Approved	Waste Management: Achieve 80% waste diversion	Waste Management: Achieve higher than 2013 actual of waste diversion of 85.15%	Waste Management: Achieve higher than 2014 actual of waste diversion of 85.74%	Waste Management: Achieve higher than 2015 actual of waste diversion of 88.20%
	Fleet & Equipment Maintenance	Approved	Fleet & Equipment Maintenance: Maintain current 43 vehicles and 73 pieces of equipment and additional acquisitions	Fleet & Equipment Maintenance: Maintain current 43 vehicles and 73 pieces of equipment and additional acquisitions	Fleet & Equipment Maintenance: Maintain current 43 vehicles and 73 pieces of equipment and additional acquisitions	Fleet & Equipment Maintenance: Maintain current 43 vehicles and 73 pieces of equipment and additional acquisitions

Overall, the 2017 Service Levels are consistent with the approved 2016 Service Levels for Exhibition Place Asset Management.

There will be a continued focus on improving the service's waste management operations. Based on 2016, the service level has been raised to a waste diversion rate of 88.20% for 2017 or an increase of 2.46% over the 2016 level.

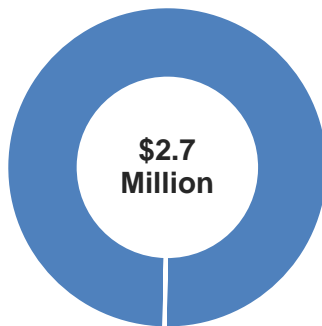
Exhibition Place Parking Access



What We Do

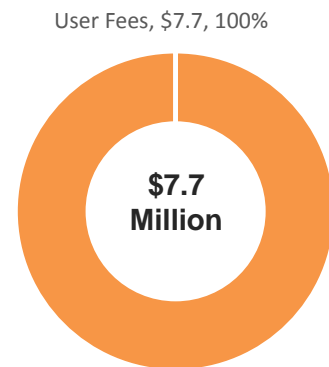
- Provide convenient access to public parking for Exhibition Place events, BMO Field sporting events, and general public.

2017 Service Budget by Activity (\$Ms)

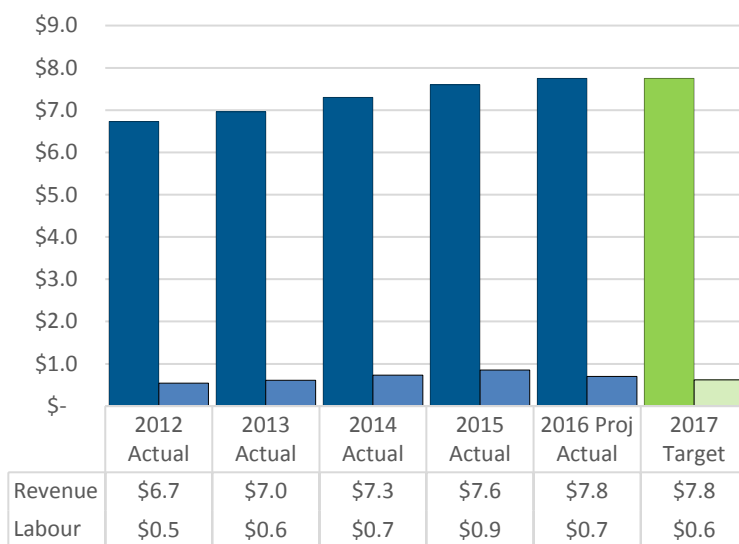


Exhibition Place Parking Access, \$2.7, 100%

Service by Funding Source (\$Ms)



Effectiveness Measure – Parking Revenue & Direct Wages (\$ Millions)



- Parking revenue and direct labour costs have performed at a consistent level over the previous years.
- Current revenue levels are sustainable given the greater level of activity from Argos games being hosted in 2017 at the BMO Field as well as a general increase in anticipated volumes for Toronto FC. The increase is further compounded by a \$5 parking rate hike in 2017 for special events
- Ratio between the parking revenue and direct labour costs has improved over the previous years.

2017 Service Levels Exhibition Place Parking Access

Service	Activity	Status	2014	2015	2016	2017
Exhibition Place Parking Access	Surface	Approved	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 9% of revenue	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 9% of revenue.	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 8.2% of revenue.	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 8.0% of revenue.
	Underground	Approved	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 9% of revenue	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 9% of revenue.	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 8.2% of revenue.	100% of parking spaces available and accessible for all major events. Variable labour cost ratio of 8.0% of revenue.

Overall, the 2017 Service Levels are consistent with the approved 2016 Service Levels for Exhibition Place Parking Access. The ratio between the direct labour costs and parking revenue is targeted to decrease from 8.2% in 2016 to 8.0% in 2017.

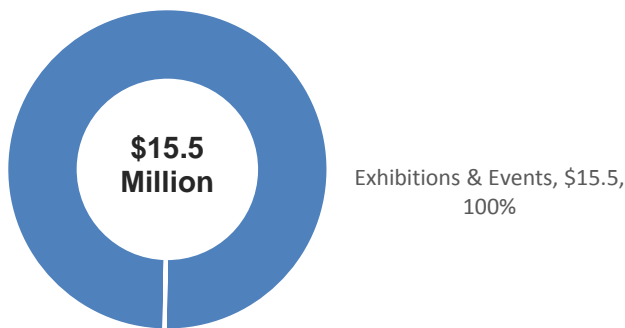
Exhibition & Events



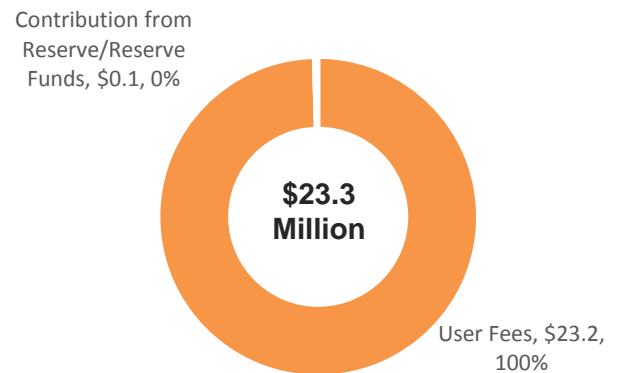
What We Do

- Enercare Centre is the largest trade and consumer show facility in Canada and the sixth largest in North America with over 1.1 million square feet of continuous space.
- The Exhibition Place has a 192-acre site that allows for public celebrations and events, such as the Honda Indy Toronto, Toronto Caribbean Festival and the Canadian National Exhibition.
- The Exhibitions & Events Service has a direct annual economic impact of more than \$350 million to Toronto.

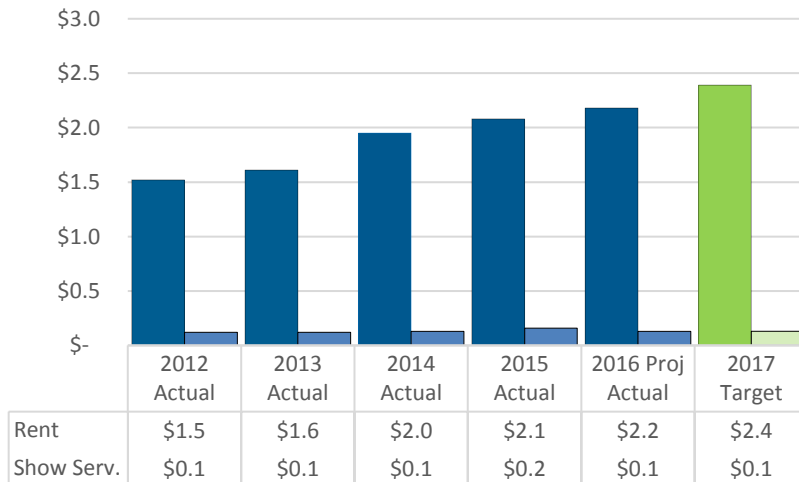
2017 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Ms)



Effectiveness Measure – Tenants Rent & Net Show Services (\$ Millions)



- Actual experience suggests that Enercare Centre is projected to grow its occupancy rates and number of events hosted.

2017 Service Levels Exhibition & Events

Service	Activity	Status	2014	2015	2016	2017
Exhibitions & Events	Event - Trade & Consumer	Approved	100% compliance with negotiated terms	100% compliance with negotiated terms	100% compliance with negotiated terms	100% compliance with negotiated terms
	Event - Meetings & Corporate	Approved	100% compliance with negotiated terms	100% compliance with negotiated terms	100% compliance with negotiated terms	100% compliance with negotiated terms
	Event - Community / Festivals / City of Toronto / Sporting / Photo & Film	Approved	100% compliance with negotiated terms	100% compliance with negotiated terms	100% compliance with negotiated terms	100% compliance with negotiated terms
	Event - Major Citywide celebrations & special events	Approved	100% compliance with negotiated terms	100% compliance with negotiated terms	100% compliance with negotiated terms	100% compliance with negotiated terms
	Guest Services: Food & Beverage	Approved	\$4.75 food & beverage sales per attendee	\$4.67 food & beverage sales per attendee	\$11.33 food & beverage sales per attendee	\$4.87 food & beverage sales per attendee
	Guest Services: Facility Support	Approved	\$0.75 of Service Revenue per \$1 of Rent Revenue	\$0.75 of Service Revenue per \$1 of Rent Revenue	\$0.53 of Service Revenue per \$1 of Rent Revenue	\$0.67 of Service Revenue per \$1 of Rent Revenue
	Guest Services: Facility Support	Approved			Outsourcing Electrical/Mechanical Service	
	Guest Services: Facility Support	New				Closing Creative and Sign Service
	Guest Services: Facility Support	New				Outsourcing Welding Service
	Long-term Tenant Support	Approved	\$10.43 per Square foot of long term tenant space supported	\$11.10 per Square foot of long term tenant space supported	\$11.61 per Square foot of long term tenant space supported	\$10.29 per Square foot of long term tenant space supported

Overall, the 2017 Service Levels are largely consistent with the approved 2016 Service Levels for Exhibition & Events with the following exceptions:

- Guest Services: Food & Beverage activity has been adjusted to a level consistent with pre-2016 levels in order to align with the actual levels achieved in 2016. Exhibition Place anticipates increased volumes for food and beverages in 2017 at the Allstream Centre given the anticipated event mix for the year.
- Guest Services: Facility Support and Long-term Tenant Support have been adjusted to align with the experience in 2016.
- As part of the Service's proposition to achieve the service efficiency target assigned for 2017, Exhibition Place plans to outsource its Sign Shop and Welding services.



Part 3:

Issues for Discussion

Issues Impacting the 2017 Budget

Budget Reduction Target

- At its meeting on July 12, 2016, the "2017 Budget Process: Budget Directions and Schedule" staff report (EX16.37) was submitted for consideration and adopted by City Council regarding the establishment of the 2017 Budget Process and the scheduling of the review and approval of the Tax and Rate Supported 2017 Operating Budget and 2017-2026 Capital Budget and Plan for the City of Toronto.

<http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94519.pdf>

- City Council adopted an across the board budget reduction target of -2.6% net below the 2016 Approved Net Operating Budgets for all City Programs and Agencies utilizing strategies including but not limited to controlling expenditures through cost saving measures, and exploring all services for efficiency savings including opportunities from business process reengineering, streamlining, transformation and innovation to service delivery.
- Exhibition Place has proposed the following service efficiency opportunities included in its 2017 Preliminary Net Operating Budget which enables the Program to achieve the budget target of -2.6% of the approved 2016 Net Operating Budget:

- ***Outsourcing of Sign Shop and Welding Services (\$0.143 million)***: The closing of the in-house sign shop and the outsourcing of welding services is due to diminishing demand from clients and will result in the reduction of 2.0 temporary positions. These services will be performed through external contractors and the expenses will be recovered from clients.

In both instances, management has reviewed and revised revenue models to outsource the above services to external contractors which has allowed management to manage costs by simply sourcing in these services on an as needed basis and recovering through event revenues.

- ***Utilities Savings (\$0.248 million)***: Management expects to generate additional utilities savings as a result of its District Energy System project which provides hot and cold water to the new Hotel X as well as to existing event facilities including Ricoh Coliseum, Coliseum Complex, Direct Energy Centre and Allstream Centre through the District Energy System (DES).

Further savings in utilities will be realized from reductions in the contract price of natural gas.

Maintaining Positive Financial Performance

- Exhibition Place operates in a very competitive market in Toronto and the surrounding Greater Toronto Area, as it continues to strive to generate new business and to maximize profitability.
- The budgetary objective for this Agency is to stabilize or decrease expenditures through the redevelopment and rental of the underutilized buildings and other business opportunities. This objective is actively pursued each year to accommodate annual budget pressures which include cost of living increases and utility costs.

Maintaining Trade and Consumer Show Business

- The current uncertainty affecting the international markets arising from events such as Britain's exit from the European Union, the American election and economic growth in China is expected to have an impact on Exhibition Place's trade and consumer show activity. Despite the uncertainty, international interest in North American shows continues to grow as companies look to expand their markets given the poorer economies in their home countries.

Issues Impacting Future Years

Construction of Hotel X – Allstream Centre Bridge

- With the new hotel (Hotel X) being completed in 2017 on Exhibition Place's grounds, Exhibition Place will be able to compete for a whole new segment of the conference, meeting and convention business that would not previously consider Exhibition Place's facilities because of lack of on-site accommodations.
- Greater conference and meeting activity is also dependent on the construction of a self-contained space via a bridge connecting Hotel X to the conference centre (Allstream Centre). This arrangement will allow participants to access meeting rooms and other services directly and easily from their hotel rooms without being affected by challenges such as traffic and weather.
- The construction of Hotel X, a third-party responsibility which was originally slated for completion in Spring 2016, is still in progress, preventing the construction of the bridge. As a result, the bridge project has been deferred by a year. These delays have an impact on the expected timing of additional cash flows from events that would benefit from the Hotel X – Allstream Centre arrangement which can only start once the construction of the hotel and the bridge are complete, notwithstanding the lead time for the combined hotel and Allstream Centre operations to achieve their steady-state of activity.

New Parking Facility

- City Council approved a motion that required Maple Leaf Sports & Entertainment (MLSE) to fund a grounds-wide parking study costing up to \$0.200 million and a contribution of \$1.800 million (for a total of \$2.000 million to be matched by the City) towards the creation of a potential new parking facility at Exhibition Place. The Agreement with MLSE required that the construction of the new parking facility commence by December 31, 2019.
 - For additional information regarding the motion referred to above, please refer to the attached link for the report titled "Proposed Basketball Training Centre at Exhibition Place" (EX 44.3) considered by City Council at its meeting on August 25, 2014.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX44.3#>
- A reserve fund has been established (XR 1063 – Exhibition Place Green Space Renewal) to hold any funds associated with this project. MLSE has contributed \$1.000 million to this reserve fund in 2016 and the projected 2016 year-end balance is expected to be \$1.003 million.



Appendices

Appendix 1

2016 Service Performance

Key Service Accomplishments

In 2016, Exhibition Place accomplished the following:

- ✓ Maintained outstanding customer service by achieving an average rating of 90% from client satisfaction surveys
- ✓ Promoted safety in the workplace and reduced lost time greater than the 2010 base year
- ✓ Exceeded financial and budget targets. For the ten year period 2006 to 2015 inclusive the Board has paid over its operating surplus to the City totaling \$16.590 million.
- ✓ Improved events attendance and occupancy
- ✓ Continued to promote environmental initiatives and energy conservation - incentive revenue and utilities cost savings from these projects is approximately \$0.511 million per year
- ✓ Continued to develop community use of the grounds
- ✓ Diversification of customer target group for shows and events to include more film shoots, religious and cultural events, and private functions
- ✓ Continued implementation of the strategy for energy efficient capital upgrades for the non-tenanted buildings – completed construction of the District Energy System
- ✓ Completion of Phase 2 of BMO Field expansion
- ✓ Commencing 2016, Toronto Argonauts will play at BMO Field
- ✓ BMO Field will host the Grey Cup Finals in 2016
- ✓ Completion of BioSteel Centre (Raptors Training Facility)
- ✓ Successfully serviced the NBA Allstar Jam Session
- ✓ Secured hosting privileges for Toronto's first Winter Centennial Classic hockey game (Toronto Maple Leafs vs Detroit Red Wings) at the BMO Field on January 1, 2017. This game will celebrate the Toronto Maple Leafs 100 year anniversary
- ✓ Secured new tenant for Queen Elizabeth office

Appendix 2

2017 Preliminary Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2014	2015	2016	2016	2017	2017 Change		Plan	
	Actual	Actual	Budget	Projected	Preliminary	from 2016		2018	2019
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	29,837.0	33,743.2	31,140.2	31,703.6	31,492.2	351.9	1.1%	32,241.6	33,007.3
Materials and Supplies	2,712.9	2,830.2	3,168.4	3,223.7	3,141.4	(27.0)	(0.9%)	3,207.0	3,273.9
Equipment	381.0	427.6	177.8	171.8	377.8	200.0	112.5%	177.8	177.8
Services & Rents	11,866.3	14,503.2	13,017.8	11,933.3	13,120.4	102.6	0.8%	13,313.3	13,448.7
Contributions to Reserves	2,274.0	1,854.5	2,039.4	2,039.4	1,942.5	(96.9)	(4.7%)	1,942.5	1,942.5
Other Expenditures	(12,479.6)	(15,210.5)	(13,029.8)	(12,857.9)	(12,791.4)	238.4	(1.8%)	(13,110.4)	(13,124.6)
Total Gross Expenditures	34,591.6	38,148.1	36,513.9	36,213.9	37,283.0	769.1	2.1%	37,771.8	38,725.7
User Fees & Donations	31,187.8	37,234.8	33,953.5	34,261.9	35,374.6	1,421.0	4.2%	36,536.3	37,515.2
Contribution from Reserves	3,560.2	1,409.3	2,717.4	2,609.0	2,070.4	(646.9)	(23.8%)	1,397.5	1,372.5
Total Revenues	34,748.1	38,644.0	36,670.9	36,870.9	37,445.0	774.1	2.1%	37,933.8	38,887.7
Total Net Expenditures	(156.5)	(495.9)	(157.0)	(657.0)	(162.0)	(5.0)	3.2%	(162.0)	(162.0)
Approved Positions	384.0	395.0	361.0	361.0	359.0	(2.0)	(0.6%)	359.0	359.0

* Based on the 2016 9-month Operating Variance Report

Exhibition Place expects to generate a favourable variance of \$0.500 million from the 2016 Approved Net Operating Budget primarily due to higher than budgeted additional parking revenue from Ontario Place's sold out concerts, greater than anticipated attendees at Argos/TFC games at BMO Field, and cost savings from various departments.

For additional information regarding the 2016 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2016" (BU 26.4) considered by City Council at its meeting on December 13, 2016.

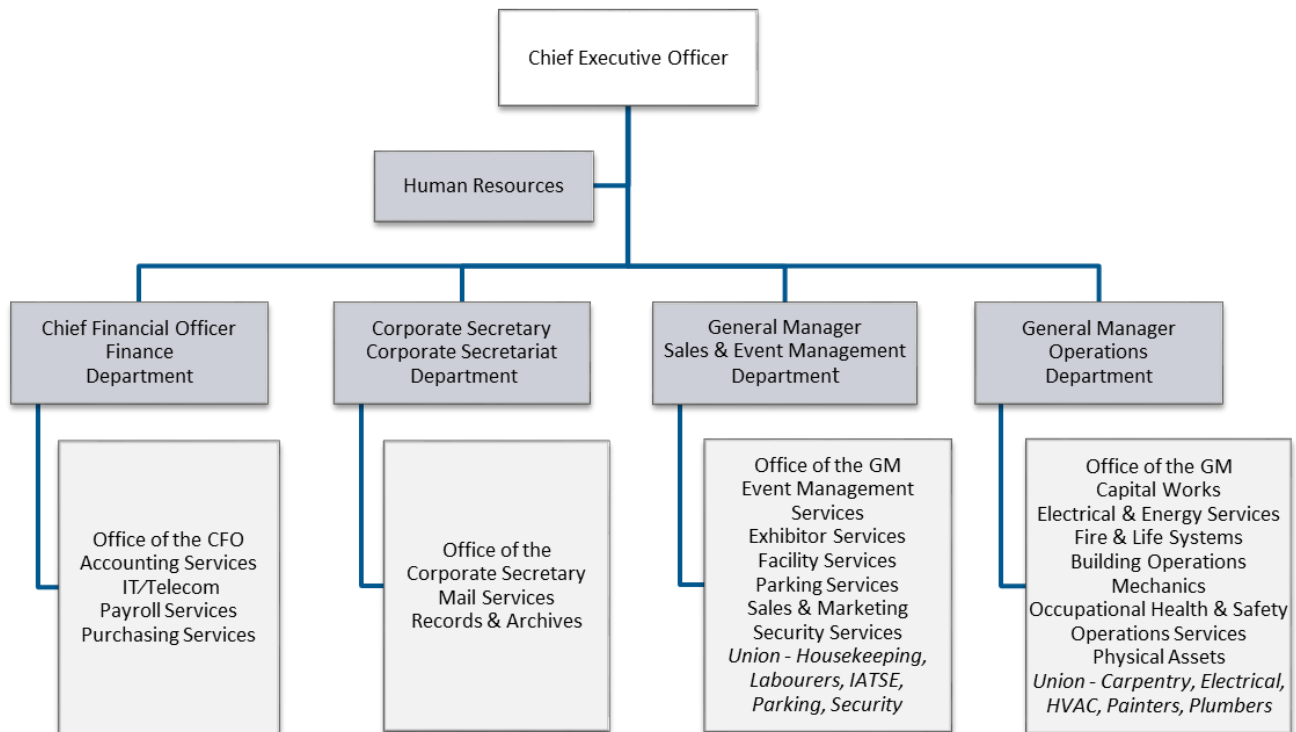
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.BU26.4>

Impact of 2016 Operating Variance on the 2017 Preliminary Operating Budget

- There are no impacts from the 2016 Operating Variance on the 2017 Operating Budget. In accordance with the decision of City Council in December 2007, any operating surplus over the budgeted surplus will be deposited in the Exhibition Place Conference Centre Reserve Fund (CCRF) to be held by the City of Toronto to provide a source of funding for any cash shortfalls with respect to Allstream Centre operations.

Appendix 3

2017 Organization Chart



2017 Total Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	11.0	60.0	49.0		120.0
Temporary				239.0	239.0
Total	11.0	60.0	49.0	239.0	359.0

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 \$	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
			\$	\$	\$
Projected Beginning Balance		1,061.1	1,061.1	775.2	937.2
EX - Conference Centre Reserve Fund	XR 3019				
<i>Proposed Withdrawals (-)</i>					
<i>Naming rights used for Allstream</i>			(922.5)	(922.5)	(922.5)
<i>Withdrawal to cover cash loss</i>			(447.9)		
<i>Contributions (+)</i>					
<i>Enercare naming fees</i>			675.0	675.0	675.0
<i>Allstream naming Fees</i>			247.5	247.5	247.5
<i>Operating surplus</i>			162.0	162.0	162.0
Total Reserve / Reserve Fund Draws / Contributions		1,061.1	775.2	937.2	1,099.2
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		1,061.1	775.2	937.2	1,099.2

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 \$	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
			\$	\$	\$
Projected Beginning Balance		951.8	951.8	608.8	1,054.8
Vehicle Reserve (Fleet and Portable)	XQ 1702/1902				
<i>Proposed Withdrawals (-)</i>					
<i>- Scheduled replacement</i>			(550.0)	(104.0)	(597.0)
<i>- Prior year</i>			(343.0)		
<i>Contributions (+)</i>					
<i>- Portable equipment</i>			200.0	200.0	200.0
<i>- Fleet</i>			350.0	350.0	350.0
Total Reserve / Reserve Fund Draws / Contributions		951.8	608.8	1,054.8	1,007.8
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		951.8	608.8	1,054.8	1,007.8

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 \$	Withdrawals (-) / Contributions (+)		
			2017 \$	2018 \$	2019 \$
Projected Beginning Balance		36,287.6	36,287.6	36,237.6	36,187.6
Sick Leave Reserve Fund	XR1007				
<i>Proposed Withdrawals (-)</i>					
- Withdrawals from fund			(100.0)	(100.0)	(100.0)
<i>Contributions (+)</i>					
- Interest					
- Contributions to fund			50.0	50.0	50.0
Total Reserve / Reserve Fund Draws / Contributions		36,287.6	36,237.6	36,187.6	36,137.6
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		36,287.6	36,237.6	36,187.6	36,137.6

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 \$	Withdrawals (-) / Contributions (+)		
			2017 \$	2018 \$	2019 \$
Projected Beginning Balance		19,645.5	19,645.5	20,065.5	20,485.5
Insurance Reserve Fund	XR1010				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>					
- Reserve fund contributions			420.0	420.0	420.0
Total Reserve / Reserve Fund Draws / Contributions		19,645.5	20,065.5	20,485.5	20,905.5
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		19,645.5	20,065.5	20,485.5	20,905.5

Appendix 7a

User Fees Adjusted for Inflation and Other

Rate Description	Service	Fee Category	Fee Basis	2016	2017			2018	2019
				Approved Rate	Inflationary Adjusted Rate	Other Adjustment	Budget Rate	Plan Rate	Plan Rate
Rental of Exhibit Halls and Heritage Court	Exhibitions & Events	Market Based	Per sq. ft.	\$0.0927 to \$0.183	\$0.095 to \$0.189		\$0.095 to \$0.189	\$0.095 to \$0.195	\$0.095 to \$0.195
General Parking	Parking Access	Market Based	Per car park per day	\$11 to \$30	\$11 to \$30		\$11 to \$30	\$11 to \$30	\$11 to \$30
Rental of Ball Rooms and Meeting Rooms	Conventions, Conferences & Meetings	Market Based	Daily rate per square foot	\$0.56 to \$0.61	\$0.577 to \$0.628		\$0.577 to \$0.628	\$0.577 to \$0.628	\$0.594 to \$0.647