

Analyst Briefing Notes

Budget Committee

(February 10, 2009)

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PART I: 2009 OPERATING BUDGET**Executive Summary**

- Exhibition Place is a unique site that is situated along the shores of Lake Ontario immediately west of downtown Toronto, consisting of approximately 192 acres of parkland with 22 historic buildings and structures that are owned by the City of Toronto and managed by the Board of Governors of Exhibition Place. These include the Direct Energy Centre, BMO Field, and the soon-to-be-completed Allstream Centre.

Exhibition Place is venue to more than 100 special events, including the Canadian National Exhibition (CNE), the Royal Agricultural Winter Fair, Toronto Caribbean Festival, CHIN Picnic, major trade and consumer shows, and sporting and entertainment events, attracting more than 5.2 million annual visitors. Exhibition Place is home to tenanted major entertainment venues: Liberty Grand, Medieval Times, Ricoh Coliseum, Muzik Clubs, Queen Elizabeth Concert Theatre and Gossip Restaurant. Exhibition Place is also a leading promoter of environmental initiatives and energy self-sufficiency and supports community use of the grounds.

- Challenges and Opportunities for Exhibition Place over the next 3 years include:
 - Maximizing occupancy of permanent tenants at the grounds to reduce fixed cost pressures and utilize the structures on the grounds;
 - Sustaining competitiveness and marketability in the trade show and entertainment markets given uncertain market conditions;
 - Attracting a wider and diverse audience at the CNE and other events through relevant programming; and
 - Adhering to its Environment Plan in continuing greening initiatives.
- Exhibition Place has established service objectives to address the challenges and opportunities it faces, reflecting the unique services it delivers:
 - To maximize the number of events at existing and renovated facilities to support operations and maintain profitability;
 - To increase attendance by providing new and relevant programming targeted at CNE patrons;
 - To improve spectator and attendee experience through excellent customer services and marketing;
 - To encourage community use of facilities, such as public skating at Ricoh Coliseum and local soccer leagues at BMO Field;

- To continue its support of youth employment at over 1,700 employed each year; and
- To open and establish the new Allstream Conference Centre as a major venue for local, national and international events and achieve Green Building Certification – Leadership in Energy and Environmental Design (LEED) Silver.
- The 2009 Operating Budget also advances the Mayor and Council’s priority for the:
 - ***Prosperity Agenda*** in attracting major international events, conferences, trade and consumer shows and exhibits to the City;
 - ***Clean & Beautiful City*** in the construction and beautification of key public spaces; and
 - ***Climate Change*** in implementing and promoting green economic development strategies.
- Priority actions in 2009 include:
 - Continuing to reduce hydro use and promote green initiatives, including the strategic planting of approximately 75 indigenous trees on Exhibition Place park grounds (\$0.075 million, \$0 net), which will increase the tree canopy, enhance beautification, provide shading, and reduce the “heat island” effect.
 - Opening the Allstream Conference Centre (\$0.378 million gross, \$0 net), which is a new service priority for Exhibition Place. This new conference centre provides meeting room and exhibit space to complement the event activity at the Direct Energy Centre. The facility will help in attracting more international conferences, conventions, consumer and trades shows and festivals to the City.
 - The return of motor sport racing to Toronto with the Honda Indy Toronto in July 2009.
- For 2008, Exhibition Place projected a year-end operating surplus of \$0.199 million in the September 30, 2008 Operating Variance Report. The favourable variance is largely attributable to higher than expected show revenues and food and beverage sales at the National Soccer Stadium (BMO Field) and a positive attendance season with higher than budgeted revenues for the Canadian National Exhibition (CNE). Subsequently, Exhibition Place is now projecting a year-end surplus of \$1.427 million, due to higher than expected show and parking revenues from additional events.

Table 1: 2009 Recommended Budget

	2008		2009 Recomm'd Operating Budget			Change - 2009 Recommended Operating Budget v. 2008 Appvd. Budget		FY Incremental Outlook	
	2008Appvd. Budget	2008 Projected Actual	2009 Base	2009 New/ Enhanced	2009 Operating Budget			2010	2011
	(In \$000s)								
	\$	\$	\$	\$	\$	\$	%	\$	\$
GROSS EXP.	53,994.9	55,314.6	59,309.7	377.7	59,687.4	5,692.5	10.5	3,223.2	1,886.5
REVENUE	53,967.2	55,514.0	59,360.2	377.7	59,737.9	5,770.7	10.7	3,223.2	1,886.5
NET EXP.	27.7	(199.4)	(50.5)	0.0	(50.5)	(78.2)	(282.3)	0.0	0.0
Approved Positions	519.5	519.5	519.5	10.0	529.5	10.0	1.9		
TARGET			27.7		27.7				
\$ Over / (Under) Program Target			(78.2)		(78.2)				
% Over / (Under) Program Target			-282.3%		-282.3%				

- The 2009 Recommended Operating Budget for Exhibition Place of \$(0.051) million net is \$0.078 million or 282.3% lower than the 2009 program target set at a 0% increase over the 2008 Approved Operating Budget. As no City bargaining units are involved at Exhibition Place, no COLA funding will be required from the City.
- The 2009 Recommended Operating Budget for Exhibition Place is comprised of base funding of \$59.310 million gross and \$(0.051) million net and funding for new/ enhanced service priorities of \$0.378 million and \$0 net. Approval of the 2009 Recommended Operating budget will result in the Program's staff complement increasing by 10 positions to 529.5 approved positions, due to the opening of the Allstream Conference Centre.
 - Exhibition Place projects no net incremental impacts in its 2010 and 2011 operating budgets. The Outlook for 2010 and 2011 includes known wage settlements and benefit increases, utility, equipment, and services and rent costs arising from inflationary pressures. The 2010 Outlook includes the full year operating impact of the new Allstream Conference Centre, expected to be opening in October 2009. Exhibition Place will absorb expenditure increases with incremental revenues from user fees and cost recoveries.
- The 2009 Recommended Base Budget incorporates key cost drivers and reduction strategies that include increases for COLA, merit, step and fringe benefits, and other inflationary and service cost increases offset by ancillary revenue and cost recovery increases, and an increase in the gapping budget.
- The 2009 Recommended Operating Budget of \$59.687 million gross and \$(0.051) million net supports Exhibition Place in delivering its broad range of services and priority actions that addresses its challenges, opportunities, and service objectives:
 - *Exhibition Place Operations & Direct Energy Centre's* 2009 Recommended Budget of \$26.497 million gross and \$0.829 million net continues to provide funding for City celebrations and events that attract international visitors, such as the Toronto Caribbean

Festival, CHIN Picnic and the Honda Indy Toronto, a motor sport race that is returning to Toronto in July 2009.

The budget also supports the Direct Energy Centre, which hosts national and community events and shows such as the Royal Agricultural Winter Fair, the Boat Show, the National Home Show, the One of a Kind Craft Show and the Interior Design Show.

- *Canadian National Exhibition (CNE)*'s 2009 Recommended Budget of \$23.225 million gross and \$(0.798) million net provides support for the largest annual fair in Canada, which offers a wide variety of programming for all ages and cultural backgrounds. The CNE also employs 1,700 youths and attracts more than \$48.0 million in economic activity to the Toronto area every August.
- *National Soccer Stadium (BMO Field)*'s 2009 Recommended Budget of \$9.588 million gross and \$(0.082) million net funds a sport and entertainment facility that provides a venue for major league soccer matches, concerts, community use, corporate functions and private parties.
- *The Allstream Conference Centre*'s 2009 Recommended Budget of \$0.378 million gross and \$0 net provides funding to open this new venue by October 2009. This new conference centre provides meeting room and exhibit space to complement the event activity at the Direct Energy Centre. The facility will help in attracting more international conferences, conventions, consumer and trades shows and festivals to the City.

Recommendations

The City Manager and Acting Chief Financial Officer recommend that:

1. City Council approve the 2009 Recommended Operating Budget for Exhibition Place of \$59,687.4 million gross and \$(0.051) million net, comprised of the following services:

<u>Service:</u>	Gross <u>(\$000s)</u>	Net <u>(\$000s)</u>
Exhibition Place & Direct Energy Centre	26,497.3	828.9
Canadian National Exhibition	23,224.8	(797.8)
National Soccer Stadium	9,587.6	(81.6)
Allstream Centre	377.7	-
	<hr/>	<hr/>
Total Program Budget	<u>59,687.4</u>	<u>(50.5)</u>

PART II: 3-YEAR SERVICE OVERVIEW AND PLAN

- Exhibition Place provides world class venues and services for: trade and consumer shows, international sporting and entertainment events, and major City festivals and celebrations. In addition, the Board is responsible for the preservation of the architecturally and historically significant structures at Exhibition Place. The Program also promotes sustainable development and environmental initiatives for its building projects and is a showcase for innovation and leading edge green technologies and practices.
- Exhibition Place delivers services through: the Allstream Conference Centre, the National Soccer Stadium (BMO Field), Exhibition Place & Direct Energy Centre and the Canadian National Exhibition Association (CNEA) as detailed in the following Program Map:

Program Map



The 2009 Recommended Operating Budget for Exhibition Place includes the resources for the following 4 service areas:

- Exhibition Place Operations and the Direct Energy Centre.* This service provides a focus for public celebrations and events, such as the Honda Indy Toronto, CHIN picnic, and Toronto Caribbean Festival, while preserving the 22 architecturally and historically significant structures on the grounds. The Direct Energy 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 contiguous space. Management is responsible for maintaining a state-of-the-art facility which has hosted events and shows such as the Royal Agricultural Winter Fair (RAWF), the Boat Show, the National Home Show, the One of a Kind Craft Show and the Interior Design Show. It is also a world class site for advanced “green” energy technology.
- The Canadian National Exhibition Association (CNEA)* manages and operates the Canadian National Exhibition (CNE). The CNE is the largest annual fair in Canada and the fifth largest in North America. It takes place each summer during the 18 days leading up to Labour Day and offers a wide variety of programming designed for all ages and cultural backgrounds. The CNE directly employs 1,700 young people for the duration of the fair and an economic impact study has stated that the CNE attracts more than \$48.0 million to the Toronto area and more than \$66.0 million to Ontario annually.

- *The National Soccer Stadium (BMO Field)* is home to the Toronto FC, and the Canadian men's and women's national teams. The facility will provide a venue for matches with other soccer leagues, concerts and corporate events. In addition, the stadium is made available for community use.
- *The Allstream Conference Centre* will be a new conference facility located within the historic Automotive Building. The Automotive building is being renovated and upgraded to serve a new purpose as a conference facility. Under construction and opening in October 2009, the facility provides new meeting room and exhibit space which will complement the event activity at the Direct Energy Centre, by attracting more international conferences, consumer and trades shows and festivals to the City of Toronto.

Service Challenges and Opportunities

In delivering the above noted services, Exhibition Place faces the following service challenges and opportunities over the next 3 years:

- **Maximizing Occupancy**

One of the many unique features of Exhibition Place is the variety of permanent tenants who reside and operate on the grounds throughout the year. Toronto FC, Toronto Marlies, Canada's Sport Hall of Fame, Medieval Times Dinner and Tournament, Liberty Grand, Muzik Clubs, Gossip Restaurant, Queen Elizabeth Concert Theatre, Royal Agricultural Winter Fair, Toronto Fashion Incubator, City Animal Services and the Toronto Police Services are the major long-term occupants on the grounds. Since vacant facilities do not generate rental revenues, Exhibition Place strives to increase the number of tenants to offset fixed operating costs. Offering competitive rental rates, seeking private sector partnerships and maintaining the facilities in good condition help occupy the facilities with revenue generating tenants.

- **Competition and Marketability**

Sustaining competitiveness and marketability in the trade show and entertainment markets is a key challenge faced by the Program. Exhibition Place faces national and international competition in attracting conferences, trade and consumer shows, and sporting and entertainment events. Marketing and providing the essential facilities and services gives the Program an advantage.

- **Increasing Attendance**

Maximizing attendance at events held at Exhibition Place is critical to the success of the Program. The challenge arises in presenting a wide variety of programming that consistently attracts the public which in turn stimulates economic development for Exhibition Place and the City of Toronto. Attracting community groups is also an opportunity to maximize facility use and encourage community use of the grounds.

- **Environment Plan**

Exhibition Place is guided by its Environment Plan which promotes sustainable development and environmental initiatives. Commitments under this plan include: the use of energy-efficient

technologies and technical and financial strategies to develop site sustainability; improving sustainability of the site through initiatives in energy supply and use, building system and transportation improvements and greening initiatives; and achieving 80% waste diversion and energy self-sufficiency by 2010.

- **Improving Spectator Experience**

Improving spectator and patron experience means providing excellent customer service, which involves training staff, hiring qualified technical and customer service staff, and promoting safety in the workplace.

- **Poor Weather Conditions**

Poor weather conditions can create difficulties for Exhibition Place in meeting budgetary targets, since the success of the CNE is highly susceptible to the effects of bad weather during the 18-day fair. In the past, the operating results of Exhibition Place have been affected by the results of the CNE because bad weather negatively impacted attendance revenues.

Service Objectives

The Program's mission is to provide an opportunity for business stimulation and economic development in the community, as well as maintain Exhibition Place as Toronto's key venues for public celebration and events while preserving the architecturally and historically significant structures on the grounds. The Program has established the following service objectives to meet the challenges and opportunities discussed above.

- **Exhibition Place and Direct Energy Centre:**

- To increase marketability of the Direct Energy Centre by developing and sustaining the facilities on the grounds such as the construction of the Allstream Conference Centre through the renewal of the historic Automotive Building;
- To maximize occupancy by increasing community use of the facilities by targeting events to include more public events, religious and cultural events, film shoots and private functions; and
- To promote environmental initiatives and pursue the 2010 energy self-sufficiency plan including the photovoltaic project within the Horse Palace and continue implementation of the strategy for energy-efficiency upgrades for buildings on the site as directed by its Environment Plan.

- **Canadian National Exhibition (CNE):**

- To improve patron experience by maintaining outstanding customer service delivery through initiatives such as improvements to the admission process at the CNE gates including the continued use of cashless transaction options;
- To increase attendance by providing new and relevant programming targeted at CNE patrons; and

- To continue its support of youth employment at over 1,700 employed each year.
- **National Soccer Stadium (BMO Field):**
 - To improve spectator experience through excellent customer services, staff training and offering fan fest and interactive displays; and
 - To provide 50% of all operable days for community usage at competitive market rates and “no cost” days for the Parks, Forestry and Recreation Division to provide programming for the City’s 13 priority neighbourhoods.
- **Allstream Conference Centre:**
 - To open and establish the facility as a major venue for local, national and international events;
 - To achieve Green Building Certification – Leadership in Energy and Environmental Design (LEED) Silver; and
 - To meet operating and budget targets as well as the number of events hosted by 3rd year of operations (target is 275 events).

Priority Actions

- The 2009 Operating Budget also advances the Mayor and Council’s priority for:
 - ***Prosperity Agenda*** in attracting major international events, conferences, conventions, trade shows and exhibits to the City;
 - ***Clean & Beautiful City*** in the construction and beautification of key public spaces; and
 - ***Climate Change*** in implementing and promoting green economic development strategies.
- Priority actions in 2009 include:
 - Tree planting of approximately 75 indigenous trees (\$0.075 million), which will increase the tree canopy and enhance beautification of the Exhibition Place park grounds, provide shading for hard surfaces and reduce the “heat island” effect.
 - Opening the Allstream Conference Centre (\$0.378 million gross), which is a new service priority for Exhibition Place. This new conference centre provides meeting room and exhibit space to complement the event activity at the Direct Energy Centre. The facility will help in attracting more international conferences, conventions, consumer and trades shows and festivals to the City.
 - The return of motor sport racing to Toronto with the Honda Indy Toronto in July 2009.

- The 2009 Recommended Operating Budget of \$59.687 million gross and \$(0.051) million net continues to provide Exhibition Place with the funding for a broad range of services and operations that addresses the challenges, opportunities, and service objectives:
 - *Exhibition Place Operations & Direct Energy Centre's* 2009 Recommended Budget of \$26.497 million gross and \$0.829 million net provides funding for public celebrations and events, such as the CHIN picnic, Toronto Caribbean Festival and the Honda Indy Toronto. The budget also supports the Direct Energy Centre, which hosts events and shows such as the Royal Agricultural Winter Fair, the Boat Show, the National Home Show, the One of a Kind Craft Show and the Interior Design Show.
 - *Canadian National Exhibition's* 2009 Recommended Budget of \$23.225 million gross and \$(0.798) million net provides support for the largest annual fair in Canada, which offers a wide variety of programming for all ages and cultural backgrounds. The CNE also employs 1,700 youths and attracts more than \$48.0 million to the Toronto area.
 - *National Soccer Stadium (BMO Field's)* 2009 Recommended Budget of \$9.588 million gross and \$(0.082) million net supports a facility that provides a venue for soccer matches, community use, corporate functions, private parties and concerts.
 - *The Allstream Conference Centre's* 2009 Recommended Budget of \$0.378 million and \$0 net provides funding for the first 3 months of operations for a new conference centre. This new conference centre provides meeting room and exhibit space to complement the event activity at the Direct Energy Centre. The facility will help in attracting more international conferences, conventions, consumer and trades shows and festivals to the City.

PART III: 2008 BUDGET VARIANCE ANALYSIS

Table 2: 2008 Budget Variance Review

(In \$000s)	2007 Actuals	2008 Approved Budget	2008 Projected Actuals*	2008 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
GROSS EXP.	60,196.8	53,994.9	55,314.6	1,319.7	2.4
REVENUES	63,468.8	53,967.2	55,514.0	1,546.8	2.9
NET EXP.	(3,272.0)	27.7	(199.4)	(227.1)	(819.9)
Approved Positions	517.5	519.5	519.5	0.0	0.0

Source: * Projected Actuals based on the September 30, 2008 Operating Variance Report

2008 Experience

- As of September 30th, 2008, Exhibition Place projected a favourable year-end net expenditure variance of \$(0.199) million. The favourable variance is due to greater than expected show revenues and higher food and beverage sales at the National Soccer Stadium (BMO Field) and a positive attendance season with higher than budgeted revenues for the Canadian National Exhibition (CNE).
- Subsequently, Exhibition Place is now projecting a favourable year-end surplus of \$1.427 million, due to higher than expected show and parking revenues from additional events.

Impact of 2008 Operating Variance on the 2009 Recommended Budget

- There are no impacts from the 2008 Operating Variance on the 2009 Recommended Budget. As revenue generation is dependent on the number of bookings and the success of the events, the higher than budgeted revenues in 2008 do not necessarily impact the 2009 Recommended Operating Budget. As well, the operating results of the CNE are impacted by weather conditions.

PART IV: 2009 RECOMMENDED BASE BUDGET

Table 3: 2009 Recommended Base Budget

(In \$000s)	2008 Appvd. Budget	2009 Recommended Base	Change 2009 Recommended Base v. 2008 Appvd. Budget		FY Incremental Outlook	
					2010	2011
	\$	\$	\$	%	\$	\$
GROSS EXP.	53,994.9	59,309.7	5,314.8	9.8	3,223.2	1,886.5
REVENUE	53,967.2	59,360.2	5,393.0	10.0	3,223.2	1,886.5
NET EXP.	27.7	(50.5)	(78.2)	(282.3)	0.0	0.0
Approved Positions	519.5	519.5	0.0	0.0	0.0	0.0
NET TARGET		27.7				
\$ Over / (Under) Program Target		(78.2)				
% Over / (Under) Program Target		-282.3%				

2009 Recommended Base Budget

- The 2009 Recommended Base Budget expenditures of \$59.310 million gross reflect an increase of \$5.315 million or 9.8% compared to the 2008 Approved Operating Budget of \$53.995 million. The increase in gross expenditures includes COLA, merit, and fringe benefit increases, non-labour inflationary increases and additional equipment and services to support an increase in the number of shows and events planned for 2009. These costs are partially offset by higher gapping and increased labour recoveries.
- The 2009 Recommended Base Budget revenues of \$59.360 million are \$5.393 million or 10% higher than the 2008 Approved Operating Budget. This increase is primarily due to generation of rent, food and beverage, ticket sales, parking and telecom services revenue from additional show and conference activities.
- The 2009 Recommended Operating Base Budget of \$(0.051) million net is \$0.078 million or 282.3% lower than the 2009 Program target of a 0% increase over 2008. The Program is not part of the City's bargaining units and so will not be requiring additional City funding to cover COLA costs. The 2009 Recommended Base Budget maintains 2008 service levels.
- The 2009 Recommended Base Budget also includes a technical adjustment in revenues and expenditures of \$0.399 million for the additional impacts of the 2008 CNE results. Actual revenues and expenditures for the CNE were higher than budget and this adjustment reconciles and updates the operating budget totals for gross expenditures and revenues for Exhibition Place in the City's records. This has a net zero impact in 2009.
- There is no change to the 519.5 approved staffing complement.

2009 Key Cost Drivers and Reduction Strategies

The 2009 Recommended Base Budget provides funding for the following cost drivers:

- Increases to salaries and benefits for COLA, merit, step and fringe benefits of \$2.986 million
- Non-labour inflationary increases for hydro, water and natural gas costs require an increase of \$0.148 million
- Increases in the number of show and conference activities add \$4.286 million for equipment, materials and supplies, offset by revenue generation of \$4.919 million for additional rent, food and beverage, ticket sales, parking, telecom and show services

Reduction strategies recommended to mitigate cost pressures include:

- The Exhibition Place's tree planting program has been transferred from the Capital Budget and is fully offset by funding from the Environment Protection Reserve Fund, resulting in a \$0.075 million gross and \$0 net increase
- Increases to cost and labour recoveries from customers of \$2.528 million due to increased service demands and rising labour and benefits costs.
- Increase of \$0.051 million for gapping, bringing the gapping rate to 0.60% of total salaries and benefits for 2009.

2010 and 2011 Outlook: Net Incremental Impact

- Exhibition Place projects increases of \$3.223 million in gross expenditures and revenues, and \$1.887 million in gross expenditures and revenues for 2010 and 2011, respectively, resulting in a \$0 net incremental impact for the 2010 and 2011 operating budgets. The Outlooks for 2010 and 2011 includes known wage settlements and benefit increases, utility, equipment, and services and rent costs arising from inflationary pressures. Exhibition Place will absorb expenditure increases with incremental revenues from user fees and cost recoveries.
- The 2010 and 2011 Outlook also includes the full year operating impact of the new Allstream Conference Centre, expected to be opening in October 2009. Future year incremental impacts of \$1.445 million in 2010 and \$0.055 million in 2011 for both gross expenditures and revenues will result in a \$0 net incremental impact for both years.

PART V: RECOMMENDED NEW SERVICE PRIORITY ACTIONS

Table 4

2009 New / Enhanced Service Priority Actions: Summary
(In \$000s)

Description	2009 Recommended		Rec. New Positions	Net Incremental	
	Gross Exp.	Net Exp.		2010	2011
	\$	\$		\$	\$
Enhanced Services:					
(a) Enhanced Services - Council Approved	0.0	0.0	0.0	0.0	0.0
(b) Enhanced Services - Program Initiated	0.0	0.0	0.0	0.0	0.0
Sub-Total Enhanced Services	0.0	0.0	0.0	0.0	0.0
New Services:					
(a) New Services - Council Approved Allstream Conference Centre	377.7	0.0	10.0	0.0	0.0
(b) New Services - Program Initiated	0.0	0.0	0.0	0.0	0.0
Sub-Total New Services	377.7	0.0	10.0	0.0	0.0
Total New/Enhanced Services	377.7	0.0	10.0	0.0	0.0

2009 Recommended New / Enhanced Service Priority Actions

New Service Priority Actions – Council Approved

Allstream Conference Centre

Funding to open the Allstream Conference Centre is a new service priority action for 2009. The Centre is viewed as essential for the growth of the trade and consumer show business at Exhibition Place by providing new and expanded meeting room and exhibit space for the Direct Energy Centre.

The Program is renovating the historic Automotive Building to serve a new purpose as a Conference Centre. The renovation and renewal of the facility supports the Mayor and Council priority for Prosperity, Climate Change and a Clean and Beautiful City: investment in the construction and beautification of key public spaces and in attracting major international events to the City. The Allstream Conference Centre is also achieving Green Building Certification – Leadership in Energy and Environmental Design (LEED) Silver.

The facility's renovation is expected to be completed by June 2009, with operations beginning in October 2009. The 2009 Recommended Operating Budget provides \$0.378 million gross and \$0 net

and an increase of 10 permanent approved positions. The Centre will be self-supporting, and will increase ancillary revenues and activity at the Direct Energy Centre.

The Conference Centre is projected to generate \$1.822 million in gross expenditures and revenues in 2010 and \$1.877 million in gross expenditures and revenues in 2011, resulting in a \$0 net incremental impact in both the 2010 and 2011 operating budgets.

PART VI: ISSUES FOR DISCUSSION**2009 Budget Issues****2009 Recommended Operating Budget vs. Guideline**

The 2009 Recommended Operating Net Budget for Exhibition Place is \$0.078 million or 282% under the 2009 target. The 2009 target was set at 0% increase over the 2008 Approved Operating Budget since no City funding is required for the Program's COLA costs. The Board of Governors of Exhibition Place manages its own affairs and is a self-sustaining Board of the City. The Program is not part of the City's bargaining units and so will not be requiring additional funding for COLA.

Tree Planting

The 2009 Recommended Operating Budget provides \$0.075 million gross for tree planting for Exhibition Place park grounds. This tree planting is a continuation of a service that was funded in prior years through the Capital Budget. Due to a change in policy to ensure compliance with Public Sector Accounting Board (PSAB) standards that excludes natural assets, such as trees, from being treated as capital assets, the tree planting budget has been transferred to the Operating Budget in 2009. Tree planting activity on the Exhibition Place grounds will be the same as in 2008.

For 2009, the tree planting will increase the tree canopy and enhance beautification of the Exhibition Place grounds by adding approximately 75 indigenous trees. Strategic planting of the trees will also reduce hydro use, provide shading for hard surfaces and reduce the "heat island" effect. There is no net impact to the 2009 Operating Budget as the amount will be fully funded from the Environment Protection Reserve Fund.

Gapping

The gapping target for Exhibition Place of \$0.150 million has not changed since approval in the 2005 Operating Budget process. At that time it represented 0.67% of total salaries and benefits, and now represents 0.45% of total 2009 recommended funding for salaries and benefits. An increase is warranted to re-align within the historical percentage and to comply with the City's directive to maintain budgeted gapping percentages. The increase of \$0.051 million will result in a gapping budget of \$0.200 million or 0.60% of 2009 salaries and benefits. This complies with 2009 budget guidelines requiring all City Programs and ABC's to maintain the 2008 gapping rate.

Appendix A

2009 Recommended Base Budget Changes vs. 2008 Approved Budget

(In \$000s)	Summary of 2009 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2010	2011
		\$	\$	\$	\$	\$
2008 Council Approved Operating Budget	519.5	53,997.2	53,967.2	30.0	0.0	0.0
In-year approvals and technical adjustments		(2.3)		(2.3)		
Corporate adjustments				0.0		
2008 Approved Operating Budget	519.5	53,994.9	53,967.2	27.7	0.0	0.0
Prior year impacts		399.1	399.1	0.0		
Zero base items						
Economic factors		3,134.1		3,134.1		
Adjusted Base Budget	519.5	57,528.1	54,366.3	3,161.8	0.0	0.0
Other base changes		(2,385.5)	75.0	(2,460.5)		
Base revenue changes		4,218.2	4,918.9	(700.7)		
Recommended Service Level Adjustments:						
Base changes						
Service efficiencies						
Revenue adjustments						
Minor service impact		(51.1)		(51.1)		
Major service impact						
Total Recommended Base Adjustments	0.0	1,781.6	4,993.9	(3,212.3)	0.0	0.0
2009 Recommended Base Budget	519.5	59,309.7	59,360.2	(50.5)	0.0	0.0
2009 Program Operating Target				27.7		
% Over (Under) Program Target				-282.3%		
% Over (Under) 2008 Appvd. Budget				-282.3%		

Appendix B

Summary of Service Level Adjustments

Appendix C

**Summary of 2009 Recommended New/Enhanced
Service Priority Actions**

Appendix D

Program Summary by Expenditure Category

CLUSTER: ABC PROGRAM: EXHIBITION PLACE							
	2008 Approved Budget	2008 Projected Actuals	2009 Recommended Budget	Change from 2008 Approved Budget		2010 Outlook	2011 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	30,159.7	31,758.8	33,562.2	3,402.5	11.3%	34,754.0	35,798.1
Materials and Supplies	5,024.1	4,916.1	5,239.3	215.2	4.3%	5,397.1	5,559.0
Equipment	506.6	507.1	506.6	0.0	0.0%	521.8	537.5
Services & Rents	30,110.8	31,156.1	34,838.9	4,728.1	15.7%	36,165.2	37,250.2
Contributions to Capital							
Contributions to Reserve/Res Funds	887.9	887.9	887.9	0.0	0.0%	914.5	942.0
Other Expenditures	(12,694.2)	(13,911.4)	(15,347.5)	(2,653.3)	20.9%	(14,842.0)	(15,289.7)
Interdivisional Charges							
TOTAL GROSS EXPENDITURES	53,994.9	55,314.6	59,687.4	5,692.5	10.5%	62,910.6	64,797.1
Interdivisional Recoveries							
Provincial Subsidies							
Federal Subsidies							
Other Subsidies							
User Fees & Donations	53,967.2	55,514.0	59,662.9	5,695.7	10.6%	62,886.1	64,772.6
Transfers from Capital Fund							
Contribution from Reserve Funds			75.0	75.0	n/a	75.0	75.0
Contribution from Reserve							
Sundry Revenues							
TOTAL REVENUE	53,967.2	55,514.0	59,737.9	5,770.7	10.7%	62,961.1	64,847.6
TOTAL NET EXPENDITURES (EXCLUDING CAPITAL FINANCING)	27.7	(199.4)	(50.5)	(78.2)	-282%	(50.5)	(50.5)
APPROVED POSITIONS	519.5	519.5	529.5	10.0	1.9%	529.5	529.5

Appendix E

Inflows / Outflows to / from Reserves & Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of	Proposed Withdrawals (-) / Contributions (+)		
		December			
		2008	2009	2010	2011
		\$	\$	\$	\$
Sick Leave Reserve Fund	XR1007	52,461.3	54.0	55.6	57.3
Insurance Reserve Fund	XR1010	35,638.3	483.9	498.4	513.4
Vehicle Reserve - Exhibition Place	XQ1702	350.0	350.0	360.5	371.3
Environment Protection Reserve Fund	XR1718		(75.0)	(75.0)	(75.0)
Total Reserve / Reserve Fund Draws / Contributions			812.9	839.5	867.0

Note: The Environment Protection Reserve Fund has no 2008 balance, as it was created by Council with the 2009 Capital Budget.