

October 30, 2018

City of Regina Mayor & Council  
Attention: Roseanne Anderson  
Manager, Budget and Financial Services  
Finance Department - Corporate Services Division  
City Hall – 2476 Victoria Avenue  
REGINA SK S4P 3C8

## **RE: Regina Exhibition Association Limited (REAL) 2019 Budget / Community Investment Funding**

This letter is to seek the approval of the Regina City Council for Community Investment Funding of \$200,000 for 2019 for the Regina Exhibition Association Limited (REAL). REAL is requesting \$200,000 to support improvements related to safety and critical business issues which will be allocated based on a building assessment. For the past number of years REAL has received a grant of \$400,000 from the City of Regina on a \$41M annual budget. REAL delivers 99% cost recovery from annual operations and invests any surplus back into the maintenance and improvement of civic infrastructure at Evraz Place, all of which is owned by the City of Regina. At REAL each dollar made in profit is for the purpose of reinvestment to the benefit of the community we serve, the sustainability of our facilities, and to reduce the long term deferred maintenance risk on civic assets.

Our proposal for 2019 is to reduce our request by \$200,000 in annual funding to the City of Regina and in turn we hope that the City will become an equal partner in the completion of a site-wide asset review for Evraz Place. The intention of building short and long term maintenance and replacement plans will be developed based on a strong and independent evaluation of the current state of infrastructure. Evraz Place, the City of Regina, and our community have aligned interest in the long term sustainability and service of the infrastructure on the Evraz Place site. As such, our recommendation in 2019 is to support the development of a future strategic plan by working together to build a fulsome understanding of the current conditions of the assets on site.

REAL has governed the Evraz Place campus through transformational change over the last number of years. The International Trade Centre and Mosaic Stadium are the two latest additions to our world-class campus that programs in sport, recreation, culture, events, agriculture, conferences, conventions, and most importantly memory-making. Over the last number of years REAL has seen our business model grow by over 40% in only a few short years. This growth has been concurrent between on the Revenue and Expense side of our business and like any organization experiencing rapid growth we are in the process of optimizing and improving our business efficiency. We strongly believe in the importance of communication and transparency and welcome the opportunity discuss and present our request to City Council.

### **Mandate**

Established in 1884 REAL is 134 years old – older than the province of Saskatchewan. In January 2014 REAL moved under the *Non-Profit Corporations Act 1995 (Saskatchewan)* and the City of Regina (COR) became Real's sole shareholder. Under the Unanimous Members Agreement (UMA) REAL became an arms-length

municipally owned entity. The City of Regina owns the lands and assets of Evraz Place which REAL operates on the behalf of City Council in accordance with the UMA.

The mandate of REAL as per the UMA is as follows:

- (a) operate in the best interests of the community and enrich the quality of life for people in the community through the hosting and delivery of local, regional, national, and international events;
- (b) develop, operate and maintain City and other facilities to provide world-class hospitality for trade, agri-business, sporting, entertainment and cultural events that bring innovation, enrichment and prosperity to the community; and
- (c) operate with an entrepreneurial spirit and to pursue expanded business venture that could generate additional revenue.

### Services

REAL operates a number of the communities' most activated venues with more than 3.5 Million annual visitors. Evraz Place is home to Mosaic Stadium and the Saskatchewan Roughriders. The Regina Pats have played on the property for more than 100 years and call the Brandt Centre home. The Queensbury Convention Centre boasts 42,000 sq. ft. of flexible space for conventions, conferences, weddings, trade shows, meetings, and more. Combined with the other facilities Evraz Place provides more than 300,000 sq. ft. of continuous indoor space. The recently named AffinityPlex is 90,000 sq. ft. with a regulation indoor soccer field. The six-rink hockey arena, the Co-operators Center, host tournaments almost every weekend generating considerable tourism and economic benefit. The International Trade Centre (ITC) is the new home for the Canadian Western Agribition, major trade shows, conference and other events of all shapes and sizes. Our two signature events Queen City Exhibition and the Canadian Farm Progress Show allow us to host neighbours to international guests as we showcase the best Regina has to offer.

REAL is more than just the buildings and events we operate. At REAL we bring economic impact that effects the province at \$425M GDP and Regina at \$219M GDP. REAL is the catalyst for 4,784 jobs provincially and 1 in 40 jobs in Regina. Annually our facilities caters to 2.4 million active users and hosts 3.5 million annual guests from over 50 different countries. REAL is proud of our diverse and inclusive workforce with 12% self-declared visible minorities and 15% self-declared as indigenous. Our team at REAL builds memories for our neighbours, for Regina, for Saskatchewan, for Canada, and for the world. The 100-acre campus located moments away from the downtown core is truly a hub at the heart of many of the exceptional events, memories, and experiences that happen within our City and our Province.

### 2018 Accomplishments

REAL has enjoyed some great successes so far in 2018 that will set a new standard for the future. The highlights include the 2018 Mastercard Memorial Cup and Eagles Concert, and the 2018 Tim Hortons Brier that delivered strong economic impact for our community and our campus. In March 2018 we welcomed a new President and CEO and in May 2018 we commenced a rigorous process of a business optimization review. The organizational leadership team was restructured with a 50% reduction in Vice Presidents and a 15% reduction of Directors to better align to a not-for-profit sport and entertainment organizational structure. This restructuring will continue in 2019 and is intended to provide enhanced sustainability in 2019 and beyond.

Our Board of Directors launched the Futures Committee to engage Community and Business Leaders in an innovative approach to gathering the necessary information to develop our next strategic plan as the Vision 2020 Strategic Plan will come to a close at the end of 2019. The Futures Committee, through an Engagement Sub-Committee, launched the community-wide engagement strategy *Evraz Place 2.0* on October 24, 2018 and already the results are surpassing expectations. This process will engage more than 5,000 community members in a dialogue about the future of Evraz Place while concurrently exploring best practices in the development and management of large sport, recreation, culture, and event infrastructure within North American cities. The Futures Committee has engaged a blend of leadership from within the Board of Directors and across the community. This innovative approach to strategic planning should provide Regina City Council a great future path for consideration when REAL returns with an updated plan for your consideration at budget time 2019.

In many ways 2018 has been a grounding year. Our 2018 budget had an aggressive goal which will not be achieved based primarily on the inability to realize a number of major summer concerts at Mosaic Stadium. We have shown ourselves over the past two years that aggressive budget setting on a business model that must show tactical annual growth based on proven results has been an unsustainable approach. Our 2019 budget suggests learning from the performance of 2017 and 2018 and showing incremental financial performance based on manageable growth with a focus on cost management. The work on the Futures Committee and the 2019 Capital proposal has positioned our organization for improved planning, financial understanding, and community relations.

It is additionally noteworthy to share that 2018 was also the first year hosting a CFL playoff game at Mosaic Stadium and the year that we supported the submission of the first Grey Cup bid for our new world-class venue.

### 2019 Opportunities and Risk

2019 promises to be another great year for REAL and one where we will continue to focus on making our organization as efficient as possible while hosting events that showcase our community, region, and Province. We are currently working on a number of exciting event hosting opportunities that will impact financial success and community experience in 2019 and we hope to make a number of major announcements prior to year end.

The Brandt Centre is hosting strong entertainment properties with numerous major event announcement having occurred this year. This will be a great year for entertainment at the Brandt Centre and it will be critical to future success that our community continue to support live entertainment.

We are working closely with the Regina Pats on a future oriented discussion on the Brandt Centre and a continuation of the existing lease agreement. We are optimistic that 2019 will bring a refreshed and reinvigorate relationship with our partners in the Regina Pats and optimistic that an extended partnership will be possible.

In 2018 we harnessed the privilege of major event hosting that delivered over \$1.3M in bottom line impact at Evraz Place. In 2019 we will not have the privilege of seeing continued major event hosting and the impact of these regional tourism events. With a strong and improved understanding of the impact of major events on the sustainability of our organization in 2019 we hope to work collaboratively with Economic Development Regina and Tourism and the Regina Hotel Association to improve our opportunities in sport, recreation, and entertainment tourism for the future.

2019 will additionally need to be a year of focus and prioritization for the Queen City Exhibition and Canadian Farm Progress Show. Both of these events have been foundational properties for the REAL and both are in need to attention, planning, and a clear path for the future. These two events deliver more than \$65M in annual economic impact to our City and with increasing competition from out-of-town markets and attendee spending availability we must work diligently with our partners, industry leaders, and our staff to realign and position the Queen City Exhibition and Canadian Farm Progress Show for their next 50 years of community partnership.

The opportunity to bring forward a new strategic plan built with community leadership will be the largest opportunity in 2019 as we prepare to set a vision for the future that will be accountable, transparent, and measurable. 2019 must be a year of continued business improvement, financial performance, and relationship building.

2019 will be a year focused on planning, optimization and operational improvement, and new business and event acquisition. As always our success will be highly dependent upon public participation, support and activation.

### In Closing

In closing we would like to sincerely thank the City of Regina for their continued leadership and support as our sole-shareholder, our largest partner, and owner. You more than anyone understand that the business of civic space making is one that takes time, partnership, collaboration, and contribution. You have afforded the opportunity as a not-for-profit community based organization to operate, maintain and grow your flagship amenities at Evraz Place and for this we are appreciative of the opportunity and committed to delivering exceptional results.

Sincerely,



**Tim Reid**  
President & Chief Executive Officer  
**REGINA EXHIBITION ASSOCIATION LIMITED**



**Sandra Master**  
Chair  
Board of Directors  
**REGINA EXHIBITION ASSOCIATION LIMITED**

cc. Marty Meloche, Chair, Audit & Finance Committee



**THE REGINA EXHIBITION  
ASSOCIATION LIMITED (REAL)  
Board of Directors**

4:30 p.m. – 7:30 p.m.  
Wednesday, October 24, 2018  
Corporate Boardroom, Administration Building  
CONFIDENTIAL

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<b>Board Directors:</b>	Sandra Masters (Chair), Marty Meloche, Michael Fix, Karen Gibbons, David Sinclair, Ken Budzak, Ken Budzak, Blain Kezama, Kathleen McCrum, Gordon Selinger, Tiffany Stephenson, Grant Wasnik, Chris Holden (ex-officio) and Lee Auten (ex-officio).
<b>Administration:</b>	Tim Reid, Amanda Acorn, Roberta Engel, and Dallas Skulski
<b>Guests:</b>	Nil
<b>Regrets:</b>	Grant Wasnik and Lee Auten

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**MOTION**

To accept the 2019 Operating Budget as distributed and instruct Administration to forward to City of Regina.

Moved by David Sinclair. Seconded by Kathleen McCrum  
All in favour. Carried.

**MOTION**

To accept the 2019 Capital Budget proposal as distributed for a general value of \$500,000 for capital expenditures.

Moved by Michael Fix. Seconded by Gordon Selinger.  
All in favour. Carried.



## **Total Business - Annual Report Format\***

\*(with Sales adjusted to show Sales that generate Cost of Goods Sold)

	<i>Budget</i> <b>2019</b> \$	<i>Forecast</i> <b>2018</b> \$	<i>Actual</i> <b>2017</b> \$	<i>Actual</i> <b>2016</b> \$	<i>Actual</i> <b>2015</b> \$	<i>Actual</i> <b>2014</b> \$
<b>Revenues</b>						
Food & Beverage Sales	14,383,887	14,292,194	15,151,244	8,659,343	8,678,342	8,011,852
Other Sales & Rentals	23,334,744	22,230,170	23,597,045	16,583,553	16,736,093	14,614,955
Contributions & COR Capital	200,640	437,465	407,256	401,324	454,229	439,301
Sponsorships & Advertising	2,748,150	2,358,468	2,231,408	1,684,469	1,725,224	1,508,740
Revenue Continuance	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
	<b>43,267,421</b>	<b>41,918,297</b>	<b>43,986,954</b>	<b>29,928,689</b>	<b>30,193,887</b>	<b>27,174,847</b>
<b>Expenses</b>						
Cost of Goods Sold	5,017,168	5,196,286	5,611,569	3,308,226	3,237,849	2,824,196
Utilities	3,445,015	3,424,416	3,248,958	2,103,651	2,184,855	2,063,629
In-Scope Labour Costs	10,655,361	11,497,570	10,654,996	8,161,790	8,260,348	8,232,707
Out-of-Scope Labour	7,427,879	6,495,449	6,582,021	4,920,505	4,037,817	4,042,558
Contracted Labour	1,818,889	1,855,033	2,456,674	1,521,499	893,351	791,540
Other Non-Labour Costs	11,390,674	10,155,923	11,993,181	6,126,967	7,249,772	4,757,188
Repairs & Maintenance	2,392,849	2,305,684	2,924,120	3,084,062	2,675,110	2,638,234
	<b>42,147,836</b>	<b>40,930,361</b>	<b>43,471,519</b>	<b>29,226,699</b>	<b>28,539,101</b>	<b>25,350,053</b>
<b>EBITDA</b>	<b>1,119,585</b>	<b>987,936</b>	<b>515,435</b>	<b>701,990</b>	<b>1,654,786</b>	<b>1,824,794</b>

<b>KPIs</b>						
<b>Cash Generation % of Sales</b>	3%	2%	1%	2%	5%	7%
<b>Net income % of Sales</b>	0%	0%	1%	-1%	5%	0%
<b>COGS % of Sales</b>	35%	36%	37%	38%	37%	35%
<b>In Scope % of Sales</b>	26%	30%	26%	30%	30%	34%
<b>Out of Scope % of Sales</b>	18%	17%	16%	18%	15%	17%
<b>In Scope :Out of Scope Ratio</b>	1.43	1.77	1.62	1.66	2.05	2.04
<b>R&amp;M % of Sales</b>	6%	6%	8%	12%	11%	12%
<b>Other non-labour % of Sales</b>	30%	28%	31%	24%	29%	21%