



## SERVICE PLAN 2012/2013 to 2014/2015





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# Message from Board Chair to Minister Responsible

To the Minister of Jobs Tourism, and Innovation:

On behalf of the Board of Directors of B.C. Pavilion Corporation (PavCo), I am pleased to present PavCo's Service Plan for the fiscal years 2012/13 to 2014/15.

PavCo's core business is the marketing, sales, and management of space in its facilities - BC Place Stadium and the Vancouver Convention Centre (Convention Centre) - for conventions, trade and consumer shows, entertainment, sporting events, and other events.

This Service Plan summarizes PavCo's long term goals, and describes the organization's priorities to continue its future success.

Since publication of the last Service Plan, business levels at the Convention Centre have remained very strong, with record attendance from out-of-Province guests at events and close to record event revenue generation. BC Place reopened for a sell-out Grey Cup in fall 2011 following a retrofit and roof replacement and is now able to compete for significant new business.

To ensure success in fiscal years 2012/13 and beyond, PavCo will continue to focus on marketing its facilities by building on its strong business base and global reputation for service excellence. Economies in the Convention Centre's critical European and North American markets have continued to show very limited growth through the economic downturn. This has resulted in reluctance by many meeting planners to commit to future business without significant incentives provided by host cities and venues. In this competitive environment, PavCo will continue to collaborate with its industry partners to grow the market for the Convention Centre as a facility of choice to existing and new customers. Since the opening of the expanded Convention Centre, there has been significant change in client technological needs at events, and PavCo has worked with its suppliers to stay ahead of business trends. This, along with the unsurpassed quality of event space, unparalleled waterfront location and exceptional service delivery, has enabled the Convention Centre to continue to attract and book significant new business.

The combined infrastructure of BC Place and the Convention Centre, along with local sport related venues, has also positioned Vancouver as a prime location for major sporting events, competitions and conventions. PavCo will aggressively pursue these events as they generate significant economic benefit to local and regional communities and often provide business during non-prime periods of business activity. As these events are usually booked several years in advance and require significant contribution from the host cities, PavCo's challenge is to negotiate support and contributions towards attracting this business.

With the revitalization of BC Place complete, development of the lands around the facility will be a focus for future planning. PavCo will work to achieve optimum return to the Shareholder from these lands, which are some of the last significant undeveloped areas in downtown Vancouver.

The 2012/13 - 2014/15 PavCo Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*, and the BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan. I am accountable for the contents of the plan, including what has been included in the plan and how it has been reported.

All significant assumptions, policy decisions, events and identified risks, as of January 19, 2012, have been considered in preparing the plan. The performance measures presented are consistent with PavCo's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of PavCo's operating environment, forecast conditions, risk assessment, and past performance.

On behalf of the Board of Directors, I would like to thank the Minister of Jobs, Tourism and Innovation for his continuing support of PavCo. I would also like to thank management and staff for their commitment to PavCo and their contribution towards the success of the organization, and especially to the construction team at BC Place for their excellent achievement in the upgrade of the facility.

  
David Podmore  
Board Chair

## Organizational Overview

B.C. Pavilion Corporation (PavCo) has developed a reputation for excellence in the marketing and management of public facilities. Its facilities are operated to realize maximum economic benefit while optimizing financial performance. PavCo owns and operates BC Place Stadium (BC Place) and the expansion to the Vancouver Convention Centre (Convention Centre). PavCo operates the east building of the Convention Centre under a lease with Canada Place Corporation, a Federal Crown Corporation. PavCo's corporate office, BC Place, and the Convention Centre are all located in downtown Vancouver.

*PavCo's mandate is to create significant economic and community benefits for the people of British Columbia by developing, marketing and operating iconic world class public convention, sports and entertainment facilities.*

Through its activities, PavCo contributes to the growth of the tourism industry, as many out-of-town clients travel throughout British Columbia after attending events at its facilities. The Convention Centre is the provincial flagship for conventions and leads initiatives to generate convention business throughout the Province. The newly renovated BC Place is the largest indoor gathering place in British Columbia as well as being a major sports and entertainment centre, and provides support to industry as a venue for trade and consumer shows.

*PavCo's vision is to be the recognized leader in event facility development, marketing, and management.*

Principal stakeholders of PavCo include: the Provincial Government; the Government of Canada and Tourism Vancouver as contributing partners to the expanded Convention Centre; businesses and associations representing the tourism and hospitality industry; clients leasing space for commercial activity and renting space for events; suppliers of goods and services to events; and the general public who attend events.

*PavCo's values are: Quality and service; Respect, fairness and honest communication; Financial responsibility; Creativity and innovation; Enthusiasm; Environmental responsibility, and Integrity.*

B.C. Pavilion Corporation was formed under the British Columbia Business Corporations Act, and acts as an agent for the government under the British Columbia Enterprise Corporations Act. B.C. Pavilion Corporation registered PavCo as a business name under the Partnership Act (British Columbia) on September 23, 1999.

Additional information on PavCo can be found on its website at <http://www.bcpavco.com/>.

## Government Direction

PavCo's sole Shareholder is the Province of British Columbia. The most recent *Government's Letter of Expectations*, which outlines the respective roles and responsibilities of PavCo and the Shareholder to achieve the corporate mandate, includes specific Directives and Actions as outlined below.

Directive	Action Response
Report back on the Corporation's sales and marketing program for the expanded Vancouver Convention Centre, including performance measures and targets to monitor the success of the program and that support the tripling of non-resident delegate days by 2015.	<p>Business levels for Fiscal years 2011 and 2012 will be the busiest in the history of the Vancouver Convention Centre. The sales and marketing focus is now on securing new out-of-province business for Fiscal 2014 and beyond.</p> <p>Progress updates against the performance targets are provided to the Minister.</p>
Take the lead on marketing the Vancouver Convention Centre to the international marketplace. In addition, PavCo will act as a resource in the development of strategy and marketing initiatives for regional British Columbia conference centres.	<p>PavCo works cooperatively with tourism and hospitality industry representatives to ensure marketing activity and representation is in key international markets.</p> <p>PavCo will work with British Columbia's regional conference centres to implement a program that will leverage on the Convention Centre's marketing activities, in order to drive business throughout the Province.</p>
Report back on marketing plans for the revitalized stadium that support increasing attendance and economic benefits.	<p>PavCo has prepared a marketing plan for BC Place that aggressively pursues new business types to the facility as well as events that may be held in partnership with other facilities in the region.</p> <p>Progress updates against the targets will be provided to the Minister.</p>
Continue to explore options and maximize private sector revenue for the public facilities owned/managed by the Corporation, and minimize reliance on government funding.	<p>PavCo will pursue new business and revenue generating opportunities for BC Place and the Convention Centre, and will work with tourism partners to assist driving new revenue into British Columbia.</p> <p>PavCo is working to achieve the best return from the redevelopment of the surplus lands around BC Place and also the disposition of the surrounding lands.</p>

The complete version of the *Government's Letter of Expectations* can be found on our website at <http://www.bcpavco.com/pdf/expect11.pdf>

## *PavCo's Operating Segments*

### Vancouver Convention Centre (Convention Centre)

Located on Vancouver's waterfront with a dramatic mountain backdrop, the Convention Centre offers one of the most beautiful settings in the world as well as convenient access to all the major visitor amenities in the downtown core. The first-ever repeat winner of the International Association of Congress Centres' (AIPC) award for "World's Best Convention Centre" (2002, 2008), it is British Columbia's premier meeting and convention facility with a growing global reputation. Over the past year, the facility has earned numerous industry awards, including the International Association of Venue Managers' 2011 Venue Excellence Award and AIPC's 2011 Innovation Award recognizing the Centre's Service Excellence Program.

*"Post the 2010 Olympic and Paralympic Winter Games, Vancouver has experienced tremendous city wide meeting and convention business thanks to the spectacular expansion of our award winning Vancouver Convention Centre. In fact, 2011 was the largest year ever in terms of hotel room nights generated from major conventions at the Convention Centre. The direct visitor spending and overall economic impact for Vancouver, the Lower Mainland and the Province are significant. This benefits many industry segments across the region; accommodation, retail, transportation, attractions, restaurants, and many more."*

*~Dave Gazley, Vice President, Meeting & Convention Sales, Tourism Vancouver*

The Convention Centre includes its iconic East building and connected West building expansion. With a combined total of 466,500 sq ft (43,340 sq m) of flexible function space, the facility is able to host multiple, simultaneous events as well as large single events with upwards of 10,000 delegates. In August 2011, the facility hosted its largest convention to date, SIGGRAPH, the 38<sup>th</sup> International Conference and Exhibition on Computer Graphics and Interactive Techniques, bringing over 16,000 delegates to Vancouver over the course of the event. Due to the success of the 2011 meeting as well as a compelling bid made in collaboration with industry partners, SIGGRAPH has announced their plans to return to Vancouver for their 2014 convention.

Fiscal 2013 is shaping up to be another exciting year for the facility with many high-profile conventions and other events coming to Vancouver as a result of strategic sales and marketing efforts. Some highlights include the American Educational Research Association's Annual Meeting in April 2012 with an estimated 14,000 attendees; the Alzheimer's Association International Conference in July 2012 with an estimated 6,120 attendees; and the Project Management Institute's 2012 Global Congress in October 2012 with approximately 6,000 attendees.

Meeting planners book major non-resident conventions up to ten years in advance of the events taking place. Global competition to secure this business continues to be intense as convention organizers and delegates generate significant economic activity in a host city and province prior, during and after the events.



## *PavCo's Operating Segments (cont.)*

*"With the expansion of our city's convention centre, the international meetings industry is responding, resulting in more conventions and conferences than ever before. The Marriott Vancouver Pinnacle and Renaissance Vancouver Harbourside experienced our highest concentration of convention centre related business in 2011. We greatly value the relationship we have with the convention centre and the positive business impact it provides our hotels and the greater Vancouver community."*

*~Robert Ferguson, Director of Sales and Marketing, Marriott Vancouver Pinnacle Downtown Hotel and Renaissance Vancouver Harbourside Hotel*

The Convention Centre is engaged in an extensive, strategic marketing campaign designed to maximize business opportunities and to optimize the facility's utilization. Strategies include the following:

- increasing the profile of the Convention Centre's brand in the international marketplace
- enhancing the Convention Centre product to differentiate itself from competition
- cultivating new markets to infill high yield short-term business
- collaborating with regional tourism partners to market Vancouver
- supporting pre- and post- event activity for event attendees to benefit the region's tourism markets
- continue developing global market opportunities

PavCo is committed to tripling the number of non-resident delegate days at the Convention Centre by 2015.

Further information on the Convention Centre may be found on its website

[www.vancouverconventioncentre.com](http://www.vancouverconventioncentre.com)

### BC Place

BC Place is home to the Province's largest and most spectacular events. With over 54,000 seats and 235,000 square feet of exhibit space, it is busy for more than 200 event days per year and is a venue that contributes to the social, cultural, and economic fabric of the entire Province of British Columbia.

BC Place opened in 1983 with the largest air-supported dome roof in the world, and was considered a technological marvel in its day. Since then, more than 27 million people have experienced an event at the facility. Over three billion viewers worldwide watched as BC Place hosted the Opening and Closing Ceremonies of the Vancouver 2010 Olympic Winter Games.

Shortly after hosting the biggest celebrations in BC's history, BC Place closed for construction in April 2010. The stadium re-opened on September 30, 2011 to rave reviews and positive media attention across Canada. BC Place quickly became the number one stadium in all of Canada and a true technological marvel.



## *PavCo's Operating Segments (cont.)*

*"Now, we're not going to say you can't put a price tag on what the new B.C. Place offers. Clearly you can. What we're saying is, for that investment, Vancouver has a new centrepiece; a symbol that, coupled with the 2010 Winter Games, ushers in a new era for our city. It's where people will share experiences. It's where great stories will be told. It's where you'll see joy and heartbreak. In time, this stadium will be associated with Vancouver the way the North Shore mountains and English Bay are associated with Vancouver."*

*~Ed Willes, The Province*

The extensive revitalization project has resulted in an outstanding building that has received many favourable reviews from the public, clients, stakeholders, and both national and international media. Highlights of the revitalization include features that will define the building and help to set its course for decades to come:

- largest cable-supported retractable roof in the world
- roof opens or closes in approximately 20 minutes with guests protected under cover at all times
- Stadium Vision, a state-of-the-art network based electronic advertising and signage system that is located throughout the concourses and concessions
- the second largest center-hung HD videoboard in the world plus wrap-around digital electronic boards –both systems are LED and have superior resolution
- new wider seats throughout the facility for greater comfort and new flexible seating configurations that brings soccer fans closer to the on field action
- new generation FIFA 2-star approved artificial turf, with complete drainage system
- new and improved HD-rated field lighting and sound system
- a secondary roof system to provide a more intimate setting for soccer and other events
- extensive interior and exterior renovations and improvements throughout the facility including new washrooms, updated concourse, windows/glazing, new suites, lounges and floor treatment
- updated concessions, new food and beverage equipment and a new food court
- the new Terry Fox Memorial
- new accessible features to meet the needs of all guests including people with disabilities

The new cable-supported retractable roof at BC Place has created a year-round facility located in the heart of Vancouver's entertainment district. The Grey Cup Champion BC Lions and the Vancouver Whitecaps FC are the two anchor tenants for BC Place. The Whitecaps' inaugural season attracted the third best attendance in the MLS and in the coming seasons will provide the opportunity to host annual soccer exhibition matches with teams from around the world. As a soccer specific venue, BC Place has already seen great success by attracting Olympic Women's Soccer Qualifying and is well positioned as a primary venue for the Women's World Cup in 2015.

In addition, summer festival events will now be attracted by the blue-sky opening, and the comfortable atmosphere this provides for guests. In May 2012, BC Place will host its first major concert event - Roger Waters' "THE WALL".

BC Place is now even more versatile, expanding the range of events that can be hosted. The stadium is already attracting additional clients from the international sport, consumer show, concert events, and entertainment sectors, as well as film and television productions, banquets, and other special events. BC Place will also continue to function as a regional emergency shelter in the event of a major disaster.

The new BC Place is not only an attractive venue for guests, event organizers and potential sponsors - it is once again being regarded as an architectural marvel in the Vancouver skyline, and a place of pride for all British Columbians.

*"I think having a facility of that nature, which is second to none in North America, I think that's first-class for not only Canada, but for the Canadian Football League and for our game."*

*~ Bob O'Billovich - General Manager, Hamilton Tiger-Cats, and former GM of BC Lions*

Further information on BC Place may be found on its website [www.bcplace.com](http://www.bcplace.com).

## Corporate Governance

PavCo reports to the Minister of Jobs, Tourism and Innovation and is governed by an independent ten-member Board of Directors appointed by the Shareholder.

The Board of Directors provides leadership and direction to the Corporation in a manner consistent with the policies and directives of the Government of British Columbia as outlined in the annual *Government's Letter of Expectations*. PavCo's Board of Directors acts in accordance with the *Best Practice Guidelines - Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations* (2005) published by the Board Resourcing and Development Office and can be found at [www.fin.gov.bc.ca/brdo/governance/corporateguidelines.pdf](http://www.fin.gov.bc.ca/brdo/governance/corporateguidelines.pdf).

PavCo's Board members and standing committees are as follows:

Board/Committee	Members		Board/Committee Role
Board of Directors	Chair: Directors:	David Podmore Theresa Breining Derek Brindle Peter Brown Bob Bryant Susan Gomez John Horning Miriam Kresivo Terry Lyons Grant Ritchie	Ensure the Board and management operate in good faith, in compliance with regulatory and legal requirements, and to the highest ethical and moral standards.  Individual biographies of the Board Chair and Directors are found at <a href="http://www.bcpavco.com/team.html">www.bcpavco.com/team.html</a>
Audit	Chair: Members:	Terry Lyons John Horning Miriam Kresivo	Oversee the financial reporting process. Review financial statements, audit plans, reports, and controls with Auditors.
Construction	Chair: Members:	David Podmore Derek Brindle Peter Brown Terry Lyons Grant Ritchie	Monitor progress on the Corporation's major capital projects.
Corporate Governance	Chair: Members:	Miriam Kresivo John Horning Terry Lyons	Monitor governance, Board effectiveness, staffing, compensation issues, and the implementation of all structural changes to the organization.
Finance	Chair: Members:	Peter Brown John Horning Miriam Kresivo	Monitor financial policies, reporting, conflicts of interest, financial budgets, forecasts, risk management, and other related matters.
Marketing & Communications	Chair: Members:	Bob Bryant Terry Breining Susan Gomez	Monitor and advise on effective external communications policies and protocol for the organization. Provide overall direction and development of the sales and marketing process for the organization.

The Board of Directors has a meeting schedule, prepared in advance of each year, and the Committees meet as needed. All Committees review and develop policy in their specified areas and make recommendations to the Board.

PavCo has published a comprehensive charter of Board activities (outlined in the document *Board Governance Guidelines*), as well as several terms of reference and policies in accordance with the Province's Board Resourcing and Development Office's *Best Practices Guidelines*. These can be found on PavCo's website at [www.bcpavco.com/resources.html](http://www.bcpavco.com/resources.html).

## *The Executive Teams*

PavCo is led by a team of executives and management with extensive experience in their respective areas of business:

### Corporate Office

- |                           |  |
|---------------------------|--|
| • Warren Buckley          | President and Chief Executive Officer <sup>(1)</sup>           |
| • John Harding            | Chief Financial Officer and Corporate Secretary <sup>(1)</sup> |
| • Krista Freeman, BA, CGA | Director of Finance <sup>(1)</sup>                             |

### Vancouver Convention Centre

- |                     |                                     |
|---------------------|-------------------------------------|
| • Ken Cretney       | General Manager <sup>(1)</sup>      |
| • Craig Lehto       | Assistant General Manager           |
| • Claire Smith, CMP | Vice-President, Sales and Marketing |
| • Rand Mackenzie    | Director, Facility Operations       |

### BC Place Stadium

- |                  |                                       |
|------------------|---------------------------------------|
| • Howard Crosley | General Manager <sup>(1)</sup>        |
| • Kathy deLisser | Assistant General Manager             |
| • Brian Griffin  | Director, Facility Operations         |
| • Graham Ramsay  | Director, Business Development        |
| • Harvey Repp    | Director, Engineering and Maintenance |

<sup>(1)</sup> Corporation Officers

# Strategic Context

## *Key Strategic Issues*

### Optimizing Occupancy at the Facilities and Managing Capacity

#### Situation

The Convention Centre operates in a highly competitive, private sector driven business with international service standards. It must be competitive in terms of international expectations and be sensitive to the evolving dynamics and challenges of the industry.

Major growth in convention centre capacity, particularly in the US, has created a buyer's market where many centres are increasingly using financial incentives and subsidies in order to secure major conventions.

#### Discussion

The Convention Centre has achieved a well-balanced mix of business from regional, national, US, and international markets, which has stabilized its operation through the economic and security-related disruptions of the past few years. The expanded Convention Centre is able to attract larger events which otherwise would have been turned away due to previous space limitations, and cultivate new market opportunities, as well as host multiple, simultaneous events.

Major international events that come to the Convention Centre are booked several years in advance. Infill business for the busy convention season is accepted only after the window of opportunity to book out of town activity has closed. This supports the purpose of the Convention Centre of both supporting business and bringing economic activity to British Columbia.

PavCo is committed to maximizing the number of non-resident delegates and exhibitors booked at events, as they generate the highest economic returns for British Columbia.

Extended sporting seasons at BC Place have created scheduling conflict issues with some traditional shows that occur on the same dates each year. Some of these shows are at non-peak event times at the Convention Centre so can be moved between the facilities.

#### Action

PavCo has implemented an aggressive sales and marketing plan to enhance overall provincial business opportunities and share the anticipated business growth with other regions in the province. A key strategy is to collaborate with regional industry partners to jointly market Vancouver as an ideal convention destination and to bring potential clients to the city to experience the destination and facility first-hand. Building on the success of hosting many large, significant conventions in the first two years of operating an expanded facility, the Convention Centre is working on re-booking these groups to return to Vancouver in future years, as well as to leverage this success to attract new business with related and allied groups.

Management is actively engaged in the development of a variety of initiatives and programs which will align with and support the Convention Centre's service excellence focus and which are appropriate to the demands of the expanded facility and the new business levels expected.

PavCo's Sport Event Development team continues to capitalize on the heightened awareness generated by the 2010 Olympic and Paralympic Winter Games to lay the groundwork to attract new sport themed events to both the Convention Centre and BC Place. These facilities are suitable for hosting significant sporting events and conferences, which together

## *Key Strategic Issues (cont.)*

with other venues in British Columbia makes them viable for attracting major competitions. With more event space and renovated facilities, the region is able to bid on events that would not have considered visiting previously.

A new marketing plan for BC Place showcasing the renovations and new roof is progressing in order to reflect the stadium as essentially a brand new facility to draw additional regional and international interest. The retractable roof creates the ability to attract a significant number of additional event days each year, including higher margin events.

The success of the Whitecaps and BC Lions is critical in order to achieve attendance and revenue targets. PavCo will work with both teams on attendance building and ensuring the guest experience is consistent with a world class stadium.

### **PavCo Operations and the Global Economy**

#### *Situation*

Overbuilding of convention and sporting facilities in many jurisdictions has increased competition for business, especially during the times of economic downturn. Business cycles in the USA in particular, have a significant impact on the number of out-of-country attendees to the Convention Centre.

#### *Discussion*

The convention, meetings and sporting event business is a significant generator of economic benefits to British Columbia. Visitors to PavCo's facilities from out-of-Province bring new money to the region resulting in increased direct and indirect employment to the Province.

Many cities are providing significant incentives to event planners to entice them to hold their events within their centres.

Most major conventions are booked several years in advance so reductions in bookings resulting from global economic fluctuations impact business for extended periods.

Increased global awareness for sustainability initiatives and environmental impacts is now becoming a major factor in attracting and retaining business.

In order to compete successfully for new business, PavCo needs to market its facilities as compelling destinations that are superior to the competition.

#### *Action*

PavCo will pursue event types that bring money from out-of-Province and take place even in periods of economic weakness including: international conventions and Association meetings, major sporting tournaments, film shoots and major concerts. It has a goal to triple non-resident attendance at the Convention Centre by 2015.

PavCo's sales strategies include the promotion of the Convention Centre expansion as a LEED Platinum facility and its ability to help clients plan and execute sustainable meetings. The facility includes innovative green features like its living 'green' roof and in-house black water treatment facility, and practices extensive green operations, including a significant recycling program, the utilization of fresh, local products, and an emphasis on energy conservation.

PavCo is also leveraging the profile garnered by high-profile industry awards the Convention Centre has won over the past year. These awards – including the International Association of Venue Managers' 2011 Venue Excellence Award and the International Association of Congress Centres' 2011 Innovation Award – elevate the Convention Centre's reputation as a global leader in the meetings industry.

## *Key Strategic Issues (cont.)*

The retrofit at BC Place has brought its infrastructure up to standards that surpass most other North American stadia in technological and multimedia capabilities. The stadium now offers greater flexibility in event layouts, extended operating seasons, enhanced acoustic and temperature control capabilities and is an attractive, all season venue.

PavCo has developed marketing plans for the Convention Centre and BC Place that aim to attract traditional business streams as well as other high margin arts, culture and sporting events.

PavCo is aggressively pursuing these event types through working with its industry partners and contacts, and is bidding on events past 2020 in order to provide long-term stability to its operations.

### Managing the Impact of BC Place on its Community

#### Situation

BC Place is British Columbia's major place of assembly attracting over 1.3 million attendees per annum. The business that it attracts has an impact on its neighborhood with crowds, celebrations, noise and traffic congestion.

#### Discussion

BC Place was closed for one and a half years for renovations and replacement of its air supported roof with a retractable structure.

Although BC Place is located within the designated Entertainment District of Vancouver, rapid construction growth in the area surrounding the facility over the past few years has resulted in the stadium now being located in an increasingly residential area.

In order to operate successfully, BC Place needs to manage its relationships with neighbours and continue business as a good corporate citizen.

#### Action

PavCo will manage its operations and the development of surrounding sites to fit in to City and neighbourhood plans.

PavCo will manage its relationship with the City of Vancouver to ensure noise impact is minimized.

PavCo will work with suppliers to maintain a facility that is agreeable with the environment and that continues to evolve as British Columbia's premier sporting and entertainment venue.



## *Key Strategic Issues (cont.)*

### Staffing - Recruitment and Retention at BC Place

#### Situation

As a result of the irregular schedules for large spectator events at BC Place, event staff turnover is significant, resulting in costly recruitment programs for both PavCo and its major suppliers.

#### Discussion

In addition to significant work provided by official suppliers of services to BC Place, PavCo employs over 800 part-time event staff. Most of the work is for semi-skilled labour at the low end of the wage scale.

Engaging staff to become part of a cohesive team will encourage long term retention and improvement of services to patrons.

BC Place's retrofit has been a positive factor in attracting new workers, but the sporadic nature and seasonality of major spectator events results in many workers leaving for other more reliable sources of long-term income.

With the constant transition of staff, BC Place invests a considerable amount of money and resources in hiring, training and retaining its staff.

Impacts of high turnover include additional costs of hiring and training, and lower productivity and service quality during transition periods. On occasion there are shortages of event staff that cause reduced revenues from the sale of services.

#### Action

PavCo implemented a proactive and aggressive strategy to staff up for BC Place's re-opening. Actions are being taken to continue the momentum that include the following:

- Engaging and connecting employees through timely updates and communications.
- Reworking employment information to target both active and potential job seekers.
- Marketing the facility as an employer of choice for new staff.
- Building community partnerships to generate a recruitment buzz.
- Engaging the Union to promote BC Place as an employer of choice, in spreading the word, and promoting employee referrals.
- Implementing an Online Applicant Tracking System that features exciting employment opportunities for job seekers.
- Streamlining the recruitment and selection process to accommodate the high volume of applicants, yet ensure quality hires.

## Goals, Key Strategies, Performance Measures and Targets

### *Strategic Goals*

PavCo has the following strategic goals:

- Maximize revenues and economic growth and use funding in a manner that provides optimum return to the Shareholder
- Maintain and increase client services and satisfaction
- Maintain and improve the facilities under our management
- Increase innovation, learning and growth

The performance measures used to evaluate PavCo's strategic goals (by facility) are both similar and vary in nature and reflect the different types of business generated by each facility as shown in the following summary table.

Goal		Strategies	Measures	Applicable Facility	
				Convention Centre	BC Place
1	Maximize Revenues and Economic Growth	Improve Shareholder Investment Return	(1) Economic Benefits Generated (2) Non Resident Delegate Days (3) Total Attendance	√ √	√ √
2	Maintain and Increase Client Services and Satisfaction	Provide High Service Levels and Promote PavCo Facilities as Preferred Venues	(1) Service Quality Levels (2) Facility Occupancy (days)	√	√ √
3	Maintain and Improve PavCo Facilities	Implement Repair and Maintenance Plans and Effectively Manage Capital Improvement Programs	(1) Achieve Capital Work Milestones	√	√
4	Increase Innovation, Learning and Growth	Support Employee Development and Implement Contemporary Compensation System	(1) Employee Involvement – Retention of Event Staff at BC Place		√

## *Strategic Goals (cont.)*

### *GOAL 1*

*Maximize Revenues and Economic Growth and Use Funding in a Manner that Provides Optimum Return to the Shareholder*

We strive to achieve our mandate, which is to generate economic and community benefit for the people of British Columbia, through the prudent management of public facilities. The events held at our facilities support British Columbia's business and leisure tourism industry, as well as its trade development infrastructure. Our clients and guests from out-of-province fill hotel rooms, patronize provincial businesses, and conduct pre-and post-event activities throughout the Province.

PavCo also strives to meet its financial targets each year to ensure financial sustainability and to minimize its reliance on Shareholder funding. Client expectations and competition from other venues is causing downward pressure on revenues, while facility operations and external challenges are creating an upward pressure on costs.

It is important for PavCo to maximize private sector revenue and to use the funding provided in the areas most likely to generate long-term economic benefits to British Columbia and profitability to the organization.

### *Key Strategies*

Improve the return to the Shareholder on its investment in PavCo's facilities, primarily through the following:

- creating a compelling vision and model for marketing the expanded Convention Centre and renewed BC Place
- seeking events from out-of-province which will generate the maximum amount of economic benefits to our community
- seeking and creating high-profile events that will promote growth and support for British Columbia's business base
- pursuing global markets for long-term growth
- diversifying markets to stabilize long term business
- repositioning our facilities as being more flexible to users
- increasing operational efficiencies

### *Performance Measures and Targets*

Compare Economic Benefits Generated - Economic impacts are calculated based on surveyed or estimated expenditures by organizers and visitors at events in our facilities, subsequent spending in the Province following the event, and the multiplier effect through the economy of such spending. Projections for Fiscal 2012 and subsequent years have been prepared by PavCo management based on anticipated attendance and activity at the facilities.

## Strategic Goals (cont.)

### Compare Economic Benefits Generated

Economic Impact from out-of-Province Visitors to the Vancouver Convention Centre (in \$millions)

Performance Measure	Actual 2010/11	Forecast 2011/12	Targets		
			2012/13	2013/14	2014/15
Convention Centre Economic output	\$ 716	\$ 817	\$ 648	\$ 697	\$753

Economic Impact - Is calculated using the BC Provincial Output Mixed Model. This measures the economic impact from delegate and exhibitor spending in addition to revenues from each event. Delegate spending targets were developed in conjunction with HLT Advisory Inc. (Toronto) and are driven by the non-resident delegate days.

Economic Impact from all Spending from Events at BC Place (in \$millions)

Performance Measure	Actual 2010/11	Forecast 2011/12	Targets		
			2012/13	2013/14	2014/15
BC Place from all spending <sup>1</sup>	\$ 3	\$ 60	\$ 100	\$ 105	\$110
BC Place out of Province spending <sup>1</sup>	\$ 1	\$ 17	\$ 23	\$ 23	\$23

<sup>1</sup> There was limited direct economic impact generated through BC Place operations in Fiscal 2011 and Fiscal 2012 due to the facility closure for retrofit. The facility reopened for business September 30, 2011.

Gross Domestic Product from Events at Vancouver Convention Centre (in \$millions)

Performance Measure	Actual 2010/11	Forecast 2011/12	Targets		
			2012/13	2013/14	2014/15
Convention Centre Gross domestic product	\$ 236	\$ 276	\$ 219	\$ 236	\$255

Increased non-resident delegate days at the Convention Centre - As the economic benefit generated by non-resident delegates represents 'new' money coming into the BC economy, this is the first priority and primary performance indicator for the Convention Centre. Non-resident delegate days (NRDD's) are the combination of non-resident delegate numbers and the days they spend at events hosted at the Convention Centre.

Increased Attendance at BC Place - Increased attendance levels at BC Place drives higher sales of stadium services, including food and beverage sales. As the number of patrons and events increase, the facility becomes more attractive to corporate sponsors to purchase interior signage and exclusive supply rights.

## *Strategic Goals (cont.)*

NRDD's at the Convention Centre and BC Place Attendance

Performance Measure	Actual 2010/11	Forecast 2011/12	Targets		
			2012/13	2013/14	2014/15
Convention Centre – Non Resident Delegate Days	427,000	503,000	403,000	425,000	450,000
BC Place – Attendance <sup>1</sup>	81,000	560,000	1,400,000	1,500,000	1,500,000

<sup>1</sup> There was limited attendance at BC Place in Fiscal 2011 and Fiscal 2012 due to the facility closure for retrofit. The facility reopened for business September 30, 2011.

### *GOAL 2*

#### *Maintain and Increase Client Services and Satisfaction*

By increasing satisfaction of our customers, PavCo's reputation as an organization capable of attracting and producing world-class events will drive future attendance levels. This will further enable us to achieve our primary goal of maximizing economic and community benefits in British Columbia. Many of our guests from out-of-province spend extra time in the province post-event, and often return with their families as tourists at a later date.

#### *Key Strategies*

- Continue to provide a high level of service to support retaining our customers;
- work with our industry partners to attract guests who will bring the greatest amount of benefits to local and Provincial economies; and
- promote our facilities as the preferred venues for client target markets.

#### *Performance Measures and Targets*

Service Quality Survey Scores - Quality Surveys are conducted with clients to determine their satisfaction levels and expectations. The event business is very competitive and attendee satisfaction is critical. Negative experiences can lead to clients failing to return or not recommending our facilities to other potential clients or guests choosing not to attend future events at the facilities.

## *Strategic Goals (cont.)*

Facility Occupancy – Prior to the retrofit BC Place had a limited occupancy potential due to outdated amenities, and also the effects of external weather conditions which created unpleasant temperature extremes inside the facility during summer and winter. Improvements to air-flow and new amenities will attract new clientele during periods that were previously unsuitable for hosting events. We will also improve our service levels wherever possible in order to retain clients.

### Service Quality and Customer Satisfaction

Performance Measure	Actual 2010/11	Forecast 2011/12	Targets		
			2012/13	2013/14	2014/15
Service Quality: Convention Centre BC Place <sup>1</sup>	88%	90%	90%	90%	90%
	N/A	N/A	90%	90%	90%
Facility Occupancy (days): BC Place <sup>2</sup>	N/A	107	250	260	250

<sup>1</sup> BC Place was closed for Fiscal 2011, so service quality was not measured for the year.

<sup>2</sup> All events were displaced or cancelled in Fiscal 2011 due to closure for the revitalization project. Events took place for a partial year in Fiscal 2012. Days of occupancy includes move-in, move out, conversion days and actual event days, which are days that the facility could not be used for other event purposes.

### *GOAL 3*

#### *Maintain and Improve the Facilities Under our Management*

PavCo is striving to provide significant public amenities that surpass market expectations and standards.

We will maintain and improve our facilities to the best standard possible within our means in order to attract new clients. We are developing repair and improvement plans at our facilities, and also look for ways to enhance some of our services. Capital upgrades to our properties will make us more competitive with other facilities and should result in an increase in overall occupancy and profitability.

### *Key Strategy*

- Implement repair and maintenance plans to improve the facilities under our management; and
- effectively manage facility capital improvement programs.

## Strategic Goals (cont.)

### Performance Measure and Targets

Achieving Major Capital Work Milestones – The BC Place revitalization program including replacement of the air supported roof with a retractable structure is complete. No further major capital work is currently forecast for BC Place or the Convention Centre.

Major Capital Work - Milestones

Performance Measure	Actual 2010/11	Forecast 2011/12	Targets		
			2012/13	2013/14	2014/15
<u>Convention Centre Expansion:</u>					
Renovations to existing facility	100% Complete	-	-	-	-
<u>BC Place Revitalization Program:</u>					
Phase 1 Interiors	100% Complete	-	-	-	-
Phase 1 Structural Upgrades	100% Complete	-	-	-	-
Major Maintenance	60% Complete	100% Complete	-	-	-
Furniture Fixtures and Equipment	10% Complete	100% Complete	-	-	-
Retractable Roof	55% Complete	100% Complete	-	-	-

BC Place re-opened on September 30, 2011, with its newly completed retractable roof and major interior and structural upgrades. The revitalization program completed on schedule and within its approved budget of \$563.0 million.

### GOAL 4 *Increase Innovation, Learning, and Growth*

We strive to keep our employees' skills at optimum levels so that they can participate in our operations in a professional and meaningful way. The new skills that they acquire through their learning activities will maintain PavCo as a leading organization for innovation and creativity in its industry sector. We will monitor training activity and measure the rate of staff retention.

### Key Strategies

- Continue to support staff development in required skill areas, building capacity and motivation to achieve our strategic goals; and
- implement a performance-contingent compensation system that attracts high performance staff.



## Strategic Goals (cont.)

### Performance Measure and Targets

Employee Involvement – Our facilities are home to many professionally trained and skilled employees, as well as part time event staff. During recent years, construction activity at our facilities has resulted in closures and disruption of event schedules. It is critical to retain as many staff as possible, as the cost of recruiting is considerable. Our highest incidence of turnover is at BC Place as the result of the cyclical nature of our major spectator events.

Performance Measure	Actual 2010/11	Forecast 2011/12	Targets		
			2012/13	2013/14	2014/15
Employee involvement - retention of event staff at BC Place <sup>1</sup>	N/A	N/A	85%	87%	87%

<sup>1</sup> Employee retention at BC Place was not measured in Fiscal 2011 and will not be measured in Fiscal 2012, as the event time staff were not working on a consistent basis due to the facility closure. The facility reopened for business September 30, 2011 and retention will be measured in Fiscal 2013 onwards.

## Changes to Goals and Performance Measures Since Publication of the February 2011 Service Plan

Goal / Measure February 2011	Revised Goal / Measure	Reason for Change
Goal 2 – Maintain and Increase Client Services and Satisfaction – Business Retention at BC Place	Measure Facility Occupancy (days)	Under the new configuration of BC Place, there will be a significant number of one-time sporting and special events. Days of occupancy is a better measure of success on an ongoing basis rather than measuring the retention of major clients
Goal 4 - Employee Involvement - Measure employee retention at BC Place	Measure re-instated	Now that BC Place has reopened it is important to track retention of event staff and to keep them engaged

## Capital Plan & Major Capital Projects

PavCo does not have any further major capital projects forecasted. Each facility has capital plans which provide ongoing major maintenance and minor capital expenditures to maintain or exceed facility experience expectations by the users and clients of the facilities.

### BC Place

PavCo received approval to proceed with a retractable roof in October 2009, with a total redefined project budget of \$563.0 million inclusive of interior renovations, major maintenance, structural upgrades and new fixtures and equipment. The project completed on schedule and within its approved budget.

The \$563 million budget and scope of the BC Place revitalization program consisted of the following elements (in \$millions):

Scope	Budget		Status
Phase 1 Interior Renovations	\$	55.0	Completed Fiscal 2010
Deferred Maintenance		40.0	Completed Fiscal 2012
<i><u>Stadium Retrofit:</u></i>			
Phase 1 Structural Upgrades	25.0		Completed Fiscal 2010
Upgrades & Retractable Roof			
	<u>433.0</u>	458.0	Completed Fiscal 2012
Furniture, Fixtures, and Equipment		10.0	Completed Fiscal 2012
Total		\$563.0	

With the completion of the revitalization project, BC Place has returned to normal operations and its capital plan for ongoing maintenance requirements to sustain the newly refurbished stadium includes roof maintenance, continuing electrical, mechanical and plumbing upgrades, new event equipment and furniture, and IT technology upgrades.

### Vancouver Convention Centre

The Vancouver Convention Centre capital plan consists of interior refurbishments, furniture and equipment renewals and upgrades, building systems and IT technology upgrades, sustainability enhancements and capital requirements for upgrades to the east facility which is operated under a lease with Canada Place Corporation.

The Convention Centre Expansion project completed a total cost of \$836 million, which was \$47 million less than its approved budget of \$883 million.

## Capital Plan and Major Capital Projects – (Cont.)

### Capital Plans (in \$ millions)

Scope of Work	Actual 2010/11	Forecast 2011/12	Targets		
			2012/13	2013/14	2014/15
BC Place <sup>(1)</sup>	\$ 0.229	\$ 0.700	\$ 3.020	\$ 15.820	\$ 3.820
Vancouver Convention Centre	1.127	0.850	4.000	4.000	4.000
<b>Total Capital Plan</b>	<b>\$ 1.356</b>	<b>\$ 1.550</b>	<b>\$ 7.020</b>	<b>\$ 19.820</b>	<b>\$ 7.820</b>

(1) Includes Corporate Services

### Major Capital Project Expenditures (in \$ millions)

Scope of Work	Actual 2010/11	Forecast 2011/12	Targets		
			2012/13	2013/14	2014/15
BC Place Revitalization Project	\$ 196.467	\$ 247.982	\$ -	\$ -	\$ -
Convention Centre Expansion Project	9.232	2.714	-	-	-
<b>Total Capital Project Expenditures</b>	<b>\$ 205.699</b>	<b>\$ 250.696</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Summary Financial Outlook

## *Financial Forecast*

### Five-Year Financial Comparison for Operations (in \$ millions) - PavCo Consolidated <sup>1</sup>

	Fiscal 2010/11 Actual	Fiscal 2011/12 Forecast	Fiscal 2012/13 Budget	Fiscal 2013/14 Budget	Fiscal 2014/15 Budget
<b>Revenues</b>					
– Sales and other income	53.382	79.998	53.651	73.310	60.870
– Contributions <sup>2</sup>					
• Sustaining	17.587	14.840	9.142	9.142	9.142
• Deferred Contributions	<u>26.981</u>	<u>39.640</u>	<u>40.522</u>	<u>40.922</u>	<u>40.622</u>
Total Revenues	97.950	134.478	103.315	123.374	110.634
<b>Expenses</b>					
– Cost of sales	21.459	23.755	25.427	27.286	28.476
– Operating costs	46.321	69.136	43.159	42.318	42.962
– Loan interest	-	-	-	7.314	7.231
– Amortization <sup>3</sup>	<u>30.170</u>	<u>45.859</u>	<u>48.125</u>	<u>48.525</u>	<u>48.225</u>
Total Expenses	97.950	138.750	116.711	125.443	126.894
Net Income (deficit) after government subsidy	-	(4.272)	(13.396)	(2.069)	(16.260)
Debt	150.000	150.000	150.000	148.322	146.561
Retained earnings (operating deficiency)	27.813	23.541	10.145	8.076	(8.184)
Major capital expenditures <sup>4</sup>	205.699	250.696	-	12.000	-
Annual sustaining capital work	1.356	1.550	7.020	7.820	7.820

<sup>1</sup> PavCo's financial reporting, including forecast information, was prepared using Generally Accepted Accounting Principles (GAAP), and is stated in Public Sector Accounting Board (PSAB) format.

<sup>2</sup> The Government contribution is to cover operations shortfalls and renewal of capital assets. Funding is provided through the Ministry of Jobs, Tourism and Innovation.

<sup>3</sup> Amortization will increase in Fiscal 2012 and Fiscal 2013 following renovations to BC Place.

<sup>4</sup> Major capital expenditures include approved capital projects of over \$50 million, plus other major capital projects.

### Key Assumptions

- The core business units are the Vancouver Convention Centre and BC Place.
- PavCo will work with the Shareholder to determine options for funding future forecast deficits to ensure financial stability.

### *Financial Forecast (cont.)*

- Revenue estimates are based on current bookings and expected pick-up business. These estimates could change if there are world events during the period that impact business travel and tourism. Estimates will be monitored and adapted as conditions change.

### Forecast Risks and Sensitivities

- Fluctuations in the value of the Canadian dollar against other currencies could affect the amount of out-of-country business attracted to PavCo's facilities.
- Fuel costs are a major component of facility operating costs. Rising fuel costs and cold winter weather can significantly add to costs during the winter months.

## Operating Segment Summary Information

### Vancouver Convention Centre

#### Five-Year Financial Comparison for Operations (in \$ millions)

	Fiscal 2010/11 Actual <sup>1</sup>	Fiscal 2011/12 Forecast	Fiscal 2012/13 Budget	Fiscal 2013/14 Budget	Fiscal 2014/15 Budget
<b>Revenues</b>					
– Sales	40.739	39.845	35.721	40.107	42.057
– Deferred contributions	2.303	2.400	2.400	2.400	2.400
– Amortization deferred asset contributions	<u>21.022</u>	<u>28.265</u>	<u>22.150</u>	<u>22.150</u>	<u>22.150</u>
Total Revenues	64.064	70.510	60.271	64.657	66.607
<b>Expenses</b>					
– Cost of sales	21.254	21.022	19.333	21.429	22.512
– Operating costs <sup>2</sup>	24.319	23.261	23.471	23.877	24.237
– Amortization	<u>21.170</u>	<u>28.415</u>	<u>22.300</u>	<u>22.300</u>	<u>22.300</u>
Total Expenses	66.743	72.698	65.104	67.606	69.049
<b>Net Income (Deficit) before Government operating contributions</b>	(2.679)	(2.188)	(4.833)	(2.949)	(2.442)

<b>Major capital expenditures <sup>3</sup></b>	9.232	2.714	-	-	-
<b>Annual sustaining capital work</b>	1.127	0.850	4.000	4.000	4.000

<sup>1</sup> Results for Fiscal 2011 have been stated in PSAB format.

<sup>2</sup> Operating costs include an allocation of Corporate services overhead.

<sup>3</sup> Includes approved capital projects of over \$50 million, plus other major capital projects.

## BC Place Stadium

### Five-Year Financial Comparison for Operations (in \$ millions)

	Fiscal 2010/11 Actual <sup>1</sup>	Fiscal 2011/12 Forecast <sup>2</sup>	Fiscal 2012/13 Budget	Fiscal 2013/14 Budget	Fiscal 2014/15 Budget
<b>Revenues</b>					
– Sales	9.578	37.303	15.510	30.783	16.393
– Amortization of deferred contributions	<u>5.927</u>	<u>11.331</u>	<u>18.347</u>	<u>18.747</u>	<u>18.447</u>
<b>Total revenues</b>	<b>15.505</b>	<b>48.634</b>	<b>33.857</b>	<b>49.530</b>	<b>34.840</b>
<b>Expenses</b>					
– Cost of sales	0.205	2.733	6.094	5.857	5.964
– Operating costs <sup>3</sup>	21.272	45.469	19.693	18.446	18.730
– Loan interest		-	-	7.314	7.231
– Amortization	<u>8.968</u>	<u>17.400</u>	<u>25.800</u>	<u>26.200</u>	<u>25.900</u>
<b>Total Expenses</b>	<b>30.445</b>	<b>65.602</b>	<b>51.587</b>	<b>57.817</b>	<b>57.825</b>
<b>Net Income (Deficit) before Government contributions</b>	<b>(14.940)</b>	<b>(16.968)</b>	<b>(17.730)</b>	<b>(8.287)</b>	<b>(22.985)</b>

<b>Major capital expenditures <sup>4</sup></b>	<b>196.467</b>	<b>247.982</b>	<b>-</b>	<b>12.000</b>	<b>-</b>
<b>Annual sustaining capital work</b>	<b>0.229</b>	<b>0.700</b>	<b>3.000</b>	<b>3.800</b>	<b>3.800</b>

<sup>1</sup> Results for Fiscal 2011 have been restated in PSAB format.

<sup>2</sup> BC Place was closed for its revitalization project in Fiscal 2011 and reopened September 2011.

<sup>3</sup> Operating costs include an allocation of Corporate services overhead. Fiscal 2011 and Fiscal 2012 operating costs include the costs of rental and maintaining the temporary sports stadium at Empire Field.

<sup>4</sup> Includes approved capital projects of over \$50 million, plus other major capital projects.



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