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OTTAWA CONVENTION CENTRE CORPORATION

ANNUAL BUSINESS PLAN 2016/17 – 2018/19

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1. EXECUTIVE SUMMARY

Fiscal year of 2016/17 will see the centre turning the curve and increasing its level of convention activity over 2015/16 with a forecast of 41 conventions versus the 30 conventions we welcomed this past fiscal year. The focus will remain on driving revenue opportunities while at the same time decreasing expenses wherever possible. It is important to note that our goal of increasing Ottawa's share in the international convention market continues to be at the forefront and sales and marketing efforts in this sector will continue to be streamlined with Ottawa Tourism. Working with our strategic partner, Ottawa Tourism, the Centre will take the lead in developing the Capital Host Program which acknowledges and recognizes local champions who are working to secure international bids for the centre and destination. Our success at hosting our largest corporate event this past February has already begun to yield positive opportunities with other major corporate events reaching out to us to discuss putting Ottawa into future rotations. This is an extremely lucrative market and has a tendency to meet in our shoulder season of January – March.

2015/16 RESULTS

With new leadership in place and organizational changes implemented, it was important to share with our board of directors, management's vision for the future. The executive leadership team reconfirmed the organization's Vision, Mandate and Core Purpose; however, some changes were made to the five-year strategic plan as outlined below:

1. Enhanced marketing initiatives
2. Revised 10 Shared Commitments to 5 Shared Values
3. Elevate the customer experience
4. Enhance stakeholder relationships with key organizations including the Ottawa Gatineau Hotel Association, City of Ottawa, and Ottawa Tourism
5. Implement a yield management approach to our inventory to maximize revenue opportunities and increase occupancy

2015/16 was year two of a two-year low booking period based on several factors including the federal government's tight expenditure controls which resulted in prospective government meetings and events not receiving anticipated funding to move forward, as well as concerns over security and global unrest which affects attendance numbers. During the period of redevelopment, many of our national associations were looking to be in the "new centre" as is reflected in our number of conventions in our first two years of opening. Given that the association sector is cyclical, 2015/16 was not a rotational year for Ottawa as was seen in the decline in national conventions.

While 2015/16 was a slower booking year, we managed to control expenses and outperform budget. We hosted a total of 437 events, including 30 conventions which, as predicted, is down just slightly from the previous year; however, our revenue projections for 2015/16 are

\$9.4 million in food & beverage and \$4.3 in facility rental. We are also pleased to report projected gross revenue of \$15.9M resulting in net operating surplus of \$860k which translates into approximately \$75M in economic impact to the city.

LOOKING AHEAD TO 2016/17

Big picture outcomes of our strategic plan to attain \$20 million in revenue by 2020/21 continue to be anchored by the following key elements:

1. 60 major events per year generating \$9.5M annually. \$8 million in local sales
2. \$2.5 million in ancillary revenue per year consisting of commissions, sponsorship, advertising and other revenues
3. We are the easiest convention centre with which to do business
4. Best attendee/client experience
5. Resolve debt issue

2016/17 FINANCIAL BUDGET AND 2017/18 – 2018/19 PROJECTIONS

Our forecast for fiscal year 2015/16 will result in increased revenue and operating surplus over our projections. Our revenues for last year will exceed budget by over \$ 800k (15%) and our operating surplus will exceed our projections by over \$700k (640%). Fiscal year 2015/16 as compared to fiscal 2014/15 saw revenue growth of just over 3% while our operating surplus increased by an astounding 1620%.

As we look ahead to 2016/17, we are projecting to service 502 events including 41 conventions, an increase of 35% from the previous year. Revenue projections for 2016/17 include \$9.8M in food and beverage, \$4.1M in facility rental along with \$1.3M in commissions. Our budget reflects an operating surplus of just under \$600k. Our expenses will continue to be well managed with a slight increase in our facilities budget to reflect increased maintenance costs as our building ages.

Ottawa is truly excited to be hosting the One Young World Summit in 2016, the premier global forum for young leaders under 30. Some of the brightest emerging leaders from Canada and around the world will be joined by counsellors such as former United Nations Secretary General Kofi Annan, Sir Bob Geldof, Professor Muhammad Yunus and by global CEOs, media leaders and the senior-most representatives of all levels of government, to debate and devise solutions to some of the most pressing issues of our time. Ottawa will look to leverage this event to secure future business through the high profile media attention the convention will attract. Held in Bangkok in 2015, the event drew 1300 delegates from 196 countries. The number of media outlets accredited equalled 130; the number of broadcast pieces secured

was 200, and 350 articles were published in print and online. The hype for Ottawa leads us to believe we will receive the same media interest given that this event has never before been held in Canada. Our current Prime Minister also holds the portfolio of Minister of Intergovernmental Affairs and Youth and is looking to establish a Prime Minister's Youth Advisory Council which has received global attention.

As new convention centres come to market, it is important to continue to elevate the customer experience. The sales team is tasked and accountable for client interaction with each key account at least once per quarter. Our operational teams are more intuitive and empowered to be creative with customer service to ensure our survey scores remain at 4.6 out of 5 for overall satisfaction.

A new on-line bid document was launched by the centre and was sent to several corporate and association clients for critique. It has been met with tremendous enthusiasm and reflects our state of the art facility and high level of service standards. This interactive tool will allow account managers to individualize proposals and incorporate destination information critical in the decision making process. On-line proposals address a greener environment as well as expectations of the new era of meeting planners entering the work force.

OCC's long range financial imperative is to generate revenues to support a surplus, service debt repayments and maintain cash flow sufficient to drive operating surpluses that provide for lifecycle requirements and debt servicing repayments. There are several factors that are promising for the OCC – namely a newly appointed President and CEO and a very engaged board of directors who will continue to work with the ministry to address the debt. These new appointments have brought about change in managing the business and in regaining and managing improved working relationships with our partners.

2. MANDATE AND VISION

VISION

Inspired people creating extraordinary events.

Our vision is supported by the following five pillars:

1. Revenue growth
2. Customer experience
3. Relationship with stakeholders
4. Community outreach
5. Marketing Tactics in support of strategic plan

CORE PURPOSE

We are Canada's Meeting Place. The Ottawa Convention Centre provides the stage where Canadians and guests from around the world come together in Ottawa, our Capital, to learn and grow by sharing their knowledge, views and practices.

ECONOMIC MANDATE

The Ottawa Convention Centre operates profitably and generates positive economic impact for the National Capital Region, the Province of Ontario and its industry partners.

SHARED VALUES

WE always treat each other with respect and fairness

WE strongly celebrate innovation and initiative

WE act upon our responsibility to our community and the environment

We contribute as a team to our shared success

We go the extra mile to deliver extraordinary experiences

LEGISLATIVE AUTHORITY AND MANDATE

OCC is an Agency of the Government of Ontario governed by the Ottawa Convention Centre Corporation Act (1988). OCC is operated by a twelve member Board of Directors with nine provincial and three municipal appointees. The Centre opened in 1983, was demolished in 2008 and re-opened in 2011. Its legislated mandate is to “operate, maintain and manage an international-class convention centre in a manner that will promote and develop tourism and industry in Ontario”.

OCC is an operational enterprise agency of the Ministry of Tourism, Culture and Sport. Shaw Centre is committed to providing excellent, high calibre bilingual customer service, and to ensuring that services are timely, responsive, accessible and accountable.

The Memorandum of Understanding (MOU) between the Ottawa Convention Centre Corporation and the Ministry of Tourism, Culture and Sport, provides an accountability and governance framework, including the following accountability relationship:

- a) The Minister is accountable to the legislature and Management Board for the Centre’s fulfillment of its mandate, its compliance with government and Ministry policies and for reporting and responding to the Legislature on the Centre’s affairs.
- b) The Chairman is accountable to the Minister and the Board for the performance of the Centre in fulfilling its mandate for carrying out the roles and responsibilities assigned to the Chair by the governing Act, Management Board directives and the MOU.
- c) The Deputy Minister is accountable for carrying out the roles and responsibilities with respect to the Board assigned to the Deputy Minister by the Minister, Management Board directives, the Act and the MOU.
- d) The President & CEO is accountable to the Chairman and the Board for the management of the Centre, the supervision of the Centre’s staff, and for carrying out the roles and responsibilities assigned by the Board, Management Board directives, the Act, other relevant legislation and the MOU.
- e) Staff of the Centre is accountable to the President & CEO for carrying out the roles and responsibilities as assigned to the staff by the President & CEO.

3. ENVIRONMENTAL SCAN AND SWOT ANALYSIS

GENERAL OBSERVATIONS

This business plan outlines all of the Centre's revenue opportunities as well as its financial statements. 2015/16 was forecasted to be our most challenging year yet, with a decline of convention business over previous years. The road ahead is paved with more optimism as we see the sales funnel begin to populate with multi-year corporate conventions, more international conventions and stabilized local and regional business.

The forecast for meetings and conventions is positive; however, we will see a shift in how dollars are spent. As an example, food and beverage is trending flat to previous years and in some cases, fewer meals are being provided as part of conference programs. Costs have increased for conventions and major events given the onset of terrorist attacks and future security threats.

BEST OF TIMES, WORST OF TIMES

Managing Editor, Paul Colston Conference and Meetings World Magazine Issue 83

"I have sat in absorbing presentations on neuro-linguistic programming, tried on virtual reality headsets, learned to measure ROI and appreciated personalization, returning from all these experiences with a bag full of ideas and new contacts. The synergies and sparks really do fly when meeting professionals meet and practice what they preach—face to face.

Sadly, it is all too obvious that the places we choose to meet and to travel through, are open spaces dealing with thousands of people on a daily basis. These locations and venues for our events are now under threat from violent extremists whose meeting's agenda is to sow fear and panic among civilized minds and break our society.

Ottawa and Canada in general, are still perceived as safe destinations to hold a meeting or convention. This messaging has become a staple in our marketing collateral to ensure that planners know safety and security are a top priority for the destination and centre.

Technology will continue to play an increasing role in meetings and conventions. The request for free Wi-Fi is ever increasing and we are working with our IT service provider, Freeman, to develop a package that can be offered as an incentive to close business. Although more and more centres are looking to offset this cost, planners are pushing back and have expectations of complimentary Wi-Fi services.

Research and feedback has indicated delegates are looking for unique venues to hold events and for convention centres to be less “big box” and more intimate and flexible. More public gathering spots, breakout sessions in public areas etc. are trending in the future. The Centre has added more seating in our public areas to address this request as well as to take advantage of the spectacular view our location affords us.

At the 2015 AIPC annual convention, it was shared that 71% of its membership would be embarking on expansions, upgrades with new development underway or projected for the future.

CANADIAN CONVENTION CENTRES INVENTORY BY 2017 - TIER 1 & 2				
	Total Exhibit Space (sq.ft.)	Ballroom (sq.ft.)	Meeting Space (sq.ft.)	Total Overall Space (sq.ft.)
TIER 1				
Metro Toronto Convention Centre	442,000	28,000	96,817	566,817
Vancouver Convention Centre	311,705	69,292	84,191	465,188
Possible BMO Centre Expansion	300,000	30,000	32,500	362,500
Palais des Congres de Montreal	183,437	69,707	66,655	319,799
Total Tier 1	1,237,142	196,999	280,163	1,714,304
TIER 2				
New Winnipeg Convention Centre	135,500	45,600	31,766	212,866
Le Centre de Congres de Quebec	75,000	34,500	93,427	202,927
Shaw Convention Centre - Edmonton	95,749	-	37,652	133,401
Shaw Centre - Ottawa	57,740	19,032	46,459	123,231
Scotiabank Convention Centre Niagara Falls	81,140	16,955	25,000	123,095
New Halifax Convention Centre	40,000	30,000	50,000	120,000
Calgary Telus Convention centre	47,046	19,234	32,091	98,371
TCU Place - Saskatoon	18,825	22,400	28,431	69,656
Victoria Conference Centre	14,689	25,000	9,929	49,618
Total Tier 2	565,689	212,721	354,755	1,133,165
Total	1,802,831	409,720	634,918	2,847,469

** The above table does not take into consideration pre-function space as not all centres have the same definition of pre-function space.*

4. IN THE COMMUNITY

The Ottawa Convention Centre has put together a variety of program activities in order to support its mandate of operating, maintaining and managing an international-class convention centre in a manner that will promote and develop tourism and industry in Ontario.

BENEFITS TO THE COMMUNITY/AWARDS

The Ottawa Convention Centre has averaged approximately 500 events per year since opening, including 43 conventions and 7 city-wides. This represents approximately \$55 million in convention revenue. At the time of writing, we have 92 pending conventions on the books for the five-year booking pace period.

OCC has had a positive economic impact on the Province of Ontario and the City of Ottawa from the construction phase of the new Centre through to present day. Job creation in the construction, hospitality, hotel and restaurant industries were all affected in a positive manner. After generating economic impact of an estimated \$411 million in the five years following redevelopment, OCC continues to be a major contributor to the economy, through hosting national and international events and increasing hospitality revenues through attendee and visitor spending. The Centre also generates incremental economic benefits from visitors which support other government programs via income and sales taxes. The OCC is an integral part of all tiers of government, promoting visitor/business attraction which translates to economic growth.

Economic Impact

YEAR	ECONOMIC IMPACT GENERATED
FY 2011/2012	\$ 83M
Calendar 2012	\$ 101M
FY 2013/2014	\$ 77M
FY 2014/15	\$ 75M
FY 2015/16 (estimated)	\$ 75M
Total	\$ 411M

Taxes Generated

	FY 2011/12	CALENDAR 2012	FY 2013/14	FY 2014/15	TOTAL
FEDERAL	\$ 18,949,461	\$ 21,252,074	\$ 16,451,932	\$ 16,117,668	\$ 72,771,135
PROVINCIAL	\$ 12,805,749	\$ 16,490,356	\$ 12,540,735	\$ 12,134,912	\$ 53,971,752
MUNICIPAL	\$ 236,942	\$ 289,602	\$ 238,608	\$ 195,424	\$ 960,576
TOTAL	\$ 31,992,151	\$ 38,032,032	\$ 29,231,275	\$ 28,448,004	\$127,703,462

Jobs Supported

	FY 2011/12	CALENDAR 2012	FY 2013/14	FY 2014/15	TOTAL
DIRECT	907	981	724	686	3,298
INDIRECT	141	159	132	141	573
INDUCED	124	149	131	129	533
TOTAL	1,172	1,289	987	956	4,404

OCC recognizes the role we play in the life and economy of our community and that the community plays in supporting and enhancing the event experience of our clients. That's why it is critical we continue to demonstrate ongoing corporate responsibility and maintain a positive community interface. We are well positioned to help better our city and our corporate investment program is directed at helping the future of tomorrow by taking on students and mentoring them, by having colleagues give hours of their time to volunteer, and by donating items for silent auctions with proceeds going to worthy causes. In late March 2016, OCC formally announced the *Leave a Legacy* program whereby clients are invited to leave a legacy for the community after their event is over. OCC colleagues will ensure whatever salvageable materials that are left behind are delivered to clients' charities of choice. This has already proved to be popular with our clients.

While positively impacting the local community and economy, OCC has also enjoyed many of its own successes. On top of having one of the best DMO/Convention Centre relationships in the industry, supporting our strategic growth in Canadian and International markets, in November 2015 we were awarded the "Best marketing initiative of the year" at the Ottawa Business Awards for a PR event held in our crEATe Kitchen Studio, gathering all food bloggers in Ottawa and generating more than 250,000 impressions online, including blog posts, tweets, Facebook updates and Instagram posts.

We also won a significant piece of corporate business in February, 2016. This was the largest event that the OCC has hosted since its opening, and one of the largest to have ever taken place in Ottawa, with significant economic impact for our partners and the business community. The event was attended by 2,000 delegates and vendors and generated 3,500

room nights for the city of Ottawa. One of the evenings, a *dine around*, allowed delegates to experience local Ottawa restaurants who also benefitted from significant economic impact on a Tuesday night in February. This event is already opening doors to other noteworthy corporate entities that have not considered Ottawa in the past.

Our client satisfaction rating peaked this year at 4.6 out of 5 in our surveys. We have numerous initiatives coming up which will help us keep this momentum and continue embedding exceptional customer service in all of our operations and interactions with the public. We are extraordinary people creating extraordinary events. Our mandate is to operate profitably and in cooperation with our industry partners to generate positive economic impact for the City of Ottawa, the province of Ontario and the Government of Canada. Our goal is to be a key partner in attracting conventions to the city by continuing to provide great experiences to our guests and to achieve \$20 million of overall revenue by 2020.

We are strong advocates for the respect, conservation and sustainability of the environment. Operating responsibly and minimizing our environmental footprint is part of our culture. LEED GOLD certified, the centre is a green building and a visible landmark for sustainability in Ottawa with its low mercury lamps, green housekeeping practices, and water efficiency strategy. Our most recent green acquisition, the ORCA, is a machine that "digests" up to 2,400 pounds (over 1 ton) of food waste per day. Within 24 hours, this technology turns food waste into environmentally safe water that flows straight into the municipal sewage system. In one year, an ORCA machine can divert up to 875,000 pounds of food waste from going to landfill. This reduces the amount of methane gases produced at landfill sites, and reduces garbage truck diesel fuel usage and resulting Co2 emissions.

All these successes are the foundation on which we will build our future and reach the objectives of our five year plan.

5. RISK ASSESSMENT STRATEGIES

Risk category: Operational	
Risk factor #1: Brand Awareness of Ottawa and Perception of Convention Centres	
Description	Ottawa Tourism and the OCC have collaborated on a five-year strategic plan which includes a comprehensive brand strategy for the city. Much of the execution depends on the DMO; however both entities recognize that the five-year plan may require revisions and changes to address today's environment. In addition, Centres struggle with the reputation of inflexibility, image of a cavernous concrete building, and 3 star service. We have a solid opportunity to overcome this perception of convention centres and will address aggressively in our marketing efforts.
Related strategic priority	Financial Sustainability.
Impact and Scope	Medium.
Mitigation	Create marketing messaging to focus on owning the city when you meet in Ottawa, proximity to major political leaders for the purpose of lobbying, walkable and safe city and value for price paid at the OCC. Joint sales initiatives with OT in Europe will bolster this messaging as well as the broader message of Canada as a safe meetings destination through sales calls and client events.

Risk category: Operational	
Risk factor #2: Economic Climate	
Description	Slow growth in the domestic economy has led to consumer and corporate spending lethargy. While the falling Canadian dollar should attract US meetings, this has traditionally not been the case and is likely not to materialize in 2016/2017. Meeting planners are cautious about executing contracts well into the future given the economic uncertainty. The contracting cycle has shortened significantly given economic uncertainty which also results in planners not being able to secure their preferred dates due to the short booking cycle.
Related strategic priority	Financial Sustainability.
Impact and scope	Medium. Future forecasting becomes a challenge in that the booking window has shortened from a 3 - 5 year window to an 18 month – 2 year window.
Mitigation	Shift our selling approach to a partnership approach. Increased revenues will be rewarded by value added offers and concessions.

Risk category: Operational	
Risk factor #3: Changes & Trends in the Operating Environment	
Description	While meeting professionals are optimistic and the industry appears healthier with an expected increase in training/internal meetings, budgets still remain tight and both meeting planner and delegate expectations are evolving.
Related strategic priority	Financial Sustainability & Client Satisfaction
Impact and Scope	Medium. It is getting more difficult to meet these expectations and demands and still be able to operate efficiently (within margins) and remain competitive. With shorter lead times, accurate forecasting and planning is challenging.
Mitigation	We will look for opportunities to purchase within Canada and look for chances to implement cost control strategies. We will align with partners that can support the evolving demands of clients.

Risk category: Operational	
Risk factor #4: Ongoing Threat of Terrorism	
Description	Today's threat of terrorism places an added cost on security which, in previous years, was not a major part of the budgeting process for association and corporate meetings. Threats and acts of terrorism result in decreased attendance and sponsorship impacting directly on an association's and corporation's bottom line.
Related strategic priority	Financial Sustainability
Impact and Scope	Medium. Threats of terrorism directly correlate with a decrease in delegates wanting to travel.
Mitigation	Mitigation falls on the Centre as meeting planners are protected through force majeure clauses when threats or acts of terrorism occur. The centre and Ottawa Tourism will need to instill a sense of security given we are in the nation's capital. Providing clients with a solid sense of our security practices will be essential.

Risk category: Operational	
Risk factor #5: Emergency Preparedness	
Description	A major destination strength has been and continues to be the safety and security of the asset, contents and most importantly guests and personnel. In spite of recent world and local threats, the Centre's clients remain committed to this belief. Nonetheless, it is incumbent upon the Centre to maintain a safe and secure environment by ensuring the facility and its personnel can react & respond to a wide array of emergencies.
Related strategic priority	Client Satisfaction
Impact and Scope	Medium. It is impossible to predict an emergency or the intensity of the disaster, however planning and preparation to manage an issue is important in order to minimize the threat and build leadership skills to take control of the issue and to ensure business continuity.
Mitigation	In house & external emergency preparedness and response procedures have been developed. In 2015, management updated our emergency preparedness documentation. Assessments and readiness reviews of current emergency management programs, plans and procedures have been undertaken. Such programming and training options are ongoing. We will continue to participate in seminars and workshops put on by the City of Ottawa Emergency Management division and work jointly with our neighbours CF Rideau Centre and the Westin Ottawa Hotel.

Risk category: Operational	
Risk factor #6: Risk to Reputation	
Description	A significant decline in customer service could result in the loss of reputation within the marketplace and therefore a loss in business.
Related strategic priority	Financial Sustainability
Impact and Scope	High. In this highly competitive industry, it would be next to impossible to attract national or international conventions to Ottawa should OCC fail to meet the expectations of our clients.
Mitigation	Continue to monitor client feedback through surveys and make any necessary changes and adjustments in response.

6. ANNUAL GOALS & METRICS

In the upcoming year, OCC will focus on the strategic priorities outlined below. The Executive Leadership Team (ELT) has identified strategies and performance measures to achieve these goals. The ELT meets on a weekly basis to review financial goals as well as client satisfaction and human resources updates.

Strategic Goal #1: Financial Sustainability	
Goal	<p>OCC’s long range financial imperative is to generate the revenues to support a surplus, service debt repayments and maintain cash flow sufficient to drive operating surpluses that provide for lifecycle requirements and debt servicing repayments while maintaining a positive cash flow. In that regard, the OCC has developed a debt management strategy to guide operations in the coming years for discussion with the ministry.</p> <p>OCC’s mandate is to generate economic benefits to the City of Ottawa and the Province of Ontario.</p> <p>OCC will generate the following financial results in 2016/17:</p> <ul style="list-style-type: none"> • Gross revenue of \$ 16M; • Economic impact of \$ 80M; • Booking pace target of \$ 16.5M; and (year-end) • Net operating income of \$594k
Strategies	<p>OCC will manage financial targets in accordance with the Board approved budget. Our strategy will focus on revenue generation. Several areas we will continue to explore include working in partnership with new event operators to create new events, work at securing additional Federal government business, and finding additional ancillary revenue sources and sponsorship agreements worth at least \$100,000 per year.</p> <p>OCC’s newly appointed CEO and her management team have a renewed focus on marketing and driving revenue by getting as much business in the building as possible, and improving working relationships with our partners.</p>

Performance measures	OCC will monitor progress utilizing financial statements and internal reports which are reviewed with senior management on a monthly basis and with the Finance & Audit Committee of the Board of Directors quarterly.				
Description	Actual 2014-15	Forecast 2015-16	Budget 2016-17	Forecast 2017-18	Forecast 2018-19
Economic impact (\$M's)	75.3	75	80	86	87
Gross revenue (\$M's)	15.4	15.9	16	17.2	17.4
Net operating income (\$M's)	0.05	0.85	0.59	1.1	1
Booking pace (\$M's)	14	15	16.5	16.5	17

Strategic Goal #2: Occupancy					
Goal	<p>We finished the 2015/16 fiscal year with an occupancy rate of 38%. Based on business confirmed for next year and the anticipated size of the conventions we are hosting, we are expecting an occupancy rate of 40% in 2016/17.</p> <p>Occupancy is based on the number of square feet sold compared to the number of square feet of available space in a given year. No allowance has been made for holidays or down periods between events.</p>				
Strategies	<p>Improving our occupancy can be achieved by pursuing all market segments so we can fill in the shorter and smaller availabilities with shorter term business. Our focus continues to be on large convention business.</p>				
Performance measures	<p>Occupancy is tracked for each event, then summarized and reported quarterly.</p>				
Description	Actual 2014-15	Actual 2015-16	Budget 2016-17	Forecast 2017-18	Forecast 2018-19
Occupancy rate	38%	39%	40%	42%	43%

Strategic Goal #3: Improving Client Satisfaction					
Goal	Maintain or improve client satisfaction score from the previous year of 4.6 or better.				
Strategies	<p>We will continue to ensure adherence to exceptional service in all phases of the sales and service cycle by initiating and engaging client focus groups, employing impromptu inspections and providing uncompromising leadership, training and coaching to all OCC colleagues.</p> <p>OCC will continue to utilize in-house leaders to ensure standards are met and coaching is enforced. OCC will also make use of in-house and service partner expertise to deliver training and coaching.</p>				
Performance measures	Client satisfaction surveys are sent electronically following each event in the building. Results are reviewed by the General Manager and Director of Events and then circulated to the management team at the weekly operations meeting for review and action as required.				
Description	Actual 2014-15	Actual 2015-16	<i>Budget</i> 2016-17	Forecast 2017-18	Forecast 2018-19
Overall satisfaction	4.6	4.6	4.6	4.6	4.6
Response Rate	41%	38%	40%	40%	40%

Strategic Goal #4: Improved Colleague Satisfaction					
Goal	<p>OCC colleagues continually provide exceptional customer service which is evidenced through our client satisfaction scores. OCC is committed to working with our colleagues to provide the best work environment and tools necessary to help them succeed within their roles. Our goal is to see our colleague satisfaction scores grow each year, alongside our client satisfaction scores. This outcome will ensure the financial success of OCC going forward with a high number of return clients and new bookings through word of mouth praise.</p>				
Strategies	<p>The results of the colleague surveys are reviewed by ELT who then meet with department heads to discuss strategies and follow up. Working groups consisting of colleagues from various departments are struck with the goal of addressing all concerns and recommendations. OCC management is committed to providing effective leadership, training and coaching to colleagues.</p> <p>The colleague survey will take place in May when a larger employee engagement is possible.</p>				
Performance measures	<p>Colleague surveys are conducted annually by a third party service provider.</p>				
Description	Actual 2014-15	Actual 2015-16	Budget 2016-17	Forecast 2017-18	Forecast 2018-19
Overall satisfaction	19/24	19.5/24	19.5/24	20/24	20/24
Response rate	29%	30%	60%	60%	65%

Strategic Goal #5: Corporate Social Responsibility					
Goal	<p>OCC recognizes the role we play in the life and economy of our host community and that the community plays in supporting and enhancing the event experience of our clients. In doing so, we undertake to demonstrate ongoing corporate responsibility and maintain a positive community interface.</p> <p>In 2015/16, OCC successfully diverted 56% of waste from landfills. Our target for 2016/17 is 60% waste diversion.</p> <p>Additionally, OCC will continue to grow our presence in the community through volunteerism and through our <i>Leave a Legacy</i> program.</p>				
Strategies	<p>OCC uses ORCA (Organic Refuse Conversion Alternative) which greatly reduces our requirement for green bins. ORCA takes all organic waste and breaks compost waste down into environmentally safe grey water, which then flows out to the sewage system.</p> <p>OCC will continue to organize volunteer opportunities at various times throughout the year for colleagues. Colleagues will be given the opportunity to participate in various community events, such as the food bank and snowsuit collection programs.</p>				
Performance measures	<p>OCC participates in a very rigorous food waste management program that consists of monthly food quality audits whereby the entire kitchen area is critiqued and scored based on pre-determined values. The score is then reviewed by senior executives.</p> <p>Waste diversion reports are produced and reviewed monthly and any anomalies are addressed immediately.</p> <p>Organize at least two volunteer opportunities and frequent collections programs and ensure participation from a considerable number of colleagues.</p>				
Description	Actual 2014-15	Actual 2015-16	Budget 2016-17	Forecast 2017-18	Forecast 2018-19
Waste diversion	N/A	56%	70%	75%	80%

7. BUDGET SUMMARY

STATEMENT OF OPERATIONS

	Actual 2014-2015	Forecast 2015-2016	Budget 2016-2017	Strategic Plan 2017-2018	Strategic Plan 2018-2019
Food & Beverage	9,804,605	9,407,147	9,836,000	10,479,692	10,698,361
Facility Rental	3,789,363	4,362,620	4,120,000	4,561,848	4,591,596
Commissions	1,241,815	1,323,495	1,315,999	1,415,482	1,379,623
Advertising	341,000	607,906	538,238	565,396	581,588
Other Income	211,538	203,203	189,000	191,750	192,312
TOTAL GROSS REVENUE	15,388,321	15,904,371	15,999,237	17,214,167	17,443,480
Revenue Growth	0.00%	3.35%	0.60%	7.59%	1.33%
COST OF SALES	7,141,868	6,952,008	7,171,679	7,580,674	7,723,107
NET REVENUE	8,246,453	8,952,363	8,827,557	9,633,493	9,720,373
Net Revenue Growth	-2.07%	8.56%	-1.39%	9.13%	0.90%
NET REV PERCENTAGE	53.6%	56.3%	55.2%	56.0%	55.7%
EXPENSES					
Facilities	4,162,316	4,207,686	4,314,460	4,503,960	4,607,818
Utilities	974,712	938,545	1,000,000	1,025,000	1,050,625
Sales & Marketing	1,236,668	1,266,412	1,187,250	1,216,932	1,247,355
General & Administration	1,822,824	1,680,694	1,731,546	1,705,648	1,748,289
TOTAL EXPENSES	8,196,520	8,093,336	8,233,257	8,451,539	8,654,087
PERCENTAGE	53.3%	50.9%	51.5%	49.1%	49.6%
OPERATING SURPLUS	49,933	859,026	594,301	1,181,954	1,066,287
PERCENTAGE	0.32%	5.40%	3.71%	6.87%	6.11%
Interest expense	-2,112,531	-2,192,362	-2,277,756	-2,373,276	-2,370,135
Amortization of deferred contributions	3,212,931	3,212,931	3,212,931	3,212,931	3,212,931
Naming rights contract costs	-296,655				
Amortization of property, plant and equipment	-5,282,668	-5,282,670	-5,282,670	-5,282,670	-5,282,670
Excess of expenses over revenue	-4,428,990	-3,403,075	-3,753,194	-3,261,061	-3,373,587
Contributions to Capital Reserve Fund	0	0	0	0	0

STATEMENT OF FINANCIAL POSITION

	Actual as at	Foecast as at	Budget as at	Strategic Plan as at	Strategic Plan as at
ASSETS	Mar 31, 2015	Mar 31, 2016	Mar 31, 2017	Mar 31, 2018	Mar 31, 2019
Current					
Cash	1,910,776	961,627	1,814,588	2,605,145	3,313,104
Accounts receivable	284,285	848,743	338,742	655,038	679,931
Prepaid expenses	81,088	96,816	94,038	92,636	119,582
Total Current Assets	2,276,149	1,907,186	2,247,368	3,352,819	4,112,617
Property, Plant & Equipment	160,746,499	156,184,836	151,027,166	145,744,496	140,461,826
Total Assets	\$163,022,648	\$158,092,022	\$153,274,534	\$149,097,315	\$144,574,443
LIABILITIES & NET ASSETS					
Current					
Accounts payable and accrued liabilities	2,012,365	1,920,476	1,932,728	1,963,734	1,945,690
Deferred revenue and customer deposits	2,256,557	2,079,372	2,143,000	2,240,491	2,157,115
Current portion of long term debt	140,698	147,414	154,451	161,824	169,548
Total Current Liabilities	4,409,620	4,147,262	4,230,179	4,366,049	4,272,353
Construction holdback payable					
Deferred revenue and deposits	407,909	400,000	425,000	450,000	475,000
Long-term debt	46,848,811	48,804,458	50,845,178	52,981,081	55,113,492
Deferred Contribution - capital assets	110,248,841	107,035,910	103,822,979	100,610,048	97,397,048
Total Liabilities	157,505,561	156,240,368	155,093,157	154,041,129	152,985,540
Net Assets (deficit)	1,107,467	(2,295,608)	(6,048,802)	(9,309,863)	(12,683,450)
Total liabilities and net assets	\$163,022,648	\$158,092,022	\$153,274,534	\$149,097,315	\$144,574,443
Statement of Changes in Net Assets					
Net assets - Beginning of Year	5,536,457	1,107,467	(2,295,608)	(6,048,802)	(9,309,863)
Excess of expenses over revenue for the year	(4,428,990)	(3,403,075)	-3,753,194	-3,261,061	-3,373,587
Net assets - End of year	1,107,467	(2,295,608)	(6,048,802)	(9,309,863)	(12,683,450)

STATEMENT OF CASH FLOW

	Actual as at	Foecast as at	Budget as at	Strategic Plan as at	Strategic Plan as at
	Mar 31, 2015	Mar 31, 2016	Mar 31, 2017	Mar 31, 2018	Mar 31, 2019
Cash flows provided by (used in)					
Operating Activities					
Excess of expenses over revenue for the year	-4,428,990	-3,403,075	-3,753,194	-3,261,061	-3,373,587
Items not affecting cash					
Amortization of property, plant and equipment	5,282,669	5,282,670	5,282,670	5,282,670	5,282,670
Amortization of deferred contributions related to property, plant and equipment	-3,212,931	-3,212,931	-3,212,931	-3,212,931	-3,212,931
Capitalization of interest to long-term debt	2,016,819	2,103,061	2,195,171	2,297,727	2,301,959
	-342,433	769,725	511,716	1,106,405	998,111
Net changes in non-cash working capital	985,609	-857,169	613,660	-161,398	-128,328
	643,176	-87,444	1,125,376	945,007	869,783
Capital Activities					
Purchase of property, plant and equipment	-21,047	-721,007	-125,000	0	0
Increase (decrease) in construction holdback payable					
Redevelopment and deferred costs					
	-21,047	-721,007	-125,000	0	0
Financing Activities					
Increase (decrease) in long-term debt	-134,288	-140,698	-147,414	-154,451	-161,824
Contributions related to property, plant and equipment					
	-134,288	-140,698	-147,414	-154,451	-161,824
Net cash inflow (outflow)	487,841	-949,149	852,962	790,556	707,959
Cash April 1	1,422,935	1,910,776	961,627	1,814,588	2,605,145
Cash, March 31	1,910,776	961,627	1,814,588	2,605,145	3,313,104

CAPITAL INVESTMENT

We have a relatively new facility and state of the art equipment having re-opened after redevelopment in 2011. Our facilities and equipment are still quite attractive and well maintained which helps us market our facility and maintain our existing clients by offering outstanding guest experiences in a stunning environment. Our facilities and equipment are monitored and maintained monthly by both our staff and through a comprehensive maintenance program. We continue to monitor and assess the condition of our assets, asset failures and any health and safety concerns.

OCC plans on developing a comprehensive asset management plan in the coming year. We plan on working with the ministry to source qualified individuals who can provide us with a comprehensive plan that we will then use as our blueprint in determining future capital needs and establish a method for funding our capital requirements.

8. HUMAN RESOURCES

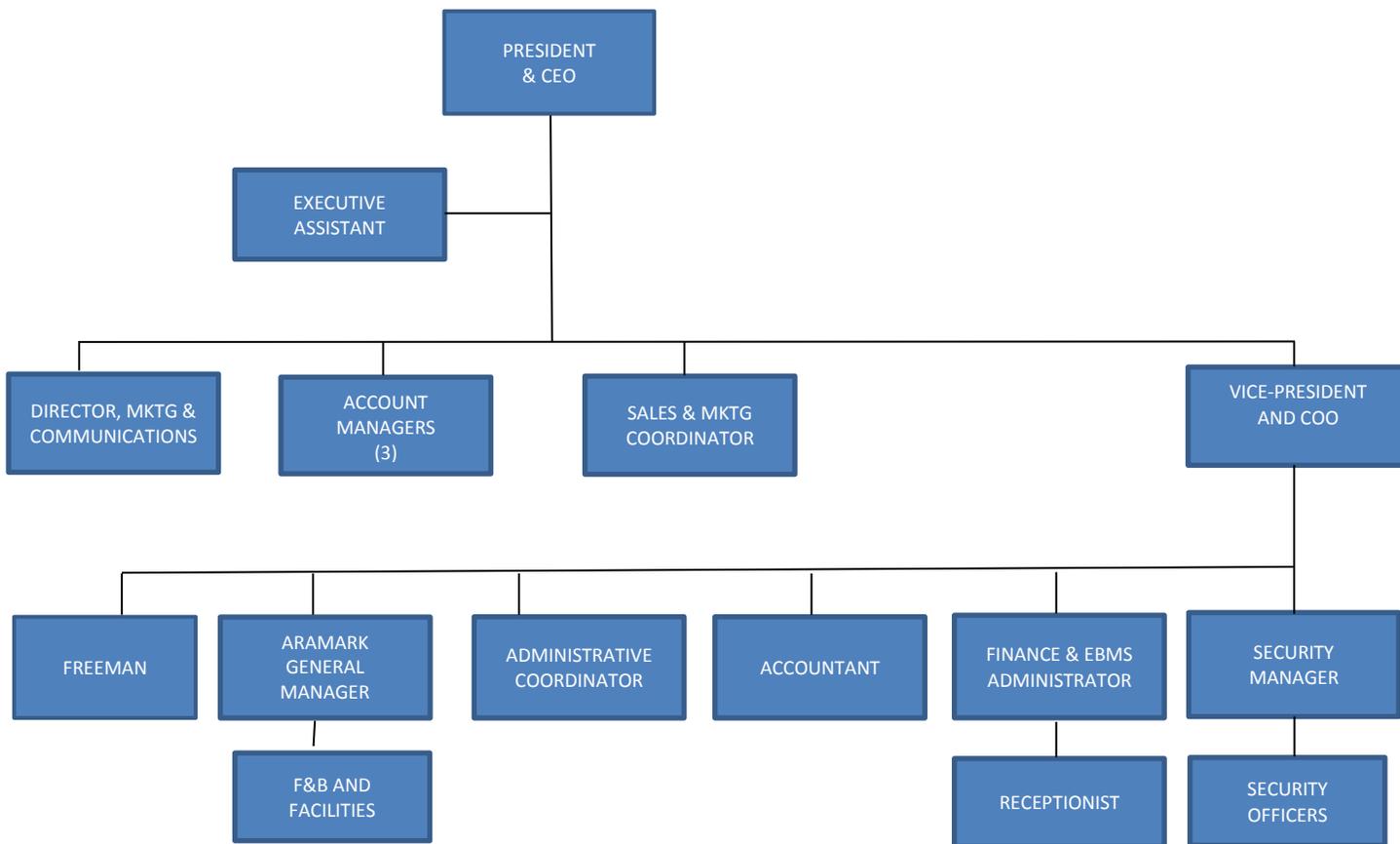
SUMMARY OF STAFF NUMBERS

With exception of management and administration staff, OCC has been unionized since December 1995, represented by the United Steelworkers of America (Locals 8327 and 5297). The collective agreement for local 8327 was ratified in October 2013 and is in place for four years. The collective agreement for local 5297 was ratified in April 2014 for a three year period. Local 8327 represents service personnel and reports to the Facility Services Provider, ARAMARK. Local 5297 represents security personnel and reports to OCC. Following is a current overview of personnel as of December 1, 2015. We are looking at slightly increasing our complement of staff to match the expected increase in business this year and next.

CLASSIFICATION	OCC	ARAMARK	TOTAL
Fulltime union	8	60	68
Part time union	2	100	102
Casual union	7	117	124
<i>Subtotal Union personnel</i>	<i>17</i> <i>(Local 5297)</i>	<i>277</i> <i>(Local 8327)</i>	<i>294</i>
Fulltime non-union	14	30	44
Part time non-union	0	13	13
<i>Subtotal non-union personnel</i>	<i>14</i>	<i>43</i>	<i>57</i>
TOTAL	31	320	351

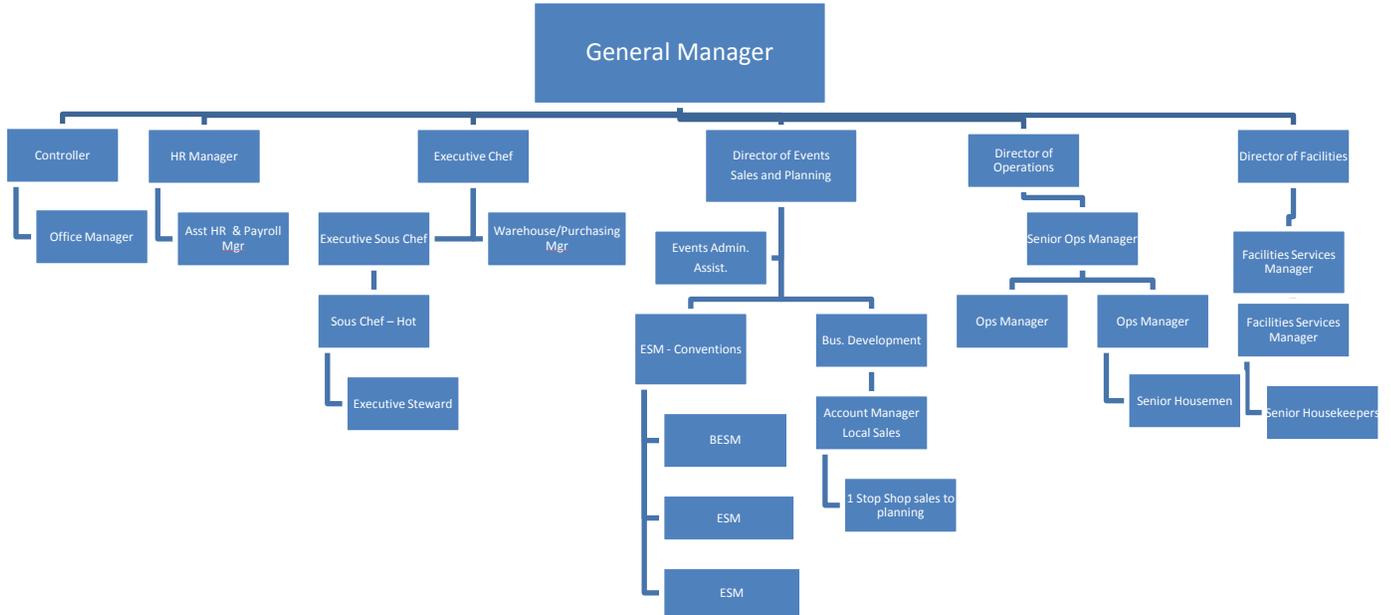
Our compensation and benefit strategy for our non-union workforce is established based on industry comparatives in the Ottawa market place and relevant experience. We have a grid structure on job skill classifications and band ranges.

OTTAWA CONVENTION CENTRE ORGANIZATIONAL STRUCTURE



EBMS = Event Business Management System

OCC FACILITY SERVICES PROVIDER ORGANIZATIONAL STRUCTURE



ESM = Event Services Manager
 BESM = Banquet Event Services Manager

9. INITIATIVES INVOLVING THIRD PARTIES

STRATEGIC PARTNERSHIP WITH OTTAWA TOURISM

A cohesive approach between the Destination Marketing Organization (DMO) and the Centre is critical as resources become fewer, expectations higher and competition grows. With changes in leadership at Ottawa Tourism, this relationship will remain even more critical as we look to move our city in rankings of Canada's top cities to host conventions, from 5th place to 4th.

SHAW CENTRE AND ARAMARK – FACILITY SERVICE PARTNERSHIP

OCC and Aramark entered into a multi-year partnership in 2010 in which Aramark provides comprehensive support services for the centre. OCC's reputation as a world class convention centre is strengthened by our extraordinary customer service delivery and exceptional product offerings which are managed by Aramark. A key metric in monitoring this outcome is our customer service survey. The OCC has held steady year over year at 4.6 out of 5 on our key client survey responses related to overall satisfaction and loyalty. It is clear that OCC steadily delivers quality and consistency in an industry held to exacting standards. Our challenge is to maintain these scores and to also ensure a high degree of survey response as the trend is for client survey response submissions to drop off after a few years of operation. Our objective is to maintain a high level of client survey input by employing the use of survey incentives and to conduct person to person interviews to ensure we properly gauge and assess our client's experiences and feedback

A testament to our success as a client-focused world class convention centre came as a result of the OCC being named runner-up for AIPC's APEX award, given to the world's best convention centre. Although our goal was to have been named the winner, our achievement of runner-up status against world-wide competition is a significant testament to the success of our Centre after only three years of operation. The nomination and evaluation of the APEX award is based solely on client interviews and responses from local, national and international convention & event clients and this result provides evidence that our investments and efforts in delivering a superior world class convention experience are being acknowledged internationally.

FREEMAN – AUDIO VISUAL, INFORMATION & COMMUNICATIONS TECHNOLOGY & SHOW SERVICES PARTNER

In 2010, OCC and Freeman entered into a multi-year partnership in which Freeman Group of Companies provides the primary event service offerings for our events, including audio visual (AV), information communications and technology (ICT), decorator and materials handling, rigging and temporary electrical services. Technology is a critical factor in securing conventions. It is extremely competitive and a high demand requirement to obtaining bookings. Freeman provides a turnkey service. The importance of this service is identified in our customer satisfaction surveys, and in our negotiated bookings. Not having these services, at such a professional level would impair our offering and ability to sell events at the OCC.

Our ability to address the ever changing needs of our client base is a key tenant to our partnership with Freeman. There are shorter booking windows, more detailed and vigorous negotiations, greater technology demands and higher demands of quality and service expectations. As a result of our agreement, Freeman can easily step outside of a rigid proposal system and provide flexible risk appropriate offerings to exceed client needs that are not only domestic but international in scope. This approach is very healthy and conducive in an environment where being seen as easy to do business with is an essential ingredient in fostering a solid reputation.

NAMING RIGHTS PARTNERSHIP WITH SHAW COMMUNICATIONS

On October 16th, 2014 The Ottawa Convention Centre and Shaw Communications Inc. announced a multi-year naming rights agreement. Together with renaming the facility as the Shaw Centre, the partnership also provides the opportunity to showcase Shaw Communications products, such as WiFi to clients and guests. In particular, visitors to the Shaw Centre now have access to *Shaw Go WiFi* – Shaw's carrier-grade WiFi network – throughout the building with complimentary access available to all guests in the Level 1 foyer and Trillium ballroom. This relationship will help position the *Shaw Centre* and our city for continued growth in the lucrative national and international meetings and conventions marketplace.

10. MARKETING & COMMUNICATIONS

2015/16 was a year of change. We underwent a massive rebranding of the facility, launched our new website, streamlined bidding proposals and welcomed new management. A lot of effort and time was spent building awareness around our new brand and marketing tools.

Now that most of the puzzle pieces are in place, it is time to reposition ourselves in the marketplace and promote the distinctive features and benefits of doing business with Shaw Centre to the appropriate audiences. Meanwhile, it is vital that we continue to communicate with existing customers to respond to queries, anticipate/answer their needs and engage them for retention purposes.

MARKETING

Marketing's mission this year is to continue letting customers know we exist and promote our brand benefits to induce buying. Once the customer's attention and interest is captured, the sales team will provide personal attention to answer questions and persuade customers to buy. Marketing will support the sales team by providing sales tools and will follow up with an after-sale program.