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# **OTTAWA CONVENTION CENTRE CORPORATION**

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**ANNUAL BUSINESS PLAN 2017/18 – 2019/20**

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## 1. EXECUTIVE SUMMARY

As we look to celebrate Canada's 150<sup>th</sup> birthday in 2017 in the nation's capital, the Ottawa Convention Centre's (OCC) calendar will be well rounded hosting 49 conventions in addition to high profile major events such as the Junos and Grey Cup. In fact, we are continuing to place new convention business in the sales funnel for 2017 which is indicative of a shorter booking cycle and the momentum around the sesquicentennial celebrations.

Continuing to work closely with our strategic partner Ottawa Tourism, our international efforts will remain focused on key markets in Europe where most European association planners are located. In addition, our annual sales missions and client presentations in Europe will continue to grow awareness of Ottawa as a safe, clean and affordable meeting destination.

Through our combined efforts, Ottawa is growing its positioning in the International Convention and Congress Association (ICCA) database (below) for hosting international conferences, moving from 240<sup>th</sup> place in 2014 to 148<sup>th</sup> position in 2015 and hosting 17 conferences up from 9 in 2014.

### ICCA City Rankings for Canadian Cities 2014

2014 Ranking	Montreal	Toronto	Vancouver	Quebec City	Ottawa	Banff	Calgary	Halifax	Niagara Falls	Edmonton	Victoria
Worldwide	50	39	38	152	240	266	n/a	240	354	354	318
North / Latin-America	11	7	6	35	55	65	n/a	55	86	86	78
Number of Meetings	50	59	60	16	9	8	n/a	9	5	5	6

### ICCA City Rankings for Canadian Cities 2015

2015 Ranking	Montreal	Toronto	Vancouver	Quebec City	Ottawa	Banff	Calgary	Halifax	Niagara Falls	Edmonton	Victoria
Worldwide	31	42	29	163	148	230	622	373	512	512	431
North / Latin-America	7	10	3	35	33	50	168	89	132	132	108
Number of Meetings	76	60	78	16	17	10	2	5	3	3	4

The initiatives detailed in this business plan are aligned with the government priorities identified in the Minister's mandate letter to the OCC and are intended to support these commitments while managing operational, strategic and financial risks to help ensure business objectives are met. Specifically, OCC will focus on continuing to manage our business operations efficiently while achieving long-term growth and sustainability. This growth will increase the Centre's operating surplus and assist in supporting a capital asset lifecycle plan. Further, OCC will continue to work on improving occupancy with a renewed focus on the international congress markets and national corporate and association markets in partnership with Ottawa Tourism. OCC will also continue to work with the ministry to review and enhance governance, fiscal management and sustainability and accountability processes to reflect best practices as we maintain an effective system of internal controls and compliance with applicable requirements to promote transparency and accountability.

Our future is bright and momentum is growing quickly through our strategic collaboration with Ottawa Tourism. Many of our current successes have set the stage for future business growth for the OCC, the City of Ottawa and the Province of Ontario.

## **2016/2017 Results**

OCC surpassed the 2016/17 forecast net revenue goal by approximately 4%; however, the 30 conventions hosted fell short of our goal of 41 conventions for the year.

There were many proud highlights during the past year including hosting One Young World, which drew 1,300 youth leaders from more than 196 countries to Ottawa and brought with it significant media coverage, pride of place and profile for the Centre. The annual summit set the stage for One Young World Delegates and World Counsellors to share innovative solutions, best practices and highlight some of the world's most dominating world events and topics. This event was the largest gathering of youth outside of the Olympic Games and the summit provided a \$2M economic impact for the city and province. Ottawa and the OCC were proud to host such world leaders as Archbishop Emeritus Desmond Tutu, Kofi Annan, Sir Bob Geldof, Arianna Huffington, Jamie Oliver and Sir Richard Branson. During 2016/17 we also welcomed the International Institute of Electrical and Electronics Engineers (IEEE) Society Symposium, World Nuclear University, and Unifor to name a few. This was also the second year the Centre had the privilege of hosting the Federal Liberal Party dinner in December which continues to be the largest plated dinner event at the Centre.

A solid performance last year resulted in a 3% increase in food and beverage revenues over prior year, at \$ 9.8M, rental revenues consistent with the previous year at \$ 4.4M. The centre hosted 487 events in 2016/17, generating \$81M in economic impact for the city and province. In addition, our efforts to contain expenses have contributed to positive financial results.

OCC is an integral player in our city and as such, we continue to pay it forward and grow new initiatives which support our local community. Several new partnerships have been struck including becoming a founding partner of Mealshare Ottawa. The Mealshare concept is based on a restaurant model whereby when a customer orders a meal, Mealshare donates a meal to a local mission or shelter for youth in need. OCC is the first convention centre to jump on board and offer our meeting planners the opportunity to add a very nominal charge to a meal which is then collected by the centre and disbursed to a local charity. In OCC's case, this charity is Operation Come Home whose mission is to provide a hot meal to the many homeless youth in our city. We have also embarked on a program to relieve meeting planners of the cost of shipping left over delegate bags, pens and pencils back to their respective cities, where they are likely to be disposed of because the bags are dated by the location and theme of the convention. OCC is currently looking at ways to collect and ship these left over items to remote communities in our country and abroad where less fortunate children would benefit from these supplies.

### **LOOKING AHEAD TO 2017/2018**

Our strategic plan guides our journey on the path to attaining \$18 million in revenue by 2020/21. The following five elements continue to be measures of success:

1. 60 major events per year generating \$9.5M annually. \$6.5 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

As we look ahead to 2017/18, we are projecting to service 475 events including 49 conventions which is a 29.7% increase in convention business over the previous year. As we enter the year, convention business booked for 2017/18 is significantly higher compared to convention business booked at this time for the 2016/17 year. Revenue projections for 2017/18 include \$10.3M in food and beverage, \$4.7M in facility rental along with \$1.5M in commissions. Our budget reflects an operating surplus of \$1.16M. 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.

Working in partnership with Ottawa Tourism, our strategies remain focused on broadening the general knowledge and awareness of Canada and specifically Ottawa in an effort to attract international conventions to the OCC. Rebranding of our Capital Host Program this year will be important to attract and engage local hosts to lead international bids for Ottawa. With the current political climate in the US, Ottawa has an opportunity to capitalize on the stability we offer and position our city as a safe and welcoming destination, ready to do business with the

world. In addition, the value of the Canadian dollar enhances our attractiveness to both US and international clients.

Recognizing that we must continually strive to deliver on our core values and vision, we have invited and received confirmation of acceptance, from high profile meeting executives to form an Advisory Board for the OCC. Our goal is to engage our most valuable clients to provide guidance and feedback on our business practices ultimately assisting us in becoming the top convention centre in the world in 2018.

Our colleagues continue to impress clients as is evidenced in our client surveys and our vision and mandate remain clear to our staff – generate economic impact for the Province of Ontario, the City of Ottawa and our industry partners.

OCC's long range financial imperative is to produce revenues to generate a surplus, address the redevelopment debt and maintain cash flow sufficient to drive operating surpluses that provide for lifecycle requirements.

This three year business plan and its achievements will guide our efforts in 2017/18 and beyond. While we are confident in this plan, inherent in our business are risks and challenges related to competition for business on the local and international stage. These risks and challenges, and how we intend to mitigate them, are detailed throughout our plan.

## 2. MANDATE AND VISION

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### 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

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#### GENERAL OBSERVATIONS

This plan outlines OCC's revenue opportunities, financial projections and strategic and tactical sales and marketing plans for the year. There is great optimism as we turn the corner and grow our core business, which is conventions. Previous years relied heavily on our local market and while still an important and significant revenue segment, there will be a higher ratio of conventions to local business moving forward. The 150<sup>th</sup> birthday of our great nation has positioned Ottawa well as a city to host a convention.

Security continues to be the rising subject in discussions around risk management for meetings and conventions. Fortunately, Canada continues to be viewed as a country which is safe, secure and welcoming.

Trends in meetings and conventions are moving toward addressing the new generation of delegates and attendees. Typical setups of theatre or classroom style are being substituted for cluster seating, soft seating, and pod configurations. This change in meeting room setups is meant to allow for better and more frequent networking opportunities. The downside to this progressive change in meeting dynamics is that centres do not have this furniture in inventory and there is a growing expectation from customers that centres need to make this investment.

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.

Ottawa continues to struggle with the availability of substantial guestroom blocks. The arrival of the LRT (Light Rail Transit) system in 2018 should increase supply as it will connect centralized hotels to the OCC by a 3 minute train commute. The OCC will also continue to work with hotel partners to develop strong relationships and build on the positioning that Ottawa is a very walkable city.

The OCC, now entering its seventh year of post-redevelopment operations, is a beautiful and well maintained facility. Our ability to consistently deliver exceptionally high customer service satisfaction ratings is indicative of "Inspired people creating extraordinary events". As we continue to welcome thousands of guests into our facility, it is prudent for management to foresee areas which will soon require life cycle upgrades and replacements such as carpeting and furniture and fixtures.

#### 4. RISK ASSESSMENT STRATEGIES

Risk category: Operational	
Risk factor #1: Underfunded Convention Development Fund (CDF)	
<b>Description</b>	The CDF was established in 2010 in order to incent international convention clients to Ottawa and to help the OCC compete financially with other Canadian destinations.
<b>Related strategic priority</b>	Financial Sustainability
<b>Impact and Scope</b>	<b>Medium.</b> If sufficient funds are not available to incent conventions to the city, Ottawa and the OCC will be in a non-competitive position.
<b>Mitigation</b>	We will continue to support the fund and to offer incentives to book off-peak/non-traditional times as well as look for more value added benefits to meeting in Ottawa and at the OCC.

Risk category: Operational	
Risk factor #2: Brand Awareness of Ottawa	
<b>Description</b>	Ottawa Tourism and OCC 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, convention centres generally 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.
<b>Related strategic priority</b>	Financial Sustainability.
<b>Impact and Scope</b>	<b>Medium.</b>
<b>Mitigation</b>	<p>Being a government and capital city comes with great benefit. Access to key decision makers for the purpose of lobbying is a strength only a capital city can offer. Ottawa Tourism has been generating great awareness through its in-market representative in the UK, who now has an active database of accounts which could consider Canada and Ottawa into their meeting rotation pattern. Ongoing collaboration with Ottawa Tourism at significant tradeshow as well as in-market client events will continue to build the Ottawa brand. Key to any marketing program and promotion is continuity and consistent messaging.</p> <p>The recent US election and related uncertainty enhances Canada's position as a solid alternative to meeting in the US.</p> <p>The excitement and marketing around Ottawa 2017 will also increase the city's visibility as an urban sophisticated destination. The Light Rail System scheduled to launch in 2018 will connect the downtown core to the OCC.</p>

Risk category: Operational	
Risk factor #3: Economic Climate	
<b>Description</b>	Ongoing weakness in the Canadian dollar may continue to be seen as an incentive for US and International to choose Canada for events. That said, a weaker Canadian dollar will put pressure on the Canadian economy which may impact business from Canadian companies.
<b>Related strategic priority</b>	Financial Sustainability.
<b>Impact and scope</b>	<b>Medium</b>
<b>Mitigation</b>	Both Ottawa Tourism and the OCC have an opportunity to leverage the uncertainty and concern about the US in our international marketing efforts. As US border regulations increase and shift, delegates may not be granted entry into the US for meetings, or may be uncertain about future entry, making Canada a safe, friendly, stable and accessible option.

Risk category: Operational	
Risk factor #4: Emergency Preparedness	
<b>Description</b>	<p>A major destination’s strength has been and continues to be the safety and security of the asset, contents and most importantly guests and personnel. It is the expectation of clients, guests and colleagues that we provide a safe and secure environment and have an emergency plan in place. It is incumbent upon the Centre to communicate our plan to our clients and colleagues and continually prepare for emergencies. Accordingly, we must also have plans in place to resume business as quickly as possible if an emergency were to occur.</p>
<b>Related strategic priority</b>	Client & Colleague Satisfaction
<b>Impact and Scope</b>	<p><b>Medium.</b></p> <p>It is impossible to predict an emergency or the intensity of the occurrence; 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.</p>
<b>Mitigation</b>	<p>We continually improve our emergency preparedness planning by reviewing and updating our information and procedures.</p> <p>In 2016, our team developed and implemented a comprehensive training program for floor wardens and also participated in a number of online and classroom training programs aimed at incident management and emergency response. .</p> <p>Going forward, we will continue with floor warden training to ensure everyone has the knowledge and confidence to respond effectively to all emergencies. We will continue to conduct risk assessments of the facility and our practices to ensure we are minimizing the impacts of an emergency and responding effectively. We will also continue our collaborative efforts with our neighbouring facilities to assist each other during emergencies and whenever possible our team will participate in seminars and workshops offered by the City of Ottawa Emergency Management division.</p>

Risk category: Operational	
Risk factor #5: Risk to Reputation (i)	
<b>Description</b>	A significant decline in customer service or failure to meet client expectations could result in the loss of reputation we have established within the marketplace and therefore a loss in business.
<b>Related strategic priority</b>	Financial Sustainability
<b>Impact and Scope</b>	<b>High</b> In this highly competitive industry, it would become more difficult and costly to attract national and international conventions to Ottawa should OCC fail to meet the expectations of our clients.
<b>Mitigation</b>	Continue to monitor client feedback through surveys and continuously improve the customer experience. Ensure staff has been trained and continually mentored to deliver the client experience we have become known for. We have established a client advisory board to engage clients to provide feedback on service and expectations.
Risk factor #6: Risk to Reputation (ii)	
<b>Description</b>	As a crown agency of the Province of Ontario and a significant corporation in a high-profile building in the City of Ottawa, we are continually in the public eye and must be conscientious to ensure we are in compliance with Ministry directives at all times.
<b>Related strategic priority</b>	Financial Sustainability
<b>Impact and Scope</b>	<b>Medium</b>
<b>Mitigation</b>	We continually review all relevant legislation to ensure compliance.

Risk category: Workforce	
Risk factor #1: Executive Compensation Framework	
<b>Description</b>	Established under the Broader Public Sector Executive Compensation Act, 2014, the Executive Compensation Framework regulation sets out requirements that designated broader public sector employers must meet when setting executive compensation. The Act includes salary and performance-related pay caps as well as penalty provisions for non-compliance.
<b>Related strategic priority</b>	Financial Sustainability and Colleague Satisfaction
<b>Impact and Scope</b>	<b>Low</b> OCC is conducting a study of comparable organizations and depending on the findings of the study, OCC may have difficulty in the future attracting and retaining top talent at the executive level of our organization, especially compared to private sector opportunities. Although we consider this a low impact for this year, it may become more difficult in future years.
<b>Mitigation</b>	Create a rewarding work environment and culture along with other opportunities outside the compensation restrictions.

Risk category: Information technology and infrastructure	
Risk factor #1: Open Data Directive	
<b>Description</b>	The Ontario Government's Open Data Directive requires all data created, collected and/or managed by ministries and provincial agencies to be made public on the Ontario Data Catalogue, unless it is exempt for legal, privacy, security, confidentiality or commercially-sensitive reasons.
<b>Related strategic priority</b>	Financial Sustainability
<b>Impact and Scope</b>	<p><b>Medium</b></p> <p>There are concerns around the requirement to post procurement and contract information and we will be seeking exemptions to exclude details that would fall under a confidentiality agreement or cover competitive business intelligence.</p> <p>The implementation will require IT resources that are not currently available within the organization and therefore there will be a cost to the organization.</p>
<b>Mitigation</b>	We will continue to work with the government of Ontario to gain a better understanding of the initiative and will continue to work with like-agencies as we work through this initiative.

## 5. ANNUAL GOALS & METRICS

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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 and performance goals as well as client satisfaction and human resources updates.

Strategic Goal #1: Financial	
<b>Goal</b>	<p>OCC's long range financial imperative is to generate the revenues to support a surplus, address the redevelopment debt and maintain cash flows sufficient to provide for lifecycle requirements.</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 2017/18:</p> <ul style="list-style-type: none"> <li>• Gross revenue of \$ 17.3M;</li> <li>• Economic impact of \$ 90M;</li> <li>• Booking pace target of \$ 12.9M; and (year-end)</li> <li>• Net operating income of \$ 1.2M</li> </ul>
<b>Strategies</b>	<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 new seasoned Director of Sales has assembled a strong and motivated team who have a renewed focus on marketing and driving revenue by concentrating efforts on large convention pieces of business.</p>
<b>Performance measures</b>	<p>OCC will monitor progress utilizing financial statements and internal reports which are reviewed with senior management on a monthly basis and with the Finance &amp; Audit Committee of the Board of Directors quarterly.</p>

Description	Actual 2015-16	Forecast 2016-17	<i>Budget</i> 2017-18	Forecast 2018-19	Forecast 2019-20
Economic impact (\$M's)	81.1	81	90	80	85
Gross revenue (\$M's)	16.2	16.4	17.3	16	17.2
Net operating income (\$M's)	1.1	1.0	1.2	0.4	0.9
Booking pace (\$M's)	15	15.5	12.9	14	14

Strategic Goal #2: Occupancy					
<b>Goal</b>	<p>We finished the 2016/17 fiscal year with an occupancy rate of 40%, up 2% from the previous year. Based on business confirmed for next year and the anticipated size of the conventions we are hosting, we are expecting an occupancy rate of 42% in 2017/18.</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. At the OCC full occupancy would be approximately 70%.</p>				
<b>Strategies</b>	As per the Minister’s mandate letter, OCC will continue to work on improving occupancy in partnership with Ottawa Tourism.				
<b>Performance measures</b>	Occupancy is tracked for each event, then summarized and reported quarterly.				
<b>Description</b>	<b>Actual 2015-16</b>	<b>Forecast 2016-17</b>	<b>Budget 2017-18</b>	<b>Forecast 2018-19</b>	<b>Forecast 2019-20</b>
Occupancy rate	39%	40%	50%	39%	45%

Strategic Goal #3: Customer Service					
<b>Goal</b>	Maintain or improve client satisfaction score from the previous year of 4.6 or better.				
<b>Strategies</b>	<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>				
<b>Performance measures</b>	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 2015-16	Forecast 2016-17	<i>Budget</i> 2017-18	Forecast 2018-19	Forecast 2019-20
<b>Overall satisfaction</b>	4.6	4.6	4.6	4.6	4.6
<b>Response Rate</b>	38%	41%	40%	40%	45%

Strategic Goal #4: Human Resources					
<b>Goal</b>	<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>				
<b>Strategies</b>	<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>In 2017/18 OCC will be rolling out strategies to address recruitment, retention/employee engagement, and succession planning. These issues are paramount to engaged, content colleagues.</p>				
<b>Performance measures</b>	<p>Colleague surveys are conducted by a third party service provider.</p>				
Description	Actual 2015-16	Forecast 2016-17	Budget 2017-18	Forecast 2018-19	Forecast 2019-20
Overall satisfaction	19.5/24	19.5/24	20/24	20/24	20/24

Strategic Goal #5: Corporate Social Responsibility	
<b>Goal</b>	<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 2016/17, OCC successfully diverted 62% of waste from landfills. Our target for 2017/18 is 70% waste diversion.</p> <p>While many organizations now practice some form of social responsibility programs, at the OCC we have decided to make it a core of our operations. Undertaking socially responsible initiatives not only allows us to appeal to socially conscious consumers but it also makes a tangible difference in the world.</p>
<b>Strategies</b>	<p>We continue offer three flexible CSR programs that enable clients to have a positive impact with minimal effort, all of them facilitated by the OCC team. These programs not only help those less fortunate in our neighbourhood, they are aimed at reducing waste destined for landfills.</p> <ol style="list-style-type: none"> <li>1. <b>Leave a legacy Program:</b> clients may donate anything left after their event including obsolete marketing collateral, promo items, and non-perishable food.</li> <li>2. <b>Tablee des Chefs:</b> gives our clients the option of recovering food surplus at the conclusion of their event and donating it to people in need.</li> <li>3. <b>Mealshare:</b> clients can help put an end to youth hunger by donating a lump sum to Mealshare. In exchange, OCC will create tent cards to share how many meals the donation provided to youth in need.</li> </ol> <p>To reduce our requirement for green bins, OCC uses ORCA (Organic Refuse Conversion Alternative). ORCA takes all organic waste and breaks compost waste down into environmentally safe grey water, which then flows out to the sewage system.</p>

<b>Performance measures</b>	<p>Review participation in the three CSR programs noted above at year end.</p> <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>				
<b>Description</b>	<b>Actual 2015-16</b>	<b>Forecast 2016-17</b>	<b>Budget 2017-18</b>	<b>Forecast 2018-19</b>	<b>Forecast 2019-20</b>
Waste diversion	56%	62%	70%	73%	75%

## 6. BUDGET SUMMARY

### STATEMENT OF OPERATIONS

	Actual 2012-2013	Actual 2013-2014	Actual 2014-2015	Actual 2015-2016	Reforecast 2016-2017	Budget 2017-2018	Strategic Plan 2018-2019	Strategic Plan 2019-2020
Food & Beverage	10,433,711	9,546,867	9,804,605	9,553,086	9,842,371	10,340,400	9,760,908	10,432,372
Facility Rental	3,822,822	4,044,709	3,789,363	4,374,682	4,385,496	4,733,600	4,233,612	4,599,631
Commissions	1,398,462	1,293,786	1,241,815	1,412,451	1,427,881	1,522,000	1,297,305	1,378,804
Advertising	222,750	196,837	341,000	608,895	492,750	519,000	534,032	556,203
Other Income	246,078	305,405	211,538	235,310	205,559	197,000	199,800	200,400
<b>TOTAL GROSS REVENUE</b>	<b>16,123,823</b>	<b>15,387,604</b>	<b>15,388,321</b>	<b>16,184,424</b>	<b>16,354,057</b>	<b>17,312,000</b>	<b>16,025,658</b>	<b>17,167,410</b>
Revenue Growth	6.21%	-4.57%	0.00%	5.17%	1.05%	5.86%	-7.43%	7.12%
<b>COST OF SALES</b>	<b>7,582,551</b>	<b>6,966,765</b>	<b>7,141,868</b>	<b>6,994,045</b>	<b>7,185,632</b>	<b>7,509,126</b>	<b>7,150,457</b>	<b>7,586,923</b>
<b>NET REVENUE</b>	<b>8,541,272</b>	<b>8,420,839</b>	<b>8,246,453</b>	<b>9,190,379</b>	<b>9,168,425</b>	<b>9,802,873</b>	<b>8,875,200</b>	<b>9,580,487</b>
Net Revenue Growth	7.37%	-1.41%	-2.07%	11.45%	-0.24%	6.92%	-9.46%	7.95%
<b>NET REV PERCENTAGE</b>	<b>53.0%</b>	<b>54.7%</b>	<b>53.6%</b>	<b>56.8%</b>	<b>56.1%</b>	<b>56.6%</b>	<b>55.4%</b>	<b>55.8%</b>
<b>EXPENSES</b>								
Facilities	4,469,604	4,318,873	4,162,316	4,066,750	4,300,418	4,535,034	4,518,138	4,659,524
Utilities	948,249	1,015,788	974,712	963,589	1,006,897	1,057,000	1,072,855	1,088,948
Sales & Marketing	1,164,680	1,135,936	1,236,668	1,347,633	1,122,424	1,328,085	1,153,125	1,204,143
General & Administration	1,642,911	1,578,357	1,822,824	1,683,874	1,652,418	1,722,754	1,707,088	1,737,277
<b>TOTAL EXPENSES</b>	<b>8,225,444</b>	<b>8,048,954</b>	<b>8,196,520</b>	<b>8,061,846</b>	<b>8,082,157</b>	<b>8,642,873</b>	<b>8,451,206</b>	<b>8,689,891</b>
PERCENTAGE		52.3%	53.3%	49.8%	49.4%	49.9%	52.7%	50.6%
<b>OPERATING SURPLUS</b>	<b>315,828</b>	<b>371,885</b>	<b>49,933</b>	<b>1,128,533</b>	<b>1,086,268</b>	<b>1,160,000</b>	<b>423,994</b>	<b>890,596</b>
PERCENTAGE	1.96%	2.42%	0.32%	6.97%	6.64%	6.70%	2.65%	5.19%
Interest expense	-1,964,574	-2,013,715	-2,112,531	-2,198,234	-2,283,902	-2,379,710	-2,479,988	-2,584,943
Amortization of deferred contributions	3,212,931	3,212,931	3,212,931	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	-5,299,835	-5,303,707	-5,282,668	-5,287,881	-5,275,500	-5,335,500	-5,384,500	-5,395,000
<b>Excess of expenses over revenue</b>	<b>-3,735,650</b>	<b>-3,732,606</b>	<b>-4,428,990</b>	<b>-3,144,651</b>	<b>-3,260,203</b>	<b>-3,342,279</b>	<b>-4,227,562</b>	<b>-3,876,416</b>
Contributions to Capital Reserve Fund	0	0	0	0	2,521,689	-7,329	-2,135,943	202,831

## STATEMENT OF FINANCIAL POSITION

	Actual as at	Actual as at	Actual as at	Actual as at	Reforecast as at	Budget as at	Strategic Plan as at	Strategic Plan as at
	Mar 31, 2013	Mar 31, 2014	Mar 31, 2015	Mar 31, 2016	Mar 31, 2017	Mar 31, 2018	Mar 31, 2019	Mar 31, 2020
<b>ASSETS</b>								
<b>Current</b>								
Cash	1,695,939	1,422,935	1,910,776	1,236,744	2,521,689	2,514,361	374,218	572,786
Accounts receivable	506,460	330,231	284,285	1,191,548	580,381	311,983	365,901	521,167
Prepaid expenses	85,437	82,423	81,088	82,150	94,193	86,693	85,481	90,500
<b>Total Current Assets</b>	<b>2,287,836</b>	<b>1,835,589</b>	<b>2,276,149</b>	<b>2,510,442</b>	<b>3,196,264</b>	<b>2,913,037</b>	<b>825,601</b>	<b>1,184,454</b>
Property, Plant & Equipment	171,192,580	166,008,121	160,746,499	156,179,744	150,904,244	146,698,369	143,268,603	138,296,125
<b>Total Assets</b>	<b>\$173,480,416</b>	<b>\$167,843,710</b>	<b>\$163,022,648</b>	<b>\$158,690,186</b>	<b>\$154,100,508</b>	<b>\$149,611,406</b>	<b>\$144,094,204</b>	<b>\$139,480,579</b>
<b>LIABILITIES &amp; NET ASSETS</b>								
<b>Current</b>								
Accounts payable and accrued liabilities	1,893,488	1,668,662	2,012,365	1,804,663	1,582,098	1,668,201	1,517,105	1,462,232
Deferred revenue and customer deposits	1,953,218	1,767,626	2,256,557	2,451,315	2,531,171	2,361,467	2,165,066	2,369,981
Current portion of long term debt	128,170	134,288	140,698	147,414	154,451	161,824	169,548	177,641
<b>Total Current Liabilities</b>	<b>3,974,876</b>	<b>3,570,576</b>	<b>4,409,620</b>	<b>4,403,392</b>	<b>4,267,720</b>	<b>4,191,492</b>	<b>3,851,719</b>	<b>4,009,854</b>
Construction holdback payable	-	-	-	-	-	-	-	-
Deferred revenue and deposits	366,679	302,214	407,909	477,739	450,000	450,000	475,000	450,000
Long-term debt	43,195,094	44,972,690	46,848,811	48,810,329	50,857,196	52,999,533	55,241,797	57,588,647
Deferred Contribution - capital assets	116,674,704	113,461,773	110,248,841	107,035,910	103,822,979	100,610,048	97,397,117	94,184,186
<b>Total Liabilities</b>	<b>160,236,477</b>	<b>158,736,677</b>	<b>157,505,561</b>	<b>156,323,978</b>	<b>155,130,175</b>	<b>154,059,581</b>	<b>153,113,914</b>	<b>152,222,833</b>
<b>Net Assets (deficit)</b>	<b>9,269,063</b>	<b>5,536,457</b>	<b>1,107,467</b>	<b>(2,037,184)</b>	<b>(5,297,388)</b>	<b>(8,639,666)</b>	<b>(12,871,429)</b>	<b>(16,752,108)</b>
<b>Total liabilities and net assets</b>	<b>\$173,480,416</b>	<b>\$167,843,710</b>	<b>\$163,022,648</b>	<b>\$158,690,186</b>	<b>\$154,100,507</b>	<b>\$149,611,406</b>	<b>\$144,094,204</b>	<b>\$139,480,579</b>
<b>Statement of Changes in Net Assets</b>								
Net assets - Beginning of Year	13,004,713	9,269,063	5,536,457	1,107,467	(2,037,184)	(5,297,388)	(8,639,666)	(12,871,429)
Excess of expenses over revenue for the year	(3,735,650)	(3,732,606)	(4,428,990)	(3,144,651)	-3,260,203	-3,342,279	-4,231,762	-3,880,679
<b>Net assets - End of year</b>	<b>9,269,063</b>	<b>5,536,457</b>	<b>1,107,467</b>	<b>(2,037,184)</b>	<b>(5,297,388)</b>	<b>(8,639,666)</b>	<b>(12,871,429)</b>	<b>(16,752,108)</b>

## STATEMENT OF CASH FLOW

	Actual as at	Actual as at	Actual as at	Actual as at	Reforecast	Budget as at	Strategic Plan as at	Strategic Plan as at
	Mar 31, 2013	Mar 31, 2014	Mar 31, 2015	Mar 31, 2016	Mar 31, 2017	Mar 31, 2018	Mar 31, 2019	Mar 31, 2020
<b>Cash flows provided by (used in)</b>								
<b>Operating Activities</b>								
Excess of expenses over revenue for the year	-3,735,650	-3,732,606	-4,428,990	-3,144,651	-3,260,203	-3,342,279	-4,231,762	-3,880,679
Items not affecting cash								
Amortization of property, plant and equipment	5,299,833	5,303,707	5,282,669	5,287,897	5,275,500	5,335,500	5,384,500	5,395,000
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	-3,212,931	-3,212,931	-3,212,931
Capitalization of interest to long-term debt	1,085,440	1,911,885	2,016,819	2,108,933	2,201,317	2,304,161	2,411,812	2,524,491
	-563,308	270,055	-342,433	1,039,248	1,003,683	1,084,451	351,618	825,881
Net changes in non-cash working capital	-135,735	-295,640	985,609	-851,439	428,676	192,296	-375,203	-35,243
	-699,043	-25,585	643,176	187,809	1,432,359	1,276,747	-23,585	790,638
<b>Capital Activities</b>								
Purchase of property, plant and equipment	-555,443	-119,248	-21,047	-721,142	0	-1,129,625	-1,954,734	-422,522
Increase (decrease) in construction holdback payable	-251,500							
Redevelopment and deferred costs								
	-806,943	-119,248	-21,047	-721,142	0	-1,129,625	-1,954,734	-422,522
<b>Financing Activities</b>								
Increase (decrease) in long-term debt	-122,331	-128,171	-134,288	-140,698	-147,414	-154,451	-161,824	-169,548
Contributions related to property, plant and equipment								
	-122,331	-128,171	-134,288	-140,698	-147,414	-154,451	-161,824	-169,548
<b>Net cash inflow (outflow)</b>	-1,628,317	-273,004	487,841	-674,031	1,284,945	-7,329	-2,140,143	198,568
<b>Cash April 1</b>	3,324,256	1,695,939	1,422,935	1,910,776	1,236,744	2,521,689	2,514,360	374,218
<b>Cash, March 31</b>	1,695,939	1,422,935	1,910,776	1,236,744	2,521,689	2,514,360	374,218	572,786

## 7. HUMAN RESOURCES

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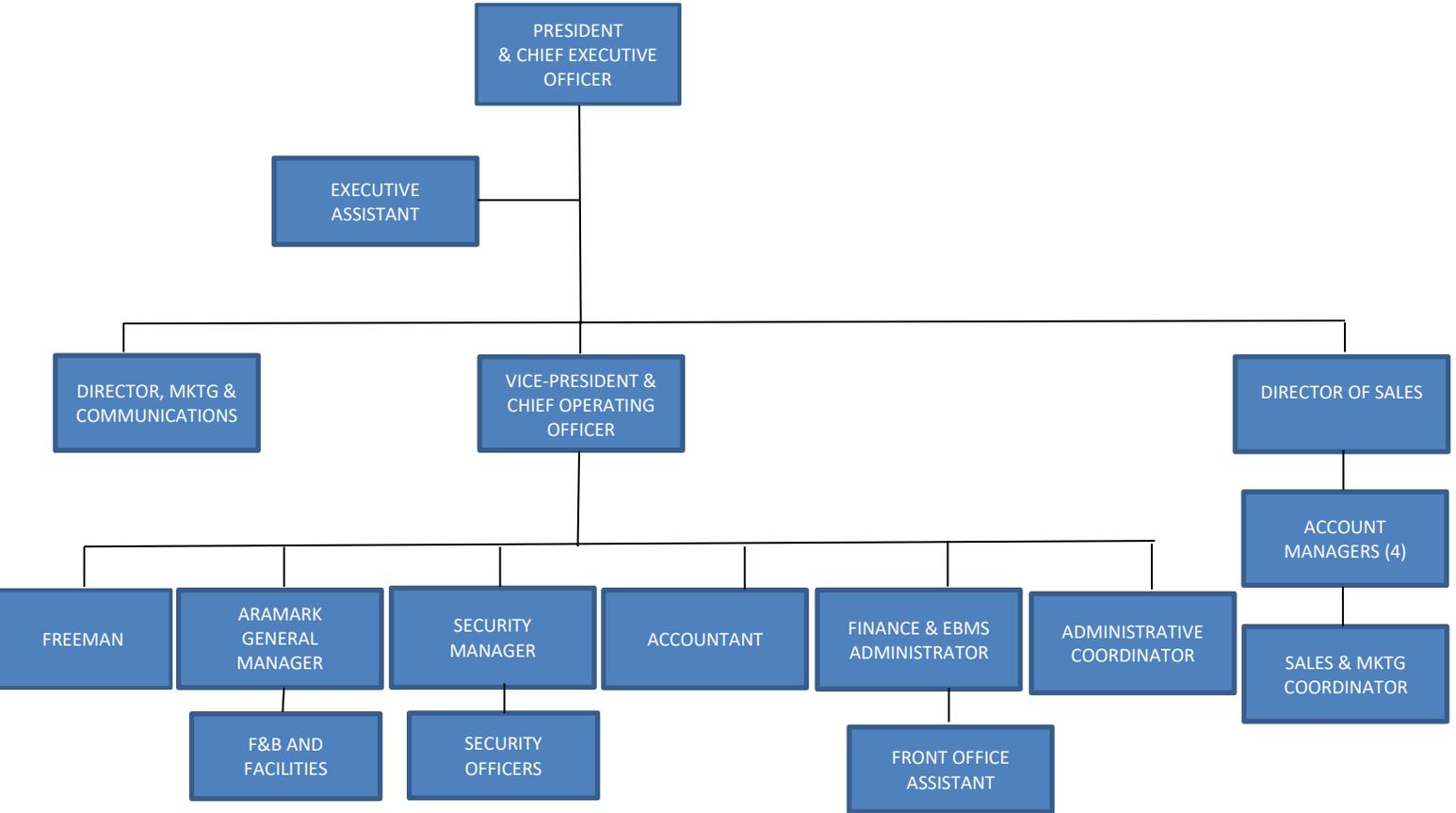
### SUMMARY OF STAFF NUMBERS

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 5297 was ratified in October 2016 for a three year period. The collective agreement for local 8327 was ratified in October 2013, and will be up for negotiations again in September 2017. 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, 2016.

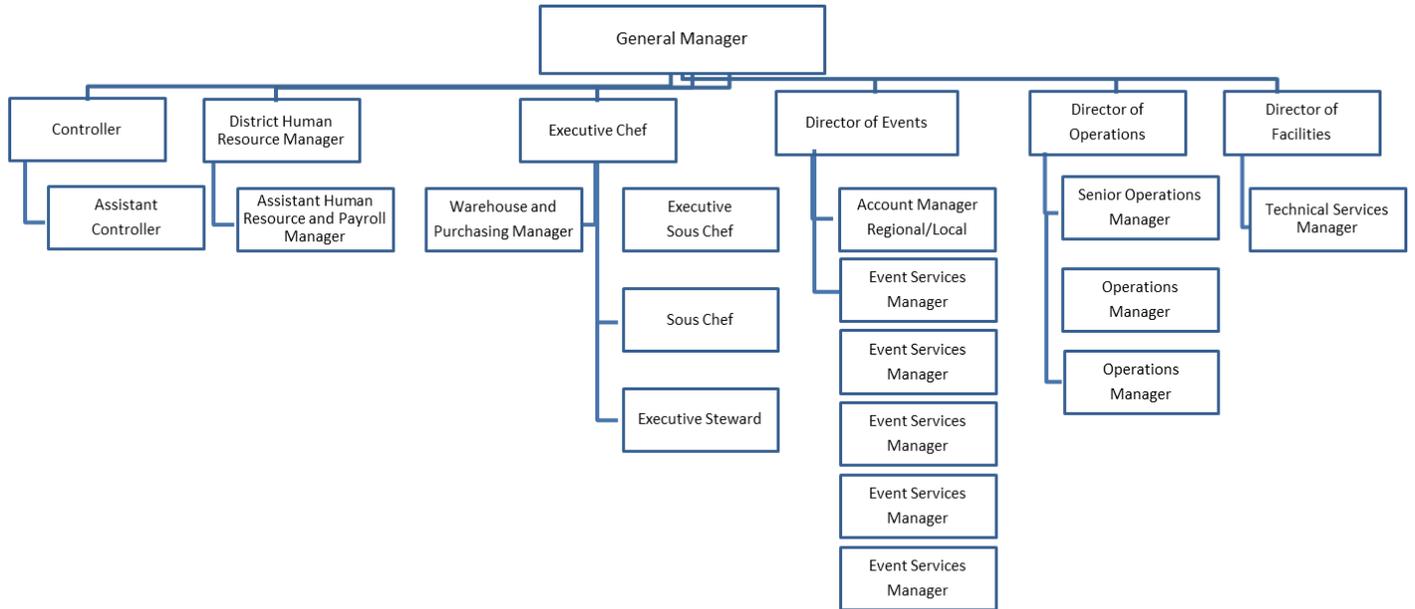
CLASSIFICATION	OCC	ARAMARK	TOTAL
Fulltime union	9	68	77
Part time union	0	100	100
Casual union	8	146	154
<b><i>Subtotal Union personnel</i></b>	<b><i>17</i></b> <b><i>(Local 5297)</i></b>	<b><i>314</i></b> <b><i>(Local 8327)</i></b>	<b><i>331</i></b>
Fulltime non-union	14	28	42
Part time non-union	0	10	10
<b><i>Subtotal non-union personnel</i></b>	<b><i>14</i></b>	<b><i>38</i></b>	<b><i>52</i></b>
<b>TOTAL</b>	<b>31</b>	<b>352</b>	<b>383</b>

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



## OCC FACILITY SERVICES PROVIDER ORGANIZATIONAL STRUCTURE



## 8. INITIATIVES INVOLVING THIRD PARTIES

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### 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. This relationship will remain even more critical as we look to move our city from 5<sup>th</sup> place to 4<sup>th</sup> in rankings of Canada's top cities to host conventions.

### 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 satisfaction 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, loyalty and value received for price paid. It is clear that OCC continually 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 and to conduct person to person interviews to ensure we properly gauge and assess our clients' experiences and feedback.

A testament to our success as a client-focused world class convention centre came again this past year when we were awarded the Service Excellence Award at the Ontario Business Achievement Awards gala. The Ontario Business Achievement Awards (OBAA) is the most recognized industry gala in the province with a single focus on celebrating business success in Ontario. The Service Excellence Award recognizes a company whose dedication to customer service has led to business success. This award comes on the heels of other accolades for the OCC, including being awarded a 2016 TripAdvisor Certificate of Excellence, celebrating hospitality businesses who continually deliver a top quality customer experience. OCC still holds the title of runner up for the AIPC Best Convention Centre in the World award, based solely on client ratings.

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

In 2010, OCC and Freeman entered into a 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), and decor. They are also our partners for materials handling and show services, and 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 which is identified in our customer satisfaction surveys, and in our negotiated bookings. Not having these services available at such a professional level would impair our ability to sell events at the OCC.

Our ability to address the ever changing needs of our client base is a key tenet of 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 OCC/Shaw Centre and our city for continued growth in the lucrative national and international meetings and conventions marketplace.

## 9. COMMUNICATIONS STRATEGY

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### OVERVIEW

In 2016/17, still in the early stages of our multi-year naming rights agreement, our main communication goal was to reposition our brand in the marketplace by highlighting its distinctive features and benefits to our market segments. We did so while continuing to communicate with existing customers, responding to queries, anticipating/answering their needs and engaging them for retention purposes.

In 2017/18, the communication plan will keep its focus on strong brand positioning, in a continuous effort to raise awareness of the Centre and positively influence our clients' perception of the OCC. We will achieve this using various relationship building tactics targeting key stakeholder groups including employees, suppliers, advertisers and sponsors, customers, industry colleagues, neighbours, government partners, media and the public, with the goal of turning them into brand ambassadors.