



BC Pavilion Corporation Service Plan 2014/15 to 2016/17



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MESSAGE FROM THE CHAIR



On behalf of the Board of Directors of BC Pavilion Corporation (PavCo), I am pleased to present PavCo's Service Plan for the fiscal years 2014/15 to 2016/17.

PavCo's mandate is to increase economic benefit to British Columbia through the operation of the province's premier event facilities: BC Place and the Vancouver Convention Centre. From hosting global summit meetings to world-class sporting and entertainment events, PavCo performs on its mandate of generating economic and community benefit through the prudent management of its public facilities.

This Service Plan summarizes PavCo's goals and priorities for the next three years. Our objective is to find new ways to improve our operations and continue to generate economic benefit for the Province. In 2014/15 PavCo will also implement recommendations arising from the Government Core Review process.

Our focus for the next fiscal year is one of efficiency, cost control and business development.

Having completed the revitalization of BC Place, the management team is exploring ways to improve our advertising and sponsorship models. Recent years have seen an increase in the number of high profile events at the stadium, and the focus is now on cementing its positive reputation with increased attendance and revenue.

The Vancouver Convention Centre continues to attract international acclaim. The fiscal year 2014/15 will see the Convention Centre host several high profile events including the internationally-renowned TED Conference. While the Convention Centre has seen the effects of the global economic climate in recent years, bookings for 2014, 2015 and beyond are demonstrating positive signs of economic recovery.

PavCo's challenges in the next few years include working with the two sports teams that use BC Place, to address the complex issue of advertising and sponsorship, as well as assisting them to expand attendance. PavCo will also focus on managing its interface with Paragon Gaming's urban resort, planned to be adjacent to the stadium. This also brings opportunity to establish a true entertainment district in downtown Vancouver, supporting attendance at our events.

The Vancouver Convention Centre continues to manage the challenges of long lead-in times for client bookings, amidst competition in the global economy. However, the Centre is moving towards breaking-even in the coming years and continues to draw large scale events to the city.

MESSAGE FROM THE CHAIR (cont'd.)

Last February, PavCo revised its Service Plan Goals and embarked on an exercise to establish key performance measures. This plan outlines those measures and sets out strategies the organisation will use to achieve its targets. The forecasts in this Service Plan were prepared using our existing business as a starting point, with reasonable assumptions made with respect to new business.

The 2014/15 to 2016/17 PavCo Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The plan is consistent with Government's strategic priorities and fiscal plan. I am accountable for the contents of this plan and how it is reported.

To the best of our knowledge, the significant assumptions, policy decisions, events and identified risks are current and have been considered in preparing this plan. The performance measures presented are consistent with PavCo's mandate and goals.

I look forward to working with the Honorable Todd Stone, Minister of Transportation and Infrastructure and Minister responsible for PavCo, the PavCo Board and management team, as the organization builds its business and fulfills its mandate.

A handwritten signature in black ink, appearing to read "Stuart McLaughlin". The signature is fluid and cursive, with a large initial "S" and "M".

Stuart McLaughlin
Board Chair

ABOUT PAVCO



BC Pavilion Corporation was formed under the British Columbia *Business Corporations Act*, and acts as an agent of the government under the *British Columbia Enterprise Corporation Act*. BC Pavilion Corporation registered ‘PavCo’ as a business name under the *Partnership Act (British Columbia)*.

PavCo’s shareholder is the Provincial Government.

Our Mandate, Vision and Values

OUR MANDATE

to generate economic and community benefit for the people of British Columbia through prudent management of public facilities.

OUR VISION

to be the global leader in outstanding venues and events.

OUR VALUES

Quality and Service; Respect, Fairness and Honest Communication; Financial Responsibility; Creativity and Innovation; Enthusiasm; Environmental Responsibility, and Integrity.

More information can be found at <http://www.bcpavco.com>.

ABOUT PAVCO

Our Structure

PavCo has three divisions:

- Vancouver Convention Centre
- BC Place
- Corporate Services

Economic Benefit

PavCo contributes significantly to the growth of the tourism and hospitality industries, as many out-of-town patrons travel throughout British Columbia before and after attending events at our facilities.

The Vancouver Convention Centre is the provincial flagship for conventions and meetings. BC Place is the largest indoor gathering place in British Columbia, and provides support to industry as a venue for trade and consumer shows, as well as being a major sports and entertainment centre.

Both of PavCo's facilities have undergone extensive revitalization and now offer the most sophisticated functionality, technology and architecture in their respective fields.

Our Stakeholders

Principal stakeholders include the BC Lions Football Club and Vancouver Whitecaps FC at BC Place Stadium. BC Place is proud to be the home of the Lions and Whitecaps - two successful sports teams that have a wide fan base across the province.

PavCo stakeholders also include: Tourism Vancouver, as a contributing partner to the expanded Convention Centre; businesses and associations representing the tourism and hospitality industry; clients leasing space for commercial activity and renting space for events; suppliers of goods and services to events; our neighbours and the general public.

OUR WORLD-CLASS FACILITIES



VANCOUVER CONVENTION CENTRE



Located on the downtown waterfront, the Vancouver Convention Centre is an award-winning facility and British Columbia's flagship convention centre. Each year, the Vancouver Convention Centre hosts more than 500 events, welcoming hundreds of thousands of attendees, and generating economic activity for the province of British Columbia.

The Convention Centre first served as the Canada Pavilion for the World's Fair Expo in 1986. Since then, it has tripled in size with the addition of its West building expansion, and is recognized as one of the leading convention centres in the world.

The Vancouver Convention Centre covers 1.1 million square feet (or four city blocks) with a combined total of 466,500 square feet of pre-function, meeting, exhibition, and ballroom space. Vancouver has consistently been named North America's top destination by the International Congress and Convention Association.

The Vancouver Convention Centre comprises two uniquely designed buildings, with outdoor terraces and plaza space, a "living roof" featuring more than 400,000 indigenous plants, and a commanding waterfront ballroom with five-story high ceilings, natural light and breathtaking mountain views.

“ Vancouver continues to be successful in attracting major city-wide conventions thanks to the award-winning Convention Centre. 2014 will be highlighted with TED's 30th anniversary conference in Vancouver, SIGGRAPH 2014 along with other significant convention bookings, all of which further validate Vancouver's growing reputation as a global convention destination. ”

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

OUR WORLD-CLASS FACILITIES



The Convention Centre is the first ever repeat winner of the International Association of Congress Centres (AIPC) Apex award for World's Best Convention Centre.

The West building of the Convention Centre is also certified LEED® Platinum, making it the first convention centre in the world to receive the highest LEED® rating.

“ The successful bid to win the 2025 International Convention of Alcoholics Anonymous elevates Vancouver on the world stage and is a great example of all industry stakeholders working together for a common goal. Credit must go to the province of B.C., the Vancouver Convention Centre and BC Place Stadium, all of which contributed to this decision. This will be a pivotal event not only for Metro Vancouver, but also for the entire province as these visitors extend their trips and explore the rest of B.C. ”

*Jonas Melin, Chair,
Hotel Association of Vancouver*

OUR WORLD-CLASS FACILITIES



BC PLACE



BC Place is an architectural signature for the Province and the largest sports, exhibition and entertainment venue of its kind in British Columbia.

It ranks in the Top 100 stadiums in North America for capacity, with seating for 54,500 or more based on event configuration.

Its cable-supported, retractable roof is the largest of its kind. The roof reveals over 7,500 square metres of sky and has turned BC Place into a year-round, optimal, open-air facility.

BC Place is one of the most technologically advanced stadiums in the world. It boasts a cutting-edge spectrum of customizable features, such as high definition video displays, interior temperature control, incredible acoustics, retractable seating, and a coverable FIFA-rated playing surface.

“ BC Place is quite simply this province’s crown jewel of sports and entertainment venues. It provides our fans, partners and players a home unlike another in Canada and we are proud to have played host along with our stadium partners to millions of fans over the past 30 years. Whether it’s a mid-summer game with the roof open or the Grey Cup Championship, BC Place is where memories are made for a lifetime. ”

*Dennis Skulsky,
President & CEO,
BC Lions*

The “Northern Lights Roof Display” is a spectacular 36-foot façade lit up by thousands of individually-addressable, energy-efficient LED lights, creating colour animations that bring life to the Vancouver skyline. The display can light the stadium in a wide range of static colours, and dynamic animations for events, and is used to raise awareness of community-based initiatives.

BC Place is proud to be home to two of Vancouver’s professional sports teams: the BC Lions of the Canadian Football League and the Vancouver Whitecaps of Major League Soccer. Together these two important tenants bring hundreds of thousands of spectators to the stadium annually.

OUR WORLD-CLASS FACILITIES



Each year the stadium welcomes guests to events ranging from football, soccer and high school sports, to trade shows, monster truck displays, fun fairs and world-class music concerts.

“ Following the outstanding success of several groundbreaking shows in the last two years our partnership with BC Place has never been stronger. From Justin Timberlake and Jay Z to the expansion of the second annual CONTACT festival to two days, it’s obvious fans are as excited as we are about bringing bigger and more diverse shows to the city. ”

*Paul Haagenson, President,
Live Nation Canada*

“ Our organization is proud to call BC Place home. It is a world-class facility and a fantastic home for soccer. We look forward to creating even more memories at BC Place in 2014 and continuing this relationship that has already proved fruitful for our club. ”

*Rachel Lewis, Chief Operating Officer,
Vancouver Whitecaps FC*

PAVCO BOARD



PavCo reports to the Minister of Transportation and Infrastructure and is governed by a Board of Directors, appointed by the Shareholder.

PavCo's Board of Directors provides leadership and direction to the organisation in a manner consistent with directives set out by the Provincial Government.

Mandate and priorities are communicated through the Government's annual *Letter of Expectations*. This letter serves as the basis of agreement between the Shareholder and PavCo, including the high-level performance expectations, public policy issues and strategic priorities.

PavCo has developed its Board and Committee charters, as well as a range of policies which comply with the Province's Board Resourcing and Development Office's *Best Practice Guidelines*.

The principles included in the Provincial Government's Governance Framework provide an understanding of the roles and responsibilities for all parties that are part of the Crown Corporation Governance Environment:

- Stewardship, leadership and effective functioning of the Board
- Clarity of roles and responsibilities
- Openness, trust and transparency
- Service and corporate citizenship
- Accountability and performance
- Value, innovation and continuous improvement

PavCo's Board Governance Guidelines can be found online at <http://www.bcpavco.com/resources/board>

PAVCO BOARD

BOARD/COMMITTEE	MEMBERS	
<p>Board of Directors</p> <p><i>The Board is mandated to direct and control the business, assets and affairs of PavCo, consistent with the policies and directives of the Provincial Government.</i></p>	<p>Chair:</p> <p>Directors:</p>	<p>Stuart McLaughlin</p> <p>Michael J. Ballingall</p> <p>Theresa Breining</p> <p>Frank W. Palmer</p> <p>Don Zurowski</p> <p>Stephanie Sharp</p>
<p>Governance, Finance & Audit</p> <p><i>Monitors financial policies and oversees the financial reporting process. Monitors governance, Board effectiveness, staffing, compensation issues, and the implementation of structural changes to the organization.</i></p>	<p>Chair:</p> <p>Members:</p>	<p>Don Zurowski</p> <p>Stuart McLaughlin</p> <p>Stephanie Sharp</p>
<p>Core Review</p> <p><i>Provides advice and direction on revenue opportunities and efficiencies as part of Government's Core Review process.</i></p>	<p>Chair:</p> <p>Members:</p>	<p>Stuart McLaughlin</p> <p>Stephanie Sharp</p>
<p>Marketing</p> <p><i>* Terms of reference and membership due to be confirmed in February 2014.</i></p>	<p>Chair:</p> <p>Members:</p>	<p>TBD*</p> <p>TBD*</p>

EXECUTIVE & MANAGEMENT TEAM



PavCo is led by a team of executives and management:

Corporate Office

- Ken Cretney * Interim President and Chief Executive Officer ⁽¹⁾
- Rehana Din Chief Financial Officer ⁽¹⁾
- Kim Campbell Director, Finance ⁽¹⁾
- Kate Hunter Director, Communications & Stakeholder Relations
- Julie Turner Director, Executive Operations & Board Liaison

Vancouver Convention Centre

- Craig Lehto Assistant General Manager
- Claire Smith, CMP Vice-President, Sales & Marketing
- Chris Gowe Director, Sales
- Donna Hunter Director, Client Services
- Anthony Busby Director, Finance
- Andrea Horton Director, Human Resources
- Dan Lee Director, Facility Operations

BC Place Stadium

- Kathy deLisser Assistant General Manager
- Brian Griffin Director, Facility Operations
- Graham Ramsay Director, Sales & Marketing
- Mike McFaul Director, Engineering and Maintenance
- Dan Quan Director, Finance
- Vacant Director, Information Technology
- Deborah Dutton Director, Event Operations
- Wayne Smith Director, Human Resources & Labour Relations

(1) Corporation Officers

* Effective February 1, 2014, Ken Cretney (PavCo Chief Operating Officer) took on the role of Interim President and CEO. Dana Hayden left her executive role with PavCo on January 31, 2014.

GOVERNMENT'S LETTER OF EXPECTATIONS

PavCo's sole Shareholder is the Province of British Columbia. The annual *Government Letter of Expectations* outlines the mandate of the organisation, strategic priorities and high-level performance expectations. It also clarifies the respective roles and responsibilities of PavCo and the Shareholder to achieve the organisation's mandate.

PavCo's accountabilities are detailed as follows:

Directive	Action Response
<p>Lead, and report back on, the Corporation's sales and marketing program for the Vancouver Convention Centre (domestic and international), that support PavCo's achievement of its performance goals, including tripling non-resident delegate days. In addition, PavCo will support regional British Columbia conference centres in order to share best practices and support their ability to increase revenue.</p>	<p>The Vancouver Convention Centre will continue to implement a comprehensive sales and marketing program, focused on areas such as business diversification and the expansion of international markets.</p> <p>The Convention Centre will also explore regional opportunities for facilitated learning, education sessions and sharing of best practices.</p>
<p>Lead, and report back on, sponsorship and marketing plans for BC Place Stadium that support PavCo's achievement of its performance goals, including increasing attendance and economic benefits.</p>	<p>BC Place's marketing strategies will continue to focus on the entertainment and live events industry. BC Place will also explore sponsorship, sales and advertising models in collaboration with the resident sports teams.</p>
<p>Work with the Ministry of Transportation and Infrastructure (the Ministry) to ensure all financial management and fiscal targets and reporting requirements, as identified in the Ministry budget letter to PavCo, are met. Inform the Ministry in a timely manner of any pressures in meeting these financial targets and the related mitigation strategies</p>	<p>PavCo will strive to identify efficiencies and revenue sources, to ensure financial targets are met. PavCo will also work with the Ministry to ensure awareness of pressures related to financial targets, together with mitigation strategies.</p>

GOVERNMENT'S LETTER OF EXPECTATIONS

Directive	Action Response
<p>Continue to explore options to maximize private sector revenue for the public facilities owned/managed by the Corporation and minimize reliance on government funding.</p>	<p>PavCo will work with its stakeholders to increase revenues from corporate sponsorship and advertising.</p> <p>PavCo will maximize the value from its developable lands adjacent to BC Place, including the proposed urban resort development.</p>
<p>Contribute to the BC Provincial Government's climate action objectives and comply with the requirement to be carbon neutral in accordance with the <i>Greenhouse Gas Reduction Targets Act</i>.</p>	<p>PavCo has met the requirement to be carbon neutral.</p> <p>PavCo will continue to improve its recycling and energy savings plans to further reduce energy use and waste sent to landfills.</p>

The complete version of the *Government's Letter of Expectations* can be found at <http://www.bcpavco.com/resources/board>

STRATEGIC CONTEXT

PavCo has made improvements to its internal operating environment over the last 12 months and made changes to the senior management team. Both BC Place and the Vancouver Convention Centre are overseen by a Chief Operating Officer (COO), a role that was created in May 2013. Each facility is also led by an Assistant General Manager, allowing for increased operational efficiency and greater strategic oversight of the organisation.

In addition to senior management changes, PavCo has implemented a plan to reduce operating costs. PavCo continues to closely examine operating budgets for further opportunities for cost savings.

Economic, Industry and Social Factors

The Vancouver Convention Centre continued to see the impact of the global recession on its bookings for 2013, since conventions and events tend to be booked several years in advance. Bookings for 2014 and 2015 show improvement.

The Convention Centre also faces the challenge of balancing long term bookings while maintaining flexibility to support short term business. In response to this, the management team is taking a proactive approach to ensure an optimum mix of business while maximizing space utilization throughout the calendar year. The team has also implemented a strategic approach to attracting corporate meetings, focusing on aligning Vancouver's market attributes with clients' business objectives.

BC Place Stadium faces its own unique challenges due to its operating model, in which a provincially owned venue houses two resident sports teams (with no common ownership). Over the last 12 months, there have been ongoing discussions with both the BC Lions and Vancouver Whitecaps to find ways to better accommodate each party's advertising, sponsorship and scheduling objectives at the stadium. PavCo is committed to continuing to work towards improving its operating model with the teams.

In addition to working with the resident sports teams, PavCo is working closely with Paragon Gaming with respect to the construction of an urban resort on land owned by PavCo - adjacent to BC Place. The development of the urban resort brings great opportunity, enhancing the entertainment district and supporting attendance at stadium events. PavCo is working with Paragon and its partners to ensure that construction does not detrimentally affect operations at BC Place.

STRATEGIC CONTEXT

The North East False Creek area is also home to additional development from Concord Pacific and potentially others. PavCo is working with adjacent property owners and developers to ensure that stadium operations are not negatively affected.

The City of Vancouver is proposing to remove the eastbound Georgia viaduct. PavCo has indicated that it does not support the proposal if BC Place and PavCo operations are negatively impacted. PavCo has presented the City with some suggestions to address some of PavCo's concerns. Discussions are ongoing as part of the City's viaduct consultation process.

PavCo recognizes that the proposed level of development within the North East False Creek area represents a significant risk in terms of varying construction schedules, and the potential to negatively impact BC Place operations and events.

Community Engagement

PavCo continues to engage with our neighbours, via the North East False Creek Joint Working Group (City of Vancouver) and through ongoing dialogue with Coal Harbour residents.

We also continue to support dialogue between Coal Harbour residents and Vancouver Harbour Flight Centre (VHFC), while maintaining our role as landlord with VHFC.

This year marked the 30th anniversary of BC Place. Hundreds of people responded to PavCo's campaign to share stories and memories of the last 30 years at BC Place. The range and number of stories demonstrate how many British Columbians share a real connection with the stadium.

Operational Capacity

The Senior Management changes that occurred within 2013 have enabled PavCo to improve its management capacity to ensure a consistent and strategic approach.

PavCo has also developed a People Strategy based on an examination of Human Resource processes and policies in both the Vancouver Convention Centre and BC Place, and the anticipated future Human Resource needs of each facility.

The objective of the People Strategy is to support PavCo's efforts to become an Employer of Choice and to ensure that PavCo has the operational capacity and talent that it requires.

PAVCO'S STRATEGIC GOALS

PavCo has the following strategic goals:

- 1 Optimize corporate profit and create economic benefits
- 2 Provide exceptional customer service
- 3 Engage our stakeholders and industry partners to increase cooperative efforts to bring events to our facilities and to British Columbia
- 4 Maintain leading edge venue quality standards
- 5 Be an employer of choice

The performance measures used to evaluate PavCo's strategic goals reflect the different types of business generated by each facility.

Goal 1 - Optimize corporate profit and create economic benefits

PavCo strives to generate economic and community benefit for the people of British Columbia, through the prudent management of our public facilities. The events held at our facilities support British Columbia's tourism and hospitality industries, as well as trade development. Our clients and guests from out-of-province fill hotel rooms, partake of local hospitality services and consume goods and services produced by BC-based businesses.

PavCo strives to meet its financial targets each year and minimize its reliance on Shareholder investment. This is achieved by balancing competitiveness within the market place while managing the ongoing costs of operating two world-class facilities.

Key Strategies

- Determine ways to reduce operating costs and become more efficient.
- Work to address the complexities associated with advertising and sponsorship activities undertaken by PavCo and BC Place's resident sports teams - within the unique operating model of the stadium.
- Seeking events that will optimize economic benefit for BC.
- Pursuing global markets for long-term growth.
- Diversifying markets to stabilize long term business.

PAVCO'S STRATEGIC GOALS

Performance Measures and Targets

Create economic benefits

Economic benefit is calculated based on surveys and estimates of expenditures by organizers and visitors at events in our facilities.

Reporting of economic benefits for Vancouver Convention Centre was prepared by Ipsos Loyalty. For fiscal 2013, direct spend from events that drew out-of-British Columbian delegates/attendees and exhibitors was estimated at \$202 million. The benefits were calculated using methodology derived from the BC Stats Input-Output model. Attendance data was from PavCo's records, and spending data was compiled by Ipsos Loyalty through surveys with clients and guests. Based on these surveys, it was determined that on average an event attendee spent \$455 per day in 2013. Only surveyable events were included, and did not include banquets, meetings and special events. Most of the attendance from non-surveyed events is from within Metro Vancouver.

BC Place contributes towards province-wide economic activity. The facility provides a venue for entertainment, cultural and business activity that would not otherwise take place in British Columbia. The Economic Planning Group prepares the economic benefit reports for BC Place.

For fiscal 2013, economic benefits generated by BC Place from all spending was estimated to be \$122 million, including \$26 million generated by out of province visitors. This benefit was calculated using methodology derived from the BC Stats Input-Output model, and by using expenditure estimates based upon attendance, event and revenue records. Overnight per diem spending estimates were based on a 2004 Tourism Vancouver survey, updated using CPI annual changes.

Projections for fiscal 2014 and subsequent years have been prepared by PavCo management based on anticipated attendance and activity at the facilities. BC Place economic impact for 2016/17 reflects the number of events booked at the time of publication. This figure is subject to change.

PAVCO'S STRATEGIC GOALS

Increased non-resident delegate days at the Convention Centre

The Vancouver Convention Centre creates its greatest economic impact by attracting delegates and exhibitors from outside of British Columbia (non-resident delegates) to events which would not have been hosted in the Province if the Convention Centre did not exist. An NRDD is a day when a non-British Columbian attended an event at the convention centre, and likely stayed at a local hotel and visited restaurants or other hospitality businesses.

Non-resident delegates and exhibitors generate the highest economic returns for British Columbia. The average non-resident delegate spends \$1,434 (per visit) as a result of attending an event at the Vancouver Convention Centre, the majority of which is spent in accommodations, meals, retail and transportation.

The Vancouver Convention Centre has a target to triple the number of NRDDs by 2015. This target is based on data supplied by HLT Advisory Inc (HLT), in a report commissioned by the Vancouver Convention Centre and Tourism Vancouver in 2005 (subsequently reviewed in 2009).

According to Convention Centre records, the average number of NRDDs between 2004 and 2009 was 139,000, thereby generating a target of 417,000 by 2015. In addition, the Centre has established its own target of 450,000 for fiscal years 2014/15, 2015/16 and 2016/17.

Increased revenue at BC Place

Revenue at BC Place is driven by event attendance, as well as advertising and sponsorship. Increased attendance levels subsequently drive higher sales of stadium services, primarily through food and beverage.

During fiscal 2014/15 BC Place will explore opportunities for attendance building through marketing initiatives. Projections for fiscal 2014/15 and future years are derived from the events already on BC Place's books, clients' attendance forecasts and a forecast of future events that are expected to occur.

PAVCO'S STRATEGIC GOALS

Optimize corporate profit and create economic benefits

Performance Measure	Actual 2012/13	Forecast 2013/14	Targets		
			2014/15	2015/16	2016/17
Impact from out-of province (non-resident) attendance					
Economic impact at BC Place from spending by visitors from outside of British Columbia (\$ millions) ¹	\$26	\$38	\$30	\$38	\$20
Economic impact at Vancouver Convention Centre from spending by visitors from outside of British Columbia (\$ millions) ²	\$202	\$187	\$268	\$271	\$262
Delegate days to Vancouver Convention Centre by visitors from outside of British Columbia (thousands)	347	313	450	450	450
Impact from all performance					
Economic impact at BC Place from all spending (\$ millions) ¹	\$122	\$141	\$125	\$143	\$100
Economic impact at Vancouver Convention Centre from all spending from outside Greater Vancouver Regional District (\$ millions) ²	\$237	\$289	\$310	\$321	\$315

PAVCO'S STRATEGIC GOALS

Optimize corporate profit and create economic benefits (cont'd)

Performance Measure	Actual 2012/13	Forecast 2013/14	Targets		
			2014/15	2015/16	2016/17
Impact from all performance					
Delegate days for all visitors outside Greater Vancouver Regional District to Vancouver Convention Centre (thousands) ³	441	407	531	563	563
Total attendance at BC Place events (thousands) ⁴	1,230	1,185	1,128	1,306	1,137
Corporate operating deficit before government contributions (\$ millions) ⁵	\$22.699	\$26.355	\$22.625	\$22.200	\$7.275

1 Economic impact for BC Place is calculated using the BC Stats model. It is based on estimated expenditures by organizers, attendees, and other participants at BC Place events. This includes pre and post-event spending in the Province, and applying the multiplier effect through the economy of such spending. Projections for 2014/15 and future years are based on estimates by PavCo management

2 Economic impact for the Vancouver Convention Centre is now calculated using the BC Stats model. It is based on: surveyed or estimated expenditures by organizers and visitors at events in our facilities; subsequent spending in the Province following the event; the multiplier effect through the economy of such spending. Projections for 2014/15 and future years are based on estimates by PavCo management.

3 Delegate days for attendees at Vancouver Convention Centre for fiscal 2013 were actual days recorded in PavCo's event management system. Delegate days for fiscal 2014 and onwards are based on confirmed bookings in the event management system, tentative bookings and an estimate of future bookings based on previous attendance statistics.

4 Attendance at BC Place is the total of announced attendance by show managers for attendance at their events

5 The corporate operating deficit before government contributions is the sum of: sales revenues, other revenues and deferred contributions, less total expenses. Operating gains/(losses) before interest, amortization and contributions are: 2012/13 (\$13,738), 2013/14 (\$10,227), 2014/15 (\$11,058), 2015/16 (\$8,471) and 2016/17 \$6,362. Corporate operating deficit for 2016/17 includes a proposed land sale.

Changes to Goal and/or Performance Measures

There are no substantive changes to this goal or associated performance measures since the PavCo Revised Service Plan 2013/14 to 2015/16. However, PavCo has changed the model it uses to measure economic impact of spending at its facilities, in order to adopt a consistent approach with that of BC Stats. Further details can be found on page 19.

PAVCO'S STRATEGIC GOALS

Goal 2 - Provide exceptional customer service

Exceptional client and guest satisfaction will not only elevate PavCo's reputation as an organisation capable of hosting world-class events, it will also drive future attendance levels and attract new clients. This will further enable us to achieve our goal of maximizing economic benefit.

Key Strategies

- Ensure event planning and operations are client-centric
- Provide an exceptional service culture
- Ensure PavCo and its suppliers' staff provide seamless, superior service

Performance Measures and Targets

Service quality survey scores

Surveys are conducted with clients and guests to determine their satisfaction levels and expectations. The event business is very competitive and attendee satisfaction is critical.

Service Quality and Customer Satisfaction					
Performance Measure	Actual 2012/13	Forecast 2013/14	Targets		
			2014/15	2015/16	2017/18
Service Quality – Loyalty Index Convention Centre ¹	9.3/10	9.0/10	9.1/10	9.1/10	9.1/10
Client satisfaction BC Place ²	N/A	4.0/5	4.0/5	4.0/5	4.0/5
Guest satisfaction BC Place ³	4.1/5	4.1/5	4.2/5	4.3/5	4.3/5

1 At the Vancouver Convention Centre a Client Loyalty Index is used to measure service quality. This combines overall satisfaction with the clients' likelihood to rebook and recommend the facility. The survey, which is sent to selected clients, includes questions on: overall satisfaction, value for price, building and amenities, proud to hold events at the Centre and trust in the Centre. Results are combined to determine an overall Loyalty Index that is measured as a score out of 10.

2 A comprehensive online Client Satisfaction Survey has been developed and sent to all clients who held events at BC Place during 2013/14. Data from the survey will measure client experience from the time of booking, up to preparation of the final billing for the event. Scores will be from a total out of 5.

3 A guest satisfaction survey was initiated at BC Place for 2012/13. Guest satisfaction results are collected via touch-screen stations distributed throughout the Stadium. Results are collected during BC Lions games, Whitecaps FC matches and other events. Data from the survey measures guest satisfaction in guest service, food and beverage, and overall experience at the facility.

PAVCO'S STRATEGIC GOALS

Changes to Goal and / or Performance Measures

There are no substantive changes to this goal or associated performance measures since the PavCo Revised Service Plan 2013/14 to 2015/16. However, surveys and scoring criteria have been further developed since the last plan was published.

Goal 3 - Engage our stakeholders and industry partners to increase cooperative efforts to bring events to our facilities and to British Columbia

Events hosted at PavCo's facilities, generate significant economic impact for British Columbia through hotel occupancy; clients' use of services and supplies; and attendees travelling to areas of the province before and after events. Many owners and operators of businesses benefit from our activities. In order to obtain the best return on investment, it is financially beneficial for PavCo and its industry partners to collaborate in marketing or co-promoting programs to boost the province's profile as an ideal place for business and tourism.

Key Strategies

- Develop and grow collaborative business relationships

Performance Measures and Targets

PavCo tracks the number of events that we attract in cooperation with our various stakeholders and partners. Our activities involve working collaboratively with Tourism Vancouver, the Vancouver Hotel Destination Association and the Canadian Tourism Commission to attract conventions, meetings and events.

Performance Measure	Actual 2012/13	Forecast 2013/14	Targets		
			2014/15	2015/16	2016/17
Number of events that are attracted or implemented in cooperation with stakeholders ¹					
Vancouver Convention Centre	22	25	28	30	30
BC Place	5	6	7	7	7

¹ This represents major events expected to occur during the year that were booked with the assistance of, or referred to us through stakeholders. Source data is kept in the booking files.

PAVCO'S STRATEGIC GOALS

Changes to Goal and/or Performance Measures

There are no substantive changes to this goal or associated performance measures since the PavCo Revised Service Plan 2013/14 to 2015/16.

Goal 4 - Maintain leading edge venue quality standards

Having completed its construction and revitalization program, PavCo now operates two of the finest event facilities in North America. In order to maintain the world-class reputation of our facilities, and remain competitive within the marketplace, PavCo will strive to retain high venue quality standards.

Among its association memberships, PavCo belongs to the International Association of Venue Managers (IAVM), International Association of Congress Centres (AIPC) and the Building Owners Management Association (BOMA). Members of these associations are owners and operators of major international public facilities and commercial buildings.

The Vancouver Convention Centre's West building was constructed to LEED® Platinum Certification standards, and in 2011 also achieved the AIPC Quality Standards certification in the gold level. This certification measures standards in 10 key areas, including Customer Service, Quality of Facilities and Operations, Employee Relations, Health, Safety, Security and Emergency Response, Financial Integrity, Community Relations, Environmental Responsibility, Industry Relations and Supplier Relations.

The revitalized BC Place boasts an infrastructure that greatly improves the guest experience and reduces energy waste. Efforts to maintain the facility and ensure maximum performance are part of the stadium's maintenance and capital program.

Key Strategies

- Determine best practices, processes and quality standards for operations of similar venues. Identify targets against these standards for PavCo's facilities to achieve
- Ensure staff and service providers are appropriately trained and equipped to help PavCo achieve and surpass the benchmark quality standards

Performance Measures and Targets

This goal was a new addition to the PavCo Revised Service Plan 2013/14 to 2015/16, as a reflection of the need to remain competitive within the convention / stadium industries.

PAVCO'S STRATEGIC GOALS

Performance measures are under development and are not yet finalized for publication. During the final quarter of 2013/14, PavCo will determine quality standards against which it will measure its targets, and will use these standards as a baseline against which to measure its performance in 2014/15 and future years.

Venue quality standards will be influenced by the International Association of Congress Centres (AIPC) Quality Standards Program – an industry specific program developed to identify and evaluate key areas of convention centre performance. Innovation relevant to venue management set by select publications and industry leading professionals will also play a key role in the development of this performance measure.

Goal 5 - Be an employer of choice

At PavCo, we recognize the importance of attracting and retaining high quality employees. Our employees are the ambassadors of our organisation, and play a vital role in the customer/guest experience. Research shows that engaged and satisfied employees are more committed to their work and the objectives of their employer.

During the last fiscal year, the PavCo management team has developed a People Strategy for the organization which includes the following strategies:

Key Strategies

- Position PavCo as an 'Employer of Choice'
- Update policies and practices, and introduce technology to deliver Human Resource functions
- Improve the Labour Relations climate at BC Place to support improved operations
- Design and implement succession planning, talent management and performance management systems

Performance Measures and Targets

Employee retention

Our facilities are home to many professionally trained and skilled employees. BC Place also employs hundreds of event staff on an occasional basis. It is critical to retain as many event staff as possible, given the cost of recruiting and training. A People Strategy has been developed to define the actions that PavCo needs to undertake to be an Employer of Choice.

PAVCO'S STRATEGIC GOALS

Employee engagement

Engaged employees are a crucial factor in achieving PavCo's strategic goals. By soliciting feedback and ensuring two-way communication, we can harness the talent within our organisation and build our levels of customer service. Our employees are our greatest resource.

Performance Measure	Actual 2012/13	Forecast 2013/14	Targets		
			2014/15	2015/16	2016/17
Employee Involvement – Retention of all staff at BC Place ¹	78%	80%	82%	84%	85%
Employee Engagement – Score on employee surveys BC Place ²	N/A	Employee surveys and scoring criteria are under development for this measure at BC Place			
Score on employee surveys Vancouver Convention Centre ³	4.3/5	4.3/5	4.3/5	4.3/5	4.3/5

¹ The model used to measure employee retention at BC Place has been modified from previous years, as part of PavCo's People Strategy. BC Place now measures voluntary terminations against planned staffing levels – and measures retention rates based on the difference between these two numbers.

Due to BC Place having a unique operating model, there are no published, industry-standard turnover rates to draw from. Given the seasonal nature of the stadium business; employee turnover tends to be higher than other industries. Over the next year management will explore statistical comparisons in order to establish a benchmark within the industry.

² As the measure is new, forecasts and targets are under development. New surveys will be prepared and polling of employees will commence in the last quarter of 2013/14. The baseline will be set in 2013/14 and we will seek to improve from this baseline in subsequent years.

³ All full-time and part-time employees at Vancouver Convention Centre are invited to participate in employee surveys that measure employee ratings on: communication and direction, management effectiveness, commitment to results, job satisfaction, treatment respect and balance, organisational satisfaction and commitment, retention and development, familiarity with Vancouver Convention Centre's service standards. Where possible, normative scores were included in this report for benchmarking purposes. The normative scores are taken from the Ipsos National Workplace Survey which was conducted online in April 2011 with 1,575 employees who work at least 30 hours a week. The purpose of these normative scores is to provide the Vancouver Convention Centre with a broad indicator of how its employees compare against other Canadian employees. According to the 2011 report, the Canadian benchmark for overall employee engagement is 3.9/5.

Changes to Goal and / or Performance Measures

There are no substantive changes to this goal or associated performance measures since the last PavCo Revised Service Plan 2013/14 to 2015/16.

CAPITAL PLAN

Each facility has capital plans which provide for ongoing major maintenance and sustaining capital expenditures that will maintain the facilities to the expectations of their users.

BC Place

The BC Place capital plan includes: turf upgrades; continuing electrical, mechanical and plumbing upgrades; new event equipment and furniture; and technology upgrades.

Vancouver Convention Centre

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

Capital Plan (in \$ millions)

Scope of Work	Actual 2012/13	Forecast 2013/14	Targets		
			2014/15	2015/16	2017/18
BC Place	2.774	1.500	15.800 ¹	6.300	4.000
Vancouver Convention Centre	4.291	4.000	4.000	4.000	4.000
Corporate Services		0.020	0.020	0.020	0.020
Total Capital Plan	7.065	5.520	19.820	10.320	8.020

¹ Capital Projects for fiscal 2014/15 include \$12.0 million for the construction of infrastructure on BC Place lands.

Key Assumptions

- The core business units are the Vancouver Convention Centre and BC Place.
- Revenue estimates are based on current bookings and expected pick-up business. These estimates could change if there are world events during the period that impact business travel and tourism. Estimates will be monitored and adapted as conditions change.
- The forecasts were prepared following a review of PavCo's operating costs. This included: implementing a hiring freeze except for critical operating positions; a salary freeze for management and executive; restriction of discretionary travel; and limits on office and business expenses.

SUMMARY FINANCIAL FORECAST

Forecast Risks and Sensitivities

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

Future Financial Outlook

- PavCo has essentially completed major construction activities and the focus is now on marketing its world-class facilities – the Vancouver Convention Centre and BC Place.
- PavCo recognizes that global economic conditions are volatile and are anticipated to continue to be uncertain in the future. In response, PavCo is implementing new marketing strategies designed to leverage the outstanding reputations and the operational capabilities that both facilities possess.
- The Vancouver Convention Centre continues to receive international acclaim and awards for excellence. Continued emphasis on, and awareness of, service excellence standards will be used in marketing campaigns to attract international business that generates significant economic impact. Marketing efforts will also be taken to diversify the types of events held to optimize capacity.
- The revitalized BC Place is beginning to reap the benefits of its retrofit. Superb acoustics and improved technology have contributed to hugely successful concerts in the last few months. BC Place has received accolades from industry and event attendees alike and aggressive marketing strategies are being implemented to build on this momentum. In addition to major sporting and entertainment events there will be an increased focus on attracting special events that showcase the versatility of the stadium.
- PavCo will be implementing the outcomes of its Core Review program. This is expected to improve profitability without the impairment of service levels to our clients and guests
- PavCo is continuing to pursue development of surplus lands and increase advertising revenues to reduce reliance on government contributions.

FINANCIAL STATEMENTS

Five Year Financial Comparisons for Operations (in \$ millions) - PavCo Consolidated

	Fiscal 2012/13 Actual	Fiscal 2013/14 Forecast	Fiscal 2014/15 Budget	Fiscal 2015/16 Budget	Fiscal 2016/17 Budget
Revenues					
Sales	54.359	56.307	60.081	61.720	58.994
Other revenues	0.374	.219	.020	.000	15.750
Amortization of contributions					
Sustaining	9.784	8.977	11.242	8.992	8.992
Grey Cup	2.700				
Deferred	<u>39.246</u>	<u>42.299</u>	<u>38.293</u>	<u>36.842</u>	<u>38.590</u>
Total revenues	106.463	107.802	109.636	107.554	122.326
Expenses					
Cost of sales	27.162	28.975	30.000	30.696	29.113
Staffing	16.189	16.282	16.902	17.046	17.154
Operating	14.141	13.588	14.335	14.793	14.392
General and administration	4.420	3.975	4.105	4.050	4.073
Business development	4.024	1.127	1.423	1.458	1.500
Fees	2.534	2.556	1.894	1.898	1.900
Redevelopment	0.000	.250	2.500	.250	.250
Corporate cost allocation		.000	.000	.000	.000
Loan interest	0.000	7.326	7.255	7.167	7.076
Amortization	<u>48.208</u>	<u>49.101</u>	<u>44.855</u>	<u>43.404</u>	<u>45.152</u>
Total Expenses	116.678	123.180	123.269	120.762	120.610
Net Income (deficit) after					
Government subsidy	(10.215)	(15.378)	(13.633)	(13.208)	1.716
Debt	150.000	149.171	147.452	145.648	143.754
Retained earnings (operating deficiency)	17.598	2.220	(11.413)	(24.621)	(22.905)
Major capital expenditures	1.951		12.000	0	0
Annual sustaining capital work	5.114	5.520	7.820	10.320	8.020

FINANCIAL STATEMENTS

Five Year Financial Comparisons for Operations (in \$ millions) - Vancouver Convention Centre

	Fiscal 2012/13 Actual	Fiscal 2013/14 Forecast	Fiscal 2014/15 Budget	Fiscal 2015/16 Budget	Fiscal 2016/17 Budget
Revenues					
Sales	40.417	41.368	46.681	46.524	45.312
Other revenues	0.000	.000	.000	.000	.000
Amortization of contributions					
Sustaining					
Grey Cup	0.000				
Deferred	<u>20.056</u>	<u>21.213</u>	<u>18.741</u>	<u>18.106</u>	<u>21.428</u>
Total revenues	60.473	62.581	65.422	64.630	66.740
Expenses					
Cost of sales	20.905	22.182	24.455	24.467	23.754
Staffing	7.991	8.001	7.868	7.945	7.907
Operating	9.372	8.921	9.655	9.630	9.593
General and administration	2.470	2.156	2.108	2.109	2.099
Business development	0.648	.579	.880	.888	.882
Fees	0.994	.601	.612	.612	.609
Redevelopment	0.000	.000	.000	.000	.000
Corporate cost allocation	0.799	.911	1.135	1.095	1.082
Loan interest	0.000	.000	.000	.000	.000
Amortization	<u>21.584</u>	<u>21.513</u>	<u>19.041</u>	<u>18.406</u>	<u>21.728</u>
Total Expenses	64.763	64.864	65.754	65.152	67.654
Net Income (deficit) before					
Government subsidy	(4.290)	(2.283)	(.332)	(.522)	(.914)
Major capital expenditures					
Major capital expenditures	0.000	0.000	0	0	0
Annual sustaining capital work	4.291	4.000	4.000	4.000	4.000

FINANCIAL STATEMENTS

Five Year Financial Comparisons for Operations (in \$ millions) - BC Place Stadium

	Fiscal 2012/13 Actual	Fiscal 2013/14 Forecast	Fiscal 2014/15 Budget	Fiscal 2015/16 Budget	Fiscal 2016/17 Budget
Revenues					
Sales	13.941	14.932	13.400	15.196	13.681
Other revenues	0.000		.000	.000	15.750
Amortization of contributions					
Sustaining					
Grey Cup	2.700				
Deferred	<u>21.832</u>	<u>21.086</u>	<u>19.552</u>	<u>18.736</u>	<u>17.162</u>
Total revenues	38.473	36.018	32.952	33.932	46.593
Expenses					
Cost of sales	6.257	6.793	5.545	6.228	5.360
Staffing	6.835	7.006	7.298	7.442	7.588
Operating	4.775	4.667	4.680	5.163	4.800
General and administration	1.586	1.627	1.764	1.707	1.742
Business development	3.362	.534	.529	.557	.599
Fees	1.303	1.387	.975	1.004	1.034
Redevelopment	0.000	.250	2.500	.250	.250
Corporate cost allocation	0.798	.911	1.135	1.095	1.082
Loan interest	0.000	7.326	7.255	7.167	7.076
Amortization	<u>26.593</u>	<u>27.588</u>	<u>25.814</u>	<u>24.998</u>	<u>23.424</u>
Total Expenses	51.509	58.089	57.495	55.611	52.955
Net Income (deficit) before					
Government subsidy	(13.036) [▼]	(22.071)	(24.543) [▼]	(21.679)	(6.362)
Major capital expenditures					
Major capital expenditures	1.951		12.000	0	0
Annual sustaining capital work	0.823	1.500	3.800	6.300	4.000

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