



# *Ontario Food Terminal Board*

## **Three Year Business Plan 2017 - 2020**

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## **1. Mandate:**

Reference to the Ontario Food Terminal Act R.S.O. 1990, Chapter 0.15 4. (1)

*The Legislative Objects of the Board are as follows:*

*a) To acquire, construct, equip and operate a wholesale fruit and produce market in the City of Toronto or The Regional Municipality of York known in English as the Ontario Food Terminal and in French as Marche des produits alimentaires de l'Ontario and to acquire and operate such facilities for the transportation and handling of fruit and produce as may be necessary for the purposes of the Terminal;*

*b) To do such other acts as may be necessary or expedient for the carrying out of its operations and undertakings.*

*The Strategic Objects of the Board are as follows:*

*a) To try and ensure that the market operates efficiently in order to provide high quality produce to the Ontario consumer at competitive prices.*

*b) To provide a central marketplace for Ontario growers and produce wholesalers to sell their produce directly to the wholesale and retail trade.*

*c) To foster, through controlled buying hours and regulated shipping policies, a competitive market place where buyers and sellers can freely negotiate prices and terms of sale.*

*d) Maintain a good working relationship with the wholesale tenants, growers and buyers.*

*e) Ensure that the market is properly maintained so that Ontario retailers and institutions will continue to use the market as a major source of supply for fresh produce.*

*f) Ensure that the cash flow from operations is sufficient to cover expenses including all capital and maintenance expenditures.*

## **2. Executive Summary:**

The Ontario Food Terminal Board (the Board), a Board Governed Provincial Agency, has continued to work towards providing a market place that stimulates competitive trade of agriculture products within Ontario, specifically fresh fruits and vegetables. The members of the Board are accountable to the Minister of Agriculture, Food and Rural Affairs in accordance with the Memorandum of Understanding. Through effective management, the Board is in a good position to move ahead with larger expansion projects that were investigated and supported during the last year. Building on these investigations the Board will target key areas of physical

resource development and systematically develop plans for communications and market awareness.

### ***Review of Revenue and Expenditures***

The annual review of the financial operations of the Board reveals that revenue from toll fees have increased by 3.0% over last year, and cold storage revenue increased by 7.0%; whereas rent revenue has increased an average of 1.75%. This trend is indicative of greater overall activity and greater distribution volume of produce through the Ontario Food Terminal. The Board continues to maintain a positive cash flow every year.

The Board experienced a 5.2% decrease in salary expenses this fiscal year; while still maintaining the continued level of service by our staff to the tenants and buyers. The office expenses reflect the Board's continued efforts to maintain its promotional efforts for Ontario products and the terminal as a whole. Legal costs for this fiscal period were lower than the previous year as there were a lesser amount of breaches of leases with tenants throughout the year. Electric power expenses continue to grow year after year as a result of rising prices and increased consumption as a result of the warmer than normal summer weather. The Board continues its efforts to replace and install energy saving lighting in the facility, but is dependent on constant year round refrigeration requirements. The Board's waste removal costs have increased due to a higher volume generated by our tenants, particularly by the warehouse tenants. Management will continue its efforts on working to find creative and efficient recycling programs to reduce costs in this area to help mitigate any future increased costs. The results listed above demonstrate management's ability to recover operating costs and manage costs through prudent fiscal management while protecting the services provided by the Board.

With the rising costs of maintaining the facility and infrastructure, the Board has to increase various rents and fees to ensure operational expenses covered year after year. To maintain future growth in revenue, the Board will continue to investigate facility renovation and expansion. In consideration of this, the Board is examining the construction of additional buildings that serve as produce selling stalls. This new building will increase Ontario produce distribution volumes through the Ontario Food Terminal. Preliminary results of investigations and observations have already been presented to the Board. Management will continue to undertake further evaluation of the entire facility and continue to create a progressive plan in order to keep the facility current and fiscally sound.

*Reference: Appendix I – Annual Financial Statement and Projected Budget*

### ***Highlight of Strategies for Next Three Years***

In response to the Ontario consumer, Ontario Food Terminal tenants and the policies of Ontario Food Terminal's Board of Directors, the next three years will continue to bring awareness of the Ontario Food Terminal's role within the food distribution system for Ontario. Furthermore, a proposal of a more modern facility will be developed to address current storage shortages. The Board will stay committed to the effective use of all resources and to enhancing methods of evaluation and planning for future activities at the Ontario Food Terminal.

Details of these activities will be outlined within the implementation and communication plans submitted with this report.

It is expected that in the next three years efforts will be made to build on the Board's past successes of highlighting products that have originated in Ontario. The overall look and feel of the wholesale farmers' market area is being reviewed with increased marketing of this sector occurring. Currently, the Board has completed the design of a new Farmers' Market building, consisting of 45 open concept farmer stalls. In order to facilitate the increased promotion and distribution of Ontario produce, the Board is continuing have discussions with the Farmer stakeholders to ensure that there is sufficient demand for this new proposed space and rented accordingly. Challenges exist due to the seasonal fluctuations of product availability sold within this building, but it is hoped that by creating maximum exposure and featuring Ontario produce to the wholesale food industry will spark increased demand and year round occupancy.

The Board has completed the construction of the farmers' market loading area canopy consisting of an additional 82 spaces for buyers in the Farmers' Market and a new washroom facility. It is also in the process of developing the east end of the property with new roadway and parking area. In the next two years, the Board will be expanding the existing south east buyer loading docks, create a new cold storage receiving/shipping area, expand the existing cold storage receiving area and build a new waste handling building.

### **3. Strategic Direction**

Vision Statement of the Board:

*To have the Ontario Food Terminal operate as a central competitive market place for Ontario growers and shippers of produce and horticultural products The Terminal aims to provide a direct unregulated market for the wholesale/retail trade in Ontario along with other provinces and regions within the United States. This will ensure that the best quality produce can be provided to the Ontario consumer at competitive prices throughout the year.*

Operating policies of the Ontario Food Terminal's Board of Directors:

- To operate in accordance with all administrative policies established and specified in Management Board of Cabinet's Directives and Guidelines, and to fully comply with the *Public Service of Ontario Act*.
- To follow the *Ontario Food Terminal Act*; its regulations and the Memorandum of Understanding (MOU) with the Ontario Government in its relationship with all who use the Ontario Food Terminal;
- To promote best management practices for all operations of the Board. These will be implemented towards having goals of positive cash flow from operations, efficient costs of operation, maximizing all tenant occupancy rates while still providing well maintained, reasonably priced and relevant facilities. Best management practices will be used to monitor operational logistics to maximize efficiency of operations and delivery of produce.

- To maintain good working relationships with all tenants, subsidiary businesses, community, government and working partners through maintaining a responsive 'open dialogue' philosophy.
- To actively respond to tenants needs the economic environment and changing markets.
- To operate the Ontario Food Terminal in a manner that will facilitate superior facility security, cleanliness and a safe work environment.
- To actively seek new technology for methods of operation and competitive delivery to keep the Board a leader within its industry.
- To promote the facility through effective communications as an essential distribution centre for fresh produce and horticultural products.
- To treat all tenants, partners, and employees in accordance with all the laws of the Province of Ontario and Canada.

#### **4. Organizational Structure:**

The Board's current organizational structure consists of a seven-member Board of Directors, appointed by the Lieutenant Governor in Council; a General Manager, Secretary -Treasurer and two Managers. The Managers head five service departments. They are administration, cold storage, police, maintenance and sanitation. This structure has proved to provide a more responsive service to our customers in a very efficient manner.

The staff of the Ontario Food Terminal Board totals forty-seven non-union individuals which includes eight part-time staff. Staff resources are used across all core businesses and time is allocated to nine cost centres allocated by management. Costing for staff requirements is closely controlled by the annual operating budget and maximum efficiencies are achieved through the existing hierarchy structure.

*Reference: Appendix II – Board Members*

*Reference: Appendix III – Organizational Structure*

#### **5. Environmental Scan**

The Board is mandated to operate a wholesale fruit and produce market for the transportation and handling of fruit and produce in an economical and efficient manner. The Board relies solely on revenues generated within the facility and does not receive government funding.

The external and internal factors below could impact the Board both operationally and financially.

External:

### Leasing Competition

- In 2017, the Board experienced an increase in produce tonnage volume distributed from the Terminal as a direct result of increased consumer awareness of the health benefits of eating fruits and vegetables, specifically the demand for Ontario produce and the “eat local” movement.
- In the past few years, a number of tenants’ businesses have outgrown their operation at the Terminal. Some of them have accommodated their business growth by building offsite warehouses for the purpose of storage and distribution. However, all their sales and contacts are continued to be made at the Ontario Food Terminal. This can have an effect on the Board’s revenues particularly in the cold storage and road and gate cost centres due to reduced activity.
- This reduced activity provides an opportunity for the smaller tenants to use extra cold storage space and expand their product lines, thus having lessened the effect of lost cold storage business.
- Future warehouse expansion at the Terminal will be required to accommodate tenants with growing businesses as well as new tenants.
- The trend in 2017 is that produce tonnage throughput and the number of paid entries should increase with the continued increased demand for local Ontario grown produce.

### Economic Forecasts for Ontario

Ontario’s economy is forecasted to grow at a projected growth rate of 2.3% in 2017. Many economists expect Ontario to be a growth leader in Canada over the next two years. Ontario’s growing economy has been supported by increased consumer spending, solid job creation and significant government infrastructure spending, and policies to promote long term competitiveness and moderate growth in 2017 and 2018.<sup>1</sup> Exports to the US from Ontario have increased as a result of the decreased value of the Canadian dollar. Exports to the European Union and emerging markets have experienced increases with the signing of new trade agreements. Expected outcomes will include rising employment and growth in both income and consumer spending including fresh food items. Therefore the Ontario Food Terminal tenants will see higher demands for their produce and horticultural products.

The Canadian dollar has steadily depreciated against the U.S. dollar since 2013 and is significantly below par. This is attributed to lower commodity prices, lower interest rates as compared to the U.S., as well as Canada’s respectable economy and sound financial system. Ontario exporters will benefit by improving business competitiveness and encourage export growth, but with the newly elected US president has added a layer of uncertainty. However the Ontario Food Terminal warehouse tenants that import produce from around the world face a

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<sup>1</sup> Royal Bank of Canada 2017: Economic Outlook

competitive challenge as a direct result. Private-sector forecasters expect the dollar to average below parity to the U.S. dollar over the next two to three years. The global economic recovery is continuing but at a very moderate pace and demand for oil is stable. As oil and other commodity prices are expected to remain relatively low in the short term.

With these projections, management will continue to proceed with due diligence with the renovation and/or expansion decisions that are made in light of the current economic conditions in Ontario.

### Monetary Policies

Interest rates play a significant part in the Board's operating costs as they fluctuate over time. Recently, rates have remained low and the prime rate is still sitting at historic low levels. Although central government interest rates are expected to eventually rise gradually as the pace of the economic recovery strengthens.<sup>2</sup> Major Canadian financial institutions have forecasted no interest rate changes until at least the second or third quarter of 2018. While this is beneficial to the operation of the Terminal, as business growth rebounds more buyers may utilize the Ontario Food Terminal more frequently due to improved availability of credit. The Board's borrowing costs are expected to remain reasonably low during the next fiscal period. Strategies for long term debt will be to lock in at lower rates since it will be expected that as global financial conditions improve and economic growth resumes, interest rates will gradually rise to more normal levels.<sup>3</sup>

### Location and Access

The facility location was at its inception well situated on the outskirts of the downtown Toronto area. This provides easy access through well maintained roads by local producers, large international distributors and the buyers for large retail food distributors.

Several factors have emphasized to management and the Board that they must constantly evaluate of the efficiency of Ontario Food Terminal's location and the ease of access is done. To strengthen that the location is still relevant to international distributors, tenants have centred their warehouse locations near the Ontario Food Terminal when they required additional storage space. Due to off hour travel time of most transport, easy access is still available to vendors but some late arriving buyers may be more challenged to reach the location during the mid-morning commute especially with the Gardiner Expressway construction this year.

Evaluations by many external organizations such as the Toronto Food Policy Council have been reviewed and considered. The Ontario Food Terminal is a vital component of the delivery of fresh fruits and vegetables to all of Ontario and specifically to the Greater Toronto region. 'OFT (Ontario Food Terminal) is the keystone of Toronto's food distribution network'<sup>4</sup> Points of consideration outlined in reports and profiles detail the importance of optimal size, location,

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<sup>2</sup> ibid

<sup>3</sup> ibid

<sup>4</sup> 'A Wealth of Food: A profile of Toronto's Food Economy'; Toronto Food Policy Council



transportation connections, sustainable infrastructure and other key points of operation of the OFT in relevance to other sources of food within the GTA.

Access and traffic issues will be investigated in depth over the next three years to determine the future needs of Ontario Food Terminal Board's operations. To aid in this, the Board has established communication lines with the City of Toronto's transportation department.

### Transportation

Further investigation is needed to identify the various external transportation issues that will affect the Ontario Food Terminal in the future. With volume issues affecting the ability of transports and small producers to reach the facility, research will be conducted to gather the current and projected traffic rates as well as future planning projects with local municipal and provincial governments.

Growing consumer and advocate concerns about the environmental costs of importing food products will be investigated by the Board. The Board is aware of the social and economic concerns over Ontario's dependence on food imports.<sup>5</sup> Management will increase communications in order to fully reveal the role and purpose of the Ontario Food Terminal within the overall food supply system in Ontario and how it responds to demands and offers the ability to provide buyers with a free market environment.

### Consumer Trends, Ethnic Diversity

- A demographic change in terms of new Canadians has historically meant that many of these new immigrants will become buyers to service their ethnic community. This is positive for the Terminal.
- The baby boomers are showing a trend toward a more healthy diet and as such they are going to purchase more fresh fruits and vegetables. This is apparent even at the fast food restaurants that are now offering salads and lighter meals the contents of which are supplied from the Terminal. Thus the food service sector is becoming more significant and their reliance on the Terminal vital.
- Canadians are continuing to increase the per capita consumption of fresh fruits and vegetables.
- Ontario's population continues to increase, particularly in the GTA and with municipal governments' efforts in increasing population densities in cities.
- On the other side, as the population ages, we are finding that more of our older farmers' market tenants are now giving up their leased stall space. In the past, the family farm operation was passed on to the offspring. This is no longer the norm.

### Buy-Local Campaigns and Farm Markets, Regional Distribution

Increases in the number of retail farmers markets in Ontario will result in more buyers from those markets coming to the Terminal to purchase supplementary produce. Large and small retail farmers markets and even farm gate markets operators sometimes must supplement what

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<sup>5</sup> From published reports by the Toronto Food Policy Council September 2007 authored by Wally Secombe.

they grow with what their customers are asking for. It is possible that increased regular use of farmers markets will expand sales at the Terminal due to limited availability of primary producers at all local markets, consistent supply and consumer demand for efficiency in food purchasing.

It would be beneficial if Ontario product can be easily identified as such since the consumer and industry have claimed that products purchased and sold by 'resellers' are threatening Ontario's primary producers. Lack of identification of product origins has led to some misunderstanding that within farmer's markets in Ontario all produce that is sourced through Ontario Food Terminal and 'resold' has not originated in Ontario.<sup>6</sup> It would be beneficial to highlight that Ontario produce sourced through the Terminal is still supporting an Ontario primary producer but is being distributed in a different manner. Overall the Terminal's role in secondary distribution is supporting and enhancing the retail farmers' market efforts and providing a distribution option to Ontario primary producers and continue to support the buy local movement.

Growing trends in the interest of food origins and environmental impact of product delivery will influence marketing efforts by the wholesale farmers' market sector of Ontario Food Terminal.

#### Fuel Supply, Environmental Hazards, Biochemical Terrorism

The Board in the past has responded to needs and trends in waste management and energy conservation. Actions have been taken to investigate the feasibility of source or management procedure that will maximize the efficiencies within these areas. Constant review of new procedures and available resources will continue.

The changing world has brought new potential external threats to consider and plan for and the Board will continue to strive to keep up and respond to these challenges. Investigations to alternative fuel supplies, emergency procedures responding to energy outages; bioterrorism threats and identification of any environmental hazards will be monitored throughout normal management procedures and will develop any strategies that are required in response.

Internal:

#### HR Management

With budget constraints, the human resources responsibilities are shared between senior management.

#### Succession Planning

The organizational structure of the Board supports strong '*hands on*' central management. Long term dedicated employees currently holding these positions therefore minimalizing instability during any transitions of staff. As reflected in the Board's Organizational Structure there are two

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<sup>6</sup> Farmers' Markets Ontario Impact Study 2009 Report – January 2009 completed by Farmers' Market Ontario; page four of report states that 'in some markets there is a growing concern about the role of reseller vendors who are threatening the economic viability of the primary producer vendor' and that 'market vendors are challenged to provide the selection of fresh products required as primary producers'.

operational managers that are potential replacements for the General Manager in case of his leaving the position for any reason. The Board has reviewed and supports this structure with the knowledge that management's assessment of all human resource issues will keep effective use of employee's skills.

### Employee Retention and Development

The Board's roster of employees reflects a diverse selection of peoples and skill levels. Since some of our employees are new immigrants, understanding of English and/or French can be limited. Senior staff has devised visual signage throughout the facility to overcome this limitation.

Expanding on the success of this signage, management provides employee training and skill development to assist in employee retention.

Constant assessment by middle managers of employee skills has led to a proactive system of cross training between facility departments that promote understanding and support between the departments and allow efficient use of manpower.

### Labour Issues

Senior management is constantly aware and actively progressive on any labour issues that affects their employees and/or any external third party relationship within the facility.

As a result of the Board's organizational structure of staff, positions of responsibility are helping staff work together to achieve stated goals.

*Reference: Appendix III – Organizational Structure*

### Age of Facility

The Board is aware that the facility is aging and this means maintenance costs are planned for regular items in its budget each year. Constant evaluation of need vs. available money is balanced by management and the Board each year. A strategy to self-finance any planned maintenance and repairs is in place.

It is obvious that there are limitations to building maintenance and with investigations and evaluations of such it has become apparent that additional considerations of the facility's structure be assessed.

### Future Expansion of the Ontario Food Terminal Facility

Over the last five years, the Board has been evaluating its entire site and buildings and will continue to do so in 2017. The Board has designed a new open farmer stall layout building in the Farmers' Market area, plans to expand the south east buyer loading docks, cold storage receiving/shipping area and a new waste handling building. In addition to the recent improvements already made at the facility such as a buyer loading area canopy cover in the

farmers' market, a new guard house, a new access card and gate system, a second tractor trailer entrance to alleviate potential congestion at the main entrance.

### Summary

There are many positive indicators that the Board is moving forward. Any negative indicators centre on the increased operational costs the Board will be faced with. With proper management and strategic planning; the cost of maintaining the facility can be absorbed into normal business operations. At this time, the environmental assessment does not lead the Board to believe there are any factors that will cause the Board and its staff not to deliver its stated mandate for the next fiscal period. Continued assessments of any environmental issues will give the Board relevant information for future operational decisions.

## **6. Corporate Plan**

Outline of Board objectives:

It is a strategy of the Board that Management work within the Operating and Capital Budgets each fiscal year. That Management continues to examine the operation of the Terminal and to report to the Board for approval and subsequent implementation of all strategic plans that are developed.

Allowable risk and risk management:

- Financial tolerances
- Leasing rate tolerances (demand included)
- Tenant approval rating
- Staffing
- Facility location and accessibility
- Communications (emergency and negative response)
- Energy and biosecurity tolerance levels

**Description of Implementation Plan activities:**

### ***Improved Allocation of Leased Space:***

- In the Farmers' Market, the Stall Point System works well. Our tenants' requests for stall changes, from their current location to a better location in the market are moving forward. This program recognized our tenants who use the Terminal regularly and thereby encourage them to continue to market their produce at the Terminal;
- The Board has allocated additional stalls to tenants that require more space to sell their products in order to accommodate their growing businesses;
- The Board has provided larger stalls in the 800 row to accommodate tenants' requirement of more space in the open section of the Farmers' Market;

- The allocation of additional stalls to tenants in the 100 row to meet the demands of their businesses;
- The Board will continue to work with Ontario growers and promote local produce and assist them in being successful.

### ***Improved Worker Safety Policies***

- The Board is active in the creation of a safer work environment in conjunction with the Terminal wide Safety Committee. We will implement any recommendation brought forth by the committee and continue to enforce all existing safety rules at the Terminal through our police department. We must provide a safe workplace by also advising our tenants and buyers of both our and their responsibilities as employers to comply with all the laws to ensure worker safety.

### ***Food Safety Policies***

- The Board has a Food Safety Policy at the Terminal. The policy will allow the buyers at the Terminal to know that a Food Safety Policy is in place where they purchase their fresh fruit and vegetables;
- The Board has enclosed the building's dock system in order to maintain the cool chain.
- The canopy cover over the centre of the buyers' court will protect buyers and their purchased produce from the weather while loading their vehicles in that area.
- Management and the Board work with both federally and provincial Food Safety Inspectors as required.

### ***Maintain a Profitable Cold Storage Facility***

The Board has a number of strategies in maintaining the profitability of the cold storage:

- Responding quickly, and thoroughly when investigating any claim for product damage or loss;
- Improving inventory controls;
- Providing labour when and where needed;
- Encouraging all Ontario Food Terminal tenants to use the cold storage;
- Increasing the storage rates when required.

### ***Increased Communications***

- Increased communication with the Ontario Fruit and Vegetable Growers Assoc.
- Increased collaboration with Foodland Ontario.
- Increased exchange of information between Ontario agriculture associations.
- Expansion of messaging and imaging for Ontario Food Terminal via the use of our webpage, twitter account and other social media avenues.

## **7. Overview of Current Activities and Forthcoming Activities**

### ***Leased Space***

It is essential that management and the Board continue to evaluate the needs of our tenants in light of the type of facility we currently offer so that we do not lose our tenants to alternative facilities.

In the farmers market, our goal is to ensure the allocation of leased space is compliant with Board directives and policies. The Board recognizes that tenants who consistently use the farmers' market should be considered when additional space becomes available.

In the warehouse and office areas, our goal is to ensure that all space is leased and that the facilities meet the needs of our tenants.

To ensure, for the purposes of orderly marketing, that all tenants abide by the terms of their leases.

### ***Cold Storage Facility***

To provide a central cold storage facility for the farmers' market and warehouse tenants in order to ensure the best quality produce is available for our customers.

### ***Market Place for Ontario Growers and Shippers***

- The maintenance of a viable farmers' market and warehouse section of the Terminal can continue to make certain there is viable outlet for Ontario growers and shippers of produce and horticultural products to market their products in Ontario.

### ***Competitive Market Place for the Independent Retailers:***

- Maintaining an active, safe market place by providing facilities at a reasonable cost along with a strong buyer base fosters the competitive market. This market provides the major source of supply for the independent retailers of Ontario and beyond.
- New technology has fostered quick and easy access via gate systems.
- Clearly marked roadways and leased areas allow buyers and sellers to conduct business with little disruption and congestion.

### ***Forefront of the Produce Industry in Ontario***

- Efforts are being made to attract new buyers to the Terminal by print media, social media and trade show exhibits and tours.
- Creation of store decals that promote the Ontario Food Terminal as the place to buy the freshest produce and horticultural products.

The Board will succeed in keeping the Terminal in the forefront only if our tenants succeed. We have to keep this concept focused in our minds and try to do our utmost to meet their needs. This in turn will provide a better facility for our buyer customers and the continuation of the Terminal as being the leading distribution center for fresh produce and horticultural products in Ontario.

## **8. Resources Needed to Meet Goals and Objectives:**

- The Board develops and operates on an annual budget and its revenue sources are entirely generated within the Ontario Food Terminal through rental of space (warehouses, offices and farmers' market stalls), cold storage fees, toll fees and parking fees.
- The Auditor General of Ontario audits the Board annually.
- The Board has approved the enclosed Operating Budget for the fiscal year 2017/2018 and that Management is to operate the facility within the confines of the resources provided within the approved budget. Constant monitoring of expenses to budget as well as monitoring the capital budget during the year assists the Board in meeting its financial obligations. By having such a system, where we monitor actual results to budget, allows us to more accurately forecast our financial position and ensures the financial resources are available to meet the annual needs. The Board's strong relationship with their bank has allowed the Board to finance major capital projects;
- Support and involvement of Foodland Ontario to promote the wholesale activities of the Ontario Food Terminal farmers' market to the Ontario consumer, food retailers and the primary producer;
- Quick access to any policy change of food safety or biosecurity issues from both federal and provincial sources;
- Collaboration on energy conservation proposals with the Ontario government.

## **9. Implementation Plan**

Performance measures and targets (Appendix V) are part of the Board's continuous improvement process. Goals to achieve its objectives in addition to its implementation plan.

*Reference: Appendix IV – Implementation Plan*

## **10. Performance Measures and Targets**

The Ontario Food Terminal Board is provided with a monthly report on the financial position as compared to budget for the period and this report is monitored for results. Directors are also provided with statistics as to usage of the Terminal throughout the fiscal year.

The Board will continue to develop future performance goals and targets.

*Reference: Appendix V – Performance and Target Plan*

## **11. Initiatives Involving Third Parties**

- Working with staff and architects, the Board has completed a design plan for possible expansion at the Terminal within our property. The expansion would include the possibility of new open farmer stall layout building within the farmers' market for the marketing of Ontario produce, and possible reconfiguration and expansion of the Terminal's common cold storage facility, and the addition of more loading docks.
- Tenants and the Board's Management encourage interaction and support of various social support food distribution groups within the Greater Toronto area, such as the Daily Bread Food Bank, Foodshare, Second Harvest and the Ontario Christian Gleaners.
- Increased communications with the City of Toronto concerning transportation planning will be encouraged.

## **12. Proposed Capital Expenditures**

The Board has planned for the following main capital expenditures for 2017-2018

- The development of the east end of the property including a second tractor trailer entrance/exit gate, drainage and roadway.
- The expansion of the existing south east buyer loading docks.
- The expansion of the existing cold storage receiving/shipping area.
- A new waste handling compactor station.
- An additional cold storage receiving/shipping area.
- A new main pedestrian entrance into the building.

## **13. Risk Assessment and Management**

The Board operates within the economic climate of Ontario. The budget is prepared based on forecasts for that environment. We have taken into account interest rates and inflation, which have a major impact on our cost. We have considered existing volume of activity and we have reviewed the overall health of the economy when we prepared our budget. Based on these costs, we know what the rental rates would have to be to cover the Terminal costs. We carefully examined the current rental rates paid and compared them to rates at outside facilities, and we looked at the tenants' ability to pay the higher rates. According to this analysis we feel confident that our budget is reasonable and as such does not expose the operation to undue risk that we will not meet our targets.

The risk of employees striking and closing down the facility is a great concern to the Board. In the past the Board has been successful in mitigating the complete shut down of the Terminal by negotiating a strike protocol with the union involved to allow access to the Terminal. However, there are never any guarantees that a complete shutdown of the facility is eliminated. Therefore, a strike can effectively halt the local distribution of fresh fruit and produce in Ontario.

*Reference: Appendix VI – Risk Assessment 2017*



## **14. Communications Plan**

As part of the communication plan, the Board is in constant communication with its tenants and buyers. Various methods are used, such as letters, bulletins and social media. The Board provides tours of the Ontario Food Terminal to government, agricultural educational and industry groups. It also targets potential tenants and buyers directly by participating in industry trade shows and keep an open line of communication with community groups such as the Daily Bread Food Bank, Second Harvest and Food Share.

The Board posts its business plan, annual and MOU as required by the Agency & Appointments Directive on the Board's website. As well as, through the direction of the Management Board of Cabinet Directive, the Board posts its travel, meal and hospitality expenses on its website.

### ***Summary of Communication Plan***

#### **Management Activities**

- Maintain a reception centre at the general office, main gate building and at the police office within the farmers' market where staff is available to answer questions from tenants, buyers and the general public.
- During market hours, there is no less than three management staff available to answer enquiries and resolve disputes resulting from the operation of the Terminal. This is our most practical and efficient means of communicating with our customers.
- Liaison with the Farmers' Market Tenants Committee and the Warehouse Tenants' Committee to ensure the flow of information and the response to issues is addressed.
- A phone system provides as much detailed information about the Terminal as possible in order to assist people seeking information.
- A website and twitter account to quickly inform buyers of various activities at the Terminal.

#### **Board Activities**

- Board communicates to the tenants of the Ontario Food Terminal on matters relating to its operation via individual letter, mass mailing letters and memos, newsletter, website or by bulletin. The budget information and rate information are provided to the tenants as required.
- The Board continually seeks input from the various segments of the Ontario Food Terminal.
- The Board is a member of the National Association of Produce Market Managers and provides information to other Terminal markets around the world through this association.
- The Board is a member of the Ontario Produce Marketing Association.
- The Board is a member of the World Union of Wholesale Markets to further our exposure to the industry we serve.

<b>Appendix I:</b>	<b>Annual Financial Statement and Projected Budget</b>					
<b>INCOME STATEMENT</b>	<b>PROVISIONAL</b>			<b>PROJECTED</b>		
<b>For the year ended</b>	<b>MARCH 2017</b>	<b>MARCH 2017</b>	<b>Variance</b>	<b>MARCH 2018</b>	<b>MARCH 2019</b>	<b>MARCH 2020</b>
	<b>Total</b>	<b>Budget</b>	<b>to Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
<b>REVENUE</b>	<b>12,200,000</b>	<b>11,992,997</b>	<b>207,003</b>	<b>12,220,000</b>	<b>12,433,850</b>	<b>12,806,866</b>
<b>EXPENSES</b>						
<b>BOARD EXPENSES</b>	<b>40,000</b>	<b>80,000</b>	<b>- 40,000</b>	<b>80,000</b>	<b>82,000</b>	<b>85,000</b>
<b>SALARIES</b>	<b>3,000,000</b>	<b>3,164,519</b>	<b>- 164,519</b>	<b>3,258,000</b>	<b>3,306,870</b>	<b>3,373,007</b>
<b>INTEREST EXPENSE</b>	<b>430,000</b>	<b>464,660</b>	<b>- 34,660</b>	<b>416,000</b>	<b>422,240</b>	<b>426,462</b>
<b>REALTY TAXES</b>	<b>805,000</b>	<b>819,614</b>	<b>- 14,614</b>	<b>811,000</b>	<b>820,000</b>	<b>830,000</b>
<b>DEPRECIATION</b>	<b>1,685,000</b>	<b>1,771,348</b>	<b>- 86,348</b>	<b>1,792,000</b>	<b>1,818,880</b>	<b>1,846,163</b>
<b>OPERATING SUPPLIES</b>	<b>150,000</b>	<b>150,050</b>	<b>- 50</b>	<b>147,000</b>	<b>149,205</b>	<b>151,443</b>
<b>REPAIRS &amp; MAIN</b>	<b>503,000</b>	<b>493,050</b>	<b>9,950</b>	<b>462,000</b>	<b>468,930</b>	<b>475,964</b>
<b>WASTE REMOVAL</b>	<b>1,350,000</b>	<b>1,181,250</b>	<b>168,750</b>	<b>1,200,000</b>	<b>1,224,000</b>	<b>1,260,720</b>
<b>MISC CONTRACTS</b>	<b>111,000</b>	<b>109,200</b>	<b>1,800</b>	<b>110,000</b>	<b>112,200</b>	<b>114,444</b>
<b>ELECTRIC POWER</b>	<b>2,400,000</b>	<b>2,187,896</b>	<b>212,104</b>	<b>2,482,000</b>	<b>2,519,230</b>	<b>2,594,807</b>
<b>WATER</b>	<b>51,000</b>	<b>50,854</b>	<b>146</b>	<b>53,000</b>	<b>53,795</b>	<b>55,409</b>
<b>FUEL</b>	<b>112,000</b>	<b>149,230</b>	<b>- 37,230</b>	<b>146,000</b>	<b>147,460</b>	<b>148,935</b>
<b>INSURANCE</b>	<b>324,000</b>	<b>321,388</b>	<b>2,612</b>	<b>326,000</b>	<b>329,260</b>	<b>332,553</b>
<b>OFFICE</b>	<b>92,000</b>	<b>93,000</b>	<b>- 1,000</b>	<b>96,000</b>	<b>96,960</b>	<b>98,414</b>
<b>LEGAL</b>	<b>65,000</b>	<b>60,000</b>	<b>5,000</b>	<b>60,000</b>	<b>65,000</b>	<b>70,000</b>
<b>MISCELLANEOUS</b>	<b>9,000</b>	<b>15,000</b>	<b>- 6,000</b>	<b>15,000</b>	<b>17,000</b>	<b>20,000</b>
<b>RENT - HYDRO LAND</b>	<b>72,000</b>	<b>91,777</b>	<b>- 19,777</b>	<b>92,000</b>	<b>93,000</b>	<b>95,000</b>
<b>TOTAL EXPENSES</b>	<b>11,199,000</b>	<b>11,202,836</b>	<b>- 3,836</b>	<b>11,546,000</b>	<b>11,726,030</b>	<b>11,978,321</b>
<b>NET INCOME(LOSS)</b>	<b>1,001,000</b>	<b>790,161</b>	<b>210,839</b>	<b>674,000</b>	<b>707,820</b>	<b>828,544</b>

## **Appendix II:**

## **Current Board Members**

### **Alison Robertson - Chair**

Alison Robertson is a Program Manager with the Ontario Fruit and Vegetable Growers' Association. She is also Chair of the Horticulture for Health Working Group and was a member of the Steering Committee for the Produce Summit Conferences of the Canadian Public Health Association in 2013 and 2014. Ms. Robertson is a member of the 2015 Greenbelt Review Summit Group and holds an Honours Bachelor of Arts degree from the University of Toronto. Tenure: October 22, 2014 – January 14, 2019

### **Victor Debono – Vice-Chair**

Victor Debono of Waterford has been a member of the Ontario Food Terminal Board since 2005. He is part-owner and Executive Officer of Debono Greenhouses Ltd. Mr. Debono is currently Chair of the Farmers' Market Tenants Committee at the Ontario Food Terminal. He is also a member of the Canadian Federation of Independent Business; the Christian Farmers Federation and Flowers Canada. Tenure: May 4, 2005 – April 28, 2017

### **Mark Pearlman - Director**

Mark Pearlman of Toronto has extensive experience in merger and post integration activities. He coordinated project activities for the merger of Hewlett Packard Canada and Compaq Inc. and managed HP Canada's organization realignments activities in 2004. Mr. Pearlman is currently Director of Sales Delivery Solutions Group Operations at Hewlett Packard. Prior to this, he worked with several global companies to implement business transformation programs among them Wal-Mart Inc.; IBM Canada and O&Y Enterprises. Mr. Pearlman is a member of several community boards including being a federal appointed chair of the Employment Insurance Board of Referees for three years. He holds an Honours Bachelor of Arts degree from York University with a specialist in Organizational Behaviour. Tenure: November 15, 2006 – January 21, 2017

### **Paola Guarnieri - Director**

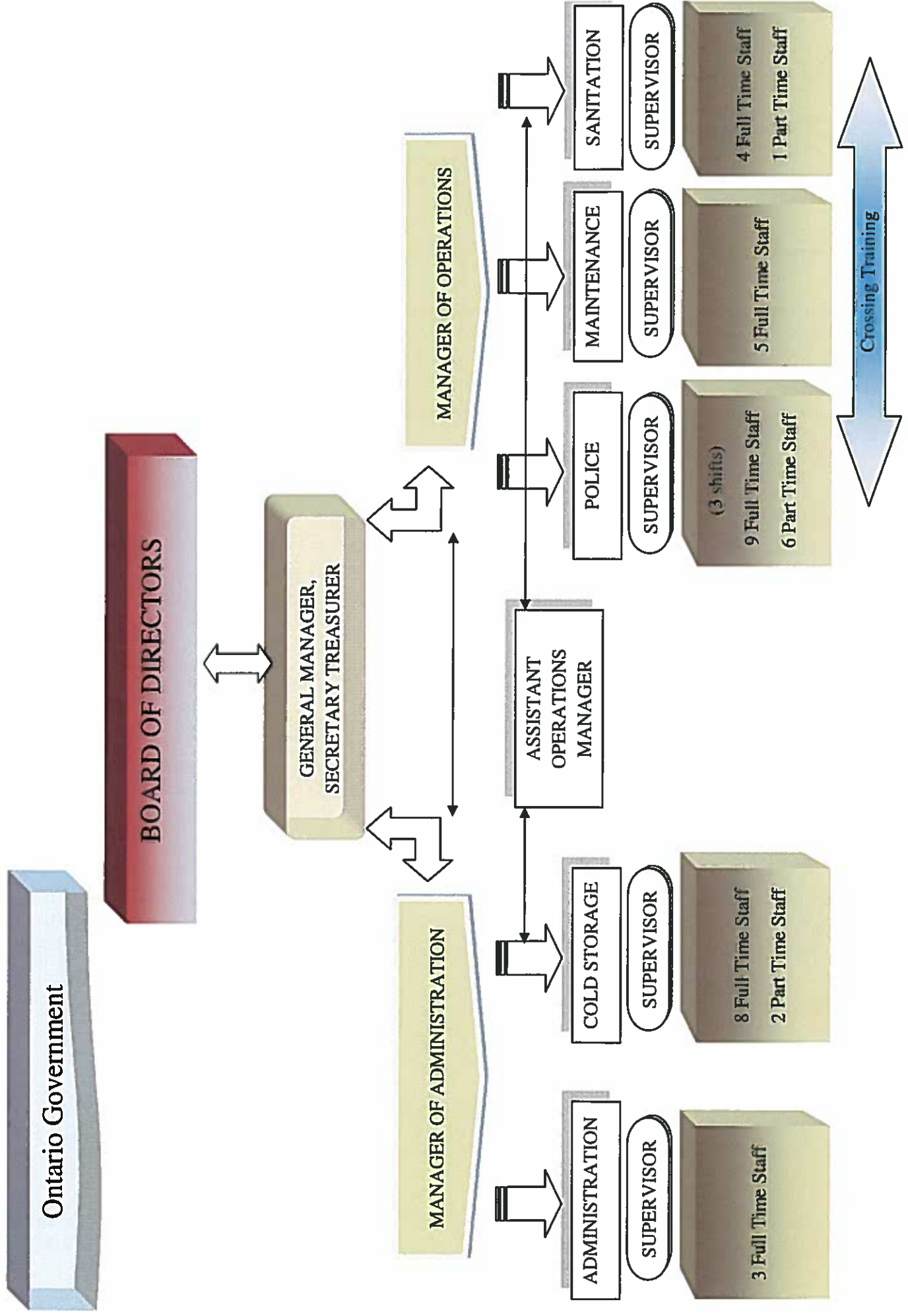
Paola Guarnieri is a former teacher and a former Director of Marketing and Communications for the Ontario Produce Marketing Association. She is currently the Director of Fundraising and Communications for Working Women Community Centre, the Director of Communications for the Toronto Wholesale Produce Association, and has recently been appointed by the farmers at the Ontario Food Terminal to serve as Secretary of the newly-formed Farmer's Association. Ms. Guarnieri holds degrees from the University of Toronto. Tenure: January 5, 2015 – January 4, 2018

### **Larry Kieswetter - Director**

Larry Kieswetter is a former Senior Director of Produce with Burnac Produce Limited and with Loblaws. His community involvement includes serving as Chairperson and director with Laurel Church Centre and as a team member for outreach to the South Sudan with Christian Network Ministries. Mr. Kieswetter is also a conference speaker relating to fresh produce. Tenure: November 30, 2016 – November 29, 2019

**Appendix III:**

**Ontario Food Terminal Board's Organizational Structure**



## Appendix IV: Implementation Plan 2017-2020

Strategy	Action	Anticipated Results
Identify Challenges	enhanced data retrieval (external and internal)	better evaluations
	evaluation of location (access and traffic)	updated data
	general increased external research	
	consumer trends in buying patterns (what and where)	food trend awareness
	environmental assessment	assessment of need
	bioterrorism assessment	assessment of risk
	evaluation of offsite tenant locations	assessment of competition
Develop Vision for Change	strategic planning session with the Ontario Food Terminal Board	proactive planning
Communicate Vision	general increased communications	increased awareness
	tenant surveys	
	media and industry interaction	
	increased promotion of facility	
	consultations with Foodland	increased exposure
Fiscal Responsibilities	marketing of Ont. Product campaign	
	revenue growth and expense control	future positive growth
	improve waste management	
	facility management goals	
Customer and Staff Relations	energy efficiencies evaluations	
	staff training	
	labour evaluation	needs assessment
Reportability		
	Develop Performance Measures for OFT	set of measurements created for clear goals and results
	Records Retention Schedule	

### Appendix V: Performance Measures and Target Plan 2017-2020

Performance Measure	Goals	Measurement	Target	Actual
<b>Core Business Measures</b>				
Audit Opinion	Auditor General of Ontario Unqualified Audit	Unqualified	Unqualified	15/16 Currently Being Reviewed
MOU In Place	Signed MOU	Current MOU Signed	April 30, 2017	Signed in Place
Submit Annual Report	Annually	Annually	Annually	November 30, 2016
Submit Business Plan	Annually	Annually	February 28, 2017	March 31, 2017
Submit AAD Report	Quarterly	Quarterly	Quarterly	Submitted Quarterly
Submit Risk Assessment	Quarterly	Quarterly	Quarterly	Submitted Quarterly
Meet and Submit AODA Requirements	Annually	Annually	Annually	Submitted December 31, 2016
Liason with Omafra	Quarterly	As Required	As Required	Respond Within 24 Hours
Provide New Board Members with Orientation Manual	Within One Month of Being Appointed	As Required	As Required	Within 30 Days of Appointment
Maintenance of OFT Facility	Building facilities pass safety inspections	100% Compliance	100% Compliance	Annual - November 30, 2016
To provide a safe workplace for staff	Provide a incident free safe working environment	Less than 8 incidents	Less than 8 incidents	2 Incidents
Maintain a positive budget	Meet or exceed budget projections	Meet Budget Targets	Meet Budget Targets	Achieved
Provide a market for wholesale fruit and product	Meet or exceed volume throughput projections	Greater 1,000,000 Tonnes	Greater 1,000,000 Tonnes	Achieved
Arrangements of Lease Agreements	Maintain or exceed 5,000 Registered Buyers	# of Buyers	> 5,000 Buyers	5,163 Buyers Registered
Support the exposure of Ontario produce	Warehouse Space Vacancy Rate	100% Occupancy	100% Occupancy	100% Occupied
	Farmers' Market Staff Vacancy Rate	90% Occupancy	90% Occupancy	80% Occupied
	Office Space Vacancy Rate	100% Occupancy	100% Occupancy	100% Occupied
	Increase # of tenants in farmer's market	Greater than 350 Tenants	Greater than 350 Tenants	300 Tenants Achieved
To promote the facility	Increase awareness of farmer's market	# of Tours / Trade Shows	> 8 Tours & 3 Trade Shows	16 Tours Conducted
	Increase awareness of role of OFT	# of Tours / Trade Shows	>8 Tours & 3 Trade Shows	3 Trade Shows Booked
To respond to all external inquiries	Response rate within 24 hours	95% Success Rate	95% Success Rate	99% Response Rate
To respond to tenant's needs	Provide feedback and solutions	Within 24 Hours	Within 24 Hours	< 24 hours Response
To maintain good working relationships	Maintain or lower # of complaints	Less than 20/year	Less than 20/year	1 Complaint Received
External environmental assessments	Tenant Satisfaction With Rented Space	85% Satisfaction Rate	85% Satisfaction Rate	89% Satisfied
	Maintain data on external issues	Collection of Data	Collection of Data	Collected Articles

## Appendix VI:

## Ontario Food Terminal Board Risk Assessment 2017

Risk	Residual risk score	Mitigation Strategy	Likelihood	Impact Strategic	Risk Tolerance	Rationale for prioritization
There is potential for board members to have conflict of interest situations arise that could cause the Board decisions to make bias or perceived as bias or ineffective.	Low	<ul style="list-style-type: none"> <li>- Conflict of interest is considered during the appointment process.</li> <li>- Provide training to new board members on what conflict of interest is and how to manage it.</li> <li>- Board chair is ethics executive for the OFTB and is responsible for managing potential conflict of interest situations.</li> <li>- Board members are required to report any conflict of interest impacting their role on the Board to the Board Chair.</li> </ul>	3	2	3	Existing mitigation activities reduce the inherent risk.
Failure of the Board to comply with all AAD governance and reporting requirements.	Low	<ul style="list-style-type: none"> <li>- MOU is in place.</li> <li>- Regular communication with Ministry Agency Liaison.</li> </ul>	1	2	3	The agency has a history of compliance. There is an excellent working relationship between the agency and the Ministry.
Decrease in the demand for terminal services could cause loss of revenue for the OFTB and the tenants.	Low	<ul style="list-style-type: none"> <li>- Maintain flexibility in budgeting.</li> <li>- OFTB keep abreast of upcoming market issues and identify them in three year business plan and risk assessment.</li> <li>- OFTB promote the terminal at trade shows and conventions.</li> </ul>	1	4	3	Risk is being adequately managed with current procedures. The OFTB has been in operation since 1954 and continues to thrive and grow.
Unforeseen events that causes a disruption in services (i.e. road closures, border closure, power failure, labour disruption, infrastructure failure) resulting in business disruptions and loss of revenue to tenants.	Medium	<ul style="list-style-type: none"> <li>- OFTB maintains business continuity and contingency plans.</li> <li>- OFTB holds insurance against claims of losses and business interruptions.</li> <li>- OFTB facility is property maintained, upgraded and refurbished as needed.</li> </ul>	1	4	1	Risk is being adequately managed with current procedures.
Workplace health and safety is an ongoing issue for all market participants.	Medium	<ul style="list-style-type: none"> <li>- Regular safety committee meetings.</li> <li>- Safety bulletins posted around the facility.</li> <li>- OFTB employs own Police force to monitor the situation.</li> <li>- Terminal staff work with Ministry of Labour to identify potential safety concerns and address in a timely manner.</li> <li>- Security cameras installed across the facility which are monitored by terminal staff.</li> <li>- OFTB has 9 staff holding a valid First Aid and CPR Certificate.</li> </ul>	3	3	3	Due to the nature of the facility Health and Safety is always a concern and actively managed.
The OFTB facility covers a large geographic area and as a result is difficult to secure. Food security (i.e. safety and tampering) is an issue since public access is allowed on the dock system, in the farmers' market area and the cold storage. Due to the nature of the facility, food safety in the farmers' market areas is always a concern (i.e. the farmers' market is an open air market with no refrigeration).	Medium	<ul style="list-style-type: none"> <li>- OFTB Police monitor the situation 24/7 using video camera surveillance and in-person. Police have the power to take action if required.</li> <li>- Food safety information and training is provided to tenants.</li> <li>- Several food safety programs, policies and equipment are in place to support food safety (e.g. pest control programs, floor sweepers, etc.)</li> </ul>	3	3	3	Food Safety is always top of mind for the OFTB. Facility security cameras and police monitoring the situation. Adequate management with current procedures.