



Exhibition Place

15

January 17, 2012

ACTION REQUIRED

To: The Board of Governors of Exhibition Place

From: Dianne Young
Chief Executive Officer

Subject: **Proposed Expansion of Direct Energy Centre – Market Assessment**

Summary:

As part of the Board's Strategic Plan, staff have been working on the objective of a one hall expansion of Direct Energy Centre. Zeidler Partnership was engaged to undertake a concept plan and costing for the construction of a one hall expansion of Direct Energy Centre.

At an overall cost of approximately \$163.0M (excluding escalation), this expansion would be a major undertaking and would require funding from all three levels of government (Federal, Provincial, City) similar to the original funding of Direct Energy Centre in 1994. There also could be some opportunity for the participation of the private sector in this development.

The Board also retained HLT Advisory Inc. (HLT) to conduct a financial feasibility review of the proposed expansion.

Recommendations:

It is recommended that the Board:

- 1) **Refer the information contained in the Direct Energy Centre Market Assessment for a Proposed Expansion of the Direct Energy Centre prepared by HLT, for further consideration and discussion at the Board's Strategic Planning Session being held in the Spring of 2012: and**
- 2) **Direct that the confidential information contained in Confidential Attachment 1 to this report not be released publicly in order to protect the competitive position and future economic interests of Exhibition Place.**

Financial Impact:

There are no financial implications resulting from the adoption of this report.

Decision History:

The Exhibition Place 2009-2012 Strategic Plan had a Goal to *Enhance and sustain our dynamic and diverse public assets and integrate these assets with the surrounding urban fabric* and as a Strategy to support this Goal we will *seek out private sector partnerships and government funding or the expansion of Direct Energy Centre including meeting rooms.*

At its meeting of February 4, 2011, the Board approved an agreement with HLT to undertake a financial feasibility study respecting the expansion of the Direct Energy Centre.

Issue Background:

Given the estimated cost of a one hall expansion in Direct Energy Centre, it was prudent to assess the financial feasibility of such an expansion.

Comments:

Expansion Plans

Zeidler Partnership (which was the architect for the design build contract of Direct Energy Centre in 1994) was engaged to undertake a concept plan and costing for the construction of a one hall expansion of Direct Energy Centre, which, in general, the concept plan for the extension of Direct Energy Centre by one hall is as follows:

- Building consisting of underground parking, exhibit hall on ground floor with meeting rooms and administrative space on second and third levels
- Total gross floor area of basement is 189,150 sq. feet with 159,960 net sq. feet for 386 new parking spaces
- Total gross floor area of ground floor is 206,440 sq. feet with net square footage of 108,000 for exhibit hall and back of hours of 43,300 sq. feet
- Total gross floor area on second floor of 78,400 sq. feet the majority of which is meeting rooms
- Total gross floor area on third floor of 85,790 sq. feet which would be dedicated to meeting rooms and administrative space
- Existing loading dock would be relocated to the west end of the new build but new hall would allow for a "swing space" to the north of the new hall to allow for loading of the existing Hall A from the new west loading dock
- Existing kitchen would remain in situ with no expansion of the kitchen but with a dedicated kitchen loading and storage within the new underground parking lot
- New exhibit hall would allow for contiguous exhibit space with existing Hall A
- Fit and finishes would be generally to the level of the existing Direct Energy Centre but would be targeting LEED Silver designation

Zeidler completed an order of magnitude estimate through Hanscomb which indicated the cost of this one hall expansion would be in the range of \$163.0M (with no provision for escalation).

Financial Feasibility Study

On October 29, 2010, Exhibition Place issued a Request for Proposal (RFP) to undertake a financial feasibility study respecting the expansion of the Direct Energy Centre. The successful proponent was HLT and the scope of work in Phase I was:

- In consultation with the staff, review the existing trade, consumer show and convention business at Direct Energy Centre and assess the Board revenue assumptions based on the booking potential of the expanded facilities;

- Meet with Tourism Toronto to review additional demand for the City and Direct Energy Centre with enhanced space;
- Provide a scan of comparable and competitive venues within the North American marketplace and determine the impact of the existing facility constraints including the lack of meeting spaces;
- Prepare a report for staff with respect to the initial observation;
- Assist in the evaluation of the potential of the new expansion; and
- Carry out a high level assessment of the Economic Impact that could arise from both the development and operation of the one hall expansion of Direct Energy Centre.

Attachment I provides confidential information related to the above- noted issues in the form of the Executive Summary of the HTL report. At its meeting of January 27, 2012, representatives of HTL will present its findings in detail to the Board.

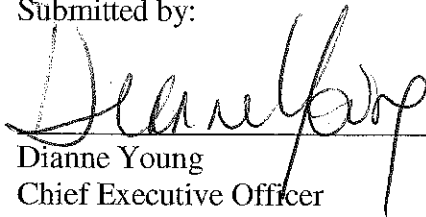
Contact(s)

Arlène Campbell, GM, Sales & Events
Tel: 416-263-3030
Fax: 416-263-3019
Email: acampbell@explace.on.ca

Laura Purdy, Director, Sales & Marketing
Tel: 416-263-3020
Fax: 416-263-3029
Email: lpurdy@explace.on.ca

Hardat Persaud, Chief Financial Officer
Tel: 416-263-3031
Fax: 416-263-3690
Email: hpersaud@explace.on.ca

Submitted by:


Dianne Young
Chief Executive Officer