



# Exhibition Place

8

July 24, 2015

To: The Board of Governors of Exhibition Place

**ACTION REQUIRED**

From: Finance & Audit Committee

Subject: **Proposed 2016 Capital Works Budget As Part of the Ten-Year (2016-2025) Program City Submission**

## Summary:

This report details the proposed 2016 Capital Works Program as part of a ten-year program submission to the City of Toronto. The City practice is to set budget targets for a ten-year cycle, although detailed review is done on an annual basis. This review procedure allows the Board to adjust its current program each year based on changing needs, legislative changes, mandates and priorities. Due to changes in the date submission schedule mandated by the City, this proposed program has been submitted to the City Financial Planning Department on June 23, 2015 with the understanding that the Board reserves the right to make changes to its content.

The SOGR Capital Budget debt target set by City Council for 2016 is \$4.715M. The SOGR Capital Budget projects based on the building assessments completed meets the target of \$4.715. The Net Accumulated SOGR Backlog at the end of 2016 for the grounds stands at \$17.105M.

An additional sum of \$2.000M in excess of the 2016 debt target was also included to address strategic issues that have been raised by the Board over the last year and / or are part of the 2014-2016 Strategic Plan for the grounds. This additional amount is being recommended to fund the relocation of the Greek Gods sculptures from the Horticultural Building (Muzik) (\$0.500M) to a public space; the first year sum of (\$0.500M) of a two-year project costing (\$3.000M) to construct a glass-enclosed sky bridge between Hotel X and Allstream Centre as directed by the Board; and the first year sum of (\$1.000M) of a two-year project costing (\$5.000M) to undertake all necessary studies and design for the construction of a land bridge between Exhibition Place and Ontario Place which bridge is part of the Festival Plaza Plan approved by the Board and part of the most recent development proposals presented by the Province for Ontario Place.

However, at its meeting July 6, 2015, the Finance & Audit Committee adopted a motion to remove the \$10 Million allocated to the Ontario Place – Exhibition Place Land Bridge noted under Item 15 – Special Projects (page 6 of this report) in order to allow the Board more time to fully explore with the Ontario Place Board the scope of work, timing and funding, etc., and that the Capital Budget, as amended, be recommended the Board for approval.

Accordingly, the SOGR and additional projects bring the total proposed 2016 Capital Budget to \$5.715M (less the \$1.0M previously proposed for 2016 for the Ontario Place – Exhibition Place Land Bridge).

## **Recommendations:**

**It is recommended that as part of the ten-year (2016-2025) proposed program submission to the City of Toronto, the Board:**

- 1) Approve the Proposed 2016 Above the Line Capital Works SOGR Budget of \$4.715M (City Debt Target); and,**

- 2) **Approve the Proposed Below the Line Capital Works SOGR Budget of \$0.500 for the Garden of the Greek Gods relocation and \$0.500M for the Allsteam Centre – Hotel Bridget in 2016 and an additional \$2.500M in 2017 (Excess of City Debt Target) subject to necessary additional approvals and shared funding as detailed in the report under each of the specific projects.**

Financial Impact:

The proposed 2016 Capital Works Program totals \$6.715M as a total program budget as detailed in Appendix “A” to this report.

Decision History:

The Exhibition Place 2014 – 2016 Strategic Plan had an Infrastructure Goal to *Sustain our public assets and rolling equipment* and as a Strategy to support this Goal *develop a 10-year program to maintain our competitive event space at a Class ‘A’ level.*

Issue Background:

In previous years and on an annual basis the Board has approved the Capital ten-year budget prior to its submission to the City. Since 2011, due to the scheduling requirements of City Council, Exhibition Place was requested to submit its budget by May/June. While submitted to City staff in the form attached, Exhibition Place will be notifying the City of any changes or directions made by the Board at a date in the near future.

Comments:

The City set the capital works target for Exhibition Place of \$5.0M for 2009 to 2018, with the target for year 2011 and 2012 increased to \$6.0M. However, because of the Infrastructure Stimulus Fund Program (ISF) funding introduced in 2009 in the amount of \$27.37M for 2009 to 2011, projects slated to the latter nine (9) years were moved forward to these three years based on the 2009 submission. By doing so, the capital budget targets for the years 2010 to 2021 were decreased substantially and new targets for the net capital program budget were given to Exhibition Place, ranging from a maximum of \$11.985M in 2023 to a minimum of \$4.390M in 2017.

In order to formulate the Capital Program and as required by the City, building assessments were carried out for all the non-tenanted buildings during 2005 to 2007. These assessments were initially reviewed again by staff in April 2013 following the completion of ISF Program and revised building assessments by professional architects for both Direct Energy Centre and Coliseum Complex were launched in 2013 to re-evaluate the need for these two major show facilities. The final studies and recommended requirements were received early in 2015 and the results are now included in this ten-year capital program.

Attached as Appendix “A” is the proposed Ten-Year (2016-2025) Capital Works Program for Exhibition Place. The current year 2016 SOGR Capital Works Program totalling \$4.715M is budgeted. This SOGR budget has been submitted in accordance with the guidelines, policies and the five categories as established by the City Finance Department:

- Health and Safety (none for 2016) – A capital project having an urgent requirement for repairs due to concerns of a health and safety hazard.
- Legislated/City Policy (none for 2016) – Capital expenditure required by the Provincial or Federal legislation or compliance with City Policy.
- State of Good Repair (60% for 2016) – A capital project that allows for the maintenance, repair or replacement of existing assets including asset rehabilitation required to meet health and safety issues or extend the useful life of the asset by 10 or more years.

- Service Improvement (40% for 2016) – Any capital project that improves service delivery above the current Council-approved standard or provides for the introduction of new services.
- Growth Related (None for 2016) – Any capital project that supports growth and development across the City.

For information only, at the bottom of each spread sheet of the building project, as well as on the summary sheet, there is a separate table showing the state-of-good-repair (SOGR) Building Assessment Backlog, the annual SOGR requirement, the SOGR submission for that year and the net SOGR backlog remaining for that same year, which is above and beyond the allowable net capital program funding.

Outlined below is a summary showing the capital net budgets approved by City Council for the previous 5 years including the current year, and the respective actual or estimated expenditures for the Capital Works Program.

Year	Approved Budget	Expenditure
2011	\$1.905M	\$1.905M
2012	\$3.435M	\$3.435M
2013	\$5.565M	\$5.565M
2014	\$6.850M	\$6.850M
2015	\$4,510M	\$4,510M (Estimated)

As mentioned in the summary, the original set debt target of \$4.715M for 2016 will not adequately address all the essential items. Even at this stage, this capital budget is not going to address all concerns arising from the ten (10) state-of-good-repair building assessments completed in 2007 and the (2) two new revised assessments done in 2013 for the Direct Energy Centre and the Coliseum Complex along with staff revised assessment of other buildings done in the spring of this year.

The following is an outline of the five (5) main projects within the 2016 Capital Works (Net) Program in order of priority and the three (3) special projects below the line. All budgets include estimated costs for engineering, construction, in-house work, project management, disbursements, and administrative charges where applicable but exclude the H.S.T.

#### 1. PRE-ENGINEERING (\$0.100M)

This program is vital to the success of planning and executing the annual Capital Works Program. It provides funds for studies and investigations to determine project schedules and to establish costs for present and future required work. This pre-engineering work ensures the development of a relevant and realistic Capital Works Budget.

Pre-engineering studies include both anticipated work in the ten-year Capital Works Program, building assessment for certain shows and exhibits and for the State-of-Good-Repair of all buildings and equipment at Exhibition Place, as well as a design for future projects in advance due to timing and budget issues. This program also covers unexpected events and urgent situations or any due-diligent study required any Request for Proposal. This is essential for planning, budgeting, and prioritizing Capital Works projects.

#### 2. PARKS, PARKING LOTS AND ROADS (\$1.675M)

##### (a) Festival Plaza Development – Exterior New Washroom West (\$1.250M)

The grounds of Exhibition Place have been developed as per the various strategic plans and the open areas for festivals and the CNE have been gradually reduced. The development of this

festival plaza area is required to host various activities: CNE Midway, multicultural festivals, and activities such as the Pope's visit, PanAm and large gathering events etc., as well as daily parking for grounds events. To accommodate these requirements, the infrastructure required to facilitate these activities have to be developed and installed. The new CNE midway is now concentrated in parking lot 2 south of BMO Field. In order to serve the major events held in this area, new permanent washrooms were recommended as part of the Festival Plaza design charette.

(b) Upgrade Landscaping South of DEC (\$0.350M)

The completion of the Princes' Gates Hotel 'X' is slated in the spring of 2016. This project is solely funded by the private sector. The landscaping in front of the Hotel will showcase the underground artifacts excavated from the site of 1820 Stanley Barracks compound with glass that patrons can see through under their feet the remains of the foundations & trenches left behind and a significant 5-acre urban park. Exhibition Place needs to modify the landscaping north of this newly created landscaping area which was introduced almost 20 years ago to be comparable to the south side landscaping as this entire precinct is the major commercial and high traffic area of the grounds.

(c) Sidewalks, Pathways Road & Lots (\$0.075M)

This program is recommended to prevent further deterioration of various sidewalks, pathways, and road sections on the grounds to avoid and reduce public liability and to comply with the AODA regulations for the safety of all visitors.

3. Mechanical/ Electrical Communication Infrastructure - (\$0.600M)

(a) Building Automation System (\$0.100M)

Energy efficient systems are the key to a greener Exhibition Place and the city. Some of the present automation systems at the Exhibition Place are not always functioning as required and need replacement. Maintaining energy efficient systems in good working order translates to a lower utilities cost and less impact on the environment. Efficient equipment, proper programming, lighting power on or off, directional input to AHU, cooling and heating are all part of the program and are best practices being promoted by the City and Province.

(b) Transformers, Switchgears and Circuit Breakers (61 Sets in 38 Locations)  
Replacement in all Substations (\$0.200M)

This program will maintain all building and voltage power equipment some of which are over 70 years old. Unplanned outages or failure of the substation equipment could cause shows or events to be shut down for days as replacements are sought. Gradual replacement of outdated equipment past rated life is necessary to maintain the system workable. As importantly, this program is to maintain safety standards for staff to work on in a routine manner as required by the show schedule.

(c) Replace Fibre Optic Cable Grounds wide (\$0.300M)

The original fibre optic cable system which is almost 20 years old is starting to break down and deteriorate, resulting in communication problems. When there is a communication problem due to the breakdown of the cable, Exhibition Place loses monitoring of fire alarm systems and the building automation systems. Therefore, replacement and upgrades to the existing cable to meet today's standards and future needs is urgently recommended.

4. DIRECT ENERGY CENTRE, (\$2.040M)

(a) Replace Chiller (\$1.870M)

This project is essential to maintain the Direct Energy Centre as a major tradeshow facility. The chiller is integral to the HVAC system for the building. Without its proper functioning, the building cannot be rented out and will violate the building code and operation standard. The chillers in the DEC are nearly 20 years old and the building assessment is recommending replacement commencing in 2016.

## (b) Retrofit Cooling Towers (\$0.170M)

This project is essential to maintain the Direct Energy Centre as a major tradeshow facility. The cooling tower exhaust is integral to the HVAC system for the building. Without its proper functioning, the building cannot be rented out and will violate the building code and operation standard.

5. COLISEUM COMPLEX - No project in 2016

6. QUEEN ELIZABETH BUILDING - No project in 2016

## 7. GENERAL SERVICES BUILDING

## (a) Relocate and Construct Parking Offices (\$0.300M)

The Parking offices are currently the only Exhibition Place staff offices located in the Queen Elizabeth Building Executive Offices. Relocating these offices to the General Services building will allow for a greater efficiency in operations and also allow the Queen Elizabeth Building to be fully leased to the private sector. This project was started in 2015, however during the investigation access to the 2<sup>nd</sup> floor by staff became an issue that necessitated the installation of a new exterior elevator to comply with the regulation of AODA. That cost of this new requirement was not originally budgeted and had to be installed prior to the move in of the parking office. Due to this major change to the project, additional funding is required.

8. BETTER LIVING CENTRE - No project in 2016

9. OTHER BUILDINGS - No project in 2016

10. HORSE PALACE - No project in 2016

11. ALLSTREAM CENTRE - No project in 2016

12. FOOD BUILDING - No project in 2016

13. PRESS BUILDING - No project in 2016

14. GREEN ENERGY INITIATIVE (Funding from Third Party) - No project in 2016

## 15. SPECIAL PROJECTS – (\$1.500M)

## (a) Garden of the Greek Gods Relocation and Repairs (\$0.500M)

The Board had directed Exhibition Place to take all necessary planning and legal steps to allow for the relocation of the 21 sculptures by artist E.B. Cox and known as the Garden of the Greek Gods from the private patio at the Muzik Clubs to a publicly accessible location. The funding envelop reflects not only the cost of relocating the sculptures but also includes the cost of repair to the Muzik patio where the sculptures are presently located and the cost of construction of proper footings / platforms for the sculptures in the new location to prevent further deterioration of these works of art. The costing for this project was estimated through a study undertaken by a Stone Conservator. The ability for the Board to move these sculptures from their present location must be agreed to by the tenant and be the subject matter of a lease amendment. Discussions with the tenant are ongoing but are not concluded.

## (b) Ontario Place / Exhibition Place Land Bridge (\$1.000M) – This item was deleted by the Board's Finance and Audit Committee at its meeting of July 6 2015

In 2011/2012, Exhibition Place launched a study which resulted in approval of the Festival Plaza Master Plan. In the study, a prominent feature was the construction of a land bridge to connect to main entrance of Ontario Place to Exhibition Place. This land bridge would mark a significant connection between the two sites, becoming an important focus for both Exhibition Place and Ontario Place by providing a feature around which new development on both sites can be planned; setting up an easy pedestrian route; and possibly providing transit and vehicular

connections. Since the Board approved of the Festival Plaza design project, the Province also proposed in its 2014 development plan for Ontario Place the inclusion of a land bridge in the same location as proposed by the Festival Plaza Master Plan.

The gross capital budget included in this report for the project is estimated to be \$10.0M with \$1.0M to be spent in 2016 to fund all detailed studies, designs and costings required to move this project to its next stage. The studies to be undertaken in 2016 will also inform (and may reduce) the final budget figure for construction in 2017 which is now just estimated to be \$9.0M. Prior to the expenditure of any funds, an agreement between the Province and the City would be required which would address all design, planning construction and funding issues. The intent is for the \$10.0M capital project to be equally funded 50/50 between the Province and the City so that the net capital funding for the City is an estimated \$5.0M. Exhibition Place has been in contact with the City Manager's Office about the inclusion of this project in the Exhibition Place Capital Budget. While the agreement for this project would be one directly between the Province and the City, the allocation of the capital funds are typically located within the Exhibition Place Capital Works Budget as the final bridge will be an asset of the Exhibition Place grounds.

(c) Allstream Centre – Hotel X Bridge (\$0.500M in 2016 and \$2.500 in 2017)

Funding is included for the installation of a sky bridge between Allstream Centre and the Hotel X, at the 2<sup>nd</sup> floor level with a glass enclosure to minimize any impact on the north-south view corridor from Princes' Blvd. to Lakeshore Blvd. and to Ontario Place. Without the bridge to link and connect the hotel to the Allstream Centre, the economic success of Allstream Centre and the hotel are in part jeopardized because both are dependent on being able to generate sales from what is known as "self-contained" conventions / conferences. These conferences allow participants to access meeting rooms and other services directly and easily from their hotel rooms without tackling uncontrollable challenges such as traffic and weather. Given the bulk of this type of business that is booked in Toronto is in the winter months, the lack of a covered weather protected walkway from the hotel to Allstream Centre puts both facilities at a huge disadvantage compared to its competitors and will substantially affect the financial performance of both facilities as a majority of meeting planners will not use a venue if it is not self-contained. In order for both the hotel and Allstream to maintain and achieve its target occupancy and the financial return projected for these facilities, the bridge connectivity proposed by NORR architect and its heritage consultant ERA is recommended.

Contact:

Dianne Young

Chief Executive Officer

Tel: 416-263-3611

Fax: 416-263-3690

E-mail: [dyoung@explace.on.ca](mailto:dyoung@explace.on.ca)