



# Exhibition Place

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## Item No. 7

November 11, 2013

**FOR INFORMATION**

To: The Board of Governors of Exhibition Place

From: Dianne Young  
Chief Executive Officer

Subject: **2013 Operating Surplus and Hotel Lease Construction Soil Issues**

### Summary:

This report provides information on the projected 2013 Operating surplus for the Board and an update on the actual costs to date of the contaminated soil disposal from the hotel site.

### Financial Impact:

At its meeting of September 6, 2013, the Board considered a report from the Exhibition Place CEO which estimated that the cost of removal of the pre-existing contaminated soil from the hotel site was in the range of \$2.0 to 5.0M and proposed various mechanisms as noted below for funding this cost.

### Decision History:

The Exhibition Place 2009 - 2012 Strategic Plan had a Financial Goal to *Effectively monitor costs and revenues* and as a Strategy to support this Goal we will *ensure operating budgets are met or show a positive surplus to budget*.

At its meeting of September 6, 2013, the Board approved a recommendation to engage Fisher Environmental Ltd., to over-see the removal and disposal of the contaminated and hazardous soil and adopted the following recommendations:

- a) reallocate unspent funds within its 2013 Capital Budget that total \$1,728,000 to the contaminated soil project and inform the City of Toronto Finance Department accordingly;
- b) amend the 2014 Capital Program and inform the City of Toronto Finance Department accordingly;
- c) report back to the November 22, 2013 meeting to confirm the 2013 Operating surplus for the Board and the actual cost to date of the soil disposal; and
- d) seek approval from the City with respect to borrowing from the Exhibition Place Conference Centre Reserve Fund (CCRF) of an amount up to \$2.6M and arrange to repay from any operating surpluses commencing from 2014 and future years.

### Issue Background:

Removal of the contaminated soil from the Phase I hotel site is approximately 70% complete and expected to be fully completed by November 30, 2013 based on discussions with the Hotel

constructor Fisher Environmental Ltd. has acted as the Board's representative on-site overseeing the excavation and soil disposal. At this time, contaminated soil disposal costs have totaled \$4.3M.

Comments:

Given the actual costs of soil disposal, all funding sources as proposed and approved by the Board in September 2013 and by City Council in October 2013, will be required to complete the Board's legal requirement with respect to pre-existing contaminated soil. The details of these sources of funding and order of use are as follows:

- 2013 Unspent Capital Funds (\$1.7M)
- 2013 Operating Surplus Funds (0.7M)
- Withdrawal from the CCRF of at least \$1.9M to date but more likely to be \$2.4M at completion

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