



# Exhibition Place

11

June 14, 2016

To: The Board of Governors of Exhibition Place

**ACTION REQUIRED**

From: Dianne Young, Chief Executive Officer

Subject: **Proposed 2017 Capital Works Budget As Part of the Ten-Year (2017-2026) Program City Submission**

## Summary:

This report details the proposed 2017 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 subsequent year based on changing needs, building assessments, legislative changes, mandates and priorities. Due to changes in the budget date submission schedule mandated by the City, this proposed program has been submitted to the City Financial Planning Department on June 20, 2016 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 2017 is \$4.390M. The SOGR Capital Budget projects based on the building assessments completed for 2017 meets this target. However, an additional sum of \$2.0M in excess of the 2017 debt target has also been added below the line to address strategic issues that have been raised by the Board over the last year and / or is part of the 2014-2016 Strategic Plan for the grounds. This additional amount is being recommended to fund 'Electrical Underground High Voltage Utilities' project.

Together the SOGR and the 'Electrical Underground High Voltage Utilities' project bring the total proposed 2017 Capital Budget to \$6.390M.

Even with the additional funding being recommended, the Net Accumulated Backlog at the end of 2017 for the grounds stands at \$21.295M.

## Recommendations:

**It is recommended that as part of the ten-year (2017-2026) proposed program submission to the City of Toronto, the Finance and Audit Committee:**

- 1) Approve the Proposed 2017 Above the Line Capital Works SOGR Budget of \$4.390M (City Debt Target);**
- 2) Approve the Proposed 2017 Below the Line Capital Works SOGR Budget of \$2.000M (Excess of City Debt Target) subject to necessary additional approvals and shared funding as detailed in the report under the other projects; and**
- 3) Request the City to adjust the Ten-Year (2017-2026) Debt Target for Exhibition Place to include the additional \$18.M (\$20.0M - \$2.0M item 2 above) of essential SOGR capital requirements for the Electrical Underground High Voltage Utilities as detailed by each year in the Below the Line section of the Proposed Capital Works Program.**

## Financial Impact:

The proposed 2017 Capital Works Program totals \$6.390M 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 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.

The Finance & Audit Committee were scheduled to meet on Friday, June 24, 2016 to consider subject report, however, the meeting needed to be cancelled for lack of quorum. Given the 2017 Operating Budget for the Board has already been submitted to the City Financial Planning Department as required on June 20, 2016, it is being submitted directly to the Board so that any Board directions can be communicated to the City.

### Comments:

The City set the capital works target for Exhibition Place of \$5.0M for 2009 to 2010, 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 that were shovel ready were moved forward to these three years based on the 2009 submission. By doing so, the smoothing of 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 Enercare 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 from these assessments are now included in this ten-year capital program.

Attached as Appendix “A” is the proposed Ten-Year (2017-2026) Capital Works Program for Exhibition Place. The current year 2017 SOGR Capital Works Program totalling \$4.390M is budgeted. This SOGR budget has been submitted in accordance with the guidelines, policies and the five categories as established by the City Finance Planning Department:

- Health and Safety (4.6% for 2017) – A capital project having an urgent requirement for repairs due to concerns of a health and safety hazard.
- Legislated/City Policy (none for 2017) – Capital expenditure required by the Provincial or Federal legislation or compliance with City Policy.
- State of Good Repair (70.8% for 2017) – 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 (24.6% for 2017) – 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 2017) – Any capital project that supports growth and development across the City.

For information purpose only, at the bottom in the spread sheet of each 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 in the chart below is a summary showing the capital net budget targets approved by City Council for the previous 5 years and the current year, and the respective actual or estimated expenditures for the Capital Works Program.

Year	Approved Budget	Expenditure
2012	\$3.435M	\$3.435M
2013	\$5.565M	\$5.565M
2014	\$6.850M	\$6.850M
2015	\$4,510M	\$4,510M
2016	\$4,715M	\$4,715M (Estimated)

As mentioned in the summary, the original set debt target of \$4.390M for 2017 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 Enercare Centre and the Coliseum Complex along with staff revised assessment of other buildings done in 2015.

The following is an outline of the seven (7) main projects within the 2017 Capital Works (Net) Program in order of priority, one (1) project brought forward from 2016 which is the Allstream Centre Hotel X Bridge and one (1) other project below the line for the Electrical Underground High Voltage Utilities. 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 (\$0.125M)

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 and any Request for Proposal. This is essential for planning, budgeting, and prioritizing Capital Works projects.

#### 2. Parks, Parking Lots and Roads (\$0.400M)

##### (a) Sidewalks, Pathways Road & Lots (\$0.400M)

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. Aside from the replacement of the damaged section of road surfaces for the Indy track, Exhibition Place will also be starting to implement the repair recommendations by the parking consultant (WSP Canada

Inc.) which was approved by the Board in 2015. These recommendations include the resurface and overlay of parking lot 3, lot 4, lot 5 and partial resurface of lot 6.

### 3. Mechanical/ Electrical Communication Infrastructure - (\$0.200M)

#### (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 HVAC systems and equipment including 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 (\$0.100M)

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 schedules.

### 4. Enercare Centre (\$0.825M)

#### (a) Replace Chiller (\$0.825M)

This project is essential to maintain the Enercare 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 Enercare Centre are nearly 20 years old and the building assessment is recommending replacement.

### 5. Coliseum Complex - No project in 2017

### 6. Queen Elizabeth Building – (\$1.320M)

#### (a) Replace Roof at Exhibit Hall (\$1.220M)

The 2007 Building Assessment and the 2012 roof report indicated water ponding in the valleys at the perimeter of the hall. It was recommended that this roof -being 25 years' old- be replaced. At the perimeter of the Exhibit Hall, the existing roof assembly was installed directly on the original folded plate concrete deck profile, forming a series of valleys. The valleys at east end of the roof could contain as much as 6" of standing water from a heavy rainfall, with slightly less water ponding than on the north and south ends of the roof. The roof assembly on the entire Exhibit Hall having mechanical fastenings have either loosened or now missing, allowing water penetration into the insulation and the roofing systems. It was recommended to replace this main roof in order to stop water penetration to the interior of the roof assembly and into the building.

#### (b) Replace AHU in Mechanical Room (\$0.100M)

The air handling units (AHU) in the Queen Elizabeth Building which are located in the mechanical room are deteriorating to a condition of being non-useable. These AHU are central to the indoor heating, ventilation and air condition system to maintain the indoor environment comfortable and healthy. They are over 20 years old and have serious corrosion problem on the bottom panel resulting in condensation leakage onto the floor. A considerable amount of air flow is lost due to the corrosion, which is compounded by the deteriorating panel leading to the low efficiency of the system. The recommended funding of 2017 is to do a complete report of the deficiencies and replacement of the system with good cost estimations for any other affected components.

### 7. General Services Building - No project in 2017

8. Allstream Centre – Connection Bridget to Hotel X (\$1.080M Carry forward funding from 2016)  
 This project is the continuation of the approved second phase by Council last year. Funding is 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. 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 room 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.
9. Better Living Centre - No project in 2017
10. Other Buildings (\$0.240M)
- (a) Seven Outdoor Electrical Substations – Fire Alarm System Upgrade (\$0.190M)  
 Seven Electrical Sub-Station Fire Alarm Systems are the old Phytronics System 3 which is more than 25 years old and is no longer supported by its manufacturer. This means for any service parts, Exhibition Place has to rely on not readily available refurbish equipment. This project is to replace the existing System 3 fire alarm panels in all seven (7) electrical fire panel with standalone XLS fire alarm panels; and replace all of the conventional field devices (smokes, heats, pulls, etc.) in all seven (7) electrical sub-station with addressable devices. The new XLS fire alarm panel will operate as a stand-alone fire alarm system, but will connect to the EnerCare Centre X-Net network via copper wire for the purposes of viewing and operating at the Network Command Centre located at Security in the General Services Building. The new addressable devices will connect directly to the XLS and announce by device on the LCD screen and by zone on the integrated LED annunciator.
- (b) Public Art & Monument Collection Restoration & Conservation (\$0.050M)  
 Exhibition Place is the custodian of a large collection of public art and monuments, valued at approximately \$2.0M. Included in the collection are paintings on canvas, painted on wall murals, glass & mosaic murals, sculptures (limestone, bronze, metal), as well as granite and brick installations. A study of the collection was completed in September 2015 by a conservator and further analysis of some works will continue to be undertaken in 2016 by the Canadian Conservation Institute to fully understand and develop a treatment procedure to deal with specific issues. This budget now proposes a 10-year SOGR program for this collection based on the conservator's study. Some of the required repairs can be carried out by Exhibition Place staff, but much of the work will require the intervention of conservators with specialized training in various mediums of art. The work must be done in order to retain a state-of-good-repair, avoid future deterioration, maintain or enhance the monetary value of the art and preserve the art so that it can be enjoyed by future generations of Torontonians as well as visitors to the city.
11. Horse Palace (\$0.200M)
- (a) Stand Pipe System Upgrade (\$0.200M)  
 This project is to upgrade the existing wet stand pipe system to dry stand pipe system according to fire code. A standpipe and hose system is provided throughout the building. The eastern part of the building is a wet stand pipe system and was installed not in accordance with National Fire Protection Association (NFPA) 14 and NFPA 25 referred by 2007 Ontario Fire Code. During the winter season the stand pipe is winterized and closes the valve which means that half of the building doesn't have stand pipe and fire hose cannot

be used in case of fire inside the building. However the building is still protected by a dry system sprinkler. Therefore, in order to meet the fire code and NFPA requirements, East Horse Palace, stand pipe must be upgraded to a dry system and tied into the Horse Palace Fire Alarm System.

12. Food Building - No project in 2017

13. Press Building - No project in 2017

14. Other Projects – (\$2.0M) (Third Party Funding to be secured)

(a) Electrical Underground High Voltage Utilities (\$2.0M)

There is a need to replace all underground high and low voltage electrical cables (13,800 volts to 600 volts) and their associated equipment for isolation such as switchgears & grounding. The underground cables are old, some over 50 years old and beginning to fail. These cables supply all the power and life safety services to the buildings on the grounds as well as all street lighting and parking lot lighting. The rate of ground fault failures, splice failures, and general cable failures are increasing. When these cables fail, they cut off the electrical power supply to the buildings and services that they provide electricity to. As a result Exhibition Place is including in its capital budget submission \$2.0 million dollars per year, below the line, for 10 years or until all the end of life services are replaced.

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