

June 29, 2009

**ACTION REQUIRED**

To: The Board of Governors of Exhibition Place

From: Finance and Audit Committee

Subject: **2010 CAPITAL WORKS BUDGET AS PART  
OF THE TEN-YEAR (2010-2019) PROGRAM SUBMISSION**

**Summary:**

This report outlines, in detail, the proposed 2010 Capital Works Program as part of a ten-year program submission. The City practice is to set budget targets for a 10 year cycle although detailed review is done on an annual basis and specific project details can be adjusted each year. This procedure allows the Board to adjust their current program each year based on changing needs and priorities.

The proposed program for 2010 totals \$5.000M, a target set by the City. Besides the usual line programs established in previous years, there are three priority projects: 1) with the opening of the Conference Centre (Allstream Centre) in 2009, completing the masonry repair to the Allstream Centre is of utmost importance; 2) restoration of the Princes' Gates program will have to commence next year before the deterioration threatens the safety of the public; and 3) the use of the Better Living Centre is increasing and the retrofit of the building to accommodate the shows in an acceptable level is crucial.

**Recommendation(s):**

**It is recommended that the Board approve the 2010 Capital Works Budget as part of the ten-year (2010-2019) proposed program submission to the City of Toronto.**

**Financial Implications:**

The proposed 2010 Capital Works Program totals \$5.000M as a base budget to be funded by the City and an additional \$4.890M for Green Energy Initiatives which will need to be funded outside the City base budget through grants or other government programs.

**Decision History:**

At its meeting of June 29, 2009 the Finance and Audit Committee considered this report and recommends approval by the Board of Governors of the recommendations.

**Issue History:**

Preparation of the annual Capital budget begins each year in May. A report of recommended program is submitted to the Board for its July meeting. The approved current Capital Works Program report which is formulated within a ten-year program is then officially submitted to City Finance Department in August for consideration as part of the City's capital budget review and approval by Council scheduled for the month of December 2009.

Comments:

Attached as Appendix “A” is the proposed Ten-Year (2010-2019) Capital Works Program for Exhibition Place. The Ten-Year Program incorporates the guidelines and policies as established by the Finance Department of the City of Toronto.

In 2008, the target for Exhibition Place set by the City was initially a capital works program of \$5.000M for 2009 and 2010 and \$6.0M for year 2011 and 2012 and then \$5.0M for the remaining years.

In order to formulate the Capital Program and as required by the City CFO, building assessments were carried out for all the non-tenanted buildings during 2005 to 2007. The results of these assessments are either included in the ten-year capital program or shown as the “Building Assessment Backlog” if they could not be accommodated.

The proposed 2010 Capital Works Program totalling \$5.000 Million is budgeted in accordance with the following five categories established by the City of Toronto:

- i. Health and Safety (5.0% for 2010) – A capital project having an urgent requirement for repairs due to concerns of a health and safety hazard.
- ii. Legislated/City Policy (7.0% for 2010) – Capital expenditure required by the Provincial or Federal legislation or compliance with City Policy.
- iii. State of Good Repair (79.0% for 2010) – 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.
- iv. Service Improvement (9.0% for 2010) – Any capital project that improves service delivery above the current Council-approved standard or provides for the introduction of new services.
- v. Growth Related (none for 2010) – Any capital project that supports growth and development across the City.

Outlined below is a summary showing the capital budgets approved by City Council for the last 5 years and the respective expenditures for the Capital Works Program.

<b>Year</b>	<b>Approved Budget</b>	<b>Expenditure</b>
2005	\$5.550M	\$5.500M
2006	\$5.325M	\$5.200M
2007	\$4.800M	\$4.710M
2008	\$5.000M	\$4.985M
2009	\$5.015M	Estimated \$5.000M

In accordance with City policy, the cost of permanent staff devoted directly to the development and implementation of the Capital Works Program estimated at \$0.435M for 2010 is included within each specific sub-project.

The following is an outline of the ten (10) main projects within the 2010 Capital Works Program in order of priority and one project to be funded by other sources. All budgets include estimated costs for construction, project management, engineering, disbursements, and administrative charges where applicable but exclude G.S.T.

Due to budget constraint with the given target at \$5.000M for 2010, this 10-year program does not address all concerns arising from the nine (9) state-of-good-repair building assessments completed. Accordingly, at the bottom of each building project spread sheet as well as on the summary sheet is a separate table showing the gross accumulated building assessment state-of-good-repair (SOGR) backlog, the annual SOGR requirement, the SOGR addressed in the present submission of that year, and the net accumulated (after submission) SOGR backlog remaining for that same year, which is above and beyond the allowable net program funding.

#### 1. Pre-Engineering Program (\$0.100M)

This program supports all necessary pre-engineering services for the study, investigation, design and engineering to ensure successful planning and execution of the Ten-Year Capital Works Program and is vital to the success of the annual budget. City Council in 2005 directed that assessments be undertaken on all City buildings. So far a total of nine (9) building assessments were completed and two (2) more assessments (Stanley Barracks and Bandshell Dressing Rooms) will be done in 2010. This line item also targets the required work and budget preparation for the 2010 and 2011 projects; along with any unexpected concerns that arise during a given year and need to be assessed.

#### 2. Other Buildings (\$1.800M)

##### (a) Allstream Centre – Masonry Walls

As a result of the conference centre project, the actual condition of the masonry work required at the Allstream Centre is much more extensive than had first been predicted by the external assessment done in 2006. Not only is the work more extensive but the repairs required are much more expensive. To date, the 2008/09 conference centre has committed \$5.5 million to essential masonry repairs focussing on the north entrance which was found to be in the worst condition under the column foundation. An amount of \$1.500M is proposed in 2010 to pay for rebuilding of the masonry panels, parapet wall, and joints re-pointing on the southwest and the west elevations. A significant amount is slated for restoration in future years for this work for the remaining exterior walls in the east, southeast and the south entrance to be completed within the next 3 years.

##### (b) Princes' Gates – Architrave, Columns, Arch, & Pylons

Since 2004, all nine ceremonial columns in the north side of the Central Arch of the Gates have been replaced for \$0.830M. As well in 2006 and 2007, \$1.300M was spent on the replacement of the North Architrave, which is sitting on top of the columns. No work was proposed in 2008/09. It is proposed that \$0.100M be approved for 2010 to do the necessary detailed design for the South Columns replacement in 2010 and 2011. Integrity of the structure is currently being inspected each year by structural consultant to remove any potential falling pieces of stone from the entire gate to ensure it is safe for the public.

##### (c) Security Surveillance - Buildings and Grounds-wide

The grounds-wide program addresses issues of risk management, staff and public liability. It allows funding for the purchase of equipment such as CCTV, card access, cameras and colour monitors using either wireless or hardwired technologies. Card access readers will control the

security of buildings and all electrical substations. Security alarm systems can be installed at remote buildings and locations of importance. In 2010, \$0.150M is proposed for this purpose with a priority being the Better Living Centre with advance processing controller for card access, and digital video recorder for new permanent cameras at strategic locations.

(d) Various Buildings – Retrofit Fire Protection Systems

Exhibition Place works with the City insurer on an annual basis to review building conditions and FM Global issued a risk report at the end of 2008 citing some deficiencies in the fire protection systems. Some were retrofitted under the operating budget in the last 6 months of 2009, but there are a few that are significant in size and budget to be capital in nature. They are (a) Direct Energy Centre tunnel requiring sprinkler and voice communication (2 stage alarm), (b) General Services Building outdoor transformers (3) requiring brick walls to separate them from each other and from the General Services Building exterior wall; and (c) all emergency generators (8) requiring automatic shutoff valves. \$0.100M is set aside for this work.

3. Better Living Centre (\$0.885M)

(a) Replace Low Roofs

The Better Living Centre roof is over 20 years old and needs to be replaced as it is well past the normal replacement time. \$1.240M was approved at our Capital Works Program budget in 2009 for the high roof and is presently under construction. \$0.535M is proposed for the eight (8) low roof areas in 2010. Reinforcing the low roofs and installing green vegetation is planned as a future project.

(b) Replace Clerestory Windows & Large Side Lites and Transoms

The clerestory windows just below the high roof and are surrounding the entire building are the original 1960 windows. Energy lost is very significant at the high level windows, which were single pane glass with deteriorated frames allowing high lost in leaking through cracks in the caulking. New double glazed thermo pane with argon gas in between panes and anodized aluminium frame is being proposed. The replacement was cited in the building assessment report and \$0.250M is proposed for this project in 2010 with the remainder of the windows being replaced in future years.

(c) Washroom Accessibility & Efficient Water Fixtures (\$0.100M)

Most washrooms facilities in the older buildings on the grounds are very outdated and often the date from the construction of the building. While all buildings have handicap facilities, most of the washrooms outside the Direct Energy Centre do not meet the updated accessibility standards. This proposed program is designed to update the accessibility of these washrooms and also change all fixtures to electronic, low flush and water efficient.

4. Coliseum Complex (\$0.475M)

(a) West Annex – Eaves Trough at Arena Roof (West Sides)

With the new roof installed a couple of years ago for the West Annex, the prevention of future destruction of the roof is required. There was no eaves trough installed for the Ricoh Coliseum roof and when it rains the water from the 9000 sq. ft. Coliseum roof pour onto the West Annex. Adding eaves troughs to the Coliseum roof is necessary for an asset protection and \$0.065M is proposed for that work.

(b) North Extension – Steam Boilers Efficiency Upgrades

In 2009, three (3) new high efficiency steam boilers were installed in the Coliseum Complex at the Mid Arch location to replace three old inefficient boilers. The new boilers were equipped with economizers to preheat the incoming feed water to increase their efficiency and this proposed project will further increase that efficiency with the addition of a steam turbine. The turbine will reduce the steam pressure (as required prior to distribution of the steam for heating) and through this reduction will produce electricity which will be used throughout the Exhibition Place grounds.

## 5. Equipment (\$0.700M)

### (a) Electrical and PBX/IT Show Services Equipment

Established in 2000, this line program upgrades or replaces electrical and PBX/IT equipment that is needed to provide a service to our clients with a profitable revenue (average of \$1.2M annually). A budget \$0.250M in 2010 will focus on essential upgrades to the PBX equipment which is over 10 years old and it will also provide various electrical equipments needed to continue the provision of profitable service for shows and exhibitors. .

### (b) Electrical Substations

This line program maintains the needed replacement of high and low voltage power equipment, which is generally 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 and installed. In 2010, the focus will be for the replacement of the main 600 volt electrical board and 30 distribution electrical panels at the Better Living Centre. These replacements alone will cost over \$0.300M. Only \$0.100M is set aside for year 2010 for this purpose.

### (c) Waste Management

This line program of \$0.100M provides for equipment to adapt to the City's policy of 80% reduction by 2010. With the Allstream Centre slated to complete in 2009, the waste stream from it will impact the goal of 80% without the purchase of more equipment to handle the added load. Equipment required in 2010 will be for sorting waste prior to collection and disposal.

### (d) Building Automation System

The operation of Exhibition Place involves managing its many older buildings. At present, there is a mixture of systems on the grounds some of which are not functioning properly. Technology in this area has also changed drastically in recent years. Substantial energy efficiencies and savings can be achieved through a modern consolidated plant management and building automation system to monitor and control energy usage, deal with power load shedding, and monitor plant and building equipment and the environment. Initial funding of \$0.100M has been provided in 2010 to start this long-term project and at the same time staff are exploring other funding options or partnerships.

### (e) Fire Alarms System Panels

Many of the fire alarm systems in the older buildings are old products of Pyrotronics System 3, which are no longer supported by its manufacturer; i.e. any service parts needed rely on available refurbished units. It is recommended that this system be changed over to MXL control panel. The Ontario Building Code also required that any replacement of a fire alarm control panel be accompanied by an upgrade of the complete fire alarm system to part 3 of the Ontario Building Code. This normally involves a complete audit of the fire alarm system by a consultant who will prepare drawings and specifications and submit them to the Toronto Fire Department for review and approval. Given the public liabilities for assembly use buildings, staff recommend that the all Pyrotronics System 3 be replaced with the new MXL fire alarm panel integrated with voice

communication and strobe lights. Any deficiencies such as fan shut down with fire alarm, sprinkler valves not supervised shall be upgraded to present Code. A line program with gradual replacement is created with an initial funding of \$0.100M in 2010. Buildings which have this older system include Better Living Centre, General Services Building, Press Building, Bandshell, Music Building and Stanley Barracks.

(f) Public Address Systems Retrofit in Various Buildings

\$0.050M is proposed to upgrade the public address systems in various buildings. The system in the Direct Energy Centre is over 10-years old and there are episodes when it is not functional. In addition, the Better Living Centre which is now used frequently for shows and events has a public address system only in some areas with no system at all in the east side of the building.

6. Environmental Restoration (\$0.250M)

(a) Landscaping around Allstream Centre

This is the continuation of the phased project which was approved with \$0.175M last year. \$0.250M is proposed in 2010. With the Allstream Centre scheduled to open in fall 2009, the surrounding area needs to be upgraded in keeping with its new Class "A" status of the new centre and also to satisfy the requirements of the Heritage Easement Agreement. A further funding of \$0.150M is required for year 2011.

(b) Lake Irrigation and System Retrofit

Approximately 18% of the 192 acres of land (36 acres) at Exhibition Place consist of green area. Lake water is used to irrigate this area and almost 2,850 trees. In accordance with the 1992 study, the pumping station built in 1987/88 located at the west end operates its maximum capacity just to maintain the west side of the grounds for the full operation of the sprinklers. As the system is old and is continuously working to full capacity, it is subject to frequent breakdown and leaks. The performance and capacity of the existing system needs to be increased. Supply intake, pumps and main feed lines are to be upgraded in this program. Investigation and planning will start in 2010 with the \$0.050M proposed.

7. Parks, Parking Lots, Roads (\$0.725M)

(a) Sidewalks, Pathways, Roads, and Lots

\$0.175M is recommended for this line program this year for the purpose of replacement of various sidewalks, pathways and roadway sections on the grounds. Timely replacements to various areas around the grounds are required to contain damage and reduce public liability. Next year, staff are focusing on the repair of Saskatchewan Road, Princes' Blvd. (the section in front of the Horticultural Building and Queen Elizabeth Building), and south side pathway and plaza of Direct Energy Centre.

(b) Equipment Replacement

Increased usage of Exhibition Place facilities leads to the wear and tear and damage to the outdoor equipment which is essential to the business of Exhibition Place. It is also used for the Canadian National Exhibition and rented to other tenants for their events. This proposed ongoing line program of \$0.100M is to replace the equipment and reinstate the inventory such as bleachers, stages, portable fencing, barriers, ticket booths, metal railings, platforms, etc. Renting of this type of equipment in the required quantities is not available to Exhibition Place.

(c) Infrastructure for New CNE Midway

With the next phases of development at Exhibition Place being anticipated, the CNE midway

will need to be relocated. The midway generates over \$3,000,000 in revenue annually. In order to accommodate this relocation and ensure efficient operation of the midway, a line program for new utilities in ground services is required. This will include a grid of new electrical portals, underground conduit runs to accommodate rides and games currently covered at surface level with removable asphalt patching, sanitary sewer and water services. \$0.100M in 2010 will provide flexibility to accommodate the midway and concession locations with power, water and sewer connections.

(d) Exterior LED Lighting around Allstream Centre

With the Allstream Centre scheduled to be opened in the fall of 2009, the surrounding area needs to be upgraded with proper lighting in keeping with its new class "A" status, as well as satisfying the requirements of the Heritage Easement Agreement, for which lighting is one of the components. \$0.100M is proposed for this purpose with the latest Light Emitting Diode (LED) lighting technology in mind to fit into the new image with the new energy efficient building and retrofitting the existing Washington poles with LED fixtures.

(e) Washroom Trailers Retrofit

Exhibition Place owns and operates over a dozen outdoor washroom trailers which are over 20 years old. These washroom trailers are required for the large outdoor events such as Indy, CNE, Caribana, etc. However, because of their heavy use, they also deteriorate rapidly - partition and toilets are broken, water taps and sinks leaking. A line program set up for 2010 with \$0.050M is proposed to gut and totally upgrade these washrooms and at the same time change to new water efficient fixtures.

8. Direct Energy Centre (\$0.175M)

(a) Sealant in Garage

The floor of the underground garage was pour-in-place concrete. A frequent problem in underground garages is deterioration due to salt contamination with the resulting efflorescence emitted from the concrete in the summer months. The only way to contain this type of deterioration is by re-sealing the concrete floor with an exterior sealant that can sustain the damage by salt. \$0.075M is proposed in 2010 to start the program of resealing part of the garage floor.

(b) Electrical Buss Duct at Hall "B"

Prior to the renovation of the Automotive Building (now Allstream Centre) the 4 year old bus ducts was savaged and in 2009, installed it in the Direct Energy Centre Hall A. There is sufficient bus ducts remaining to continue to install it in Halls B and C and \$0.100M is proposed for this project in 2010 and then in 2011. The installation of this bus duct allows Exhibition Place to better serve exhibitors with high power consumption needs in shows such as CMTS, Hostex, and Print World. It also eliminates the need to use transformer units and cable on the show floor and increases the profitability of our electrical show services.

9. General Services Building (\$0.050M)

Building Envelope – Roof Section Replacement

Deterioration of the roof of this building has been extensive in recent years requiring patching after almost every rainstorm. Major leaks have occurred in 2009 and re-roofing of this section of the roof (2,660 sq. ft.) is urgently required at a cost of \$0.050M for this work.

10. Horse Palace (\$0.050M)

## Structural Deficiencies – Emergency Generator Room

The building assessment of the Horse Palace completed in 2007 revealed a structural deficiency in the emergency generator room. The structural beam supporting the concrete slab of the 2<sup>nd</sup> floor has been rusting due to inadequate venting of the room and high humidity. \$0.050M is set aside to retrofit the condition and repair and re-seal the steel beam in 2010.

11. Press Building – No project in 2010
12. Food Building – No project in 2010
13. Queen Elizabeth Building – No project in 2010
14. Stanley Barracks – No project in 2010
15. Allstream Centre – Continuation of 2008 funding
16. Green Energy Initiatives Program (\$4.890M) (Funding from Other Sources)

In addition to the Net Program described above, the Board each year has adopted a proposed Energy Efficiency Program which is aimed at the achievement of the 2010 energy self-sufficiency goal. Throughout the year, Exhibition Place staff participates in funding applications that would allow these projects to proceed.

(a) Coliseum Complex, Mid-Arch – Back-Pressure Turbine (\$0.540M):

As discussed in item 4 (b), the back-pressure steam turbine would increase the efficiency of the steam boilers by producing electricity. Additional funding needs to be secured for this project. Annual savings expected to result from this project are estimated to be \$80,000.

(b) Horse Palace, BLC & Various Buildings - Two 1-Megawatt Photovoltaic Systems (\$4.000M):

With the new Green Act, Exhibition Place intends to seek a private sector partner to supply and install a one-megawatt photovoltaic system on the roof tops of Exhibition Place buildings. The Better Living Centre has the potential of carrying over 4,340 models with over 780,000 Watt DC (or 585,000 Watt AC) capacity.

(c) LED Pathway Project (\$0.810M)

The 1.5 km pedestrian/bicycle pathway that runs along the top of the bank on the southerly perimeter of Exhibition Place site has very old and inefficient light standards. This project proposes to replace all these standards with LED lighting and develop this project as a demonstration/study of this leading edge technology.

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