

June 24, 2009

ACTION REQUIRED

To: The Board of Governors of Exhibition Place

From: Dianne Young, CEO

Subject: **State-of-Good-Repair Restoration Budget for Automotive Building**

Summary:

This report updates the status of the state-of-good-repair capital budget dedicated to restoration of the heritage/masonry features of the Automotive Building. This budget is overspent solely due to unforeseen and extremely serious conditions found within this building and recommends that Exhibition Place staff report on these over-expenditures to City Finance Department for inclusion in the quarterly capital variance report to City Council.

Financial Impact:

It is forecasted that the Automotive Building State-of-Good-Repair budget will be over-spent by \$1.0M by the end of this project.

Recommendations:

It is recommended that the Board approve of the financial directions set out in this report with respect to addressing the funding short-fall for the state-of-good-repair restoration of Automotive Building and request staff to report to the City Finance Department for consideration as part of the quarterly 2009 Capital Works Variance Report to Council.

Decision History:

At its meeting of December 10, 11, 12, 13 & 14, 2007, Council approved of a state-of-good-repair Capital Works Budget for Exhibition Place which included as one project the restoration repairs of the masonry/heritage features of the Automotive Building at a cost of \$5.410M over 10 years.

At the same meeting Council approved of the Conference Centre capital budget of \$46.88M of which \$35.6M is a loan from the City payable over 25 years. This report also established an obligatory reserve fund, called the "Exhibition Place Conference Centre Reserve Fund" to provide a source of funding for any shortfalls in loan payments to the City from Exhibition Place and directed that revenues from the Direct Energy Centre and the Conference Centre naming rights agreements be paid into the fund along with any operating surplus from Exhibition Place in the years 2007, 2008 and 2009.

As of December 31, 2008, Exhibition Place posted operating surpluses of \$3,143,836 (2007) and \$2,430,061 (2008) and in addition, deposited naming rights fees valued at \$1,251,000 to the Exhibition Place Conference Centre Reserve Fund

Issue Background:

During the major renovation of the Automotive Building, many system failures of the heritage masonry/features were discovered that required urgent attention as they posed a serious safety concern both from the point of view of the basic integrity of this 80-year old building and the safety of visitors to the building and the surrounding areas. The building failures were more serious than what had been predicted within the Building Assessment Report completed in 2005. Based on the 2005 Building Assessment (which was completed based on visual inspections only by a heritage architect), the 2009 State-of-Good-Repair Capital Works Budget had included a line item for repairs/replacement of the Automotive Building masonry/heritage features that totalled \$5.410M over 10 years.

Comments:

As the demolition of the Automotive Building proceeded for the conference centre project in April 2008, it became very evident by the Fall 2008 that the condition of the 56 window spandrel panels, the 6 juliet balconies, the low and high parapet, the columns around the north and south heritage lobbies and the internal Don Valley Brick structures were at an extremely serious level of deterioration.

On the advice of an expert heritage consultant/architect and a structural engineer, from the April 2008 to date, those items which were required to be completed urgently for health and safety reasons and in keeping with heritage directives and building code requirements, have been included as part of this project. It is forecasted at this point that the total cost of repair/replacement of the urgent and serious features will be in the range of \$5,525,061.00 which is \$1.0M over the available funding sources outlined below.

Forecasted Cost of Urgent Repairs & Replacements	\$5,525,061
2009 Capital Budget	\$2,095,000
2008 Operating Surplus	\$2,430,061
Shortfall	-\$1,000,000

Any repairs/replacements that are not absolutely crucial for the safety of the building integrity have been delayed and included within the 2010 Capital Works Program. The cost of these repairs to the east, west and south exteriors of the building have been priced in accordance to the failures repaired on the north face of the building and accordingly, the entire budget for this state-of-good-repair program is \$8.305M.

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Submitted by:

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