

April 9, 2009

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To: The Board of Governors of Exhibition Place

**ACTION REQUIRED**

From: Business Development Committee

Subject: **Conference Centre April 2009 Construction Update**

Summary:

This is a construction update report from the estimates presented to the Committee at its meeting in February 2009. Attached to this report is a detailed breakdown of these estimates which is confidential as it involves the security of property belonging to the City of Toronto or one of its agencies, boards, and commissions and it is recommended that this information not be disclosed in order to protect the economic interests and competitive and legal position of the Board.

**Recommendations:**

**It is recommended that the Board approve of an amendment to the agreement with Vanbots Construction Ltd. on the terms and conditions set out in the Confidential Attachment to this report.**

Financial Impact:

It is proposed that the financial items noted in this report be funded as set out in the confidential attachment.

Decision History:

At its meeting of April 9, 2009, the Business Development Committee recommended approval of the amendment to the construction contract between Vanbots Construction Ltd. and the Board.

Board of Governors, November 3, 2006	Approval of business terms for an exclusive food services agreement between the Board and Centreplate and the National Hotel Corporation (the "FSP") related to the provision of food and beverage services within the proposed Conference Centre in the renovated Automotive Building.
Board of Governors, December 15, 2006	Approval of the terms and conditions of the full LOI between the Board and the FSP for food services within the renovated Conference Centre and the financial proposal for the proposed Conference Centre which included a loan from the National Hotel Corporation for part of the construction costs.
City Council, March 5 & 6, 2007	Approval of LOI between the Board and the FSP for exclusive food services in the proposed Conference Centre. In addition, approval of a recommendation which deleted the need for financing from the National Hotel Corporation and replaced this financing with a City loan of \$21.2M.
Board of Governors, May 4, 2007	Approval of the engagement of NORR as the design architect on the Conference Centre project at a total fee of \$968,000 (excluding GST) for Phases I & II and the project schedule.

Board of Governors November 7, 2007	Approved of the increase in the overall Conference Centre capital budget from \$29.0M to \$46.88M with request to City Council to increase its loan to the Board from \$21.2M to \$35.6M with an increase in the interest rate from 4.75 to 5.0 percent and an increase in the amortization period from 20 to 25 years; and request for the depletion of the full Exhibition Place Capital Reserve.
City Council, December 10, 11, 12, 13 & 14, 2007	Approval of the Board's recommendation as noted above and in addition, increase the term of the loan from twenty to twenty-five years and establish 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 for a new conference centre and direct revenues from the Direct Energy Centre and the Conference Centre naming rights agreements into the fund along with any 2007 operating surplus for Exhibition Place.
Board of Governors, December 7, 2007	NORR Management Group presented a detailed power-point presentation with respect to the proposed design of the Conference Centre, which was unanimously received for information by the Board.
Board of Governors, January 25, 2008	Update of financial details, budget requirements and provide the explanation of the increase on costs for construction and professional services; also attaching to the update was the City Council Decision of December 2007 and supporting report of the Deputy City Manager and CFO. Report deferred to next meeting of the Board on March 6, 2008.
Board of Governors March 6, 2008	Update financial details, budget requirements and explain the increase costs for construction and professional services. Approval of amendment to the NORR Architectural fees; also attaching to the update was the City Council Decision of December 2007 and supporting report of the Deputy City Manager and CFO.
Board of Governors March 19, 2008	Award of main construction contract to Vanbots Construction Corporation at a cost of \$33,450,000, excluding GST.
Board of Governors May 2, 2008	Board extended the term of the agreement with MHPM Project Managers Inc. by 7.5 months at a total cost of \$115,000 to be drawn down from the project contingency.

#### Issue Background:

The Board requested frequent reports to the Business Development Committee to report on the state of the construction of the Conference Centre and any issues related to the construction. Attached to this report is a detailed breakdown of the costs of the Conference Centre project broken down by Base Construction and state-of-good-repair Restoration Construction. Also attached is the MHPM Status Report to the end of February for the information of the Board.

#### Comments:

In addition to the amendments to the Vanbots agreement as set out in the Confidential Attachment, in the last month numerous issues have been resolved that have resulted in change

orders being issued. Since the February report the following change orders over \$50,000 have been issued:

- Cast panel remedial work scaffold - \$54,353.07
- Electrical revisions for AV connections - \$137,018.30
- Supports for operable partitions for the Huffcore doors - \$43,507.56
- Settlement of Priestly claim for removal of additional roof beneath main roof - \$124,155.28
- Additional Electrical Boxes in meeting rooms - \$240,816.93
- Levelling of uneven floors & all feature wood panelling -\$50,808.67
- Delivery of all base services to the Kitchen Area - \$1,999,7251.06
- Roof Parapet Stabilization - \$138,366.90
- Addition of Fire Alarm Voice Communications - \$272,536.45
- Low Setback Roof Parapets - \$318,244.57
- Main Floor Switchboard and ballroom floor boxes – 401,934.06
- West Office Reconfiguration - \$107,471.39

#### Contact

Dianne Young, CEO

Tel: 416-263-3611

Fax: 416-263-3670

Email: [dyoung@explace.on.ca](mailto:dyoung@explace.on.ca)

Submitted by:

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Fatima Scagnol, Corporate Secretary