



Exhibition Place

Item No. 5

FOR INFORMATION

January 27, 2015

To: The Board of Governors of Exhibition Place

From: Dianne Young, Chief Executive Officer

Subject: **Amended 2015 Capital Works Budget As Part of the Ten-Year (2015-2024) Program City Submission**

Summary:

This report details the amended 2015 Capital Works Program that is now part of the ten-year Exhibition Place Capital Program being presented to the City Council. The City practice is to set budget targets for a ten-year cycle with detailed review being done on an annual basis. This review procedure allows the Board to adjust its current program each year based on changing needs, legislative changes, mandates and priorities.

At its meeting of September 10, 2014, the Board approved staff budget submission and recommendation that the Ten-Year (2015-2024) budget be amended to include \$110.810M of essential state of good repair (SOGR) capital requirements that were "Below the Line" and not within the previously approved target. Also, the Board had recommended that the 2015 debt target level of \$4.235M be increased to \$4.510M to begin the reduction of the growing SOGR backlog.

Financial Impact:

The proposed 2015 Capital Works Program totals \$5.205M as a total program budget with the 10-Year Capital Program target being increased from \$42.118M to \$82.118M.

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*.

On September 10, 2014, the Board approved a 10-Year Capital Program that recommended that the \$110.810M "Below the Line" of essential capital project costs be incorporated into the Ten-Year (2015-2024) Debt Target for Exhibition Place.

Issue Background:

The debt targets previously set by City Council did not fully recognize the ageing of the premier trade and consumer show facility at Exhibition Place that resulted in an unfunded SOGR backlog at the end of the 10-Year Program of \$58.589M

Comments:

The previous capital works debt funded target set for Exhibition Place was \$5.0M for 2009 to 2018, with the target for year 2011 and 2012 increased to \$6.0M. As a result of the Infrastructure Stimulus Fund Program (ISF) funding introduced in 2009 in the amount of \$27.37M, projects slated to the latter nine (9) years were moved forward to these 3 years; the capital budget targets

for the years 2010 to 2021 decreased substantially; and new targets for the net capital program budget were set ranging from a maximum of \$4.550M in 2024 to a minimum of \$3.915M in 2016.

In order to formulate the Exhibition Place Capital Program building assessments were carried out for all the non-tenanted buildings during 2005 to 2007. Revised assessments were done in 2013 for our major show facility, the Direct Energy Centre Complex (which included the Coliseum Complex) that is now in its 17th year since construction. The final studies and recommended requirements were included in the Ten-Year program presented to the Board in September 2014 that had the additional capital requirements as noted above.

Following the direction / recommendations of the Board at its meeting of September 2014, staff met with the City Financial Planning Department to discuss the Board's recommendation to include the \$110.810M of essential SOGR capital requirements that were "Below the Line" within the City approved target. After several meetings, there was agreement to defer the Coliseum Project of \$65.0M from budget years 2023 and 2024 to budget years 2025 which would be in the next Ten-Year (2016-2025) Capital Budget cycle. The City also agreed to moving from "Below the Line" an additional \$40.0M into the approved target for Exhibition Place as part of the present Ten-Year (2015-2024) Capital Budget Debt Funded. Of this \$40.0M new debt fund allowed, \$2.975M is included in the first five years for 2015-2019 period and the balance of the \$37.025M is included in the second five year 2020-2024 period.

In addition, the original SOGR Capital Budget debt target set by City Council for 2015 of \$4.235M has been increased to \$4.510M. The 2015 recommended budget also reflects the \$0.610M for the DEC LED lighting retrofit and conservation/demand management which has been approved and is being funded through recoverable debt by the City Energy Efficiency Office; and a budget of \$0.085M is proposed for wayfinding that is being funded by MLSE pursuant to the amendments to the Management Agreement as part of the BMO Field expansion. These projects bring the total amended 2015 Capital Budget to \$5.205M which is in line with the staff recommendations approved by the Board in September 2014.

The amended Ten-Year (2015-2024) Debt Target for Exhibition Place is going from \$42.118M to \$82.118M an increase of \$40.0M as noted below. There are no items categorized as "Below the Line" projects in the amended Capital Works Program

Exhibition Place - New Capital Projects - 2015-2024				
	approved		amended	
Year	Aug-14	amendments	Oct-14	
2015	4,235	275	4,510	
2016	3,915	800	4,715	
2017	3,950	440	4,390	
2018	4,250	215	4,465	
2019	4,100	1,245	5,345	
2015-2019	20,450	2,975	23,425	
2020	4,430	7,390	11,820	
2021	4,138	7,400	11,538	
2022	4,000	7,415	11,415	
2023	4,550	7,435	11,985	
2024	4,550	7,385	11,935	
2020-2024	21,668	37,025	58,693	
2015-2024	42,118	40,000	82,118	

Attached as Appendix "A" is the amended Ten-Year (2015-2024) Capital Works Program for Exhibition Place. The current year 2015 SOGR Capital Works Program totalling \$4.510M is budgeted. This SOGR budget has been submitted in accordance with the guidelines, policies and the five categories as established by the City Finance Department:

- Health and Safety (10.2% for 2015) – A capital project having an urgent requirement for repairs due to concerns of a health and safety hazard.
- Legislated/City Policy (5.1% for 2015) – Capital expenditure required by the Provincial or Federal legislation or compliance with City Policy.
- State of Good Repair (54% for 2015) – 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 (30.7% for 2015) – 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 2015) – Any capital project that supports growth and development across the City.

Again, as noted above, the City practice is to set budget targets for a ten-year cycle with detailed review being done on an annual basis by the Board.

In the September 2014 report, the Net Accumulated SOGR Backlog at the end of 2014 for the grounds was \$14.616M and \$58.589M at the end of 2024. With the additional \$40.0M from the City from debt fund, the revised Net Accumulated SOGR Backlog for 2024 is now reduced to \$18.589M.

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