

July 6, 2010

ACTION REQUIRED

To: The Board of Governors of Exhibition Place

From: Dianne Young, Chief Executive Officer

Subject: **2011 CAPITAL WORKS BUDGET AS PART
OF THE TEN-YEAR (2011-2020) PROGRAM SUBMISSION**

Summary:

This report outlines, in detail, the proposed 2011 Capital Works Program as part of a ten-year program submission to the City of Toronto. City practice is to set budget targets for a 10-year cycle although a detailed review is conducted on an annual basis and specific project details can be adjusted each year. This process allows the Board to adjust their current program each year based on changing needs and priorities.

The proposed program for 2011 totals \$2.905 Million, which is the target set by the City plus the cost of internal Project Management of \$0.500M. Besides the usual line programs established in previous years, there are previously approved Infrastructure Stimulus Fund (ISF) projects totalling to \$4.235M. Those are on going projects approved by the Board and as tabulated in the attached appendix: Princes' Gates restoration \$1.500M; Direct Energy Centre interior restoration \$0.350M; Coliseum Complex restoration \$1.330M; and Better Living Centre restoration \$1.055M.

Recommendation:

It is recommended that the Board approve the 2011 Capital Works Budget as part of the ten-year (2011-2020) proposed program submission to the City of Toronto.

Financial Implications:

The proposed 2011 Capital Works Program totals \$2.905 Million as a base budget to be funded by the City and no additional funding is requested for Green Energy Initiatives and Special Projects which will need to be funded outside the City base budget through grants or other government programs. In addition, funding for the BMO Field 2011 Capital is through the BMO Field Capital Reserve Fund.

Decision History:

On an annual basis the Board has approved of the Capital Budget submission.

Due to scheduling commitments, a formal meeting of the Finance Committee was not scheduled, however, a briefing by staff was completed with the Chair of the Board, an ex-officio member to the Finance Committee, on June 22nd, and with the Chair of the Finance Committee, John Weatherup, and Committee member and Vice-Chair of the Board, Gloria Lindsay Luby, on June 30th. All were in agreement with the recommendation outlined in this report.

Issue Background:

Preparation of the annual Capital budget begins each year in May and a recommended program is submitted to the Board for its consideration in July. 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 2010.

Comments:

Attached as Appendix "A" is the proposed Ten-Year (2011-2020) 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 previous years with the City Manager, Deputy City Manager and Chief Financial Officer, Exhibition Place was initially given a set of targets for its capital works program of \$5.000M for 2009 to 2018. During the process of submitting projects for the ISF program last year, projects were moved forward to 2009 to 2011 from the 2010 to 2019 submission. By doing so, the targets for 2009, 2010 and 2011 increased substantially, and targets for 2012 to 2019 decreased substantially to a point that the project management cost becomes an issue for years that have minimum Capital Works funding. No target has been set for the year 2020, however, these targets are subject to Council deliberation and possible reductions as the City review process continues.

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 within the annual budget targets.

The proposed 2011 Capital Works Program totalling \$2.905 Million is budgeted in accordance with the following five categories established by the City of Toronto:

- i. Health and Safety (7.0% for 2011) – A capital project having an urgent requirement for repairs due to concerns of a health and safety hazard.
- ii. Legislated/City Policy (21.0% for 2011) – Capital expenditure required by the Provincial or Federal legislation or compliance with City Policy.
- iii. State of Good Repair (64.0% for 2011) – 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 2011) – 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 2011) – 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.

Year	Approved Budget	Expenditure
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

The following is an outline of the seven (7) main projects within the 2011 Capital Works Program in order of priority. All budgets include estimated costs for construction, project management, engineering, disbursements, and administrative charges where applicable but exclude H.S.T.

Due to budget constraint with the given target at \$2.905M for 2011, the capital budget does not address all concerns arising from the nine (9) state-of-good-repair building assessments completed in the last four years. For information only, at the bottom of each building project spread sheet as well as on the summary sheet is a separate table showing the State-of-Good-Repair (SOGR) Building Assessment Backlog, the annual SOGR requirement, the SOGR submission of that year and the next SOGR backlog remaining for that same year, which is above and beyond the allowable net program funding.

1. Pre-Engineering Program (\$0.625M)

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) buildings were completed at Exhibition Place. Exhibition Place intends to complete one (1) more assessment (Bandshell Dressing Rooms) in 2011. 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.

For the first time, the cost of permanent staff (\$500,000.00) devoted directly to the development and implementation of the Capital Works Program (Project Management Costs) for 2010 is included under this Pre-Engineering Program.

2. Other Buildings (\$0.450M)

Music Building – Windows & Doors Replacement - the existing single glazed and wood frame

windows and doors are in a serious deteriorated condition. A 2006 Study recommended replacing them with double-glazed panes in metal frames. Numerous incidents of water leakage into the building through the window frames were repaired with temporary caulking. A well maintained tight-fitting windows & doors keep a building protected, reduce energy cost and extend life over 10 years.

3. Equipment (\$0.300M)

(a) Transformers, Switchgears, Circuit Breakers and Feeders (61 Sets in 38 Locations) Replacement in all Substations: As an established exhibition centre, many of the electrical installations in all substations (38) share much of the history of its designated historic buildings. This line program of \$0.100M 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. More importantly, this program is to maintain electrical equipment safety standards for staff for which they have to work on in a routine manner as required by the show schedule. Exhibition Place has to pay all attributed costs to WSIB if any injury occurs in an average of \$400,000 a year.

(b) Building Waste Management System: - 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 completed 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 is for sorting waste prior to collection and disposal.

(c) 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. For Exhibition Place to achieve its target of energy self-sufficiency, it will need 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. An RFQ had been issued in 2010 for a private firm to take ownership and maintenance of the system with energy savings to pay for its investment. However, there was no submission from a third party willing to invest in the new system and therefore, this line program has been established to upgrade the existing system in a gradual format with a funding of \$0.100M in 2011.

4. Environmental Restoration (\$0.150M)

(a) Retrofitting the Lake Irrigation and Supply System- approximately 18% of the 192 acres of land (36 acres) at Exhibition Place consist of green areas. Lake water is used to irrigate this area and almost 2,850 trees, excluding shrubs. In accordance with the 1992 study, the pumping station built in 1987/88 located at the west end operates at 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 breakdowns 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 and \$0.050M is proposed for 2011 for this

line program.

(b) Permeable Asphalt – Greening of Parking Lot- this line program of \$0.100M provides solution for rain water run-off to permeate back into the ground thereby reducing storm rain water charging back into the sewer system. This program will be implemented along with input from City Water. In the last few years, rain water run-off caused closures of Lake Shore Blvd. around Ontario Drive during the summer seasons.

5. Parks, Parking Lots, Roads (\$0.825M)

(a) Exterior LED Lighting around Allstream Centre – Phase II - with the Allstream Centre reopening in October 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 the phase II continuation of the latest LED lighting technology.

(b) Sidewalks, Pathways Roads, and Lots - \$0.075M is recommended for this line program this year for the purpose of replacing 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 from trip hazards. For 2011, staff is focusing on the repair of the roadways around Saskatchewan Road.

(c) Infrastructure (Utilities) at New CNE Midway - with the next phases of development at Exhibition Place being anticipated, the CNE midway will need to be relocated. The CNE midway currently 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 was established last year. This program 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 was approved in 2010 for such infrastructure improvement; and again \$0.100M is proposed for 2011. It is also provides flexibility to accommodate the midway and concession locations with power, water and sewer connections. In advance of construction, a pre-engineering study will be done to design in light of the needs of the CNE and a future Festival Plaza.

(d) War of 1812 Legacy Trail & Heritage Trail- to celebrate and remember the War of 1812 between Canada and the U.S., a legacy trail project is proposed in 2011 in time for the 200 year celebration in 2012. A preliminary concept was developed through City of Toronto Heritage & Culture and discussion are now beginning to look at the part of the trail that will cross Exhibition Place. \$0.500M is proposed in 2011 for this purpose.

6. Direct Energy Centre (\$0.455M)

(a) Structural Deficiencies - Sealant in Garage Slab on Grade, Sections B & C - the floor of the underground garage was pour-in-place concrete. A frequent problem for parking garage owners is controlling the spalling due to salt contamination and efflorescence emitted from the concrete in the summer turn the indoor garage into a dust zone. The only way to contain this type of deterioration is by re-sealing the floor with an exterior sealant that can sustain the damage by salt that was

brought in by vehicles entering in from outside. \$0.255M is proposed in 2011 for this purpose.

(b) Interior Walls, Ceilings & Finishes - Salons in DEC – Phase II - the 2006 Building Assessment and staff recommendation for the use and functional aspect of the building included upgrades to its high demand meeting rooms including electrical and AV be renovation and replacement of acoustical panels/walls. \$0.200M is proposed in 2011 for this purpose.

7. Food Building (\$0.100M)

VAC & Plumbing Deficiencies - Fire Protection System Code Retrofit - replacing outdated kitchen fire suppression system to meet current code and installing field devices and program upgrades to allow power shutdowns to the building without causing trouble alarms to the fire alarm system. \$0.100M is proposed in 2011 for this purpose.

There are no SOGR projects in 2011 for the Queen Elizabeth Building; Horse Palace; Coliseum Complex; Better Living Centre; Press Building; General Services Building; or Stanley Barracks.

A budget has been developed for Green Energy Initiatives Program; and Special Projects but funding has to be found outside the SOGR budget if any of these projects are to proceed. There is also 2011 funding for BMO Field which is funded from the BMO Field Capital Reserve account.

Contact:

Danny Chui, Manager of Capital Works

Tel: 416-263-3670

Fax: 416-263-3686

Email: dchui@explace.on.ca

Submitted by:

Dianne Young
Chief Executive Officer