



Exhibition Place

Item No. 2

October 22, 2014

To: The Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young, Chief Executive Officer

Subject: **City Loan Agreement for Retrofit of Lighting in Direct Energy Centre**

Summary:

This report recommends entering into loan agreement with the City of Toronto to provide funding for the upgrade of the lighting in the new halls of Direct Energy Centre.

Recommendation:

It is recommended that the Board enter into a loan agreement with the City of Toronto to provide funding for the retrofit of lighting in the new halls of Direct Energy Centre substantially on the terms and conditions outlined in this report and such other terms and conditions approved by the Chief Executive Officer and the City Solicitor.

Financial Impact:

The total fund available pursuant to this Loan Agreement is \$782,000. As part of the loan application, Exhibition Place had to present to the Better Buildings Partnership (BBP) a financial feasibility study which showed that the payback of this proposed loan from the energy savings would be 8.5 years.

Decision History:

The Exhibition Place 2014 – 2016 Strategic Plan had an Environmental Goal *to reduce the impact of our operations and our business on all aspects of the environment* and as a Strategy to support this Goal *we will reduce grid supplied electricity use*.

Issue Background:

In an effort to continuously improve on our sustainability mandate, Exhibition Place staff applied for a loan from the BBP to renew the lighting fixtures within the new halls of Direct Energy Centre. This project would change the lighting from 667 high pressure sodium fixtures to LED lights and also install a programmable energy control system.

Following review of the application, BBP and the City have approved a loan in the amount of \$782,000, the substantial terms and conditions of which are outlined in the body of this report.

Comments:

Generally, the details of this project are as follows:

- a. The scope of this project is to engineer and replace the existing 400 Watt high bay metal halide lights (approximately 667 fixtures) in the Direct Energy Centre Halls; A,B,C,D and Heritage Court, with possible 150 Watt LED lights combined with intelligent lighting Control.
- b. The proposed LED lights are approximately 62% more energy efficient, have an instant turn on capability rather than the 20 minute turn on period for metal halide lights.
- c. Intelligent light controls allow for dimming of lights as well as individual lighting control of each fixture including on/off and dimming.

The expected electrical savings from this project will be 583,400kWh/yr from the fixture conversion and 37,000kWh/yr savings from the intelligent lighting control for an expected total of 620,400kWh/yr. This translates to a reduction of the following greenhouse gas emissions of 150 metric tons of CO₂, 39 kg of SO₂ and 213 kg of NO₂. The energy savings are estimated to translate into reduced energy savings of \$69,259 annually. In addition, LED technology typically has very long life which will reduce operations costs for bulb replacement estimated to be \$39,310 annually.

Finally, the change to LED with the added programmable control technology will allow Exhibition Place to better service our customers because the intelligent lighting control will provide for individual fixture dimming control for all lights allowing both consistent lighting levels throughout the halls. It will also allow individual fixtures to be grouped or regrouped at any time through an easy graphic user interface to support the unique requirements of different exhibition and shows. This will also allow only the area of a hall that requires lighting to be lit as opposed to all hall area on or not, as is the case now. This feature may also reduce in some shows the requirements for additional specialty task/feature lighting providing cost savings to the exhibitors.

Substantial terms and conditions of the proposed loan agreement are as follows:

- a) The City agrees to provide financing to the Board in an amount of up to Seven Hundred and Eighty-Two Thousand Dollars (\$782,000) to be used by the Project.
- b) The Board shall repay the City in ten (10) equal yearly installments of One Hundred Thousand Four Hundred and Fifty Three Dollars and Fifty Six Cents (\$100,453.56), commencing October 1, 2016 or such lower amount depending on final determination of the interest rate to be charged by the City pursuant to paragraph (c) below.
- c) The principal amount outstanding shall bear interest at two percent above the Government of Canada bond yields per annum (Current Canada bond rate is 2.01%) or such other lower interest amount negotiated by the parties.
- d) Any full or partial installment that are in arrears beyond the first business day of periodic repayments shall bear late penalty interest
- e) The City will advance funds under this Agreement to a maximum of \$782,000 in one or more lump sum payments, upon receipt of evidence of the commencement of construction in a form satisfactory to the City.
- f) The Board shall obtain advance written approval from the City for any material change in the scope of the Project.
- g) The Board shall provide copies of all invoices for the Project to the City on a monthly basis;
- h) If the Board has not commenced work on the Project within six (6) months of the date(s) of disbursement of funds, then the City may, upon ten days written notice, in its sole discretion, terminate this Agreement.
- i) The Board will provide the City with copies of all energy bills; the Board's own metering data and/or allow the City direct access to utility information.
- j) The City reserves the right to publish any data, records or reports obtained from the Board in respect of energy savings and/or energy generation in whatever form the City sees fit.
- k) The parties agree that all emission reduction credits attributable to the Project shall become the property of the City, and the City shall make all decisions respecting the disposition of

the emission reduction credits consistent with Executive Committee Report EX31.15 "Revised Carbon Credit Policy and Revenue Opportunities" amended and adopted by City Council at its meeting of May 7, 8, 9 and 10, 2013.

- l) Within the repayment period, the Board will be obligated to participate in the Evaluation, Measurement and Verification initiatives and plans of the Environment and Energy Division.

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