



Exhibition Place

Item No. 16

ACTION REQUIRED

August 15, 2014

To: Board of Governors of Exhibition Place

From: Finance & Audit Committee

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

Summary:

This report details the proposed 2015 Capital Works Program as part of a ten-year program submission to the City of Toronto. The City practice is to set budget targets for a ten-year cycle, although detailed review is 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. Due to changes in the date submission schedule mandated by the City, this proposed program has been submitted to the City Financial Planning Department in June, 2014 with the understanding that the Board reserves the right to make changes to its content.

The SOGR Capital Budget debt target set by City Council for 2015 is \$4.235M. The SOGR Capital Budget being recommended is \$4.510M or an additional sum of \$0.275M in excess of the 10-year Debt Target. This additional amount is being recommended to fund the urgent need for upgrading the public address system at the Better Living Centre for \$.175M and interior lead capsulation at the BLC for \$.100M. In addition, \$0.610M has been added 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. A budget of \$0.085M is proposed for wayfinding to be installed prior to TO2015 and is being funded pursuant to the amendments to the Management Agreement as part of the BMO Field expansion.

These additional projects bring the total proposed 2015 Capital Budget to \$5.205M.

Even with the additional funding being recommended, the Net Accumulated Backlog at the end of 2014 for the grounds stands at \$15.147M and \$15.322 at the end of 2015

Recommendations:

It is recommended that as part of the ten-year (2015-2024) proposed program submission to the City of Toronto, the Finance and Audit Committee:

- 1) Approve the Proposed 2015 Above the Line Capital Works SOGR Budget of \$4.235M (City Debt Target);**
- 2) Approve the Proposed 2015 Below the Line Capital Works SOGR Budget of \$.275M (Excess of City Debt Target);**
- 3) Approve the Proposed 2015 Third Party Funding Capital Works Budget of \$.695M; and**

4) Request the City to adjust the Ten-Year (2015-2024) Debt Target for Exhibition Place to include the \$110,810M of essential SOGR capital requirements as detailed by year in the Below the Line section of the Proposed Capital Works Program; and,

Financial Impact:

The proposed 2015 Capital Works Program totals \$5.205 as a total program budget.

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.*

At its meeting of August 14, 2014, the Finance & Audit Committee reviewed subject report and recommended it to the Board for approval.

Issue Background:

In previous years and on an annual basis the Board has approved the Capital ten-year budget prior to its submission to the City. Since 2011, due to the scheduling requirements of City Council, Exhibition Place was requested to submit its budget by May/June. While submitted to City staff in the form attached, Exhibition Place will be notifying the City of any changes or directions made by the Board at a date in the near future.

Comments:

In previous years, the City set the capital works target for Exhibition Place of \$5.0M for 2009 to 2018, with the target for year 2011 and 2012 increased to \$6.0M. However, because of the Infrastructure Stimulus Fund Program (ISF) funding introduced in 2009 in the amount of \$27.37M for 2009 to 2011, projects slated to the latter nine (9) years were moved forward to these three years based on the 2009 submission. By doing so, the capital budget targets for the years 2010 to 2021 were decreased substantially and new targets for the net capital program budget were given to Exhibition Place, ranging from a maximum of \$4.550M in 2024 to a minimum of \$3.915M in 2016.

In order to formulate the Capital Program and as required by the City, building assessments were carried out for all the non-tenanted buildings during 2005 to 2007. These assessments were initially reviewed again by staff in April 2013 following the completion of ISF Program and revised building assessments by professional architects for both Direct Energy Centre and Coliseum Complex were launched in 2013 to re-evaluate the need for these two major show facilities. The final studies and recommended requirements were received early this year and the results now included in this ten-year capital program.

Attached as Appendix “A” is the proposed Ten-Year (2015-2024) Capital Works Program for Exhibition Place. The current year 2015 SOGR Capital Works Program totalling \$4.235M 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 (11% for 2015) – A capital project having an urgent requirement for repairs due to concerns of a health and safety hazard.
- Legislated/City Policy (5% for 2015) – Capital expenditure required by the Provincial or Federal legislation or compliance with City Policy.
- State of Good Repair (51% 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 (33% 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.

For information only, at the bottom of each building project spread sheet as well as on the summary sheet, there is a separate table showing the state-of-good-repair (SOGR) Building Assessment Backlog, the annual SOGR requirement, the SOGR submission for that year and the net SOGR backlog remaining for that same year, which is above and beyond the allowable net capital program funding.

Outlined below is a summary showing the capital net budgets approved by City Council for the previous 5 years including the current year, and the respective actual or estimated expenditures for the Capital Works Program.

Year	Approved Budget	Expenditure
2010	\$2.670M	\$2.670M
2011	\$1.905M	\$1.905M
2012	\$3.435M	\$3.435M
2013	\$5.565M	\$5.565M
2014	\$8.570M	\$6.400M (Estimated)

As mentioned in the summary, the original set target of \$4.235M for 2015 will not adequately address all the essential items. Even at this stage, this capital budget is not going to address all concerns arising from the ten (10) state-of-good-repair building assessments completed in 2007 and the two new revised assessments done in 2013 for the Direct Energy Centre and the Coliseum Complex along with staff revised assessment of other buildings done in the spring of this year.

The following is an outline of the seven (7) main projects within the 2015 Capital Works (Net) Program in order of priority with all projects to be funded by City debt. All budgets include estimated costs for engineering, construction, in-house work, project management, disbursements, and administrative charges where applicable but exclude the H.S.T.

1. Pre-Engineering (\$0.100M)

Study, Investigate, Design, Engineer & Check Various Buildings and Projects: This program supports all necessary state of the good repair (SOGR) 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. These assessments need to be revisited by professional engineers and architects; Direct Energy Centre and Coliseum was done in 2013. In 2015, Exhibition Place staff plan to develop a 15-year assessment for Allstream Centre which opened in October 2009. This line item also targets the required work and budget preparation for 2016 and beyond; along with any unexpected concerns that arise during a given year that need to be assessed.

2. Parks, Parking Lots, Roads (\$1.213M)

(a) Festival Plaza Development

As part of the Exhibition Place strategic goal, the Board, working with its planning consultants and key external stakeholders, developed a Festival Plaza plan in 2011. In the centre of the grounds bordered by Princes' Blvd. on the north, BLC on the west, Stanley Barracks on the east, and Lakeshore Blvd. on the south, this large parcel of land (11.9 acres) is to be transformed to a public gathering place for use in entertainment, cultural and public events. The area to be developed requires upgraded resurfacing and infrastructure support services and one third (1/3) of the area on the east end will be completed by the end of 2014. Surface treatment is to be usable for event space, pedestrians, parking and diverting surface storm water drainage. The next phase of the Festival Plaza development is two new washrooms to serve events using the space especially one in the west end next to the Better Living Centre. The new washroom design for the west was done primarily based on functional and seasonal use and in accordance with the AODA requirements. The service improvement budget of \$0.700M in 2015 is requested to be approved and allow construction starting after 2015 CNE and finishing in spring of 2016.

(b) Sidewalks, Pathways, Roads and Lots:

This project is recommended to prevent further deterioration of various sidewalks, pathways, and road sections on the grounds to eliminate any tripping hazards to avoid and reduce public liability. It also includes replacing damaged section of the roadways that are used for the Honda Indy track in accordance with the agreement between the Board and the Honda Indy. \$0.100M is set aside for this work in 2015.

(c) Street and Parking Lot Lighting Retrofit:

This project aims at the replacement of all existing end of life light standards such as the cobra poles in succession fashion as required with upgraded light standards as well as providing energy efficient LED lighting to the new Festival Plaza development areas. Programming of parking lot lighting to allow it to be turned off at night when no parking is required to conserve energy is being investigated but normal lighting must be maintained. \$0.100M is budgeted for this work.

(d) Fountain Retrofit at Various Locations:

On Exhibition grounds, there are numerous exterior fountains (8) with some that are listed in the Ontario Heritage Structures list. Those include the two Princes' Gate Lion Fountains, McGillivray Fountain, Peace Fountain, Princess Margaret Fountain, BLC and the Rose Garden east and west Fountains. These fountains were built in various years from as early as 1920 to the 1960's. As exterior fountains which are subject to outdoor elements, they are in various conditions and require retrofitting. Restoration to these fountains is a must for Exhibition Place to not only maintain the historical fixtures but also for public safety as well as pleasing to the eyes for millions of patrons on the grounds throughout the year. This initial SOGR budget of \$0.150M for this new retrofit line program is recommended.

(e) Way-Finding Program:

There is no existing way finding signage program on the grounds other than temporary event related signs. With 192 acres and over 5.3 million visitors to the grounds each year, a proper way finding system should be installed. Way finding will increase the efficiency of pedestrian and vehicle traffic during the operations of trade and consumer shows. This new service improvement project includes: replacing old electronic directional signage equipment in all show buildings; providing clear exterior direction to buildings and parking lots; providing directional signs at all key entrance points. It also includes providing appropriate site map location station to

direct pedestrians. These digital signs will allow for public service information to be displayed.

For 2015, a budget of \$0.163M of a total budget of \$0.248M is proposed for this essential service improvement program. As part of the City approval for the BMO Field expansion, MLSE is also contributing \$0.085M to this program in 2015, which is noted under item #17- Special Projects.

3. Mechanical / Electrical & Communication Infrastructure (\$0.825 M)

(a) Building Automation System:

The operation of Exhibition Place involves managing its many buildings (old and new). At present, there is a mixture of building automation systems on the grounds some of which are not functioning properly. Technology in this area has also changed drastically in recent years. Substantial energy efficiencies and savings can be achieved through 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. Exhibition Place is working with City officials in the Energy Efficiency Office, who are also upgrading the City systems. This line program, with a proposed budget of \$0.200M in 2015, was created as a SOGR long-term program to be implemented over several years, which is predicted to result in substantial energy savings.

(b) Transformers, Switchgears, Circuit Breakers and Feeder Replacement in all Substations:

As an established exhibition centre, many of the electrical installations (61) in all 38 substations share much of the history of its designated historic buildings. Electrical equipment is old and outdated, generally over 70 years old or more. Safety to the public and staff who work in these substations is a concern to all management staff and workers alike. While negotiation with Toronto Hydro to sell parts of this high voltage equipment is on-going, the switchgears and breakers at 600 volt and serve the power needs of events will still be under Exhibition Place management. Therefore, this SOGR line program, with a budget of \$0.200M proposed for 2015, maintains the needed replacement of this electrical system equipment. Unplanned outages or failure of the substation equipment could cause shows or events to be shut down for days as replacements are sought and adversely affect our ability to serve the needs of our clients and guests. More importantly, this program is also to maintain electrical equipment safety standard to protect staff who routinely work on it.

(c) Freight Elevator Safety Code Retrofit at Annexes:

The freight elevator in both the East and West Annexes of the Coliseum Complex are old and high in maintenance costs and require modification. They were identified by Technical Standard & Safety Authority (TSSA) in their bulletin (#243/10) which was sent to Exhibition Place for safety violation. These old elevators have only a single buried bottom cylinder which can fail in a catastrophic fashion. Therefore, TSSA has recommended replacing the existing single bottom cylinder with a new double bulkhead cylinder complete with corrosion protection in accordance with the Safety Code. This new health and safety project is to retrofit these elevators to conform to new safety standard and a budget of \$0.075M is estimated for the work.

(d) Escalators (2) Major Overhaul at Allstream Centre:

The existing two escalators in the Allstream Centre are over 20 years old. Recent inspection indicated water infiltration which caused rusting of the trailing step rollers and step chain. These issues have now shown signs of premature wearing and \$0.100M is budgeted for 2015 for this retrofit work to ensure no major breakdown in the future.

(e) Trunked Radio Repeater System Upgrade from Analog to Digital:

This trunked radio repeater system is presently mounted on the third floor of the Horse Place. The function of the radio system is to allow multiple radio channels to operate simultaneously

while making the best use of the frequency spectrum. Since its installation in 2003, the system has served its purpose providing a stable communication system for the operations of Exhibition Place and its partners. The average life span of a radio system is 10 to 12 years and since 2003 significant advancements in technology in the radio communication area have been made, which Exhibition Place can use to provide a stronger and more secure communication system in response to the TO2015 event. Over the past couple of years, staff has begun to upgrade the portable radios to the Kenwood NEXEDGE technology and the final piece of this project is to upgrade the system infrastructure itself which is this trunked radio repeater system upgrade. A budget of \$0.150M is proposed for this service improvement work.

(f) Transformers and Generators Retrofit and Overhaul at various locations:

FM Global Risk Report of 2013 reported a problem on many Exhibition Place fuel tanks which emergency generators are required to provide automatic shutoffs. If the diesel fuel vapor accumulates and becomes ignited, flame spread will result in extensive property damage and interruption of building operations. Code requirements can be met by installing fuel-leak detection at the floor level in the generator rooms, which is specifically connected to the fuel transfer pumps and building automation system (for alarm notification). The emergency generator rooms at Exhibition Place contain diesel fuel day tanks (of various sizes); some of which are fed by exterior buried bulk fuel tanks. Generators at the Better Living Centre, Midarch, North Extension and Substation X sites have larger generators with no fuel isolation capabilities which pose a major safety concern. \$0.100M is budgeted to fix this health and safety concern.

4. Direct Energy Centre (\$0.632M)

(a) Retrofit Salon and Equipment (Salon #106):

This proposed SOGR line program has been in place for a few years. Since the introduction of the ISF program, Salons 105, 107 and 109 were completed in 2010 and 2011, followed by Salon 103 in 2012, Salon 108 in 2013 and Salon 110 in 2014. It is proposed that Salons 101, 102 and 106 will be completely renovated in the next few years. Based on the building assessment and staff recommendation for the use and functional aspect of the DEC salons, they indicated that there is a need to replace and/or upgrade the high demand meeting rooms with new electrical and AV equipment. A budget of \$0.235M for 2015 for Salon 106 is proposed for this state of good repair project.

(b) Replace Chiller:

The 2013 building assessment audit recommended that the chillers are to be overhauled or replaced. The chiller plant with three (3) original chillers dating from 1997 is located in the basement at the west end of the Direct Energy Centre. On the roof above there are three (3) corresponding cooling towers. The chilled water system consists of three centrifugal chillers and one absorption chiller which was added to the system in 2004. Each chiller is provided with a dedicated circulation pump. The piping arrangement is such that only one pump can operate with a designated chiller. In case of failure of one component of chiller (pump or piping set), the entire set has to be taken off-line. Similarly, each chiller is provided with a dedicated cooling tower and circulating pump with no provision of operating a chiller with any other cooling tower or pump. It is recommended in 2015 to design an upgraded chiller plant and install the cooling tower header alterations for \$0.225M followed by the installation of a new chiller in 2016. Thereafter in future years, install a common chilled water supply and return header between the pumps and chillers with all pumps connected to the common header. This new pipe arrangement will allow operating any chiller with any pump for added redundancy and flexibility of the system.

(c) LED Lighting and Conservation/Demand Management:

DEC hosts over 180 events annually and is Canada's largest trade show facility at over one million square feet. The DEC new Halls A, B, C, D, and Heritage Court have a combined size of 620,540 square feet.

Stationary indoor lighting is an opportunity for saving energy and reducing greenhouse gas emissions. The lighting for each show held at the DEC consumes in the range of 48% of all electricity used by the building. The proposed retrofitting of 450W High Bay Metal Halide Lights with 150W LED Lights combines with intelligent lighting control will reduce DEC's annual Hydro consumption by approximately eight percent (8%) which translates to 620,409kWh, 151 tons of CO₂, 39 kg of SOX, and 250 kg of NO_x.

Presently, the DEC exhibit halls utilize a system of selective fixture activation to achieve three-set lighting levels, which historically was an appropriate strategy for the existing metal halide fixtures. With the advancement of powerful, yet energy efficient LED light fixtures, the opportunity for dimming comes at no extra cost. This dimming capability coupled with the proposed Energy Control System (Encelium) that are rated for both normal and emergency lighting control will have greater productivity and effectiveness for in-house staff servicing events, as well as the flexibility to tailor the lighting, by individual fixture, to the requirements of show managers, exhibitors, and any other clients' needs.

Finally, in addition to improving the efficiencies of service to our customers, the change to LED technology will have a positive impact on operational costs with less bulb replacements needed which in a unionized environment can result in a significant reduction in costs and allow for re-allocation of staff to other areas.

The total cost of the LED lighting retrofit and conservation/demand management is estimated at \$0.782M in which \$0.610M is being funded through recoverable debt by the City Energy Efficiency Office captured under item #16 – Green Energy Initiatives. A net capital funding of \$0.172M for service improvement is needed to supplement the full project implementation in 2015.

5. Coliseum Complex (\$0.230M)

(a) Ricoh Fire Alarm Upgrade:

The MXL fire alarm in the DEC is 19 years old and with over 200 shows a year, the system had numerous equipment failures, is over its rated life of 15 years, and will no longer be supported by the manufacturer at the end of 2017. The Building assessment done in 2006 recommended it to be replaced no later than 2018 and with Exhibition Place being a major site for the TO2015 event, a project to replace the system was introduced and funding of \$1.820M was approved by City Council as part of the 2014 Capital Program. The original scope of work and budget did not include the fire system panel upgrade at Ricoh Coliseum. However, during the design concept stage, it was determined that without replacing this last panel of Ricoh, a fire code violation would be created. It is estimated that replacement of the Ricoh Coliseum panel as part of the DEC Fire System replacement will cost \$0.230M and this amount is recommended to be included in the 2015 budget.

6. Queen Elizabeth Building (\$0.750M)

(a) Replace Roofs at Executive Offices:

The QE Building is made up of the QE Hall, QE Theatre and QE Executive Office. The roof of the QE Executive Office is well over 23 years. This SOGR roof replacement work was originally

approved for 2014 with a budget of \$0.350M. However, from the current design consultant, it was concluded that a budget of \$0.900M is required for the roof replacement work at the Offices. Therefore, an additional \$0.550M is now requested to be added to this roof replacement at the Executive Offices to be done in 2015. The existing membrane of QE office roof of 17,200 sq. ft. has a very little insulation value of less than R10 whereas a new standard for roof assembly insulation value is R22. The 2007 building assessment together with the updates from staff inspection show that in this QE Complex, numerous areas of water damages with saturated insulation, ripped PVC membrane, mechanical fasteners missing or backing out puncturing the membrane, ponding, air pockets below the membrane, and growing foliage at drains. With the approval of the work, the roof will be replaced with white cool roof and installed with R22 insulation where possible.

(b) Replace Fire Alarm System:

QE MXL fire alarm system is an old and at the end of the proposed work schedule these systems will be almost 18 years old. The existing systems have suffered from wear and tear issues and are near their useful life which will no longer be supported by the manufacturer in the near future. The objective of the Fire Alarm System Panel Replacement from MXL to XLS is to address functional and operational issues which will have a positive effect on the maintenance costs and also in keeping with the building standards in our competitive marketplace. Once complete, it is estimated that the new system will not need any further upgrades for 20 + years. The work will include the supply of all labour, equipment and materials for the system replacement at 3 panels in the Queen Elizabeth Building. It is therefore recommended to have a funding of \$ 0.200M in 2015 and \$0.230M in 2016 to completely replace the fire alarm system in Queen Elizabeth Building.

7. General Services Building (\$0.485M)

(a) Relocate and Construct Parking Office:

Parking offices are currently located in the Queen Elizabeth Building Executive Offices. However, the Executive Offices will be rented out to long term tenants in the near future and the Parking Offices at the North end of the area will have to eventually move. All staff located in the Executive Office will be relocating to the DEC by September 2014 and the parking staff by 2015. The parking management and administrative offices as well as the union staff facilities are to be relocated to an unfinished space in General Services Building second floor. The budget amount for the relocation for this service improvement project is \$0.200M to include all mechanical HVAC, electrical and partitioning of the approximately 2500-2700 square feet space required.

(b) Combined Passenger Elevator with Freight Elevator:

The General Services Building was built in the early 1900 as a power substation and maintenance shop. In 1960, renovations and additions were made with a second floor added to the original building and another two-story office building was attached to the south-east corner. At present, the building is used by all the Operations areas and the Records & Archives area, and soon to be Parking Offices as well. A freight elevator was built during the 1960 renovation to reach then the new second floor. In 2010, Technical Standard and Safety Authority (TSSA) issued a bulletin (#243/10) to Exhibition Place citing safety concerns of the freight elevator in which it is subject to a catastrophic failure and had set guidelines for monitoring the use. In addition to this, there is no handicap access possibility for both the public and staff which is in contravention of the AODA – *Accessibility for Ontarians with Disabilities Act, 2005*.

This health and safety project will remove the existing elevator, install new passenger/freight elevator with new cab, new control panel, add control panels on all floors, replace new jack assembly to double bottom jack to conform with AMOE code and new automated door and to

comply with AODA. \$0.285M is proposed for the work in 2015.

8. Better Living Centre – (\$0.275M)

- (a) Upgrade the public address system: please see item 8. (c)
- (b) Complete interior lead capsulation: please see item 8. (c)

9. Other Buildings - No projects in 2015

10. Horse Palace – No projects in 2015

11. Allstream Centre – No projects in 2015

12. Food Building – No projects in 2015

13. Press Building – No projects in 2015

14. Fire Alarm System – No projects in 2015

15. Green Energy Initiatives (\$0.610M)

- (a) Direct Energy Centre- LED Lighting and Conservation/Demand Management: please see item 4. (c) for details.

16. Special Projects (\$0.085M)

- (a) Way Finding Program: please see item 2. (e) for details.

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Submitted by:

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