



Exhibition Place

Item No. 8

June 11, 2014

To: Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young
Chief Executive Officer

Subject: **BMO Field – Executive Suites Mould Remediation**

Summary:

The purpose of this report is to seek the Board's approval for an amendment to the 2014 Capital Program in order to meet the financial limitations of the mould remediation costs in BMO Field and the Stadium Capital Reserve Fund.

Recommendations:

It is recommended that the Board approve the cancellation of the 2013 Capital Carry Forward of \$240,933 (CEX 131-14) into 2014 Capital Program for BMO Field.

Financial Impact:

The reduction of the 2014 Capital Program by \$240,933 being a carry forward from the unspent 2013 Capital Program will assist in covering the costs for the emergency repair and mould remediation and still leave a positive balance in the Stadium Reserve.

Decision History:

The Exhibition Place 2014 - 2016 Strategic Plan had a Financial Goal to *Effectively monitor costs and revenues* and as a Strategy to support this Goal we will *Ensure operating budgets are met or show a positive surplus to budget*.

At its meeting of October 19, 2005, the Board approved of entering into a project (construction) agreement, a management agreement, and facility usage agreements between the Board, the City and MLSE.

At its meeting of March 7, 2014, the Board approved a entering into a Letter of Intent (LOI) with MLSE and the City approving terms and conditions of an expansion of BMO Field.

At its meeting of May 23, 2014, the Board approved of the emergency repair and mould remediation within BMO Field which total \$610,256.25 and which costs are in addition to the upgrades to the suites approved by the Board as part of the 2014 Capital Program of \$390,000

Issue Background:

Unspent funds within the Capital Program are generally carried forward to the next year's capital program and then at the end of a 2-year period, if not spent, are removed from the program. The 2013 approved Capital Program for BMO Field had an under expenditure of \$241,000 for

building repairs/upgrades which was carried forward to 2014. If this carried forward amount was spent in 2014, along with the additional draw of \$ 610,256.25 for the mould remediation, the Stadium Reserve Fund would be in a deficit position.

Comments:

As reported to the Board at its meeting of May 23, 2014, the Capital Reserve Account held for the sole purpose of BMO Field had, as of December 31, 2013, a balance of \$741,264. The approved 2014 Capital Budget would require a contribution estimated to be \$417,000 bringing the balance to \$1,158,264. Withdrawals of \$390,000 for SOGR projects in BMO Field in 2014 left an estimated balance of \$768,264 which would be sufficient to cover the emergency mould remediation repair of \$610,256 and still leave an estimate of \$158,008 in the Reserve Account. However, if MLSE intended to spend the 2013 carry forward amount of \$240,933, the Reserve Account would be in a deficit of \$82,992.

In consultation with MLSE, there is no need to have the 2013 carry forward amount of \$240,933 in the 2014 Capital program as there is no project to address and this carry forward can be cancelled and City Finance have requested that the Board formally approve of this direction.

City Finance have also verified with Exhibition Place staff that the rebuild of the suites was not due to the negligence of the manager but related to the original manner of construction. Suites were constructed with drywall to the carpet tiles and so were prone to absorption of moisture which naturally seeps into the suites over the winter because they are not sealed completely, again from the original construction. However, rebuild of the suites after mould remediation now includes Dura rock and blocks to floor rather than just drywall. 2013 was a very bad year for moisture, floods and eventually mould which was experienced also in other locations at Exhibition Place.

City Finance has indicated that this Capital Budget revision and approval of the emergency expenditure for the mould remediation at BMO Field will be considered by Council in August, 2014.

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Submitted by:

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