



Exhibition Place

Item No. 13

May 9, 2014

To: Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young
Chief Executive Officer

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

Summary:

Mould and moisture were discovered in the executive suites and washrooms at BMO Field in January 2014. In an effort to be ready for Toronto FC opening day on March 22, 2014 a team was assembled to contract out the mould removal and have the suites fully operational for the commencement of the season in accordance with the obligations of the Licence Agreement between the Board, Maple Leaf Sports & Entertainment Ltd (MLSE) and MLS Canada ULC (the “Licence Agreement”).

Recommendations:

It is recommended that the Board:

- 1) Approve 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;**
- 2) Forward this report to the City of Toronto CFO to take any necessary action required by the City to allow a draw of this amount from the Soccer Stadium Reserve Account.**

Financial Impact:

Appendix “A” outlines the details of the work completed and associated costs for the mould remediation and reconstruction which total \$610,256.25. MLSE was in contact with their insurer about the expenditure to remediate the mould but it was determined that there was no recovery from an insurance claim.

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.

Issue Background:

Section 4.8 of the agreement between the City, the Board and MLSEL (the “Management Agreement”) sets out specifically how the parties are to address emergency capital repairs at BMO Field and provides that “by reason of circumstances beyond the control of the Manager, emergency, unforeseen or special circumstances warrant expenditures... which are in the opinion of the Manager required to be made for the safe furnishing, equipping, marketing, operation, management, supervision and direction of the Stadium ..., the Manager shall, with the prior approval of the General Manager, be entitled to make such expenditures...”. The section goes on to provide that such expenditures shall be paid from the Capital Reserve Account.

The Capital Reserve Account held for the sole purpose of BMO Field had, as of December 31, 2013, a balance of \$741,264. As reported in the 2014 Capital Budget approved by the Board and City Council, in 2014, there would be a contribution to the Capital Reserve Account estimated to be \$417,000 bringing the balance to \$1,158,264. However, the Board and City Council also approved withdrawals of \$390,000 for SOGR projects in BMO Field in 2014 leaving an estimated balance of \$768,264 which would be sufficient to cover the emergency mould remediation repair and still leave an estimate of \$158,000 in the Reserve Account.

In accordance with Paragraph Part II, 1(f) of the recently approved LOI, “MLSE shall guarantee that such remaining Capital Reserve Account funds are not less than \$400,000 and for clarity, if there is a shortfall relative to this amount in the Capital Reserve Account, MLSE shall contribute such shortfall amount for the purpose of the payment of the amount of \$400,000 to the Board”. Accordingly, if all funds are spent as noted above, on December 31, 2014, MLSE will be required to contribute an additional \$242, 00 to the Reserve Account to make up the difference to \$400,000. This amount may be less as MLSE in the process of designing the expansion will also be re-evaluating the 2014 SOGR Capital Budget and consequently, it may not need to spend all \$390,000 in 2014, however, at this point it is the approved SOGR budget for 2014.

Comments:

There are thirty (30) suites at BMO Field ranging from approximately 300 to 400 sq. ft. when conducting its pre-opening inspection of BMO Field to identify any repairs and maintenance required after the winter shut down signs of mould and moisture were detected in the carpet and drywall of the suites.

T. Harris Environmental Management Inc. (THEM) was immediately retained to perform visual assessments in conjunction with moisture measurements, ambient indoor air temperature, relative humidity measurements, and tape lift sampling for potential mould contamination within a representative number of suites. This initial assessment indicated the presence of mould and therefore was followed by destructive testing (i.e. cutting holes in gypsum board walls) was conducted at the time of investigation to determine if mould growth existed in the cavity of walls. THEM found large areas (20 square feet at some locations) of visible mould on the gypsum board and/or carpet tiles in each of the six suites. Tape lift samples were also completed and found spores/fungal growth in varying concentrations. The recommendation made by THEM was that the bottom 3 feet of gypsum board and all carpet be removed from all 30 suites followed by surface cleaning pursuant to a Hazard Category 2 remediation.

MLSE informed the Exhibition Place CEO of the emergency repair required in February 2014 and received approval in accordance with the Management Agreement to proceed to repair and remediate. MLSE tendered the work and BLT was awarded the project which included mould remediation and interior renovations, modification of the glass doors, sealant repairs, and significant waterproofing and drainage repairs. The work was completed on time to MLSE's satisfaction. The environmental consultant (THEM) was on site during the mould remediation work to ensure the sub-contractor was completing the remediation as per the recommended scope. Testing and review of each space was also completed prior to the remediation to delineate the extent of damaged material that required removal.

THEM was also on-site following the remediation work to review the space after the removal of the affected material. Based on the final visual inspections following the remediation work carried out by the environmental contractor, within suites 1 to 30, they concluded there were no signs of potential for any significant and/or further mould growth to occur at the time of inspection. Tape samples were also collected following the remediation, all of which did not show any signs of fungal growth.

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Submitted by:

Dianne Young
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Appendix "A"

Description	Amount
Mould remediation (drywall, insulation, and carpet removal) and replacement of damaged drywall, insulation, metal studs. Removal and reinstallation of millwork.	191,800.00
Painting of all suites following drywall work	41,925.00
Supply and installation of carpet tiles	58,100.00
Environmental consultant review and testing (T. Harris Environmental)	19,517.40
Electrical and mechanical labour required to remove and reinstall HVAC and plumbing equipment to complete work	34,000.00
Access, mobilization, and all other items	130,000.00
Suite washrooms remediation and renovation	52,496.35
New millwork to replace water and mould damaged items	45,000.00
Project management and owner's representative (Halsall Associates)	30,000.00
Local roof repairs completed as needed during renovations	7,417.50
Total	\$610,256.25