



20 REVISED

EXHIBITION PLACE

April 30, 2008

ACTION REQUIRED

To: Business Development Committee of
The Board of Governors of Exhibition Place

From: Dianne Young
CEO

Subject: **Conference Centre May 2008 Update**

Summary:

At its meeting of March 19, 2008, the Board approved of awarding to Vanbots Construction Corporation the contract for the renovation and retrofitting of the existing Automotive Building into a conference centre in the amount of \$33,450,000, excluding GST; this being the lowest tender received.

The final construction agreement between Vanbots and the Board was negotiated and executed on April 11th and the site was handed over to Vanbots and demolition began of some interior fixtures. The schedule for completion would see substantial completion by May 5, 2009; commissioning for LEED certification by May 20, 2009; and owner move-in starting May 20, 2009 with opening day scheduled for on or before June 9, 2009.

The original RFP and accepted bid from MHPM Project Managers Ltd. provided for a sliding scale of fees over the 21.5 months of the design, tender and construction of the project. With the change in project from a "guaranteed maximum price" structure to a "stipulated price" structure; the level of activity required from the project manager; the complicated issues that have arisen and the substantial extension of the term of the project, it is necessary to extend the term of the MHPM agreement by 7.5 months at a cost of \$115,000.

Recommendations:

It is recommended that the Board extend the term of the agreement with MHPM Project Managers Inc. by 7.5 months at a total cost of \$115,000 to be drawn down from the project contingency.

Financial Impact:

The additional cost for MHPM Project Managers Inc. of \$115,000 would be funded from the project contingency.

Decision History:

Board of Governors, November 3, 2006	Approval of business terms for an exclusive food services agreement between the Board and Centreplate and the National Hotel Corporation (the "FSP") related to the provision of food and beverage services within the proposed Conference Centre in the renovated Automotive Building.
Board of Governors, December 15, 2006	Approval of the terms and conditions of the full LOI between the Board and the FSP for food services within the renovated Conference Centre and the financial proposal for the proposed Conference Centre which included a loan from the National Hotel Corporation for part of the construction costs.
City Council, March 5 & 6, 2007	Approval of LOI between the Board and the FSP for exclusive food services in the proposed Conference Centre. In addition, approval of a recommendation which deleted the need for financing from the National Hotel Corporation and replaced this financing with a City loan of \$21.2M
Board of Governors, May 4, 2007	Approval of the engagement of NORR as the design architect on the Conference Centre project at a total fee of \$968,000 (excluding GST) for Phases I & II and the project schedule.
Board of Governors November 7, 2007	Approved of the increase in the overall Conference Centre capital budget from \$29.0M to \$46.88M with request to City Council to increase its loan to the Board from \$21.2M to \$35.6M with an increase in the interest rate from 4.75 to 5.0 percent and an increase in the amortization period from 20 to 25 years; and request for the depletion of the full Exhibition Place Capital Reserve.
City Council, December 10, 11, 12, 13 & 14, 2007	Approval of the Board's recommendation as noted above and in addition, increase the term of the loan from twenty to twenty-five years and establish an obligatory reserve fund, called the "Exhibition Place Conference Centre Reserve Fund" to provide a source of funding for any shortfalls in loan payments to the City from Exhibition Place for a new conference centre and direct revenues from the Direct Energy Centre and the Conference Centre naming rights agreements into the fund along with any 2007 operating surplus for Exhibition Place.
Board of Governors, December 7, 2007	NORR Management Group presented a detailed power-point presentation was made with respect to the proposed design of the Conference Centre, which was unanimously received for information by the Board.
Board of Governors, January 25, 2008	Update of financial details, budget requirements and provide the explanation of the increase on costs for construction and professional services; also attaching to the update was the City Council Decision of December 2007 and supporting report of the Deputy City Manager and CFO. Report deferred to next meeting of the Board on March 6, 2008

Board of Governors March 6, 2008	Update financial details, budget requirements and explain the increase costs for construction and professional services. Approval of amendment to the NORR Architectural fees; also attaching to the update was the City Council Decision of December 2007 and supporting report of the Deputy City Manager and CFO.
Board of Governors March 19, 2008	Award of main construction contract to Vanbots Construction Corporation at a cost of \$33,450,000, excluding GST

Issue Background:

Because of the need to seek additional funding from City Council and the decision to tender the contract only after completing 100% design, the timeframe for the design, construction and commissioning of the Conference Centre was extended by 7.5 months requiring an extension of the term of the agreement with MHPM Project Manager.

Comments:

The original RFP and accepted bid from MHPM Project Managers Ltd. provided for a sliding scale of fees over the 21.5 month design/construction schedule: \$22,000 per month for first 4 months; \$10,000 for July; \$15,000 per month from August 2007 to February 2008; \$12,000 per month from March 2008 to September 2009; and \$10,000 for one-month post-construction. With the change in work schedule from a "guaranteed maximum price" structure to a "stipulated price", the level of activity required from the project manager; the complicated issues that have arisen; and the substantial extension of the term of the project, MHPM Project Managers Ltd. have provided a proposal which takes into consideration these changes as based on the rates proposed in the RFP response. Basically, the time-frame of the project has been extended from 21.5 months to 29 months and required the additional services: 0.5 of design and costing work all of July 2007 (\$12,000); additional 1 month of substantial re-design work (roofing & structural issues) (\$22,000); 3 months of reviewing of design/tender (\$15,000 per month); and 3 additional months of construction work (\$12,000 per month). Altogether an extension of the MHPM Project Managers Ltd. to complete project is \$115,000 which is being recommended as a draw from contingency.

Now that the project is underway, several activities will be taking place simultaneously and information brought forward to the Business Development Committee on a monthly basis (or more frequently if needed). These activities include the following:

- Drafting and issuance of an RFP for the supply and installation of carpet (on a lease base if possible)
- Drafting and issuance of RFQ for furniture, fixture and equipment
- Drafting of Heritage Easement agreement with the City
- Drafting of Exclusive Catering Agreement with Centerplate and George Friedmann
- Development of heritage interpretation materials and program
- Receipt of planning approval of site plans through the alternative Exhibition Place approval process

- Issuance of demolition permit and building permit
- Revision based on the final construction drawings of the LEED Silver assessment tool by Enermodal
- Applications to all appropriate organizations for possible additional funding (ie energy initiatives)
- Development of marketing materials and marketing plan for the Conference Centre

MHPM Project Managers Inc. will be providing monthly status reports which will be brought forward to the Committee for consideration. These status reports include the construction budget and expenditures to date against that budget; the construction schedule and actual completion of tasks; change orders requested and/or issued; and a risk register. Certainly, one of the major risks in any major renovation of a 100-year old structure are building conditions that are unknown to all the parties and appear as the project proceeds and must be addressed. For this reason, MHPM Project Managers Inc. are advising as little draw down from the contingency as possible at the beginning of the project in case unexpected (and costly) circumstances arise during the demolition.

Contact

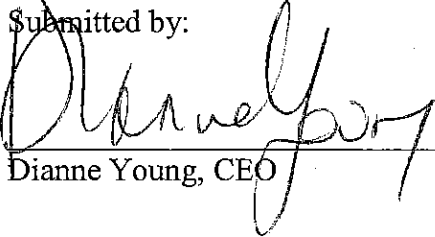
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Submitted by:


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