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**ACTION REQUIRED**

October 24, 2008

To: The Board of Governors of Exhibition Place

From: Dianne Young  
Chief Executive Officer

Subject: **Agreement to Supply & Install Carpeting – Allstream Centre Project**

**Summary:**

The intent of this report is to provide further information as directed by the Board on the financial impact of the Conference Centre Carpet RFP reported to that Board at its meeting of September 19, 2008 in Report # 15 dated September 9, 2008 from the Chief Executive Officer entitled “Agreement to Supply Carpeting – Allstream Centre Project”.

The September report sought approval by the Board will result in an expenditure of \$637,000.00 plus GST, of which \$200,000 will be funded from the Conference Centre contingency and \$437,000 from the Board’s own cash flow. This amount was reflective only of the supply of carpet from the successful bidder, A. Buchanan Floor Coverings Ltd. (“Buchanan”). In addition to the supply cost, there is the cost of installation which work has been assigned to Vanbots Construction as general contractor for the project. The cost of installation by Vanbots is \$132,900 inclusive of Vanbots fee.

The September report also proposed that \$200,000 of the carpet supply cost be funded from the Conference Centre contingency and \$437,000 from the Board’s own cash flow, that is, monies held in term investments, the cost will be amortized over a useful life of 10 years as a charge against the Conference Centre operations beginning in 2009 with the opening of the facility. However, given the issues with the level of contingency for the project as noted in the Conference Centre Update report before the Board, staff are now recommending that the total cost of the supply and installation be funded from the Board’s own cashflow as was originally planned when the Conference Centre project was approved by the Board and City Council.

**Recommendations:**

**It is recommended that the full cost of supply and installation of the carpet for the Conference Centre be funded from the Board’s own cash flow amortized over a useful life of 10 years and charged against the Conference Centre operations beginning in 2009.**

Financial Impact:

Approval of an agreement with Buchanan will result in expenditures of no more than \$769,900.00, for the base bid as detailed below which includes \$637,000.00 plus GST, for the supply only and \$132,900.00 plus GST for labour installation costs which will be managed by Vanbots. Funding for the entire cost will be from the Board's own cash flow amortized over a useful life of 10 years as a charge against the Conference Centre operations beginning in 2009 with the opening of the facility which will result in a charge against this operating entity of approximately \$76,990 per year.

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 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.
Board of Governors May 2, 2008	Board extended 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.
Board of Governors September 19, 2008	Board approval of A. Buchanan Floor Coverings Ltd for the supply and installation of the carpet

Issue Background:

The September Report recommended an award in favour of Buchanan for the supply of carpeting in accordance with their base bid. As outlined above, in addition to the supply price of \$637,000.00, there is an additional installation cost of \$132,900.00 plus GST which includes a mark-up on only this installation cost by Vanbots Construction which will be managing the installation.

Comments:

For greater clarity the total pricing bid by the proponents is outlined below. In addition, Vanbots Construction will charge its normal mark-up on only the installation (not supply) cost.

Bidder	Bid Type	Price Complete, Inclusive of all labour, materials and equipment, excluding GST	Price to supply, plus GST	Price to install, plus GST
North Wood Carpet & Tile Company Ltd.	Alternate bid	\$488,000.00	\$367,540.00	\$120,460.00

C.J. Duguid Flooring (Ontario) Ltd.	Alternate bid #1	\$545,234.28	\$340,315.78	\$204,918.50
A. Buchanan Floor Coverings Ltd	Alternate bid	\$692,900.00	\$570,000.00	\$122,900.00
A. Buchanan Floor Coverings Ltd	Base bid	\$759,900.00	\$637,000.00	\$122,900.00
C.J. Duguid Flooring (Ontario) Ltd.	Alternate bid #2	\$796,432.50	\$536,959.64	\$259,472.84
C.J. Duguid Flooring (Ontario) Ltd.	Base bid	\$851,120.37	\$646,146.17	\$204,974.20
North Wood Carpet & Tile Company Ltd.	Base bid	\$979,000.00	\$834,000.00	\$145,000.00

Contact

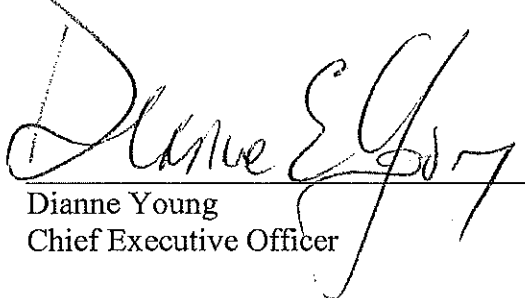
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Submitted by:



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