

# Analyst Briefing Notes

## Budget Committee

November 3, 2009

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**PART I: CAPITAL PROGRAM****Executive Summary**

- The 10-Year Recommended Capital Plan provides funding for Exhibition Place to maintain City-owned buildings and structures on the 192-acre site in a state of good repair and support service improvements that aligns with Council's priorities, which include increasing Toronto's international profile, generating economic stimulation, and achieving energy efficiency.
- The following summarizes the allocation of the 10-Year Recommended Capital Plan of \$60.062 million by project:
  - *Coliseum Complex* buildings account for \$11.105 million or 18.5% of the 10-Year Recommended Capital Plan for roof and window replacements, HVAC and electrical system upgrades and structural and building envelope improvements.
  - *Green Energy Initiatives* projects represent \$9.390 million or 15.6% for 2 one-mega watt photovoltaic energy system for the Horse Palace, Better Living Centre and other buildings, a new natural gas emergency generator for the General Services Building, and a back-pressure turbine for the Coliseum Complex.
  - Projects for *Other Buildings* represent \$8.945 million or 14.9% for heritage restoration and repair of the Automotive Building (Allstream Conference Centre) and the Princes' Gates.
  - *Better Living Centre* accounts for \$6.495 million or 10.8% for roof replacement, Clerestory windows replacement and building envelope upgrades for HVAC, electrical, plumbing, automatic sprinkler and fire alarm systems.
- The 2009 Approved Capital Budget of \$54.383 million was 40.4% or \$21.970 million spent, at September 30th, 2009. Actual expenditures by year-end are anticipated to be \$36.468 million or 67.1% of the 2009 Approved Capital Budget. This represents a projected increase of \$1.107 million in capital spending over the 2008 spending rate of \$35.361 million or 3.1%.
  - Projected year-end under spending of \$17.915 is attributed to the delay in securing contract agreements for the *Green Energy Initiatives* projects. Exhibition Place is continuing to negotiate, but expects these projects to be deferred to 2010 once the agreements are completed and third party funding is secured.
- The 10-Year Recommended Capital Plan totals \$60.062 million, of which \$43.379 million is projected for the first 5 years, with the final 5 years totalling \$16.683 million.
  - Funding sources over the 10 year period planning horizon include \$40.306 million from debt, \$7.321 million from the Federal government's Infrastructure Stimulus

Fund (ISF), \$0.329 million from the Soccer Stadium (BMO Field) Maintenance Reserve Fund, and \$12.106 million from third-party grants, loans and other contributions.

- The 2010-2019 Recommended Capital Plan for Exhibition Place is at the debt affordability target of \$40.306 million over the ten years of the Capital Plan.
- Changes to the 2009-2018 Approved Capital Plan amount to \$6.411 million or 10.3% decrease compared to the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan. Most of the change is due to \$5.405 million of total project cost for ISF approved projects brought forward into 2009. ISF projects over the 10-year Capital Plan include; Roof replacements at the Coliseum Complex's East Annex, North Extension and Industry Buildings with change of \$1.000 million; Electrical, HVAC, Plumbing, and other building envelope upgrades at the Better Living Centre with change of \$0.750 million; and the Princes' Gates and Automotive Building Restoration projects with changes of \$1.000 million and \$1.250 million respectively.
- Exhibition Place has approved funding in the 10-Year Recommended Capital Plan for projects from the Federal government's ISF program totalling \$27.370 million, with \$17.730 million in 2010 and \$4.235 million in 2011, enabling these projects to proceed with 1/3 federal stimulus funding of \$9.124 million. Projects approved for funding include the Automotive Building Restoration, Princes' Gates Restoration, Better Living Centre, Coliseum Complex Roof Replacement, Horse Palace Rood Replacement, Coliseum Complex-Industry Building-Window Replacement, Press building and the Direct Energy Centre- Bud Duct Installation.
- At December 31, 2009, Exhibition Place's accumulated state of good repair backlog on 10 buildings and structures is projected at \$13.220 million, and is expected to increase to \$29.470 million by 2019. Debt funding limitations and on-going maintenance requirements on the 192-acre site represent the biggest challenges in reducing the backlog. The total replacement costs for Exhibition Place assets are estimated at \$634.343 million at the end of 2009. SOGR backlog rate as a percentage of replacement cost is 2.1% at the end of 2009 and will be 3.8% at the end of 2019.
- The 10-Year Recommended Capital Plan provides funding to advance the following priority actions outlined in the Mayor's and Council's policy agenda:
  - **Climate Change Adaptation, Clean Air and Sustainable Energy Action Plan:** By promoting energy self-sufficiency, Exhibition Place's 10-Year Recommended Capital Plan includes funding for Green Energy Initiative; namely includes the 2 one-mega watt photovoltaic energy systems for the Horse Palace (\$1.100 million) and Better Living Centre and Other Buildings (\$6.900 million); new natural gas emergency generator for the General Services Building (\$0.350 million); and a back-pressure turbine system for the Coliseum Complex (\$0.540 million).
  - In support of the City's **Prosperity Agenda**, Exhibition Place places great emphasis on attracting major international events, conferences, trade and

consumer shows and exhibits to the City. The 10-Year Recommended Capital Plan includes funding of \$2.065 Million for the restoration of the Automotive Building which is reinvigorated as a new meeting and conference centre (Allstream Conference Centre); \$0.329 million for the National Soccer Stadium (BMO Field); and \$4.780 million for the Direct Energy Centre, which is a major City meeting and conference hub.

- To ensure a **Clean & Beautiful City**, Exhibition Place's 10-Year Recommended Capital Plan provides funding for the construction and beautification of key public spaces. \$5.500 million is recommended for the Princes Gates' Restoration, which provides a background for the Toronto Honda Indy, the Canadian National Exhibition (CNE), Caribana and other City festivals.
- The 2010 Recommended Capital Budget for previously approved and new/change in scope projects of \$26.769 million is 60% allocated to state of good repair projects at \$15.850 million; 28% to service improvement projects at \$7.569 million; 11% to health and safety projects at \$3.000 million; and, 1% or \$0.350 million to legislated projects.
- Approval of the 2010 Recommended Capital Budget will result in a commitment to future year funding for new/change in scope projects of \$0.100 million in 2011.
- The 2010 Recommended Capital Budget of \$26.769 million provides funding for Exhibition Place to:
  - Continue to achieve energy sufficiency by promoting energy reduction and green technology projects including the photovoltaic energy systems (\$4.000 million).
  - Complete much-needed roof and window replacements that provide energy savings and improves the conditions of the City-owned buildings. (\$4.960 million).
  - Continue with building and system upgrades that generate operational efficiencies and enhances employee and customer safety. These include building envelope and fire system upgrades (\$3.445 million).
  - Address heritage and structure restoration needs at the Automotive Building and Princes' Gates (\$6.065 million).

## **Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2010 Recommended Capital Budget for Exhibition Place with a total project cost of \$9.139 million, and 2010 cash flow of \$26.769 million and future year commitments of \$4.335 million comprised of the following:
  - a) New Cash Flow Funding for:
    - i) 29 new/change in scope sub-projects with a 2010 total project cost of \$9.139 million that requires cash flow of \$9.039 million in 2010 and a future year commitment of \$0.100 million in 2011;
    - ii) 10 previously approved sub-projects with a 2010 cash flow of \$17.730 million and a future year commitment of \$4.235 million in 2011;
2. Council approve new debt service costs of \$0.067 million in 2010 and incremental debt costs of \$0.283 million in 2011, and \$0.011 million in 2012 resulting from the approval of the 2010 Recommended Capital Budget, to be included in the 2010 and future year operating budgets;
3. Council approve the 2011-2019 Recommended Capital Plan for Exhibition Place totalling \$28.958 million in project estimates, comprised of \$3.305 million in 2011; \$1.935 million in 2012; \$0.820 million in 2013; \$6.215 million in 2014; \$2.615 million in 2015; \$3.860 million in 2016; \$3.360 million in 2017; \$2.875 million in 2018; and, \$3.973 million in 2019; and,
4. Council approve conditionally all sub-projects with third-party funding, subject to the receipt of such funding during 2009 and if such financing is not forthcoming, their priority and funding be reassessed by City Council relative to other City-financed priorities and needs.

## PART I: CAPITAL PROGRAM

### 2009 Capital Variance Review

2009 Budget to Actuals Comparison - Total Gross Expenditures (\$000s)					
2009 Approved	Actuals as of Sept. 30th (3rd Qtr Variance)		Projected Actuals at Year End		Balance
\$	\$	% Spent	\$	% Spent	\$ Unspent
54,383	21,970	40.4%	36,468	67.1%	17,915

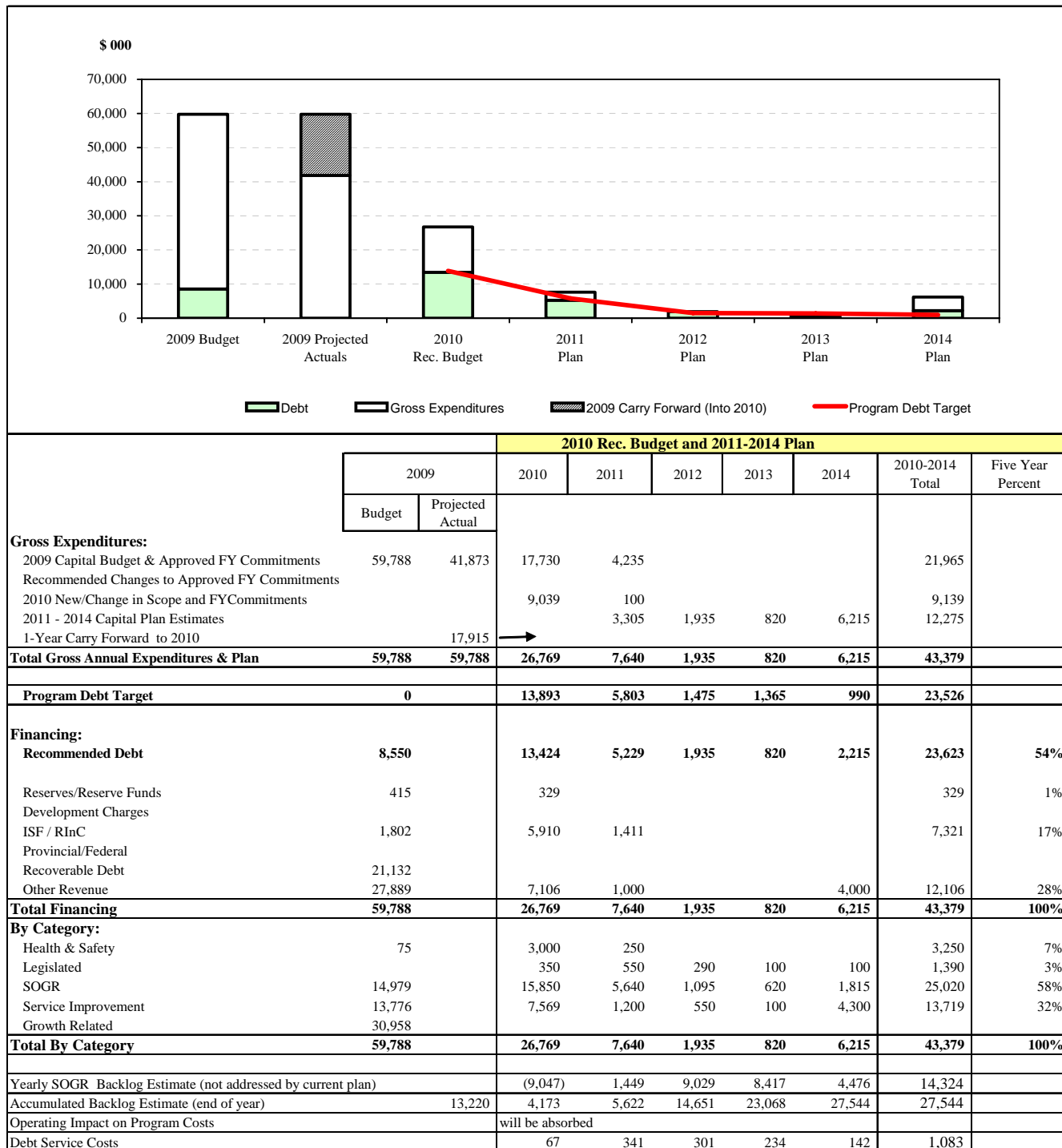
Exhibition Place's capital expenditures for the period ended September 30, 2009 totalled \$21.970 million or 40.4 % of the 2009 Approved Capital Budget of \$54.383 million. Exhibition Place forecasts that the total capital program spending at year end will be \$36.468 million or 67.1% of its 2009 Approved Capital Budget. Projected year-end under spending of \$17.915 million is attributed to the delay in securing contract agreements for the *Green Energy Initiatives* projects. Exhibition Place is continuing to negotiate, but is expecting to defer these projects to 2010 once the agreements are completed and third party funding is secured.

Exhibition Place spent \$3.237 million or 33.9% of the 2009 Approved Capital Budget for *State of Good Repair* projects and is projecting \$4.354 million or 45.5% spending at year end. The projected year-end spending is lower than last year's rate of 70.9% (\$3.008 million) due to the delay in securing funds for the *Green Energy Initiatives*.

Exhibition Place was not affected by the 2009 summer labour disruption.

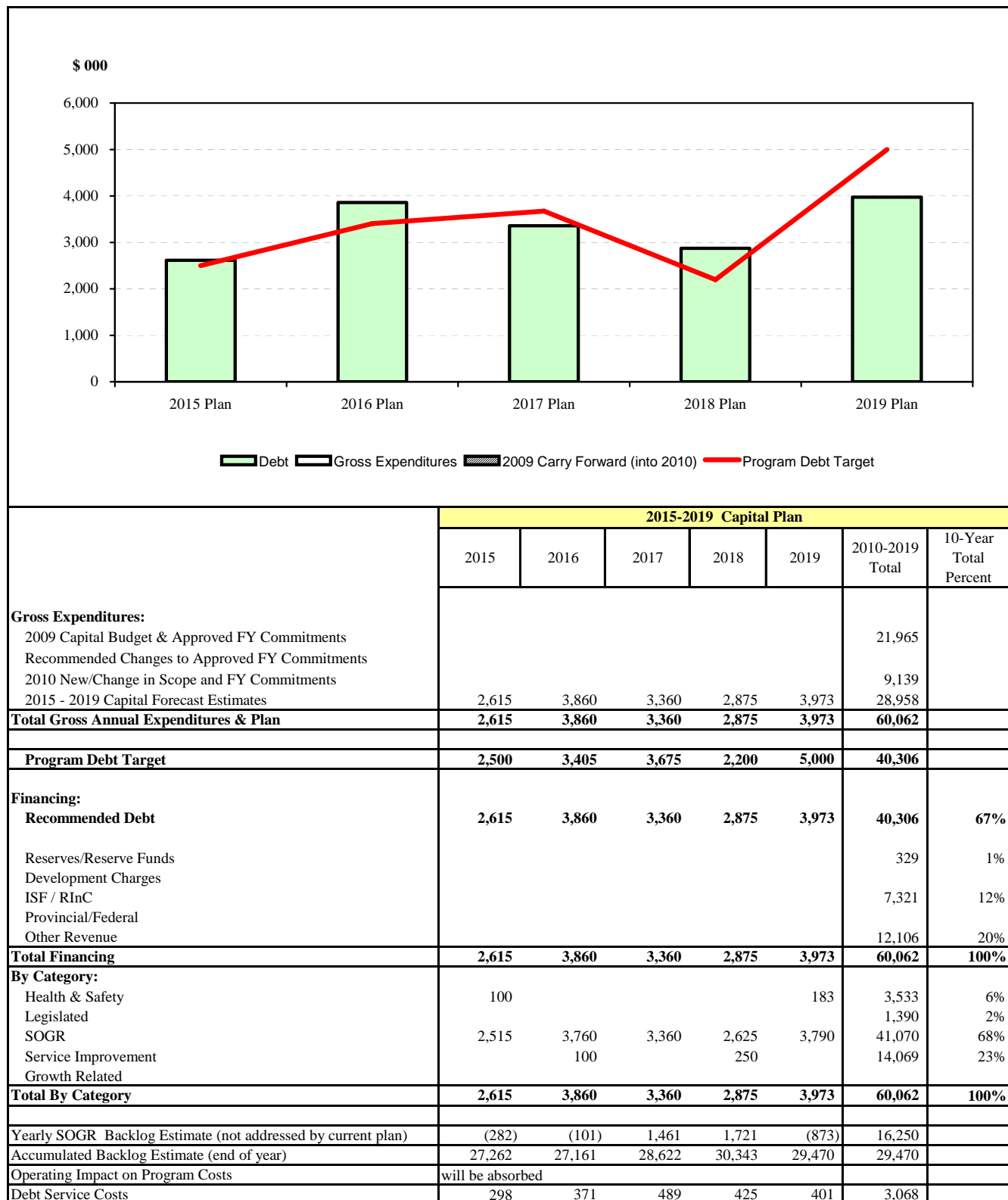
# 10-Year Capital Plan

## 2010 Recommended Capital Budget, 2011-2014 Recommended Capital Plan



## 10-Year Capital Plan

## 2015-2019 Recommended Capital Plan





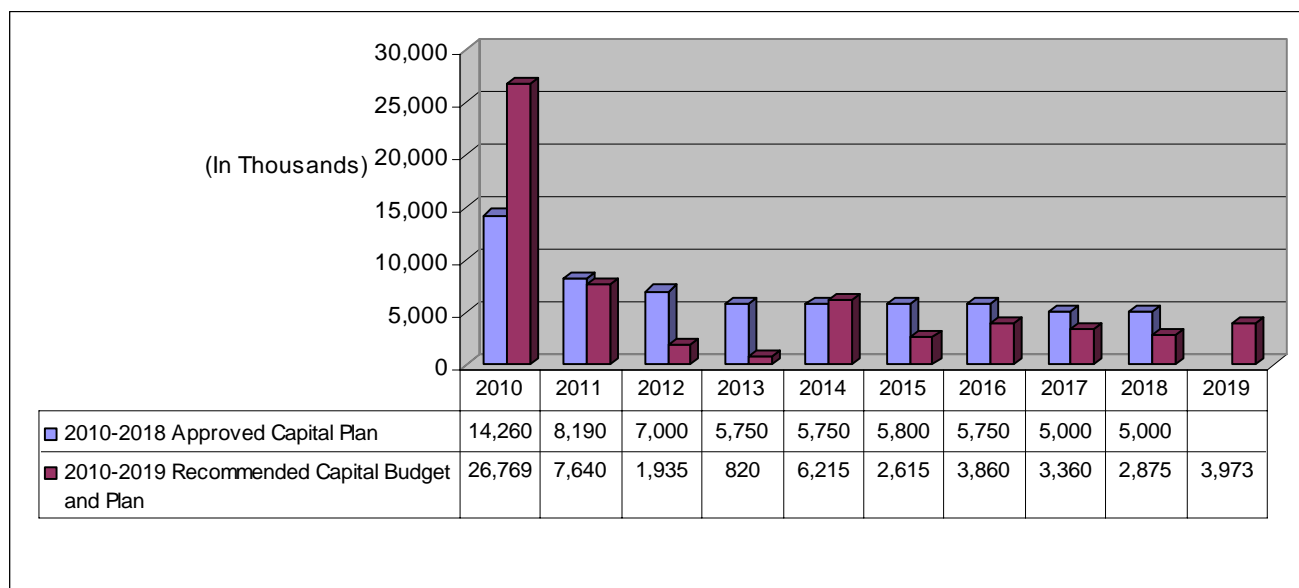
## 10-Year Capital Plan Overview

- The 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan provides funding for Exhibition Place to maintain the City-owned buildings and structures in a state of good repair and generate service improvements that aligns with Council's priorities, which include increasing Toronto's international profile, generating economic stimulation, and achieving energy efficiency.
- The 10-Year Recommended Capital Plan for Exhibition Place includes projects totalling \$60.062 million gross and \$40.306 million debt. Over the 10 year period, \$7.321 million will be funded from the federal government's Infrastructure Stimulus Fund, \$0.329 million will be funded from the Soccer Stadium (BMO Field) Maintenance Reserve Fund, and \$12.106 million will be funded from other revenues and third-party funding.
- The following summarizes the allocation of recommended funding by project category in the 10-Year Recommended Capital Plan:
  - *State of Good Repair projects* address the renewal needs of aging and deteriorating infrastructure. Projects that maintain assets in a state of good repair represent 68.4% or \$41.070 million of the total planned cash flow of \$60.062 million. Significant SOGR projects include the Princes' Gates Restoration, Automotive Building Restoration, and roof and window replacements at the Coliseum Complex's Industry and East Annex buildings.
  - *Service Improvement projects* account for 23.4% or \$14.069 million of the total planned cash flow in the 10-Year Recommended Capital Plan expenditures. Key service improvement projects include improvements to the National Soccer Stadium (BMO Field), additional equipment storage capacity at the Better Living Centre, and the provision of photovoltaic systems at the Horse Palace and other buildings.
  - *Health and Safety projects* represent approximately 5.9% or \$3.533 million of the total planned cash flow in the 10-Year Recommended Capital Plan. Fire safety requirements for automatic sprinkler and fire evacuation systems at the Better Living Centre are major projects for this category.
  - *Legislative projects* account for 2.3% or \$1.390 million of funding in the 10-Year Recommended Capital Plan. This includes a Building Waste Management System project set up to help Exhibition Place meet the City's waste diversion target of 70%.
- At December 31, 2009, Exhibition Place's accumulated state of good repair backlog on 10 buildings and structures is projected at \$13.220 million. ISF funded projects will significantly reduce the backlog to \$5.622 million by 2011 but the backlog is then expected to increase to \$29.470 million by 2019. Debt funding limitations and on-going maintenance requirements on the 192-acre site represent the biggest challenges to reducing the backlog.
- Based on an asset value of \$634.343 million, the backlog represents 2.1% at the end of 2009 and will increase to 3.8% by the end of 2019.

## Key Changes to the 2010-2018 Approved Capital Plan

The following highlights the changes from the 2009-2018 Approved Capital Plan with the 2010-2019 Recommended Capital Budget and Plan. As outlined in the table below, the 2010 Recommended Capital Budget of \$26.769 million in cash flow represents an increase of 87.7% or \$12.509 million compared to 2010 Approved Capital Plan estimate of \$14.260 million in 2009.. The decrease over the 9 year period in the 2010 Recommended Capital Budget and 2011-2018 Recommended Capital Plan is \$6.411million or 10.3 %.

### Changes to the 2009-2018 Approved Capital Plan



The majority of the decrease is primarily due to the ISF Program. ISF projects brought forward into 2009 totalled \$5.405 million. By receiving ISF funding, Exhibition Place is able to start and complete projects earlier over the 2009 to 2011 period, as opposed to the prior plan which projected spending into 2018. Significant changes over the 2010-2018 period include:

- Roof replacements at the Coliseum Complex's East Annex, North Extension and Industry Buildings with decreases in funding of \$1.000 million.
- Electrical, HVAC, Plumbing, and other building envelope upgrades at the Better Living Centre with a decrease in funding of \$0.750 million.
- Princes' Gates and Automotive Building Restoration with decreases in funding of \$1.000 million and \$1.250 million respectively.

### Summary of Project Changes

Key Projects (\$000's)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2010 - 2018
ISF funded projects:										
Automotive Building Restoration	1,365	(615)	(1,000)	(500)	(500)					(1,250)
Princes' Gates Restoration	3,500	500	(1,400)	(1,600)	(1,000)	(1,000)				(1,000)
Better Living Centre - Bundle	3,250	1,055	0	(340)	(750)	0	(785)	(380)	(2,800)	(750)
Coliseum Complex Roof Replacement	4,000	780	(950)	(780)	(1,760)	(1,500)	(530)	(260)		(1,000)
Coliseum Complex - Industry Building - Window Replace	1,620	(550)	(875)	(415)			(280)			(500)

## Project Financing

Exhibition Place's 10-Year Recommended Capital Plan relies primarily on debt funding of \$40.306 million or 67% of the total of \$60.062 million. Funding from ISF of \$7.321 million or 12%, from reserve funds of \$0.329 million or 1% and from third-party grants and loans, recoveries and other contributions of \$12.106 million or 20% make up the balance.

## 10-Year Recommended Capital Plan Versus Multi-Year Debt Targets

The 2010-2019 Recommended Capital Plan for Exhibition Place is at the debt affordability target of \$40.306 million over the ten years of the Capital Plan timeframe. Exhibition Place is below the annual debt targets in 2010 and 2011, by \$0.469 million and \$0.574 million respectively, with variance increases or decreases over the debt target annually over the 2012-2019 horizon, as outlined in the table below:

(\$000's)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010 - 2019
Program Debt Target	13,893	5,803	1,475	1,365	990	2,500	3,405	3,675	2,200	5,000	40,306
Recommended Debt	13,424	5,229	1,935	820	2,215	2,615	3,860	3,360	2,875	3,973	40,306
Variance to Debt Target	(469)	(574)	460	(545)	1,225	115	455	(315)	675	(1,027)	0

Deferrals of non-ISF funded projects from 2010 and 2011 into 2012 and beyond were made in order to prioritize and accommodate the completion of ISF projects by the Federal government's deadline date of March 31, 2011.

## Infrastructure Stimulus Fund (ISF)

Through Canada's Economic Action Plan, the Federal government has recently established a new \$4.000 billion Infrastructure Stimulus Fund (ISF). The Infrastructure Stimulus Fund complements existing federal and provincial infrastructure funding by focusing on short-term objectives for economic stimulus. The full \$4.000 billion has been distributed across Canada in fiscal years 2009-2010 and 2010-2011. Projects will focus largely on the rehabilitation of existing assets such as water; wastewater; public transit; highways; roads; culture; parks; trails; and, municipal buildings.

Exhibition Place has approved funding in the 10-Year Recommended Capital Plan for projects totalling \$27.370 million, with cash flow of \$17.730 million in 2010 and \$4.235 million in 2011, enabling these projects to proceed with 1/3 federal stimulus funding. Details of approved ISF projects for Exhibition Place are shown below:

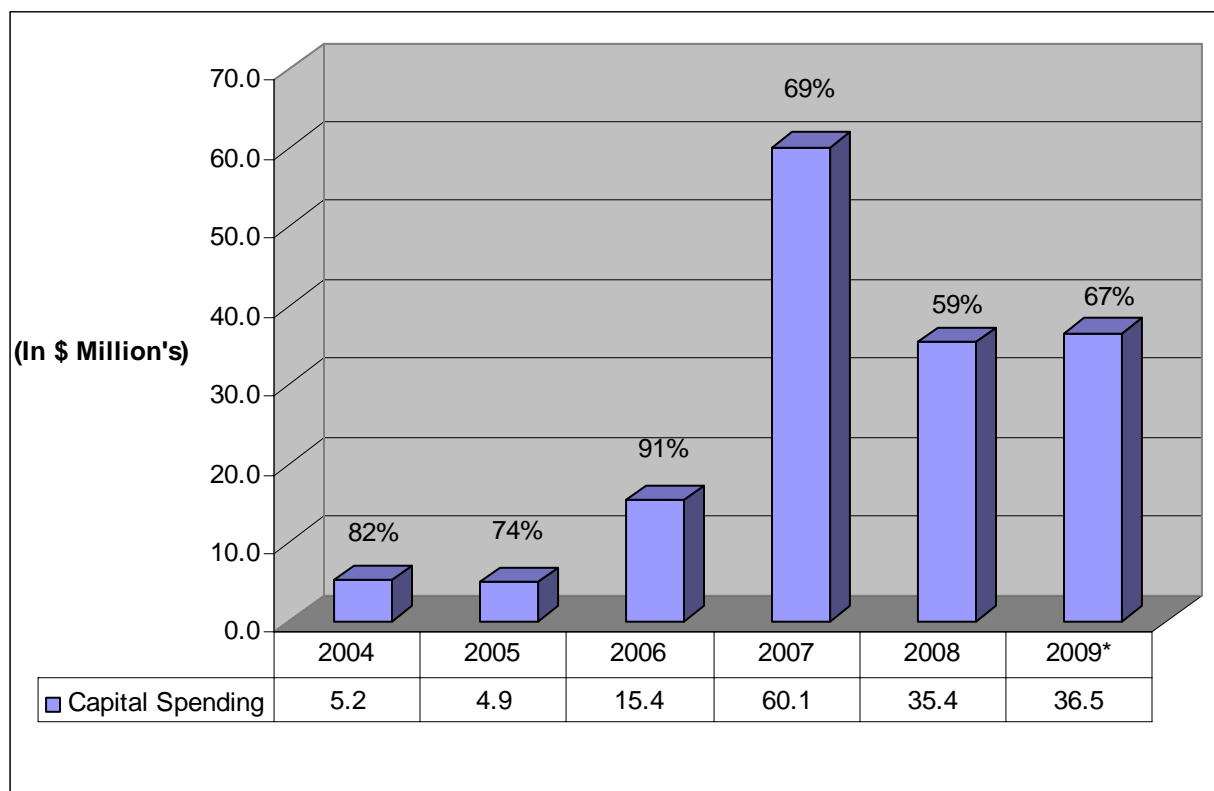
## Infrastructure Stimulus Funding 2010-2011

Sub-Project	Total				2009			2010			2011		
	Total	Debt	ISF	Other	Debt	ISF	Other	Debt	ISF	Other	Debt	ISF	Other
Automotive Building Restoration	3,315	2,210	1,105		833	417		1,377	688				
Princes' Gates Restoration	6,500	4,334	2,166		667	333		2,667	1,333		1,000	500	
Better Living Centre - Bundle	5,305	3,536	1,769		500	250		2,333	1,167		703	352	
Coliseum Complex Roof Replacement	5,830	3,887	1,943		667	333		2,667	1,333		553	277	
Horse Palace Roof Replacement	2,100		700	1,400		167	333		533	1,067			
Coliseum Complex - Industry Building - Win	2,860	1,906	954		333	167		1,240	620		333	167	
Press Building	255	170	85		37	18		133	67				
Direct Energy Centre - Bus Duct Installation	1,205	803	402		233	117		337	168		233	117	
Total	27,370	16,846	9,124	1,400	3,270	1,802	333	10,754	5,909	1,067	2,822	1,413	0

## Program Capacity and Readiness to Proceed

Exhibition Place's 2009 Approved Capital Budget of \$54.383 million was 40.4% or \$21.970 million spent, as of September 30<sup>th</sup>, 2009. Actual expenditures by year-end are anticipated to be \$36.468 million or 67% of the 2009 Approved Capital Budget excluding recently approved ISF projects. The 2009 projected rate by year-end represents an increase over the 2008 spending of 59%, but a decrease over the historical spending capacity as outlined in the graph below. As seen in the graph below Exhibition Place has seen a ramp-up of capital project spending since 2006. The increases are due to one-time or special projects that include the Allstream Conference Centre project and new initiatives under their Energy Efficiency program.

**Exhibition Place Capital Budget Spending (2004-2009)**



Notes: \*2009 Year-End Capital Budget Spending Rate Projection as of September 30<sup>th</sup>, 2009.

Exhibition Place faces the ongoing challenge of having a limited window of opportunity for indoor and outdoor construction activity due to a conflict of scheduling between the prime construction season and the show and event activities on the grounds. Major construction work on the grounds has to compete with the schedule for events such as the CHIN picnic, Grand Prix, the Toronto Caribbean Carnival and the Canadian National Exhibition. Increasingly, the show schedule for both indoor and outdoor events restricts and limits summer construction activities.

The ISF projects are “shovel ready” and Exhibition Place is confident that these projects will be completed by the Federal government’s mandated deadline date of March 31, 2011. Although significant in value, projects involving roof and window replacements can be completed within one construction season. Building upgrades and improvements for the Better Living Centre and Direct

Energy Centre will be scheduled to minimize work and customer disruption. In addition, Exhibition Place has deferred other projects into 2012 and beyond to accommodate and prioritize the ISF projects. Exhibition Place's capital project schedules and capacity were not affected by the 2009 summer labour disruption.

### **State of Good Repair (SOGR) Backlog**

The SOGR backlog at Exhibition Place is an important issue and represents a difficult challenge for Exhibition Place since 9 buildings on the site are designated under the Ontario Heritage Act and a further 20 buildings and structures are listed on the Heritage Toronto's Inventory. The preservation of these structures has historical and cultural significance. Many of these buildings were constructed before modern energy conservation, lighting and heating standards were developed. Therefore, there is a constant need to assess these buildings and determine their needs and to avoid any health and safety implications for Exhibition Place employees, clients and visitors.

Using external professional consultants, Exhibition Place has completed facility audits on a total of 10 buildings and structures on its site: Automotive Building, Better Living Centre, Coliseum Complex, Direct Energy Centre, Food Building, General Services Building, Horse Palace, Press Building, Queen Elizabeth Building and Prince's Gate. Exhibition Place staff also performs yearly inspections and audits to add to the changing and growing capital needs on the grounds.

At December 31, 2009, the accumulated State of Good Repair (SOGR) backlog on the 10 buildings and structures was \$13.220 million. In order to mitigate the SOGR backlog, 85% of Exhibition Place's debt funded portion of expenditures included in the 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan is allocated to address SOGR needs. The debt targets make it difficult for Exhibition Place to reduce the accumulated backlog. As a result, the SOGR accumulated backlog is expected to increase on average by \$1.625 million annually over the next 10 years to \$29.470 million.

The total replacement costs for all buildings and structures at Exhibition Place are estimated at \$634.343 million at the end of 2009. SOGR backlog rate as a percentage of replacement cost is 2.1% at the end of 2009 and will be 3.8% by the end of 2019.

### **Capital Projects Highlights**

The 10-Year Recommended Capital Plan provides funding to advance the following priority actions outlined in the Mayor and Council's policy agenda:

**Climate Change Adaptation, Clean Air and Sustainable Energy Action Plan.** By promoting energy self-sufficiency, Exhibition Place's 10-Year Recommended Capital Plan includes funding for Green Energy Initiatives. The include the 2 one-mega watt photovoltaic energy systems for the Horse Palace (\$1.100 million) and Better Living Centre and Other Buildings (\$6.900 million); a new natural gas emergency generator for the General Services Building (\$0.350 million); and a back-pressure turbine system for the Coliseum Complex (\$0.540 million).

In supporting the City's **Prosperity Agenda**, Exhibition Place places great importance in attracting major international events, conferences, trade and consumer shows and exhibits to the City. Funding includes \$2.065 million for the restoration of the Automotive Building which is reinvigorated as a new

meeting and conference centre (Allstream Conference Centre); \$0.329 million for the National Soccer Stadium (BMO Field); and \$4.780 million for the Direct Energy Centre, which is a major City meeting and conference hub.

To ensure a **Clean & Beautiful City**, Exhibition Place's 10-Year Recommended Capital Plan provides funding for the construction and beautification of key public spaces. This includes funding for \$5.500 million for the Princes Gates' Restoration, which provides a background for the Toronto Honda Indy, the Canadian National Exhibition (CNE), Caribana and other City festivals.

## Summary of Major Capital Initiatives

(In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total
<b>Other Major Initiatives:</b>											
ISF Approved Projects:											
Automotive Building Restoration	2,065										2,065
Princes' Gates Restoration	4,000	1,500									5,500
Better Living Centre - Bundle	3,500	1,055									4,555
Coliseum Complex Roof Replacement	4,000	830									4,830
Horse Palace Roof Replacement	1,600										1,600
Coliseum Complex - Industry Building - Window Replacement	1,860	500									2,360
Green Energy Initiatives	3,790				4,000						7,790
Better Living Centre - Basement Extension	2,250	1,000									3,250
Queen Elizabeth Building - Exhibit Hall Roof Replacement				45			125	300	675	1,560	2,705
Queen Elizabeth Building - Office & Theatre Roof Replacement								200	200	640	1,040
Coliseum Complex - HVAC						565	500	500			1,565
Sub-total	23,065	4,885	0	45	4,000	565	625	1,000	875	2,200	37,260
<b>Total</b>	<b>23,065</b>	<b>4,885</b>	<b>0</b>	<b>45</b>	<b>4,000</b>	<b>565</b>	<b>625</b>	<b>1,000</b>	<b>875</b>	<b>2,200</b>	<b>37,260</b>

## Infrastructure Stimulus Funded Projects:

The ISF program supports Exhibition Place's 10 Year Capital Plan. The ISF allows Exhibition Place to bring forward projects into 2009-2011 that were originally planned for the next 9 years into 2018. Major projects include:

*Automotive Building Restoration* (\$2.065 million) – During the work for the Automotive Building (Allstream Conference Centre) renovation project, the actual condition of the masonry and other heritage features was discovered to be in much worse than initially determined by the external assessment done in 2006. Planned work includes rebuilding of the masonry panels, parapet wall, and joints re-pointing on the southwest and the west elevations and the remaining exterior walls in the east, southeast and the south entrance.

*Princes' Gates Restoration* (\$5.5 million) – Minor restoration work and repair of the historic Princes gates' structure has been done in prior years. In 2004, all nine ceremonial columns in the north side of the Central Arch of the Gates were replaced for \$0.830M. Additionally, in 2006 and 2007, \$1.300M was spent on the replacement of the North Architrave, which sits on top of the columns. No work was done in 2008 or 2009. Inspection of the integrity of the structure is done annually by structural consultants to identify and remove any potential loose stone and sectional pieces that may endanger public safety. To avoid this and the piecemeal approach to maintaining this structure, spending is planned for restoration and repair of panels, statues and heritage masonry at the Main Arch and North and South Pylons.

*Better Living Centre – Bundle* (\$4.555 million) -The Better Living Centre roof is over 20 years old and needs to be replaced. Reinforcing the eight (8) low roof areas and installing green vegetation is planned. The clerestory windows below the high roof which surrounds the entire building are the original ones installed in 1960. Energy lost is significant, as the high level windows are single pane glass with deteriorated frames and cracks in the caulking. New double glazed thermo pane with argon gas in between panes and anodized aluminium frame will be installed. In addition, building envelope upgrades to HVAC, electrical, plumbing, automatic sprinkler and fire alarm systems will also be addressed.

## Green Energy Initiatives (\$8.290 million):

The Recommended 10-Year Capital Plan includes funding for Green Energy Initiatives that directly advances Council's priorities for the Climate Change Agenda through energy efficiency self-sufficiency at Exhibition Place. The 5 Green Energy sub-projects will rely on funding provided by third party grants and loans, and other revenues and contributions. Exhibition Place staff will submit funding applications throughout the year to secure 3rd party financing for these projects.

The energy efficiency plan is comprised of acquiring 2 one-mega watt photovoltaic systems for the Horse Palace, Better Living Centre and other buildings (\$6.900 million), a new natural gas emergency generator for the General Services Building (\$0.350 million), and a back-pressure steam turbine at the Coliseum Complex, Mid-Arch (\$0.540 million).

## Better Living Centre (BLC) – Basement Extension (\$3.250 million):

The Toronto Transit Commission (TTC) is proposing to add an additional light rail transit route from the GO station looping onto Dufferin Street and back to Union Station. The proposed route will go through the north side of Exhibition Place grounds beside the Gardiner Expressway, displacing the building used for operations and storage of winter maintenance equipment. Exhibition Place plans to relocate this storage capacity into the expanded basement of the BLC. The BLC is the ideal location and the extension provides a cost effective and storage efficiency solution.

## 10-Year Capital Plan: Incremental Operating Impact Summary

(In \$Thousands)	2010 Rec. Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010-2019 Total
<b>2010 Recommended Capital Budget</b>											
Program Costs (Net)											
Approved Positions											
Debt Service Costs	67	283	11								360
<b>Recommended 10-Year Capital Plan</b>											
Program Costs (Net)											
Approved Positions											
Debt Service Costs		58	290	224	142	298	371	489	425	401	2,698
<b>Total</b>											
Program Costs (Net)											
Approved Positions											
Debt Service Costs	67	341	301	224	142	298	371	489	425	401	3,058
Debt Service cost of repayment of principal and interest is calculated according to corporate guidelines, in the following manner: 2.5% Year 1, and 13% for subsequent years.											

In accordance with established practice, Exhibition will absorb the operating costs arising from its 2010 Recommended Capital Budget and 2011-2019 Recommended Capital Plan.

ISF projects are expected to provide cost savings and other efficiencies. Exhibition Place plans to apply any 2010 operational savings resulting from the implementation of ISF projects towards pressures in its 2011 Operating Budget.



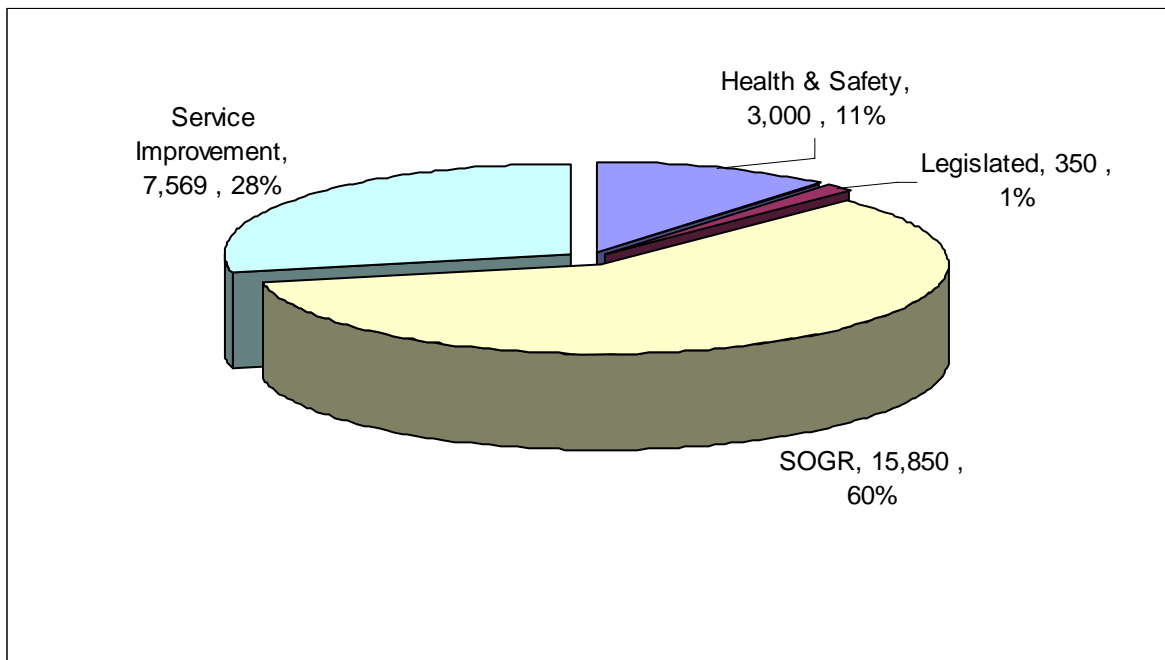
**Total 2010 Recommended Cash Flow & Future Year Commitments**

	2008 & Prior Year Carry Forwards	2010 Previously Approved Cash Flow Commitments	2010 New Cash Flow Rec'd	2010 Total Cash Flow Rec'd	2009 Carry Forwards	Total 2010 Cash Flow (Incl 2009 C/Fwd)	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total Cost
<b>Expenditures</b>																
Previously Approved		17,730		17,730		17,730	4,235									21,965
Change in Scope				0		0										0
New			1,810	1,810		1,810	100									1,910
New w/Future Year			7,229	7,229		7,229										7,229
<b>Total Expenditure</b>	0	17,730	9,039	26,769	0	26,769	4,335	0	0	0	0	0	0	0	0	31,104
<b>Financing</b>																
Debt		10,754	2,670	13,424		13,424	2,924									16,348
Reserves/Res Funds			329	329		329										329
Development Charges				0		0										0
ISF / RInC		5,910		5,910		5,910	1,411									7,321
Provincial/Federal				0		0										0
Other		1,066	6,040	7,106		7,106										7,106
<b>Total Financing</b>	0	17,730	9,039	26,769	0	26,769	4,335	0	0	0	0	0	0	0	0	31,104

- Exhibition Place's 2010 Recommended Capital Budget is \$26.769 million. This includes previously approved 2010 commitment funding of \$17.730 million, \$1.810 million for new projects and \$7.229 million for new with future year commitment projects.
- The 2010 Recommended Capital Budget is funded by \$13.424 from debt, \$0.329 million from the National Soccer Stadium (BMO Field) Reserve Fund, \$5.910 million from the Federal ISF funding program and \$7.106 million from grants and loans from third party funding and other recoveries.
- Approval of the 2010 Recommended Capital Budget will result in a commitment to future year funding for new with future year commitment of \$0.100 million in 2011 for the Exterior LED lighting for the Allstream Conference Centre.

## 2010 Recommended Capital Budget: Overview

### Capital Budget by Project Category



The following summarizes the 2010 Recommended Capital Budget funding by project category:

- The 2010 Recommended Capital Budget reflects the allocation of significant funding for *State of Good Repair* projects. These projects account for approximately \$15.850 million or 60% of the total new cash flow of \$26.769 million being recommended for 2010. State of good repair projects are driven by roof and window replacements, structure renovations, and improvements and upgrades to building and building systems.
- *Service Improvement* projects represent 28% or \$7.569 million of the total new recommended cash flow for 2010. Examples of service improvement projects include improvements to the National Soccer Stadium (BMO Field), additional equipment storage capacity at the Better Living Centre, and the provision of photovoltaic systems at the Horse Palace and other buildings.
- *Health and Safety* projects account for 11% or \$3.000 million of the 2010 Recommended Capital Budget and include initiatives for Fire safety requirements for automatic sprinkler and fire evacuation systems at the Better Living Centre.
- Approximately 1% or \$0.350 million of the 2010 Recommended Capital Budget is allocated to *Legislated* projects.

**2010 Recommended Capital Budget versus Debt Target**

The 2010 Recommended Capital Budget requires new 2010 cash flow of \$26.769 million with debt funding of \$13.424 million. The 2010 Recommended Capital Budget for Exhibition Place is below the 2010 debt affordability target of \$13.424 million. As discussed previously, Exhibition Place has deferred other projects into future years to prioritize the completion of ISF funded projects.

**National Soccer Stadium (BMO Field) Reserve Fund**

As part of the 2010 Recommended Capital Budget, the Soccer Stadium Capital Maintenance Reserve Fund finances \$0.329 million of capital projects at the National Soccer Stadium. At its meeting of October 21, 2005, the Board of Governors approved of entering into an Agreement with Maple Leaf Sports and Entertainment Limited as the Manager of the National Soccer Stadium to provide management services, including operations, maintenance and marketing services for twenty years effective January 1, 2007 and expiring on December 31, 2027. A term of the agreement requires the transfer of \$0.4 million from Exhibition Place's 2010 Operating Budget to the Soccer Stadium Capital Maintenance Reserve Fund to cover the capital costs for 2010. Future annual contributions to and interest earned in the Soccer Stadium Capital Maintenance Reserve Fund and ensures adequate funding for future capital projects.

**Capacity and Readiness to Proceed**

Projects in the 2010 Recommended Capital Budget of \$26.769 million are ready to proceed.

Of this amount, ISF funded projects total \$17.730 million or 66.2% of the recommended funds allocated for 2010. ISF projects are "shovel-ready" and Exhibition Place is prepared to proceed on these by reorganizing and reworking its capital project schedules. Roof and window replacements projects is planned for completion over one construction season, while building upgrades and improvements for the Better Living Centre and Direct Energy Centre will be scheduled to minimize work and customer disruption. Capacity has been maximized by prioritizing these projects and deferring non-ISF funded projects to 2012 and beyond.

**Capital Project Highlights**

The 2010 Recommended Capital Budget provides funding of \$26.769 million to advance the following priority actions outlined in the Mayor's and Council's policy agenda:

- **Climate Change Adaptation, Clean Air and Sustainable Energy Action Plan:** Exhibition Place's supports "A Greener City" through various energy efficiency retrofit projects aimed at achieving energy self sufficiency for Exhibition Place by the end of 2010. Funding of \$5.390 million for Green Energy Initiatives is included in the 2010 Recommended Capital Budget.
- **Prosperity Agenda:** Exhibition Place is a major entertainment and conference centre venue and attracts major international festivals, sporting events, conferences, trade and consumer shows and exhibits to Toronto. The 2010 Recommended Capital Budget includes funding of \$9.199 million for building improvements and enhancements at the Coliseum Complex, Direct Energy Centre, and the National Soccer Stadium (BMO Field) in support of the City's agenda.

- **Clean & Beautiful City:** Exhibition Place serves as the landscape background for the Toronto Honda Indy, the Canadian National Exhibition (CNE), Caribana and other City festivals which attract international and interregional tourists and visitors. The 2010 Recommended Capital Budget includes funding of \$4.250 million for the construction and beautification of key public spaces on the Exhibition Place grounds.

The 2010 Recommended Capital Budget of \$26.769 million provides funding to Exhibition Place to:

- Continue to achieve energy sufficiency by promoting energy reduction and green technology projects including the photovoltaic energy systems at the Horse Palace, Better Living Centre and other buildings (\$5.390 million).
- Complete much-needed roof and window replacements that provide energy savings and improves the conditions of the City-owned buildings. These include the Mid Arch roof, Industry Building roof and windows, North Extension roof, East Annex roof and Horse Palace west side roof projects (\$4.960 million).
- Continue with building and system upgrades that generate operational efficiencies and enhances employee and customer safety. These includes the Better Living Centre building envelope and fire system upgrades at the Better Living Centre and Other Buildings and cash office relocation from the Queen Elizabeth building (\$3.445 million).
- Address heritage and structure restoration needs at the Automotive Building and Princes' Gates (\$6.065 million).

**PART II: ISSUES FOR DISCUSSION****2010 Recommended Capital Budget Issues****Hotel Project**

Exhibition Place has completed negotiations with a hotel developer to build and fully fund a 300 plus room hotel on the Exhibition Grounds. The hotel is part of the master plan for the development of the Exhibition Place site and is expected to complement the services provided by the Allstream Conference Centre and the Direct Energy Centre by offering conference clients on-site accommodation options. A staff report detailing the Hotel Project will be submitted for consideration by City Council in December 2009. As the hotel is to be constructed completely by the outside developer, there is no funding required by the City.

**Appendix 1**  
**10-Year Recommended Capital Plan Project Summary**

**Appendix 2**

**2010 Recommended Capital Budget; 2011 to 2019  
Capital Plan**

**Appendix 3**

**2010 Recommended Cash Flow  
And Future Year Commitments**



**Appendix 4**  
**2010 Recommended Capital Projects**  
**With Financing Details**

## Appendix 5

### Reserve / Reserve Fund Review

Reserve / Reserve Fund Name	Project / SubProject Name and Number	Projected Balance as at Dec. 31, 2009	Proposed Withdrawals										
			2010 Rec Budget	2011 Plan	2012 Plan	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan	2018 Plan	2019 Plan	2010 - 2019 Total
XR3601 - Soccer Stadium Maintenance Reserve Fund	Beginning Balance	\$43	\$443	\$514	\$914	\$1,314	\$1,714	\$2,114	\$2,514	\$2,914	\$3,314	\$3,714	
	EXH907012-5 Equipment Upgrades		(\$149)										(\$149)
	EXH907012-5 Portable Kiosks		(\$50)										(\$50)
	EXH907012-6 Building Repairs and Upgrades		(\$130)										(\$130)
	Total Proposed Withdrawals		(\$329)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$329)
	Projected Contributions	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$4,000
<b>TOTAL RESERVE FUND BALANCE AT YEAR-END</b>		<b>\$443</b>	<b>\$514</b>	<b>\$914</b>	<b>\$1,314</b>	<b>\$1,714</b>	<b>\$2,114</b>	<b>\$2,514</b>	<b>\$2,914</b>	<b>\$3,314</b>	<b>\$3,714</b>	<b>\$4,114</b>	