EP8.9

Exhibition Place

REPORT FOR ACTION

Revised 2020 Capital Works Budget as Part of Ten-Year (2020-2029) Program

Date: November 28, 2019
To: The Board of Governors of Exhibition Place
From: Don Boyle, Chief Executive Officer
Wards: All Wards

SUMMARY

At its meeting of June 13, 2019 the Board approved without amendment the 2020 Capital Works Budget as part of the ten-year (2020-2029) Program. At that time the City was undergoing a budget modernisation process and the City Manager had not provided the 2020 Budget Process, Directions and Guidelines yet to City Divisions and Agencies for its 2020 submissions and the City Budget Submission was consistent with historical submissions within the ten-year cycle which includes the 2020 State of Good Repair ("SOGR") of $13.820 million.

In November 2019 the City Manager Office communicated the 2020-2029 Capital Budget instructions and submission guidelines to all City Programs and Agencies. The City Manager request to Exhibition Place was for the Capital Works Budget and Plan Submission to reflect the organization's capacity to spend and complete its projects. Previously, as directed by the City the Exhibition Place Capital Works Budget was prepared based on a specific debt target level for each of the 10 year program which debt level is no longer assigned commencing in 2020.

The revised 2020 - 2029 Exhibition Place Capital Works Budget has been developed with the City Financial Planning staff based on the November 2019 instructions and guidelines and meets and meets the City Manager directive which includes the revised 2020 SOGR of $11.465 million.

RECOMMENDATIONS

The Chief Executive Officer recommends that:

1. The Board approve the proposed revised 2020 Capital Works State-of-Good Repair Budget of $11.465 million, as part of the ten-year (2020-2029) proposed

program submission to the City of Toronto as shown on attach Appendix A of this report.

2. The Board direct the Chief Executive Officer to submit the 2020 revised Capital Works Budget to the City Financial Planning Division as part of the 2020 Budget Process.

FINANCIAL IMPACT

The revised 2020 Capital Works Program totals $11.465 million as a total program budget as detailed in Appendix “A” to this report which is a reduction of $2.355 million or 17% from the initial submission in June 2019. Over the ten-year 2020 -2029 Program, the SOGR submission went from $137.518 million to $142.685 million or an increase of $5.167 million or 3.6%.

DECISION HISTORY

The Exhibition Place 2017 – 2019 Strategic Plan has a Public Space and Infrastructure Goal to ensure that our State-of-Good Repair plan and processes are adequately linked to our capital plan and as a Strategy to support this Goal maintain and improve our event space.

At its meeting of March 5,6,7 and 8, 2007 Council adopted the report entitled "Financial Assessment of Proposed Conference Centre Development at Exhibition Place" which in included the recommendation that the Board be directed to place the revenues from the Enercare Centre naming rights agreement and any revenues from any future naming rights agreement for the new conference centre into a single-purpose interest bearing City reserve account from which any shortfalls in the City loan payments can be directly funded.
http://www.toronto.ca/legdocs/mmis/2007/ex/bgrd/backgroundfile-6995.pdf

At its meeting of November 5, 2012, City Council approved of a recommendation to expand the purpose of the Exhibition Place Conference Centre Reserve Fund to provide a source of funding for both the Beanfield Centre loan repayments and also for maintaining Enercare Centre and Beanfield Centre in a state of good repair.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX24.19

At its meeting on September 9, 2013 City Council recommended that Exhibition Place use its funds from the Conference Centre reserve to fund the cost for the disposal of pre-existing contaminated soil dating from the early 1900’s which expenditures are keeping with the terms of the lease agreement between Exhibition Place and Princes Gates Hotel LLP.
http://www.toronto.ca/legdocs/mmis/2013/ex/bgrd/backgroundfile-61392.pdf

On December 13, 14 and 15, 2016 City Council adopted the extension of the repayment term of the capital loan to the Exhibition Place for the conference centre, by an additional five years, with a revised amortization period ending in 2040 for the full loan balance amount.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.16

On June 13, 2019 the Board adopted the 2020 Capital Works Budget without amendment.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EP3.6

COMMENTS

In June 2019 staff submitted the Ten-Year (2020-2029) Capital Works Program for Exhibition Place. This was approved by the Board without amendment. At that time the City Manager had not provided the 2020 Budget Process, Directions and Guidelines yet to all City Divisions and Agencies for 2020.

In November 2019 the City Manager Office communicated the 2020-2029 Capital Budget instructions and submission guidelines to all City Programs and Agencies. While a specific debt target has not been assigned by the City, the City has asked that the Board prepare its 2020-2029 Capital Budget and Plan to reflect the Boards capacity to spend.

As well, the request from the City is that for the Board to ensure that the timing of capital project cash flow estimates reflect our ability to deliver based on the project timelines and costs, as illustrated by historical spending. In terms of funding sources, Exhibition Place as requested by City will begin to use the Conference Centre Reserve Fund ("CCRF") to fund SOGR Capital starting in year 2024.

The City has advised that in any given year, future year commitments can also be accelerated if committed capital projects are progressing ahead of schedule. The acceleration of cash flow funding can be reported in the Exhibition Place quarterly variance report submission to the City Financial Planning Department for City Council approval.

Not all capital projects were included as part of the Ten-Year Capital Works Program due to the affordability and achievability based on project readiness and the Boards capacity to spend. These projects are identified as "Capital Needs Constraints". These projects will be included on the list of "Capital Needs Constraints" and considered with other City priorities in future year budget processes.

CONTACT

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SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS

Appendix A - Revised 2020-2029 Capital Works Program