



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Energy, Fleet and Facilities Management Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	November 24, 2017
SUBJECT/REPORT NO:	Capital Lifecycle Renewal - Hamilton Convention Centre Exterior Structural Rehabilitation (PW17090) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Robyn Ellis 905-546-2424, Extension 2616
SUBMITTED BY:	Rom D'Angelo, C.E.T.;CFM Director, Energy, Fleet and Facilities Management Public Works Department
SIGNATURE:	

RECOMMENDATION

That the cost of structural rehabilitation of the exterior of the Hamilton Convention Centre, in the amount of \$2M, as deemed a priority within the Entertainment Facility Program area, be funded as part of the 2018 Capital Budget (GIC).

EXECUTIVE SUMMARY

The primary purpose of this report is to gain Council approval on funding needed for the exterior cladding/structural rehabilitation at Hamilton Convention Centre.

Additionally, current capital funding levels do not support a sustainable facility condition at Hamilton Convention Centre, as well as the Entertainment Facility Portfolio as a whole (Hamilton Convention Centre, FirstOntario Centre, and FirstOntario Concert Hall). In order to sustain facility infrastructure condition at the current level and help to prevent further deterioration, the Entertainment Facilities annual block funding would need to be increased significantly.

The following is the multi-point rationale for funding Exterior Structural Rehabilitation at Hamilton Convention Centre:

- Need for structural rehabilitation;
- Funding gap at Hamilton Convention Centre;

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- Funding gap across the Entertainment Facilities portfolio; and
- Need for prioritization.

Staff continue to take all reasonable measures to ensure public safety, including closure of areas of the facility's exterior.

Alternatives for Consideration – See Page 7

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The total cost of the project to rehabilitate the exterior of Hamilton Convention Centre is anticipated to be \$2M.

Report PW17090 discusses significant gaps in the current level of annual capital funding as it relates to facility infrastructure renewal at Entertainment Facilities.

The capital sustainability of Hamilton Convention Centre and the Entertainment Portfolio has yet to be resolved. In order to sustain facility infrastructure condition at current level and help to prevent further deterioration, the Entertainment Facilities annual block funding would need to be increased significantly to approximately \$6.4M. The sustainable block funding value represents a 2.1% annual reinvestment of the \$306M replacement value of the Entertainment Facilities portfolio. This meets the Canadian Infrastructure Report Card (CIRC) target annual infrastructure reinvestment range for facilities of 1.7%-2.5%, in comparison to the current state of \$800k or 0.26% for the whole Entertainment Facility Portfolio which is non-sustainable. It is not anticipated that this significant increase to Facility block funds can be accommodated through the 2018 capital budget process and therefore this report focuses on rehabilitation of the exterior structure of Hamilton Convention Centre.

Staffing: Not applicable.

Legal: See In Camera Report (PW17090a / LS14044)

HISTORICAL BACKGROUND

There is a Management Agreement between the City of Hamilton and Carmen's Group to operate Hamilton Convention Centre, in which the City of Hamilton is responsible for significant capital repairs & replacements at the facility. Early 2017, City staff became aware of the opportunity to coordinate with overhead brick work being planned at the

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adjoining neighbouring facility, Ellen Fairclough at 119 King St. W, operated by CBRE and owned by Infrastructure Ontario. Staff became aware, through notification of work on the Ellen Fairclough building, that there could potentially be brick work required at Hamilton Convention Centre due to its age. City staff engaged structural engineers to perform overhead investigation and short-term remediation on the brick early April 2017. The Mayor and Members of Council were updated regarding the overhead structural investigation at Hamilton Convention Centre via an Information Update, Report EFF1701 March 30, 2017 and provided information regarding similar investigation underway on the Ellen Fairclough Building via Information Update, Report EFF July 1, 2017. Several actions were taken to date to mitigate the City's liability and protect public safety as follows:

- The City has notified the operator of the facility about the structural concerns and that it should minimize exposure where possible by limiting access to problem areas;
- City staff engaged structural engineers to perform overhead investigation and short-term remediation on the brick early April 2017. The Mayor & Members of Council were updated regarding the overhead structural investigation at Hamilton Convention Centre via an Information Update, Report EFF1701 March 30, 2017 City staff have prepared this report. Implementing the recommendations of the report, including required funding, will allow staff to address the structural issues;
- Meanwhile, Facilities staff continue to monitor the facility exterior, make required repairs and make adjustments to facility operations (e.g. exit locations), in collaboration with Carmen's Group as needed ensure public safety.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

See In Camera report (PW17090a / LS17044)

RELEVANT CONSULTATION

The following Departments/Divisions/Sections have reviewed and contributed to this report:

Public Works, Engineering Services, Asset Management

- Is engaged in benchmarking Facilities capital renewal data and projections and on State of the Infrastructure (e.g. as presented to Public Works Committee, July 7, 2016);

Corporate Services, Legal Services

- To review the legal implications and legislative requirements in the report; Corporate Services, Finance & Administration, Corporate Services, Financial Planning and Policy;
- Was engaged in reviewing the financial section of the report, as well as financial recommendations;

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City Manager's Office, Strategic Partnerships and Revenue Generation

- Is engaged in reviewing the revenue generation and strategic partnership opportunities in this report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The following is the multi-point rationale for funding exterior structural rehabilitation at Hamilton Convention Centre:

1. Need for Structural Rehabilitation

Based on age and condition, the structural rehabilitation work is recommended for early 2018. However the City's block funding for Entertainment Facilities is insufficient to perform the restoration. Because insufficient funds were available to implement the recommendations of the report, staff sought to bring forward a report to present the information to Committee as part of the 2018 capital budget process. The next forecasted restoration is 20-25 years once this restoration is complete.

It is suggested that spalling brick faces will pose a safety hazard in the future, if not further addressed. This can worsen from exposure to elements and from effects of freezing and thawing when wet. Staff continue to take all reasonable measures to ensure public safety. During the overhead structural investigation, bricks were "sounded" and areas of brick were found to be spalled or even loose. Loose bricks were removed to reduce the risk that they fall and cause personal or property damage. Further structural restoration work, as proposed in this report, mitigates public safety risk at areas of current deterioration, addresses the structural risk and deteriorating condition.

The recommended restoration to the exterior of Hamilton Convention Centre includes remediation to address the structure and complete general renewal of membrane & brick envelope, including the following:

- Replacement of structural composite deck at compromised locations;
- Repair & selective replacement of corroded steel beams & angles;
- Replacement of all brick in select locations;
- Targeted brick repairs at perimeter;
- Replacement of waterproofing membrane and pavers at courtyard & elevated walkway;
- Installation of protective coatings on exposed concrete at stairwells;
- Modified flashing details within brick cavity and at upturns; and
- Replacement of cedar plank ceilings with suitable system.

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2. Funding Gap at Hamilton Convention Centre

Hamilton Convention Centre was built and opened in 1981, and offers up to 22 meeting rooms and ballrooms. Events ranging from 20 to 2000 guests can be comfortably accommodated in the unique facility. Events include but are not limited to conventions, meetings, competitions, galas, trade shows, weddings, etc.

The facility age now exceeds 35 years. Several years have passed where funding has not been sufficient to keep up with all capital renewal requirements.

There is a shortfall between the capital funds required to address the infrastructure backlog and available funding sources. Capital funding at Hamilton Convention Centre is limited to approximately \$300k annually (portion of \$800k allocated for 3 City-owned entertainment venues). For the upcoming 2018 budget year, the gap between funds and the backlog Hamilton Convention Centre exceeds \$6M. The 10 year funding gap (2018-2023+) for this location exceeds \$12M.

During the life of the agreement with Carmen's Group, the City of Hamilton has made capital expenditures from the Council approved capital funding envelope totalling over \$813k at Hamilton Convention Centre, broken out as follows:

Agreement Year	Capital Expenditures	Description
2017	\$167,983	Exterior door replacement , health & safety repairs, brick structural investigation (ongoing)
2016	\$185,789	Exterior door replacement, scissor lift, escalator & elevator Repairs
2015	\$271,908	Asbestos abatement, Chedoke Room ceiling renovation, LED lighting, Webster's Lounge skylight, escalator & elevator repairs
2014	\$177,809	Escalator repairs, kitchen floor tile replacement, natural gas ovens, exterior door replacement, roof evaluation
2013	\$10,252	Select HVAC replacement, Exterior Door Replacement
TOTAL	\$813,741	

Carmen's Group acts as an excellent local partner and often contributes their own capital funds to make operational improvements to the facility, therefore stretching the capital improvements to the facility to well over \$1M in capital renovations since 2013.

3. Funding Gap Across the Entertainment Facilities Portfolio

The other two Entertainment Facilities are also old: FirstOntario Centre (previously Copps Coliseum) opened in 1985 and The FirstOntario Concert Hall (previously Hamilton Place Theatre) opened in 1974.

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These other two Entertainment Facility ages now exceed 30 and 40 years. Many years have passed where funding has not been sufficient to keep up with all capital renewal requirements across the aging portfolio of all 3 Entertainment Facilities.

There is a shortfall across the entire Entertainment Facilities portfolio between the capital funds required to address the backlog and available funding sources. Annual capital funding across the entire portfolio of 3 facilities is limited to \$800k total from block plus \$100k from donation to FirstOntario Concert Hall.

For the upcoming 2018 budget year, the gap between available funding and the backlog exceeded \$45M. The 10 year funding gap (2018-2023+) for the whole portfolio exceeds \$83M.

A recent example of an unfunded project includes the need for vertical transportation improvements to FirstOntario Centre as part of the 2018 capital budget. A capital project and separate report has been submitted for 2018 to address that important, unfunded item.

4. Need for Prioritization

Staff have worked with Carmen's Group and employed prioritization each year in order to select the most urgent project(s) to work on.

Given the limited available annual capital funding and the facility's aging condition, prioritization has become more challenging and all the more important. The prioritization of projects at Hamilton Convention Centre must also be compared to priorities within the rest of the Entertainment Facilities portfolio in order to manage limited funds.

The following capital requirements at Hamilton Convention Centre were prioritized in the coming years with assistance from a third party V2PM Inc:

Priority	Project Description (FirstOntario Centre)	Estimated Capital Requirements
Priority 1-A	Requires Immediate Action (2017-2018). Backlogged items are required to avoid impacting other systems and the functionality of the facility.	\$6,702,287
Priority 1-B	Requires Timely Action (2019-2020). Items are to avoid impacting other systems and the functionality of the facility.	\$715,546
Priority 2	Future Action (2021-2022)	\$788,562
Priority 3	Ongoing maintenance (2023+)	\$4,597,603
TOTAL		\$12,803,998

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It is clear from the above that even when prioritizing critical items first, such as the exterior structural rehabilitation, there remains a significant gap in capital funding at Hamilton Convention Centre. The capital sustainability of the facility has yet to be resolved.

ALTERNATIVES FOR CONSIDERATION

An alternative to replacing brick in select locations is replacing all the brick. The advantage of this alternative is that the new brick will all match. With selective replacement, new brick will not match the exact colour pattern of the existing structure. The disadvantage is the significantly higher cost associated with a complete brick replacement. There are no differences in staffing and legal implications with replacing all brick.

Status quo is not a viable option. Without approving funds towards the recommended rehabilitation to the exterior structure of Hamilton Convention Centre, it will not be possible to address the following concerns:

- End of life exterior structure & ongoing deterioration;
- Minimize impact to public safety (without closure);
- Public perception & impact to operations;
- Funding gap at Hamilton Convention Centre; and
- Funding gap across the Entertainment Facilities portfolio.

The condition of the exterior brick envelope and the supporting steel deck, beams and angles requires immediate action to avoid further safety risks, further structural deterioration and potential facility closure.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Healthy and Safe Communities

Hamilton is a safe and supportive city where people are active, healthy, and have a high quality of life.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Not applicable.

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