



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 - First Ontario Centre Vertical Transportation (PW17095) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Clark Euale 905-546-2424, Extension 4315 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 elevators and escalators at FirstOntario Centre, as described in Report PW17095, in the amount of \$4.3M, as deemed a priority within the Entertainment Facility Program area, be funded as part of the 2018 Capital Budget as follows:

- (a) \$950,000 be funded from HECFI Reserve #100025;
- (b) \$300,000 be funded from the 2018 Entertainment capital block; and
- (c) \$3.05M be funded as part of the 2018 Capital Budget;

EXECUTIVE SUMMARY

The primary purpose of this report is to gain Council approval on funding needed for the improvements to the vertical transportation systems at FirstOntario Centre, as a follow up to staff Report CM17008.

Additionally, current capital funding levels do not support a sustainable facility condition at FirstOntario Centre, as well as the Entertainment Facility Portfolio as a whole (First Ontario Centre, First Ontario Concert Hall and Hamilton Convention Centre). 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.

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The following is the multi-point rationale for funding improved vertical transportation at FirstOntario Centre:

1. End of life escalators & elevators;
2. Efficiency and accessibility of entry & egress;
3. Public perception & reliability;
4. Mobility & demographics;
5. Legal issues (confidential);
6. Funding gap at the FirstOntario Centre; and
7. Funding gap across the Entertainment Facilities portfolio.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The total cost of the project to improve vertical transportation at FirstOntario Centre is anticipated to be \$4.3M:

- \$950,000 of the cost of the project is proposed to be funded from HECFI Reserve #100025, which would leave a near zero balance in that reserve;
- \$300,000 would be funded from the 2018 Entertainment capital block, which represents all the available capital funding for FirstOntario Centre for the year;
- \$3.05M remaining funds are referred to the 2018 Capital Budget (GIC) for consideration.

The capital sustainability of FirstOntario 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 block funding would need to be increased significantly to approximately \$6.4M annually. The sustainable block funding value represents a 2.1% annual reinvestment of the \$306M 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 vertical transportation.

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Staffing: No additional staffing is required.

Legal: Please refer to separate report from Legal Services.

HISTORICAL BACKGROUND

There is a Management Agreement between the City of Hamilton and Spectra (formerly Global Spectrum) to operate FirstOntario Centre, in which the City of Hamilton is responsible for significant capital repairs & replacements at the facility. In 2015, it was brought to the attention of City staff that the escalators at FirstOntario Centre were end of life, unreliable and some had been identified by mechanics as beyond repair. Break-downs had started to impact patron experience. Capital repairs were contracted where possible by the City in order to make escalators operational. However the City's block funding for Entertainment Facilities was insufficient to address the replacement of escalators & elevators beyond their service life.

In order to design optimal capital replacement options for the end of life escalators and elevators, staff also engaged 3rd party elevating device engineers at Solucore Elevator Solutions. They were tasked to review the elevators from an equipment perspective, to perform a traffic study to understand the challenges of the site and to develop a concept design to improve vertical transportation at FirstOntario Centre. The engineers presented their findings to staff in 2016. These findings were prioritized along with other capital priorities at FirstOntario Centre and across the Entertainment Portfolio in 2016 and early 2017. Because insufficient funds were available to implement the recommendations of the report and due to the nature of the report content, staff sought to bring forward a report to present the information to Committee as part of the 2018 capital budget process.

Meanwhile, staff from Strategic Partnerships and Revenue Generation worked with the private sector to undertake a comprehensive assessment of the state of FirstOntario Centre and its potential to become a first class professional sports and entertainment venue. The staff report CM17008 to GIC April 5, 2017 outlined two renovation options that could be implemented in the event that the City wished to modernize the aging facility:

Option 1: Consists of a partial-upgrade to the existing facility with remodelling of key areas with an estimated cost of \$68 million.

Option 2: Consists of a complete transformation of the FirstOntario Centre into an NHL quality professional sports and entertainment facility with an estimated cost of \$252 million.

However, based on the cost of the proposed renovations and the uncertainty of whether Hamilton could attract a tenant that could fully utilize a modern 18,000 seat arena, staff

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and Council recommended that the City not move forward with either renovation option at this point in time. Instead, this study would act as a valuable planning tool that gives the City an understanding of the investment required to become “NHL ready” should an opportunity arise in the future.

The related Council direction,

- (a) That the BBB Architects (BBB) FirstOntario Centre Arena Renovation Study, attached as Appendix “A” to Report CM17008, be received;
- (b) That staff be directed to manage the lifecycle renewal of the FirstOntario Centre with the funds in the Council approved capital budget and report back to the General Issues Committee if any critical unfunded capital needs arise in the future;
- (c) That staff be directed to prepare a Terms of Reference to further investigate the future requirements of a sports and entertainment venue in the city by engaging community stakeholders, industry experts and comparator municipalities to develop and report back to the General Issues Committee; and,
- (d) That staff be directed to conduct the appropriate due diligence in the event that staff receives an unsolicited proposal outlining an opportunity to secure private investment in a FirstOntario Centre upgrade or replacement within the framework of the Procurement Policy, and report back to the General Issues Committee.

Based on resolution (b) above, staff are reporting vertical transportation as a critical, unfunded capital need as part of Report PW17095.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Please refer to In Camera report from Public Works and Legal Services (PW17095a / LS17043).

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).

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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.

City Manager's Office, Talent and Diversity, Corporate Services, Access & Equity

- Is engaged in reviewing the accessibility aspects of this report.

City Manager's Office, Strategic Partnerships and Revenue Generation

- Is engaged in reviewing the revenue generation and strategic partnership opportunities in this report as well continuity with the BBB report findings earlier this year.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The recommended solutions for vertical transportation at FirstOntario Centre are as follows:

- Replace four escalators, including the 2 Bay St. escalators;
- Supply and install one new 5,000 lbs (20-28 passenger capacity) elevator to meet code for both passenger & service, with wide doors for efficiency;
- Remove three decommissioned escalators in low usage area and replace with stairs;
- Modernization of existing freight elevator; and
- Modernization of existing small passenger elevator.

The following is a multi-point rationale for funding vertical transportation solutions at FirstOntario Centre:

1. End of Life Escalators & Elevators

There are 7 escalators at FirstOntario Centre which are currently aged and end of life infrastructure (circa 1983). Between one and 4 of the escalators are unreliable, beyond repair and require replacement. At least 3 escalators remain out of service indefinitely since mechanics indicate that it cannot be repaired to a safe condition.

There is a very small passenger elevator & freight elevator, also aged and approaching end of life (circa 1984).

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2. Efficiency and Accessibility of Entry & Egress

Entry for concerts typically takes 1.5-2 hours and 1 hour entry for hockey games. Exiting the facility of all patrons is typically takes 30-45 minutes.

Patron line-ups in order to enter and exit can be observed. Proper entry/egress and flow of traffic via elevators & escalators is required to correct the confusion due to inconsistency. For example, an escalator can be used on entry, but then not made available on exit (because escalator is not easily/reliably reversible). Frustration is observed at every event due to this issue.

The vertical transportation at this facility does not suitably service the facility from an entry & exit efficiency, accessibility and comfort perspective.

3. Public Perception & Reliability

Vertical transportation equipment at FirstOntario Centre is at the end of its life, therefore its reliability is poor. When escalators are non-functioning, which is a frequent occurrence; "out-of-order" signs are displayed. This leads to frustration among patrons. This non-functioning equipment highlights and contributes to a negative perception among patrons and tenants. The accessibility strategy to rely on one very small passenger elevator, particularly one that is now over 30 years old is not a long term solution. If the elevator is under repair, there are no accessibility options available at this venue, which directly impacts the operator's ability to host events.

4. Mobility & Demographics

Over the next 20 years, the population is aging. While some attendees are in their 20s and 30s, the majority of attendees tend to be between 40 and 60, depending on the event. A good design moving forward should take into consideration the next 20 years of functions, demographics and aging population.

5. Legal Issues (Confidential)

Please refer to In Camera report from Public Works and Legal Services (PW17095a / LS17043).

6. Funding Gap at the FirstOntario Centre

The FirstOntario Centre (previously Copps Coliseum) was built and opened in 1985, as a sports and entertainment facility with a capacity of 19,000 for concerts and 17,400 for hockey.

The facility age now exceeds 30 years. Many years have passed where funding has not been sufficient to keep up with all capital renewal requirements. In a single year,

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there is often insufficient funds to complete even a single capital infrastructure renewal project at FirstOntario Centre. For example, the roof has been leaking for several years and is at end of life. However, there has been insufficient funding to replace the entire roof; therefore it has been replaced in sections every year instead.

There is a shortfall between the capital funds required to address the infrastructure backlog and available funding sources. Capital funding at FirstOntario 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 FirstOntario Centre exceeded \$7M. The 10 year funding gap (2018-2023+) for this location exceeds \$45M.

During the life of the agreement with Spectra, the City of Hamilton has made capital expenditures from the Council approved capital funding envelope totalling \$4.18M in the FirstOntario Centre, broken out as follows:

Agreement Year	Capital Expenditures	Description
2017	\$500,000	Roof replacement (partial section), partial security system installation, removal of planter system, visual barriers on York St.
2016	\$740,000	Roof replacement (partial section), Acrylic Safety Glass for Rink, Elevator Compliance, Overhead Door Replacement, Domestic Water Pump Replacement
2015	\$56,000	Roof repair, Escalator and Elevator Compliance, Vertical Transportation Study
2014	\$448,000	Roof replacement (section), Exterior Door Replacement
2013	\$2,336,000	Refrigeration Plant Replacement, Washroom Renovation
Total	\$4,080,000	

7. Funding Gap Across the Entertainment Facilities Portfolio

The other two Entertainment Facilities are older than the FirstOntario Centre (previously Copps Coliseum): Hamilton Convention Centre opened in 1981 and The FirstOntario Concert Hall (previously Hamilton Place Theatre) opened in 1974.

These other two Entertainment Facility ages now exceeds 35 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.

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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 structural exterior work at Hamilton Convention centre as part of the 2018 capital budget. A \$1.5M capital project has been submitted for 2018 to address the general exterior restoration of the courtyard, stairwells and elevated walkways at Hamilton Convention Centre Need for Prioritization.

Staff have worked with Spectra 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 FirstOntario 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 FirstOntario 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.	\$7,202,603
Priority 1-B	Requires Timely Action (2019-2020). Items are to avoid impacting other systems and the functionality of the facility.	\$29,993,584
Priority 2	Future Action (2021-2022)	\$12,149,542
Priority 3	Ongoing maintenance (2023+)	\$1,071,455
	TOTAL	\$50,417,184

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

ALTERNATIVES FOR CONSIDERATION

Not applicable.

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

Appendix A – Elevating Devices & Escalators

Appendix B – Architectural Plans