



August 8, 2024

Corporate Services Committee  
London City Council

**Re: Request for funding – Steam service replacement Boiler**

Dear Members of the Committee,

I am writing on behalf of the Grand Theatre to request delegation status at the Corporate Services Committee meeting on August 14, 2024. The Grand is respectfully asking the Corporate Service Committee for one-time funding from the City of London to assist the Grand Theatre in purchasing a boiler to provide heating to our building as our current provider is terminating their service with us without notice.

The Grand Theatre is a not-for-profit organization that operates professional theatre in the downtown core of London ON. Our theatre utilizes two stages for our season of theatrical productions that run from September to May annually. The theatre building has hosted productions since 1901. The Grand has worked with – and relied upon – Enwave Energy Corporation (formerly London Energy Corporation) to provide steam service to heat its theatre building at 471 Richmond Street for the last 40 years. Without Enwave's heat and steam service, the Grand cannot operate and provide entertainment for the people of London. In the last year, the Grand has experienced significant disruption to our services due to maintenance issues with this steam service. We were informed in April of this year that we would no longer be supplied with steam and are responsible for the purchase of a new boiler system to heat the building.

As background on this issue, in September 2023, the Grand was notified by London District Energy that the lines that provided steam to our building at 471 Richmond St had been inspected and they had determined that they would not be able to safely provide us with steam for heating. There was no advance notice of this issue, and work had been done to the line as recently as April 2023, when a shut-off valve was replaced. At the time of notification, Enwave worked with the Grand to provide an emergency, temporary solution to provide the building with heat. Enwave indicated, at that time, that it would carry the entire cost of installing and operating the temporary service and would continue billing the Grand as if there were no disruption to the permanent steam line.

Throughout the heating season, Enwave paid for the operation and maintenance of the temporary system and evaluated the options for repairing the permanent line under Richmond Street or installing a replacement boiler in the building and abandoning the permanent connection. Enwave contracted engineers to design an in-building boiler system and worked with third-party contractors to estimate the costs and create a plan for the replacement. Enwave indicated that they intended to indemnify the Grand and pay for all the costs to restore a fully-functioning, permanent heating system.

In April 2024, shortly before the end of the heating season, Enwave notified the Grand that they had decided to abandon the line on Richmond Street, and that they would not pay for the installation of a new heating system, nor would they continue paying for temporary heating for another heating season. They offered to provide the Grand with

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the boiler system that their engineers and contractors had designed with an estimated cost to the Grand of \$750,000 to \$800,000. This came as a shock, as all indications up to that point were that Enwave would be paying for any capital expenditures required to restore the heating system to normal, permanent operation. Enwave has offered to continue to facilitate the rental and operation of a temporary heating solution but also indicated that the Grand would be responsible for the full cost, estimated at approximately \$250,000 for the 24-25 heating season.

Both parties met in late April 2024 to discuss the situation, and more details were provided about the potential options. Being a not-for-profit and registered charity, the Grand felt it necessary to explore all our possible options to ensure we were being both fiscally and environmentally responsible. We began immediately investigating those options with contractors in a greatly abridged and accelerated procurement process.

On May 27<sup>th</sup>, 2024, Enwave sent a notice to the Grand and several other clients in the downtown core indicating that their steam service would terminate on May 31, 2025. While almost all of those affected properties will continue to have their permanent steam service functioning until May 2025, the Grand has already lost that service, and therefore is left with no notice with which to design, cost, procure, install, and importantly, finance, a replacement system.

The Grand undertook a major renovation in 2020-2021, which included work on the steam infrastructure both inside and outside the building. This work was done in collaboration with Enwave, and had we been given any indication that this service would be discontinued, we would have included some of that preparatory work as a part of that renovation.

The Grand understands how to plan and budget for capital replacements, but this circumstance is out of our control and has left the company with no lead time to plan or fundraise. In an ideal world, we would follow a procurement process that included engaging an engineering firm, creating a design with our direct input, and issuing a tender for construction. We would also have time to engage with donors and apply for grants in order to fundraise the money we need to purchase this critical piece of infrastructure.

A second quote has since been provided by a design-build consortium and came in at over \$1.1 million. Due to the tight timelines, we believe that the best option is to proceed with the proposal from Enwave's contractors, and to do so as quickly as possible to minimize the costs associated with the temporary rental system.

Heating and cooling are separated into two major systems at the Grand. Our offices, dressing rooms, rehearsal halls, workshops, box office, perimeter heat, and ancillary areas are serviced by heat pumps, and have been since the late 1970's. The larger volume areas like the lobby, Spriet Stage, and Auburn Stage are serviced by large air handling units linked to cooling towers and steam heat exchangers, as they serve very large volumes of air that are subject to significant temperature swings due to large numbers of audience members in a highly concentrated area.

The proposal is to install a new gas fired steam boiler in one of our mechanical rooms. As our building does not currently have natural gas service we will need to install a new service. The new boiler installation would require the construction of new partition

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walls to create an isolated room, the addition of new vents in the brick wall on the 6<sup>th</sup> floor, and work to integrate the new boiler with our existing building control system.

We are, and have been, incredibly careful stewards of the money we earn and raise but have very limited capacity to plan for such a significant expenditure that is completely out of our control. Our options for financing such as large, unexpected capital project are extremely limited. We have not been successful thus far in getting a loan from a bank or credit union, nor do we have an annual capital budget that contains projects of any significant size that may be deferred to free up funds for the boiler. We are working on securing some funding for the project, but we need the City's support.

The Grand is asking the city for \$500,000 to assist with the purchase and installation of the boiler. With the help of the city, we can move quickly and reduce any costs associated with continuing with the short-term heating solution that Enwave is now requiring the Grand to pay for as we install a new system. We appreciate that we are not the only company in the city who is being told change their heating system, but we are the only company being forced to do it without a currently functioning system. We hope that you believe, as we do, that the Grand is an important thread London's cultural fabric and support our one-time ask for emergency funding to keep the heat on.

Yours Sincerely,



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Executive Director

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