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**Date:** Friday, January 25, 2019

**To:** Corporate Services Committee, City of London

**From:** Board of Directors, London Convention Centre Corporation

**Subject:** London Convention Centre Investment

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**Background:**

The London Convention Centre, is a 25 year old, City owned asset. For the past 12 years (2006-2017) LCC hosted events have annually generated \$13-\$20 million in direct spend for the London economy. The London Convention Centre has operated directing all annual City funding to reserves including the LCC capital reserve held by the City. Additionally, the London Convention Centre has contributed \$1,199,103 in operational surpluses to the LCC capital reserve held by the City.

In 2012, a study of the physical property was completed with the following recommendations identified:

In a study completed for the LCC in 2012, by HLT Advisory and LMN Architecture, consultants noted that “the LCC is beginning to show some signs of deferred maintenance. The facility requires capital investment to support the current level of operations ...” The LCC study further indicates, “the primary exhibit hall (i.e. the Ballroom) is sufficiently large to accommodate current and anticipated market demand, suggesting the LCC footprint is generally adequate. However, while current demand levels do not support additional exhibition/ballroom space, the venue is almost certainly not reaching existing potential as a result of:

- Inadequate crush space outside the Ballroom that limits the ability of event organizers to stage attendees in this area prior to entering the ballroom
- Configuration of the Ballroom and location of the kitchen which prevents use of the entire ballroom when subdivided
- Lack of signature space (a “wow” space) for high-impact events; and
- Limited flexibility for medium-sized breakout sessions

To remain competitive, the HLT Advisory/LMN Architectural study suggested the following: *LCC management could capitalize on more efficient use of existing space with modest reconfiguration/renovation which could address concerns of:*

1. *Insufficient crush space on ballroom level (2<sup>nd</sup> floor)*
2. *Location of washrooms (currently all in the east and north corridors)*
3. *Insufficient and inflexible meeting space on ground level (boardrooms, theatre, salons)*
4. *No “signature” space (high end quality space)*

5. *Limited arrival appeal from Doubletree by Hilton (north entrance)*
6. *Sound proofing partitions less than adequate (between salons)*
7. *General updating required given age of building (20 year old facility)*

Subsequent to receiving this report, the LCC Board established a two phased approach to address the identified challenges. Phase one of the 1<sup>st</sup> floor was completed in September 2016 which included the renovation and refurbishment of the 1<sup>st</sup> floor: theatre was converted to a divisible flat, flexible meeting room; boardrooms and offices were converted to open, flexible meeting space; salons and public foyers were updated to complement the renovated space; new hearing assistance and signage technology was added. Phase one was a \$5 million refurbishment supported by \$715,000 from the Federal Government infrastructure program. Annual capital funding received from the City was applied to phase one. The remaining funds came from the LCC capital reserve and a LCC loan of \$1.965 million from the City of London. Loan payments are made annually (2017-2026). Phase one did not include upgrades to the finishes of the 2<sup>nd</sup> floor.

The 2<sup>nd</sup> floor of the LCC has not been upgraded since 2009 when \$1.2MM was spent to partially update this floor. The upgrades in 2009 including new carpet, coloured LED lights in the east foyer, painting, and new fabric on the upper portion of the walls and new wallpaper on the moveable walls. Most hospitality properties upgrade finishes every 7-10 years to remain competitive. A high level cost analysis completed by Nicholson Sheffield Architects to upgrade the entire floor is attached with a high level budget estimate of \$3.85 million. This budget includes: new acoustic wall panels, new carpet, ceiling grid replacement, refinishing all finishes on moveable walls, several new tracks and several new sections of moveable walls, painting throughout the entire floor, new door pulls, decorative wainscoting, and lighting.

This extensive project can be divided into phases to reduce the budget requirement in any given year and manage the project within the available down time. A proposed 2019 budget of \$1.5MM is recommended by LCC Administration and supported by Nicholson Sheffield. Previously, \$1MM was approved by Council and is currently identified in the LCC capital budget for this 2<sup>nd</sup> floor interior upgrade.

### **Tourism Infrastructure Reserve Fund**

The Tourism Infrastructure Reserve Fund (TIRF) was established in June 2018 for the purpose of funding initiatives/projects that support tourism, including but not limited to the following:

- a. Fund tourism related infrastructure projects;
- b. Finance new projects and improve venue capacity and sustainability in order to strengthen London's ability to attract major tourism related events; and
- c. Leverage private sector and government capital investment to support initiatives that encourage tourism infrastructure development.

The MAT was implemented in the City of London as of October 1, 2018. In the first month of implementation, the MAT generated approximately \$322,000 in gross revenue. After implementation costs and collection fees, the City's share (50%) is approximately \$150,000. Using conservative projections for hotel / motel stays in November and December, it is estimated that the City's share of the 2018 balance of the Tourism Infrastructure Reserve Fund will be in the range of \$340,000 - \$375,000. Conservatively an additional \$1.5-\$1.8 million will be collected annually thereafter.

The London Convention Centre advances the following areas of focus and objectives of the previous Council's Strategic Plan: Growing Our Economy

4. Strategic, collaborative partnerships

- A) Work better together for economic growth: Western Fair District, London Economic Development Corporation, London Hydro, London International Airport, Tourism London, London Convention Centre, Covent Garden Market, London Chamber of Commerce.

**Recommendation:**

The London Convention has a window of opportunity in the summer months of 2019 to update the 2<sup>nd</sup> floor. The ballroom and 2<sup>nd</sup> floor foyer have been placed "off market" to accommodate this renovation which means revenue during this period will be greatly reduced with only the 1<sup>st</sup> floor available for events. Nicholson Sheffield Architects have been retained for this project to carry the look and feel of the 1<sup>st</sup> floor renovation to the second of the LCC. A proposed total budget of \$1.5 million would enable much of the proposed work to be accomplished during the scheduled down time for the LCC 2<sup>nd</sup> floor. The LCC currently has \$1 million approved in the LCC capital reserve for this project and is seeking additional financial support from the City of London Municipal Accommodation Tax of \$500,000 for this 2019 project.

As a City owned asset which needs to be maintained to remain competitive to attract events to the City, and an identified window of opportunity to complete almost half of the proposed work, this ask is logical and reasonable and should be supported by the newly implemented MAT infrastructure fund held by the City of London.

c.c. City of London, Clerk's Office

c.c. Anna Lisa Barbon, Managing Director, Corporate Services and City Treasurer, CFO

**London Convention Centre 2nd Floor Renovation**  
**Preliminary Budget Options**  
December 20, 2018

<b>Item</b>	<b>Budget Allowance</b>
<b>General Scope</b>	
Contingency	\$150,000.00
Record drawings	\$3,700.00
General accounts	\$150,395.00
Bonds and insurance	\$32,500.00
Demolition	\$87,607.00
Miscellaneous metals	\$1,500.00
Rough carpentry	\$20,000.00
Millwork	\$10,000.00
Sprayed fireproofing repairs	\$7,500.00
Firestopping and smoke seals	\$1,000.00
Sealant and caulking	\$1,000.00
M&E cut and patch	\$15,000.00
<b>Total - General</b>	<b>\$480,202.00</b>
<b>Phase 1 Scope</b>	
Ballroom operable partitions	
Replace all stackings (6) and track intersections (6)	\$20,000.00
Replace (7) pass door panels	\$88,000.00
Vinyl over vinyl application on main ballroom partitions	\$146,000.00
Repair Ballroom bulkheads at new track intersections	\$13,550.00
Refurbish Ballroom sliding wall	\$20,000.00
Paint walls and ceilings in Ballroom	\$48,181.00
Replace carpet in Ballroom, South Foyer, East Foyer and on Stairs	\$387,824.00
Replace pulls on Ballroom entrance doors	\$20,000.00
Replace entrance doors at south end of Pedway with wood vinyl wrapped hollow metal doors and fire rated ceramic glass	\$5,300.00
Lighting	
Replace 2nd floor lighting controls	\$60,000.00
Replace downlights in the Ballroom	\$235,000.00
<b>Subtotal</b>	<b>\$1,043,855.00</b>
General Scope - Phase 1	\$161,443.71
<b>Total - Phase 1</b>	<b>\$1,205,298.71</b>
<b>Phase 2 Scope</b>	
Provide acoustic wall panels in Ballroom, to replace fabric panels and to cover drywall above fan	\$819,429.00
Provide metal finish on entrance archways in Ballroom	\$210,000.00
Replace stone wainscoting with porcelain in Ballroom (approx.. 2200sf)	\$61,010.00
Replace stone wainscoting with porcelain in South Foyer and East Foyer. Includes stone on upper	\$144,585.00
Provide acoustic wood ceiling in South Foyer and above East Foyer Stairs, to replace metal	\$100,000.00

## London Convention Centre 2nd Floor Renovation

### Preliminary Budget Options

December 20, 2018

<b>Item</b>	<b>Budget Allowance</b>
Rework sprinklers for ceiling replacements	\$45,534.00
Paint walls and ceilings in South Foyer and East Foyer	\$48,181.00
Paint walls in Pedway	\$2,250.00
Replace carpet in Pedway	\$5,957.00
Replace acoustic tile ceiling at the Pedway entrance with new tegular acoustic tile ceiling	\$4,066.00
Lighting	
Replace downlights in South Foyer, East Foyer and above Stairs	\$80,000.00
Add accent downlights in the South Foyer and in the 2 <sup>nd</sup> floor Elevator Lobby	\$50,000.00
Add decorative chandeliers in the South Foyer	\$60,000.00
Add decorative chandelier above the East Foyer Stairs	\$30,000.00
<b>Subtotal</b>	<b>\$1,661,012.00</b>
General Scope - Phase 2	\$256,893.87
<b>Total - Phase 2</b>	<b>\$1,917,905.87</b>
<b>Phase 3 Scope</b>	
Lighting	
Replace cove lighting in the Ballroom and in the 2nd Floor Elevator Lobby with coloured	\$400,000.00
<b>Subtotal</b>	<b>\$400,000.00</b>
General Scope - Phase 3	\$61,864.42
<b>Total - Phase 3</b>	<b>\$461,864.42</b>
<b>Total</b>	<b>\$3,585,069.00</b>