

Executive Committee

Meeting No.	33	Contact	Patsy Morris, Committee Administrator
Meeting Date	Tuesday, June 2, 2009	Phone	416-392-9151
Start Time	9:30 AM	E-mail	exc@toronto.ca
Location	Committee Room 1, City Hall	Chair	Mayor David Miller

Additional Communications/Reports

44a Union Station Revitalization Implementation

Confidential Attachment - A proposed or pending acquisition or sale of land for municipal or local board purposes

Origin

(May 28, 2009) Report from the City Manager and the Deputy City Manager and Chief Financial Officer

Recommendations

The City Manager and Deputy City Manager and Chief Financial Officer recommend that City Council:

1. Authorize the Chief Corporate Officer to undertake the Union Station Revitalization Project in the amount of \$640 million (excluding GST) substantially in accordance with the financial plan detailed in Confidential Attachment 1 (the "Financial Plan"), subject to:
 - a. Treasury Board approval of Federal funding in an amount substantially consistent with the Financial Plan and execution by the City and the Federal government of a contribution agreement in respect thereof;
 - b. Treasury Board and Cabinet approval of Provincial funding in an amount substantially consistent with the Financial Plan and execution of the various agreements to be entered into by the City and the Greater Toronto Transit Authority ("GO Transit") in respect of Union Station; and
 - c. Council's approval of the report respecting the Head Lessee and the Commercial Premises Head Lease Agreement, referred to in Recommendation 4.
2. Authorize the City to enter into a contribution agreement with the Federal government for the Federal funding to be provided for Union Station, on terms and conditions satisfactory to the City Manager and Deputy City Manager and Chief Financial Officer,

and in a form satisfactory to the City Solicitor, and authorize the City Manager to execute the contribution agreement on behalf of the City.

3. Authorize the City to enter into the West Wing Strata Sale Agreement, the Concourse Strata Sale Agreement and the office space Lease with GO Transit, that were previously authorized by City Council at its meeting on December 1, 2 and 3, 2008 (GM 19.11), on certain revised terms and conditions, substantially as set out in the Transaction Summary in Attachment 8 and Confidential Attachment 1, and authorize the City to enter into any other related or ancillary agreements with GO Transit (including the Northwest PATH Agreement, as previously authorized by Council) as may be necessary in connection with the Revitalization, on terms and conditions satisfactory to the Chief Corporate Officer and in a form satisfactory to the City Solicitor.
4. Authorize the City Manager and Deputy City Manager and Chief Financial Officer to report directly to City Council at its meeting to be held on July 6 and 7, 2009 on the recommended Head Lessee and the key terms to be included in the Commercial Premises Head Lease Agreement for the commercial space within Union Station.
5. Authorize the City to extend contracts of contractors/consultants/professionals, in a form satisfactory to the Chief Corporate Officer and the City Solicitor until the Federal contribution agreement has been executed, in accordance with the details outlined in Attachment 6 (excluding taxes) as specified below:
 - a. extend the retainer of Davies Ward Phillips & Vineberg LLP at a cost not to exceed \$300,000 ;
 - b. extend the retainer of Deloitte & Touche LLP to undertake ongoing negotiations at a cost not to exceed \$300,000;
 - c. extend the retainer of ARUP Canada Inc. at a cost not to exceed \$350,000;
 - d. extend the retainer of NORR Limited Architects & Engineers, at a cost not to exceed \$8.3 million for completion of the design development and tender documentation for Stage 1 construction, including all the necessary heritage approvals;
 - e. extend the retainer of Osler, Hoskin & Harcourt LLP to provide construction law services at a cost not to exceed \$200,000;
 - f. extend the retainer of PCL Constructors Canada in the amount of \$1.1 million to complete interim improvements to the fire alarm systems; and
 - g. extend the retainer of Clifford Restoration to relocate the existing sanitary sewer within the northeast Moat and initiate building envelope investigation/restoration work in advance of the construction pending on the TTC Union Station Subway , at a cost not to exceed \$1.4 million; and

- h. personnel services/consulting services at a cost not to exceed \$2.1 million as detailed in Attachment 6.
6. Authorize the Deputy City Manager and Chief Financial Officer to set up the obligatory Capital Reserve Funds to allow for tracking and management of any 3rd party funding to be received from the Federal government, VIA Rail and the Provincial government/GO Transit.
7. Authorize the City to enter into any necessary agreements and/or amending agreements with GO Transit, VIA Rail, The Bank of Nova Scotia, Maple Leaf Sports & Entertainment Ltd., the TTC and others, including those listed in Attachment 7, as may be necessary to achieve the Revitalization of Union Station, on terms and conditions satisfactory to the Chief Corporate Officer and in a form satisfactory to the City Solicitor, and authorize the Chief Corporate Officer to administer and manage any existing or new agreements or leases at Union Station, including the provision of any consents, approvals, notices and notices of termination, provided that the Chief Corporate Officer may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.
8. Authorize the City to enter into an agreement, on terms and conditions satisfactory to the Chief Corporate Officer and in a form satisfactory to the City Solicitor for the lease or licence of space within the ground floor of the Station for the Air/Rail Link lobby space.
9. Authorize the City, to enter into easement and maintenance agreements as may be required, with Enwave Energy Corporation and third party users related to certain sections of the steam pipe within Union Station, on terms and conditions satisfactory to the Chief Corporate Officer and in a form satisfactory to the City Solicitor.
10. Authorize the City, to enter into new or renewed steam services agreements related to Union Station, as may be required, with Enwave Energy Corporation and third party users, on terms and conditions satisfactory to the Chief Corporate Officer and in a form satisfactory to the City Solicitor.
11. Authorize the Chief Corporate Officer, in a form satisfactory to the City Solicitor to register any necessary trademark or branding or other form of “official mark” for Union Station.
12. Authorize the City to enter into agreements/contracts with respect to a project specific insurance program for the Union Station construction project, on terms and conditions satisfactory to the Deputy City Manager/Chief Financial Officer, the Chief Corporate Officer and in a form satisfactory to the City Solicitor.
13. Authorize the public release of the confidential information in Attachment 1, after the announcements of Federal and Provincial funding, the execution of the GO Transit Strata Sale Agreements for the West Wing and Concourses as well as the office leases, and after the Head Lease Agreement with the Head Lessee has been signed.

Summary

This report recommends approval of the Union Station Revitalization Project subject to approvals of funding from the Federal and Provincial Governments, execution of various documents with GO Transit and execution of a Commercial Premises Head Lease Agreement with a Head Lessee for the commercial space within the Station.

The report establishes a calendar of construction milestones to achieve completion of the project in 2015, including the “dig down” to create two new GO Transit Concourses with a new pedestrian/retail level below. The Revitalization Project also includes renovation of the West Wing office space for GO Transit, the renovation and restoration of VIA Rail areas and the revitalization of all the public spaces within the Station including the Great Hall and the ground floor of the East and West Wings. The Northwest PATH extension from the Station north up York Street will also be built simultaneously. The Revitalization will bring the entire building into a state of good repair with significant new pedestrian routes and improvements that will facilitate direct connections to other transit improvements in the area.

Financial Impact

Staff from Facilities and Real Estate, NORR Limited Architects & Engineers and Hanscomb Ltd. estimate that the total project cost is \$640 million. This figure and all other figures cited in the report do not include GST.

The 2009-2018 Approved Capital Budget, Plan and Estimates include \$615 million for the Revitalization of Union Station. Total costs are now estimated to be \$640 million and the project timeframe has also been accelerated. The 2010-2018 Capital Plan and Estimates will need to be revised following the finalization of negotiations with the Federal and Provincial Governments, and the Head Lessee; including sources of funding: debt, recoverable debt, Federal and Provincial funds and projected head lessee revenues. This will be considered in conjunction with the City’s 2010 Capital Budget Process.

Based on the updated capital costs and estimated Federal and Provincial partnership funding related to applicable transit utilization of the Station, there is no further debt requirement beyond the 2010-2018 Capital Plan. Funding in the amount of \$18.05 million is provided for in the 2009 Capital Budget and 2010-2018 Capital Plan to fund the contractors/consultants/professionals detailed in Recommendation 5.

Upon completion of the Revitalization, it is anticipated that any increased operating costs will be recovered from tenants based on occupancy and share of common space based on usage, as outlined in Attachment 3.

Risk Analysis Summary – Financial & Construction

Item	Level of Risk	Mitigation
Design & Construction Cost	Medium	Detailed Cost Estimates/construction phasing
Operating Costs	Low	Detailed Estimates based on revitalization
Capital Revenue Sources	Low	Provincial & Federal Contributions

The risk management strategy for the revitalization of Union Station is outlined as follows:

Capital Project Costs

The capital costs associated with the revitalization and redevelopment of Union Station have been estimated by NORR Limited Architects & Engineers and Hanscomb with a reasonable contingency given the project's risk profile. The estimate includes general conditions and construction management fees, design and pricing allowance, phasing allowance and construction allowance. The risks associated with the project estimates are considered medium. Cost escalation for unforeseen environmental factors, construction staging/phasing and scheduling at the site is a consideration for this project. Delays in commencing the construction phase of the project will add to the overall project costs. A detailed cost estimate at 100% complete design development drawings will be available in the fall of 2009 and any discrepancies will be reported back through the capital plan submission for the Station in 2009.

Some of the construction risks associated with the Revitalization of Union Station have been reduced through a detailed investigation of the structural feasibility of the proposed "dig down". Currently the team is developing a construction phasing plan that will include the coordination of the revitalization work done in conjunction with the above grade work for the new train shed roof, the TTC second platform and the construction of the Northwest Path. The construction phasing review will include this work to ensure that the Station is operational and accessible for pedestrians at all times. Design development work will be substantially completed in September of 2009.

Operating Costs

The risk of fluctuations in operating costs in future years is low considering the analysis is based on a restored building with an entirely new mechanical electrical system operated by the City. There is a potential for security costs to increase as further security risk assessments are made and by an increasing volume of pedestrian throughput.

Federal Government Funding and Process

Staff have been meeting with Transport Canada (TC) and Infrastructure Canada (IC) to ascertain requirements to secure the funding for the commitment announced in the January 2009 Federal Budget. Based on the project descriptions, justifications and costing, it is anticipated that IC will be submitting a project brief to the Federal Treasury Board for approval of selected aspects of the Revitalization Project under the Building Canada Fund ("BCF") by early Fall 2009. It is expected that the BCF will fund projects such as heritage restoration, base building improvements, transportation enhancements in the form of pedestrian circulation, structural reinforcement and the construction of the Northwest PATH. Consulting fees will also be reimbursed up to 15% of the total construction cost. One of the conditions of funding is that no contracts can be committed to the project prior to a contribution agreement being signed. Therefore the report recommends extending the professional/consulting contracts until the agreement is approved. New contracts will be drafted and signed to commence after the contribution agreement is finalized.

VIA has also indicated it will commit up to a \$25 million contribution towards its costs for restoration and up grades.

Provincial Government Funding and Process

In accordance with the Letter of Intent signed by GO Transit, City staff has been negotiating the terms of various agreements with GO Transit. These include an agreement for the strata sale of the upper floors of the West Wing, an office space lease for certain other space in the West Wing and the Centre Block, a strata sale agreement for two new transportation concourses to be constructed by the City, an amendment to the existing Reciprocal Rights Agreement and an easement agreement for the Northwest PATH, pursuant to which GO Transit would contribute a significant portion of the 2008 estimated cost of constructing the Northwest PATH. Through the course of negotiations, GO Transit has requested certain revisions to the terms and conditions that were approved by Council in December, 2008. GO Transit has requested the establishment of separate reserve accounts to track funding. The terms and conditions that have been revised are set out in Attachment 8. Funding for all of these transactions is subject to the Provincial Treasury Board approval and anticipated by early summer 2009.

Operating Budget Allocations

The 2009 Union Station Operating Budget was approved by Council in April of 2009. Once the Station is revitalized and redeveloped the operating budget will need to reflect the agreements reached with the Station tenants/occupants. The proposed 2015 operating budget is reflected in Attachment 3.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Background Information

Union Station Revitalization Implementation

(<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-21638.pdf>)

45a Acquisition of Toronto District School Board's 3495 Lake Shore Boulevard West, 432 Horner Avenue and 819 Sheppard Avenue West Sites

Origin

(May 27, 2009) Report from the Chief Corporate Officer

Recommendations

The Chief Corporate Officer, the General Manager, Children's Services and the General Manager, Parks, Forestry and Recreation recommend that:

1. Authority be granted to enter into an Agreement of Purchase and Sale with the Toronto District School Board to acquire the property municipally known as 3495 Lakeshore Boulevard West at a purchase price of \$1,350,000.00 plus applicable taxes and

registration fees, estimated at \$19,000.00 substantially on the terms outlined in Appendix “A” to this report and on such other terms and conditions as may be acceptable to the Chief Corporate Officer and in a form satisfactory to the City Solicitor.

2. The 2009 Capital Budget of Children’s Services be amended by designating project New Child Care Centre D as “Thomas Berry Child Care Centre Acquisition” for \$1,369,000.00 with funding provided from the Child Care Capital Reserve Fund (XR-1103).
3. Authority be granted to enter into an Agreement of Purchase and Sale with the Toronto District School Board to acquire the property municipally known as 432 Horner Avenue at a purchase price of \$4,300,000.00 plus applicable taxes, environmental testing and registration fees, estimated at \$164,000.00 substantially on the terms outlined in Appendix “C” to this report and on such other terms and conditions as may be acceptable to the Chief Corporate Officer and in a form satisfactory to the City Solicitor.
4. The 2009 Capital Budget of Parks, Forestry and Recreation be amended by the addition of a project “Franklin Horner Community Centre Acquisition” for \$4,464,000.00 with funding provided from the Parkland Acquisition – West District Accounts in the following amounts: the balance of Parkland Acquisition – Etobicoke Reserve Fund (XR-2037) estimated at \$404,000.00; the balance of the Parkland Acquisition – Etobicoke Reserve Fund (XR-2035) estimated at \$108,000.00; the balance of the Parkland Acquisition – West District Local Land Reserve Fund (XR-2202) estimated at \$1,131,000.00 and \$2,821,000.00 from the Parkland Acquisition Reserve Fund – City Wide Land Acquisition (XR-2210).
5. The \$2,821,000.00 to be drawn from the Parkland Acquisition Reserve Fund – City Wide Land Acquisition (XR-2210) be repaid through allocation of future cash-in-lieu of parkland dedication from developments in Ward 6 exceeding the base 5% contribution.
6. Each of the Chief Corporate Officer and the Director of Real Estate Services be authorized severally to execute, on behalf of the City, the Agreement of Purchase and Sale(s) with the Toronto District School Board.
7. The City Solicitor be authorized to complete the transaction(s) on behalf of the City including making payment of any necessary expenses and amending the closing date and other dates to such earlier or later date(s) and on such terms and conditions as she may from time to time consider reasonable.
8. The appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Summary

The Toronto District School Board (TDSB), at its meeting of June 25, 2008, adopted a resolution pursuant to Section 194(3) of the Education Act to declare 16 properties as not required for the purposes of the Board. Pursuant to Ontario Regulation 444/98, the Toronto

Lands Corporation (TLC) which is the real estate arm of the TDSB circulated these properties under a Proposal for Sale. Children’s Services identified an interest in acquiring the site at 3495 Lakeshore Boulevard (Thomas Berry child care centre) which it currently leases from the Board. Parks, Forestry and Recreation identified an interest in acquiring 432 Horner Avenue (Franklin Horner community centre) which they currently lease from the Board and 819 Sheppard Avenue West which is in an area of low parkland provision. The Toronto Parking Authority expressed an interest in 140 Borough Drive and is independently pursuing acquisition of that property.

Negotiations with the Toronto District School Board (TDSB) have been ongoing since April of 2009. The City and TDSB have agreed to the Terms and Conditions as shown on Appendices “A” and “C” to this report and describe the salient terms of these proposed acquisitions which are considered fair and reasonable.

Real Estate Services seeks authority for the City to acquire the properties municipally known as 3495 Lakeshore Boulevard West and 432 Horner Avenue. A report regarding the potential acquisition of 819 Sheppard Avenue West is targeted for the September 17, 2009 meeting of the Government Management Committee.

Financial Impact

The total cost of these acquisitions, is approximately \$5,831,900.00 including all taxes and charges.

The 2009 purchase of the property for the Thomas Berry Child Care Centre (3495 Lakeshore Blvd W) is \$1,369,000.00 with funding provided from the Child Care Capital Reserve Fund (XR-1103). The Thomas Berry Child Care Centre Capital Project, with cash flow of \$1.369 million in 2009 is recommended to replace the “Centre D” project with cash flows of \$0.02 million in 2009, \$1.2 million in 2010 and \$1.1 million in 2011. “Centre D” project is included in the 2009 approved capital budget for Children’s Services and funded from the Child Care Capital Reserve Fund and Development Charges Reserve Fund.

The total cost to purchase the land at 432 Horner Avenue for the Franklin Horner Community Centre is) is \$4,464,000.00 with funding provided from the Parkland Acquisition – West District Accounts XR2037 – Parkland Acquisition – Etobicoke Local in the amount of \$404,000.00; XR2035 – Parkland Acquisition – Etobicoke in the amount of \$108,000.00 and XR2202 – Parkland Acquisition – West District Local Land in the amount of \$1,131,000.00 and XR2210 – Parkland Acquisition – City Wide Land Acquisition Reserve Fund in the amount of \$2,781,000.00.

A break down of the contemplated costs for the various properties can be found in Appendices “A” and “C”.

Payments to all Owners:	Purchase price (less GST)	\$5,650,000.00
	Total Payment to TDSB	\$5,650,000.00
City’s Closing Costs:	Land Transfer Taxes – app.	\$81,700.00
	Environmental Testing – app.	\$100,000.00
	Registration Costs –app.	\$200.00
Net Cost to City less GST		\$5,831,900.00

GST on Total Purchase Price of all Properties \$282,500.00

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Background Information

Acquisition of Toronto District School Board's 3495 Lake Shore Boulevard West, 432 Horner Avenue and 819 Sheppard Avenue West Sites

<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-21637.pdf>

48a Operating Variance Report for the Four-month Period Ended April 30, 2009

Origin

(May 27, 2009) Report from the Deputy City Manager and Chief Financial Officer

Recommendations

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council approve the 2009 Operating Budget Adjustments related to service and program re-alignments for Solid Waste Management Services, Technical Services, and Parks, Forestry and Recreation Division as detailed in Appendix D.
2. Executive Committee forward the Operating Variance Report for Four-month Period Ended April 30, 2009 to Budget Committee for its consideration.

Summary

The purpose of this report is to provide City Council with the City of Toronto Operating Variance for the four-month period ended April 30, 2009 and to obtain Council's approval for amendments to the 2009 Council Approved Operating Budget with no change to the Net Operating Budget.

At the end of the four-month period ended April 30, 2009, actual net expenditures were over-budget by \$5.018 million or 0.6 per cent of the 2009 Net Operating Budget for that period. Projections to year-end indicate that the 2009 Council Approved Net Operating Budget may be over-spent by \$1.857 million or 0.1 per cent. Analysis indicates that the unfavourable year-to-date variance is primarily driven by the impact of the ongoing recession on key non-tax revenues. Staff will continue to monitor the impacts of the recession closely and take action as appropriate.

Financial Impact

Net expenditures for the four-month period ended April 30, 2009 were over budget by \$5.018 million or 0.6 per cent (See Table 1). Projections to year-end indicate an unfavourable net operating budget variance of \$1.857 million or 0.1 per cent. The Deputy City Manager and Chief Financial Officer will monitor expenditures of City Operations and Agencies, Boards, and Commissions (ABCs) that are projecting over-expenditures, and will institute appropriate

strategies to bring spending in line with the budget by year-end.

Background Information

Operating Variance Report for the Four-month Period Ended April 30, 2009
(<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-21619.pdf>)