



STAFF REPORT ACTION REQUIRED

Sony Centre Redevelopment – Public Plaza Funding

Date:	September 10, 2013
To:	Executive Committee
From:	Deputy City Manager, Cluster B and Deputy City Manager and Chief Financial Officer
Wards:	Ward 28 – Toronto Centre-Rosedale
Reference Number:	p:2013\Cluster B\DCM\ex130001

SUMMARY

To recommend the addition of a new project to the 2013 Capital Budget for the Sony Centre to deliver the Public Plaza attached to the Centre.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. Council approve the addition of a project entitled "Sony Centre Public Plaza" to the 2013 Capital Budget for the Sony Centre for \$1 million gross, funded by the following sources:
 - a) \$700,000 from the Developer, now known as Ferncastle (Front Street) Inc.; and
 - b) \$300,000 from Development Charge funds designated for civic improvements.
2. Council direct that should the amount of the Developer's contribution be greater than \$700,000, the Development Charge contribution be reduced accordingly.
3. Council direct that any costs to complete the Plaza in excess of \$1 million shall be the responsibility of the Developer.

4. Council direct the City Solicitor and City officials to take whatever steps are necessary to implement the recommendations set out in this report, including the entering into of agreements.

Financial Impact

Funds are being recommended to be allocated to complete this final construction phase of the Sony Centre redevelopment. The most cost effective way to complete the public plaza, is to complete it as the remaining work on the Developer's adjacent condominium tower is completed. Therefore, this project needs to be added to the Sony Centre's 2013 Capital Budget.

The sources of funding applied are appropriate to what will become a public open space. \$0.700 million of the funding arises from the L-tower development, while \$0.300 million is provided from Development Charges designated for civic improvements.

This project will complete the final new construction associated with the redevelopment of the Sony Centre. There are other two projects to restore external cladding and stonework on the theatre building which have been submitted for consideration during the 2014 Capital Budget process requiring City debt funding of \$2 million in 2014 and 2015.

There are no new significant operating impact costs arising from the plaza completion. Its completion will support improved amenities for the Sony Centre and general public use.

DECISION HISTORY

By its adoption of Report 6(59) of the Policy and Finance Committee at its meeting held on July 25, 26 and 27, 2006, City Council approved the Business Plan of the Board of Directors of the Hummingbird Centre (now known as the Sony Centre for the Performing Arts) for its redevelopment of the existing theatre, and authorized the execution of an Umbrella Agreement among the City, Sony Centre (where appropriate) and Castlepoint Realty Partners Limited (Castlepoint) which provided for the sale of a strata portion of the Sony Centre site to Castlepoint for a private development, to be partly integrated with the theatre.

On July 15, 16 and 17, 2008 Council enacted site specific Zoning By-law No. 860-2008 to permit a 57-storey residential condominium tower on part of the lands municipally known as 1 Front Street East (now known as 8 The Esplanade). This included approval for an expansion of the Sony Centre by creation of a new cultural facility on part of the Sony Centre site. However, Sony Centre was unable to secure the necessary funding from other levels of government for such facility. The Umbrella Agreement with Castlepoint included a fallback scenario which provided for construction of a commercial development, instead of the cultural facility.

By its adoption of Item EX 22.36 at its meeting held on July 15, 16 and 17, 2008, City Council approved amendments to the Umbrella Agreement to provide for a change in the Staff report for action – Sony Centre Redevelopment – Public Plaza - 1 Front Street East

Business Plan for Sony Centre, to consider a public plaza development in place of the cultural facility or commercial development, and the sale of potential available residential density to Castlepoint. Staff determined that this alternative scenario would result in significant public benefits, assist in the operations of the existing theatre, and result in a financial outcome similar to that of a commercial development.

By its adoption of Item EX24.4 on October 29 and 30, 2008, City Council revised the transaction to remove the commercial component, and in lieu thereof, agreed to accept at least \$50 per square foot for the area freed up for residential development by the deletion of the commercial podium component. Table 1 of that Report set the cost of the public plaza at the sum of \$1 million, plus amounts the Sony Centre Board may make available from its capital budget. Castlepoint agreed to contribute \$1 million toward construction of the Public Plaza.

City Council's approval of the 57-storey tower development included the requirement that the developer contribute 1% of gross construction costs toward public art. The approved public art components are to be three metallic sculptures measuring 14, 16 and 18 feet in height and are proposed to be located in the Sony Centre public plaza. It is estimated that the sculptures will be completed at the end of September, 2013.

At its meeting held on July 11, 12 and 13, 2012, City Council adopted MM 25.43, and directed the City Manager and Deputy City Managers, in consultation with the Ward Councillor to conduct and conclude negotiations with Castlepoint with respect to the cash-in-lieu contribution for park land, and determine how completion of the public plaza should best be accomplished.

ISSUE BACKGROUND

On October 13, 2009, a portion of the Sony Centre site for the proposed 57-storey tower was sold to the Developer. The proposed public plaza at 1 Front Street East is 818 square metre (8,800 square foot) publicly accessible plaza located immediately west of the existing Sony Centre theatre. The proposed plaza will also contain the public art component of the adjacent 57-storey residential condominium tower development.

The area for the public plaza was retained and is owned by the City. The Developer's full required contribution of \$1 million for the public plaza (less \$0.041 million representing Sony Centre's share of the plaza design costs), was fully paid to the City in two installments, on September 21, 2010 and on October 6, 2010.

The public plaza was planned to be built when construction of the adjacent condominium tower is substantially complete, in order to avoid damage from ongoing construction. With major construction of the tower nearing completion, it is now an appropriate time to begin construction of the plaza.

The Developer has agreed to construct the plaza on behalf of the City and Sony Centre provided that funding is in place and construction can be integrated into the landscaping

work for the condominium tower development. This will result in efficiencies that substantially reduce the cost of the plaza. The plan is to complete the stone work before the end of this year and to install the soft landscaping and public art in the spring of 2014.

The current estimate for the completion of the public plaza is \$ 0.984 million. As a result of delays in construction of the tower and theatre renovation project and resulting increased costs, the funds previously paid by the Developer to the City for the construction of the public plaza are no longer available. Accordingly, there is currently a shortfall in funding for completion of the plaza.

COMMENTS

At its meeting of September 12, 2013, the Board of Directors of the Hummingbird (Sony) Centre for the Performing Arts adopted a motion to request the addition of this project to its 2013 Capital Budget and also to allocate the Developer's late completion penalty under the Umbrella Agreement to this project.

The Deputy City Manager of Cluster B and the Deputy City Manager and Chief Financial Officer are recommending that Council add a new project to complete the plaza to the 2013 Capital Budget for the Sony Centre. This project will be funded by a further \$0.700 million from the Developer based on a settlement with Sony Centre over a late completion penalty payment and a settlement with the City over a parkland dedication charge amount. This project will complete the final new construction associated with the redevelopment of the Sony Centre.

The approval of the recommendations in this report will support the delivery of the public plaza project while the L-Tower construction is being completed, as it is an integral part of the overall redevelopment project on this site.

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