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## 2021 CAPITAL BUDGET BRIEFING NOTE

### George Street Revitalization Delays and Cost Fluctuations

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#### Issue/Background:

On January 22, 2021, the Budget Committee requested the Shelter, Support & Administration Division to provide details on:

- What are the delays for the George Street Revitalization (GSR) project, including the reason for significant cost increases?

#### Key Points:

- In February 2018, project funding totaling \$566.1 million for the George Street Revitalization project was approved through the 2018-2027 Capital Budget and Plan. The project cost was based on a 2018 cost estimate of the new build.
  - Over the course of the project lifecycle, there have been cost fluctuations resulting from increased George Street Revitalization Transition spending and decreased expenses for the larger re-development.
  - In 2020, a business case was submitted for the GSR Transition Plan for an additional \$24.6 million to account for increases in anticipated new George Street Revitalization Transition spending. The main reasons for this cost increase are as follows:
    - Additional sites envisioned, from four to six, by virtue of smaller-than-anticipated replacement sites;
    - An increase in construction costs driven by tariffs on steel and aluminum resulting in construction price inflation;
    - Unforeseen remedial work and more extensive work than expected due to site conditions; and
    - Cost overruns encountered at 3306 Kingston Road, by virtue of greater-than-expected remedial required due to site conditions.
  - In August 2020, City Council also approved a non-competitive contract with B+H Architects to provide Planning, Design and Conformance consulting services for the Construction phase of the GSR project in the amount of \$7.5 million representing \$2.6 million in cost avoidance since this work was originally budgeted for \$10.1 million. ([GL15.7](#))

- In 2020, the COVID-19 pandemic resulted in delays related to the finalization of the Project Specific Output Specification (PSOS) document and RFP release as staff and critical stakeholders were involved in the City's response to the pandemic. The delay in key project activities resulted in lower than plan spending of \$5.39 million which has been deferred to 2021.
- There are currently no cost increases identified for the larger re-development and construction of the new George Street facility.
- As part of the 2021 Budget Process, approved funding of \$11 million for the George Street Revitalization Transition budget has been transferred to Housing Secretariat's Staff Recommended 2021 – 2030 Capital Budget and Plan as a part of the pivot from emergency shelter development to permanent supportive housing.
- Table 1 below shows the project budget from a life-to-date perspective, the total George Street Revitalization project cost increased by \$24.6 million from 2019 to 2020, prior to declining by \$11 million in 2021 on account of the same dollar amount transferred to the Housing Secretariat Division from Shelter, Support and Housing Administration's (SSHA) George Street Revitalization Transition Budget.
- A status update report back to Executive Committee and City Council from Corporate Real Estate Management (CREM) is planned for the first quarter of 2021 as noted in the September 30, 2020 report to City Council. ([GL15.7](#)).

*Table 1: Total GSR Life-to-Date Project Costs over the Last 4 Years*

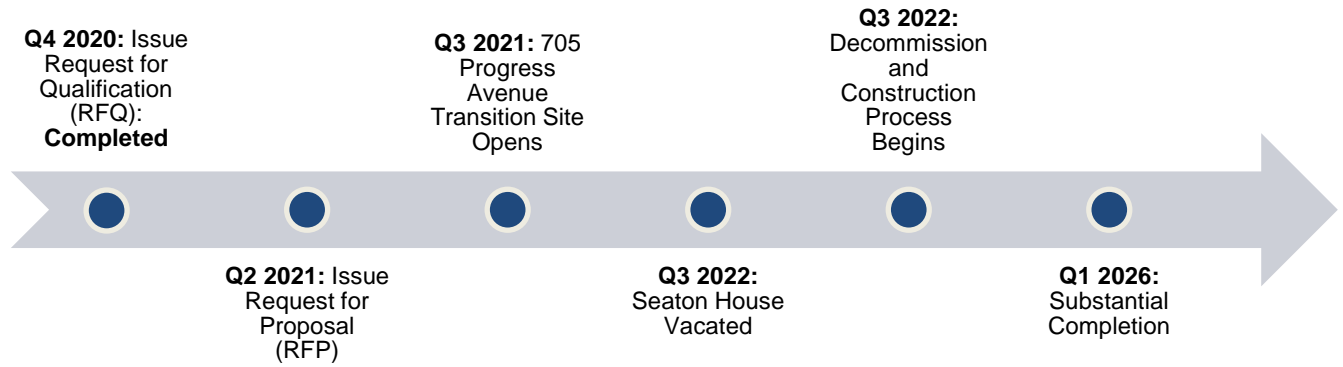
In Table 1 below, is a summary of the historical breakdown between GSR Main and GSR Transition for the years 2018-2021.

	2018	2019	2020	2021
GSR Construction	\$497,309,625	\$497,309,625	\$497,309,625	\$497,309,625
GSR Transition	\$68,817,375	\$68,293,422	\$92,884,922	\$89,884,922
GSR Total	\$566,127,000	\$565,603,047	\$590,194,547	\$587,194,547

### Questions & Answers:

Q1: What are the current timelines for the George Street Revitalization project?

A1: Figure 1 provides a revised summary of the project schedule, as well as planned milestones and activities for 2021 and beyond, with substantial completion anticipated by Q1 2026. Although there have been timeline delays as a result of the COVID-19 pandemic and finalizing the program and technical requirements for the output specifications and ultimate RFP release, further significant timeline delays are not anticipated,



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