

Union Station North Bay Pedestrian Bridge Connection

Date: November 16, 2021

To: General Government and Licensing Committee

From: Executive Director, Corporate Real Estate Management

Wards: Ward 10 - Spadina-Fort York

SUMMARY

The purpose of the report is to seek authority to enter into a construction and licence agreement with Hines 141 Bay Property Inc. and 141 Bay Street Property I Inc. (collectively, the "141 Bay Owner") for the construction and maintenance of the new North Bay Pedestrian Bridge at Union Station, and to amend the Corporate Real Estate Management (C.R.E.M.) capital budget to fund part of the interior adjustments to the east wing of Union Station. The North Bay Pedestrian Bridge will connect the publicly-accessible P.A.T.H. from Union Station to the new C.I.B.C. head office building at 141 Bay Street, partially on City-owned land at Union Station.

C.R.E.M. is proposing to add a new project called "North Bay Pedestrian Bridge Connection," with \$1 million in project costs, and \$150,000 of cash flow in 2021 and \$850,000 of cash flow in 2022, fully funded by Section 37 (Planning Act Reserve Funds) community benefits from 1-7 The Esplanade. As the total project cost is currently estimated at \$2.8 million pending project finalization, the 141 Bay Owner will fund the remaining \$1.8 million and all future project costs, as part of the cost sharing agreement outlined in this report.

RECOMMENDATIONS

The Executive Director of Corporate Real Estate Management recommends that:

1. City Council authorize the Executive Director, Corporate Real Estate Management, to approve and execute a nominal sum construction and licence agreement with Hines 141 Bay Property Inc. and 141 Bay Street Property I Inc. for the construction and maintenance of a publicly accessible pedestrian bridge connection between 141 Bay Street and Union Station on City-owned land at Union Station (the "North Bay Pedestrian Bridge"), and the partial funding of an interior ramp connection within Union Station, substantially on the major terms set out in Attachment 1, and such other terms as may be acceptable to the Executive Director, Corporate Real Estate Management, and in a form satisfactory to the City Solicitor.

2. City Council amend the 2021-2030 Council Approved Capital Budget and Plan of Corporate Real Estate Management to add a new project called "North Bay Pedestrian Bridge Connection," with \$1 million of project cost (\$150,000 of cash flow in 2021 and \$850,000 of cash flow in 2022), fully funded by Section 37 (Planning Act Reserve Funds) community benefits from 1-7 The Esplanade (Source Account: XR3026-3700570).

FINANCIAL IMPACT

The recommended allocation of \$1 million to contribute towards constructing the North Bay Pedestrian Bridge interior ramp is available from the Section 37 funds for 1-7 The Esplanade identified for expansion of the P.A.T.H. network. An amendment to the 2021-2030 Council Approved Capital Budget and Plan of C.R.E.M. is required to add a new project called "North Bay Pedestrian Bridge Connection," with \$1 million of project cost, and \$150,000 of cash flow in 2021 and \$850,000 of cash flow in 2022, fully funded by Section 37. The local Councillor's office has been consulted on this allocation of funds.

Total Cost	2021 Cash Flow	2022 Cash Flow
\$1,000,000	\$150,000	\$850,000

The Chief Financial Officer and Treasurer has been provided the financial impacts associated with these programs for review as part of the 2022 budget process.

DECISION HISTORY

At its meeting of July 12, 13, 14 and 15, 2016, City Council adopted Item ED13.5 "Imagination, Manufacturing, Innovation, Technology (I.M.I.T.) Program Application - 45 and 141 Bay Street," and approved the application submitted by Ivanhoe Cambridge and Metrolinx for Imagination, Manufacturing, Innovation, Technology Development Grants and Brownfield Remediation Tax Assistance as a Transformative Project, subject to certain conditions, including the completion of a P.A.T.H. connection to Union Station.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.ED13.5>

At its meeting of November 8 and 9, 2016, City Council adopted Item TE19.6 "Final Report - 141 Bay Street - Zoning Amendment Application" and amended the zoning by-law for the lands at 141 Bay Street, subject to the execution of a Section 37 agreement securing certain matters, including construction and maintenance of a P.A.T.H. connection between the 141 Bay Street development and Union Station.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.TE19.6>

COMMENTS

North Bay Pedestrian Bridge Connects 141 Bay Street and Union Station

The 141 Bay Owner is developing a new multi-story building, set to be the new head office of the Canadian Imperial Bank of Commerce (C.I.B.C.), adjacent to Union Station. The development qualified to receive the City's Imagination, Manufacturing, Innovation and Technology (I.M.I.T.) grant. The development agreements that include the I.M.I.T. grant and Section 37 funds, require the 141 Bay Owner to build a connecting bridge to Union Station known as the North Bay Pedestrian Bridge. The bridge will be fully accessible to the public, and provides an opportunity to further expand the City's P.A.T.H. network and promote retail at Union station, which is an objective outlined in the City's Official Plan (Chapter 3.5.3.). City staff have engaged in discussions regarding the design, real estate and operational requirements of a bridge necessary to facilitate the connection that will see additional construction work at Union Station for a brief period of time.

Building and Maintenance Costs and Associated Responsibilities

The total cost of the bridge is expected to be approximately \$3 million, with the majority of the construction costs, including the opening in the exterior wall and the demarcation doors, to be the responsibility of the 141 Bay Owner. Upon City Council approval, the first \$1 million of design and construction work is to be funded by the City through the allocation of Section 37 funds associated with 1-7 The Esplanade intended for a P.A.T.H. extension. All remaining project costs, currently estimated at \$1.8 million, will be paid by the 141 Bay Owner, payable sixty (60) days following the City's invoice date. The City and the 141 Bay Owner will jointly review and approve schedules and budgets for design and construction work. Further terms of the proposed agreement are summarized in Attachment 1.

The 141 Bay Owner will be required to keep the North Bay Pedestrian Bridge in good condition and repair, including the provision of all necessary building services, such as H.V.A.C., lighting, janitorial services and security services, and maintaining directional wayfinding signage, including any requirements applicable to the P.A.T.H. network generally. The 141 Bay Owner will also be responsible for providing and paying for all maintenance of the North Bay Pedestrian Bridge east of and including the demarcation doors located in the east façade of Union Station.

The City will be responsible for providing and paying for all maintenance of the portion of the bridge connection to the west of, but not including, the demarcation doors, including the interior ramp.

The staff recommended construction and license agreement will grant the 141 Bay Owner a licence to construct, install, maintain, repair and replace the North Bay Pedestrian Bridge on the Union Station lands and attach the North Bay Pedestrian Bridge to the Union Station building, conditional upon the 141 Bay Owner securing the necessary approvals and entering into an agreement with the City to permit the construction and maintenance of an elevated pedestrian bridge across Bay Street.

As the construction of a new P.A.T.H. connection to Union Station is a great benefit to Union Station, it is not deemed appropriate to charge the 141 Bay Owner a licence fee for the right to enter on City's lands. In this regard, it should also be noted that the Section 37 Agreement for the 141 Bay Street development expressly provides that if the owner of the building to which the bridge is to be connected refuses to provide its consent for such connection, or requires consideration in exchange for providing its consent, then the 141 Bay Owner is relieved of its obligation to build the bridge at all.

Overview of the Bridge Connection and Location

The bridge will be located in the east wing of Union Station. The bridge will enter Union Station on the eastern façade through a modified window opening that will be altered to accommodate a door and pedestrian walkway. The proposed design is consistent with the heritage requirements of Parks Canada and City of Toronto Heritage Planning. In addition, the City will build a ramp to accommodate the bridge design that connects the bridge to the main level.

Within Union Station, approximately 2,500 square feet of leasable commercial premises in the east wing will be repurposed to accommodate the ramp by converting it to common space for circulation to build a P.A.T.H. compliant corridor. The corridor will connect to the main east-west public corridor in the east wing of the station, generally proceeding along the eastern wall of the station to the bridge connection point in the southeast corner of the building. Staff have analyzed this route and determined it to be the preferred configuration to ensure a comfortable and safe pedestrian environment, while consolidating the remaining retail space.

The converted area where the bridge will connect to Union Station impacts space that is commercially leasable. However, there is an unquantified financial benefit that is anticipated to somewhat offset commercial revenue loss given that the bridge will also increase pedestrian traffic flow into Union Station's commercial operations and facilitate additional commercial advertising revenue for the City.

The bridge contributes to ongoing aspirations to strengthen the customer experience in Union Station by introducing more physical connection with the broader P.A.T.H. system to create easier access to the station's transit hub and foster a higher volume of pedestrian traffic into the various retail areas.

CONTACT

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SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

ATTACHMENTS

Attachment 1: Summary of Funding and License Agreement terms

Attachment 1: Major Terms - North Bay Pedestrian Bridge Construction and Licence Agreement

Construction of the North Bay Pedestrian Bridge

- The City will approve the plans and specifications for the North Bay Pedestrian Bridge on the Union Station lands, including any necessary modifications to the exterior of the Union Station building to permit the attachment of the North Bay Pedestrian Bridge to the Union Station building.
- The City will review and approve the schedule and timing of construction for the North Bay Pedestrian Bridge on the Union Station lands.
- The 141 Bay Owner will perform, or cause to be performed, at its sole cost and expense, the construction work and activities necessary to complete the North Bay Pedestrian Bridge on the Union Station lands up to and including the demarcation doors (including the installation thereof) but not including the interior Union Station work, and including, without limitation, any modifications required to the exterior of the Union Station building to permit the attachment of the North Bay Pedestrian Bridge to the Union Station building (such as the opening of the façade, attachment, sealing and waterproofing thereof), in each case, per the approved construction plans, construction schedule, construction management plan and in compliance with all applicable laws, including obtaining all requisite approvals, licenses and/or permits.
- The City will complete the interior ramp connection within Union Station beyond and to the west of the demarcation doors, the construction plans for which shall comply

with, and be subject to, the building standard established by the City for Union Station and shall remain subject to final approval by each of the City and the 141 Bay Owner, each acting reasonably.

- A budget (including both hard and soft costs) for the interior Union Station work construction plans shall be approved by each of the City and the 141 Bay Owner, each acting reasonably.
- The cost (including both hard and soft costs) of the interior Union Station work shall be shared between the City and the 141 Bay Owner as follows:
 - The first One Million Dollars (\$1,000,000) to be the responsibility of the City;
 - All costs above One Million Dollars (\$1,000,000) to be the responsibility of the 141 Bay Owner. The costs will be reimbursed to the City within sixty (60) days after the end of the month in which the 141 Bay Owner receives an invoice (together with detailed backup material supporting such costs).

Operation of the North Bay Pedestrian Bridge

- The 141 Bay Owner will own and operate the North Bay Pedestrian Bridge on the Union Station lands in accordance with the requirements established by the City of Toronto from time to time, with the intention that the North Bay Pedestrian Bridge will be included as part of the P.A.T.H. network.
- The City will own and operate the connection and continuation of the North Bay Pedestrian Bridge inside Union Station, beyond and to the west of, but not including, the demarcation doors. The City will have exclusive locking and unlocking control over the demarcation doors and agrees, acting reasonably, to provide access thereof to the 141 Bay Owner upon reasonable written request.

Maintenance of the North Bay Pedestrian Bridge

- The 141 Bay Owner agrees to keep the North Bay Pedestrian Bridge in good condition and repair, including providing all necessary building services, such as HVAC, lighting, janitorial services, security services, and maintaining directional wayfinding signage, including following any requirements applicable to the P.A.T.H. network generally.
- The 141 Bay Owner will be responsible for providing (and shall bear 100% of the costs associated with) all maintenance obligations in respect of the North Bay Pedestrian Bridge east of (and including) the demarcation doors.
- The City will be responsible for providing (and shall bear 100% of the costs associated with) all maintenance obligations in respect of the interior ramp connection, to the west of (but not including) the demarcation doors.

Licence for the North Bay Pedestrian Bridge

- The City will grant to the 141 Bay Owner the following rights:
 - An exclusive licence, including the perpetual right to construct, install, maintain, repair and replace, from time to time, the North Bay Pedestrian Bridge on the Union Station lands and attach the North Bay Pedestrian Bridge to the Union Station building solely for pedestrian ingress and egress and for no other purpose whatsoever, all in accordance with the construction plans and all applicable laws, unless and until the removal of the North Bay Pedestrian Bridge from the Union Station lands is required as provided for in the agreement; and
 - A non-exclusive licence, including the perpetual right, in common with all others, to access those portions of the Union Station lands necessary to complete the construction, installation, maintenance, repair and replacement, from time to time, unless and until the removal of the North Bay Pedestrian Bridge from the Union Station lands is required as provided for in the agreement.
- The rights granted to the 141 Bay Owner will expressly exclude any right to carry out any commercial uses in that portion of the North Bay Pedestrian Bridge located on the Union Station lands, including, without limitation, any commercial signage, advertising or showcases, and the 141 Bay Owner is expressly prohibited from so doing.
- All rights granted under the agreement will be conditional upon the 141 Bay Owner obtaining an agreement from the City for the portion of the North Bay Pedestrian Bridge to be located across Bay Street. The term of the agreement will be consistent with the term of the agreement pertaining to Bay Street, and the agreement and licence will automatically terminate if the agreement pertaining to Bay Street terminates.

Insurance and Indemnification

- The 141 Bay Owner will obtain and maintain liability insurance coverage acceptable to the City as to form, limits and conditions, having an initial limit of not less than \$10,000,000 per occurrence, and which includes the City as an additional insured.
- The 141 Bay Owner will indemnify and save harmless the City against all claims, demands, actions, suits or proceedings of any nature or kind, as a result of bodily injury, including death, or damage to property arising out of the construction work or the operation (including maintenance and repair) of the North Bay Pedestrian Bridge resulting from any act or omission of the 141 Bay Owner or any breach, violation or non-observance by the 141 Bay Owner of any of its covenants and obligations under the agreement, save and except to the extent that the wilful misconduct or negligence of the City, its agents, directors, officers, elected and appointed officials, employees and/or managers have caused or contributed to such claims.