

## **Union Station Revitalization - Amendment of Contracts**

<b>Date:</b>	February 3, 2012
<b>To:</b>	Government Management Committee
<b>From:</b>	Executive Director, Facilities Management Acting Director, Purchasing and Materials Management Division
<b>Wards:</b>	Ward 28, Toronto Centre Rosedale
<b>Reference Number:</b>	P:\2012\Internal Services\FAC\Gm12003fac (AFS #14938)

### **SUMMARY**

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This report is to request approval to amend five contracts for a total amount of \$29.7M. New funding in the amount of \$25 million will come from Metrolinx (Mx) to implement Mx construction work and design/professional services and \$1.5 million will be provided through a development agreement for heritage architectural lighting (the subject of a separate report). The remaining \$3.2 million is uncommitted funding within the overall 2012-2021 Approved Capital Plan for Union Station. This report also seeks approval to assign one contract from Deloitte & Touche LLP to Price Waterhouse Coopers LLP (PWC).

### **RECOMMENDATIONS**

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**The Executive Director Facilities Management and the Acting Director of Purchasing and Materials Management Division recommend that:**

1. City Council to approve the amendment of the following contracts, retainers and agreements (excluding HST), in accordance with the details as specified below:
  - a. Carillion Construction Inc. in the additional amount of up to \$23.5 million, to undertake additional approved capital funded work, including vertical access work, tower crane installation components, additional stairs/elevators/escalators, exterior lighting, enhancements to the Metrolinx and retail areas and miscellaneous other work and, subject to an additional \$1.5 million, if approved in a separate report as set in this report;

- b. NORR Limited, architects and engineers, in the additional amount of up to \$3.6 million to provide additional design and construction services required to undertake the components of additional, approved capital funded work, exterior lighting work, NE Path and miscellaneous additional services and;
  - c. Osler, Hoskin & Harcourt LLP in the additional amount of up to \$0.3 million, to continue to provide construction law services and expertise through the construction and;
  - d. Davies Ward Phillips & Vineberg LLP in the additional amount of up to \$0.6 million to provide real estate legal advice and expertise for the on-going agreement updates associated with the revitalization project, and;
  - e. Ventin Associates, in the additional amount of up to \$0.2 million to continue to provide architectural support services for the 5<sup>th</sup> façade (roof) restoration of Union Station.
2. City Council to approve the assignment of the contract from Deloitte & Touche LLP to Price Waterhouse Coopers LLP including the remaining agreement authority of \$0.528 million for on-going real estate assistance associated with the revitalization project.

### **Financial Impact**

The 2012 Approved Capital Budget and 2013-2021 Capital Plan for Union Station included an increase of \$25 million gross, \$0 net for work to be carried out on behalf of Mx. The work interfaces directly with the City's revitalization plans. This report seeks approval to increase the contract with Carillion Construction Inc. (Carillion) in the amount of \$25 million. Of this total, \$23.5 million is directly related to the additional work on behalf of Mx. The remainder of the \$25 million funding is required for design/professional services. In addition, the contract with Carillion is being requested to be increased for lighting at the station. The lighting component of the work is the subject of a separate report, which will be fully funded from section 37 funding. The total increase to the contract with Carillion is pending Council's approval of the additional work being contemplated in the report entitled "Amendments to 2012 Capital Budget for Union Station from Development Agreement Funds secured for 15 York Street".

Funding for the retainer/agreement extensions are included in the 2012 Approved Capital Budget and 2013-2021 Capital Plan for Union Station.

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

### **DECISION HISTORY**

At City Council meeting of December 2009 Council approved the Union Station Revitalization Project and the award of, and amendment to the contracts in the recommendations. The link to the relevant report is:  
<http://www.toronto.ca/legdocs/mmis/2009/gm/bgrd/backgroundfile-25038.pdf>

## **ISSUE BACKGROUND**

The construction on the Union Station Revitalization project began in 2010 with the award of the Construction Manager/General Contractor contract to Carillion. A major focus of the project team has been ensuring that the construction programs being undertaken by the City and the Mx Trainshed Roof Reconstruction project are as coordinated and efficient as practical. Through these discussions, it has become very evident that a transfer of approximately \$25M of work elements from Mx to the City is both prudent and cost effective. The existing legal agreements provide the mechanism and framework for this transfer of scope to occur. The supporting professional services to enable the City to continue to implement the revitalization and fulfill our contractual agreements with the Head Lessee, Mx, VIA and the Transport Canada are a necessary requirement.

## **COMMENTS**

All of the firms noted in the report have been involved in the revitalization work from the outset and have extensive experience and knowledge of the project at the station. Not continuing with the current service providers would delay construction work and result in a schedule delay and increased costs. Given that the performance of the firms to date has been satisfactory, it is considered prudent and cost effective to amend the agreements with these firms to continue fulfilling their role in facilitating a successful completion to the Union Station Revitalization Project.

Carillion's existing contract authority is recommended to be amended by up to an additional \$25.0 million (revised total contract authority of up to \$475.0 million excluding taxes) to cover the estimated cost of scope of work that is to be carried out under the existing and proposed agreements with the City. The majority of this work is associated with the work being requested by Mx. The value of this work is presently estimated at \$25 million, and as such, authority to amend the contract authority of up to this amount to accommodate this work (\$23.5 million under this report and subject to the approval of \$1.5 million under a separate report). The work primarily consists of vertical access work, exterior station lighting, changes to accommodate the tower crane installation, provision of additional stairs/elevators/escalators and changes to base building requirements. Any cost recoverable work will be performed at no net cost to the City. The heritage architectural lighting work will proceed contingent upon Council approval of the separate companion report to direct development agreement funding (in the amount of \$1.5 million) to the Union Station 2012 Capital Budget and 2013 to 2021 Capital Plan. Carillion will seek competitive bids for all the new construction work.

NORR's existing contract is recommended to be amended by up to an additional \$3.6 million, for a revised total of up to \$39.0 million (PO # 6030175, excluding taxes) to

cover the estimated cost of providing design, construction documentation, construction administration and resident services primarily required for the continuation of the work described above. Note that NORR has been authorized a total of \$53 million on all project purchase orders to date; adding \$3.6 will make this new total \$56.6 million.

Davies, Ward, Phillips & Vineberg LLP (DWPV) are currently providing legal services to deal with the various legal agreements that are currently being implemented or completed, including Mx, Head Lessee, VIA, Bank of Nova Scotia, Menkes, MLSE and other parties, e.g. HSBC, Ivanhoe Cambridge, Cadillac Fairview. Continued legal support will be required to assist in dealing with many of these issues over the next several years and as such, it is recommended that DWPV contract be amended by up to an additional \$0.6 million, for a revised total of up to \$2.37 million (PO # 6025203, excluding taxes) to reflect the required identified services.

Osler, Hoskin and Harcourt LLP have provided the City with construction law support services since the initiation of the RFP for the construction manager/contractor and were instrumental in the development and refinement of the master contract currently in place with Carillion for the construction work. The requirement for legal advice to support the ongoing implementation and interpretation of items and issues in the agreement and the various phase agreements will be ongoing through construction. It is therefore recommended that Osler, Hoskin and Harcourt LLP contract be amended by up to an additional \$0.3 million to a total value of up to \$0.8 million (excluding taxes), to provide the required construction law support services, as identified, for the next several years.

Ventin Architects submitted a competitive proposal for professional services in 2008 and were retained in 2009 to perform various architectural services associated with SOGR work at Union Station. With the approval of the revitalization project, the work primarily became focused on the 5<sup>th</sup> façade (roof) work, including skylights, roofing (flat and copper), utility/communications coordination and the provision of building maintenance appurtenance. Some of this additional work has been required as a result of third party requests and will be funded accordingly. It is therefore recommended that Ventin Architects contract be amended by up to an additional \$0.2 million, for a revised total of up to \$1.33 million (PO # 6029732, excluding taxes) to reflect the required services.

Deloitte & Touche LLP was originally retained to provide real estate assistance for the City. The key personnel, originally involved in the negotiation and finalization of various key agreements are no longer with Deloitte and are currently employed with Price Waterhouse Coopers LLP. Given this change, and the desire of the City to maintain the continuity of the real estate and financial advice services still required on the project, staff is requesting authority to carry forward the \$0.528 million balance of a total contract value of \$2.8 million (excluding taxes) remaining on the Deloitte assignment (PO # 6026040) and assign this to Price Waterhouse Coopers LLP. No additional funds are being requested and Deloitte has agreed to the assignment of the remainder of their agreement obligations to Price Waterhouse Coopers. Price Waterhouse Coopers has agreed to continue this assignment under the same material terms and conditions as the original agreement. The PWC scope of work includes analytical support, advice and negotiations related to:

- an agreement for interim phase-in of the commercial head lease occupancy by Redcliff (Union Station) Inc.
- leasing of additional new space within the complex with Mx for retail on GO Concourses and information kiosks on the retail level
- various other third party agreements respecting:
  - the surrender of the 20 York Inc. lease of first floor West Wing
  - service tunnel access agreements with MLSE
  - a service tunnel easement with Menkes
  - the Bank of Nova Scotia lease of the East Wing
  - prospective new and existing stakeholders such as Ivanhoe Cambridge, the TTC, Oxford/OMERS, and other owners/managers of adjoining properties related to the north-west path tunnel and connections, an east-west path under Bay Street, and the existing north-south path tunnel between the Royal York and Union Station.

## CONCLUSIONS

To allow the City to construct additional Metrolinx scope of work, maintain required professional services to the project and install additional lighting, it is recommended that five contracts be amended and the remaining Deloitte work be transferred to PWC.

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## SIGNATURE

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