



REPORT FOR ACTION

Update and Next Steps on the Potential Relocation of the Etobicoke Civic Centre

Date: October 16, 2017

To: Executive Committee

From: Deputy City Manager, Internal Corporate Services
and Acting Chief Planner & Executive Director, City Planning

Wards: Wards 1-7, 11-13, 17

SUMMARY

In 2016, City Council supported the City-owned Westwood Theatre Lands ("WTL") (Kipling/Bloor) as the preferred location for the relocated Etobicoke Civic Centre ("ECC") and directed staff to report back with a business case. The purpose of this report is to provide City Council with the results of the design competition, present recommendations from the business case and to seek approval to undertake Phase Two in the Major Capital Project Approval Process - Site Investigation, Schematic Design and Design Development ("Phase Two").

The relocation of the ECC to the WTL is an integral component to set the future direction of City-owned lands in the West District. The new development will integrate municipal offices, an outdoor civic square, a community recreation centre, a childcare centre, an opportunity for a Toronto Public Library district branch, and underground parking in order to create a civic heart in the centre of Etobicoke. The project aims to maximize value, support planning policies, improve long term office accommodation, as well as support the following strategic actions for the City:

- **Strategic Action #1-3: City Building** – Direct employment and residential growth to the WTL, identified as part of "Etobicoke Centre" in the Official Plan.
- **Strategic Action #4&5: Economic Vitality** – Provide a catalyst for revitalization and economic activity in the West District.
- **Strategic Action #6 Environmental Sustainability** – Plan the Etobicoke Civic Centre Precinct ("ECC Precinct") as a Net-Zero community.
- **Strategic Action #8 Support Affordable Housing** – Provide residents access to a range of housing opportunities, allocating approximately 20% of residential units as affordable housing.
- **Strategic Action #19 Improve Customer Service** - Improve resident access to City services and new programming.
- **Strategic Action #23-26- Fiscal Sustainability** – Unlock financial value at three (3) City owned assets and reallocate capital backlog to the construction of a new facility.

Build Toronto, Real Estate Services and City Planning, pursuant to the City's Major Capital Project Approval Process, have completed the following tasks as part of Phase One - Feasibility and Concept Design:

- Development of a preliminary building program
- Development of a design concept as established by the New ECC Design Competition process with the selection of the winning submission by Adamson | Henning Larsen | PMA Landscape Architects;
- A Class D Cost Estimate and Project Schedule
- Project Feasibility: a preliminary assessment established through the business case analysis

For the complete business case and additional information on the design competition for the ECC please visit www.buildtoronto.ca/project/westwood_theatre.

Upon City Council's adoption of this report, the next phase in the evaluation of a new ECC will be to proceed with site investigation, schematic design and design development. Toronto Realty Agency ("TRA"), inclusive of Build Toronto and in consultation with City staff, will proceed with Phase Two, and report back to City Council in Q1, 2019 with the results.

RECOMMENDATIONS

The Deputy City Manager, Internal Corporate Services and the Acting Chief Planner & Executive Director, City Planning recommend that:

1. City Council accept the decision of the Etobicoke Civic Centre Building Design Competition jury's selection of Adamson Associates Architects, Henning Larsen Architects and PMA Landscape Architects as the winning submission of the Etobicoke Civic Centre Design Competition.
2. City Council request that Toronto Realty Agency, in consultation with the Deputy City Manager, Internal Corporate Services, undertake the necessary due diligence required to proceed with Phase Two of the Major Capital Project Approval Process – Site Investigations, Schematic Design and Design Development.
3. City Council request that Toronto Realty Agency enter into agreements with consultants, including Adamson Associates Architects, Henning Larsen Architects and PMA Landscape Architects, winners of the ECC Design Competition, on terms satisfactory to the Transition Lead for Toronto Realty Agency and the Deputy City Manager, Internal Corporate Services, to complete:
 - a. A detailed building program review to be conducted in consultation with City stakeholders;

- b. Completion of site investigation, schematic design and design development for a new Etobicoke Civic Centre at the Westwood Theatre Lands;
 - c. Initiate the Site Plan Approval pre-application process;
 - d. Class C cost estimate and project budget schedule; and
 - e. Identification of a project procurement and delivery methodology.
4. City Council refer the request of \$3.5 million (\$3.0 million in 2018, \$0.5 million in 2019) to provide funding to Toronto Realty Agency through Facilities, Real Estate, Environment & Energy's 2018 – 2027 Capital Budget and Plan for the work required to the Budget Committee for consideration in the 2018 Budget process.
 5. City Council direct the Deputy City Manager, Internal Corporate Services and City Planning, in collaboration with Toronto Realty Agency, to report to City Council in Q1 of 2019 respecting the results of Phase Two of the Major Capital Project Approval Process for the potential relocation of the Etobicoke Civic Centre.
 6. City Council direct the Acting Chief Financial Officer to include eligible components of the Etobicoke Civic Centre and Community Hub project costs in the City's development charges bylaw review currently underway.

FINANCIAL IMPACT

The comparison carried out by Build Toronto of the estimated long-term cash flows for the Status Quo and New ECC Options forecasts that both options will have a comparable total net long-term cost to the City.

This report recommends proceeding to Phase Two for the potential relocation of the ECC, as the relocated ECC option better achieves a number of important planning and city-building objectives. The cost associated with completing this phase of \$3.5 million (\$3.0 million in 2018 and \$0.5 million in 2019) will be referred to Budget Committee for consideration in the 2018 Budget process for to provide funding to Toronto Realty Agency through the 2018-2027 Capital Budget and Plan for Facilities, Real Estate, Environment & Energy ("FREEE").

The funding required for this phase of this initiative will allow TRA, inclusive of Build Toronto, to retain consultants to complete a detailed building program, schematic and design development based on the winning design for the new ECC on the WTL site. This will lead to the development of a refined project cost estimate (Class C) and schedule that will allow Council to make an informed decision on proceeding to future phases of this project.

Any financial impacts, including project cost estimates and other future financial implications, identified from the results of Phase Two will form part of the subsequent report back to City Council in Q1 of 2019.

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

DECISION HISTORY

At its meeting of February 4-6, 2003, City Council approved “in principle, the concept of a new West District Service Centre that is optimally located with respect to the Bloor-Danforth Subway Line.” This report outlines and initiates the first steps towards the ultimate development of a new West District Service Centre.

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030204/adm1rpt/cl003.pdf>

At its meeting of July 22-24, 2003, City Council adopted a report entitled “West District Study – Results of the Request for Expressions of Interest and Recommended Next Steps” (Report No. 7 of the Administration Committee, Clause No. 1). The report recommended the undertaking of a study to be referred to as the “West District Design Initiative” to examine potential urban design opportunities and develop a comprehensive vision for the Bloor/Islington lands, WTL and the Etobicoke Civic Centre Complex at 399 The West Mall.

<http://www.toronto.ca/legdocs/2003/agendas/committees/adm/adm030702/it032.pdf>

At its meeting of December 11-13, 2007, the Chief Corporate Officer and the Chief Planner and Executive Director, City Planning, advised City Council on the results of the WDDI in a report entitled “West District Study – Results of the West District Design Initiative”. City Council adopted the urban design visions resulting from the West District Design Initiative for Bloor/Islington, Westwood Theatre Lands and the Etobicoke Civic Centre Complex Lands. The urban design vision considers both the Bloor/Islington and the WTL sites as suitable locations for the development of a new, mixed use Etobicoke Civic Centre Complex. The City Council decision is contained in the following Decision Document (item PG11.3):

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-12-11-cc15-dd.pdf>

At its meeting on December 16-18, 2013, City Council adopted a report entitled “Facilities Management Division – Approval of Major Capital Projects”, which outline a phased process to be followed in developing, and eventually constructing, major capital projects under Facilities Management's jurisdiction. This required staff to obtain feasibility, design and construction budget approvals as the projects progress through these phases.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.GM26.4>

At its meeting of July 12-15, 2016, City Council adopted a report entitled "Etobicoke Civic Centre Relocation", supporting the WTL as the preferred location for the relocated ECC. The report directed City staff to work with Build Toronto and carry out a design competition for a new ECC on the WTL; establish a building program to inform the design competition; undertake a feasibility and business case analysis for a new ECC at the WTL; examine costs and potential revenue/funding sources with the sale of three (3) city assets; examine the opportunities for affordable housing and report back to City Council in Q3 2017 with the results.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.22>

As its meeting of May 24, 2017, City Council adopted a report entitled "City-Wide Real Estate Transformation", which sets out a centralized model to manage the City's real estate assets through its lifecycle, deliver real estate services to City divisions, agencies and corporations, support city-building priorities through maximizing the use of City lands, pursue real estate opportunities to serve the public interest, and leverage surplus City lands to generate value for the City government. Two relevant outcomes of this new model is the creation of a new realty agency, TRA, to manage the City's real estate portfolio, and removing the operations of the current Build Toronto and TPLC from their current corporations and consolidating it into TRA.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.9>

ISSUE BACKGROUND

Construction of the current ECC (399 The West Mall) was completed in 1958 and has served City staff and community stakeholders for the past 59 years. Historical decisions, dating back to the late 1990s, to relocate the ECC to a new location, has limited any significant capital investment in the upkeep of the facility. During the past 15 years, approximately \$5.5 million in capital investment has been made for basic life safety systems to keep the current ECC operational and safe for occupancy. Today, the facility has reached the end of its physical and economic life and has a \$46 million deferred maintenance back log.

While the current state of the ECC presents a significant challenge, it also offers an opportunity to improve accommodation, service delivery and overall community access.

In 2016, City Council supported the WTL as the selected site for further study for the new ECC. The Westwood Theatre Precinct Master Plan ("the Master Plan"), identified the prominent 3.4 acre Block 4 at the intersection of Kipling Avenue and the reconfigured Dundas Street as the location of a new ECC (*refer to Attachment 1*). The vision for the new ECC is composed of five primary programmatic elements: municipal offices and civic functions; a community recreation centre; an opportunity for a Toronto Public Library District Branch; a child care centre and; an outdoor civic plaza to accommodate gatherings, markets and special events.

COMMENTS

Design Competition Results

In the fall of 2016, Build Toronto launched an international design competition, in collaboration with Real Estate Services and City Planning. The competition process was undertaken in two stages. Stage One - Request for Suppliers Qualifications - prequalified architectural and landscape architectural teams who were then invited to participate in Stage Two - Request for Proposal ("RFP"). During Stage One, Build Toronto received 22 submissions from a group of award-winning and internationally recognized architectural and landscape architectural teams. A jury of City and Build Toronto members, led by a professional advisor, short listed the following five teams:

- Adamson Associates Architects | Henning Larson Architects | PMA Landscape Architects
- Diamond Schmitt Architects | Michael Van Valkenburgh Associates
- KPMB Architects | West 8 Urban Design & Landscape Architecture
- Montgomery Sisam Architects | Adjaye Associates | OLIN
- Moriyama & Teshima Architects | MacLennan Jaunkalns Miller Architects | FORREC Ltd.

The Stage Two submissions were to include a design vision, the sustainability features which meet the City's performance targets and ambitions, and a construction cost estimate. The design was informed by a building program, developed with City staff and a cost estimate, established by a Class D Cost Model, of \$214 million (\$432.91/square foot) for a 495,000 square foot building and a 37,000 square foot civic square.

The finalists presented their proposals at a public meeting on April 26, 2017, which was attended by community members, councillors, and jury members. The jury, supported by a Technical Advisory Panel, deliberated on April 27, 2017 and unanimously selected **Adamson Associates Architects | Henning Larson Architects | PMA Landscape Architects** as the winning submission. The jury's selection was based on the submission's ability to demonstrate the following four key concepts:

- **Environmental Sustainability** – This proposal demonstrates an ability to achieve a net zero target, and the implementation of a progressive wellness standard for the future workforce occupying the new facility.
- **Flexibility** – The design of interior and exterior public spaces and related programs enables a broad range and size of community activities. As well, the proposed office floor plate offers the greatest flexibility in support of achieving the City's office modernization program standards.
- **Community Identity** – This design builds its story upon the context and diversity of Etobicoke, creating an animated visual signature of "a place of many homes" that is both welcoming and dynamic. The resulting integrity of design concept will frame future neighbourhood growth with its distinctive landmark presence.

- **Pedestrian Scale** – The design has sculpted a large program into a context-sensitive cascade of articulated smaller built forms and spaces, resulting in an inviting interior and exterior pedestrian scale and animated street presence. This approach also enables ease of phasing development over time. As well, the landscape architecture’s promise of a spectrum of public outdoor activity spaces has the potential to infuse the poetic yet pragmatic building design story throughout the site.

For visuals of the winning submission refer to *Attachment 2*.

The Adamson | Henning Larsen proposal refined the building program as set out in Table 1 below and provided a Cost C model estimate as part of their submission; this estimate was \$210 million. A third cost review was undertaken by Ellis Don Corporation, a leading construction contractor who has designed, financed, constructed operated and maintained key private and institutional projects in the city. Ellis Don completed an order of magnitude cost estimate based on the winning submission, and concluded a cost of \$220 million. All three estimates are in the same range and support a hard construction cost in the range of \$215-\$220 million.

Table 1: Building Program Summary

| New ECC – Program Elements | Gross Floor Area | |
|--|------------------|----------------|
| | 2024 | 2054 |
| Office Space (sf) | 195,000 | 195,000 |
| Additional Office Space accommodating growth (sf) | 0 | 65,000 |
| Total Office Space | 195,000 | 260,000 |
| <i>Number of Employees (rounded)</i> | <i>1,100</i> | <i>1,500</i> |
| Community and Mechanical space | | |
| Community Service | 27,844 | 27,844 |
| Civic Space | 35,150 | 35,150 |
| Support Space | 28,556 | 28,556 |
| Podium Level Cores and Mechanical | 34,305 | 34,305 |
| Daycare Centre | 8,611 | 8,611 |
| Total GFA without Community Hub (Rec Centre/Library) (sf) | 329,466 | 394,466 |
| Toronto Public Library | 22,647 | 22,647 |
| Community Recreation Centre | 70,008 | 70,008 |
| Total GFA (sf) | 422,121 | 487,121 |
| Overall Summary | | |
| Office GFA (sf) | 195,000 | 260,000 |
| Retail GFA (sf) | 10,500 | 10,500 |
| Institutional GFA (sf) | 216,621 | 216,621 |
| Total GFA (sf) | 422,121 | 487,121 |

Business Case Analysis

In developing the business case a financial model was developed to compare two (2) Options:

Option 1: Retain the Existing ECC at 399 the West Mall (“Status Quo”)

- Retain the existing ECC at 399 The West Mall and complete a full life cycle retrofit and modernization of the existing office space based on new standards.
- Construct a civic square over the existing 132 parking spaces and replace the 132 lost surface spaces with below grade parking beneath a new civic square.
- Construct a recreation centre (“RC”) and library on Block 1 of the WTL

Option 2: Construct a New ECC on Block 4 of the WTL (“New ECC”)

- Relocate and construct on Block 4 of the WTL a new ECC office building with community, civic and support spaces; and a new recreation centre, library, child care and underground parking for 430 spaces.

Net Present Value Comparisons

The financial model, driven by a series of key assumptions (*refer to Attachment 3*), provides a comparative analysis of both options using the financial Net Present Value (“NPV”) tool, which is used to calculate the net total of all cash flows (capital costs and operating costs) over time (30 years) directly linked to the delivery and on-going operation of Option 1 or 2. These cash flow values are then represented in 2017 dollars.

The capital costs were informed by high-level cost estimates (Class D) and the operating costs were informed by discussions with City staff and third party sources. It should be noted that the child care centre and the civic square costs are included in the base office building.

Parks, Forestry and Recreation will be presenting for City Council’s consideration in the October/November cycle of meetings a ten-year Facility Master Plan which identifies the need for a community recreation centre for the WTL. The analysis assumes the recreation centre will be owned and operated by the City. An alternative model, whereby a YMCA operated recreation centre is built, was also examined. A YMCA operated recreation centre will require two-thirds City capital funding and no City operating costs over a 30-year timeframe. The City will be responsible for full capital costs and all operating costs for a City-operated recreation centre.

The Toronto Public Library, (“TPL”) has noted that they have no planned project funding in its 10-Year Capital Plan for a new library on the WTL, as included in both Option 1 and 2. While recognizing the opportunity to incorporate a library in this City initiative, a comprehensive process and evaluation would need to be established to explore the viability of this opportunity. To address this, the design concept by Adamson | Henning Larson provides for a stand-alone library which can be constructed at a later time, in the event that TPL cannot, or does not, proceed. For the purposes of the business case analysis, the cost implications for both the recreation centre and library costs are identified as separate line items which can be removed from the analysis.

A comparative summary of the NPV for both options is outlined in Table 2 below. These costs are represented in 2017 dollars. In addition to the capital and operating costs, this model also incorporates the revenues generated from the sale of lands that become surplus as a result of the implementation of each option. For instance, the New ECC option incorporates the revenue from the sale of the existing Etobicoke Civic Centre lands at 399 the West Mall, and the Status Quo option includes the revenue from the sale of the Block 4 lands proposed for the new Etobicoke Civic Centre.

Table 2: Net Present Value Comparison: Status Quo vs. New ECC - Capital & Operating over 30 years

| Option 1: Status Quo | | Option 2: New ECC | |
|--------------------------------|----------------|-----------------------------------|----------------|
| Base Building | | Base Building | |
| Total Capital Costs | (\$135) | Total Capital Costs | (\$207) |
| Total Operating Costs | (\$117) | Total Operating Costs | (\$64) |
| Sale of Block 4- New ECC | \$26 | Sale of 399 the West Mall | \$41 |
| Total Base Building | (\$226) | | (\$229) |
| Community Hub | | | |
| Recreation Centre ¹ | (\$96) | Recreation Centre ¹ | (\$96) |
| Toronto Public Library | (\$24) | Toronto Public Library | (\$24) |
| Civic Square | (\$33) | Civic Square | (\$33) |
| Civic Square Parking | (\$4) | Civic Square Parking ² | |
| Loss of Block 1 Sale Revenues | (\$6) | | |
| Total Community Hub | (\$162) | Total Community Hub | (\$153) |
| | | | |
| TOTAL NPV Costs | (\$388) | TOTAL NPV Costs | (\$382) |

1. The YMCA has expressed an interest in operating a recreation centre on the WTL. A YMCA operated recreation centre has a NPV of \$28M; a City operated recreation centre has a NPV of \$96M. The YMCA facility requires two-thirds of the capital costs to be borne by the City with the remaining one-third capital and all operating and maintenance costs assumed by the YMCA for a 30 year period, hence the variance in values.

2. Underground Parking included in the base building capital and operating costs

In NPV terms, Option 2 will require greater capital costs, however, over the 30-year time frame, will be significantly less costly for the City to operate and maintain.

Revenue and Funding Sources

Revenues from Surplus Lands in the West District

In addition to the lands that would be made surplus through the implementation of either option, there are other surplus lands in the west district area which offer a potential revenue stream, should City Council elect to direct these revenues to the ECC capital project. The development lands include:

- WTL development blocks
- Bloor | Islington lands; and
- 399 the West Mall

A development concept was undertaken for each of the key assets, in consultation with City Planning and stakeholders, to identify supportable development uses for the respective assets. The development concepts generated site statistics which then informed a financial proforma analysis and Residual Land Value (“RLV”) exercise.

N. Barry Lyons Consultants, a leader in evaluating land, was retained to provide this analysis for the key assets. The analysis examines the timing, sale of the units, and value over time and is discounted back to the date the lands are sold and the revenue realized. A summary of the asset values are summarized in Table 3.

Table 3: Summary – Site Statistics and Total RLV (2017 Dollars)

| Summary of RLV by Asset | | | | |
|--|------------------|--------------------------|---|------------------|
| Land Asset | Site Area | Residential Units | Total GFA (residential & commercial) | TOTAL RLV |
| WTL ¹ (Blocks 1, 2B, 3, 5 & 6) | 9.1 | 2,723 | 2,341,553 | \$133M |
| WTL Block 4 ¹ | 3.4 | 318 | 675,230 | \$25M |
| Bloor/Islington Lands ¹ | 5.2 | 1,371 | 1,372,896 | \$54M |
| 399 The West Mall/2 Civic Court ² | 5.2 | 1,376 | 1,327,739 | \$40M |
| TOTAL | 22.9 | 5,788 | 5,717,418 | \$253M |

1. Total GFA includes residential and commercial GFA

2. Total GFA consists of only residential GFA

Development Charge Revenues

To the extent that any new facility is determined to benefit new development, the eligible costs can potentially be recovered through development charges for components such as childcare, civic square, recreation centre and library. It is recommended that the eligible costs be included in the development charges background study currently being prepared, which will form the basis for an updated development charge bylaw.

Section 37 Revenues

Section 37 contributions also offer a potential funding source in this area. The analysis provides a conservative estimate of potential Section 37 funds from key developments surrounding the WTL; and the potential Section 37 funds generated from development of the WTL, Bloor/Islington lands and 399 the West Mall. An order of magnitude for Section 37 funding is summarized in Table 4.

Table 4: Section 37 Potential Funding Sources

| Section 37 Funding Potential | |
|---|--------------|
| Proposed Residential Units | 9,000 |
| Estimated Section 37 dollars/residential unit | \$2,500 |
| TOTAL Section 37 Funding | \$23M |

Toronto Parking Authority (“TPA”)

During the design and financial review process TPA was engaged regarding its potential interest in operating and maintaining the proposed underground parking structure. TPA has advised that they could potentially fund a portion of the capital underground garage to a value of \$50,000/parking stall. Given the proposed parking count of 430 spaces, TPA's capital contribution is estimated at \$22 million against a capital cost to construct the underground garage of \$28 million for Option 2, and a \$7 million capital contribution against a \$10 million capital cost for Option 1. The model has factored in the TPA's capital contribution under both Options and has assumed the operating parking revenue would flow to the TPA.

Affordable Housing

In regards to affordable housing, the analysis targets 20% affordable housing based on the total residential yield from the Development Lands.

The 20% target will deliver a range of 880 - 1,100 affordable housing units and an investment of \$20 – \$25 million to be funded through development sales of the Development Lands. A summary of the affordable housing units and investment by Option is summarized in Table 5.

Table 5: Affordable Housing Units and Funding

| Assets | Option 1 | Option 2 |
|--------------------------------|-----------------|-----------------|
| 399 The West Mall | 0 | 1,376 |
| WTL | 3,041 | 2,723 |
| Bloor/Islington | 1371 | 1371 |
| TOTAL Residential Units | 4,412 | 5,470 |
| 20 % Affordable Housing | 882 | 1094 |
| Total Contribution | \$20M | \$25M |

Table 6 summarizes the capital investment required for Option 1 (Status Quo) and Option 2 (New ECC), as well as potential revenue and funding sources available to offset these costs. The capital costs and revenues are presented in 2017 dollars.

Table 6: Capital Cost Comparison (2017 Dollars) vs. Revenue/Funding Options

| Revenue and Cost Comparison | Status Quo | | New ECC | |
|--|---------------------------|-----------------|---------------------------|-----------------|
| | Capital Cost ¹ | Revenue/Funding | Capital Cost ¹ | Revenue/Funding |
| Base Building | (\$197) | | (\$194) | |
| Additional Components | | | | |
| Civic Square | (\$28) | | (\$28) | |
| Parking | | | \$0 | |
| Development Sales² | | | | |
| WTL (Blocks 1,2B,3,5+6) | | \$133 | | \$133 |
| Bloor/Islington | | \$54 | | \$54 |
| 399 The West Mall | | | | \$40 |
| WTL (Block 4) | | \$25 | | |
| Sale proceeds from developable GFA | | \$0 | | \$0 |
| Affordable Housing (20% sf Residential Units) | | (\$20) | | (\$25) |
| Sub-Total Cost vs Revenue | (\$225) | \$193 | (\$222) | \$202 |
| Community Hub | | | | |
| Recreation Centre | (\$51) | | (\$51) | |
| Library | (\$19) | | (\$19) | |
| Section 37⁴ | | \$23 | | \$23 |
| Toronto Parking Authority⁵ | | | | |
| ECC Parking Garage (132/430 spaces) | (\$10) | \$7 | (\$28) | \$22 |
| Sub-Total Cost vs Funding Sources | (\$79) | \$30 | (\$98) | \$45 |
| Total | (\$304) | \$223 | (\$320) | \$247 |

1. Capital Costs 2017 Dollars

2. Revenue Discounted from Date of Land Purchase to 2017

3. Section 37 based on \$2500/residential unit; based on 9000 residential units in the area of the WTL

4. Toronto Parking Authority (TPA) to fund a portion of the underground costs assumed @ \$50,000 per stall

To move forward with the full building program under Option 1 an investment of \$304-million would be required, with significant funding approvals for detailed design to be requested in 2020. Under Option 2 an investment of \$320 million would be required, with significant funding approvals for detailed design to be requested in 2019. These figures are in 2017 dollars, are considered Class D estimates, and do not include escalation or financing. Potential revenue and funding sources are also listed in 2017 dollars.

Conclusions and Recommendations

A design competition was completed which delivered a conceptual design which met the ambitions established for this city building initiative. The design competition informed a comprehensive financial analysis to assess the merits of two options: retrofitting the existing ECC and constructing a new ECC.

The financial analysis highlights the following key conclusions:

- Option 2 will require greater capital costs, however, over the 30-year timeframe, will be significantly less costly for the City to operate and maintain;
- Total NPV costs (capital and operating) demonstrate for similar investments (\$388 Status Quo vs. \$383 New ECC) the City could construct a new ECC and community facilities to meet the needs of future staff and stakeholders, which over a 30-year timeframe will require less operating costs due to efficiencies achieved through:
 - Purpose built design office spaces which reflect the future of workplace environments
 - Consolidation of city staff into City owned office space, reducing the need for third party leases
 - Energy efficiencies achieved through new technologies (district energy) and environmental sustainability targets
- The community hub components (recreation centre, library, civic square) require similar investments as both options anticipate newly constructed facilities
- Revenue generated by sales of the Development Lands highlight a potential revenue stream to support a significant portion of the capital costs associated with either Option 1 and 2, should City Council elect to direct this revenue to a retrofit or newly constructed ECC;
- Additional funding sources, such as DC and Section 37 contributions, can potentially fund the community hub component under both options; and
- TPA offers an additional funding source in both capital and operating costs associated with the proposed underground parking garage contemplated for both Option 1 and 2.

The analysis examined capital and operating costs using NPVs and revenue sources generated from development and sale of the Development Lands and opportunities utilizing DC and Section 37 funding sources. For the detailed report regarding the design competition process and detailed financial modeling report, prepared by Build Toronto, please visit www.buildtoronto.ca/project/westwood_theatre.

Additional Benefits Identified from a new ECC on the WTL

Additional, non-financial, benefits have been identified from Option 2, the building of a new ECC on the WTL site.

1. Support City Council's Planning Policies at WTL

WTL is located in one of four "vital mixed use communities" known as *Centres* in the City's Official Plan. The Official Plan encourages a concentration of workers and residents to these locations to create significant centres of economic activity. The Etobicoke Centre Secondary Plan further clarifies land use policy for the *Centre*, identifying WTL as a focus for the area and providing an opportunity to develop a mixed use neighbourhood with institutional uses as well as residential and office uses. The new relocated ECC would support the growth and vitality of the planned vision for the Etobicoke Centre and support the new residents and businesses that are making the vision a reality.

2. Improve Accessibility for the Public and Staff

The new facility will be relocated near public transit and several major arterial roads in order to improve accessibility for the City's residents and staff. Public transit options include the Kipling GO station, Kipling TTC Subway Station and multiple bus connections. The area is currently undergoing a re-design of the road network, the Six Points Road Reconfiguration Project is underway in order to improve pedestrian, cycling, transit and road facilities for the Precinct.

3. Provide Modernized Staff Accommodation

The current ECC buildings are considered to be in poor physical condition and there are limited amenities available to staff in the vicinity. As such, there is a significant opportunity to improve accommodation and provide staff an innovative and space efficient environment by re-allocating the current \$46 million in capital repairs to fund the construction of a new facility. A new ECC at WTL will permit City staff and services to continue operations while the new ECC is constructed, minimizing disruptions to one single move.

4. Encourage City Building in the West District

A new ECC can serve as a catalyst in an area where the City is making significant investment in infrastructure and provide Etobicoke York residents with a new civic landmark in the heart of Etobicoke. An integration of civic facilities in a new community hub will service the growth in this area. The new development will be a focal point for events, civic engagement and a number of new services and facilities.

5. Maximize Use of City Property

The business case analysis supports advancing the relocation of a new ECC ("Option 2"). The City can optimize City-owned land by unlocking the financial value of the Development Lands. The sale of development parcels at these sites are a potential revenue stream to assist to offset costs of the new ECC, while creating City building opportunities at each location.

6. Provide Access to Affordable Housing

The large vacant City-owned land parcels at the WTL hold significant development potential. The City will plan for approximately 20% of the residential development to be allocated as affordable housing, supporting the City's Affordable Housing Strategic Action, as well as planning policies to provide residents with a range of housing opportunities.

The business case analysis, along with qualitative factors, support advancing the relocation of a new ECC on Block 4 of the WTL and undertaking further program and concept design development on the path to defining and planning this significant City building initiative.

Next Steps

TRA, in collaboration with City Staff, will be following the phased process implemented to develop, and eventually construct, major capital projects. This is a four phase process:

1. Phase 1 – Feasibility and Conceptual Design – Complete
2. Phase 2 – Site Investigations, Schematic Design & Design Development (2018-2019)
3. Phase 3 – Detailed Design and Contract Documents (2019 – 2021)
4. Phase 4 – Tender and Construction Award (2021 – 2022 to construction completion)

At the completion of each phase, City Council approval will be sought to proceed to the next phase, and will include a request to approve funding required to advance through the next phase. Furthermore, key assumptions and considerations will be updated to ensure City Council has the most relevant and accurate information available prior to making a decision to proceed.

A follow-up report will be brought forward to Committee and City Council in Q1 2019 with results from Phase Two – Site Investigation, Schematic Design and Design Development, which will include the following:

1. A detailed building program review in consultation with City stakeholders
2. Completion of site investigation schematic design and design development for a new ECC at the WTL
3. Initiate the Site Plan Approval pre-application process
4. Class C Cost Estimate and project budget/scope; and based on schematic design
5. Identify a project procurement and delivery methodology

The costs associated with these next steps are estimated at \$3.5 million and will be referred through the 2018 Budget process for City Council's consideration. If approved, staff will be able to proceed with the next steps as outlined above.

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ATTACHMENTS

Attachment 1: Westwood Theatre Lands – Precinct Plan
Attachment 2: Adamson | Henning Larson | PMA Landscape Architects Winning Proposal
Attachment 3: Options and Project Assumptions