

Union Station Revitalization Project (USRP) – Amendment to the Project Budget and Capital Plan

Date: January 17, 2018

To: Budget Committee

From: Deputy City Manager, Internal Corporate Services

Wards: Ward 28 – Toronto-Centre Rosedale

SUMMARY

The purpose of the report is to advise on the status of the City of Toronto's Union Station Revitalization Project and recommend an increase to the total project cost and funding necessary to complete the renovation / restoration.

Union Station is by far the largest and busiest transportation hub in the country handling 65 million passengers per year, which is expected to grow to 130 million passengers per year by 2031. There have been and are a number of projects in and surrounding the Station, including TTC subway work, the work on the UP Express Terminal and GO Transit train shed, with re-investment and revitalization by all levels of government and organizations estimated at over \$1.5 billion. These transit projects are an investment in the city's infrastructure that will promote transit oriented growth in the long term.

As the USRP has progressed, the area surrounding Union Station has undergone a transformation, with both residential and commercial growth. It is becoming increasingly evident that the vision approved by Council in 2006 is becoming a reality, with the Station also acting as a commercial retail hub and a destination for culture, entertainment and dining experiences. This transformation will carry on in 2018, as construction milestones are reached, more retail locations open, and programming and marketing activities continue to drive attraction to the station.

This report outlines the costs incurred to date on the USRP, and identifies the additional funding required to complete the project. Approval of this report will result in an increase of \$22.8 million in the total project cost for the Union Station Revitalization Project. The total project cost will increase from \$800.7 million to \$823.5 million, representing an increase of 2.8% from total project cost in Facilities, Real Estate, Environment and Energy (FREEE)'s 2017 – 2026 Council Approved Capital Budget & Plan.

The additional funding requirement is mainly the result of the coordination of ongoing and active projects at Union Station, specifically the coordination and interdependency with the remaining adjacent major capital projects being undertaken by Metrolinx. Completion of the City's base building work in the Bay Concourse is dependent on Metrolinx's construction project. Metrolinx's planned work at track level is undergoing changes to accommodate its Regional Express Rail (RER) plans. Significant work is being done related to updates to GO Transit infrastructure including the Union Station Rail Corridor Renewal, revitalization work above track level and the electrification of the rail network. Metrolinx has additional projects planned at Union Station that are currently being reviewed with the City that will further enhance infrastructure and increase capacity. All this work is required for GO Transit to meet its objective of providing two-way, all-day regional transportation service, and to increase capacity. From the City's perspective, this will also support components of the City's SmartTrack plan. Overall, this will allow the City and Metrolinx to achieve shared objectives of enhancing transit infrastructure and improving the commuter experience.

However, the changes, resequencing and additional project requirements of Metrolinx's track level work is delaying the City's completion of its base building work on the revitalized Bay Concourse and lower level retail. This is delaying the USRP by 8 to 12 months, with a revised expected substantial completion shifting from early 2018 to the end of 2018. Both organizations are committed to working together to mitigate both schedule and budget impacts. Staff will be reviewing all changes to also assess any lost revenues or other cost impacts and will seek to make recoveries where applicable.

City staff continue to face other inherent challenges from carrying out a major revitalization project on a historic, heritage building that remains open and active throughout construction. Staff continue to mitigate impacts on both budget and schedule as a result of these challenges to the extent possible. The City has received contractor claims over the course of the project, and is actively working to challenge and mitigate these claims. The City, with the support of third party legal, will continue to actively manage these claims, while focusing on closing out construction work in the final year of USRP.

RECOMMENDATIONS

The Deputy City Manager, Internal Corporate Services and the Chief Financial Officer recommend that:

1. City Council approve an increase to the total project cost from \$800.7 million to \$823.5 million, requiring additional reserve funding and an increase to Facilities, Real Estate, and Environment & Energy (FREEE)'s 2018 – 2027 Preliminary Capital Budget and Plan for the Union Station Revitalization project in the amount of \$22.8 million in 2018, funded through the Capital Financing Reserve Fund.
2. City Council direct that any recoveries for increased costs from third parties will be returned to the Capital Financing Reserve Fund.

FINANCIAL IMPACT

Approval of this report will result in an increase to the total project cost from \$800.7 million to \$823.5 million and an increase to FREEE's 2018 – 2027 Preliminary Capital Budget and Plan of \$22.8 million for the Union Station Revitalization Project. This increase is mainly due to schedule impacts resulting from coordination of work with Metrolinx, as well as ongoing challenges due to the unique nature of a project of this size and scope, and ongoing legal costs associated with actively managing and protecting the City's interests on contractor claims received to date. The schedule delays are expected to result in additional costs for construction and indirect costs related to internal staffing, insurance, and continuation of third party consultant support. City staff are working diligently to mitigate costs associated with schedule impacts, and will ensure entitlement is established prior to any additional costs being paid to contractors or third party consultants due to schedule delays. Lastly, the updated forecasted total project cost does not include any future cost of claims that are currently being actively managed by the project team, with support from City and external legal.

Table 1 below outlines the changes from the current approved budget to the revised forecast, excluding the potential cost of claims.

Cost Category	Current Approved Budget	Updated Project Cost	Additional Funding Required
Construction	651.2	663.8	12.6
Professional Services (incl. Legal)	76.3	83.7	7.4
Fees & Permits	11.3	12.3	1.0
Internal City Charges	8.8	10.6	1.8
Additional Heritage Elements	3.1	3.1	-
Total Costs (Excl NW Path)	750.7	773.5	22.8
NW Path	50.0	50.0	-
Total Costs	800.7	823.5	22.8

Revised future cash flows based on these estimates, compared to the current approved plan, is outlined in table 2 below:

Table 2: Forecasted Cash Flows vs Current Approved Plan (\$ millions)					
	Amount Spent to Dec 31, 2016	2017	2018	Q1 2019	Total Forecasted
Current Estimates	\$632.4	\$68.8	\$118.8	\$3.5	\$823.5
Approved Plan	\$632.4	\$137.8	\$30.5	-	\$800.7
Variance	-	(\$69.0)	\$88.3	\$3.5	\$22.8

The current estimates are reflected in the 2018 – 2027 Preliminary Capital Budget & Plan. Although substantial completion is expected in 2018, \$3.5 million, representing 0.4% of the approved project budget, is estimated in 2019 for project close out costs and is included in the 2018-2027 Preliminary Capital Budget and Plan for FREEE.

Financing Sources:

The financing sources for the current Council approved budget for the Union Station Revitalization project is outlined in table 3 below:

Table 3: Union Station Revitalization Project Funding Sources (\$ millions)	
Project Funding Sources:	Approved Budget
Province (GO / Metrolinx)	191.8
Federal	139.5
VIA Rail	24.9
Other stakeholders	2.4
Total External Funding Sources	358.6
City Debt	180.5
Recoverable Debt	190.5
Reserves	60.4
Development Charges	7.9
Section 16 Agreements	2.8
Total Internal Funding Sources	442.1
Total Project Funding Sources	800.7

Approval of this report will result in an increase in contributions from reserves by \$22.8 million, as the incremental funding forecasted to complete the project will be funded through the Capital Financing Reserve Fund.

Given that the increased project costs are mainly driven by delays related to the coordination and interdependency with the remaining adjacent major capital projects being undertaken by Metrolinx, the City is currently in discussions with Metrolinx to reimburse or fund a portion of these incremental costs. Should any incremental costs incurred be recovered, these funds will be directed to the Capital Financing Reserve Fund. Furthermore, the City continues to assess cost impacts driven by needs and changes related to other stakeholders in and around the Station, and will engage with these stakeholders to reimburse or fund components of work attributable to them. Any recoveries made will be reported through future updates on the project.

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

DECISION HISTORY

At its meeting of May 29, 2017 Government Management Committee received a status update on the Union Station Revitalization Project, including approval of an amendment to the retainer of Davies Ward Phillips and Vineberg LLP.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.GM21.14>

At its meeting of February 15, 2017, City Council approved the 2017 Capital Budget and 2018-2026 Capital Plan for Union Station Revitalization Project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX22.2>

<http://www.toronto.ca/legdocs/mmis/2017/ex/bgrd/backgroundfile-100599.pdf>

At its meeting of November 16, 2016 Government Management Committee approved Amendment to Contract No. 75-2015 for Union Station Revitalization Project Stages 2 and 3.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM16.12>

<http://www.toronto.ca/legdocs/mmis/2016/gm/bgrd/backgroundfile-97861.pdf>

At its meeting of June 13, 2016 Government Management Committee received for information the Union Station Revitalization Project - Status Update Report.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM13.24>

<http://www.toronto.ca/legdocs/mmis/2016/gm/bgrd/backgroundfile-93682.pdf>

At its meeting of February 17-16, 2016, City Council approved the 2016 Capital Budget and 2017-2025 Capital Plan for Union Station Revitalization Project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX12.2>

<http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-89026.pdf>

At its meeting on February 3, 2016, City Council authorized an amendment to the Head Lease Agreement to implement the building enhancements for Union Station. A report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM9.5>

<http://www.toronto.ca/legdocs/mmis/2016/gm/bgrd/backgroundfile-87143.pdf>

At its meeting of July 7, 8, and 9, 2015, City Council approved the Union Station Status Update, resulting in a budget increase of \$4.3 million related to forecasted cost increases. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM5.19>
<http://www.toronto.ca/legdocs/mmis/2015/gm/bgrd/backgroundfile-81488.pdf>

At its meeting of March 10 and 11, 2015, City Council approved the 2015 Capital Budget and 2016-2025 Capital Plan for Union Station Revitalization Project.

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getCouncilAgendaReport&meetingId=9689>
<http://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-77481.pdf>

At its meeting of August 25, 26, 27 and 28, 2014, City Council approved the Union Station Revitalization – Status update, including an amendment to an existing contract.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.GM32.10>

At its meeting of January 29 and 30, 2014, City Council approved the 2014 Capital Budget and 2015-2024 Capital Plan for Union Station Revitalization Project, including an increase of \$80 million related to forecasted cost increases and \$1 million for Heritage Plan and chandeliers. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX37.1>
<http://www.toronto.ca/legdocs/mmis/2014/ex/bgrd/backgroundfile-65945.pdf>

At its meeting of December 16, 17 and 18, 2013, City Council approved the Union Station Revitalization – Status update, including authorization for the Chief Corporate Officer to change the delivery method for construction work and the amendment of four existing contracts required to carry out the remainder of work within the Union Station Revitalization project, as well as for additional work to be carried out on behalf of 3rd parties, namely Metrolinx. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.GM26.5>

At its meeting on January 15 and 16, 2013, City Council approved the 2013 Capital Budget and 2014 - 2023 Capital Plan for the Union Station Revitalization project, resulting in an increase of \$48.2 million to the overall project cost. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX27.1>
<http://www.toronto.ca/legdocs/mmis/2013/ex/bgrd/backgroundfile-54840.pdf>

The Auditor General conducted a detailed on-site project audit in 2012 with a final report to Council on November 27, 2012 and the recommendations contained are being implemented for this project:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.AU9.7>

At its meeting on October 2, 2012, City Council approved an increase to the 2012 approved budget and 2013 capital plan of \$0.25 million for the installation of a commemoration of the Walks and Gardens Trust, funded through the Union Station reserve fund. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM11.6>

At its meeting on April 10, 2012, City Council approved an increase to the Union Station Revitalization budget of \$1.75 million to provide heritage architectural lighting and a heritage interpretation plan for Union Station, funded from a development agreement for 15 York Street. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX18.8>

At its meeting on March 5, 2012, City Council approved the amendment of five existing contracts required to carry out the remainder of work within the Union Station Revitalization project, as well as for additional work to be carried out on behalf of 3rd parties, namely Metrolinx. The report is available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM11.4>

At its meeting on January 17, 2012, City Council approved the 2012 Capital Budget and 2013 - 2022 Capital Plan for the Union Station Revitalization project, including increase to the original capital budget of \$25 million all related to work being carryout on behalf of various stakeholders at Union Station, funded through 3rd party contributions.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX14.1>

At its meeting on November 30, December 1, 2, 4 and 7, 2009, City Council authorized the award of a General Contractor/Construction Manager contract to the recommended proponent, and the extension of various professional services contracts to carry out the Union Station Revitalization Project. The reports are available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.GM26.32>

At its meeting on August 5 and 6, 2009, Council approved a report giving authority to proceed with the Union Station Revitalization Project, and confirmation of Federal and Provincial Funding commitments, as well as authorization to execute the necessary agreement with a Head Lessee for the commercial space within Union Station. The reports are available on-line at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX33.44>

At its meeting on December 1, 2, and 3, 2008, Council approved a report seeking authority to proceed with the design for the revitalization of the Station and the Northwest PATH connection. The report is available on-line at:

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16776.pdf>

At its meeting on July 26, 27, and 28, 2006 Council approved a report outlining Union Station Revitalization - Recommended Approach. The report is available on-line at:

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060725/pof6rpt/cl011.pdf>

ISSUE BACKGROUND

Union Station was opened to the public in 1927 and is a National Historic Site and one of the finest examples of Beaux-Art architecture in Canada. As part of the sale in 2000 from the Toronto Terminals Railway Company Limited to the City of Toronto, the City was required to enter into a Heritage Easement Agreement with Parks Canada which governs all the restoration work at the station. In July 2006 City Council approved the Master Plan for the Union Station Revitalization project as Council's vision to invest in the restoration and revitalization of this historic site and to expand the life of this vital transportation hub for the next 50 to 100 years. To put the City's current investment into the station into context, Union Station has seen no significant capital investment by its owners for the past 90 years and as such, reflects a "once in a century" type of investment in city building.

The vision has three main objectives to be achieved:

1. Expansion and enhancement of the transportation purpose, primarily through improved pedestrian flows,
2. Restoration of this National Historic Site, and
3. Creation of a destination, a commercial retail hub as important in Toronto as Grand Central Station is in New York and others in similar world-class cities.

In 2009, the City signed the Head Lease Agreement with Osmington Inc. The agreement gives Osmington Inc. the exclusive right to carry out commercial uses in the Station, including leasing of the newly built retail spaces, advertising, commercial signage and special events, with the City and Osmington Inc. sharing equally in the profits that are generated from these commercial activities.

Furthermore, in 2009 the City executed agreements with Metrolinx to complete base building work and effectively sell the new York Concourse, floors 2 to 4 of the West Wing and the renovated Bay Concourse to Metrolinx. Upon completion of this base building work Metrolinx would complete fit-out of these spaces and open them for internal and public access and use. To date the City has completed its construction work and executed the sale of the new York Concourse and the West Wing, and these spaces are now open and active.

The Union Station Revitalization Project is now in its seventh year of construction and is one of the most complicated projects in the country, "wedged" into one of the most congested parts of the City. The project began physical construction in 2010, with the major construction works beginning in 2011. At that time, a construction management contract was awarded to Carillion Canada Inc. for the full scope of work. Subsequently, Carillion Canada Inc. construction management contract was reduced to encompass Stage 1 only, and Stages 2 and 3 were awarded to Bondfield Construction Inc. under a stipulated price lump sum contract. Carillion Canada Inc. has filed an unsubstantiated construction claim action against the City.

There is at present no factual or legal basis upon which to accept any portion of claims submitted by Carillion as legitimate. All allegations are unproven and untested. In 2015 City Council approved an expanded retainer for Osler, Hoskin & Harcourt LLP to continue to represent the City in respect of the project, including responses to any project claims or litigation. City staff are, as part of the process, working with Osler, Hoskins & Harcourt LLP in conducting an extensive legal and factual analysis of Carillion Canada Inc.'s claim (and the City's counter-claims), assisted by opinions from expert consultants/witnesses. The City is and will continue to actively defend its interests with respect to these claims and proceed through the proper process to bring them to a conclusion.

Overall, the achievements to date on the USRP has allowed for Union Station to act as more than a transportation hub for commuters to and from Toronto. The project has allowed for the following:

- Opening of retail space that has driven financial benefits for the City (at or above expectations) and that are servicing the new residential and commercial communities in the surrounding area,
- Partnerships to allow for programming in collaboration with key arts and cultural organizations across Toronto, generating an emotional and positive connection with people moving through the station, and
- Positive press and social media interest as a result of the programming, the engineering accomplishments from the USRP, and the restoration of this landmark heritage facility that preserves its historical significant and allows it to service the needs of both the community and commuters of today.

The completion of the Revitalization will provide a pedestrian destination with self-sustaining retail and commercial uses serving the rapidly increasing densification in the adjacent residential and commercial community. In conjunction with the transit infrastructure improvements, the station will act as a gateway to the waterfront and surrounding community and will renew and revitalize a major centrepiece of the city.

COMMENTS

Work Completed To Date

Significant progress has been made on the Union Station Revitalization Project. Stage 1 is fundamentally complete but for minor deficiencies being rectified and closeout documentation. Key milestones reached and components completed include:

Stage 1 and the North West PATH:

- VIA Elements – Panorama Lounge, York West Teamway Catering space, East Concourse offices, baggage handling system, heritage washrooms, office space and Great Hall ticket offices.
- York West Concourse – base building fit-up work including stairs / elevators to platforms, life safety systems, loading docks and access/egress through Air Canada

Centre, Maple Leaf Square and Telus building tunnels with York Concourse strata sold to and occupied by Metrolinx.

- West Wing - Floors 2 through 4 complete, strata sold to and occupied by Metrolinx.
- Structural Support Column Replacement (Stage 1) is complete.
- Electrical systems completed including installation, commissioning and operation of main and emergency power, lighting and lighting control, safety/security and communications systems.
- Mechanical systems completed including installation, commissioning and operation of HVAC, fire protection, plumbing, building automation and mechanical equipment systems.
- Exterior heritage façade restoration of the West, East Wings and Centre Block.
- NW Path Phase 1 complete and opened to the public.
- Stage 1 base building Retail Concourse beneath York and VIA Concourses is complete. Retail areas have been released to the Head Lessee for installation of fixtures and occupancy by tenants. Some retail operations are open and active.

Stage 2/3:

- Exterior restoration of the East Wing is 99% complete.
- Great Hall Restoration: East and West arches, including windows, north wall and ceiling cleaning complete, south wall 90% complete.
- VIA Concourse restoration is 75% complete.
- Front Street West Moat: Moat Installation is 80% complete.
- Front Street East Moat: Moat Installation is 40% complete.
- East Wing ground floor over 80% complete.
- Bay Concourse/Retail: Excavation 100% complete; Structural column replacements completed; 100% of new Bay Concourse suspended slab completed; 80% of slab on grade completed.

Future Milestones Planned

Remainder of Stage 2/3, which includes the Bay Concourse, is currently expected to be completed by late 2018. This will trigger the turnover of the Bay Concourse to Metrolinx to facilitate the fit out and completion of the concourse for future public access. It should be noted that upon the turnover and official sale of the Bay Concourse to Metrolinx for final fit-out, Metrolinx will determine the actual opening of the Concourse.

Substantial Completion of Stage 2/3 was previously expected in February 2018 (excluding York and Bay Street moat covers), which includes the restoration of the Bay Concourse, VIA Concourse, Great Hall, remaining retail areas and East Wing exterior façade. The York and Bay moat covers were expected to be completed in mid-2018.

Budget and Schedule Challenges

The uniqueness and complexity of the Union Station Revitalization project has been, and continues to be, an immense constraint on the predictability of the cost and schedule throughout construction, given the historic nature of the facility and while maintaining passenger, station and rail operations. The project team continues to aggressively and proactively manage the project within the constraints of the approved capital budget and with a focus on public safety and minimizing impacts on Station users.

Updated Schedule

The coordination and interdependency with the remaining adjacent major capital projects being undertaken by Metrolinx, namely the Regional Express Rail (RER) Program work, has created complications, challenges and impacts, and will continue to do so until the City's work is complete. Metrolinx has modified its approach and plans to the track level work which has a direct impact on the City's ability to complete its scope on the USRP within the schedule initially planned. Although these changes will allow both Metrolinx and the City to provide improved transit infrastructure to commuters across the region, these modifications will result in a delay to the completion of the USRP by between 8 to 12 months, with a revised estimated completion of late 2018. These schedule impacts will be more certain once a definite schedule is received and committed to by Metrolinx. These timelines are outside of the parameters of the scope of work being delivered by the City's contractors. These schedule changes are driving the majority of the additional forecasted funding needs to complete the USRP. The City has been in discussion with Metrolinx to ensure any incremental costs incurred are attributed appropriately given the impacts of these changes on the City's construction project. Furthermore, Metrolinx continues to engage with the City on additional enhancement projects planned at Union Station. These projects will have an impact on remaining construction, operations and functions at Union Station. Staff are working with Metrolinx to assess and mitigate any impacts, including impacts on costs, lost revenues, and the commuter experience, and to ensure these initiatives are in the best interest of the users of the station, the City and Metrolinx.

Updated Project Cost

The current total Council approved project budget is \$800.7 million. When the project was approved in 2009 the initial budget of \$640.2 million was based on an overall 66% design definition (defining scope), and would be considered a "class C" estimate. Since the budget was approved in August of 2009 there have been a number of factors that have resulted in a need to revise the budget. Of the \$160.5 million in approved increases to date, 15% is related to third party scope changes with the remaining 85% being the result of changes in cost estimates, issues with design and schedule, and managing the heritage scope that was included in the original plans.

The main factor driving changes in the current approved budget are the schedule delays outlined above. Schedule delays are resulting in the need for the City to retain third party consultants, the internal temporary staffing team, as well as extended insurance, for longer than initially planned. This results in additional indirect costs, in addition to any costs contractors would be entitled to due to schedule delays outside of existing contractual terms. No additional costs due to schedule delays will be paid unless entitlement is justified under the terms of the contract.

There are ongoing costs associated with the defense of contractor claims. City staff continue to work with City and third party legal to ensure the City's interests are protected on all matters relate to claims received on the project to date. The goal is to defend the City's interests against these claims, and to bring these matters to reasonable and timely conclusion. Based on the status of this claims process to date, it has been determined that additional funding will be required to ensure there is sufficient third party legal and expert support throughout the remainder of the process. The additional funding required is based on a best estimate to date, however should the City receive further claims, or should the process be extended beyond the current expected scope, additional funding may be required in the future.

Lastly, the heritage and historic nature of the building, along with it remaining open and active throughout construction, has been and is continuing to be a challenge. There are ongoing changes required to the stage 2/3 scope of work resulting from these challenges. These changes are diminishing as much of the underground and civil works are being completed, but are still placing a strain on the project schedule and budget. The updated forecasted project costs take these changes into account, as well as the anticipation that although reduced, further changes can be expected until project completion.

Given the factors noted above, the latest estimated project cost indicates that an additional \$22.8 million is required to complete the project, for a revised total project cost of \$823.5 million. City staff are currently working with Metrolinx, and other stakeholders, to ensure that any additional costs, or lost revenues, on the project that are attributable to third party requirements or changes can be recovered.

CONCLUSION

The Union Station Revitalization Project has continued to progress within the current approved budget and contractor schedule. Financial pressures and schedule risks continue to exist, which are typical on a project of this size and complexity. These risks are further emphasized due to the ongoing active and future projects at Union Station being carried out by Metrolinx and other stakeholders. The approval of this report will ensure the remaining scope of work on the USRP can be substantially completed by the end of 2018. Staff continue to actively manage risks and have taken substantial measures to minimize any adverse impacts to the project through implementation of a new contractor, active management of project costs, and re-sequencing, re-contracting and re-staging of the work. The project team, with the support of third party consultants and contractors, has considered all options to minimize net financial impacts on both

costs and lost revenues due to the risks and the challenges noted throughout this report, and will continue to do so until project completion. An assessment of causes of additional costs and/or lost revenues will be done to ensure that any recoveries the City is entitled to are made.

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SIGNATURE

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