

Project Cost Increases and Cash Flow Adjustments to the 2018-2027 Capital Budgets and Plans for the Bessarion Project for Parks, Forestry and Recreation, Toronto Public Library, and Toronto Parking Authority

Date: March 12, 2018

To: Executive Committee

From: General Manager, Parks, Forestry and Recreation, City Librarian, Acting President, Toronto Parking Authority

Wards: Ward 24 - Willowdale

SUMMARY

The purpose of this report is to request authority from City Council to amend the approved 2018-2027 Capital Budgets and Plans for Parks, Forestry and Recreation (PF&R), Toronto Public Library (TPL), and Toronto Parking Authority (TPA) by increasing project costs and adjusting cash flows for construction of the Bessarion shared-use facility project. The Bessarion project includes a new community centre (CC), library branch, child care centre, and underground parking garage. Additional funds and realignment of cash flows are required in order to award the contract to the lowest bidder.

RECOMMENDATIONS

The General Manager, Parks, Forestry and Recreation, City Librarian for Toronto Public Library, and the Acting President for Toronto Parking Authority recommend that:

1. City Council authorize the following increases and accelerations to the approved 2018 Capital Budget and 2019-2027 Plan:

a. Amend the Parks, Forestry and Recreation's Capital Budget and Plan as follows:

i. Increase the project cost of the Bessarion Community Centre sub-project in the Community Centre project, by \$12.900 million from \$56.950 million to \$69.850 million, with the 2018 cash flow increasing by \$10.500 million from

\$3.280 million to \$13.780 million and 2019 cash flow increasing by \$2.400 million from \$7.395 million to \$9.795 million, with funding of \$11.610 million from PF&R Development Charges (XR2114) and \$1.290 from the City-Wide Parkland Development Reserve Fund (XR2211).

ii. Increase the project cost of the Bessarion Stakeholders sub-project in the Community Centre project, by \$3.300 million from \$19.700 million to \$23.000 million, with increases of \$0.600 million from the Child Care Capital Reserve Fund (XR1103) for Children's Services, and \$2.700 million from Toronto Public Library; and defer \$9.097 million in cash flow in the Bessarion Stakeholders sub-project in the Community Centre project, from 2018 to 2020 and 2021, with \$7.095 million in 2020 and \$2.002 million in 2021, as detailed in Appendix 1 to this report.

b. Amend Toronto Public Library's (TPL) Capital Budget and Plan to increase the project cost of the Bayview - Bessarion Library Relocation project by \$2.700 million from \$12.622 million to \$15.322 million with 2021 cash flow increasing from \$2.002 million to \$4.702 million with funding of \$1.539 million from Library Development Charges (XR2115) and \$1.161 million from debt originally planned for Multi-Branch State of Good Repair program, subject to Toronto Public Library Board approval, to provide funding for the \$2.700 million of increased cost of the Library portion of the Bessarion Stakeholders project.

c. Amend Toronto Parking Authority's Capital Budget by adding a project known as Bessarion Community Centre Parking Garage with a total project cost of \$4.000 million in 2018 and cash flow of \$4.000 million in 2020, fully funded from Toronto Parking Authority retained earnings.

FINANCIAL IMPACT

Approval of the recommendations of this report is required to award the tender for construction of the facility and will require increases and timing changes to the approved 2018-2027 Capital Budgets and Plans for PF&R, TPL and TPA.

The Council Approved project costs for the overall Bessarion project will increase by \$16.200 million from \$77.650 million to \$92.850 million. This includes an increase of \$12.900 million for the PF&R community centre portion and a total of \$3.300 million of stakeholder funding made up of \$2.700 million from Toronto Public Library and \$0.600 million from Children's Services.

Table 1: Adjustments to the Council Approved Project Costs for PF&R in Millions (M)

| Project Name | Council Approved Project Cost | Project Cost Increases | Revised Project Cost | Funding Source for Increases |
|---------------------------------|--------------------------------------|-------------------------------|-----------------------------|--|
| Bessarion Community Centre | \$56.950 | \$12.900 | \$69.850 | \$11.610 M from PF&R Development Charges (XR2114) & \$1.290 M City-Wide Parkland Development Reserve Fund (XR2211) |
| Bessarion Stakeholders | | | | |
| Toronto Public Library | \$11.300 | \$2.700 | \$14.000 | \$1.539 M from Library Development Charges (XR2115) & \$1.161 M from debt |
| Toronto Parking Authority | \$4.000* | | \$4.000 | TPA's Retained Earnings |
| Children's Services | \$4.400 | \$0.600 | \$5.000 | \$0.600 M from the Child Care Capital Reserve Fund (XR1103) |
| Subtotal Bessarion Stakeholders | \$19.700 | \$3.300 | \$23.000 | |
| Total PF&R Bessarion projects | \$77.650 | \$16.200 | \$92.850 | |

*Council approved project costs in PF&R's Budget do not align with Toronto Parking Authority's Budget and will be addressed through recommendation 1c to this report.

PF&R project costs for two Bessarion CC sub-projects will be amended to include an increase of \$16.200 million as noted in Table 1 above.

The project cost for the first PF&R sub-project, Bessarion CC Construction, will increase by \$12.900 million from \$56.950 million to \$69.850 million, with the 2018 cash flow increasing by \$10.500 million from \$3.280 million to \$13.780 million and 2019 cash flow increasing by \$2.400 million from \$7.395 million to \$9.795 million, with funding from the following sources: \$11.610 million from PF&R Development Charges (XR2114) and \$1.290 from the City-Wide Parkland Development Reserve Fund (XR2211).

The second PF&R sub-project to be amended is the Bessarion Stakeholders, which holds funding shares from stakeholder programs, as PF&R is managing the project. Funding from Children's Services sources is directly included in this sub-project and increases from \$4.400 million to \$5.000 million with the recommended addition of \$0.600 million from the Child Care Capital Reserve Fund in 2021.

The Toronto Public Library and Toronto Parking Authority contributions are included both in the Bessarion Stakeholders sub-project and in projects in these respective capital budgets. The Toronto Public Library portion of the Bessarion Stakeholders sub-project is recommended to increase from \$11.300 million to \$14.000 million with increases from Library Development Charges of \$1.539 million and debt of \$1.161 million (previously planned for Multi Branch State-of-Good-Repair). The Toronto Parking Authority project (also part of the Bessarion Stakeholders project), was included in its future year capital plan for 2020, but approval of the project cost is recommended in this report to allow the tender to be issued, although the cash flow of \$4.000 million remains in 2020.

In order to ensure the appropriate cash flow is available to fund the shared-use facility, changes to cash flow are being requested for the Bessarion Stakeholders project. \$9.097 million in cash flow in 2018 is requested to be deferred from 2018 to 2020 (\$7.095 million) and 2021 (\$2.002 million), funded from the following contributions: \$5.097 million from Toronto Public Library and \$4.000 million from Toronto Parking Authority, as detailed in Appendix 1. The changes to cash flow are required to better reflect timing of partner contributions to the project.

To fund its share of the Bessarion Stakeholders project, Toronto Public Library's increased contribution of \$2.700 million is recommended to be funded by an increase of \$1.539 million from Library Development Charges (XR2115) and an allocation of \$1.161 million of debt financing originally planned for the Multi-Branch State-of-Good-Repair program. Project costs for the Bayview-Bessarion Library Relocation project will increase by \$2.700 million from \$12.622 million to \$15.322 million, with cash flow in 2021 increasing from \$2.002 million to \$4.702 million (Note that \$1.322 million of the Library project budget remains with the Library for non-construction aspects of the project).

Table 2: Adjustments to the Council Approved Project Costs for TPL in Millions (M)

| Project Name | Council Approved Project Cost | Project Cost Increases | Revised Project Cost | Funding Source for Increases |
|--------------------------------|--------------------------------------|-------------------------------|-----------------------------|---|
| Bayview - Bessarion Relocation | \$12.622 | \$2.700 | \$15.322 | \$1.539 M from Library Development Charges (XR2115) & \$1.161 M from debt |

The Toronto Parking Authority's 10-Year Capital Plan includes the Bessarion Community Centre Parking Garage with a total project cost of \$4.0 million and cash flow in year 2020, fully funded from TPA's retained earnings. The future year project has not been approved by City Council so authority is requested to approve the project cost of \$4.000 million in 2018 with cash flow in 2020, in order to award the tender.

Table 3: Adjustments to the Council Approved Project Costs for TPA in Millions (M)

| Project Name | Council Approved Project Cost | Project Cost Increases | Revised Project Cost | Funding Source for Increases |
|---|--------------------------------------|-------------------------------|-----------------------------|-------------------------------------|
| Bessarion Community Centre Parking Garage (TPA) | | \$4.000 | \$4.000 | TPA's Retained Earnings |

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

DECISION HISTORY

City Council, at its meeting of December 8, 2009, adopted the Parks, Forestry and Recreation 2010 Capital Budget through item EX38.1 (26.a.i.). The Bessarion Community Centre (CC) Construction (former Canadian Tire CC) sub-project was approved with a total project cost of \$12.124 million and funding from various Section 37 and Section 45 benefits. Funds in the amount of \$0.240 million from PF&R Development Charges and North District Parkland Development Cash-in-lieu Reserve

Funds were previously approved for the North District CC Bessarion (former Canadian Tire) Site Design sub-project through item 26.a.iii.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX38.1>

At its meeting of February 17, 2016, City Council approved Parks, Forestry and Recreation's 2016 Capital Budget through item EX12.2 (28.a.i.). A total of \$43.325 million in funding for three new sub-projects was added to the Capital Budget for the construction of Bessarion CC: \$9.000 million for the Bessarion CC Parking Garage funded from PF&R Development Charges; \$14.900 million for Bessarion CC Additional Funding with funding from PF&R Development Charges and City Wide Parkland Development Cash-in-lieu (CIL) Reserve Funds; and \$19.425 million for Bessarion CC Stakeholders Funding with \$4.000 million from Toronto Parking Authority, \$4.125 million from Children's Services, and \$11.300 million from Toronto Public Library.

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

City Council, at its meeting on February 15, 2017, approved the Parks, Forestry and Recreation 2017 Capital Budget through item EX22.2 (22a.i. and 22a.ii.). Additional funds for the construction of Bessarion CC were approved: \$0.275 million was added to the Bessarion CC Stakeholders Funding sub-project with funding from Children's Services; and \$20.686 million was added to the Bessarion CC Construction sub-project with funding from PF&R Development Charges (\$18.617 million), and City Wide and North District Parkland Development Cash-in-lieu Reserve Funds (\$2.069 million).

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

At its meeting on February 12, 2018, City Council approved the Toronto Public Library 2018 Capital Budget through item EX31.2 (105a.i. and 105b). The timing of the cash flow estimates for Bayview-Bessarion Library Relocation capital project from 2019 to 2021 was approved.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

ISSUE BACKGROUND

Approval is being sought to amend the Council approved 2018-2027 Capital Budgets and Plans for Parks, Forestry and Recreation, Toronto Public Library and Toronto Parking Authority for the Bessarion shared-use facility including Community Centre, Child Care Centre, Bayview-Bessarion Library Branch, and Underground Parking Garage. Additional funds are being requested in order to award the contract to the lowest bidder, to avoid a significant reduction in the program scope as well as the delays and potentially higher costs associated with re-tendering the project.

COMMENTS

Bessarion Shared-Use Facility Project Construction Phase

The Bessarion project, located at 100 Woodsy Park Lane, includes the construction of a 3-storey structure plus mezzanine and 3 levels of below-grade parking. The facility will

be approximately 209,000 square feet in total size and include a community recreation centre, Toronto Public Library branch, Children's Services child care centre (together totalling approximately 132,000 square feet), and a 196 space underground commercial parking garage (approximately 77,000 square feet) which will be operated and partially financed by the Toronto Parking Authority.

The shared-use facility project was tendered and two bids from pre-qualified general contractors were received, all exceeding the pre-tender estimate. The low-bidder exceeded the available Council approved funding resulting in a budget shortfall. Staff have reviewed the bid in detail with the architect and cost-consultant and find the low bid to be a fair price for the scope of work, given market changes since the pre-tender estimate was prepared. The scope and size of the shared-use facility cannot be reduced as it is designed to meet the needs of this growing community. Re-tendering the project is not a realistic option, as construction prices continue to rise and it would result in further delays to providing services to the community.

Authority from City Council is requested to amend the approved 2018 Capital Budget, future year commitments and 2019-2027 Capital Plans for Parks, Forestry and Recreation, Toronto Public Library and Toronto Parking Authority. The approval of these recommendations will result in an increase of \$16.200 million in approved project cost for Bessarion Projects.

CONTACT

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SIGNATURE

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ATTACHMENTS

Appendix 1 - Recommended Changes to Cash Flows and Project Costs for the Bessarion Stakeholders Project (\$000s)