

REPORT FOR ACTION



Reallocation of State of Good Repair Capital Funding

Date: June 4, 2019

To: Audit Committee

From: President and Chief Executive Officer

SUMMARY

The purpose of this report is to seek the Board's approval to increase the budget for one previously scheduled capital project. Funding for this project will come from the reallocation of a previously approved stage of good repair project.

RECOMMENDATIONS

The President and CEO recommends that the Board of Directors of TO Live:

1. Approve the increased budget and all related purchase orders and/or tender awards by \$1,133,000 for the capital project "Replace Roofs: Mezzanine/Stage Tower" (CHU008-03) from \$469,247 to \$1,602,247 pending the implementation of recommendations #3 below.
2. Approve the increased funding of \$1,133,000 for the capital project "Replace Roofs: Mezzanine/Stage Tower" (CHU008-03) by reducing funding to the Sony Door Replacement project (CHU008-05) by \$1,133,000 pending the implementation of recommendations #3 below.
3. Directed the President and Chief Executive Office to work with City staff to submit the reallocation request for approval at the June 18, 2019 City Council meeting.

FINANCIAL IMPACT

There is no financial impact.

DECISION HISTORY

On March 7, 2019, City Council approved the 2019 Budget Committee recommended Capital Budget for TO Live.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX2.5>

On March 1, 2019, the Board of Directors of TO Live approved the 2019 capital projects and all related purchase orders and/or tender awards up to the individual project budgets.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.CT2.4>

In 2015, the Sony Centre commissioned a Building Condition Assessment (BCA).

www.toronto.ca/legdocs/mmis/2015/ct/bgrd/backgroundfile-84615.pdf

COMMENTS

In May of 2019 TO Live issued tender 2019-004 "Renovation of three (3) roof areas and soffit remediation at the Sony Centre for the Performing Arts." This project was the amalgamation of three separate but related capital projects with the goal of repairing the soffit of the fly tower and replacement of various roofs on the Sony Centre. These projects were tendered together to leverage the economy of scale that a single larger combined project would allow. The total funding for this combined project in 2019 was \$840,099 (CHU016-1: \$193 581, CHU008-2: \$177 271, CHU008-03: \$469 247)

TO Live received six bids ranging from \$1,910,036 to \$2,487,500. In discussions with the project architect it is believed the tenders exceeded the budget due to the BCA not budgeting for specific items. These items include lack of consideration for mechanical equipment interference, heritage obligations, water damaged concrete and the omission of a required "eco-roof" material.

Management believes efficiencies can be negotiated with the lowest compliant bidder for a reduction in cost of 15% (as allowed by TO Live's procurement policy). After negotiation, and with project management, contingency and consulting costs included, the total required for this project will be \$1.977 million. Management believes the most cost-effective solution is to move forward with the full scope of this project by re-allocating funds from the Sony Centre door replacement project to the largest of three individual roof projects, "Replace Roofs: Mezzanine/Stage Tower" (CHU008-03).

Based on the BCA the door replacement project was anticipated to cost \$3.724 million due to the heritage considerations of the Sony Centre doors. There is presently \$1.2 million in 2019 and \$1.2 million in 2020 approved for the door replacement project. It is believed that with a different approach to the heritage aspects of this project the \$1.2 million approved for 2020 to the best of our knowledge at this time should be sufficient funding for this project.

CONTACT

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SIGNATURE

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