

Union Station Revitalization Project – Status Report

Date: April 12, 2021

To: General Government and Licensing Committee

From: Executive Director, Corporate Real Estate Management

Wards: Ward 10 - Spadina-Fort York

SUMMARY

In 2009, the City of Toronto began the construction-related work of the Union Station Revitalization Project ("U.S.R.P."). The revitalization work included areas such as the East Wing, the creation of the Bay retail area, restoration of the Great Hall, among others, and has prepared this historic landmark to be a multi-modal destination point, focusing on retail and commercial uses, and serving as a gateway to the waterfront and surrounding community. The overall project remains both a technical marvel and an important revitalization initiative that will act as the centrepiece of the downtown core and transit. A major centre piece of the City of Toronto is now renewed and revitalized.

The U.S.R.P. continues to progress towards the final stage of construction within the current approved budget. Financial pressures and schedule risks continue to exist, which are typical on a project of this size and complexity, however, staff continue to actively manage these risks and have taken substantial measures to minimize the impacts to the project. In addition, despite challenges stemming from the COVID-19 pandemic, a number of major milestones are now complete and the project is expected to be substantially complete by the end of April 2021.

This report also provides an update on the installation of a new security barrier system outside Union Station, as requested by the General Government and Licensing Committee. This work is separate from the U.S.R.P. and is being coordinated with other stakeholders to ensure that the new barrier system integrates properly with existing sub-surface infrastructure. Construction of the new barrier system is expected to be complete in late 2022. The concrete barriers currently in place will be removed once the new system is installed.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management, recommends that:

1. The General Government and Licensing Committee receive this report for information.

FINANCIAL IMPACT

Total Project Cost and Current Estimates:

The U.S.R.P. remains within the current approved budget of \$824.0 million and funding is available within the approved 2021 – 2030 Capital Budget and Plan for Corporate Real Estate Management. Table 1 below illustrates the re-forecasted cash flows for the U.S.R.P. are compared against the approved plan.

Table 1: Forecasted Cash Flows vs Current Approved Plan (\$ millions)

	Life to Date Spend as of Dec 31, 2020	2021 Plan	Total Project Costs
2021-2030 Capital Budget and Plan	\$801.1	\$22.9	\$824.0
Projected Spending	\$801.1	\$22.9	\$824.0
Variance	-	-	-

A total of \$801.1 million has been spent to date, representing over 97 percent of the approved project budget. The estimated expenditure for 2021 is \$22.9 million, representing 2.8 percent of the approved project budget, and reflects costs for minor deficiencies, close out costs for construction, and other professional services to achieve total project completion. Appendix A outlines the current approved budget and life-to-date spending by major component.

The current approved budget and forecasted total project cost does not include any future claims paid or received, as noted in previous reports.

Financing Sources:

The Council-approved budget and financing plan for the Union Station Revitalization Project is outlined in Table 2 below:

Table 2: Union Station Revitalization Project Funding Sources

Funding Source	Approved Budget \$ millions
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	83.6
Development Charges	7.9
Section 16 Agreements	2.9
Total Internal Funding Sources	465.3
Total Project Funding Sources	824.0

The City also continues to engage in discussions with external project stakeholders and other funding partners/sources to obtain reimbursement or fund components of the work being undertaken. Over 90 percent of funding contributions from both the Federal and Provincial governments has been received to date, with the remaining balances expected to be received over the next year as the project is completed and the funding agreements are closed.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

At its meeting of March 29, 2021, the General Government and Licensing Committee adopted GL21.29 "Concrete Barriers at Union Station" and requested the Deputy City Manager, Corporate Services report to the April 26, 2021 meeting of the General Government and Licensing Committee on a timeline and plan for the remove of the concrete barriers placed as a security measure in front of Union Station
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.GL21.29>

At its meeting of September 14, 2020 General Government and Licensing Committee adopted GL15.2 "Union Station Revitalization Project - Status Report and Contract Amendments," which noted that the project remained within the approved budget of \$824.0 million and authorized amendments to existing contracts with NORR Limited, WSP Canada Group Limited, and Davies Ward Phillips and Vineberg LLP.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.GL15.12>

At its meeting of January 6, 2020 General Government and Licensing Committee adopted GL11.9 "Amendment to Purchase Order Number 6040342 with Osler, Hoskin & Harcourt, LLP for Construction Law Support and Litigation Services for the Union

Station Revitalization Project," which noted that the project remained within the approved budget of \$824.0 million.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.GL11.9>

At its meeting of May 21, 2019 General Government and Licensing Committee adopted GL5.9 "Union Station Revitalization Project - Status Report and Contract Amendments," which noted that the project remained within the approved budget of \$823.9 million and authorized amendments to existing contracts with NORR Limited, WSP Canada Group Limited, and Osler, Hoskin & Harcourt, LLP.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.GL5.9>

At its meeting of July 3, 2018, Government Management Committee adopted GM29.22 "Union Station Revitalization Project (U.S.R.P.) – Status Report," which noted that the project remained within the approved budget of \$823.9 million.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.GM29.22>

At its meeting of March 26, 2018, City Council adopted GM25.10 "Union Station Revitalization Project - Contract Amendments" and authorized amendments to existing contracts with NORR Limited, Architects and Engineers, WSP Canada Group Limited, Bondfield Construction Company Limited, and Osler, Hoskin & Harcourt, LLP.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.GM25.10>

At its meeting of February 12, 2018, City Council adopted 2018.EX31.2 "2018 Capital and Operating Budgets" and approved the 2018 Capital Budget and 2019-2027 Capital Plan for Union Station Revitalization Project, including 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.

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

At its meeting of May 29, 2017, Government Management Committee adopted 2017.GM21.14 "Union Station Revitalization Project - Status Update" and approved 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 on February 3, 2016, City Council adopted 2016.GM9.5 "Union Station Proposed Building Enhancements" and authorized an amendment to the Head Lease Agreement to implement the building enhancements for Union Station.

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

At its meeting of July 7, 8, and 9, 2015, City Council adopted 2015.GM5.19 "Union Station Revitalization Project - Status Update" approving a budget increase of \$4.3 million related to forecasted cost increases and awarding a contract for Tender Call No. 75-2015 for the Union Station Revitalization Project Stages 2 and 3 to Bondfield Construction Company Limited in the amount of \$178,542,180 net of Harmonized SalesTax, including all allowances, contingencies and charges.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM5.19>

At its meeting on December 16, 17 and 18, 2013, City Council adopted Item GM26.5, entitled "Union Station Revitalization Project – Status Update", which included an update to the business case that was originally developed in 2009.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.GM26.5>

COMMENTS

Background

Union Station opened to the public in 1927. A National Historic Site, it is 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 in the station into context, Union Station has seen no significant capital investment by its owners for the past 90 years. As such, this project reflects a "once in a century" type of investment in city building.

Council's vision had three main objectives, for which the U.S.R.P. has enabled to be fulfilled:

- Promote Union Station as a multi-modal transportation hub first and foremost, achieved by expanding and enhancing its transportation purpose, primarily through improved pedestrian flows;
- Preserve it as a heritage building, which has been achieved through the restoration of this National Historic Site; and
- Revitalize Union Station as a destination in order to promote financial sustainability, achieved through the creation of a destination and commercial retail hub as important in Toronto as Grand Central Station is in New York and others in similar world-class cities.

Early work in the revitalization project

In 2009, the City executed agreements with Metrolinx to complete base building work of the new York Concourse, floors two to four of the West Wing and the renovated Bay Concourse, and upon completion sell ownership of these spaces 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. This, along with additional pedestrian access, capacity and improved flow, has enhanced the transportation purpose and use of Union Station benefiting residents and commuters across the Greater Toronto Area.

A significant effort and investment was made to restore heritage elements of Union Station to its original state, including the exterior heritage façade restoration of the West and East Wings, Centre Block, and Great Hall Restoration including the East and West arches, windows, north wall, south wall and ceiling cleaning. This has all been completed, preserving this National Historic site.

Partnering with Osmington Inc. to shape Union Station as a commercial retail hub

In 2009, the City signed the Head Lease Agreement with Osmington Inc. ("Osmington"). The agreement gives Osmington the exclusive right to carry out commercial uses in the Station, including leasing of the newly-built retail spaces, sponsorships (TD is the current exclusive financial services sponsor), digital and traditional commercial advertising, and special events. The agreement allows the City and Osmington Inc. to share equally in the profits that are generated from the commercial activities within Union Station.

Since the Head Lease Agreement was signed in 2009, the vision of the Station becoming a commercial retail hub and a world class destination has taken form. City staff have been working with Osmington to manage and maximize the value of the current and future retail spaces within the Station. In February 2016, the City and Osmington Inc. entered into a retail enhancement agreement which will generate additional revenue for both the Head Lessee and the City through sponsorship and retail tenant percentage rent. When completed there will be over 160,000 square feet of total rentable retail space at Union Station. Currently, approximately 60 percent of total retail space has been turned over to Osmington.

- Over 20 percent of total space is fully leased and operational, which includes the York Concourse, Food Court, West Wing, TD Lounge, 75 percent of the York Street Promenade, and 70 percent of the Front Street Promenade, and
- Approximately 40 percent of total space remains under construction by Osmington in preparation for leasing. Main areas include portions of the Fresh Market and Bay Retail areas.

The first floor of the East Wing, and remainder of the Bay Retail area, Great Hall, and Moat are the next final major retail areas to be turned over to Osmington for landlord work to be undertaken once base building construction is complete. The Fresh Market will include local, national, and international food and market-style retailers and the Bay Concourse will feature international brands that elevate the overall retail experience at Union Station.

Further achievements of the U.S.R.P. and impacts of COVID-19

Overall, the achievements to date on the U.S.R.P. 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:

- Retail space that will drive financial benefits for the City (at or above expectations) and that are servicing the opening of 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 U.S.R.P., and the restoration of this landmark heritage facility that preserves its historical significance and allows it to service the needs of both the community and commuters of today.

Retail operations were dramatically impacted in 2020, and continue to be impacted due to the COVID-19 pandemic, as commuter and shopping traffic within the station remains low. Tenants have taken advantage of the Canada Emergency Commercial Rent Assistance (CECRA) and Canada Emergency Rent Subsidy (CERS) programs, which is based on each tenant's level of lost revenue, and is assisting in addressing rent obligations. Although operations were impacted, Osmington's retail plans are progressing with major retail elements to open as planned. Osmington's target is to open the majority of retail areas in the second quarter of 2022, including the Fresh Market, TD Bank retail branch, and Bay Retail.

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

Work Completed To Date

Significant progress has been made on the Union Station Revitalization Project. The project is approaching substantial completion while minor deficiencies are being rectified and closeout documentation is being prepared. Stage 1 is complete and the majority of Stage 2/3 work is complete. 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, 2nd floor Via lunchroom, and E-learning Centre.
- York 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 two through four 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, smoke evacuation, building pressurization system, plumbing, building automation, mechanical equipment systems and, main cooling and heating transfer stations for the entire building.
- 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 100 percent complete.
- Great Hall Restoration: East and West arches, including windows, north wall, south wall and ceiling cleaning complete. The floor restoration remains outstanding.
- VIA Concourse restoration is 99 percent complete.
- Front Street Moat: Moat cover installation is 100 percent complete, all works 99 percent complete.
- York Street Moat: Moat cover installation is 100 percent complete, all works 99 percent complete
- Bay Street: Moat cover installation is 100 percent complete, all works 75 percent complete
- East Wing ground floor is over 98 percent complete, excluding the Scotiabank Lobby.
- Bay Concourse/Retail: Excavation, structural column replacements, and new Bay Concourse suspended slab and slab on grade completed. Over 99 percent complete, remaining works include vertical access and deficiency corrections,
- Interior finishing work is 98 percent complete.

Construction Schedule Update and addressing minor deficiencies

Substantial completion of the project is expected by the end of April 2021. In addition to the project delays incurred throughout 2020 and 2021 due to the State of Emergency declared in March 2020 in response to the COVID-19 pandemic, the City has continued to manage and mitigate contractor performance issues, experienced on stage 2/3 work, since mid-2018, to achieve this milestone.

Minor work on certain portions of the station will continue into the end of June 2021 to ensure full project closure. The remaining work for total completion of Stage 2/3 includes completion of the Bay and Front St. Moats and minor deficiencies. City staff continue to work diligently with the contractor's bonding company and third-party consultants to manage the contractor and risks to the project schedule.

The U.S.R.P. team has continued to implement a phased turnover strategy to expedite ongoing construction and to ensure that completed areas of the station open to the

public as soon as possible. By the first quarter of February 2021, all interior works including the Bay Concourse, Bay Retail, and the Front Street Promenade were completed and turned over to the City for the sale of the Bay Concourse to Metrolinx and turnover of retail spaces for interior fit-out to Osmington to open to the public as soon as possible. This phased turnover will lead to new areas of the station opening up as they are ready, which will contribute to improved pedestrian flow through the station and enjoyment of the commercial and retail amenities.

Metrolinx and Osmington will ultimately determine exactly when these areas of the station open to the public. Based on typical construction schedules it is anticipated that Osmington will open the remaining retail units on a rolling basis throughout 2022 and that Metrolinx is expected to open the Bay Concourse to be available for public usage in late second quarter of 2021.

Update on the installation of a new security barrier system outside Union Station

Although separate from the U.S.R.P., work is underway to develop and implement a new barrier system around Union Station. The impacted areas house significant and complex sub-surface infrastructure and systems belonging to multiple entities. To ensure that the new barrier system integrates properly with existing infrastructure, the City is coordinating with relevant stakeholders to finalize the design and issue a construction tender by the end of the third quarter of 2021. The existing jersey barriers will remain in place until the new barrier system is complete, which is expected to occur by the end of 2022.

Conclusion

The U.S.R.P. continues to progress through the final stage of construction and remains within the current approved budget. Financial pressures and schedule risks persisted throughout the project, which is typical on a project of this size and complexity. Staff continue to actively manage these risks and have taken substantial measures to minimize the impacts to the project by working closely with the contractor's bonding company to manage schedule impacts, project costs, and re-sequence the Stage 2/3 work. The current approved budget and total project cost does not include the cost of claims. Any claims received will be actively managed and addressed by the project team, with the support of City and external legal. The overall project remains both a technical marvel and an important revitalization initiative that will act as the centrepiece of the downtown core and transit for the City of Toronto.

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SIGNATURE

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ATTACHMENTS

Appendix A - Union Station Revitalization Project Current Approved Project Budget and Life to Date Spending