



Member Motion

City Council

Motion without Notice

MM37.30	ACTION			Ward: 18
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Authorization to convert a Section 37 cash payment to an in-kind contribution for the construction and finishing of community space by 5200 Yonge Limited Partnership (Sorbara Development Group) - by Councillor John Filion, seconded by Councillor Mike Colle

** Notice of this Motion has not been given. A two-thirds vote is required to waive notice.
 * This Motion is subject to referral to the Executive Committee. A two-thirds vote is required to waive referral.
 * This Motion has been deemed urgent by the Chair.*

Recommendations

Councillor John Filion, seconded by Councillor Mike Colle, recommends that:

1. City Council increase the Approved 2021 Capital Budget for Corporate Real Estate Management by \$434,036.99 gross, \$0 net, (WBS Element CCA252-03 – State of Good Repair Leased Facilities/Properties) fully funded by Section 37 funds received from the development at 5182-5192, 5200 and 5218 Yonge Street (Source Account: XR3026-3700740) in order to fund and complete the on-site social facility space.
2. City Council direct that the \$434,036.99 be forwarded to the Sorbara Development Group directly, subject to the Deputy City Manager, Corporate Services, signing off on the additional costs.

Summary

Pursuant to a Section 37 Agreement between 5200 Yonge Limited Partnership (Sorbara Development Group) (the "Developer") and the City of Toronto, dated August 28, 2014, the Developer agreed to transfer to the City a minimum of 545 square metres (5,866 square feet) of Social Facility Space, as defined in the Zoning By-law Amendment. The key terms of the arrangement pertaining to the space are as follows:

1. The Social Facility Space shall be provided to the stage of base building completion, plus finished turn-key conditions, to the satisfaction of the Chief Corporate Officer (City of Toronto) or designate.
2. The Developer's cost to finish the ground floor portion of Social Facility Space pursuant to the approved plans shall not exceed \$600,000.

3. Any change in plans that increase total costs of the finishing work are to be approved by the Chief Corporate Officer and paid by the City based on competitive third party costs of engaging third party trades or suppliers for such materials or work with no markup or management fee in favour of the Owner.

Staff have determined that the initial cost estimate of \$600,000 was undervalued. The Developer has finished the space to standards required by the City which resulted in costs overrun above the original estimated cost. The Developer has incurred an overage of \$434,036.99 (beyond the \$600,000.00 original cap) in fitting out the Social Facility Space.

Staff have concluded that the total cost to finish 5,000 square foot of commercial kitchen space at \$206.8 per square foot is reasonable as per current market rates. As confirmed by the Ontario Restaurant Hotel and Motel Association, current market rate for constructing and finishing a standard commercial kitchen is at an average of \$250 per square foot.

Staff are seeking City Council's approval to convert a portion of a Section 37 cash payment from the Developer to an in-kind contribution for the construction cost overrun of \$434,036.99. The Section 37 cash contribution provided by the Developer was secured to be utilized for a range of purposes including the cost of constructing and furnishing social facilities.

This Motion is urgent as the space cannot be occupied until it is transferred to the City, following the payment.

Background Information (City Council)

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