

Re-Assignment of New Etobicoke Civic Centre Project and Contracts from CreateTO to Corporate Real Estate Management

Date: March 8, 2022

To: General Government and Licensing Committee

From: Patrick Matozzo, Executive Director, Corporate Real Estate Management and Chief Procurement Officer, Purchasing and Materials Management

Wards: Ward 3 - Etobicoke-Lakeshore

SUMMARY

The purpose of this report is to seek authority from City Council to re-assign ownership of the delivery of the new Etobicoke Civic Centre project (the Project), including all relevant consulting service agreements from CreateTO to Corporate Real Estate Management. The Project has been under the leadership of CreateTO, the City agency established by the City to manage its real estate portfolio within the new City-wide real estate service delivery model, in conjunction with Corporate Real Estate Management.

In 2017, CreateTO was granted authority by City Council to award the design consulting contract for the new Etobicoke Civic Centre to Adamson Associates Architects, Henning Larsen Architects and PMA Landscape Architects (Adamsons), as well as several other project contracts, including the cost consultant Finnegan Marshall Inc. and the Indigenous recruitment consultant for public art Mills & Mills Consulting Services. As the Project transitions under management of Corporate Real Estate Management, these contracts, valued collectively at \$14,089,799 net of all taxes, will need to be re-assigned from CreateTO to Corporate Real Estate Management.

The Project includes the construction of a low-carbon geothermal district energy plant within the below grade structure of the building, which will provide heating and cooling to the new Etobicoke Civic Centre Precinct. In order to progress with the necessary construction documents of the district energy plant, and as this work is re-assigned from CreateTO to Corporate Real Estate Management, a letter of guarantee valued at \$6,636,600 net of all taxes is required to be executed with Enwave Energy Corporation ("Enwave").

The re-assignment of the Project and its corresponding agreements from CreateTO to Corporate Real Estate Management is part of the agreed upon project plan between CreateTO and Corporate Real Estate Management to ensure continuation of the Project. Funding is included in the Council approved 2022-2031 Capital Budget for

Corporate Real Estate Management. The re-assignment will not result in an increase in the overall approved budget and will have no financial impact on the project.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management and the Chief Procurement Officer recommend that:

1. City Council authorize the re-assignment of the delivery of the new Etobicoke Civic Centre project from CreateTO to Corporate Real Estate Management and authorize the Executive Director, Corporate Real Estate Management to enter into the following contracts for the remaining balance amounts, on terms and conditions satisfactory to the Executive Director, Corporate Real Estate Management and in a form satisfactory to the City Solicitor:

a. Adamson Associates Architects, Henning Larsen Architects and PMA Landscape Architects in the amount of \$14,000,000, net of all taxes (\$14,246,400 net of Harmonized Sales Tax (HST) Recoveries).

b. Finnegan Marshall Inc. in the amount of \$42,746, net of all taxes (\$43,498 net of HST Recoveries).

c. Mills & Mills Consulting Services in the amount of \$47,053, net of all taxes (\$47,881 net of HST Recoveries).

2. City Council authorize the Executive Director, Corporate Real Estate Management, to enter into an agreement valued at \$6,636,600 net of all taxes (\$6,753,404 net of HST Recoveries) with Enwave Energy Corporation in order to facilitate the design of a district energy plant, as well as the design and construction of the below grade geothermal boreholes needed to service the Etobicoke Civic Centre Precinct, based on the major terms outlined in Attachment 1 as may be satisfactory to the Deputy City Manager, Corporate Services.

FINANCIAL IMPACT

The Project remains within the current approved budget of \$526 million and funding is available within the approved 2022-2031 Capital Budget and Plan for Corporate Real Estate Management, Parks, Forestry & Recreation, and Toronto Public Library.

Table 1 lists the value of the remaining scope of work for the vendors currently engaged with CreateTO, whose contracts will need to be re-assigned to Corporate Real Estate Management.

Table 1 - Re-assigned contracts for the new Etobicoke Civic Centre project

Vendor	WBS Element	Value of work (net of all taxes)	Scope of Work
Adamson Associates Architects, Henning Larsen Architects and PMA Landscape Architects	CCA300-02	14,000,000	Construction documents, tenant fit-up initial design, Smart Buildings strategy and implementation, contract development, bidding & negotiation (General Contractor Solicitation) and contract administration.
Finnegan Marshall Inc.		42,746	Cost consultant
Mills & Mills Consulting Services		47,053	Public art consultant
Total		14,089,799	

The combined value for the purchase orders to be re-assigned is \$14,089,799 net of all taxes (\$14,337,779 net of HST Recoveries) under WBS element CCA300-02.

This report also requests authority for the City to enter into a letter of guarantee with Enwave valued at \$6,636,600 net of all taxes (\$6,753,404 net of HST Recoveries) under WBS element CCA300-02. This agreement is to ensure that any third party costs incurred by Enwave in connection with completing, or causing its contractors to complete, the design work for the district energy plant, as well as the design and construction of the below grade geothermal boreholes servicing the new Etobicoke Civic Centre Precinct, will be reimbursed by the City of Toronto. This reimbursement event, valued at \$6,636,600.00, is only triggered in those situations described in Attachment 1.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the Financial Impact Section.

DECISION HISTORY

At its meeting of December 17-18, 2019, City Council adopted item EX11.24 "Relocation of the Etobicoke Civic Centre," supporting the authorization of CreateTO to proceed with Phase Three of the Major Capital project Approval Process, including Detail Design, Contract Documents and Tender.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX11.24>

At its meeting of November 7, 2017, City Council adopted item EX28.12 "Update and Next Steps on the Potential Relocation of the Etobicoke Civic Centre," which adopted the decision of the Etobicoke Civic Centre Building Design Competition jury's selection of Adamson Associates Architects, Henning Larsen Architects and PMA Landscape
 Re-Assignment of New Etobicoke Civic Centre Project

Architects as the winning submission of the Etobicoke Civic Centre Design Competition and directed The Toronto Realty Agency (CreateTO), in consultation with City staff, to proceed with Phase Two of the Major Capital Project Approval Process and report back to Council on such results.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX28.12>

At its meeting of July 12-15, 2016, City Council adopted item EX16.22 "Etobicoke Civic Centre Relocation," supporting the Westwood Theatre Lands as the preferred location for the relocated Etobicoke Civic Centre. The report directed City staff to work with Build Toronto (CreateTO) and carry out a design competition for a new Etobicoke Civic Centre on the Westwood Theatre Lands; establish a building program to inform the design competition; undertake a feasibility and business case analysis for a new Etobicoke Civic Centre at the Westwood Theatre Lands; examine costs and potential revenue/funding sources with the sale of three (3) city assets; and to examine the opportunities for affordable housing and report back to City Council with the results.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.22>

COMMENTS

Project Details

The Etobicoke Civic Centre Precinct (formerly the Westwood Theatre Lands) is a culturally diverse neighbourhood undergoing transition. The community has evolved from small villages to being an integral part of the City of Toronto. Block 4, within the 13.8 acre redeveloped site has been designated for the new Etobicoke Civic Centre, which is being relocated from the Etobicoke West Mall. While offering a dynamic public realm and working environment that mirrors the cultural breadth of Etobicoke, this Civic Centre Precinct encourages future neighbourhood growth.

The new Etobicoke Civic Centre and Civic Square will support and engage all citizens of Etobicoke regardless of age, gender, culture, ability, and social standing by creating a sustainable, dynamic, inviting, and friendly environment. The Etobicoke Civic Centre is designed to meet the myriad scales of its surroundings and provides a microclimate that encourages people to engage in the public realm. Through its architectural expression and inviting street presence, the Etobicoke Civic Centre will stand out as an innovative and unique building in Toronto.

The Etobicoke Civic Centre is a mixed-use building comprised of municipal offices, Council Chambers, community gathering spaces, childcare centre, library, public health clinic, recreation center and service centre areas all in one. The Etobicoke Civic Centre has also been identified as the home base for a District Energy Plant within the below grade structure of the building. This plant will service the entire Etobicoke Civic Centre Precinct.

Re-assignment of Project from CreateTO to Corporate Real Estate Management

Although the project has been under the leadership of CreateTO since its inception in 2016, as per the agreed upon project plan, the project and several of its contracts will be re-assigned from CreateTO to Corporate Real Estate Management. Corporate Real

Estate Management has engaged with Purchasing and Materials Management Division and Legal Services Division to enable the official re-assignment of the project and the consultants from CreateTO to Corporate Real Estate Management.

Contracts to be re-assigned include the contract with the prime consultant Adamsons, with the remaining scope valued at \$14,000,000 net of all taxes (\$14,246,400 net of HST Recoveries), and which includes the following phases of the project: Construction Documents, Tenant Fit-Up Initial Design, Smart Buildings Strategy and Implementation, Contract Development and Bidding & Negotiation (General Contractor Solicitation) and Contract Administration.

Additional contracts currently under CreateTO that will be re-assigned to Corporate Real Estate Management include the cost consultant Finnegan Marshall Inc. and Indigenous recruitment consultant for public art Mills & Mills Consulting Services. The remaining expenses related to the scope of work for these consultants is collectively valued at \$89,799 net of all taxes (\$91,379 net of HST Recoveries) and will be covered within the approved budget.

Enwave Letter of Guarantee

The Etobicoke Civic Centre Precinct includes the development of a low-carbon geothermal district energy plant to provide heating and cooling. The work to develop this plant was undertaken jointly by CreateTO and Enwave Energy Corporation and now, oversight is being transferred to Corporate Real Estate Management. The plant will be located within the new Etobicoke Civic Centre building.

However, further design work is required of Enwave, followed by the construction of below grade geothermal boreholes. A letter of guarantee will be issued upon entering the agreement for the design scope valued at \$1,215,000, and for the construction scope valued at \$5,421,600, totalling \$6,636,600 net of all taxes, and is available in the approved Project budget. The terms and conditions of the letter of guarantee, as stated in Attachment 1, outline the circumstances under which the guarantee amounts would be triggered.

CONTACT

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SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

Michael Pacholok
Chief Procurement Officer

ATTACHMENTS

Attachment 1 - Enwave Letter of Guarantee - Major Terms of Agreement