

## **Amendment to Non-Competitive Purchase Order Number 6052599 with Deltera Contracting Inc. - Bayside 2 for the Construction of the East Bayfront Community Recreation Centre for the Parks, Forestry and Recreation Division**

**Date:** May 15, 2023

**To:** General Government Committee

**From:** General Manager, Parks Forestry and Recreation & Chief Procurement Officer,  
Purchasing and Materials Management

**Wards:** Spadina-Fort York - 10

### **SUMMARY**

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The purpose of this report is to request authority to amend Purchase Order Number 6052599 with Deltera Contracting Inc. - Bayside 2 for the construction of the East Bayfront Community Recreation Centre awarded under Non-Competitive Procurement SR3102296662. A construction management contract is currently in place with Deltera Contracting Inc. and the contractor to complete the construction on behalf of the City of Toronto.

This purchase order amendment is required to account for the increased building construction costs which has impacted the fit-out construction of the facility, scheduled to commence in the fourth quarter of 2023. As an outcome of the COVID-19 pandemic, there continues to be uncertainties within the supply chain, fluctuating material costs, and overall inflation impacting project outcomes.

The total value of the Purchase Order Amendment being requested is \$3,040,381 net of all taxes and charges (\$3,093,892 net of Harmonized Sales Tax recoveries), revising the current purchase order value from \$19,364,100 net of all taxes and charges (\$19,704,908 net of Harmonized Sales Tax recoveries) to \$22,404,481 net of all taxes and charges (\$22,798,800 net of Harmonized sales Tax recoveries).

## RECOMMENDATIONS

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The General Manager, Parks Forestry and Recreation and the Chief Procurement Officer recommend that:

1. The General Government Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law) grant authority to amend Purchase Order Number 6052599 with Deltera Contracting Inc. - Bayside 2, for the provision of full Construction Services by an additional amount of \$3,040,381 net of all taxes and charges (\$3,093,892 net of Harmonized Sales Tax recoveries) revising the current Purchase Order value from \$19,364,100 net of all taxes and charges (\$19,704,908 net of Harmonized Sales Tax recoveries) to \$22,404,481 net of all taxes and charges (\$22,798,800 net of Harmonized Sales Tax recoveries).

## FINANCIAL IMPACT

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The Purchase Order Amendment request included in this report will increase the total value of the full construction services by an additional \$3,040,381 net of all taxes and charges (\$3,093,892 net of Harmonized Sales Tax recoveries). This will increase the purchase order value from \$19,364,100 net of all taxes and charges (\$19,704,908 net of Harmonized Sales Tax recoveries) to \$22,404,481 net of all taxes and charges (\$22,798,800 net of Harmonized Sales Tax recoveries).

Funding for this purchase order amendment is available in the 2023 Council Approved Capital Budget and 2024-2032 Capital Plan for Parks, Forestry and Recreation as summarized in Table 1 below (net of Harmonized Sales Tax recoveries):

Table 1: Financial Impact Summary

WBS Element	Description	Year	Total (Net of HST Recoveries)
CPR123-49-06	East Bayfront CRC (Developer Delivered)	2023	\$3,093,892

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

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At its meeting on July 16, 2019, City Council granted authority for the City of Toronto to enter into a Development Management agreement with Aqualuna Bayside Toronto Partnership, a general partnership of 2572942 Ontario Limited and Hines Bayside IV ULC, and with the partnership's nominee Aqualuna Bayside Toronto Inc., and a Construction Management Agreement with Deltera Contracting Inc., for the

development of an approximately 25,000 square foot community recreation centre within a mixed-use project containing residential, commercial and retail components (the "Block 4 Project") at 261 Queens Quay East.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.GL6.24>

At its meeting on June 18 and 19, 2019, City Council approved the creation of a new capital sub-project called East Bayfront Community Centre in PFR's 2019 Ten-Year Capital Budget and Plan, with a project cost of \$7.000 M and cash flow in 2021:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX6.19>

At its meeting on March 7, 2019, City Council approved the Waterfront Revitalization Initiative's Capital Budget and future year commitments, including \$15.0 million, for the Precinct Implementation Project:

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

At its meeting on November 7, 2017, City Council reconfirmed the need for the community recreation centre through approval of the Facilities Master Plan report:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX28.2>

At its meeting on June 10, 2014, City Council approved the affordable housing pilot project on the Aquavista Bayside development site with the result that Block A1/A2 (now Block 4) became a market development site. The City has entered into an existing Agreement of Purchase and Sale with the developer for the sale of all of Block 4:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX42.16>

At its meeting on August 25, 2010, City Council granted authority for the Bayside lands including the subject site to be sold/leased to Hines. The transaction documents provide for a community recreation centre of approximately 25,000 square feet in Bayside. Hines and Waterfront Toronto identified Block 4 as the preferred location within the Bayside development:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX46.33>

At its meeting on December 5, 2005 City Council endorsed the community recreation centre as part of the original East Bayfront Precinct Plan:

<https://www.toronto.ca/legdocs/2005/agendas/council/cc051205/pof10rpt/cl002.pdf>

## **COMMENTS**

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Parks, Forestry and Recreation worked with the City's Waterfront Secretariat and Waterfront Toronto to integrate a 25,000 square foot community recreation centre within a mixed-use project containing residential, commercial and retail components (the "Block 4 Project") at 261 Queens Quay East.

In 2019, City Council authorized the City of Toronto to enter into a construction management contract with Deltera Contracting Inc., to undertake the construction of the base/shell of the East Bayfront Community Recreation Centre (CRC) and for the fit out of the space. Through this construction management contract, Deltera Contracting Inc. is to continue to be retained as the contractor to complete the construction on behalf of

the City of Toronto. Developer delivered community assets are one version of a risk-transfer model, enabling new assets to be procured, funded and delivered, and place the onus on the developer to meet timelines typically tied to occupancy of the associated development. This ensures the timely delivery of amenities intended to serve a growing community and are an important delivery model for cities across Canada.

This Purchase Order Amendment is required to compensate for increased building construction costs which have impacted fit-out construction. As an outcome of the COVID-19 pandemic, there continues to be uncertainties within the supply chain, fluctuating material costs, and overall inflation impacting project outcomes.

It is the opinion of City staff, and the project architect that the costs submitted by Deltera Contracting Inc. - Bayside 2 for the requested amendment is fair and reasonable and is in keeping with the conditions of the contract and will be assessed through random project audits.

The Fair Wage Office has reported that all firms identified in this report have indicated that it has reviewed and understands the Fair Wage Policy and labour Trades requirements and has agreed to comply fully.

## **CONTACT**

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## **SIGNATURE**

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Janie Romoff  
General Manager, Parks, Forestry and Recreation

Geneviève Sharkey  
Chief Procurement Officer, Purchasing and Materials Management