

Advancing the George Street Revitalization Project - Update and Next Steps

Date: January 16, 2024

To: Executive Committee

From: Deputy City Manager, Corporate Services

Wards: 13 - Toronto-Centre

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains commercial and financial information that belongs to the City of Toronto and has monetary value or potential monetary value.

The attachment to this report is about criteria to be applied to negotiations carried on or to be carried on by or on behalf of the City of Toronto.

SUMMARY

This report provides an update and recommendations around the next phase of procurement and construction of the George Street Revitalization (GSR) project which are further described in detail in Confidential Attachment 1 and Confidential Attachment 2.

In 2013, Toronto City Council approved proceeding with the GSR project, which would include a new facility to replace the existing Seaton House men's shelter and facilitate the co-location of a long-term care home, shelters services, affordable housing, and a community service hub. City Council also approved delivering the project through an alternative financing and procurement (public-private partnership, "P3") model with Infrastructure Ontario and Lands Corporation (known as Infrastructure Ontario, "IO") acting as procurement lead.

The GSR project is a core project of the Downtown East Action Plan and advances several initiatives to address the barriers and needs of community members from equity-deserving groups who have a history of accessing services in Toronto's Downtown East area.

The proposed GSR project is on George Street between Gerrard Street East to the north and Dundas Street East to the south. George Street is located in the Garden District in downtown Toronto and is also part of the Moss Park neighbourhood, one of City's most animated, diverse and dense communities with a historic role as an inclusive place for vulnerable populations.

RECOMMENDATIONS

The Deputy City Manager, Corporate Services recommends that:

1. City Council adopt the confidential instructions to staff in Confidential Attachment 1.
2. City Council authorize the public release of Confidential Attachment 1, once adopted by City Council.
3. City Council authorize the public release of Confidential Attachment 2 following the closing of any legal and financial transactions.

FINANCIAL IMPACT

Financial impacts associated with this report are described in Confidential Attachment 2.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial information.

DECISION HISTORY

At its meeting of September 30, 2020, City Council adopted GL15.7 Non-Competitive Contract with B+H Architects for Planning, Design and Conformance Consulting for the George Street Revitalization Project. Council authorized staff to enter into a non-competitive Agreement with B+H Architects as Planning, Design and Conformance Consultants for Phase Two of the George Street Revitalization project.

<https://secure.toronto.ca/council/agenda-item.do?item=2020.GL15.7>

At its meeting of July 23, 2018, City Council adopted CC44.15 George Street Revitalization: Phase Two Agreement with Ontario Infrastructure and Lands Corporation. Council authorized staff to execute the Phase Two Agreement with Ontario Infrastructure and Lands Corporation for the George Street Revitalization Project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.CC44.15>

At its meeting of April 24, 2018, City Council adopted EX33.4 George Street Revitalization Procurement Strategy. Council authorized staff to issue the Request for Quotation and Request for Proposal for the implementation of the George Street Revitalization Project using an Alternative Financing and Procurement approach.

Council also authorized staff to negotiate and enter into a Phase Two Agreement with Infrastructure Ontario while continuing in three non-competitive contracts with Infrastructure Ontario, PRISM Partners, and Montgomery Sisam Architects in development of the Project Specific Output Specifications. Council directed staff to engage CreateTO as appropriate through the Project's construction phase.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX33.4>

At its meeting of December 5, 2017, City Council adopted CD24.7 2018 Shelter Infrastructure Plan and Progress Report, whereby Council approved the 2018 Shelter Infrastructure Plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CD24.7>

At its meeting of December 13 to 15, 2016, City Council adopted EX20.12 George Street Revitalization: Recommendations for Short-term Non-competitive Contracts. Council authorized staff to develop the PSOS by engaging three professional services for an 18-month duration: Infrastructure Ontario as Advisors, PRISM Partners as Owner's Representative and Montgomery Sisam Architects as Planning, Design and Conformance Consultants.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.12>

At its meeting on July 12, 2016, City Council adopted EX16.13 "George Street Revitalization: Recommended Procurement and Delivery Strategy". Through that report, Council authorized staff to proceed with an Alternative Financing and Procurement (AFP) model for the implementation of the George Street Revitalization (GSR) project using a Design-Build-Finance (DBF) approach and also authorized staff to initiate negotiations towards an agreement with Infrastructure Ontario (IO) as commercial procurement lead.

<https://secure.toronto.ca/council/agenda-item.do?item=2016.EX16.13>

COMMENTS

Background

In July 2013, City Council approved in principle the revitalization of George Street through the creation of a new community service hub and the Seaton House transition plan. The new facility would replace the existing Seaton House men's shelter, and facilitate the co-location of a long-term care home, shelters services, affordable housing, and a community service hub. The envisioned George Street Revitalization (GSR) project scope includes a men's shelter with 100 beds, a transitional shelter program with 130 beds, a long-term care home with 378 beds, 21 units of affordable housing and a community hub.

In accordance with Council approval, staff retained consultants to review and recommend procurement options and subsequently in July 2016, City Council authorized staff to proceed with the recommended approach of an alternative financing and procurement, or P3, for the implementation of the project using a Design-Build-Finance (DBF) model, with Ontario Infrastructure and Lands Corporation acting as procurement lead. City Council also authorized staff to begin implementing the Seaton

House transition plan, which included opening new and interim sites as well as developing housing partnerships. Phase One of the P3 process concluded in the second quarter of 2018, in which the development of a comprehensive, multi-volume specification for the design and construction of the project was initiated. In the latter half of 2018 and 2019, the project entered Phase Two of the P3 DBF process, comprised of the completion of the project design and construction specifications, development of procurement process and contract agreement, with the intent of going to market for construction procurement in late 2019.

In March 2020, many of the critical stakeholders of the GSR project, including shelters and long-term care homes staff, became heavily involved in the City's emergency response to the COVID-19 pandemic. Without critical stakeholder input, the GSR project experienced a roughly one-year schedule delay.

Once the GSR stakeholders reconvened in early 2021 to continue to advance Phase Two of the P3 process, the construction sector also began to experience significant financial impacts by the volatile increase in construction material costs, global supply chain disruptions, and labour shortages due to COVID-19 pandemic pressures experienced starting in 2020 and carrying into 2022. The same impacts were felt by the City, including CREM.

Ongoing Community Needs

The GSR project is a core component of the Downtown East Action Plan and advances several initiatives to address the barriers and needs of community members from equity-deserving groups who have a history of accessing services in this area. The Downtown East Action Plan provides a comprehensive set of actions to coordinate City services and address complex challenges in Toronto's Downtown East area related to poverty, homelessness, community safety, mental health, substance use, and the drug poisoning crisis.

The vision of the GSR project would be achieved by building on and strengthening services currently provided, as well as addressing gaps in services not currently available in the neighbourhood. Additionally, by virtue of the co-location of multiple City services in one site, the GSR project would provide a unique opportunity to better meet the needs of aging and vulnerable populations by providing services along a continuum of care.

Seaton House is the largest and one of the oldest shelters serving homeless men in Toronto. Since 1959, people experiencing homelessness have accessed services at 339 George Street and have been supported by the broader community. Once Seaton House is decommissioned, the continued presence of support services for vulnerable populations on George Street, along with an open-door policy will ensure those in need and community members at large are welcomed as valued members in a mutually supportive environment. By creating safe spaces for people to gather and receive services, the GSR project will be the catalyst for a more vibrant community for all in the heart of the historic Garden District.

Project updates, recommendations, and financial details around the next phase of procurement and construction of the GSR project are detailed in Confidential Attachment 1 and Confidential Attachment 2.

CONTACT

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SIGNATURE

David Jollimore
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ATTACHMENTS

Confidential Attachment 1 - Project Update and Recommendations
Confidential Attachment 2 - Financial Details