

CONFIDENTIAL INSTRUCTIONS TO STAFF

The Deputy City Manager, Corporate Services recommends that:

1. City Council authorize the Deputy City Manager, Corporate Services to end the Memorandum of Understanding between the City of Toronto and Ontario Infrastructure and Lands Corporation to deliver the George Street Revitalization project using the Design-Build-Finance alternative financing and procurement (public-private partnership P3) delivery model, while continuing to leverage partnership opportunities with IO and the Province of Ontario through other City initiatives.
2. City Council direct the Executive Director, Corporate Real Estate Management, and the Chief Executive Officer, Create TO in consultation with the General Manager, Toronto Shelter and Support Services, General Manager, Senior Services and Long-Term Care, Executive Director, Housing Secretariat, and Executive Director, Social Development, Finance and Administration, to explore a City-delivered method for the George Street Revitalization project to maximize the value for money of the current approved project budget and to report back with the results to Executive Committee in the third quarter of 2024.

CONFIDENTIAL INFORMATION OR ADVICE

Rationale for a City-delivered Procurement

Given the needs that exist in this area of the City, the revitalization of George Street continues to be a priority for the Downtown East. By decoupling the project from the P3 model to pursue City-delivered procurement and implementation, the City is best positioned to meet the original project vision, the highest extent possible, within the approved budget. This transfer of project responsibility to the City also gives rise to an opportunity to revisit the project scope and emphasize urgent Council-adopted strategic priorities, such as affordable housing. City staff will work to determine what can be achieved through the GSR project in a City-delivered context while ensuring the needs of the community are met.

In order to minimize disruption to project timelines in shifting delivery methods, the City will directly engage the team of project consultants currently sub-contracted to and managed by IO. This will allow the ongoing design and due diligence work to transfer seamlessly to a City-delivered model, ensure project continuity and preservation of valuable project knowledge and history. CREM will use existing procurement related authorities delegated under the City of Toronto Municipal Code Chapter 195 to takeover the various sub-contracts from IO.

Although the GSR project will be decoupled from the P3 process, the City will continue to leverage partnership opportunities with IO and work collaboratively with the Province of Ontario to advance key shared priorities.

Updated Project Timelines

To expedite the City-delivery of the GSR project, the project team will work together to recalibrate project programming that continues to be aligned with Council-adopted priorities and meets the needs of the local community. An updated project scope and timeline will be identified in the report back to the Executive Committee in the third quarter of 2024.

The project is expected to enter an integrated design and construction process following report back to the Executive Committee that will span approximately one year, with design completion estimated at the end of 2025. Construction is estimated to require four to five years, reaching completion between 2029 and 2030, as compared to the estimated completion date of 2027 through the P3 process. A transition period is required for project responsibilities and documents to be transferred from IO and its various consultants to the City in a fulsome and diligent manner. This transition period, in combination with time required to reprogram and plan the GSR project within a City-delivered framework under the current challenging market conditions may require a maximum of 24 months. This estimated timeline is dependent upon several external factors, such as time required for the City planning process, as well as establishing appropriate strategies to manage the significant heritage components of the site. CREM continues to work with City Planning to ensure the zoning needs of the GSR project are met.