REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Update on TO Live Capital Projects Transition

Date: June 12, 2025
To: The Board of Directors of TO Live
From: Executive Director, Corporate Real Estate Management
Wards: 13 - Toronto Centre and 18 - Willowdale

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains financial information supplied in confidence to the Board of Directors, TO Live, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

SUMMARY

The purpose of this report is to provide the Board of Directors of TO Live with an update on the process of TO Live transitioning its capital budget and plan to the City's Corporate Real Estate Management (CREM) Division, as per City Council's direction through Item EX19.20 St. Lawrence Centre for the Arts - Enhanced State of Good Repair Strategy and to provide clarity to item CT15.9 - Capital Projects Transition that was presented to the Board of Directors on April 17, 2025.

CREM in collaboration with City staff from Purchasing and Materials Management Division (PMMD) and Legal Services, has worked closely with TO Live staff to develop a process to transition the oversight and delivery of TO Live’s 2025–2034 Capital Budget and Plan and future capital plans, from TO Live to CREM. This includes the development of a governance framework that defines roles and responsibilities between TO Live and CREM in alignment with EX19.20 and the City's centralized capital delivery model. The framework is expected to be completed and implemented by the end of the third quarter of 2025.

In the meantime, there are a number of projects that were planned or initiated by TO Live that require an evaluation and determination of whether, when, and how to proceed. As a starting point, an assessment was conducted by CREM, in collaboration with TO Live staff, to determine which of these projects are critical and must continue to

progress in 2025. An interim strategy has been established to mitigate the risk of costly delays and operational disruptions, while ensuring appropriate CREM oversight as directed in EX19.20. In-flight projects with critical timelines that must proceed are categorized into one of three groups, with defined approval pathways and authority structures identified for each.

The total projected 2025 capital budget identified by TO Live in CT15.9 was $17.8 million. CREM has since worked closely with TO Live to validate and reconcile this figure and confirmed that the total value of the critical projects that must progress in 2025 is $8.9 million. This reconciled amount represents a realistic estimate of the capital work that can be advanced through 2025, as CREM and TO Live navigate a transition process that includes aligning complex business functions, such as procurement, to support effective capital project delivery. The remaining $8.9 million of capital work from TO Live's original 2025 capital budget has been deemed non-critical and will be deferred to 2026 through an in-year adjustment in a future Council-approved quarterly variance report. The total deferred value includes $2.9 million originally allocated to the redevelopment of St. Lawrence Centre for the Arts (Council direction in EX17.17a). These funds will be reallocated to support critical SOGR work needed at this facility in 2026 and beyond.

CREM and TO Live will continue to collaborate to reevaluate and define 2026 and future year capital budgets and plans through the City’s standard budget process, in accordance with the Capital Prioritization Framework. Attachment 1 provides CREM's detailed reconciliation of the 2025 and 2026 capital spending against the figures previously presented by TO Live through CT15.9.

Moving forward, the TO Live Board of Directors will receive all updates on the TO Live capital program from the City's Executive Director of CREM.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management recommend that:

1. Confidential Attachment 1 to the report from the Executive Director, Corporate Real Estate Management remains confidential in its entirety in accordance with the provisions of the City of Toronto Act, 2006, as it contains financial information supplied in confidence to the Board of Directors, TO Live, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

FINANCIAL IMPACT

There are no financial impacts associated with this report.

DECISION HISTORY

At its April 17, 2025 meeting, the Board of Directors of TO Live adopted CT15.9 - Capital Projects Transition, with confidential information from the President and Chief Executive Officer, To Live on with an update on the process of TO Live transitioning its capital projects to CREM, as per City Council decision in late December 2024 to implement a new governance model.
https://secure.toronto.ca/council/agenda-item.do?item=2025.CT15.9

At its February 11, 2025 meeting, City Council approved TO Live's 2025 Capital Budget for TO Live (agenda item 116) with cash flows and future year commitments totalling $77.513 million as detailed by project in Appendix 5a to the 2025 Capital and Operating Budget Notes for TO Live.
https://secure.toronto.ca/council/agenda-item.do?item=2025.MPB27.1

At its December 17 and 18, 2024 meeting, City Council rescinded the delegation to the Board of Directors of TO Live for the capital budget planning, approval and implementation for TO Live and amended City of Toronto Municipal Code, Chapter 23, Civic Theatres accordingly, and directed the Executive Director, Corporate Real Estate Management to oversee the implementation of the 2024-2033 Capital Budget and Plan and future capital plans in alignment with the Capital Prioritization Framework on behalf of TO Live, which included the planning, design, procurement, and execution of state of good repair projects, capital improvements, net zero, accessibility and other facility-related projects for the St. Lawrence Centre for the Arts, Meridian Hall, and Meridian Arts Centre (MAC).
https://secure.toronto.ca/council/agenda-item.do?item=2024.EX19.20

At its November 25, 2024, meeting, the Board of Directors of TO Live approved TO Live's updated 10-year capital plan and budget, approved all 2025 projects, including those with multi-year components and all related purchase orders and/or tender awards over $100,000 up to each individual project budget, adjusted budget or new project budget, not to exceed the available State of Good Repair (SOGR) Council approved funding.
https://secure.toronto.ca/council/agenda-item.do?item=2024.CT12.6

At its October 9, 2024 meeting, City Council adopted Items EX17.17 - Update on the St. Lawrence Centre for the Arts Redevelopment and EX17.17a - St. Lawrence Centre for the Arts Redevelopment Project - Supplementary Report, directing that the St. Lawrence Centre for the Arts Redevelopment Project not proceed to the next phase of design. Council also directed the TO Live Board of Directors to instead develop an enhanced state of good repair plan for the facility, and that the Deputy City Manager, Corporate Services, Executive Director, Corporate Real Estate Management, General Manager, Economic Development and Culture, and President and Chief Executive Officer, TO Live, report to the December 10, 2024 meeting of the Executive Committee on this plan.
https://secure.toronto.ca/council/agenda-item.do?item=2024.EX17.17

COMMENTS

Background

In line with Toronto City Council's direction via item EX19.20 St. Lawrence Centre for the Arts - Enhanced State of Good Repair Strategy, City staff representing CREM, PMMD, and Legal Services have been working collaboratively with TO Live staff on a transition process to transfer the oversight of the implementation of TO Live's 2025–2034 Capital Budget and Plan, as well as future capital plans, from TO Live to CREM. As part of the transitionary process, a governance framework will be developed that defines roles and responsibilities between TO Live and CREM in alignment with EX19.20. The framework is expected to be completed and implemented by the end of the third quarter of 2025.

In the meantime, there are a number of projects that were planned or initiated by TO Live that require an evaluation and determination of whether, when and how to proceed. As a starting point, an assessment was conducted by CREM, in collaboration with TO Live staff, to determine which of these projects are critical and must continue to progress in 2025. An interim strategy has been established to mitigate the risk of costly delays and operational disruptions, while ensuring appropriate CREM oversight as directed in EX19.20. In-flight projects with critical timelines that must proceed are categorized into one of three groups, with defined approval pathways and authority structures identified for each.

The total projected 2025 capital budget identified by TO Live in CT15.9 was $17.8 million. CREM has since worked closely with TO Live to validate and reconcile this figure and confirmed that the total value of the critical projects that must progress in 2025 is $8.9 million. This reconciled amount represents a realistic estimate of the capital work that can be advanced through 2025, as CREM and TO Live navigate a transition process that includes aligning complex business functions, such as procurement, to support effective capital project delivery. The remaining $8.9 million of capital work from TO Live's original 2025 capital budget has been deemed non-critical, and will be deferred to 2026 through an in-year adjustment in a future Council-approved quarterly variance report. The total deferred value includes $2.9 million originally allocated to the redevelopment of St. Lawrence Centre for the Arts (Council direction in EX17.17a). These funds will be reallocated to support critical SOGR work needed at this facility in 2026 and beyond.

CREM and TO Live will continue to collaborate to reevaluate and define 2026 and future year capital budgets and plans through the City's standard budget process, in accordance with the Capital Prioritization Framework. Attachment 1 provides CREM's detailed reconciliation of the 2025 and 2026 capital spending against the figures previously presented by TO Live through CT15.9.

In-flight Capital Projects

To provide clarity and support the effective planning and implementation of TO Live's capital projects, a comprehensive assessment of all in-flight projects has been completed in collaboration with TO Live staff. As a result, in-flight projects with critical timelines that must proceed have been categorized into three distinct groups, with defined approval pathways and authority structures identified for each. This approach ensures continued progress while mitigating the risk of delays and operational disruptions. The total value of these three groups of projects is $8.9 million.

1. Service Level Agreement (SLA) - procurement pathway not required

This group includes projects led by TO Live for which procurement had been completed and were in the implementation phase prior to the adoption of EX19.20 - which transferred the ability to deliver capital projects from TO Live to CREM. As procurement for these projects is already complete, no further procurement authority is required. The only remaining requirement is a governance framework that enables TO Live to continue delivering these ongoing projects with CREM oversight, which will be documented in the SLA between CREM and TO Live. The SLA provides a framework that enables CREM to exercise due diligence by establishing regular project-based reporting on timelines, financials, and risks.

The total value of these projects is $6,696,616 net of all taxes ($6,814,476.91 net of Harmonized Sales Tax Recoveries).

2. Emergency Non-Competitive Procurement (NCP)

A critical upgrade to the rigging system at the Meridian Arts Centre (MAC)was identified in Spring of 2025. In consultation with PMMD, it was determined that an emergency NCP agreement between CREM and the vendor was the appropriate procurement tool to ensure the supply and installation of the rigging systems upgrades without delay. This work mitigates potential health and safety risks and avoids business interruption. The rigging systems upgrades have begun and are expected to be completed by end of September 2025.

In accordance with Municipal Code Chapter 195, Purchasing, Article 7, Section 195-7.4(B), this item was reported back to City Council through the General Government Committee on June 16, 2025.

Funding for the emergency NCP agreement in the amount of $898,448 net of taxes and charges ($914,261 net of Harmonized Sales Tax recoveries) is available in 2025-2034 Capital Budget and Plan for TO Live within the MAC - Rigging Replacement projects.

Work associated with this emergency NCP will continue to be led by TO Live, with CREM oversight, to meet the urgent timelines and will follow the methodology as laid out through the SLA.

3. Non-Competitive Procurement (NCP)

This group includes projects for which procurement was initiated by TO Live, but contracts were not awarded before the adoption of EX19.20 - which also transferred TO Live's ability to award new contracts to CREM. CREM has validated that these projects must proceed now and, in consultation with PMMD, CREM will award these contracts through NCPs to avoid any delay. Each NCP will be under the value of $500,000 and therefore can be executed via the City's Chief Procurement Officer's delegated authority.

To ensure the timely delivery of these projects, TO Live will continue to lead their implementation under the oversight of CREM, following the methodology outlined in the SLA.

The total value of these NCPs is $1,321,000 net of all taxes ($1,344,250 net of Harmonized Sales Tax Recoveries).

Future Capital Projects

CREM, in collaboration with Legal Services, have been working with TO Live to develop a governance framework to transition the oversight and delivery of TO Live's 2025–2034 Capital Budget and Plan, as well as future capital plans from TO Live to CREM. The framework is expected to be completed and implemented by the end of the third quarter of 2025.

The development of the governance framework includes below phases.

Current State Assessment – completed
The assessment involved a comprehensive document review, staff interviews, and an evaluation of existing TO Live processes and project statuses.

Draft Governance Framework – 90% complete
A draft of the governance framework has been prepared and is currently undergoing review, with execution to follow upon final approval.

Transition Plan – targeted for completion in the third quarter of 2025
Work is underway to finalize a structured transition framework, which includes clearly defined roles and responsibilities. A draft of the transition plan is in development and will be subject to review and approval prior to implementation.

Future Reporting

Moving forward, the TO Live Board of Directors will receive all updates on the TO Live capital program from the City's Executive Director of CREM.

CONTACT

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SIGNATURE

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ATTACHMENTS

Confidential Attachment 1