

Amendment to Purchase Order Number 6055480 with Rossclair Contractors Inc. for General Contracting Services at 2299 Dundas Street West

Date: October 9, 2025

To: General Government Committee

From: Executive Director, Corporate Real Estate Management and Chief Procurement Officer

Wards: 4 - Parkdale-High Park

SUMMARY

The purpose of this report is to seek authority to amend the value of Purchase Order Number 6055480 issued to Rossclair Contractors Inc. for general contracting services at the City-owned building located at 2299 Dundas Street West (the "Property"). The total amendment being requested is \$2,500,000 net of all applicable taxes and charges (\$2,544,000 net of Harmonized Sales Tax recoveries), increasing the current Purchase Order value from \$15,356,111 net of all applicable taxes and charges (\$15,626,379 net of Harmonized Sales Tax recoveries) to \$17,856,111 net of all applicable taxes and charges (\$18,170,379 net of Harmonized Sales Tax recoveries).

In September 2018, the Property was acquired by the City as one of the transition sites to support the relocation of clients from the Seaton House Annex Program, as part of the George Street Revitalization (GSR) project. The City is currently converting the Property into a City-operated men's shelter with capacity for approximately 80 beds.

Following a planning process delay of over two years (end of 2019 to end of 2021) due to the onset of the COVID-19 pandemic and its disruption to the Toronto Local Appeal Body hearing schedule, renovations of the Property commenced in April 2024 with Rossclair Contractors Inc. serving as the general contractor.

Site due diligence and environmental assessments were conducted as part of standard practice during the acquisition and early design development phases of the project. Provisions to address findings from these preliminary assessments were included in the original scope of work. However, the full extent of the site's impaired conditions became apparent once full demolition and underground work on the Property had commenced. These issues were beyond what could have been detected through standard due diligence activities in earlier phases. Three major unforeseen site conditions were discovered between May and August of 2025. In addition to these significant issues,

several other unanticipated conditions also emerged, although relatively minor in nature. For example, there was insufficient space to expand the existing hydro duct bank, which houses electrical and communications conduits underground, to support the expanded utility demand. As a result, additional conduits had to be routed through alternative pathways.

The major unforeseen site conditions include:

1. Unexpectedly high groundwater table in the area of the Property that led to infiltration of groundwater in the basement during below grade work;
2. A substantial amount of hazardous materials found throughout the Property that necessitated legislatively required abatement prior to work continuation; and
3. Unanticipated severity of building deterioration during the two-year planning process delay, when the Property remained vacant, required additional rehabilitation work.

Staff have taken a proactive management approach to address and mitigate the impacts of various unforeseen site conditions. However, proactive management alone cannot fully address the significant impact of the site conditions uncovered during construction.

This amendment will cover the scope of additional work arising from the unexpected site conditions and enable the contractor to proceed without delay. Occupancy of the Property is anticipated in the second quarter of 2026. Timely completion is critical to support the transition of clients from the Seaton House Annex Program and advance the GSR project.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management and 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 the Executive Director, Corporate Real Estate Management to amend the Purchase Order Number 6055480 with Rossclair Contractors Inc. for General Contracting Services for the renovations of the building located at 2299 Dundas St. West, in the amount of \$2,500,000 net of all taxes (\$2,544,000 net of Harmonized Sales Tax recoveries) increasing the current Purchase Order value from \$15,356,111 net of all taxes (\$15,626,379 net of Harmonized Sales Tax recoveries) to \$17,856,111 net of all taxes (\$18,170,379 net of Harmonized Sales Tax recoveries).

FINANCIAL IMPACT

The total value of the requested amendment to Purchase Order Number 6055480 is \$2,500,000 net of all taxes (\$2,544,000 net of Harmonized Sales Tax recoveries) increasing the current Purchase Order value from \$15,356,111 net of all taxes (\$15,626,379 net of Harmonized Sales Tax recoveries) to \$17,856,111 net of all taxes (\$18,170,379 net of Harmonized Sales Tax recoveries).

The requested amendment in the amount of \$2,500,000 net of all taxes, represents a 14% increase to original renovation construction cost of the Property.

Funding for this Purchase Order Amendment is included in the approved Homelessness Services Capital Infrastructure Strategy: Real Estate Strategy and Lease Extensions under the account code: CHS040-03. Additional details follow in Table 1 below.

Table 1: Financial Impact Summary (net of Harmonized Sales Tax Recoveries)

WBS Element	Description	Year	Total
CHS040-03	Renovations of the building at 2299 Dundas St. West as a Municipal Shelter	2025-2026	\$2,544,000

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implication, as identified in the financial impact section.

DECISION HISTORY

At its meeting on February 14, 2024, Bid Award Panel adopted Item BA66.4 “Award of Doc4146032905 to Rossclair Contractors Inc. for the shelter building renovation at 2299 Dundas St. West Toronto for Toronto Shelter and Support Services” authorizing the award for Request for Tender (RFT) No. Doc4146032905 to Rossclair Contractors Inc. for General Contracting Services for the renovation of the building at 2299 Dundas St. W., Toronto, Ontario.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.BA66.4>

At its meeting on November 8 and 9, 2023, City Council adopted Item “GG7.11 - Application for Approval to Expropriate Temporary Easements at 2295 and 2333 Dundas Street West - Stage 1” authorizing City staff to initiate expropriation proceedings for temporary easements over parts of the properties municipally known as 2333 Dundas Street West and 2295 Dundas Street West to facilitate the construction of a proposed emergency shelter for men at 2299 Dundas Street West.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.GG7.11>

At its meeting on January 29, 2020, City Council adopted Item GL11.6 “Expropriation of Temporary and Permanent Easements at 2333 and 2295 Dundas Street West for a Municipal Shelter” authorizing City staff to initiate expropriation proceedings for a temporary easement and a permanent easement as part of the property municipally known as 2333 Dundas Street West and temporary easements as part of the property municipally known as 2295 Dundas Street West to facilitate the construction of a proposed emergency shelter for men at 2299 Dundas Street West.

<https://secure.toronto.ca/council/agenda-item.do?item=2020.GL11.6>

At its meeting of December 17 and 18, 2019, City Council adopted Item MM13.26 “2299 Dundas Street West - Request for City Solicitor to Attend at the Toronto Local Appeal Body - re: Appeal of Committee of Adjustment Decision (A0947/19TEY)” authorizing the City Solicitor with appropriate City staff to attend the Toronto Local Appeal Body in order to support the Toronto and East York District Panel of the Committee of Adjustment's decision approving the variances sought in an application respecting 2299 Dundas Street West. The Application, made by the City of Toronto – Shelter, Support and Housing Administration sought variances in order to alter the existing 4 storey mixed-use building by constructing a 5th storey mechanical penthouse addition to allow for the construction of an elevator and access to the rooftop to be used by clients of the proposed municipal shelter.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.MM13.26>

At its meeting on September 4, 2019, Bid Award Panel adopted Item BA42.6 “Award of Tender Call Doc1877796194 to Anacond Contracting Inc. for Abatement and Demolition of the Building Interior, at 2299 Dundas Street West, Toronto”, authorizing the award for Request for Tender (RFT) No. Doc1877796194 to Anacond Contracting Inc. for the abatement and demolition of the building interior at 2299 Dundas St. West.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.BA42.6>

COMMENTS

Project Overview

In September 2018, 2299 Dundas Street West was acquired by the City as one of the transition sites to support the relocation of clients from the Seaton House Annex Program, as part of the George Street Revitalization (GSR) project. The Property was purchased as a four-storey, 25,000 square-foot commercial building built in the 1930s. The City is currently converting the Property into a City-operated men's shelter with capacity for approximately 80 beds. The redesigned Property will meet Net Zero standards and comply with Accessibility for Ontarians with Disabilities Act (AODA), providing a modern and inclusive environment for shelter clients.

Following a planning process delay of over two years (end of 2019 to end of 2021) due to the onset of the COVID-19 pandemic and its disruption to the Toronto Local Appeal Body hearing schedule, renovations of the Property commenced in April 2024 with Rossclair Contractors Inc. serving as the general contractor.

Unforeseen Site Conditions

Site due diligence and environmental assessments were conducted as part of standard practice during the acquisition and early design development phases of the project. Provisions to address findings from these preliminary assessments were included in the original scope of work. However, the full extent of the site's impaired conditions became apparent once full demolition and underground work on the Property had commenced. These issues were beyond what could have been detected through standard due

diligence activities in earlier phases. Three major unforeseen site conditions were discovered between May and August of 2025. In addition to these significant issues, several other unanticipated conditions also emerged, although relatively minor in nature. For example, there was insufficient space to expand the existing hydro duct bank, which houses electrical and communications conduits underground, to support the expanded utility demand. As a result, additional conduits had to be routed through alternative pathways.

The major unforeseen site conditions include:

1. Unexpectedly high groundwater table in the area of the Property that led to infiltration of groundwater in the basement during below grade work;
2. A substantial amount of hazardous materials found throughout the Property that necessitated legislatively required abatement prior to work continuation; and
3. Unanticipated severity of building deterioration during the two-year planning process delay, when the Property remained vacant, required additional rehabilitation work.

1) Unexpectedly high groundwater table and structural re-enforcement

An unusually high groundwater table at the Property site resulted in the infiltration of groundwater in the basement during below grade work to enlarge the elevator shaft in order to fit in a larger elevator cab that can accommodate mobility devices and meet AODA requirements. This necessitated ongoing dewatering activities including off-site disposal of water via daily vac-trucks for the duration of the underground work. Below grade building stabilization was also required to prevent erosion of the building's foundation due to water infiltration. This resulted in additional costs related to dewatering as well as structural re-enforcement work.

2) Presence of hazardous materials throughout the building

The Property was constructed during the 1930s at time when usage of hazardous components in building materials and paint was common practice. Despite conducting comprehensive pre-renovation designated substance surveys aligned to the building's design specifications, encountering unforeseen hazardous building materials remained a possibility due to the age of the Property. During demolition activities of masonry on the exterior, hazardous materials were found in both the coating and embedded between concealed masonry layers. Substantial hazardous materials were also discovered throughout the interior of the building. In accordance with provincial and federal regulations, the abatement of designated substances must be completed before construction work can continue. This requirement has resulted in additional abatement-related costs and extended project timelines.

3) Unanticipated severity of building deterioration

The project experienced a planning process delay of over two years (end of 2019 to end of 2021) due to the onset of the COVID-19 pandemic and resulting disruptions to the Toronto Local Appeal Body hearing schedule. During the prolonged planning process delay and subsequent design and tendering phases, the building remained vacant and continued to deteriorate. The severity of deterioration did not become apparent until the start of construction and exceeded initial expectations, resulting in an expanded scope of remediation work.

Staff have taken a proactive management approach to address and mitigate the impacts of various unforeseen site conditions. However, proactive management alone cannot fully address the significant impact of the site conditions uncovered during construction.

To enable the project team to sufficiently address the unexpected site conditions and challenges and to complete the project in a timely manner, staff are seeking a purchase order amendment in the amount of \$2,500,000 net of all taxes (\$2,544,000 net of Harmonized Sales Tax recoveries) increasing the current Purchase Order value from \$15,356,111 net of all taxes (\$15,626,379 net of Harmonized Sales Tax recoveries) to \$17,856,111 net of all taxes (\$18,170,379 net of Harmonized Sales Tax recoveries). Table 2 provides a breakdown of the purchase order amendment value.

Table 2: Breakdown of Purchase Order Amendment (net of all taxes)

Category	Amount
Dewatering and structural re-enforcement	\$55,000
Hazardous materials abatement work	\$1,360,000
Wall replacement and other remediation	\$605,000
Addressing other unforeseen site conditions	\$130,000
Contingency	\$350,000
Total Purchase Order Amendment Value	\$2,500,000

Next Steps

Construction is currently at approximately 60% completion with occupancy on-track for the second quarter of 2026. Timely completion is critical to support the transition of clients from the Seaton House Annex Program and advance the GSR project.

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SIGNATURE

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