

George Street Revitalization Project - Progress Update and Project Delivery Model

Date: November 24, 2025

To: General Government Committee

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

Wards: 13 - Toronto-Centre

SUMMARY

The George Street Revitalization (GSR) Project is a signature initiative of the Downtown East Action Plan, defined by its integration of shelter services, a long-term care home, supportive housing with wrap-around services, and a community hub – providing a continuum of care on a single site.

In April 2025, City Council approved a two-phased City-delivered approach to procurement and implementation for the GSR Project, in alignment with the approved budget. Through value engineering, the City is advancing Phase 1 as a City-led development that delivers key program components while preserving three heritage properties, a semi-detached residence (two units), and a schoolhouse.

This report outlines the Construction Manager at Risk (CMAR) delivery model that will be used to ensure Phase 1 of the project is delivered within the approved capital budget and schedule, and seeks the following delegated authorities to enable the CMAR delivery model:

- (1) execute the CMAR agreement(s) for GSR Project implementation, and perform purchase order amendments for the project duration to avoid delays and exposure to market fluctuations;
- (2) include CMAR Risk and Reward provisions in the construction management agreement(s); and
- (3) enter into a non-competitive retainer agreement for external legal counsel to support the execution of the construction management agreement(s).

The CMAR model is an industry-recognized approach, especially beneficial for complex, multi-phase developments, that provides greater cost certainty before construction

begins and enhances owner oversight. Under this model, the competitively procured construction manager (CM) assumes financial responsibility for delivering the project within an agreed guaranteed maximum price (GMP), thereby shifting a portion of project risk away from the City.

Part of the success of the model relies on incorporating real-time market pricing, by tendering trade contracts competitively in sequence prior to the commencement of each phase of the project. The authorities sought in this report would eliminate the need for Council and/or Committee authority for each purchase order amendment tied to a trade contract, allowing timely execution of trade contracts and adjustments necessary to finalize the GMP, and mitigating the risk of delays and exposure to market volatility.

Risk and Reward (R&R) provisions are also a key to the CMAR model and establish performance-based incentives and penalties that align the CM's financial interests with the City's objectives for cost control, schedule adherence, and high-quality outcomes. The model is increasingly adopted in the construction industry as a strategy to manage ongoing market fluctuations and volatility following the COVID-19 pandemic, and authorities are being sought to include these provisions in the contract.

Staff are also seeking authority to enter into a non-competitive retainer agreement with Blakes for the provision of legal services to support the drafting, negotiation, and execution of necessary construction management agreements for the GSR Project. On account of the magnitude, complexity, and time sensitivities of the GSR Project, external legal counsel is necessary. Given this is the first City-led CMAR delivered project, unique features, not typically found in City contracts, need to be developed to support the City's objectives and optimize the CMAR model. Blakes also has a long history with the GSR Project and can provide precise insights and advice on account of their experience with the complexities and challenges that have, and will continue to, present themselves. It is essential to execute this agreement on an expedited basis to avoid delays and maintain the GSR Project schedule.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management and the Chief Procurement Officer, recommends that:

1. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the Chief Procurement Officer, to execute any necessary purchase order amendments, once a construction management agreement(s) has been executed after holding an open, competitive procurement process, with a value exceeding \$500,000 or more than 10 percent of the original commitment, for which Committee or City Council approval would normally be required under City of Toronto Municipal Code Chapter 71 (Financial Control By-law), and City of Toronto Municipal Code Chapter 195 (Procurement) for the provision of construction and professional services needed and to carry out any necessary pre-development, pre-construction, construction, renovation or conversion of properties for the development of George Street Revitalization, provided that:

- a) the purchase order amendment is necessary to meet the timelines of the George Street Revitalization Project;
 - b) the funds are available for the George Street Revitalization Project and funded through the Council approved Capital Budget and Plan;
 - c) the terms and conditions of any amending agreements are acceptable to the Executive Director, Corporate Real Estate Management in a form satisfactory to the City Solicitor; and
 - d) a report summarizing any amendments made under this authority is submitted to the appropriate Committee and/or City Council for information on an annual basis.
2. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the Chief Procurement Officer to include Risk and Reward incentive contract provisions in the construction management agreement(s) for the George Street Revitalization Project, provided that the terms and conditions of the construction management agreement(s) enable the implementation of the Construction Manager at Risk delivery model; and that the terms and conditions of the construction management agreement(s) are acceptable to the Executive Director, Corporate Real Estate Management and in a form satisfactory to the City Solicitor.
3. City Council authorize the City Solicitor, in accordance with Section 195-7.1 (P.) of the Toronto Municipal Code Chapter 195, Procurement, to enter into, and execute a non-competitive retainer agreement with Blake, Cassels and Graydon LLP for the provision of legal services to support the drafting, negotiation, and execution of necessary construction management agreement(s) for the George Street Revitalization Project, in the amount of \$480,000 net of all applicable taxes and charges (\$488,448 net of Harmonized Sales Tax recoveries), on terms and conditions satisfactory to the City Solicitor in consultation with the Executive Director, Corporate Real Estate Management, and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

Implementation of the GSR Project will be within the approved Toronto Shelter and Support Services' 2025-2034 Capital Budget of \$556,437,000 exclusive of the supportive housing component.

Funding for the addition of 70 units of supportive housing is available in the Housing Secretariat's 2025-2034 Capital Budget and Plan, which includes capital funding in the amount of \$54,447,934 for the estimated total cost of the 70 GSR Phase 1 Supporting Housing units.

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

EQUITY IMPACT

The services and supports delivered through the GSR Project will enhance equity outcomes for Indigenous peoples, Black residents, and other equity-deserving groups, including racialized populations, women, gender-diverse individuals, seniors, 2SLGBTQ+ communities, youth, newcomers, low-income individuals, and persons with disabilities. Through an integrated service approach, the GSR Project is designed to promote inclusivity, address systemic barriers, and provide equitable supports for marginalized communities and individuals in vulnerable circumstances.

DECISION HISTORY

At its meeting on April 23 and 24, 2025, City Council adopted Item EX22.2, Advancing the George Street Revitalization Project. City Council directed the Executive Director, Corporate Real Estate Management to proceed with the design and construction of Phase 1 of the George Street Revitalization project based on a City-delivered approach outlined in the report (March 31, 2025) from the Executive Director, Corporate Real Estate Management and within the current approved project budget.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.EX22.2>

At its meeting on July 24 and 25, 2024, City Council adopted Item EC14.8, Downtown East Action Plan - Implementation Update and 2025-2030 Action Plan. The decision approved the updated Downtown East Action Plan for 2025-2030, continuing efforts to address social and economic challenges in the Downtown East area.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EC14.8>

At its meeting of February 6, 2024, City Council adopted 2024.EX.11.9 Advancing the George Street Revitalization Project – Update and Next Steps. Council directed staff to end the Memorandum of Understanding between the City and IO to deliver the GSR Project using the Design-Build-Finance alternative financing and procurement delivery model, and to explore a City-delivered method for the GSR project to maximize the value of the current approved project budget and to report back the results to Executive Committee in the third quarter of 2024.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX11.9>

At its meeting of May 11 and 12, 2022, City Council adopted item PH33.6 - "Dundas-Sherbourne Neighbourhood Revitalization – Update" and directed the Executive Director, Housing Secretariat to undertake a community visioning exercise to support the revitalization of the neighbourhood and adopted a framework for the development of the broader Downtown East Housing Strategy.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.PH33.6>

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 June 6, 2018 City Council adopted TE33.44 George Street Revitalization Streetscaping Plan. City Council endorsed the approach proposed in the report (May 18, 2018) from the Director, Public Realm, Transportation Services to develop a public realm plan to provide an enhanced streetscape on George Street between its intersection with Gerrard Street and Shuter Street taking into account planned, proposed and potential future redevelopment in the area, recognizing the historic Indigenous presence and the relationship to some of the most vulnerable members of our society; such improvements to also address safety, security and mobility and create more pedestrian-friendly, liveable streets.
<https://secure.toronto.ca/council/agenda-item.do?item=2018.TE33.44>

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 Project Specific Output Specification, which is the design specification document for the project, 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 a P3 model for the implementation of the GSR Project using a Design-Build-Finance approach and also authorized staff to initiate negotiations towards an agreement with Infrastructure Ontario as commercial procurement lead.

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

COMMENTS

Background

The GSR Project is a signature initiative of the Downtown East Action Plan, defined by its integration of shelter services, a long-term care home, supportive housing with wrap-around services, and a community hub—providing a continuum of care on a single site.

City-Delivered Implementation: George Street Revitalization

Originally under development through the Public-Private Partnership (P3) delivery model, in February 2024, City Council directed staff to explore a City-delivered approach for the GSR Project in response to escalating construction costs and market uncertainty. Following this direction, a multi-divisional project team comprising of Corporate Real Estate Management (CREM), CreateTO, Toronto Shelter and Support Services (TSSS), Housing Secretariat (HS), Housing Development Office (HDO), Social Development (formerly Social Development, Finance and Administration) (SD), Senior Services and Long-Term Care (SSLTC), and City Planning, advanced the design and delivery strategy for the redevelopment of the George Street site.

In April 2025, City Council approved a two-phased, City-delivered approach for the GSR Project. Through value engineering and interdivisional collaboration, the City refined the project scope to deliver key program elements while also preserving the three existing heritage properties within the approved project budget. The resulting Phase 1 development, occupying the northern two-thirds of the site, will deliver the core components of the GSR program through a City-led CMAR approach, providing improved cost certainty, schedule control, and owner accountability. The remaining one-third, designated as Phase 2, is reserved for a potential future affordable housing development. The phased development approach will allow the fully funded Phase 1 to proceed independently of Phase 2, which requires further project design and planning studies, due diligence work, as well as funding, ultimately minimizing the risk of delay of Phase 1.

The design and construction of the Phase 1 GSR building are being led by CREM in partnership with TSSS, HS, HDO, SD, SSLTC, and City Planning. The Phase 1 program includes:

- Emergency shelter: 80 beds
- Transitional spaces: 100 beds
- Long-term care home: 124 beds
- Community hub: 2,269 square meters
- Supportive housing: 70 homes

Project Progress

The primary consultant for the GSR Project was engaged in September 2025. The project team is working closely with the primary consultant in the pre-design phase which includes completing project due diligence, planning of the building's functional components, high level building specifications and an early-stage cost estimate. This phase will be completed in 2025 after which the project will move on to the design phase in the first quarter of 2026. Early construction and demolition are scheduled to begin in the fourth quarter of 2026 with full construction estimated to start in the first quarter of 2027 with estimated building occupancy by the end of 2029.

Procurement Strategy – Construction Manager at Risk Model

The GSR Project will be delivered through a CMAR approach in which a qualified CM is engaged early in the planning and design stages to provide expert advice on cost, schedule, constructability, and procurement. Acting as an extension of the owner's project team, the CM provides professional management services throughout the design and construction phases to help deliver the project efficiently, within budget, and to the required quality standards.

Unlike the more common design-bid-build model, where a contractor is engaged only after the design is complete, the CMAR model allows the CM to participate and collaborate with the broader project team during design development. This early involvement helps identify cost savings, mitigate risks, improve scheduling accuracy, and enhance collaboration between the owner, design consultant, and the CM. The CMAR model is increasingly adopted in the construction industry as a strategy to manage ongoing market fluctuations and volatility in the sector following the COVID-19 pandemic.

The CMAR model is an approach that adds a guaranteed cost element to provide the owner with greater cost certainty before construction begins. Under this model, as the design and cost estimates approach completion, the CM is asked to commit to a fixed scope of work and a GMP for the construction phase. The GMP represents the upper limit of the total project construction cost and is typically established towards the end of the design process and scope has been finalized and the CM has confidence in the final expected cost. While the City continues to monitor progress, including through seeking delegated authority to authorize purchase order amendments, the CM assumes the responsibility for managing the project within the GMP. Should actual costs exceed the GMP, the CM bears those additional costs.

A critical component of the CMAR model is the inclusion of R&R provisions in the construction management agreement. These provisions establish performance-based incentives and penalties that align the CM's financial interests with the City's objectives for cost control, schedule adherence, and high-quality outcomes. Under the CMAR model, the CM assumes responsibility for delivering the project within the GMP, which transfers a portion of financial risk away from the City. R&R provisions further strengthen this accountability by rewarding efficiencies and penalizing overruns, thereby promoting proactive risk management and continuous value optimization throughout the project lifecycle.

Without these provisions, the City would have limited leverage to incentivize performance beyond the GMP commitment, reducing the effectiveness of the CMAR model in mitigating market volatility and ensuring timely delivery. By incorporating R&R mechanisms, the City can encourage collaborative problem-solving, cost-saving innovations, and adherence to project milestones, while safeguarding against delays and budget escalation. This approach reflects industry best practices for complex, multi-phase developments and supports the successful implementation of Phase 1 of the GSR Project within the approved capital budget and schedule.

Procurement Authorities

Delegated Authority for Purchase Order Amendments

The CMAR model differs fundamentally from traditional procurement approaches, as the CM is engaged early in the design phase to provide cost, schedule, and constructability input, while trade packages are competitively tendered in sequence. This progressive tendering process enables the City to incorporate real-time market pricing and value engineering before establishing the GMP, which provides cost certainty and transfers a portion of financial risk to the CM. However, this approach will require multiple purchase order amendments as trade contracts are awarded, and the overall construction budget is built incrementally.

Without delegated authority to execute purchase order amendments exceeding the thresholds in the City's Financial Control By-law, each amendment would require separate Council or Committee approval. This would introduce significant delays, jeopardize project timelines, and increase exposure to market volatility, ultimately undermining the benefits of the CMAR model. Granting proactive authority ensures alignment between City procurement processes and the CMAR delivery method, allowing timely execution of trade contracts and adjustments necessary to finalize the GMP. This flexibility is critical to maintaining schedule control, mitigating cost escalation risks, and delivering Phase 1 of the GSR Project within the approved capital budget.

Non-Competitive Retainer Agreement for External Legal Counsel

Staff are also seeking authority to enter into a non-competitive retainer agreement with Blakes for the provision of legal services to support the drafting, negotiation, and execution of necessary construction management agreements for the GSR Project. On account of the magnitude, complexity, and time sensitivities of the GSR Project, external legal counsel is necessary. Given this is the first City-led CMAR delivered project, unique features (i.e. R&R provisions), not typically found in City contracts, need to be developed to support the City's objectives and optimize the CMAR model. Blakes also has a long history with the GSR Project and is able to provide precise insights and advice on account of their experience with the complexities and challenges that have, and will continue to, present themselves. It is essential to execute this agreement on an expedited basis to avoid delays and maintain the GSR Project schedule. The agreement will also have a retroactive effective date, as it will include invoices for work already completed.

CONTACT

Lisa Barroso, Director, Project Management Office, Corporate Real Estate Management, 416-338-0237, Lisa.Barroso@toronto.ca
Tanvir Ahmad, Senior Manager, Category Management and Strategic Sourcing, Purchasing and Materials Management, 416-392-8714, tanvir.ahmad@toronto.ca

SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

Genevieve Sharkey
Chief Procurement Officer