

Execution of Construction Agreement with Kilmer-Tricon for the Construction of a New Toronto Paramedic Services Multi-Function Station at 610 Bay Street

Date: November 24, 2025

To: City Council

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

Wards: 11 – University-Rosedale

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains confidential information regarding a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by the City.

SUMMARY

The purpose of this report is to seek authority to execute a construction agreement with Kilmer Group and Tricon Residential (Kilmer-Tricon, the “Developer”), following a competitive procurement process completed by CreateTO in 2024. The maximum upset limit of this agreement is \$40,976,589 net of all applicable taxes and charges (\$41,697,777 net of Harmonized Sales Tax recoveries), in addition to the amount identified in Confidential Attachment 1. This report also seeks to delegate authority to Corporate Real Estate Management (CREM), in consultation with Purchasing and Materials Management Division (PMMD) and Toronto Paramedic Services, to execute any necessary purchase order amendments, with a value exceeding \$500,000, or more than 10 percent of the original commitment, for the construction of a new Toronto Paramedic Services Multi-Function Station (MFS 03) at 610 Bay Street.

In April 2022, City Council adopted a vision for the former Toronto Coach Terminal, located at 610 Bay Street and 130 Elizabeth Street, which prioritizes the delivery of mixed-income housing (the “Residential Project”) and incorporates MFS 03, public realm improvements, sustainable development, design excellence and the adaptive reuse of the heritage-listed former Toronto Coach Terminal.

In November 2024, through the adoption of item EX18.4, Council granted staff authority to enter into a lease and project agreement with the competitively procured tenant and Developer to construct MFS 03 alongside the mixed-income residential developments at 610 Bay Street and 130 Elizabeth Street. Under the lease and project agreement, the City, as landlord, would reimburse the Developer for the actual cost of construction.

As work progressed, staff identified that additional contractual mechanisms would better support the effective oversight, administration and delivery of MFS 03. Staff determined that an industry standard design-build construction agreement (CCDC-14) between the City and Kilmer-Tricon, as the delivery agent, would provide the most suitable contractual framework for delivering this project. A construction agreement defines risk allocation between project stakeholders and improves legal compliance with the *Construction Act*. It also establishes mechanisms for the City to provide oversight of the project, implements a more structured and transparent process for handling changes to the project scope, and includes a structured mechanism for payments, as opposed to reimbursements made under the existing lease and project agreement.

The execution of an additional construction agreement would constitute a material change from the delivery model approved by Council through item EX.18.4 and therefore requires additional Council authority.

Delegated authority to make necessary purchase order amendments is required to enable the City to respond to the Developer's requests for approval, consent, or agreement to any action, document or plan related to the construction of MFS 03, where such approval would impact the critical path of the broader Residential Project. As MFS 03 will be constructed within the first two floors of the residential tower, the timeline for the Residential Project is directly dependent on the timely delivery of MFS 03. To support coordinated delivery and maintain the overall project schedule, the City must provide a written response to the Developer within seven working days of receiving a written request for approval. Any delay on the City's part may result in additional financial implications.

RECOMMENDATIONS

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

1. City Council, in accordance with Section 195-8.5 of the City of Toronto Municipal Code Chapter 195, Procurement, grants authority to Corporate Real Estate Management and Purchasing and Materials Management Division to enter into a construction contract in the form of a CCDC-14 to the Kilmer Group and Tricon Residential (Kilmer-Tricon, the "Developer") for a maximum upset amount of \$40,976,589 net of all applicable taxes and charges (\$41,697,777 net of Harmonized Sales Tax recoveries) in addition to the amount identified in Confidential Attachment 1 based on the agreed upon class B cost estimate.

2. City Council grants authority to the Executive Director, Corporate Real Estate Management, in consultation with the Chief Procurement Officer and the Chief, Toronto Paramedic Services, to execute any necessary purchase order amendments 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 and City of Toronto Municipal Code Chapter 195, Procurement provided that:

a. the purchase order amendment is necessary to enable the City to respond to the Developer's request(s) for approval, consent, or agreement to any action, document or plan related to the design and construction of the Toronto Paramedic Services Multi-Function Station 03, and where such approval will impact the critical path of the delivery of mixed-income housing (the Residential Project), the City shall within seven working days after receipt of a request in writing for an approval, respond to the Developer in writing to ensure that the timelines are met for the construction of the Toronto Paramedic Services Multi-Function Station 03 at 610 Bay Street;

b. the appropriate additional funding will be requested in the annual Capital Budget submissions for Toronto Paramedic Services budget;

c. the terms and conditions of any amending agreements are acceptable to the Executive Director, Corporate Real Estate Management, the Chief Procurement Officer, and the Chief, Toronto Paramedic Services in a form satisfactory to the City Solicitor;

d. any amending agreements are completed in accordance with the City of Toronto Municipal Code Chapter 195, Procurement, and associated policies and procedures; and

e. 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.

3. City Council authorize the public release of Confidential Attachment 1 following the project close out of the construction of Toronto Paramedic Services Multi-Function Station 03.

FINANCIAL IMPACT

The total estimated value of the required construction agreement is for the maximum upset amount of \$40,976,589 net of all applicable taxes and charges (\$41,697,777 net of Harmonized Sales Tax recoveries), based on the agreed upon Class B cost estimate issued by Kilmer-Tricon on October 22, 2025, in addition to the amount identified in Confidential Attachment 1.

The construction contract amount will be negotiated with the Developer before Kilmer-Tricon submits the Class A cost estimate in February 2026. If the Class A cost estimate is lower than the agreed maximum upset amount, the construction contract will reflect the lower value. Contract execution and issuance of a purchase order, are contingent on budget approvals by City Council.

This approach is recommended to prevent construction delays. The alternative, waiting for committee approval at the General Government Committee in March 2026 based on the Class A cost estimate, would delay Kilmer-Tricon's planned mobilization at 610 Bay in March 2026 and jeopardize the Developer's Canada Mortgage and Housing Corporation (CMHC) rate lock, exposing the project to interest-rate volatility and CMHC processing delays, putting construction timing and delivery of both the Multi-Function Station 03 and Residential Project at risk.

Funding for this agreement has been requested in the 2026 - 2035 Capital Budget and Plan submission for Toronto Paramedic Services.

The Chief Financial Officer and Treasurer has been advised of the financial impacts associated with this project to be considered along with other priorities in the 2026 budget process.

DECISION HISTORY

At its meeting of November 13 and 14, 2024, City Council adopted "2024.EX18.4 - Modern TO: Selection of Proponent for 610 Bay Street and 130 Elizabeth Street" and recommended a preferred proponent and key terms and authorized negotiations of transaction agreements, including ground leases and contribution agreements, and such other documents as may be necessary to finalize the arrangements with the preferred proponent. The staff report outlines the authority to award the redevelopment of 610 Bay Street and 130 Elizabeth Street to the CreateTO selected preferred Proponent to build affordable housing and construct a TPS Multi-Function Station through a Two-Stage Market Offering Process.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX18.4>

At its meeting on October 29, 2024, the Board of Directors of CreateTO adopted "RA14.1, ModernTO: Selection of Proponent for 610 Bay Street and 130 Elizabeth Street" and recommended a preferred proponent and key terms and sought City Council's approval and authority to negotiate transaction agreements, including ground leases and contribution agreements, and such other documents as may be necessary to finalize the arrangements with the preferred proponent.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.RA14.1>.

At its meeting on June 14 and 15, 2023, City Council adopted GG4.26 "ModernTO: 610 Bay Street and 130 Elizabeth Street - Results of Request for Expression of Interest" approving the shortlist of preferred proponents for the redevelopment of 610 Bay Street and 130 Elizabeth Street and authorizing CreateTO to issue a Request for Proposal to the Shortlisted Proponents as Stage Two of a Two-Stage Market Offering Process.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2023.GG4.26>.

At its meeting on April 6 and 7, 2022, City Council adopted EX31.10 “ModernTO: Unlocking Eight City-Owned Properties” which provided an outline on the recommended portfolio strategy that optimizes city-building opportunities on eight City-owned properties included in the ModernTO program, including the properties at 610 Bay Street and 130 Elizabeth Street.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.EX31.10>.

COMMENTS

In April 2022, City Council adopted a vision for the former Toronto Coach Terminal, located at 610 Bay Street and 130 Elizabeth Street, which includes the delivery of mixed-income housing (the Residential Project) and incorporates Toronto Paramedic Services Multi-Function Station (MFS 03), public realm improvements, sustainable development, design excellence and the adaptive reuse of the heritage-listed former Toronto Coach Terminal.

A portion of the building at 610 Bay Street is planned to house the new MFS 03. Spanning approximately 27,000 square feet over two floors, the station will house 10 ambulances, include a logistics area, break and changerooms for paramedics, as well as administrative and office spaces.

MFS 03 will provide much needed operational infrastructure and efficiencies for Toronto Paramedic Services within downtown Toronto to address growth in emergency call demand. The station will be a secure facility for Toronto Paramedic Services staff with dedicated exclusive pedestrian and vehicular entryways, integrated as part of the larger residential development that will be constructed simultaneously by the Developer at 610 Bay St and 130 Elizabeth St. CREM will provide centralized oversight on behalf of the City and Toronto Paramedic Services throughout the delivery of MFS 03 to ensure coordinated project management and adherence to approved scope, budget and schedule.

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The Fair Wage Office has reported that Kilmer-Tricon has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

CONTACT

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SIGNATURE

Patrick Matozzo
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Geneviève Sharkey,
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ATTACHMENTS

Confidential Attachment 1 – Financial Information