

Litigation Arising from the Construction of the St. Lawrence Market North

Date: February 23, 2026

To: General Government Committee

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

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

This report is about litigation or potential litigation that affects the City of Toronto.

Confidential Attachment 1 to this report contains advice or communications that are subject to solicitor-client privilege.

SUMMARY

The City engaged the Atlas Corporation/Buttcon Limited Joint Venture (“BAJV”) as general contractor to deliver the St. Lawrence Market North Redevelopment Project (the “SLMN Project” or the “Project”) at 92 Front Street East. The City’s Contract with BAJV contemplated that BAJV would start work in July 2019 and achieve substantial performance of the work by December 11, 2021.

Substantial performance of the SLMN work was ultimately achieved on November 30, 2024. Following substantial performance, operations in the new SLMN building commenced, with the Provincial Offences Court opening on March 5, 2025 and the farmers’ market opening on April 5, 2025.

During and following construction, BAJV and the subcontractors retained by BAJV for the purposes of the Project commenced lawsuits against the City relating to alleged damages and extra costs incurred during construction (the “BAJV Litigation”). The total amount claimed by BAJV against the City on behalf of itself and its subcontractors is \$81,448,497.40 plus HST. Most of the amount claimed by BAJV and its subcontractors concerns delay on the Project.

The City has defended the action and advanced a counterclaim against BAJV in the amount of \$8,307,084.19, plus HST, for its own delay damages and outstanding deficiencies (the “City Counterclaim”).

In addition, the City's architect and contract administrator for SLMN, Adamson Associates Architects ("AAA") has requested an increase to its fixed fee for providing contract administration services as a result of the extension to the construction administration period was extended by an additional forty (40) months beyond the anticipated completion date (the "AAA Fees Claim").

Confidential Attachment 1 contains legal advice from the City Solicitor regarding the BAJV litigation, the City's Counterclaim and the AAA Fees Claim.

RECOMMENDATIONS

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

1. City Council adopt the confidential instructions to staff in Confidential Attachment 1.
2. City Council direct that Confidential Attachment 1 remain confidential at this time and authorize the public release of the confidential recommendations contained in Confidential Attachment 1, at the discretion of the City Solicitor, but that the remainder of Confidential Attachment 1 remain confidential as it contains advice which is subject to solicitor-client and litigation privilege.

FINANCIAL IMPACT

The financial implications are discussed in Confidential Attachment 1.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information discussed in Confidential Attachment 1.

DECISION HISTORY

The City Solicitor has not previously reported on this litigation. Below is the history of reports to Council relating to design and construction of the Project.

At its meeting on July 24 and 25, 2024, City Council approved an in-year adjustment to the Council approved 2024-2044 Capital Budget and Plan by increasing the total project cost of the St. Lawrence Market North Redevelopment by \$9.2 million.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX16.12>

At its meeting on July 24 and 25, 2024, City Council approved an emergency non-competitive contract and purchase order amendment for contract administration services. With respect to the purchase order amendment, authority was granted to amend Purchase Order 6034062 issued to Adamson Associates Architects by \$40,000.00, net of all taxes and charges, to compensate Adamson Associates

Architects for design changes required to accommodate workplace modernization program requirements, updates to the delivery of court services remote proceedings, and the incorporation of police radio infrastructure requirements, among other design changes. <https://secure.toronto.ca/council/agenda-item.do?item=2024.GG14.18>

At its meeting on February 18, 2021, City Council approved the 2021 Capital and Operating Budgets, which included a request for \$2.5 million for the St. Lawrence Market North Redevelopment project, increasing the total project budget from \$116.302 million to \$118.820 million, to allow for the modernization of the facility, based on preliminary estimates of what was required to accommodate the program standards. <https://secure.toronto.ca/council/agenda-item.do?item=2021.EX21.2>

At its meeting on May 14, 2019, City Council approved an amendment to the Approved FREEE 2019-2028 Capital Budget and Plan by increasing the total project cost of the St. Lawrence Market North Redevelopment by \$13.959 million, for a total project budget of \$116.302 million. These additional costs were due to the re-tendering of construction services and were required to award Tender Call No. 319-2018 to the recommended bidder, The Buttcon Limited / The Atlas Corporation Joint Venture and amend Purchase Order Number 6034062 issued to Adamson Associates Architects for ongoing contract administration services and expertise. <https://secure.toronto.ca/council/agenda-item.do?item=2019.GL4.7>

At its meeting on February 20, 2018, Government Management Committee granted authority to award Tender Call No. 85-2017, for the construction of the new St. Lawrence Market North Building, to Bondfield Construction Company Limited. This tender was, however, subsequently cancelled and the work re-tendered in 2018. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.GM25.11>

At its meeting on February 12, 2018, City Council approved the 2018 Capital Budget and 2018-2027 Capital Plan for the construction of the new St. Lawrence Market North Building, including an increase to the total project cost from \$91.5 million to \$102.3 million, requiring additional debt funding and an increase to Facilities, Real Estate, and Environment & Energy's (FREEE) 2018-2027 Capital Budget and Plan for new St. Lawrence Market North Building in the amount of \$10.9 million. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

At its meeting on September 25, 2017, Government Management Committee received a report for information to provide information on the additional project funding required for the North St. Lawrence Market project for design and construction services to accommodate the inclusion of a section of the 1831 central drain archaeological resource found on the site for public viewing and interpretation. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.GM22.13>

At its meeting on February 3 and 4, 2016, City Council directed staff to proceed with Phase 2, Demolition of the existing North Market Building at 92 Front Street, of the Redevelopment of St. Lawrence Market North project, including demolition of the existing building and archaeological assessment of the site in advance of new construction.

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<http://www.toronto.ca/legdocs/mmis/2016/gm/bgrd/backgroundfile-86763.pdf>

At its meeting on July 16, 17, 18, and 19, 2013, City Council adopted a revised financing plan, including additional funding of \$15.293 million, and directed staff to proceed with the Design Development and Bid Document stages for the new St. Lawrence Market North Building.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.GM23.6>

At its meeting on July 6, 7, and 8, 2010, City Council endorsed the winning design from the international St. Lawrence Market North Design Competition and authorized City staff to enter into an agreement with the successful proponent for the provision of architectural services for the new St. Lawrence Market North Building.

<http://www.toronto.ca/legdocs/mmis/2010/ex/bgrd/backgroundfile-31365.pdf>

COMMENTS

Background

The design for the SLMN Project was endorsed by City Council in 2010 following an international design competition. The SLMN Project forms part of a broader St. Lawrence Market precinct plan, which encompasses other initiatives including the revitalization of Market Square Park and the development of a new operating model for the South Market, St. Lawrence Hall and other properties in the complex. SLMN is a major tourist destination that showcases artifacts from Toronto's history and features one of the world's top-ranked farmers markets.

The City invested in this historic landmark so that the building would be suitable for market and non-market uses. In addition, SLMN consolidated and houses the City's Court Services' downtown operations along with Provincial courts and related administrative functions, and offers increased parking capacity in the precinct.

Following the international design competition and City Council's endorsement of a conceptual design, preparatory works for the SLMN Project included detailed design, demolition of the existing SLMN Building and archaeological assessment of the site.

Commencement of construction was delayed in 2018 due to the need to re-issue a tender for a general contractor following the insolvency of Bondfield Construction Company Limited, the vendor initially selected to act as the general contractor.

Construction by BAJV and the BAJV Litigation

In 2019, the Atlas Corporation/Buttcon Limited Joint Venture ("BAJV") was retained as the general contractor for the SLMN project. Construction by BAJV commenced in July 2019 with an anticipated duration of 30 months to reach substantial performance. The construction period overlapped with the COVID-19 pandemic and the ensuing market

volatility which created significant industry-wide disruptions affecting labour availability, supply chains, and material costs.

BAJV achieved substantial performance of the SLMN Project work on November 30, 2024, approximately three years later than anticipated (the “Project Delay”). In the months following this milestone, BAJV and numerous subcontractors commenced legal actions seeking recovery of additional costs allegedly incurred in respect of the Project, primarily as a result of the Project Delay.

On November 6, 2025, the City filed its Statement of Defence and issued its Counterclaim in response to the BAJV claim. As set out in the City’s Statement of Defence, the City pleads that:

- BAJV was required under its contract with the City to take the necessary steps to substantially perform the work by December 11, 2021;
- BAJV’s own actions and the actions of subcontractors for whom it is responsible contributed to the Project Delay along with other causes outside of the control of the City, for which the City is not responsible under the contract;
- Actions by the BAJV that are alleged to have contributed to the delay include failure to follow and update construction schedules, failure to properly manage and coordinate the work of subcontractors, and other failures to manage and perform the work in accordance with the Contract;
- The amounts claimed by BAJV, including the amounts claimed on behalf of subcontractors, are exaggerated, excessive and too remote for recovery; and
- The City is not responsible to pay any further compensation to BAJV in respect of the Project Delay based upon the documents and information provided by BAJV to date.

Further, the City’s Counterclaim claims \$8,307,084.19, plus HST, in damages from BAJV. This amount includes delay damages representing additional cost to lease temporary space for Court Services operations, anticipated additional construction administration costs, and liquidated damages for delay provided for in the City’s contract with BAJV. The City’s Counterclaim also includes amounts for deficiencies and final completion work that remains outstanding, but which is not preventing operations in the building.

The BAJV Litigation, inclusive of the City’s Counterclaim, between the City, BAJV and BAJV’s subcontractors remains ongoing in the Ontario Superior Court of Justice and is being case managed through a specialized process for construction litigation.

The Adamson Associates Architects Fees Claim

AAA entered into an agreement with the City to act as Project Architect and to provide contract administration services in 2011, following the design competition.

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The AAA Agreement contained an estimated timeline of 22 months between construction commencement and Project completion, for which it would be paid \$1,437,975.00, plus HST, for contract administration services. At that time, it was anticipated that construction of the Project would be completed by January 2016. Through the detailed design process the estimated timeline for the Project was updated such that the Project was expected to achieve completion within 32 months of commencement of construction, with substantial performance achieved within 30 months.

AAA contract administration services were provided between 2019 and 2026, instead of between 2014 and 2016 as originally contemplated, and more specifically, for 40 additional months beyond the anticipated construction administration period AAA continues to provide contract administration services for deficiency rectification and finishing work.

Confidential legal advice about the BAJV Litigation, the City's Counterclaim and the AAA Fees Claim is provided in Confidential Attachment 1.

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SIGNATURE

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ATTACHMENTS

Confidential Attachment 1 – Confidential Instructions to Staff