TORONTO

REPORT FOR ACTION

Purchase Order Amendment for General Contracting Services Number 6056841 with Pomerleau Inc. for General Contracting Services for Toronto Paramedic Services Multi-Function Station at 300 Progress Avenue

Date: May 19, 2026
To: General Government Committee
From: Executive Director, Corporate Real Estate Management and the Chief Procurement Officer
Wards: 21 - Scarborough Centre

SUMMARY

The purpose of this report is to seek authority to amend the value and contract term of Purchase Order Number 6056841 issued to Pomerleau Inc. for general contracting services for the Toronto Paramedic Services (TPS) Multi-Function Station at 300 Progress Avenue. The construction contract was originally awarded through Negotiated Request for Proposal (nRFP) Ariba Document Number 4502108451 and approved by City Council on February 25, 2025.

As part of efforts to accommodate increases in TPS' emergency call demand and staff resources, the City of Toronto is constructing a Multi-Function Station located at 300 Progress Avenue. The new station will be part of the TPS' active deployment model to achieve greater efficiencies in the preparation of equipment and vehicles, and to allow more targeted deployment of paramedic crews across the city to respond to emergency calls. Following execution of the agreement with the general contractor (GC), Pomerleau Inc., in February 2025, the contractor mobilized on site in August 2025 and at that time, the targeted project completion date was determined to be by April 30, 2028.

This purchase order amendment (POA) is required to address unforeseen site conditions and increased design coordination, which has significantly impacted the construction schedule. Accordingly, the requested amendment includes an extension of the contract end date from April 30, 2028 to September 30, 2029, to align with the revised project schedule.

This POA is required to address:

1. **Concealed and Unforeseen Site Conditions – $11,900,000**

   Costs related to addressing the extensive concealed and previously unknown site conditions that could not have been reasonably identified and avoided through pre-construction investigations. These investigations, included extensive geotechnical assessments led by an external subject matter expert, comprising of almost 200 borehole investigation points (to depths of approximately six to ten metres), groundwater monitoring, and environmental sampling conducted by qualified consultants, primarily within the proposed building footprint. These assessments were carried out in accordance with industry best practices and indicated generally manageable subsurface conditions, with only localized contamination.

   Despite the results of the investigations, excavation on the site revealed buried foundations and structural remnants from previous site developments as well as contaminated and salt-impacted soils requiring expanded testing, segregation, specialized handling, off-site disposal, and inspection. During the removal of the buried foundations, unanticipated water removal associated with prolonged excavations and wet ground conditions arising from these discoveries were required. Remediation of the unforeseen site conditions include excavation, haulage, transport and disposal fees. The additional work required to address the unforeseen site conditions is near completion; the site has been successfully dewatered, with excavated areas now dry and undergoing compaction in preparation for subsequent construction activities. The requested POA amount is to replenish project budget expended to address the extensive unforeseen site conditions. It is important to note that even if these site conditions had been identified during the initial investigation phase, the additional costs associated with removing the buried foundation and contaminated soil would still have been incurred.

2. **Contingency Allowance – $7,670,687**

   Due to financial constraints at the time of the GC award, the PO was issued with minimal contingency allowance for a project of this complexity. As a result, the original contingency allowance was insufficient to absorb the unforeseen site conditions. An additional contingency has therefore been established as an owner's contingency, which is a contingency to be utilized at the discretion of the City only if required to address further unforeseen conditions or changes that are not currently identified. In line with industry best practice, this contingency represents an upset limit equivalent to 20% of the overall project budget.

3. **Additional Design Coordination – $3,000,000**

   During the early construction coordination phase, several deficiencies attributable to consultant design errors and omissions were identified. These have resulted in additional construction costs that must be addressed to allow the project to proceed. The additional costs are tracked for potential subsequent cost recovery.

The total value of the POA being requested is $22,570,687 net of all applicable taxes and charges ($22,967,931 net of Harmonized Sales Tax (HST) recoveries) revising the current purchase order value from $96,152,712 net of all applicable taxes and charges ($97,845,000 net of HST recoveries) to $118,723,399 net of all applicable taxes and charges ($120,812,931 net of HST recoveries).

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management and the 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 Bylaw), grant authority to the Executive Director, Corporate Real Estate Management to amend Purchase Order Number 6056841 issued to Pomerleau Inc. for additional construction services for the New Multi-Function EMS Station at 300 Progress Avenue by increasing the overall value by $22,570,687 net of all applicable taxes and charges ($22,967,931 net of Harmonized Sales Tax recoveries) revising the current purchase order value from $96,152,712 net of all applicable taxes and charges ($97,845,000net of Harmonized Sales Tax recoveries) to $118,723,399 net of all applicable taxes and charges ($120,812,931 net of Harmonized Sales Tax recoveries); and extending its contract end date by 17 months from April 30, 2028 to September 30, 2029.

FINANCIAL IMPACT

The total value of the POA identified in this report is $22,570,687 net of all applicable taxes and charges ($22,967,931 net of HST recoveries).

Funding is available in the 2026-2035 Capital Budget and Plan for Paramedic Services. Funding details are summarized in Table 1 below.

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

WBS Element	**Description**	**January 1, 2026 to December 31, 2026**	**January 1, 2027 to December 31, 2027**	**Total**
CAM071-02	Purchase Order Amendment – 300 Progress Avenue EMS Station	$15,700,000	$7,267,931	$22,967,931

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information presented in the Financial Impact Section.

DECISION HISTORY

On February 10, 2026, City Council authorized the addition of $38.8 million to the Multi-Function Station #2 – 300 Progress Avenue project through the 2026 budget process, due to construction cost escalations and closing costs, increasing the approved 2026–2035 Capital Budget and Plan from $87 million to $125.84 million. The $22.97 million contract amendment included in this report relates specifically to construction cost escalations.
https://secure.toronto.ca/council/agenda-item.do?item=2026.MPB38.1

On February 25, 2025, the General Government Committee authorized the award of Ariba Document Number 4502108451 to Pomerleau Inc., as the general contractor for the Construction of a New Multi-Function Paramedic Station.
https://secure.toronto.ca/council/agenda-item.do?item=2025.GG19.9

On February 11, 2025, as part the 2025 Operating and Capital Budgets, Toronto Paramedic Services received approval for the 2025-2034 Operating and Capital Plan, detailed in Appendix 5a of the Staff Recommended Operating Budget and Capital Plan, including an increase of $12.8 million for construction cost escalations to reflect supplier cost increases, the cost of facility design changes, including the relocation of the main gate
https://secure.toronto.ca/council/agenda-item.do?item=2025.BU9.1

On February 15, 2023, as part of MPB4.1 Operating and Capital Budgets, Toronto Paramedic Services received approval for the 2023-2032 Operating and Capital Plan, detailed in Appendix 6a of the 2023 Staff Recommended Operating Budget and Capital Plan, including a net increase after adjustments of $17.2 million for the cost escalations in construction, plus other infrastructure upgrades for delivery of the Multi-Function Station at 300 Progress Avenue.
https://secure.toronto.ca/council/agenda-item.do?item=2023.MPB4.1

On February 17, 2022, as part of EX30.2 Operating and Capital Budgets, Toronto Paramedic Services received approval for their 2022-2031 Staff Recommended and Capital Plan, detailed in Appendix 6a of the 2022 Staff Recommended Operating Budget and Capital Plan, including an increase of $30.0 million for construction, COVID cost escalations and net zero requirements for the delivery of the Multi-Function Station at 300 Progress Avenue.
https://secure.toronto.ca/council/agenda-item.do?item=2022.EX30.2

On December 15, 2021, City Council adopted item GL27.17, Expropriation of a Portion of 350 Progress Avenue for Toronto Paramedic Services Station Access, approving the expropriation for the City to acquire a fee simple interest for the Project.
https://secure.toronto.ca/council/agenda-item.do?item=2021.GL27.17

On July 14, 2021, City Council adopted item GL24.12, Expropriation of a Portion of 350 Progress Avenue for Toronto Paramedic Services Station Access, approving the expropriation for the City to acquire a fee simple interest for the Project.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.GL24.12

On February 19, 2020, as part of EX13.2 2020 Operating and Capital Budgets, Toronto Paramedic Services received approval for their 2021-2029 Staff Recommended Capital Plan, detailed in Appendix 5b of the 2020 Staff Recommended Capital and Operating Budget Notes for City Planning, including $39.705 million for the design and construction of a Multi-Function Station at 330 Progress Avenue.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX13.2

On February 17, 2016, as part of EX12.2 2016 Capital and Operating Budgets, City Council confirmed that the estimated six (6)-acre facility available at 330 Progress Road be designated for the future use of Toronto Paramedic Services for the construction of Multi-function Station number 2.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX12.2

COMMENTS

Background

As part of efforts to accommodate increases in TPS' emergency call demand and staff resources, the City of Toronto is constructing a Multi-Function Station located at the north end of a 25-acre parcel of land in Scarborough. The new station will be part of the TPS' active deployment model to achieve greater efficiencies in the preparation of equipment and vehicles, and to allow more targeted deployment of paramedic crews across the city to respond to emergency calls.

In accordance with TPS' Council-approved Capital Plan, the first such station was built at 1300 Wilson Avenue in the northwest part of the city, which began servicing the community in October 2017.

The new facility is located at 300 Progress Avenue and is approximately eight acres in size. The new Multi-Function Paramedic Station is intended to achieve the following major program objectives:

- Function as a 24/7 hub and district command post for frontline staff with capacity for 40 ambulance vehicles, 10 supervisor vehicles, 10 training/Community Paramedic vehicles and include provisions for vehicles and equipment sanitizing and processing, inventory storage, administrative space, teaching facilities, staff locker rooms and eating areas;
- Accommodate staffing of up to 250 paramedic services personnel, including transient personnel attending the site for training and instruction;
- Provide flexible classroom and laboratory space for paramedic training; and,
- Include emergency routing during planning stages for fire services access and accommodate outdoor service access for loading and oxygen deliveries.

In February 2025, an agreement was executed with Pomerleau Inc. through a competitive procurement process to provide general contracting services for the construction of the new Multi-Function Paramedic Station located at 300 Progress

Avenue. At that time, the targeted project completion date was determined to be by April 30, 2028.

Required Purchase Order Amendment

Due to the factors outlined below, an amendment to the value and contract term of PO Number 6056841 is requested in the amount of $22,570,687 net of all applicable taxes and charges ($22,967,931 net of HST recoveries).

Concealed and Unforeseen Site Conditions - $11,900,000

In August 2025, the GC, Pomerleau Inc., mobilized on site and encountered extensive concealed and previously unknown site conditions that could not have been reasonably identified and avoided through pre-construction investigations or at the time of procurement. Historically, the property had been used as a location to dispose of unwanted sediment, resulting in more than 12 feet of soil being placed across portions of the site. This significant depth of soil materially limited the ability to detect subsurface conditions.

During the design phase of the project, a comprehensive due diligence program was undertaken, including extensive geotechnical and environmental investigations led by an external subject matter expert. This work included nearly 200 borehole investigation points (to depths of approximately six to ten metres), groundwater monitoring, and environmental sampling conducted by qualified consultants, primarily within the proposed building footprint. These assessments were carried out in accordance with industry best practices and indicated generally manageable subsurface conditions, with only localized contamination.

Despite these thorough investigations, construction activities revealed several previously unidentified site conditions, including:

- Extensive buried building foundations, slabs, and structural remnants from prior developments, including areas outside the borehole investigation zones;
- Additional contaminated and salt-impacted soils requiring expanded testing, segregation, specialized handling, inspection, and off-site disposal beyond baseline allowances; and,
- Unanticipated water accumulation requiring removal due to prolonged excavation associated with removing buried foundations and contaminated soils.

The extensive buried foundation walls and slabs necessitated removal, resulting in deeper and more irregular excavations, approximately seven to ten feet deeper across affected areas. The further excavation also exposed significantly greater volumes of contaminated soil than anticipated. While the contract originally included approximately 7,700 cubic meters of contaminated soil removal, as of May 11, 2026, more than 25,000 cubic meters have been removed.

The increased excavation depth, combined with low-permeability soils, created basin-like conditions that led to significant pooling of water. Delays associated with the removal of previously unidentified foundations extended excavation into the spring thaw period, further increasing water inflow from snowmelt and surface runoff. As a result, unplanned water removal was required prior to having a discharge permit in place, compounding schedule and construction impacts. Water removal activities included pumping water from multiple excavation areas into holding tanks and transporting it off-site, with total volumes estimated at approximately one million litres.

The site has since been successfully dewatered, with excavated areas now dry and undergoing compaction in preparation for subsequent construction activities.
The discovery of these unforeseen site conditions has resulted in additional costs and schedule impacts. As such, a POA is required to replenish project budget expended to address the extensive unforeseen site conditions to increase the contract value and extend the contract duration to accommodate the additional work and support the successful completion of the project. It is important to note that even if these site conditions had been identified during the initial investigation phase, the additional costs associated with removing the buried foundation and contaminated soils would still have been incurred.

Contingency Allowance - $7,670,687

Due to financial constraints at the time of the GC award, the PO was issued with minimal contingency allowance for a project of this complexity. As a result, the original contingency allowance was insufficient to absorb the unforeseen site conditions. Maintaining a proper contingency allowance is part of project management best practice and is critical to managing both anticipated and unforeseen construction risks typical of a complex municipal facility of this scale, including schedule pressures, market volatility and impacts from site conditions. An additional contingency has therefore been established as an owner’s contingency, which is a contingency to be utilized at the City’s discretion only if required to address further unforeseen conditions or changes that are not currently identified. This contingency is in line with industry best practice represents an upset limit, equivalent to 20% of the overall project budget.

Additional Design Coordination - $3,000,000

Furthermore, during the early construction coordination phase, several deficiencies attributable to consultant design errors and omissions were identified. These have resulted in additional construction costs that must be addressed to allow the project to proceed. The additional costs are tracked for potential subsequent cost recovery.

Schedule Impacts and Contract Extension

The unforeseen site conditions encountered during excavation activities, along with prolonged dewatering operations and additional design coordination and integration requirements, have impacted the project schedule and critical path construction activities. As a result, additional time is required to complete the revised scope of work and support the successful completion of the project. Accordingly, this amendment also seeks authority to extend the contract from April 30, 2028 to September 30, 2029.

CONTACT

Kazi Uddin, Manager, Category Management and Strategic Sourcing, Purchasing, (416) 397-5190, KaziNahiyan.Uddin@toronto.ca

Lisa Barroso, Director, Project Management Office, Corporate Real Estate Management, 416-338-0237, Lisa.Barroso@toronto.ca

SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

Geneviève Sharkey
Chief Procurement Officer