

Amendment to Purchase Order Number 6048204 with Read Jones Christoffersen Limited and Purchase Order Number 6056498 with Pegah Construction Limited for the Rehabilitation of Upper Yonge Daycare Centre.

Date: July 6, 2026

To: General Government Committee

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

Wards: 8 - Eglinton - Lawrence

SUMMARY

The Upper Yonge Village Daycare Centre at 14 St. Clement Avenue is a licensed childcare facility serving the Upper Yonge community. Originally constructed in 1908, the ongoing rehabilitation project at this heritage-designated facility represents a critical investment in maintaining this essential community asset to modern accessibility, structural, and Net Zero standards for continued safe operation as a daycare centre. The Net Zero upgrades are a key component of this work, reflecting the City's commitment to climate action.

The purpose of this report is to request authority to amend Purchase Order Number 6048204 with Read Jones Christoffersen Limited (RJC) and Purchase Order Number 6056498 issued to Pegah Construction Limited (Pegah) for the Rehabilitation of Upper Yonge Village Daycare Centre at 14 St Clement Avenue, Toronto.

During active demolition and excavation, concealed structural conditions, inherent to a building of this age and construction type, were systematically exposed and promptly assessed by the project team. The extent of the deteriorated structural condition was not fully discovered during the investigation and design phases, as the daycare was still fully operational, limiting the ability to undertake more intrusive assessments. The unforeseen conditions include structural deficiencies, foundation instability and deteriorated structural elements, mainly due to the building's age.

The required remedial work, along with the associated extension of professional services, represents a targeted and carefully reviewed investment to protect the

structural integrity of the heritage facility, ensure code-compliant delivery, and secure the long-term viability of the daycare centre for the community it serves.

The amendment for Purchase Order Number 6048204 with RJC includes the provision of additional design, contract administration, and site inspection services due to the discovery of new scope after excavations and the construction schedule extension. The total value of the requested amendment for Purchase Order Number 6048204 is \$251,266 net of all applicable taxes and charges (\$255,688 net of Harmonized Sales Tax recoveries), revising the current Purchase Order value from \$735,800 net of all applicable taxes (\$748,750 net of Harmonized Sales Tax recoveries) to \$987,066 net of all applicable taxes (\$1,004,438 net of Harmonized Sales Tax recoveries), being a 34% increase of the current Purchase Order.

The amendment for Purchase Order Number 6056498 with Pegah includes the provision of additional general contracting services required to address newly identified structural deficiencies and complete the remaining construction work. The total value of the requested amendment for Purchase Order Number 6056498 is \$969,257 net of all applicable taxes and charges(\$986,316 net of Harmonized Sales Tax recoveries), revising the current Purchase Order value from \$5,973,445 (\$6,078,578 net of Harmonized Sales Tax recoveries) to \$6,942,702 net of all applicable taxes (\$7,064,894 net of Harmonized Sales Tax recoveries), being a 16% increase of the current Purchase Order.

RECOMMENDATIONS

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

1. General Government Committee, in accordance with Section 71- 11.C 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 Purchase Order Number 6048204 with Read Jones Christoffersen Limited, increasing the current purchase order value by \$251,266 net of all applicable taxes (\$255,688 net of Harmonized Sales Tax recoveries) revising the total purchase order value from \$735,800 net of all applicable taxes (\$748,750 net of Harmonized Sales Tax recoveries) to \$987,066 net of all applicable taxes (\$1,004,438 net of Harmonized Sales Tax recoveries).
2. General Government Committee, in accordance with Section 71- 11.C 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 Purchase Order Number 6056498 with Pegah Construction Limited, increasing the current purchase order value by \$969,257 net of all applicable taxes (\$986,316 net of Harmonized Sales Tax recoveries) revising the total purchase order value from \$5,973,445 net of all applicable taxes (\$6,078,578 net of Harmonized Sales Tax recoveries) to \$6,942,702 net of all applicable taxes (\$7,064,894 net of Harmonized Sales Tax recoveries)

FINANCIAL IMPACT

Funding in the amount of \$1,038,484 for the amendments to Purchase Order Number 6048204 with Read Jones Christoffersen Limited and Purchase Order Number 6056498 with Pegah Construction Limited is included in Corporate Real Estate Management's 2026 Capital Budget and 2027-2035 Capital Plan under WBS Element CCA251-16.

Funding in the amount of \$203,520 will be included in Children's Services' 2027 Operating Budget submission under cost center E0704P for council consideration. Funding details are summarized in Table 1 below:

Table 1- Financial Impact Summary (net of HST Recoveries)

WBS Element (Purchase Order)	Description	2026	2027	Total
CCA251-16 (PO#6048204)	Rehabilitation of Upper Yonge Daycare Centre	\$130,000	\$125,688	\$255,688
CCA251-16 (PO#6056498)	Rehabilitation of Upper Yonge Daycare Centre	\$625,068	\$157,728	\$782,796
E0704P (PO#6056498)	Rehabilitation of Upper Yonge Daycare Centre	\$0	\$203,520	\$203,520
Total		\$755,068	\$486,936	\$1,242,004

The Chief Financial Officer and Treasurer have reviewed this report and agree with the financial implications as contained in the Financial Impact Section.

DECISION HISTORY

At its meeting on January 22, 2025, the Bid Award Panel adopted Item Number BA116.6, authorizing the Award of Doc4790896092 to Pegah Construction Limited, for the building renovation of Upper Yonge Village Daycare Centre, located at 14 St. Clement Avenue, Toronto, for Corporate Real Estate Management.
<https://secure.toronto.ca/council/agenda-item.do?item=2025.BA116.6>

On October 2, 2019, Toronto city council adopted a motion declaring a climate emergency, including specific steps aimed at reducing emissions from buildings.
<https://secure.toronto.ca/council/agenda-item.do?item=2019.MM10.3>

COMMENTS

Background

The Upper Yonge Daycare Centre was originally constructed in 1908 as a church, later operated as a library, and converted to a daycare facility in 1984. The facility provides licensed childcare services to the Upper Yonge community, and its continued operation depends on meeting current structural, accessibility, and regulatory standards.

The rehabilitation project is being delivered by the Corporate Real Estate Management (CREM) Division on behalf of Children's Services and was initiated in response to the deteriorated condition of the building, which had resulted in recurring monthly service calls to address conditions that posed a growing risk to the facility's continued operation including roof leaks, basement flooding, and emergency repairs.

The project scope includes complete interior and exterior rehabilitation, accessibility upgrades, foundation waterproofing, and energy and Net Zero upgrades aligned with the City's climate action commitments.

Amendment of Purchase Order Number 6048204 with Read Jones Christoffersen Limited

Read Jones Christoffersen Limited (RJC) was retained through a competitive procurement process for professional services to develop specifications, drawings and related professional services for building capital improvements at Upper Yonge Village Daycare.

Construction began in February 2025, and during the demolition and excavation phase, the general contractor discovered unforeseen conditions related to the building's age, which led to additional work and costs not identified during earlier investigation and design. These unexpected site conditions required changes to the scope, including additional foundation wall repairs, emergency basement underpinning, additional column footings replacement, and reconstruction of the vestibule foundation.

These unforeseen structural deficiencies, including foundation instability and deteriorated structural elements, mainly due to the building's age have also impacted the construction schedule, which was initially set for completion in February 2027, but has now been extended to July 2027. The extent of the deteriorated structural condition was not fully discovered during the investigation and design phases, as the daycare was fully operational, limiting the ability to undertake more intrusive assessments.

The project team continues to actively monitor the RJC contract to ensure compliance with contractual requirements, financial controls, and satisfactory performance throughout the project lifecycle, including identifying and addressing design gaps or omissions; the current costs submitted for additional design services have been reviewed and are considered fair, reasonable, and in compliance with contract requirements.

Amendment of Purchase Order Number 6056498 with Pegah Construction Limited

Pegah Construction Limited was awarded PO No. 6056498 in February 2025 following a competitive procurement process, in the amount of \$5,570,364 (net of Harmonized Sales Tax recoveries).

As construction progressed, additional unforeseen structural conditions continued to emerge, necessitating the complete reconstruction of the vestibule foundation and structural walls while maintaining the building's heritage integrity. In addition, further structural repairs to the building and supplementary waterproofing works are required. These required changes exceed the available contingency allowance and will increase the project schedule to July 2027. A purchase order amendment of \$987,066 net of all applicable taxes (\$1,004,438 net of Harmonized Sales Tax recoveries), to the Pegah contract will be required to complete the additional work.

The project team continues to actively monitor the Pegah contract to ensure compliance with contractual requirements, financial controls, and satisfactory performance throughout the project lifecycle.

From a value-for-money perspective, the proposed purchase order amendment is expected to deliver both schedule and cost efficiencies for the project and long-term usage of the building as a childcare centre.

CONTACT

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

Sabrina Dipietro, Senior Manager Purchasing, Client Services, Purchasing and Materials Management Division, 416-397-4809, Sabrina.dipietro@toronto.ca

Marianne Gonzalez Angulo, Manager, Purchasing Client Services, Purchasing and Materials Management Division, 416-338-3109, marianne.gonzalezangulo@toronto.ca

SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

Geneviève Sharkey
Chief Procurement Officer