

Section III – Items for the Information of the Board

TO: Chair and Members of the Board of Directors
Meeting #4/20, Friday, May 22, 2020

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **TORONTO AND REGION CONSERVATION AUTHORITY ADMINISTRATIVE
OFFICE BUILDING PROJECT**
COVID-19 Update

KEY ISSUES

Update on Toronto and Region Conservation Authority (TRCA) Administrative Office Building Project and implications on the Project schedule, municipal approvals and construction management contract resulting from the COVID-19 pandemic.

RECOMMENDATION

IT IS RECOMMENDED THAT this staff report on the status of the TRCA Administrative Office Building Project be received.

BACKGROUND

On February 27, 2015 Res. #A23/15 approved 5 Shoreham Drive as the preferred site for the new TRCA administration building. On June 24, 2016 Res. #A85/16 approved a project budget of \$70M with \$60M provided by participating municipalities and the remaining funds from land disposition funds. On February 24, 2017 Authority Res. #A14/17 staff reported that all six of TRCA's participating municipalities had approved the Project and the allocation of \$60M in new and existing capital funding. On May 25, 2018 Authority Res. #A79/18 staff reported that the Minister of Natural Resources and Forestry granted approval to use \$3,538,000 in disposition proceeds from land sales, for a revised overall budget of \$63,538,000 and, if possible, that the disposition funds be used to reduce the overall term of the required financing. The revised approved upper limit of the project budget of \$60M was not increased at that time, as the decision was made to wait until the tendering process was complete in mid-2019 to determine a more accurate budget for the project.

On May 17, 2017 Authority Res. #83/17 TRCA awarded Jones Lang LaSalle Canada (JLL) as its project managers and on August 30, 2017 Authority Res. #A156/17 awarded the integrated design contract to a team led by ZAS Architects and Bucholz McEvoy Architects, to proceed with the detailed design, planning and approvals, of the Project. On November 3, 2017 Authority Res. #A216/17 awarded Eastern Construction Company Limited a Construction Management Contract to provide pre-construction services throughout the design and procurement stages along with construction management services for the construction of the new facility pending agreement on the construction cost of the Project. This work includes the issuance of tenders to construction trades.

On Friday, January 25, 2019 Board of Directors Res.#A19/19 staff issued an update on the procurement of financial services and that the Canadian Imperial Bank of Commerce (CIBC) is providing a term loan for the costs of the new administration building project up to \$54,000,000.

On Friday, May 24, 2019 Board of Directors Res.#A78/19 staff provided an update on project costing and a strategy to move to the tendering process and received direction from the Board to report back on the total construction and Construction Management Services costs at the time construction tenders are received.

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On Friday January 24, 2020 Board of Directors RES. #A232/19 provided an update on the value engineering process and informed the Board that staff had authorized the project construction manager Eastern Construction to award construction tenders to selected trades that align with the project budget. The report explained that staff had authorized Eastern Construction to proceed with construction, and finally, that staff were authorized to issue Notices of Borrowing to the project financial services provider according to the loan schedule based on the project cash flow.

On Friday April 24, 2020 at Board Meeting #3/20 staff were requested to provide an update on the delay to the project related to COVID-19.

RATIONALE

The COVID-19 pandemic caused the Ontario government has ordered the closure of all non-essential businesses pursuant to its powers under the Emergency Management and Civil Protection Act (the "Emergency Act"). On March 23, 2020, the Ontario government issued a list of essential businesses that would be exempt from the closure order effective Tuesday, March 24 at 11:59 pm for at least 14 days. The Ontario government has since significantly expanded the list of non-essential workplaces with the introduction of Ontario Regulation 119/20: Order under Subsection 7.0.2(4) - Closure of Places of Non-Essential Businesses, which was declared into law at 3 PM on April 3, 2020 (the "Essential Services Regulation"). On April 14, 2020, the Ontario government extended the state of emergency another 28 days to May 12, 2020. On May 1, 2020, the Ontario Government revised the list of Closure of Places of Non-Essential Businesses with Ontario regulation 196/20 which allowed for site preparation and excavation works to occur.

Site Closure

On April 3, 2020 Eastern Construction by email informed TRCA that Eastern Construction would be suspending work on the project that day as the project no longer fell into a category of essential services. Eastern Construction issued an official notice on April 6, 2020 of work suspension but would be working April 6, 2020 to undertake the necessary construction and maintenance activities to ensure safety at the temporarily closed project site. On May 1, 2020 Eastern Construction in response to the revised list issued by the Ontario government indicated by email that construction would resume on May 4, 2020 as the revised list allowed Eastern Construction to resume site and soil preparation work. While Eastern Construction staff were on site, the soil preparation trade was not available and did not start until May 13, 2020.

Schedule

RES. #A232/19 revised the project occupancy date to February 2022 due to a Site Plan Approval delay related to ongoing negotiations with Tennis Canada and work with the City of Toronto on the lease of the City road right of way. The COVID-19 pandemic and the closure order of all non-essential businesses has altered the project occupancy date to reflect the length of time the Government closure order was in effect and Eastern Construction suspended construction. In general, the project approvals delay has been exacerbated by the closure of the City Civic Centres and the resulting diminished capacity of the City to process applications. TRCA has issued to the City of Toronto all the pre-approval Notice of Approval Conditions (NOAC) including drafts of the shared use agreement with neighbouring Tennis Canada and the lease agreement with City of Toronto for the use of the road right of way but both agreements need to be finalized for the Site Plan Agreement to be issued which is a pre-requisite for the Final Building Permit. Prior to the closure of non-essential activities, the City Building Department issued a Conditional Permit allowing for foundations to be constructed. To mitigate schedule risk, an above ground conditional permit application has been submitted to the City.

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City staff continue to reach out during the closure to work with the TRCA team to process applications and staff are confident that further conditional permits will be forthcoming to allow work to continue.

Milestone Schedule:

	Dec.18/19 – Baseline Schedule	Mar. 31/20 - Revised Schedule	Notes
Site Plan Approval	Feb. 2020	TBD	NOAC received Nov. 8/19 – all pre-approval conditions submitted
Full Building Permit	Mar. 2020	Jun. 2020	Applied for above grade Conditional Permits in Mar. 2020.
Conditional Building Permit	Jan. 2020	Mar. 30/20	Received conditional building permit for foundations only in Mar. 2020
Construction	Jan. 2020 to Dec 2021	Jan. 2020 to Mar. 2022	Schedule impacted by site closure due to COVID-19
Occupancy	Nov. 2021	Feb. 2022	Schedule impacted by site closure due to COVID-19
Completion	Jan. 2022	Mar. 2022	Schedule impacted by site closure due to COVID-19

TRCA staff will continue to work with Eastern Construction and the City of Toronto to attempt mitigate further approvals delay. TRCA will also work with Eastern Construction to determine opportunities to compress the extended schedule while minimizing cost exposure.

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