

Section III – Items for the Information of the Board

TO: Chair and Members of the Board
Meeting #8/20, Friday, November 20, 2020

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **NEW ADMINISTRATIVE BUILDING PROJECT UPDATE**

KEY ISSUE

Update on Toronto and Region Conservation Authority's (TRCA) administrative building project.

RECOMMENDATION

IT IS RECOMMENDED THAT this report 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.

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

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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 February 21, 2020 Board of Directors Res.#A6/20 approved the investigation of a design change to the geo-exchange system for the administrative building from a closed loop system to an open loop system which could provide the project both capital and operational savings.

On Friday April 24, 2020 Board Meeting Res.#A44/20 received an update on the delay to the project related to COVID-19.

On Friday May 22, 2020 at Board Meeting #4/20 staff provided an update to the project related to COVID-19.

At its September 2020 meeting the Executive Committee of the Board of Directors received an update in Closed Session on site access issues which was reported to the Board of Directors at its October 23, 2020 meeting.

RATIONALE

Schedule Update

Since March 2020, the CM has issued TRCA Six (6) Notices of Delay. Under the terms of the contract for the New Head Office construction, the CM is contractually obligated to give TRCA notice of a delay within ten (10) working days of the commencement of such a delay.

Responses to the Notices of delay have been made by TRCA, in collaboration with the third-party project management consultant, JLL and the project design prime consultant, ZAS Architects.

	Baseline	Revised
Occupancy Permit	November 24, 2021	May 30, 2022
TRCA Move-In Date	November 29, 2021	June 2, 2022
Substantial Performance	December 17, 2021	June 22, 2022
Total Completion	January 4, 2022	June 28, 2022

Construction Progress

Excavation of the footings and slab on grade are of the building is ongoing and is 80% complete with backfilling of footings and foundation walls progressing. Formwork of the foundation walls and slab on grade area footings, piers and foundation walls continues. Foundation and foundation wall waterproofing continues in pace with concrete setting. Both the mechanical and electrical trades continue to sleeving at foundation walls. The suspended slab and slab on grade floor is planned for completion in December. Mechanical will be installing piping under the slab on grade and in the mechanical basement. Mechanical and Electrical coordination is expected to be completed by December with mass timber production to start in December.

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Budget

An explanation for the amounts below is provided on the following page:

	Preliminary Project Budget	90% CD Cost Estimate-AW Hooker (May 24, 2019)	Tender w/ Value Engineering (VE) (Nov. 28, 2019)	Construction Cost September 30, 2020	Variance to VE	Variance Explained
Construction Cost	\$35,608,539	\$38,709,700	\$40,945,268	\$41,374,415	\$429,147	A
General Conditions (GC)	\$5,362,573	\$5,759,100	\$6,187,565	\$6,187,565		
Construction Management (CM) Fee	\$860,569	\$845,000	\$934,308	\$948,862	\$14,554	B
Construction Contingency	\$3,418,791	\$2,276,200	\$2,341,620	\$2,378,099	\$36,479	C
Total Construction Costs	\$45,250,472	\$47,590,000	\$50,408,761	\$50,888,941	\$480,180	
Consultant Fees	\$4,021,133	\$4,021,133	4,297,883	\$4,297,883	\$ -	
Permits	\$624,697	\$624,697	\$626,658	\$626,658	\$ -	
Furniture/Fittings and Equipment	\$1,550,000	\$1,550,000	\$1,750,000	\$1,750,000	\$ -	
Relocation Costs	\$2,026,697	\$2,026,697	\$2,026,697	\$2,026,697	\$ -	
Project Mgmt.	\$2,575,000	\$2,575,000	\$1,871,325	\$1,613,010	\$(258,315)	D
Financing Costs	\$2,515,265	\$2,515,265	\$1,940,016	\$1,940,016	\$ -	
Non-Recoverable HST (1.76%)	\$1,037,736	\$1,037,736	\$1,066,993	\$1,066,993	\$ -	
Soft Cost Contingency	\$399,000	\$399,000	\$399,000	\$399,000	\$ -	
Total Costs	\$60,000,000	\$62,339,528	\$64,387,337	\$65,047,198	\$221,861	
Total Available Funds	\$60,000,000	\$63,538,000	\$65,538,000	\$65,538,000	\$ -	
Additional Contingency Funds	\$ -	\$1,198,472	\$1,150,663	\$928,802	(\$221,861)	

Variance Explanations:

- The post-tender increase in construction costs is a result of trades being unable to meet preliminary value engineering estimates. For example, the mass timber trade was not able to meet the expected value engineering amount of \$800k and instead was able to reduce the tender amount through alternates by \$400k.
- The construction management fee is calculated as 1.9% of the total construction cost per Eastern Construction's successful CM proposal.
- The construction contingency is calculated at 5% of total construction cost, excluding the construction management fee.
- Project management costs were reduced to avoid task duplication between the third-party project management consultant, JLL, and TRCA project management staff.

101 Exchange Avenue

Given the delay to the occupancy of the new building staff continue to engage with the facilities manager of 101 Exchange Avenue. Staff are also aware that the development of the Vaughan Metropolitan Centre is moving forward that the existing cinema complex will be demolished in the coming year to make way for a new mixed-use neighbourhood being developed by QuadReal. Staff will ensure users are aware of the development and are prepared for increasing limitations to access around 101 Exchange.

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Design and Sustainability

The project continues to meet the highest standards in sustainability and design:

- LEED Platinum
- WELL Silver
- Zero Carbon Certification
- Toronto Green Standards Level 2 minimum

The project design team led by ZAS Architects and Bucholz McEvoy Architects in joint venture have produced a truly innovative building that is both technically innovative and aesthetically sophisticated. Despite the challenges of schedule, budget and approvals the project is meeting the original goals enumerated in the concept design process in 2016:

- Architecture to respond to ravine context, mission of TRCA
- Adaptability, durability, flexibility critical aspects of design
- Physical and visual connection to nature important
- Sustainable design to be demonstrated throughout
- Architecture to facilitate internal collaboration, and allow open welcoming interface with public
- Ground floor uses to be public in nature
- Upper office floors to be interconnected visually and physically to encourage daily physical activity
- Workspace design to adhere to current best-practices while accommodating a range of working styles (open office, private rooms, meeting rooms and lounge areas)

Features that the design team have brought to the project include:

- Passive heating and cooling through a double layer of glass and operable windows
- Four “Waterwalls” delivering tempered air through a raised floor plenum
- Two large atria spaces delivering natural light to interior spaces and fresh air
- Ceiling mounted radiant hydronic panels efficiently providing additional heating and cooling
- Exterior window blind system to dramatically reduce solar gain and therefore the need for costly air conditioning
- A landscape and stormwater management design that dramatically reduces water egress from the site adjacent to a ravine.

Geo-Exchange System

The project team has pursued the development of an open loop geo-exchange system and have completed the Phase I Feasibility Study and are in the process of completing the Phase II Detailed Study and Environmental Compliance Application. The test wells have been installed with a final water flow test to be completed the week of November 23rd. Preliminary results are positive and the team is increasingly confident an open loop geo-exchange system utilizing water from the appropriate aquifer will be successful thereby making the building significantly more efficient. Further, an application to FCM’s Green Municipal Fund (GMF) was submitted by Bernie McIntyre, Senior Manager, Corporate Sustainability and Community Transformation to assist with the upfront costs to implement the design process for the open-loop system. The grant application was successful and the GMF is contributing \$175,000 to this innovative part of the project.

Communications

In April 2020 TRCA submitted an expression of interest to participate in the World Green Building Council and BBC Storyworks Series – Building a Better Future. The series explores the

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profound effect buildings have on the quality of people's lives and the role the green buildings movement can play in tackling the climate emergency. To achieve this, the series invited organizations to share stories about what they do. The intention of the series was to look at case studies and projects occurring within organisations that translate rhetoric into action. By shining a light on the most interesting examples of best practice from across the sector, the series hopes to increase awareness and understanding, and drive change in the ways in which buildings are designed, built and operated. BBC StoryWorks is the producer of the series of short documentary films in partnership with selected organisations, capturing work from the six stages of the building lifecycle, Produce, Design, Build, Use, Deconstruct and Reuse, in a compelling and visually engaging way.

TRCA's submission to the series was successful as the selection committee felt TRCA's overall work in the larger community in combination with the new administration building would be a compelling story. Over the course of the summer and fall, staff worked closely with the BBC production team to produce a short film that tells the story of the work that TRCA does within the watersheds of the GTA with particular focus on the new administration building and showcase the use of mass timber as a way of making building more sustainable. The documentary is now completed and will be launched as part of the Building a Better Future event. The series went live on November 18, 2020. The series is being promoted across several social media sites such as Twitter, LinkedIn and Facebook as well as [the series own site website](#). The documentary is also viewable on the BBC website. The series has been sent to over 2,000 members and supporters of the World Green Building Council.

Relationship to Building the Living City, the TRCA 2013-2022 Strategic Plan

This report supports the following strategy set forth in the TRCA 2013-2022 Strategic Plan:
Strategy 7 – Build partnerships and new business models

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Attachments: 2

Attachment 1: New Administration Building – Imagery

Attachment 2: BBC Global News & WGBC – Series Summary - TRCA