

Section I – Items for Board of Directors Action

TO: Chair and Members of the Board of Directors
Friday, January 29, 2021 Meeting

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **NEW ADMINISTRATION OFFICE BUILDING PROJECT UPDATE**
Project Update on Current COVID-19 regulations and Lease Extension at 101 Exchange Avenue

KEY ISSUE

An update on New Administration Office Building Project status relating to COVID-19 Provincial Regulations and a lease extension at 101 Exchange Avenue to align with the construction schedule for the Project.

RECOMMENDATION

WHEREAS Board of Directors Resolution #A232/19 authorized staff to extend the lease at 101 Exchange Avenue to February 2022 at the current lease rate and ensure overlap with the New Administration Building project occupancy period;

AND WHEREAS Board of Directors Resolution #A193/20 stated that schedule delays have resulted in a revised occupancy period into the summer of 2022;

THEREFORE, LET IT BE RESOLVED THAT due to COVID-19 and municipal approval delays, that staff be authorized to extend the lease at 101 Exchange Avenue to December 2022 at the current lease rate and ensure overlap with the New Administration Office Building occupancy period.

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 Friday July 26, 2019 Board of Directors Res.#A145/19 staff provided an update on the budget for TRCA's Administrative Office Building project and were directed to award contracts based on the approval of the budget upper limit being increased from \$60,000,000 to \$65,538,000 which reflected the available sources of funding from stakeholders. This increase reflected that the project had qualified for a \$2,000,000 grant from NRCan.

On Friday January 24, 2020 Board Meeting Res.#A232/19 authorized staff to extend the lease at 101 Exchange Avenue at the existing lease rate to February 2022 because of approval delays moving the building occupancy period to Nov. 2021/Jan. 2022.

Item 7.2

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

On November 20, 2020 RES.#A193/20 received an update on the schedule and construction progress of the New Administrative Office Building. The building occupancy period has moved to June 2022 as a result of approval and construction delays.

RATIONALE

On January 12, 2021 the Ontario Provincial Government issued Ontario Regulation 10/21 amending the Reopening Ontario (A Flexible Response to COVID-19) Act, 2020. O. Reg. 82/20 The 10/21 amendment included Part 43. Construction which made provisions for certain construction projects to be exempt from closure. The January 15, 2021 consolidation of Ontario Regulation 82/20 amendments clarified the exemptions. Staff understand the New Administration Office Building project is exempt from closure under the following clause:

43. Construction activities or projects and related services, including land surveying and demolition services, that:

- (I) are funded in whole or in part by,*
 - (i) the Crown in right of Canada or in right of Ontario,*
 - (ii) an agency of the Crown in right of Canada or in right of Ontario, or*
 - (iii) a municipality;*

Municipal approval delays due to Tennis Canada agreement negotiations combined with construction delays, including those related to the COVID-19 pandemic have moved the building occupancy period to the summer of 2022. Due to this delay, TRCA staff are requesting authorization to finalize a lease extension with the Landlord of 101 Exchange Avenue, QuadReal. Staff have been discussing with the landlord a second lease extension at 101 Exchange from the first extension of February 2022 to the end of December 2022 at the current lease rate and the landlord is amenable to an extension with the same terms and conditions. Quadreal has also suggested that if necessary, an extension to December 2023 would be available. While the lease will be extended to December 2022 the lease has a 30-day cancellation clause allowing TRCA to move into the new administration building when available without incurring a lease cancellation penalty. It should be noted that the lease extension is cost neutral to the project because the operating costs of the new administration building are anticipated to be approximately equal to the lease cost at 101 Exchange Avenue. Staff will continue to work with the facilities manager of 101 Exchange Avenue to ensure a smooth transition.

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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