

Section III – Items for the Information of the Board

TO: Chair and Members of the Board of Directors
Friday, February 26, 2021 Meeting

FROM: Michael Tolensky, Chief Financial and Operating Officer

**RE: TORONTO AND REGION CONSERVATION AUTHORITY'S NEW
ADMINISTRATIVE OFFICE BUILDING PROJECT**

KEY ISSUE

Project presentation to the Board of Directors regarding the design for the New Administration Office Building Project.

RECOMMENDATION

IT IS RECOMMENDED THAT this staff 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 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.

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 due to a combination of approval and construction delays.

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RATIONALE

Schedule Update

Since March 2020, the Construction Manager (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	July 22, 2022

Construction Progress

Footings and backfilling are complete. The mechanical room has been completed with the mechanical installation progressing. Mass timber is planned erection to begin this spring.

Budget

An explanation for the amounts below is provided below:

	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	\$42,032,849	\$1,087,581	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	\$2,393,279	\$51,659	C
Total Construction Costs	\$45,250,472	\$47,590,000	\$50,408,761	\$51,562,555	\$1,153,794	
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	\$65,282,812	\$895,475	
Total Available Funds	\$60,000,000	\$63,538,000	\$65,765,900	\$65,765,900	\$ -	E

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Additional Contingency Funds	\$ -	\$1,198,472	\$1,150,663	\$483,088	(\$667,565)	
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Variance Explanations:

- A. 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 meet the expected value engineering amount of \$800k and instead was able to reduce the tender amount through alternates by \$400k.
- B. The construction management fee is calculated as 1.9% of the total construction cost per Eastern Construction's successful CM proposal.
- C. The construction contingency is calculated at 5% of total construction cost, excluding the construction management fee.
- D. Project management costs were reduced to avoid task duplication between the third-party project management consultant, JLL, and TRCA project management staff.
- E. Total funds available includes \$60M from TRCA's partner municipalities, \$3.538M in Provincial land disposition funds, \$2.053M from the Federal Government (NRCan) and a new grant of \$175k TRCA staff were successful in receiving from FCM to assist with the costs associated with the move to an open loop geo-exchange system from a closed loop system.

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

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- 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.

Staff were requested to provide a presentation of the new administration office building project to provide the Board with a summary of the building design. The New Administration Office Building Project Animation video is available on the TRCA [webpage](#) dedicated to the project.

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

This report supports the following strategies set forth in the TRCA 2013-2022 Strategic Plan:

Strategy 1 – Green the Toronto region's economy

Strategy 7 – Build partnerships and new business models

Strategy 10 – Accelerate innovation

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