

From: Tony Prevedel
Chief Administrative Officer

Subject: Comparison of Cost Estimates for Pickering City Centre
- Appraisal of Land Exchange related to Pickering City Centre
- File: A-1440-001

Recommendation:

1. That the attached report entitled Comparison of Cost Estimates for Pickering City Centre, prepared by Independent Project Managers, be received for information;
 2. That the attached Appraisal Reports prepared by D. Bottero & Associates Limited be received for information;
 3. That staff be directed to continue detailed discussions with Cushman & Wakefield and OPB Realty Inc. toward finalizing the construction cost estimates and final Memorandum of Understanding; and
 4. That staff bring forward a staffing implementation plan for the City Centre project during the 2020 budget process.
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Executive Summary: The attached two reports are intended to validate both the construction cost estimates related to the Pickering City Centre project and the fairness of the land exchange between the City of Pickering and OPB Realty Inc. ("OPB").

In summary, the cost comparison report prepared by an independent third party does not raise any serious issues, and provides some recommendations to help inform future negotiations.

As well, the Appraisal Reports clearly indicate that the land exchange benefits the City of Pickering and that no bonusing is involved.

Financial Implications: There are no direct financial implications related to this report. Please refer to Report FIN 15-19 for the business case and financial strategy (Attachment No. 1).

Discussion:

1. Cost Comparison

As part of the process of developing a business case and long-term financial plan for the City Centre project, and prior to presenting this business case to the July 22, 2019 Special Meeting of

Council, staff reached out to Independent Project Managers (IPM) to review the estimates provided by Cushman & Wakefield and the draft Memorandum of Understanding (MOU) in an effort to obtain an independent peer review. The purpose of this peer review was to ensure the City of Pickering was receiving fair value for contracted works related to the construction of three public buildings and one layer of underground parking under a single source scenario.

IPM's review of the construction cost estimates differ by approximately 2 per cent when compared to the Cushman & Wakefield estimates. In the context of the total project, this is not considered to be a significant variance, and staff will utilize this comparison to drill down deeper prior to finalizing the cost estimates for the various contracts. To alleviate any concerns related to subsurface soil conditions, a separate memo with attached soil reports was sent to Council on September 16th confirming the suitability of the existing soil conditions.

IPM has also provided some input with respect to the draft MOU, and these comments will be taken into consideration as we finalize the MOU.

IPM has also suggested providing a contingency amount to the construction estimates. This is normally done by staff prior to a final contract award.

The IPM report recommends that the City consider engaging an outside consultant to perform the following tasks: project management, contract administration and or cost specialist. However, the need for these additional staffing resources will be dependent upon the final terms of the MOU.

2. Appraisal

A key element of the MOU is the land exchange between the City and OPB. The MOU contemplates that the City will transfer fee simple title in the South Esplanade block to OPB in exchange for a combination of title and long term leases sufficient to accommodate the City's new Library, Performing Arts Center, Seniors & Youth Center and underground parking, all as described in Report CAO 07-19. The Director, Corporate Services & City Solicitor retained the services of D. Bottero & Associates Limited to obtain certified property appraisals of the South Esplanade block and of the real estate interests to be conveyed to the City. The purpose of the appraisals was to ensure that the City gets fair value for the real estate it is contributing.

The MOU originally contemplated that OPB would convey strata parcels (air rights) to the City to accommodate the City's new facilities, together with a 99 year lease of one level (350 parking spaces) in OPB's new underground parking structure. The use of air rights is appropriate, given that the City facilities were to be located on top of a new underground parking structure which would remain in the ownership of OPB. Air rights would enable OPB to remain the owner of the underground parking structure, while the City owns the facilities located above. Because the City would be transferring fee simple title in the South Esplanade block to OPB, and because fee simple real estate interests have a higher value than air rights, the appraisals identified a gap in value between the City's lands and OPB's lands. ("Fee simple" is the most complete form of land ownership. "Air rights" are a form of land ownership in which title is limited in terms of height and/or depth.) The City's South Esplanade block was valued at \$7,925,000, while the real estate interests to be conveyed to the City were valued at \$3,470,000. In order to bridge this gap, and to

ensure that the City was getting appropriate consideration for its South Esplanade block, City staff have negotiated changes to the MOU. In addition to the real estate rights originally set out in the MOU, the City will now receive: (a) a 99 year lease of the 2500 m² public square space adjacent to the new City facilities; (b) an additional 5000 ft.² of storage space to be added to the City's 99 year lease of underground parking; and (c) conversion of the City's title to the new Performing Arts Center from a strata parcel (air rights) to fee simple title. City staff obtained further input from D. Bottero & Associates Limited on the impact of these changes to the MOU. The result of these changes will be to increase the value of the real estate interests being transferred to the City from \$3,470,000 to \$7,728,365. This brings the value of the lands being given to the City to within \$196,635 of the appraised value of the City's South Esplanade block. However, since the south block will now incorporate a 14.5 m road allowance and an 8 m wide pedestrian walkway to accommodate the CAPREIT lands to the south, the City's lands to be conveyed will be reduced by 0.217 acres. This reduces the value of the City's South Esplanade block to \$7,165,500. The result is that the City will be receiving real estate worth \$562,865 more than the land it is contributing.

Attachment No. 2 is a report letter from D. Bottero & Associates Limited dated September 11, 2019 which describes the financial impact of the changes to the MOU. Attachment No. 3 is the Summary of Salient Facts and Conclusions of the Appraisal Report dated August 16, 2019 for the South Esplanade block. Attachment No. 4 is the Summary of Salient Facts and Conclusions of the Appraisal Report dated August 16, 2019 for the real estate interests being conveyed to the City. Complete copies of the Appraisal Reports are available upon request from the Office of the Chief Administrative Officer.

Attachments:

1. IPM Cost Comparison Report
 2. Report letter from D. Bottero & Associates Limited dated September 11, 2019
 3. Appraisal Report dated August 16, 2019 for South Esplanade block, Summary of Salient Facts and Conclusions
 4. Appraisal Report dated August 16, 2019 for the real estate interests being conveyed by the City
 5. Report FIN 15-19 Civic Centre Project & Multi-Year Level Financial Analysis
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TP:kg

Recommended for the consideration
of Pickering City Council



Sept. 16, 2019

Tony Prevedel, P.Eng.
Chief Administrative Officer

Comparison of Cost Estimates for *Pickering City Centre*

Final Report

August 27, 2019

Project No. 19007



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1. Executive Summary

Following this summary, you will find a comparison of cost estimate details for all three (3) proposed buildings and the parking structure together with comments regarding the Memorandum of Understanding and a Potential Risk Assessment Summary.

While the following comments address issues related to each building and structure, each have a common theme with regards to clarity of the intent of the Memorandum of Understanding.

In summary:

1. The Memorandum of Understanding, although non-binding does contain some items that we consider could be financially challenging to the City of Pickering moving forward. These items are detailed in Section 3. Generally, the issues require clarification and some negotiation. The intent of the Memorandum of Understanding would benefit from a “definitions” section so as to provide a better understanding of the roles, contract types and related fees. An organization chart would also provide clarity.
2. Section 2 of this report addresses the comparison between the Cushman Wakefield submission of cost estimates (provided by PCL Construction Canada Inc.) and those prepared by Altus Group as part of this submission. Generally the comparisons are as follows:

	CUSHMAN WAKEFIELD	ALTUS GROUP
Library*	\$30,372,529	\$32,364,233
Seniors & Youth Centre**	\$23,416,500	\$26,311,668
Performing Arts Centre	\$41,267,774	\$39,139,275
Parking Structure	\$20,878,723	\$22,748,290
Bridge Link	\$5,282,327	\$3,400,327
City Lands Landscaping***	\$7,123,893	\$7,123,893
Total (Excl. HST)	\$128,341,746	\$131,087,686

* There is a potential for a higher cost up to \$4,000,000 (as reflected in the Altus Group budget attached) for enhanced materials or equipment as suggested by the City's Facilities Section. A business case will have to be prepared to determine if the higher level material cost will result in a lower operating cost.



Comparison of Cost Estimates for *Pickering City Centre*



- ** There is a potential for a higher cost up to \$2,900,000 (as reflected in the Altus Group budget attached) for enhanced materials or equipment as suggested by the City's Facilities Section. A business case will have to be undertaken to determine if the higher level material cost will result in a future lower operating cost.
 - *** There is a risk that the landscaping costs could be higher unless there is an adjustment to material selected and or final design.
- The attached cost comparison reports as prepared by the Altus Group detail the anticipated project costs.
 - The Potential Risk Assessment Summary contained in Section 4, outlines the perceived risk factors.
 - Generally, the risks identified to-date are due to a lack of design information that should be addressed when the project moves into the detailed design phase which should also address the method of delivery for the project.

Depending upon the construction contract terms, there may be a need for additional budgeted costs as follows:

Overall Construction Contingency	\$ 5,626,400.00
Project Management, Contract Administration & Cost Control (4 year duration)	\$ 3,877,500.00

It should be noted that this project is complex in nature. Strict control of design will be required to adhere to the budget. It is our understanding that Contracts and Change Orders will need to be issued to each of the projects individually to enable the various funding arrangements to be accurate.





2. Cost Comparison

For a detailed comparison of the estimated costs, refer to Altus Group's Elemental Cost Summary Order of Magnitude (Class D) Estimate and Peer Review Summary attached herein.

Scope of the Peer Review

This assignment includes a peer review of the budget estimates provided in the Pickering Town Centre Budget package report prepared by Cushman Wakefield (C+W) dated May 23, 2019. The C+W report includes a summary of the budgets for the following six development components of the Pickering Town Centre redevelopment:

1. Seniors and Youth Centre (S&Y Centre)
2. Library Addition including a Roof Terrace/Patio
3. Arts Centre (including Multi-Purpose space)
4. Bridge Link (between the Library and the S&Y Centre)
5. Below Grade Parking Structure (allocation of 350 parking stalls)
6. Site Development (City Centre site only)

The C+W report includes an estimate of the hard construction costs, the soft costs (consultants design and engineering fees, etc, permit and development costs, C+W administration fees, and an allocation of marketing expenses. The C+W estimates exclude the harmonized sales tax (HST).

The total project costs for the overall development shown in the C+W report the Pickering Town Centre components is \$128,341,800 (rounded) excluding HST.

Gross Floor Area Summary

As the initial step in the peer review process, we have confirmed the gross floor areas for the various development components in the Pickering Town Centre scope are close to the areas measured from the schematic floor and site plans provided in the C+W reports.



Comparison of Cost Estimates for *Pickering City Centre*



Summarized below are the Gross Floor Areas for the Pickering Town Centre components:

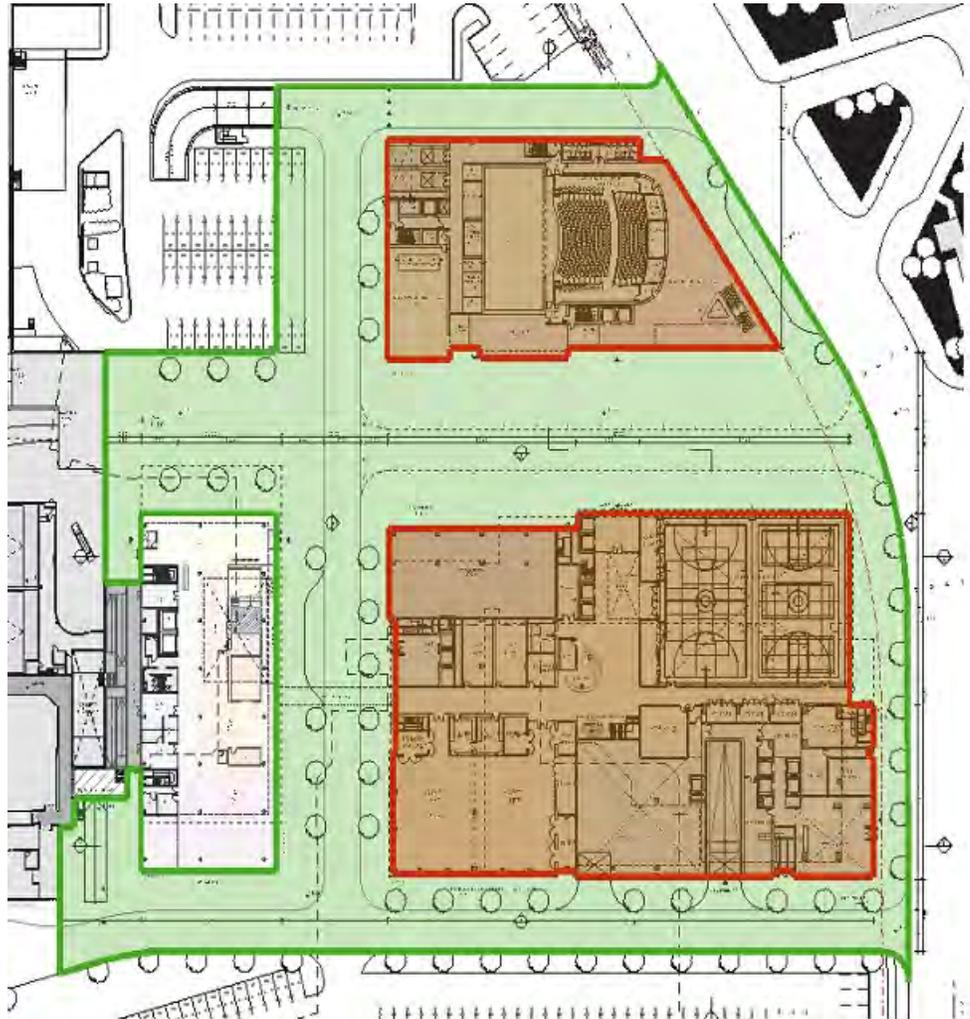
AREA	C+W GFA (m ²)	ALTUS GROUP GFA (m ²)	VARIANCE
Seniors & Youth Centre			
Ground Floor	3344	3361	-17
Level 2	2549	2573	-24
Subtotal	5893	5934	-41
Library			
Ground Floor	1506	1531	-25
Level 2	942	970	-28
Level 3	1409	1437	-28
Level 4	321	391	-70
Subtotal	4178	4329	-151
Performing Arts Centre			
Ground Floor & Level 2	3624	3637	-13
Subtotal	3624	3637	-13
Bridge Link			
Level 2		120	
Subtotal		120	
Site Development			
Ground Level		10030	
Subtotal		10030	
TOTAL	13695	24050	





Site Area Graphic

City Centre Site Area = 10,030 m² (107,963 SF) net of the building footprint areas





Project Contingencies

Depending on the type of contract executed for the procurement of the project, the hard construction contingency could fall into the overall Total Project in the case of a guaranteed maximum upset stipulated sum where the contractor takes the risk for potential cost increases during the construction phase. In other words, a fixed price contract would reduce the contingencies being carried.

The budgets included in the C+W report include the following contingencies:

1. Hard Construction Contingency of 10%
2. Soft Cost - Design Consultant Contingency of 5% (approximately)

In our opinion, the contingencies are dependent upon the terms of the negotiated contract that will determine the level of contingency risk. Depending upon the terms of the negotiated contract there may be a risk that the C + W budgets, do not include any consideration for escalation from the time of the estimates through to start of construction or the potential escalation during the construction stage.

The Altus Group peer review introduces a design and pricing contingency and an escalation contingency. Both contingencies are based on a percentage of the estimated hard construction costs. As a minimum, we have recommended a design and pricing contingency of 10% and an escalation contingency of 8%. The assumed timeframes related to the escalation calculations are summarized below:

Design Start - Summer 2019

Start of Construction - July 2020

Targeted Completion Date (as per the C+W Memorandum of Understanding) - July 2023

Construction Duration - 36 months

Escalation Duration - July 2019 to July 2021 = 2 years

Escalation Rate - 4% per annum x 2 years = 8% (straight-line calculation)

In addition to the design and pricing and escalation contingency, the Altus peer review continues to show a construction contingency. This contingency is meant to cover the potential cost increases during the construction stage of the projects. This contingency would also be used to cover potential risks for the City of Pickering.



Comparison of Cost Estimates for *Pickering City Centre*



For reporting purposes, the Altus peer review shows the design and pricing contingency and the escalation in the estimate totals that relate directly to the budgets prepared by C+W. The design and pricing contingency is meant to be consumed during the design stage. The escalation contingency would be consumed in the time required to complete the pre-construction stage including an allowance for the potential escalation during the construction stage. Both contingencies would be under the control of the C+W team.

The construction contingency has been pulled out of the budget totals directly related to the C+W budgets and shown separately. This contingency is meant to cover cost increases during the construction phase of each project. This contingency would normally be under the control of the Owner (City of Pickering) and held outside the hard construction budget under the control of the C+W team.

Proposed Project Schedule

For review purposes, we have assumed the earliest construction could start would be July 2020, which provides approximately 11 to 12 months to complete the pre-construction stages and obtain all the approvals required to begin construction. If construction could begin in July 2020, and the anticipated date for completion is accepted as August 21, 2023, this leaves a 36 month duration for the construction phase.

Project Management & Cost Control

We recommend the City consider commissioning an independent Project Manager to manage and administer the project development on behalf of the City. The PM would also provide an element of peer review on the project budget, constructability, risk management, schedule review and monitoring of the construction process.

In addition to the PM services, we are recommending the City consider commissioning a cost consultant to monitor the construction costs, provide risk management and review any changes in the scope of work during the construction phase. The cost consultant could also provide monthly project monitoring services with the review and recommendation for payments to C+W and the contractors.





Benchmarks - Hard Construction Costs

The hard construction budgets in the C+W report for the Seniors & Youth Centre and the Library are based on detailed estimates from PCL Construction. The C+W budget for the Arts Centre is based on a benchmark average cost per SF (as a range) provided by Tuner & Townsend Cost Consultants. For the purposes of the C+W budget, the upper end of the range at \$650/SF was used in development of the budget for the Art Centre building.

In an effort to check the C+W budget, Altus developed an independent Order of Magnitude Estimate in the elemental format for the Art Centre building based on the preliminary schematic design drawings. Altus has measured the basic elemental quantities from the drawings (including the building cladding area) and applied benchmark historical elemental costs to develop a complete elemental estimate for the Art Centre building.

Based on the independent elemental analysis, the average cost per square foot for the Art Centre works out to \$696 per SF based on a gross floor area of 39,138 SF (3637 m²) measured from the schematic drawings. The gross floor area being shown in C+W report for the Arts Centre is lower at 36,152 SF (3359 m²). A difference of about 2,986 SF (278 m²). Altus used the higher gross floor area for the elemental analysis to confirm the C+W budget.

Historical cost data for the hard construction costs for the other two building types in the Pickering Town Centre development are summarized below:

- Seniors & Youth Centres - range from \$285/SF to \$450/SF
- Library Additions - range from \$325/SF to \$550/SF
- Arts Centre - range for \$450/SF up to \$1,000 per SF or higher

All of the buildings in the Pickering Town Centre development fall within the historical cost ranges for these building types.

Project Soft Costs - Design Consultant Fees

The C+W budgets for each building include a summary of the project soft costs for design consultants. In most cases, the soft cost budgets are supported by a detailed breakdown of these costs. We find the budgets for soft costs being carried in the C+W report to be fair and reasonable. These budgets range from 5% to 11% of the hard construction costs depending on the building type and fall within the expected range for these costs.





Peer Review Recommendations

The following is a list of recommendations based on the Altus Group peer review:

1. Depending upon the terms of the fixed price contract, there may be the need for the City to carry a hard construction contingency in the overall project costs.
2. We recommend the City request additional back up for the budget being shown by C+W for the library roof terrace/patio and the Bridge Link. The budget for both of these elements of the project requires more substantiation.
3. We find the budgets being allocated to the City for the below grade parking stalls at an average of \$55,161 per stall to be reasonable for below grade parking.
4. We recommend the City request the developer to provide a comprehensive project schedule demonstrating the proposed project milestones can be achieved for each component of the development.
5. We recommend the City consider developing a more comprehensive development contract for each component of the project including the roles and responsibilities in the contractual relationships between the primary parties (C+W, PCL, consultants and the subcontractors and the City of Pickering).
6. We recommend the City of Pickering engage the services of a Project Manager and a Cost Consultant to administer the complex contracts in order to keep control of the design, cost and schedule.

Qualifications and Exclusions

1. The numbers in the peer review report exclude the City's portion of the HST.
2. The peer review excludes any evaluation or appraisal of land involved in the City Centre Development.
3. Real estate fees and land transfer taxes.



Pickering Town Centre - Peer Review Summary

Scope Description	Senior's & Youth Centre			Library Addition			Arts Centre			City Parking Stalls			Bridge Link			City Lands Landscaping			Project Totals		
	C+W Budget	Altus Group	Variance	C+W Budget	Altus Group	Variance	C+W Budget	Altus Group	Variance	C+W Budget	Altus Group	Variance	C+W Budget	Altus Group	Variance	C+W Budget	Altus Group	Variance	C+W Budget	Altus Group	Variance
1 Hard Construction	\$18,562,931	\$21,458,100	\$2,895,169	\$23,665,875	\$27,262,647	\$3,596,772	\$32,186,726	\$25,985,855	(\$6,200,871)	\$19,306,268	\$17,551,153	(\$1,755,115)	\$4,950,000	\$2,600,000	(\$2,350,000)	\$6,445,997	\$5,859,997	(\$586,000)	\$102,326,682	\$100,717,752	(\$1,608,930)
1.2 Hard Construction Contingencies	\$1,841,293	\$4,762,863	\$2,921,570	\$2,351,588	\$4,880,276	\$2,528,688	\$3,203,673	\$7,275,968	\$4,072,295	inc. above	\$3,510,231	\$3,510,231	inc. above	\$586,000	\$586,000	inc. above	\$586,000	\$586,000	\$10,187,668	\$21,483,338	\$21,483,338
Total - Hard Construction	\$20,404,224	\$26,220,963	\$5,816,739	\$26,017,463	\$32,009,168	\$5,991,705	\$35,390,399	\$33,261,800	(\$2,128,599)	\$19,306,268	\$21,061,384	\$1,755,116	\$4,950,000	\$3,068,000	(\$1,882,000)	\$6,445,997	\$6,445,997	\$0	\$112,514,350	\$122,067,311	\$9,552,961
2 Soft Costs																					
2.1 Design Consultants	\$1,615,871	\$1,615,871	\$0	\$2,659,120	\$2,659,119	-\$1	\$3,712,255	\$3,712,256	\$1	\$399,568	\$514,018	\$114,450	\$66,150	\$66,150	\$0	\$246,078	\$246,078	\$0	\$8,699,042	\$8,813,492	\$114,450
2.2 Legal & Administration	\$1,361,404	\$1,361,404	\$0	\$1,660,946	\$1,660,946	\$0	\$2,130,119	\$2,130,119	\$0	\$1,172,888	\$1,172,888	\$0	\$266,177	\$266,177	\$0	\$431,818	\$431,818	\$0	\$7,023,353	\$7,023,352	-\$1
2.3 Marketing & Leasing	\$35,000	\$35,000	\$0	\$35,000	\$35,000	\$0	\$35,000	\$35,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$105,000	\$105,000	\$0
Total - Soft Costs	\$3,012,275	\$3,012,275	\$0	\$4,355,066	\$4,355,065	-\$1	\$5,877,374	\$5,877,375	\$1	\$1,572,456	\$1,686,906	\$114,450	\$332,327	\$332,327	\$0	\$677,896	\$677,896	\$0	\$15,827,395	\$15,941,844	\$114,449
Project Total (exc. HST)	\$23,416,500	\$29,233,238	\$5,816,738	\$30,372,529	\$36,364,233	\$5,991,704	\$41,267,774	\$39,139,275	-\$2,128,499	\$20,878,723	\$22,748,290	\$1,869,567	\$5,282,327	\$3,400,327	(\$1,882,000)	\$7,123,893	\$7,123,893	\$0	\$128,341,745	\$138,009,300	\$9,667,555
3 Project Contingency (administered by the City of Pickering)																					
3.1 Hard Construction Contingency		\$2,130,810	\$2,130,810		\$2,544,070	\$2,544,070			Inc. above					\$306,800	\$0		\$0	\$0		\$4,981,700	\$4,981,700
Peer Review & Compliance Services																					
3.2 Peer Review and Compliance		\$1,006,592	\$1,006,592		\$1,228,795	\$1,228,795			\$1,276,882	\$1,276,882				\$117,777	\$117,777		\$247,454	\$247,454		\$3,877,500	\$3,877,500
Total Project Budget	\$23,416,500	\$32,370,600	\$8,954,100	\$30,372,529	\$40,137,100	\$9,764,600	\$41,267,800	\$40,416,200	-\$851,600	\$20,878,723	\$22,748,300	\$1,869,600	\$5,282,327	\$3,824,904	(\$1,457,400)	\$7,123,893	\$7,371,300	\$247,400	\$128,341,700	\$146,868,500	\$18,526,800

Notes:

1 The above amounts exclude the City's portion of the Harmonized Sales Tax (HST).

Pickering Town Centre - Peer Review Summary

Item		PROJECT TOTALS		
		C+W Project Total	Altus Group	Variance
Above Grade Gross Building Area		160,285 sf		
Share of P1 Gross Building Area		152,579 sf		
CONSTRUCTION				
Demolition		\$671,947		
Building (New: Substructure - Foundation / Parking)		\$17,551,153		
Building (New: Superstructure - Core / Shell) + Fitout		\$71,497,986		
Onsite Improvements/Infrastructure		\$4,964,997		
FFE		\$7,190,600		
Construction Cost Sub Total		\$101,876,682	\$100,267,752	-\$1,608,930
CONSTRUCTION - ANCILLARY				
Insurance		\$0		
Bonding		\$0		
Service Connections		\$450,000		
Testing & Inspections - Hazmat		\$0		
Testing & Inspections - Civil/Sitework		\$0		
Construction Ancillary Cost Sub Total		\$450,000	\$450,000	\$0
CONTINGENCY				
Design & Pricing Contingency - Altus Group	10%		\$11,368,178	\$11,368,178
Escalation Contingency - Altus Group	8%		\$7,516,600	
Hard Cost Contingency - PCL	10.0%	\$10,187,668	\$2,598,560	(\$7,589,108)
SUBTOTAL - CONTINGENCIES		\$10,187,668	\$21,483,338	\$3,779,070
TOTAL HARD COSTS				
Total Hard Costs		\$112,514,350	\$122,067,311	\$9,552,961
DESIGN CONSULTANTS				
Architecture and Interior Design		\$5,054,497		
Mechanical Engineer		\$457,300		
Electrical Engineer		\$387,300		
IT/Communications		\$40,860		
Security		\$41,190		
Audio Visual		\$36,060		
Lighting		\$48,190		
Structural		\$795,000		
Wind/Noise/Vibration		\$7,690		
Code/Fire/Life Safety		\$24,700		
Theatre Design		\$161,271		
Building Envelope		\$58,000		
Acoustics		\$141,100		
Landscape		\$0		
Vertical Transportation		\$14,300		
Library Planning		\$53,330		
Testing and Inspection		\$175,000		
Surveying		\$300,000		
Specifications Writer		\$94,500		
Disbursements		\$394,514		
Design Consultant Contingency		\$414,240		
Design and Consultants Cost Sub Total		\$8,699,042	\$8,813,492	\$114,450
LEGAL & ADMINISTRATIVE				
Development Management Fee		\$5,443,353		
Legal		\$200,000		
Insurance		\$160,000		
C&W Site Overhead		\$1,220,000		
Capitalized Vacant Land Tax		\$0		
Legal & Administrative Cost Sub Total		\$7,023,353	\$7,023,352	-\$1
MARKETING & LEASING				
Marketing		\$105,000		
Commissions- Manager		\$0		
Commissions - Listing Brokers		\$0		
Tenant Allowances (Retail/Institutional)		\$0		
Marketing & Leasing Cost Sub Total		\$105,000	\$105,000	\$0
HOLDBACK				
Holdback (10%)		-\$10,187,668		
Holdback Release		\$10,187,668		
PROJECT BUDGET (exc. taxes)		\$128,341,745	\$138,009,300	\$9,667,600
PROJECT CONTINGENCY				
Project Contingency - administered by the City of Pickering (based on Hard Construction Costs)	10.0%		\$4,981,700	\$4,981,700
PROJECT TOTAL - inc. Project Contingency (exc. taxes)			\$142,991,000	\$14,649,300
PEER REVIEW & COMPLIANCE (as a % of Hard Construction)				
Compliance consulting team for City of Pickering	0.0%		Excluded	
Project Management - peer review	2.21%		\$2,700,000	\$2,700,000
Cost consulting - peer review and project monitoring	0.68%		\$825,000	\$825,000
Contingency - Peer Review	10.0%		\$352,500	\$352,500
SUBTOTAL - PEER REVIEW & COMPLIANCE (exc. taxes)			\$3,877,500	\$3,877,500
TOTAL - inc. PEER REVIEW & COMPLIANCE (exc. taxes)		\$128,341,700	\$146,868,500	\$18,526,800

Checks

Check

Pickering Town Centre - Peer Review Summary

Item	SENIORS & YOUTH CENTRE			LIBRARY BUILDING							
	C+W S&Y Centre	Altus Recomm.	Variance	C+W Library Building	C+W Roof Patio	C+W Library Total	Altus Library Building	Altus Roof Patio	Combined	Variance	
Above Grade Gross Building Area	63,323 sf			44,783 sf	16,027 sf	60,810 sf					
Share of P1 Gross Building Area	3,671 sf			4,844 sf	-	4,844 sf					
CONSTRUCTION											
Demolition	\$0			\$492,591	\$179,356	\$671,947					
Building (New: Substructure - Foundation / Parking)	\$0			\$0	\$0	\$0					
Building (New: Superstructure - Core / Shell) + Fitout	\$17,812,931			\$16,178,714	\$5,665,215	\$21,843,929					
Onsite Improvements/Infrastructure	\$0			\$0	\$0	\$0					
FFE	\$600,000			\$950,000	\$5,000	\$1,000,000					
Construction Cost Sub Total	\$18,412,931	\$21,308,100	\$2,895,169	\$17,621,305	\$5,894,571	\$23,515,875	\$23,383,291	\$3,729,356	\$27,112,647	\$3,596,772	
CONSTRUCTION - ANCILLARY											
Insurance	\$0			\$0	\$0	\$0					
Bonding	\$0			\$0	\$0	\$0					
Service Connections	\$150,000			\$109,950	\$40,050	\$150,000					
Testing & Inspections - Hazmat	\$0			\$0	\$0	\$0					
Testing & Inspections - Civil/Sitework	\$0			\$0	\$0	\$0					
Construction Ancillary Cost Sub Total	\$150,000	\$150,000	\$0	\$109,950	\$40,050	\$150,000	\$109,950	\$40,050	\$150,000	\$0	
CONTINGENCY											
Design & Pricing Contingency - Altus Group	10%	\$0	\$3,106,215	\$3,106,215			\$2,338,329	\$372,936	\$2,711,265	\$2,711,265	
Escalation Contingency - Altus Group	8%	\$0	\$1,656,648	\$1,656,648			\$1,870,663	\$298,348	\$2,169,012	\$2,169,012	
Hard Cost Contingency - PCL	10.0%	\$1,841,293			\$1,762,130	\$589,457	\$2,351,588	\$0	\$0	(\$2,351,588)	
SUBTOTAL - CONTINGENCIES		\$1,841,293	\$4,762,863	\$4,762,863	\$1,762,130	\$589,457	\$2,351,588	\$4,208,992	\$671,284	\$4,880,276	\$2,528,688
TOTAL HARD COSTS											
Total Hard Costs		\$20,404,224	\$26,220,963	\$5,816,739	\$19,493,385	\$6,524,078	\$26,017,463	\$27,586,826	\$4,422,342	\$32,009,168	\$5,991,705
DESIGN CONSULTANTS											
Architecture and Interior Design	\$780,953			\$1,208,880	\$404,590	\$1,613,470					
Mechanical Engineer	\$211,600			\$86,687	\$29,013	\$115,700					
Electrical Engineer	\$118,800			\$76,423	\$25,577	\$102,000					
IT/Communications	\$1,023			\$11,988	\$4,012	\$16,000					
Security	\$14,190			\$11,988	\$4,012	\$16,000					
Audio Visual	\$10,560			\$11,239	\$3,761	\$15,000					
Lighting	\$14,190			\$14,985	\$5,015	\$20,000					
Structural	\$165,000			\$198,549	\$66,451	\$265,000					
Wind/Noise/Vibration	\$1,090			\$2,472	\$828	\$3,300					
Code/Fire/Life Safety	\$6,800			\$7,642	\$2,558	\$10,200					
Theatre Design	\$0			\$0	\$0	\$0					
Building Envelope	\$0			\$21,728	\$7,272	\$29,000					
Acoustics	\$7,700			\$18,356	\$6,144	\$24,500					
Landscape	\$0			\$0	\$0	\$0					
Vertical Transportation	\$2,400			\$1,798	\$602	\$2,400					
Library Planning	\$0			\$39,957	\$13,373	\$53,330					
Testing and Inspection	\$25,000			\$18,325	\$6,675	\$25,000					
Surveying	\$75,000			\$54,975	\$20,025	\$75,000					
Specifications Writer	\$18,500			\$19,480	\$6,520	\$26,000					
Disbursements	\$73,282			\$90,274	\$30,321	\$120,595					
Design Consultant Contingency	\$76,946			\$94,787	\$31,837	\$126,625					
Design and Consultants Cost Sub Total	\$1,615,871	\$1,615,871	\$0	\$1,990,534	\$668,585	\$2,659,120	\$1,990,534	\$668,585	\$2,659,119	-\$1	
LEGAL & ADMINISTRATIVE											
Development Management Fee	\$986,404			\$963,478	\$322,468	\$1,285,946					
Legal	\$50,000			\$36,650	\$13,350	\$50,000					
Insurance	\$25,000			\$18,325	\$6,675	\$25,000					
C&W Site Overhead	\$300,000			\$219,900	\$80,100	\$300,000					
Capitalized Vacant Land Tax	\$0			\$0	\$0	\$0					
Legal & Administrative Cost Sub Total	\$1,361,404	\$1,361,404	\$0	\$1,238,353	\$422,593	\$1,660,946	\$1,238,353	\$422,593	\$1,660,946	\$0	
MARKETING & LEASING											
Marketing	\$35,000			\$25,655	\$9,345	\$35,000					
Commissions- Manager	\$0			\$0	\$0	\$0					
Commissions - Listing Brokers	\$0			\$0	\$0	\$0					
Tenant Allowances (Retail/Institutional)	\$0			\$0	\$0	\$0					
Marketing & Leasing Cost Sub Total	\$35,000	\$35,000	\$0	\$25,655	\$9,345	\$35,000	\$25,655	\$9,345	\$35,000	\$0	
HOLDBACK											
Holdback (10%)	-\$1,841,293			-\$1,762,130	-\$589,457	-\$2,351,588					
Holdback Release	\$1,841,293			\$1,762,130	\$589,457	\$2,351,588					
PROJECT BUDGET (exc. taxes)	\$23,416,500	\$29,233,238	\$5,816,738	\$22,747,927	\$7,624,601	\$30,372,529	\$30,841,368	\$5,522,865	\$36,364,233	\$5,991,704	
PROJECT CONTINGENCY											
Project Contingency - administered by the City of Pickering (based on Hard Construction Costs)	10.0%		\$2,130,810	\$2,130,810			\$2,194,070	\$350,000	\$2,544,070	\$2,544,070	
PROJECT TOTAL - inc. Project Contingency (exc. taxes)			\$31,364,048	\$7,947,548			\$33,035,438	\$5,872,865	\$38,908,303	\$8,535,774	
PEER REVIEW & COMPLIANCE (as a % of Hard Construction)											
Compliance consulting team for City of Pickering	0.0%		Excluded				Excluded	Excluded			
Project Management - peer review	2.21%		\$700,915	\$700,915			\$855,640	Included	\$855,640	\$855,640	
Cost consulting - peer review and project monitoring	0.68%		\$214,169	\$214,169			\$261,446	Included	\$261,446	\$261,446	
Contingency - Peer Review	10.0%		\$91,508	\$91,508			\$111,709	Included	\$111,709	\$111,709	
SUBTOTAL - PEER REVIEW & COMPLIANCE (exc. taxes)			\$1,006,592	\$1,006,592			\$1,228,795	\$0	\$1,228,795	\$1,228,795	
TOTAL - inc. PEER REVIEW & COMPLIANCE (exc. taxes)		\$23,416,500	\$32,370,600	\$8,954,100	\$22,747,927	\$7,624,601	\$30,372,529	\$34,264,200	\$5,872,900	\$40,137,100	\$9,764,571
Checks			Checks	\$32,370,600	\$8,954,100		Checks	\$34,264,233	\$5,872,865	\$40,137,100	

Pickering Town Centre - Peer Review Summary

		ARTS CENTRE & MULTI-PURPOSE SPACE							
Item		C+W Arts Centre	C+W Classrooms and Multi-Purpose	C+W Arts Centre FFE	C+W Arts Centre Total	Arts Centre & Multi-Purpose	Arts Centre FF&E	Combined Total	Variance
Above Grade Gross Building Area		22,751 sf	13,401 sf	-	36,152 sf	39,138	Measured from Schematic Drawings		
Share of P1 Gross Building Area		2,852 sf	-	-	2,852 sf				
CONSTRUCTION									
Demolition		\$0	\$0	\$0	\$0				
Building (New: Substructure - Foundation / Parking)		\$0	\$0	\$0	\$0				
Building (New: Superstructure - Core / Shell) + Fitout		\$17,337,540	\$10,003,586	\$0	\$27,341,126	\$21,140,255		\$21,140,255	
Onsite Improvements/Infrastructure		\$0	\$0	\$0	\$0				
FFE		\$0	\$1,010,100	\$3,685,500	\$4,695,600		\$4,695,600	\$4,695,600	
Construction Cost Sub Total		\$17,337,540	\$11,013,686	\$3,685,500	\$32,036,726	\$21,140,255	\$4,695,600	\$25,835,855	(\$6,200,871)
CONSTRUCTION - ANCILLARY									
Insurance		\$0	\$0	\$0	\$0				
Bonding		\$0	\$0	\$0	\$0				
Service Connections		\$140,175	\$9,825	\$0	\$150,000	\$150,000		\$150,000	
Testing & Inspections - Hazmat		\$0	\$0	\$0	\$0				
Testing & Inspections - Civil/Sitework		\$0	\$0	\$0	\$0				
Construction Ancillary Cost Sub Total		\$140,175	\$9,825	\$0	\$150,000	\$150,000		\$150,000	\$0
CONTINGENCY									
Design & Pricing Contingency - Altus Group	10%					\$2,129,000	\$469,560	\$2,598,560	\$2,598,560
Escalation Contingency - Altus Group	8%					\$1,703,200	\$375,648	\$2,078,848	\$2,078,848
Hard Cost Contingency - PCL	10.0%	\$1,733,754	\$1,101,369	\$368,550	\$3,203,673	\$2,129,000	\$469,560	\$2,598,560	(\$605,113)
SUBTOTAL - CONTINGENCIES		\$1,733,754	\$1,101,369	\$368,550	\$3,203,673	\$5,961,200	\$1,314,768	\$7,275,968	\$4,072,295
TOTAL HARD COSTS									
Total Hard Costs		\$19,211,469	\$12,124,880	\$4,054,050	\$35,390,399	\$27,251,500	\$6,010,400	\$33,261,800	(\$2,128,599)
DESIGN CONSULTANTS									
Architecture and Interior Design		\$1,174,961	\$741,550	\$247,943	\$2,164,454				
Mechanical Engineer		\$79,699	\$50,301	\$0	\$130,000				
Electrical Engineer		\$102,077	\$64,423	\$0	\$166,500				
IT/Communications		\$6,744	\$4,256	\$0	\$11,000				
Security		\$6,744	\$4,256	\$0	\$11,000				
Audio Visual		\$6,437	\$4,063	\$0	\$10,500				
Lighting		\$8,583	\$5,417	\$0	\$14,000				
Structural		\$223,772	\$141,228	\$0	\$365,000				
Wind/Noise/Vibration		\$2,023	\$1,277	\$0	\$3,300				
Code/Fire/Life Safety		\$4,721	\$2,979	\$0	\$7,700				
Theatre Design		\$87,545	\$55,252	\$18,474	\$161,271				
Building Envelope		\$17,779	\$11,221	\$0	\$29,000				
Acoustics		\$66,764	\$42,136	\$0	\$108,900				
Landscape		\$0	\$0	\$0	\$0				
Vertical Transportation		\$5,824	\$3,676	\$0	\$9,500				
Library Planning		\$0	\$0	\$0	\$0				
Testing and Inspection		\$46,355	\$3,645	\$0	\$50,000				
Surveying		\$69,533	\$5,468	\$0	\$75,000				
Specifications Writer		\$30,654	\$19,346	\$0	\$50,000				
Disbursements		\$97,011	\$58,025	\$13,321	\$168,356				
Design Consultant Contingency		\$101,861	\$60,926	\$13,987	\$176,774				
Design and Consultants Cost Sub Total		\$2,139,086	\$1,279,445	\$293,725	\$3,712,255	\$3,418,531	\$293,725	\$3,712,256	\$1
LEGAL & ADMINISTRATIVE									
Development Management Fee		\$956,570	\$602,900	\$195,650	\$1,755,119				
Legal		\$46,725	\$3,275	\$0	\$50,000				
Insurance		\$23,363	\$1,638	\$0	\$25,000				
C&W Site Overhead		\$280,350	\$19,650	\$0	\$300,000				
Capitalized Vacant Land Tax		\$0	\$0	\$0	\$0				
Legal & Administrative Cost Sub Total		\$1,307,007	\$627,462	\$195,650	\$2,130,119	\$1,934,469	\$195,650	\$2,130,119	\$0
MARKETING & LEASING									
Marketing		\$32,708	\$2,293	\$0	\$35,000				
Commissions- Manager		\$0	\$0	\$0	\$0				
Commissions - Listing Brokers		\$0	\$0	\$0	\$0				
Tenant Allowances (Retail/Institutional)		\$0	\$0	\$0	\$0				
Marketing & Leasing Cost Sub Total		\$32,708	\$2,293	\$0	\$35,000	\$35,000	\$0	\$35,000	\$0
HOLDBACK									
Holdback (10%)		-\$1,733,754	-\$1,101,369	-\$368,550	-\$3,203,673				
Holdback Release		\$1,733,754	\$1,101,369	\$368,550	\$3,203,673				
PROJECT BUDGET (exc. taxes)		\$22,690,269	\$14,034,080	\$4,543,425	\$41,267,774	\$32,639,500	\$6,499,775	\$39,139,275	(\$2,128,499)
PROJECT CONTINGENCY									
Project Contingency - administered by the City of Pickering (based on Hard Construction Costs)	10.0%							<i>Hard Const. Contingency is included above</i>	
PROJECT TOTAL - inc. Project Contingency (exc. taxes)									
PEER REVIEW & COMPLIANCE (as a % of Hard Construction)									
Compliance consulting team for City of Pickering	0.0%						Excluded		
Project Management - peer review	2.21%					\$889,125	Included	\$889,125	\$889,125
Cost consulting - peer review and project monitoring	0.68%					\$271,677	Included	\$271,677	\$271,677
Contingency - Peer Review	10.0%					\$116,080	Included	\$116,080	\$116,080
SUBTOTAL - PEER REVIEW & COMPLIANCE (exc. taxes)						\$1,276,882	\$0	\$1,276,882	\$1,276,882
TOTAL - inc. PEER REVIEW & COMPLIANCE (exc. taxes)		\$22,690,300	\$14,034,100	\$4,543,400	\$41,267,800	\$33,916,400	\$6,499,800	\$40,416,200	-\$851,600

Checks

Check \$1,276,882

Check -\$851,600

Pickering Town Centre - Peer Review Summary

Item	CITY PARKING 350 STALLS			BRIDGE LINK			CITY LANDS LANDSCAPING			
	C+W City Parking 350 Stalls	Altus Group	Variance	C+W Bridge Link	Altus Group	Variance	C+W City Lands Landscaping	Altus Group	Variance	
Above Grade Gross Building Area				1300 sf						
Share of P1 Gross Building Area	141,212 sf									
CONSTRUCTION										
Demolition	\$0			\$0			\$0			
Building (New: Substructure - Foundation / Parking)	\$17,551,153	\$17,551,153	\$0	\$0			\$0			
Building (New: Superstructure - Core / Shell) + Fitout	\$0			\$4,500,000	\$2,600,000	(\$1,900,000)	\$0			
Onsite Improvements/Infrastructure	\$0			\$0			\$4,964,997	\$4,964,997	\$0	
FFE	\$0			\$0			\$895,000	\$895,000	\$0	
Construction Cost Sub Total	\$17,551,153	\$17,551,153		\$4,500,000	\$2,600,000	(\$1,900,000)	\$5,859,997	\$5,859,997	\$0	
CONSTRUCTION - ANCILLARY										
Insurance	\$0			\$0			\$0			
Bonding	\$0			\$0			\$0			
Service Connections	\$0			\$0			\$0			
Testing & Inspections - Hazmat	\$0			\$0			\$0			
Testing & Inspections - Civil/Stework	\$0			\$0			\$0			
Construction Ancillary Cost Sub Total	\$0			\$0			\$0			
CONTINGENCY										
Design & Pricing Contingency - Altus Group	10%	\$2,106,138	\$2,106,138		\$260,000	\$260,000		\$586,000	\$586,000	
Escalation Contingency - Altus Group	8%	\$1,404,092	\$1,404,092		\$208,000	\$208,000	\$586,000		(\$586,000)	
Hard Cost Contingency - PCL	10.0%									
SUBTOTAL - CONTINGENCIES		\$0	\$3,510,231	\$3,510,231	\$0	\$468,000	\$468,000	\$586,000	\$586,000	\$0
TOTAL HARD COSTS										
Total Hard Costs	\$19,306,268	\$21,061,384	\$3,510,231	\$4,950,000	\$3,068,000	(\$1,882,000)	\$6,445,997	\$6,445,997	\$0	
DESIGN CONSULTANTS	\$55,161	\$60,175								
Architecture and Interior Design	\$337,420	\$421,228		\$35,000	\$35,000		\$123,200	\$123,200	\$0	
Mechanical Engineer	\$0			\$0			\$0			
Electrical Engineer	\$0			\$0			\$0			
IT/Communications	\$0			\$0			\$0			
Security	\$0			\$0			\$0			
Audio Visual	\$0			\$0			\$0			
Lighting	\$0			\$0			\$0			
Structural	\$0			\$0			\$0			
Wind/Noise/Vibration	\$0			\$0			\$0			
Code/Fire/Life Safety	\$0			\$0			\$0			
Theatre Design	\$0			\$0			\$0			
Building Envelope	\$0			\$0			\$0			
Acoustics	\$0			\$0			\$0			
Landscape	\$0			\$0			\$0			
Vertical Transportation	\$0			\$0			\$0			
Library Planning	\$0			\$0			\$0			
Testing and Inspection	\$25,000	\$25,000	\$0	\$25,000	\$25,000		\$25,000	\$25,000	\$0	
Surveying	\$0			\$0			\$75,000	\$75,000	\$0	
Specifications Writer	\$0			\$0			\$0			
Disbursements	\$18,121	\$21,061	\$2,940	\$3,000	\$3,000		\$11,160	\$11,160	\$0	
Design Consultant Contingency	\$19,027	\$46,729	\$27,702	\$3,150	\$3,150		\$11,718	\$11,718	\$0	
Design and Consultants Cost Sub Total	\$399,568	\$514,018	\$114,450	\$66,150	\$66,150	\$0	\$246,078	\$246,078	\$0	
LEGAL & ADMINISTRATIVE										
Development Management Fee	\$887,888	\$887,888	\$0	\$226,177	\$226,177		\$301,818	\$301,818	\$0	
Legal	\$25,000	\$25,000	\$0	\$10,000	\$10,000		\$15,000	\$15,000	\$0	
Insurance	\$60,000	\$60,000	\$0	\$10,000	\$10,000		\$15,000	\$15,000	\$0	
C&W Site Overhead	\$200,000	\$200,000	\$0	\$20,000	\$20,000		\$100,000	\$100,000	\$0	
Capitalized Vacant Land Tax	\$0			\$0			\$0			
Legal & Administrative Cost Sub Total	\$1,172,888	\$1,172,888	\$0	\$266,177	\$266,177	\$0	\$431,818	\$431,818	\$0	
MARKETING & LEASING										
Marketing	\$0			\$0			\$0			
Commissions- Manager	\$0			\$0			\$0			
Commissions - Listing Brokers	\$0			\$0			\$0			
Tenant Allowances (Retail/Institutional)	\$0			\$0			\$0			
Marketing & Leasing Cost Sub Total	\$0			\$0			\$0			
HOLDBACK										
Holdback (10%)	-\$1,755,115			-\$450,000			-\$586,000			
Holdback Release	\$1,755,115			\$450,000			\$586,000			
PROJECT BUDGET (exc. taxes)	\$20,878,723	\$22,748,290	\$1,869,567	\$5,282,327	\$3,400,327	(\$1,882,000)	\$7,123,893	\$7,123,893	\$0	
PROJECT CONTINGENCY										
Project Contingency - administered by the City of Pickering (based on Hard Construction Costs)	10.0%				\$306,800	\$306,800	Excluded as per C of Pickering			
PROJECT TOTAL - inc. Project Contingency (exc. taxes)					\$3,707,127	(\$1,575,200)		\$7,123,893	\$0	
PEER REVIEW & COMPLIANCE (as a % of Hard Construction)										
Compliance consulting team for City of Pickering	0.0%	N/A			Excluded		Excluded			
Project Management - peer review	2.21%	N/A			\$82,011	\$82,011	\$172,309	\$172,309		
Cost consulting - peer review and project monitoring	0.68%	N/A			\$25,059	\$25,059	\$52,650	\$52,650		
Contingency - Peer Review	10.0%	N/A			\$10,707	\$10,707	\$22,496	\$22,496		
SUBTOTAL - PEER REVIEW & COMPLIANCE (exc. taxes)					\$117,777	\$117,777		\$247,454	\$247,454	
TOTAL - inc. PEER REVIEW & COMPLIANCE (exc. taxes)		\$20,878,723	\$22,748,300	\$1,869,600	\$5,282,327	\$3,824,904	(\$1,457,423)	\$7,123,893	\$7,371,300	\$247,500
Checks			Check	\$1,869,600		Check	(\$1,457,423)	Check	\$247,400	

Pickering Town Centre Pickering, Ontario
Senior's & Youth Centre

Scope Description		Cushman Wakefield/PCL	Altus Recommendation	Variance	Comments
Above Grade Gross Building Area		63,323 sf			
Share of P1 Gross Building Area		3,671 sf			
CONSTRUCTION					
Demolition		\$0			
Building (New: Substructure - Foundation / Parking)		\$0			
Building (New: Superstructure - Core / Shell) + Fitout		\$17,812,931	\$20,708,100	\$2,895,169	See attached Hard Construction estimate
Onsite Improvements/Infrastructure		\$0			
FFE		\$600,000	\$600,000	\$0	Includes a 15% contingency
Construction Cost Sub Total		\$18,412,931	\$21,308,100	\$2,895,169	
CONSTRUCTION - ANCILLARY					
Insurance		\$0			
Bonding		\$0			
Service Connections		\$150,000	\$150,000		Allowances appears reasonable
Testing & Inspections - Hazmat		\$0			
Testing & Inspections - Civil/Sitework		\$0			
Construction Ancillary Cost Sub Total		\$150,000	\$150,000		
CONTINGENCY					
Design & Pricing Contingency	15.0%		\$3,106,215	\$3,106,215	Recommend a D&P Contingency of 15% on HC estimate
Escalation Contingency	8.0%		\$1,656,648	\$1,656,648	based on July 2020 start, July 2021 midpoint, July 1, 2022 completion
Hard Construction Contingency	10.0%	\$1,841,293			PCL Contingency
SUBTOTAL - CONTINGENCY		\$1,841,293	\$4,762,863	\$2,921,570	
TOTAL HARD COSTS					
Total Hard Costs		\$20,404,224	\$26,220,963	\$5,816,739	
DESIGN CONSULTANTS					
Architecture and Interior Design		\$780,953			
Mechanical Engineer		\$211,600			
Electrical Engineer		\$118,800			
IT/Communications		\$13,860			
Security		\$14,190			
Audio Visual		\$10,560			
Lighting		\$14,190			
Structural		\$165,000			
Wind/Noise/Vibration		\$1,090			
Code/Fire/Life Safety		\$6,800			
Theatre Design		\$0			
Building Envelope		\$0			
Acoustics		\$7,700			
Landscape		\$0			
Vertical Transportation		\$2,400			
Library Planning		\$0			

Pickering Town Centre Pickering, Ontario
Senior's & Youth Centre

Scope Description		Cushman Wakefield/PCL	Altus Recommendation	Variance	Comments
Testing and Inspection		\$25,000			
Surveying		\$75,000			
Specifications Writer		\$18,500			
Disbursements		\$73,282			
Design Contingency		\$76,946			
Design and Consultants Cost Sub Total		\$1,615,871	\$1,615,871	\$0	Soft cost budget appears reasonable
LEGAL & ADMINISTRATIVE					
Development Management Fee		\$986,404			
Legal		\$50,000			
Insurance		\$25,000			
C&W Site Overhead		\$300,000			Appears to be a project admin fee for Cushman & Wakefield
Capitalized Vacant Land Tax		\$0			
Legal & Administrative Cost Sub Total		\$1,361,404	\$1,361,404	\$0	
MARKETING & LEASING					
Marketing		\$35,000			Not sure what the City of Pickering would be marketing
Commissions- Manager		\$0			
Commissions - Listing Brokers		\$0			
Tenant Allowances (Retail/Institutional)		\$0			
Marketing & Leasing Cost Sub Total		\$35,000	\$35,000	\$0	
HOLDBACK					
Holdback (10%)		(\$1,841,293)			
Holdback Release		\$1,841,293			
GROSS PROJECT BUDGET (exc. HST)		\$23,416,500	\$29,233,238	\$5,816,738	
PROJECT CONTINGENCY:					
Hard Cost Contingency	10.0%		\$2,130,810	\$2,130,810	Recommend the City carry a 10% Construction Contingency in the overall project budget
PEER REVIEW & COMPLIANCE					
Compliance consulting team for City of Pickering	3.0%			Excluded	Not required by the C of Pickering
Project Management - peer review	2.0%		\$697,677	\$697,677	
Cost consulting - peer review and project monitoring	1.0%		\$213,179	\$213,179	
Contingency - Peer Review & Compliance	10.0%		\$91,086	\$91,086	
SUBTOTAL - PEER REVIEW			\$3,132,752	\$3,132,752	
TOTAL - INC. PEER REVIEW (exc. HST)		\$23,416,500	\$32,366,000	\$8,949,500	

PICKERING TOWN CENTRE - PEER REVIEW
SENIORS & YOUTH CENTRE

Gross Floor Area (SF) **63,323**

Scope Item Description		C&W Estimate May 2019	Unit Rate	Altus Recommendation	Unit Rate	Variance	Comments
DIV 2	EARTHWORKS & LANDSCAPING	\$0	\$0.00				Included in separate site work estimate
DIV 3	FORMWORK & CONCRETE	\$2,921,580	\$46.14	\$3,221,580	\$50.88	\$300,000	Add: allowance for special foundations
DIV 3D	PRECAST	\$220,813	\$3.49	\$220,813		\$0	PCL estimate appears reasonable
DIV 4	MASONRY	\$325,955	\$5.15	\$325,955		\$0	PCL estimate appears reasonable
DIV 5	METALS	\$900,811	\$14.23	\$900,811		\$0	PCL estimate appears reasonable
DIV 6	WOOD	\$478,832	\$7.56	\$578,832		\$100,000	Add: additional millwork & FF&E = \$100,000
DIV 7	THERMAL & MOISTURE PROTECTION	\$868,876	\$13.72	\$1,118,876		\$250,000	Add partial green roof (30% of the roof area, 1000 m2 x \$250/m2)
DIV 8	DOORS & WINDOWS	\$2,480,737	\$39.18	\$3,010,737		\$530,000	Add: additional interior glazing \$100,000, security door hardware = \$30,000, increase the glass specification = \$400,000
DIV 9	FINISHES	\$1,861,180	\$29.39	\$2,041,180		\$180,000	Add: approx. 10% to the unit rates for interior finishes
DIV 10	SPECIALTIES	\$259,411	\$4.10	\$309,411		\$50,000	Add: acoustical treatments = \$50,000
DIV 11	EQUIPMENT	\$220,240	\$3.48	\$220,240		\$0	PCL estimate appears reasonable
DIV 14	CONVEYING	\$304,140	\$4.80	\$304,140		\$0	PCL estimate appears reasonable
DIV 15	MECHANICAL	\$2,527,277	\$39.91	\$3,527,277	\$55.70	\$1,000,000	Add: heat recovery, high efficiency equipment, and controls
DIV 16	ELECTRICAL	\$1,681,435	\$26.55	\$1,931,435	\$30.50	\$250,000	Add: energy efficient design elements = \$250,000
DIV 17	SECURITY	\$0	\$0.00	\$200,000	\$3.16	\$200,000	Add: access control, CCTV, conduit and wiring
CA	CASH ALLOWANCES	\$223,747	\$3.53	\$223,747	\$3.53	\$0	
Exclusions							
	Exterior signage			\$30,000		\$30,000	Add an allowance for exterior building signature signage
TOTAL DIRECT COST		\$15,275,033	\$241.22	\$18,165,034		\$2,890,000	
GENERAL EXPENSE & FEE		\$2,082,959	\$32.89	\$2,543,105		\$460,146	
	General Requirements			\$1,816,503			
	Bonding			\$181,650			
	Fees			\$544,951			
TOTAL ESTIMATE		\$17,357,992	\$274.12	\$20,708,100		\$3,350,108	

Pickering Town Centre Pickering, Ontario
LIBRARY BUILDING

Item	CUSHMAN WAKEFIELD MAY 2019			ALTUS			Variance Library	Variance Roof Terrace	Combined Variance
	Library Building	Roof Patio	Library Total	Library Building	Roof Patio	Library Total			
Above Grade Gross Building Area	44,783 sf	16,027 sf	60,810 sf						
Share of P1 Gross Building Area	4,844 sf	-	4,844 sf						
CONSTRUCTION									
Demolition	492,591	179,356	671,947	\$492,591	\$179,356	\$671,947	\$0	\$0	\$0
Building (New: Substructure - Foundation / Parking)	0	0	0						
Building (New: Superstructure - Core / Shell) + Fitout	16,178,714	5,665,215	21,843,929	\$21,940,700	\$3,500,000	\$25,440,700	\$5,761,986	(\$2,165,215)	\$3,596,771
Onsite Improvements/Infrastructure	0	0	0						
FFE	950,000	50,000	1,000,000	\$950,000	\$50,000	\$1,000,000	\$0	\$0	\$0
Construction Cost Sub Total	17,621,305	5,894,571	23,515,875	\$23,383,291	\$3,729,356	\$27,112,647	\$5,761,986	(\$2,165,215)	\$3,596,772
CONSTRUCTION - ANCILLARY									
Insurance	0	0	0	Included above					
Bonding	0	0	0	Included above					
Service Connections	109,950	40,050	150,000	\$109,950	\$40,050	\$150,000	\$0	\$0	\$0
Testing & Inspections - Hazmat	0	0	0						
Testing & Inspections - Civil/Sitework	0	0	0						
Construction Ancillary Cost Sub Total	109,950	40,050	150,000	\$109,950	\$40,050	\$150,000	\$0	\$0	\$0
CONTINGENCY									
Design & Pricing Contingency	10.0%		\$0	\$2,338,329	\$372,936	\$2,711,265	\$2,338,329		\$2,711,265
Escalation Contingency	8.0%		\$0	\$1,755,256	\$280,000	\$2,035,256	\$1,755,256		\$2,035,256
Hard Cost Contingency	10.0%	1,762,130	589,457	2,351,588					
SUBTOTAL CONTINGENCIES			2,351,588	\$4,093,585	\$652,936	\$4,746,521	\$4,093,585		\$2,394,933
TOTAL HARD COSTS									
Total Hard Costs	19,493,385	6,524,078	26,017,463	\$27,586,826	\$4,422,342	\$32,009,168	\$8,093,441	(\$2,101,736)	\$5,991,705
DESIGN CONSULTANTS									
Architecture and Interior Design	1,208,880	404,590	1,613,470						
Mechanical Engineer	86,687	29,013	115,700						
Electrical Engineer	76,423	25,577	102,000						
IT/Communications	11,988	4,012	16,000						
Security	11,988	4,012	16,000						
Audio Visual	11,239	3,761	15,000						
Lighting	14,985	5,015	20,000						
Structural	198,549	66,451	265,000						
Wind/Noise/Vibration	2,472	828	3,300						
Code/Fire/Life Safety	7,642	2,558	10,200						
Theatre Design	0	0	0						
Building Envelope	21,728	7,272	29,000						
Acoustics	18,356	6,144	24,500						
Landscape	0	0	0						
Vertical Transportation	1,798	602	2,400						
Library Planning	39,957	13,373	53,330						
Testing and Inspection	18,325	6,675	25,000						
Surveying	54,975	20,025	75,000						
Specifications Writer	19,480	6,520	26,000						
Disbursements	90,274	30,321	120,595						
Design Contingency	94,787	31,837	126,625						
Design and Consultants Cost Sub Total	1,990,534	668,585	2,659,120	\$1,990,534	\$668,585	\$2,659,119	\$0	\$0	-\$1
LEGAL & ADMINISTRATIVE									
Development Management Fee	963,478	322,468	1,285,946						
Legal	36,650	13,350	50,000						
Insurance	18,325	6,675	25,000						
C&W Site Overhead	219,900	80,100	300,000						

Pickering Town Centre Pickering, Ontario
LIBRARY BUILDING

Item							Variance Library	Variance Roof Terrace	Combined Variance
	Library Building	Roof Patio	Library Total	Library Building	Roof Patio	Library Total			
Capitalized Vacant Land Tax	0	0	0						
Legal & Administrative Cost Sub Total	1,238,353	422,593	1,660,946	\$1,238,353	\$422,593	\$1,660,946	\$0	\$0	\$0
MARKETING & LEASING									
Marketing	25,655	9,345	35,000						
Commissions- Manager	0	0	0						
Commissions - Listing Brokers	0	0	0						
Tenant Allowances (Retail/Institutional)	0	0	0						
Marketing & Leasing Cost Sub Total	25,655	9,345	35,000	\$25,655	\$9,345	\$35,000	\$0	\$0	\$0
HOLDBACK									
Holdback (10%)	(1,762,130)	(589,457)	(2,351,588)						
Holdback Release	1,762,130	589,457	2,351,588						
GROSS PROJECT BUDGET (exc. HST)	22,747,927	7,624,601	30,372,529	\$30,841,368	\$5,522,865	\$36,364,233	\$8,093,441	(\$2,101,736)	\$5,991,704
PROJECT CONTINGENCY									
Hard Construction Contingency	10%			\$2,194,070	\$350,000	\$2,544,070			
PEER REVIEW & COMPLIANCE									
Add: Compliance consulting team for City of Pickering	3.0%			Excluded	Excluded	Excluded	Not required as per the C of Pickering		
Add: Project Management - peer review	2.0%			\$851,687	inc.	\$851,687			
Add: Cost consulting - peer review and project monitoring	1.0%			\$260,238	inc.	\$260,238			
Contingency - Peer Review	10.0%			\$111,193	\$0	\$111,193			
SUBTOTAL - PEER REVIEW				\$3,417,188	\$350,000	\$3,767,188	\$3,417,188	\$350,000	\$3,767,188
TOTAL - INC. PEER REVIEW	\$22,747,927	\$7,624,601	\$30,372,529	\$34,258,556	\$5,872,865	\$40,131,400	\$11,510,629	(\$1,751,736)	\$9,758,871

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PCL Constructors Canada Inc.
Conceptual Estimate Summary

Summary Page 1 of 2

May 22, 2019

10:00:54 AM

Kyle Nicoletta

BE Number PTCLLIB20190409

Opportunity No

Project Start

Mar 01, 2020

Owner File No

Completion

Mar 01, 2023

Project **Pickering Towncentre - Library**

Functional Units

Location Pickering, ON, Canada

Area m2 4,150 m2

Owner Cushman & Wakefield Ltd.

Area SF 44,671 SF

Designer

August 9, 2019

LIBRARY

Scope Item Description	Quantity	UOM	Unit Cost	Total Cost	ALTUS GROUP			Comments
					Altus Recommendation	Unit Rate	Variance	
DIRECT COSTS								
DEMOLITION	4,150 M2		---	---				
SHORING / DEEP FOUNDATIONS	4,150 M2		---	---				
EXCAVATION & BACKFILL	4,150 M2		---	---				
DEWATERING	4,150 M2		---	---				
UNDERSLAB DRAINAGE	4,150 M2		---	---				
LANDSCAPING	4,150 M2		\$222.25	\$922,329	\$922,329			PCL estimate appears reasonable
FORMWORK PLACE & FINISH	4,150 M2		\$272.51	\$1,130,925	\$1,130,925			PCL estimate appears reasonable
CONCRETE SUPPLY	4,150 M2		\$66.59	\$276,368	\$276,368			PCL estimate appears reasonable
REBAR SUPPLY	4,150 M2		\$79.04	\$328,007	\$328,007			PCL estimate appears reasonable
PRECAST	4,150 M2		---	---				
MASONRY	4,150 M2		\$36.79	\$152,690	\$152,690			PCL estimate appears reasonable
METALS	4,150 M2		\$544.25	\$2,258,643	\$2,258,643			PCL estimate appears reasonable
MILLWORK	4,150 M2		\$202.80	\$841,611	\$891,611	\$214.85	\$50,000	Add: to the estimate for the interior millwork = \$50,000
WATERPROOFING	4,150 M2		\$1.80	\$7,479	\$7,479			PCL estimate appears reasonable
ROOFING	4,150 M2		\$144.59	\$600,060	\$642,060	\$154.71	\$42,000	Add: additional roof insulation 1192 m2 x \$35/m2 = \$42,000 to the 2 ply mod. bit roof finish.
SIDING & SOFFITS	4,150 M2		\$149.74	\$621,437	\$621,437			PCL estimate appears reasonable
CAULKING & FIRESTOP	4,150 M2		\$48.67	\$201,976	\$201,976			PCL estimate appears reasonable
INSULATION	4,150 M2		\$5.19	\$21,553	\$21,553			PCL estimate appears reasonable
HM DOORS & HARDWARE	4,150 M2		\$7.88	\$32,719	\$52,719	\$12.70	\$20,000	Increase the allowance for inteiror door hardware supply including security hardware = \$20,000
OVERHEAD DOORS	4,150 M2		---	---				
EXTERIOR AND INTERIOR GLAZING	4,150 M2		\$1,055.14	\$4,378,831	\$4,428,831	\$1,067.19	\$50,000	Add: increase the allowance for interior glazing by \$50,000
DRYWALL	4,150 M2		\$263.88	\$1,095,091	\$1,095,091			PCL estimate appears reasonable
TILE & COUNTERTOPS	4,150 M2		\$44.63	\$185,201	\$235,201	\$56.67	\$50,000	Add: increase the unit rate for the floor tile to the public areas, \$50,000
CARPET, LAMINATE & HARDWOOD	4,150 M2		\$62.73	\$260,341	\$260,341			PCL estimate appears reasonable
PAINT	4,150 M2		\$33.33	\$138,314	\$188,314	\$45.38	\$50,000	Add: allowance for special finishes of \$50,000
FINAL CLEAN & PROTECT FINISHES	4,150 M2		\$7.85	\$32,562	\$32,562			PCL estimate appears reasonable
SPECIALTIES	4,150 M2		\$42.25	\$175,344	\$225,344	\$54.30	\$50,000	Add: an allowance for interior acoustic treatments and window coverings = \$50,000
WASHROOM ACCESSORIES	4,150 M2		\$14.17	\$58,817	\$58,817			PCL estimate appears reasonable
LOUVRES	4,150 M2		\$6.26	\$25,968	\$25,968			PCL estimate appears reasonable
EQUIPMENT	4,150 M2		\$20.02	\$83,096	\$98,096	\$23.64	\$15,000	Add: terrace equipment = \$15,000



PCL Constructors Canada Inc.
Conceptual Estimate Summary

Summary Page 1 of 2
 May 22, 2019
 10:00:54 AM
 Kyle Nicoletta

BE Number PTCLLIB20190409

Opportunity No

Owner File No

Project **Pickering Towncentre - Library**

Location Pickering, ON, Canada

Owner Cushman & Wakefield Ltd.

Designer

Project Start

Mar 01, 2020

Completion

Mar 01, 2023

Functional Units

Area m2 4150 m2

Area SF 44,671 SF

August 9, 2019

LIBRARY

Scope Item Description	Quantity	UOM	Unit Cost	Total Cost	ALTUS GROUP			Comments
					Altus Recommendation	Unit Rate	Variance	
CONVEYING	4,150 M2		\$152.68	\$633,611	\$400,000	\$96.39	(\$233,611)	Reduce the elevator budget to \$400,000.
MECHANICAL	4,150 M2		\$484.04	\$2,008,753	\$2,358,753	\$568.37	\$350,000	Add: the heat recovery and high efficiency equipment
ELECTRICAL	4,150 M2		\$427.95	\$1,775,979	\$1,850,979	\$446.02		Add: allowance for energy savings initiatives = \$75000
CASH ALLOWANCES	1 LS		---	\$445,164	\$445,164			
Exterior Signage					\$35,000	\$8.43	\$35,000	
DIRECT COSTS				\$18,692,872	\$19,246,258		\$478,389	
GENERAL EXPENSE COSTS								
GE + FEE	13.64%			\$2,549,028				
GENERAL EXPENSE COSTS				\$2,549,028	\$2,694,476		\$145,448	
General Requirements (CM)	10.0%				\$1,924,626			
Bonding (Contractors)	1.0%				\$192,463			
Fees (CM Fees)	3.0%				\$577,388			
TOTAL COST				\$21,241,900	\$21,940,700	\$5,287	\$1,102,226	

Check

Average Unit Rate per SF



ELEMENTAL COST SUMMARY Order of Magnitude (Class D) Estimate

Project: City of Pickering - Arts Centre
 Location: Pickering, ON
 Owner/Client: City of Pickering
 Architect: Architects Alliance

Project Number: 102838
 Estimate Revision: 0
 Gross Floor Area: 39,138 SF

Element	Ratio to GFA	Elemental Quantity	Elemental Unit Rate	Elemental Amount	Cost/sf	Total	%	
A SHELL								
A1 SUBSTRUCTURE								
A11 Foundation	0.61	23,777 SF	\$52.31	\$1,243,900	\$31.78			
A12 Basement Excavation	0.00	0 cy	\$0.00	\$0	\$0.00	\$1,243,900	4.6%	
A2 STRUCTURE								
A21 Lowest Floor Construction	0.61	23,777 SF	\$17.10	\$406,700	\$10.39			
A22 Upper Floor Construction	0.39	15,360 SF	\$115.14	\$1,768,500	\$45.19			
A23 Roof Construction	0.61	24,025 SF	\$46.24	\$1,111,000	\$28.39	\$3,286,200	12.1%	
A3 EXTERIOR ENCLOSURE								
A31 Walls Below Grade	0.14	5,500 SF	\$0.00	\$0	\$0.00			
A32 Walls Above Grade	0.27	10,527 SF	\$132.92	\$1,399,300	\$35.75			
A33 Windows & Entrance	0.02	678 SF	\$89.23	\$60,500	\$1.55			
A34 Roof Covering	0.61	24,025 SF	\$42.91	\$1,030,800	\$26.34			
A35 Projections	1.00	39,138 SF	\$37.42	\$1,464,400	\$37.42	\$3,955,000	14.5%	
B INTERIORS								
B1 PARTITIONS & DOORS								
B11 Partitions	0.85	33,267 SF	\$36.76	\$1,223,000	\$31.25			
B12 Doors	0.00	72 no	\$4,800.00	\$345,600	\$8.83	\$1,568,600	5.8%	
B2 FINISHES								
B21 Floor Finishes	1.00	39,138 SF	\$13.64	\$533,800	\$13.64			
B22 Ceiling Finishes	1.00	39,138 SF	\$11.47	\$449,000	\$11.47			
B23 Wall Finishes	1.46	56,960 SF	\$2.62	\$149,100	\$3.81	\$1,131,900	4.2%	
B3 FITTING & EQUIPMENT								
B31 Fitting & Fixtures	1.00	39,138 SF	\$25.00	\$978,400	\$25.00			
B32 Equipment	1.00	39,138 SF	\$0.00	\$0	\$0.00			
B33 Conveying Systems	0.00	6 Stp	\$50,000.00	\$300,000	\$7.67	\$1,278,400	4.7%	
C SERVICES								
C1 MECHANICAL								
C11 Plumbing & Drainage	1.00	39,138 SF	\$8.00	\$313,100	\$8.00			
C12 Fire Protection	1.00	39,138 SF	\$6.00	\$234,800	\$6.00			
C13 HVAC	1.00	39,138 SF	\$80.00	\$3,131,006	\$80.00			
C14 Controls	1.00	39,138 SF	\$7.50	\$293,532	\$7.50	\$3,972,438	14.6%	
C2 ELECTRICAL								
C21 Service & distribution	1.00	39,138 SF	\$12.00	\$469,700	\$12.00			
C22 Lighting, Devices & Heating	1.00	39,138 SF	\$28.00	\$1,095,900	\$28.00			
C23 Systems & Ancillaries	1.00	39,138 SF	\$12.00	\$469,700	\$12.00	\$2,035,300	7.5%	
NET BUILDING COST (Excluding Site)						\$471.97	\$18,471,738	67.8%
D SITE								
D1 SITE WORK								
D11 Site Development	1.00	39,138 SF	\$0.00	\$0	\$0.00			
D12 Mechanical Site Services	1.00	39,138 SF	\$1.28	\$50,000	\$1.28			
D13 Electrical Site Services	1.00	39,138 SF	\$2.56	\$100,000	\$2.56	\$150,000	0.6%	
D2 ANCILLARY WORK								
D21 Demolition	1.00	39,138 SF	\$0.00	\$0	\$0.00			
D22 Alterations	1.00	39,138 SF	\$0.00	\$0	\$0.00	\$0	0.0%	
NET BUILDING COST (Including Site)						\$475.80	\$18,621,738	68.3%
Z MARKUPS								
Z1 GENERAL REQUIREMENTS 13.0%								
Z11 General Requirements				\$2,048,417	\$52.34			
Z12 Fee	3.0%			\$620,100	\$15.84	\$2,668,517	9.8%	
TOTAL CONSTRUCTION ESTIMATE (Excluding Contingencies)						\$543.98	\$21,290,255	78.1%
Z2 CONTINGENCIES 28.0%								
Z21 Design Contingency	10.0%			\$2,129,000	\$54.40			
Z22 Escalation Contingency	8.0%			\$1,703,200	\$43.52			
Z23 Construction Contingency	10.0%			\$2,129,000	\$54.40	\$5,961,200	21.9%	
SALES TAX (HST) 0%						Excluded	\$0	\$0.00
TOTAL CONSTRUCTION ESTIMATE (Including Allowances)						\$696.30	\$27,251,500	100.0%

GFA: 39,138 SF
 GFA: 3,636 m2

Average \$ per SF: \$696.30
 Average \$ per m2: \$7,495



3. Memorandum of Understanding

The construction method of delivery mentioned in the Cushman & Wakefield Budget Package dated May 23, 2019 utilizes a CCDC 5B Construction Management Contract for Services and Construction. However, a CCDC 5B contract is not mentioned in the Memorandum of Understanding. The Cushman Wakefield Budget Package is not referenced either.

While the Memorandum of Understanding clearly states that it is a non-binding, it does contain some commitments that will define the Agreements moving forward.

It is recommended that the fee for construction management be negotiated or otherwise not addressed at this time. The Memorandum of Understanding could state a Construction Management Fee to be negotiated.

The structure for the method of delivery for this project refers to a number of agreements:

- A Library Construction Management Agreement (the Library CMA fee).
- A City Development Manager Agreement (4.5% of project costs).
- The Seniors & Youth Centre Construction Management Agreement with PTC Ownerships.
- The Arts Centre Construction Management Agreement (with City Development Manager).
- The Parking Structure Construction Management Agreement with the PTC Ownership Development Manager receiving a 4.5% fee.
- Any construction contract, Architect's contract and Consultant Agreements will be entered into directly between the City and such Contractor, Architect and other Consultants.

Reviewing the Cushman Wakefield Budget Package dated May 23, 2019, the method of delivery appears to be:

- A CCDC 5B contract with PCL Construction for the project.
- Other contracts for the Design Team and Management Team would follow standard methods of engagement.

It is recommended that the Memorandum of Understanding be very specific regarding agreements and contracts together with roles and responsibilities.





The Memorandum of Understanding also states that the City Development Manager will prepare monthly draws for verification and payment by the City of Pickering. Under normal practice, the draw is verified independently by the Architect and Sub-Consultants on behalf of the Owner.

Library

The general comments above apply to the Library project method of delivery, although there is some additional clarification required.

For this project specifically, it states that the City of Pickering will enter into a Construction Management Agreement with the City Development Manager.

Seniors & Youth Centre

The Memorandum of Understanding addresses this portion of the project in a different manner whereby the City enter into a Construction Management Agreement with PTC Ownership, who will then engage Cushman Wakefield as the Agent and Manager for the PTC group.

Performing Arts Centre

The method of delivery is structured whereby the City will enter into a Construction Management Agreement with the City Development Manager.

With regard to the project, the Memorandum of Understanding states “an Arts Centre containing up to 600 seats”. This suggests there is a maximum but no minimum requirement. Perhaps this should read “approximately 600 seats” or be further clarified.

Parking Structure

The delivery approach to this project states that the City will enter into a procurement, design and Construction Management Agreement with PTC Ownership. It states that the City will pay all costs related to the design, construction and maintenance of the structure.

It further states that if the City decides to charge for parking, there will be a revenue sharing arrangement with PTC. Since the 350 parking spots are exclusive to the City and the City is paying all costs, it should be the decision of the City and financial benefit only to the City of Pickering, should they elect to charge for parking.





4. Potential Risk Assessment Summary

#	ITEM	RISK	POTENTIAL COST IMPLICATION
1.	No Relevant Geotechnical Report Available	Confirmation of the soil conditions.	Reflected in costs assessments.
2.	No Environmental Site Assessments Available	Potential for hazardous materials.	No probability
3.	No Designated Substances Survey Available for Demolition of the Existing Sears Building	Potential for additional costs.	Will be delivered at the time of demolition permit.
4.	Agreements for Construction Management & Development Manager	Clarification required of scope, fees and method of delivery.	
5.	Construction Management Fee of 4.5%	Industry standard is 2% - 3%.	
6.	Schedule Start Date	Implications if not met.	
7.	City Control Over Design	Dependent on the method of delivery.	
8.	Cost Control through the Project	Under the terms of the Memorandum of Understanding, the cost control is by the City Development Manager, who appears to be Cushman Wakefield employee as opposed to being an independent body acting on behalf of the City.	Unknown.
9.	Seniors & Youth Centre	Since this will be a partial ownership and occupancy, the sharing of costs to construct will require some very clear scopes of work for the parties.	



#	ITEM	RISK	POTENTIAL COST IMPLICATION
10.	Landscaping	Cost sharing has not been detailed for capital costs.	
11.	Prompt Payment regarding Construction Act	Ability to comply. Dependent on contract arrangements.	
12.	Escalation Costs	Dependent on adherence to schedule.	



**D.BOTTERO
& ASSOCIATES
LIMITED**

PROPERTY VALUATION AND
REALTY CONSULTING SERVICES

4300 STEELES AVENUE WEST, UNIT 32
VAUGHAN, ONTARIO L4L 4C2
TEL:(905)660-9288 OR (416)749-9832
E-MAIL: info@dbottero.com

Dino Bottero, AACI, MRICS, PLE
Rick Michalski, AACI P.App.
Oksana Vialykh, AACI
Giorgio Beghetto, CRA

September 11, 2019

City of Pickering
One The Esplanade
Pickering, Ontario L1V 6K7

Attention: Mr. Paul Bigioni
Director, Corporate Services & City Solicitor

Dear Sirs:

Re: Strata (Air) Rights in Fee Simple and Leased Fee Estate
4.5089 Acre (1.8247 Ha.) Phase 1 portion of a 13.13 Acre (5.31 Ha.) City Centre Site
Forming Part of the 55.37 Acre (22.41 Ha.) *Pickering Town Centre*
1340 & 1355 Kingston Road
Pickering, Ontario
Part of Lots 21 & 22, Concession 1 Pickering
City of Pickering, Regional Municipality of Durham
(Portion of Property Identifier Numbers 26335-0003, -0006)

In accordance with your recent request, recent amendments to the executed August 6, 2019 *Memorandum of Understanding* were examined from a real estate valuation perspective to determine the new difference in value between the PTC Lands and the South Block Lands as described therein.

Utilizing a rate of \$8.90 per square foot of potential buildable area and a per acre rate in Fee Simple Estate of (\$13,430,000 ÷ 4.5089 acres) \$2,978,554 as concluded in our Narrative Appraisal Report for the PTC Lands, the proposed changes would narrow the gap in the appraised Market Values as follows:

Initial Value Opinion for PTC Lands			\$3,470,000
Proposed Changes	Type of Rights being acquired by the City	Calculations	
1. Additional 2,500 square meters (0.6178 acres) of “piazza” space to be leased to the City for 99 years;	Fee Simple Estate under a 99 year lease agreement	0.6178 acres x \$2,978,554/acre less 1 percent	add \$1,821,749
2. Additional 5,000 square feet of storage space to be added to the 99 year underground parking lease;	Strata (Air) Space rights under a 99 year lease agreement	5,000 sf of buildable area x \$8.90 psf of potential buildable area less 1 percent	add \$44,055
3. The City’s title to the performing Arts Centre will be changed from strata parcel to fee simple;	Instead of acquiring 56,672 sf of potential buildable area, the City will receive 0.9726 acres (42,367 sf) of PTC Land in Fee Simple Estate	(56,672 sf x \$8.90 psf) 0.9726 acres x \$2,978,554/acre	subtract \$504,381 add \$2,896,942
Revised Value Opinion for the PTC Lands			\$7,728,365

Based upon the above amendments to the project as described in the executed August 6, 2019 *Memorandum of Understanding*, the difference in Market Value between the PTC Lands and the South Block Lands has been reduced to (\$7,925,000 - \$7,728,365) **\$196,635**.

This Letter should be read in conjunction with our Narrative Appraisal Reports for the PTC Lands and the South Block Lands dated August 16, 2019 and having an April 27, 2019 Effective Date which were prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice as adopted by the Appraisal Institute of Canada.

Should you wish to discuss matters further, please do not hesitate to contact the undersigned. We trust that this Letter will be of assistance in your future deliberations.

Respectfully submitted,


R. Michalski, AACI, P.App.


D. Bottero, AACI, MRICS
Professional Land Economist

**NARRATIVE
APPRAISAL REPORT**

AND

VALUATION ANALYSIS

OF A

**2.2642 ACRE (0.9163 HA.) CITY CENTRE DEVELOPMENT SITE
(SOUTH BLOCK LANDS)
LOCATED ON THE SOUTH SIDE OF THE ESPLANADE SOUTH
PICKERING, ONTARIO
BRIEFLY LEGALLY DESCRIBED AS FORMING
PART OF LOT 21, CONCESSION 1 PICKERING
BEING PART 26, PLAN OF REFERENCE 40R-7765
BLOCK 16, REGISTERED PLAN 40M-1231 (PICKERING)
CITY OF PICKERING
REGIONAL MUNICIPALITY OF DURHAM
(PROPERTY IDENTIFIER NUMBER 26335-0025)**

PREPARED FOR:

THE CORPORATION OF THE CITY OF PICKERING

PREPARED BY:

**RICK MICHALSKI, AACI, P.APP.
DINO BOTTERO, AACI, MRICS, PROFESSIONAL LAND ECONOMIST
D. BOTTERO & ASSOCIATES LIMITED**

**D.BOTTERO
& ASSOCIATES
LIMITED**

PROPERTY VALUATION AND
REALTY CONSULTING SERVICES

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Dino Bottero, AACI, MRICS, PLE
Rick Michalski, AACI P.App.
Oksana Vialykh, AACI
Giorgio Beghetto, CRA

August 16, 2019

City of Pickering
One The Esplanade
Pickering, Ontario L1V 6K7

Attention: Mr. Paul Bigioni
Director, Corporate Services & City Solicitor

Dear Sirs:

Re: 2.2642 Acre (0.9163 Ha.) City Centre Development Site (*South Block Lands*)
S/S The Esplanade South
Pickering, Ontario
Part of Lot 21, Concession 1 Pickering
Being Part 26, Plan of Reference 40R-7765
Block 16, Registered Plan 40M-1231 (Pickering)
City of Pickering, Regional Municipality of Durham
(Property Identifier Number 26335-0025)

In accordance with instructions received, please be advised that a personal viewing was completed of the above-captioned Subject Property on April 27, 2019, and the area market investigated for the purpose of providing an opinion of its current Market Value. The intended use of this Report is to assist in negotiations regarding a potential land swap and potential payment of monies between The Corporation of the City of Pickering and OPB Realty Inc.

In the course of preparing this Report, discussions - as necessary - were held with staff of the City of Pickering Planning Department. Investigations with respect to the comparable property sales relied upon in this Report were sourced through the Toronto Real Estate Board, Urbanation Incorporated, RealTrack Services, Realnet Services, GeoWarehouse Services, and various on-line internet services.

-
- *It is assumed that the soils of the Subject Property are capable of supporting conventional construction activities without any unusual costs or techniques.*
 - *It is assumed that Zoning By-law 7553/17 for the Subject Property has been formally amended from 'CCC' (City Centre Civic) to 'CC1' (City Centre One) to permit residential uses within structures having a 125 metre maximum building height.*
 - *A title search has not been pursued for the Subject Property. Title is assumed to be good and marketable. The absence of such a search confirming same increases the level of risk inherent in the analysis and conclusions contained in this Report.*

The right is being reserved to amend, alter, or otherwise change our final Estimate of Market Value should any of these Extraordinary Assumptions or Extraordinary Limiting Conditions prove to be invalid.

Based upon careful study and analysis of all of the pertinent data and available information, it is our opinion that the Market Value of the Subject Property, as of April 27, 2019, is:

\$7,925,000

(SEVEN MILLION NINE HUNDRED TWENTY FIVE THOUSAND DOLLARS)

The Report which follows describes the Approaches to Value relied upon along with data collected during the course of our investigations. The undersigned certify that the Company has no present or contemplated interest in the Subject Property, nor bias against or towards any parties involved with this appraisal assignment. This Narrative Appraisal Report and Valuation Analysis has been completed in accordance with the Canadian Uniform Standards of Professional Appraisal Practice as adopted by the Appraisal Institute of Canada.

Respectfully submitted,


R. Michalski, AACI, P.App.

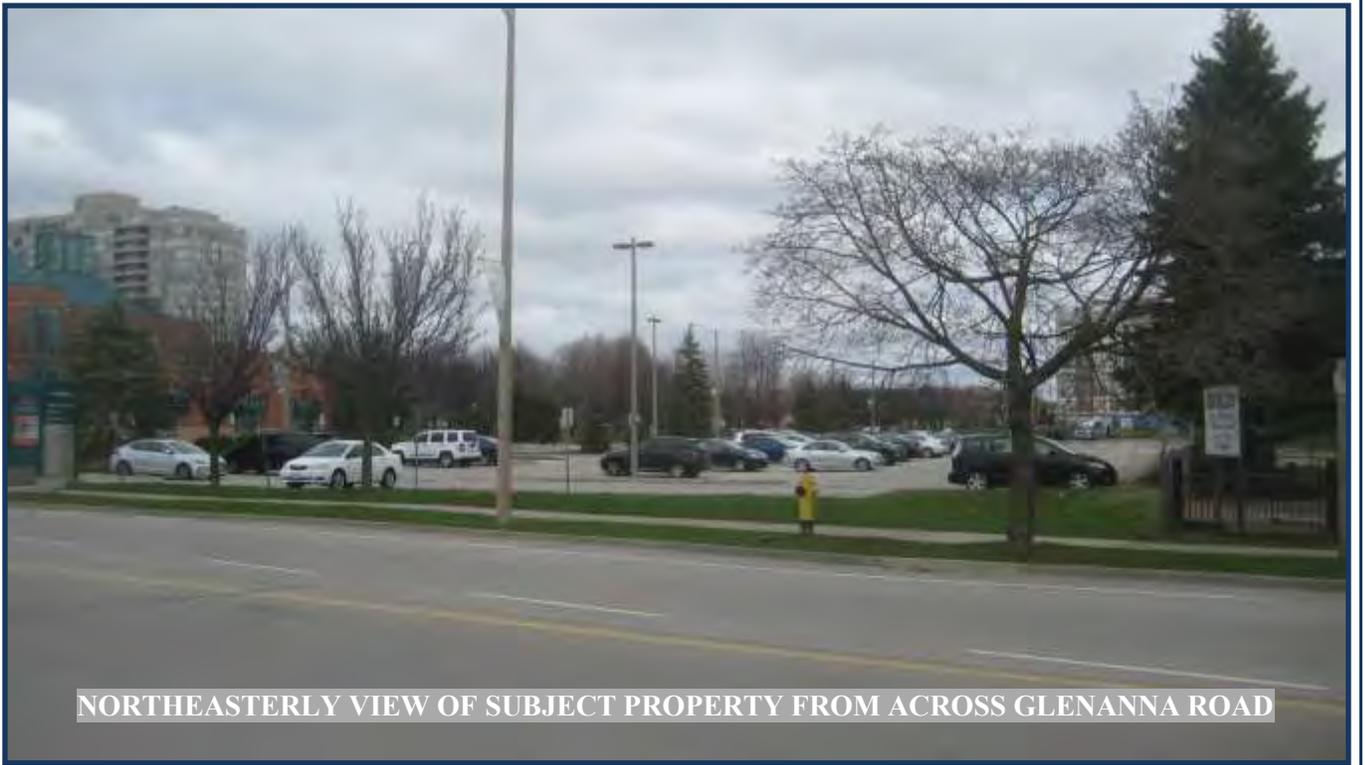


D. Bottero, AACI, MRICS
Professional Land Economist





NORTHWESTERLY VIEW OF SUBJECT PROPERTY FROM ACROSS VALLEY FARM ROAD



NORTHEASTERLY VIEW OF SUBJECT PROPERTY FROM ACROSS GLENANNA ROAD



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PART FIVE - ADDENDA

February 14, 2019 *Letter of Intent - City Centre 2022 Plan*; June 4, 2019 *Memorandum of Understanding - City Centre 2022 Plan*; Fully executed August 6, 2019 *Memorandum of Understanding*; Appraiser's Qualifications

PART ONE - INTRODUCTION

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY IDENTIFICATION

Ownership: The Corporation of the City of Pickering

Property Address: S/S The Esplanade South, Pickering, Ontario L1V 6K7

Legal Description: PCL CON. 1-21-8 SEC PICKERING; FIRSTLY: PT LT 21 CON 1 (PICKERING), PT 26 40R7765; SECONDLY: BLK 16 PL 40M1231 (PICKERING); S/T LT680026 PICKERING (PROPERTY IDENTIFIER NUMBER 26335-0025)

PROPERTY DESCRIPTION

Location: Situated within the southeastern portion of the urbanized component of the City of Pickering, being on the south side of The Esplanade South between Glenanna Road and Valley Farm Road across from the *Pickering Civic Complex (City Hall)*, *Pickering Central Library* and *Esplanade Park*.

Type of Property: Parcel of vacant land which partially supports an approximate 131 vehicle surface parking lot for the *Pickering Civic Complex (City Hall)* and *Pickering Central Library* located across the street to the north.

Site Area: 2.2642 Acres (0.9163 Ha.)

Official Plan: 'Mixed Use Areas - City Centre'
Zoning: 'CCC' (City Centre Civic)

Highest and Best Use: To support higher density mixed commercial/residential and ancillary uses within structures having a 125 metre maximum building height; assuming that Zoning By-law 7553/17 has been formally amended for this site to 'CC1' (City Centre One) in accordance with the Terms of Reference provided.

VALUATION

Effective Date: April 27, 2019

Direct Comparison Approach: \$7,925,000

FINAL VALUE OPINION: \$7,925,000

**NARRATIVE
APPRAISAL REPORT**

AND

VALUATION ANALYSIS

OF

**STRATA (AIR) RIGHTS IN FEE SIMPLE AND LEASED FEE ESTATE
PERTAINING TO A 4.5089 ACRE (1.8247 HA.) PHASE 1 PORTION OF A
13.13 ACRE (5.31 HA.) CITY CENTRE SITE
FORMING PART OF THE 55.37 ACRE (22.41 HA.) *PICKERING TOWN CENTRE*
MUNICIPALLY KNOWN AS
1340 & 1355 KINGSTON ROAD
PICKERING, ONTARIO
BRIEFLY LEGALLY DESCRIBED AS FORMING
PART OF LOTS 21 & 22, CONCESSION 1 PICKERING
CITY OF PICKERING
REGIONAL MUNICIPALITY OF DURHAM
(PORTION OF PROPERTY IDENTIFIER NUMBERS 26335-0003, -0006)**

PREPARED FOR:

THE CORPORATION OF THE CITY OF PICKERING

PREPARED BY:

**RICK MICHALSKI, AACI, P.APP.
DINO BOTTERO, AACI, MRICS, PROFESSIONAL LAND ECONOMIST
D. BOTTERO & ASSOCIATES LIMITED**

**D.BOTTERO
& ASSOCIATES
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PROPERTY VALUATION AND
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Dino Bottero, AACI, MRICS, PLE
Rick Michalski, AACI P.App.
Oksana Vialykh, AACI
Giorgio Beghetto, CRA

August 16, 2019

City of Pickering
One The Esplanade
Pickering, Ontario L1V 6K7

Attention: Mr. Paul Bigioni
Director, Corporate Services & City Solicitor

Dear Sirs:

Re: Strata (Air) Rights in Fee Simple and Leased Fee Estate
4.5089 Acre (1.8247 Ha.) Phase 1 portion of a 13.13 Acre (5.31 Ha.) City Centre Site
Forming Part of the 55.37 Acre (22.41 Ha.) *Pickering Town Centre*
1340 & 1355 Kingston Road
Pickering, Ontario
Part of Lots 21 & 22, Concession 1 Pickering
City of Pickering, Regional Municipality of Durham
(Portion of Property Identifier Numbers 26335-0003, -0006)

In accordance with instructions received, please be advised that a personal viewing was completed of the above-captioned 4.5089 acre (1.8247 ha.) Phase 1 portion of a 13.13 acre (5.31 ha.) City Centre Development Site [*referred herein as the 4.51 acre (1.82 ha.) Phase 1 PTC Land*] on April 27, 2019, and the area market investigated for the purpose of providing a current Contributory Value Opinion. The intended use of this Report is to assist in negotiations regarding a potential land swap and potential payment of monies between The Corporation of the City of Pickering and OPB Realty Inc.

In the course of preparing this Report, discussions - as necessary - were held with staff of the City of Pickering Planning Department. Investigations with respect to the comparable property sales relied upon in this Report were sourced through the Toronto Real Estate Board, Urbanation Incorporated, RealTrack Services, Realnet Services, GeoWarehouse Services, and various on-line internet services.

- It is assumed that the land outlined in **blue** on the following illustration and identified as the PTC Lands would have a total area of 13.13 acres (5.31 ha.); as calculated by aerial map scaling of January 23, 2019 Master Plans prepared by architectsAlliance.
- It is assumed that Phase 1 of the PTC Lands outlined in **red** on the following illustration would have a total area of 4.5089 acres (1.8247 ha.); as calculated by aerial map scaling of January 23, 2019 Master Plans prepared by architectsAlliance.
- It is assumed that the soils of the 4.51 acre (1.82 ha.) Phase 1 PTC Land are capable of supporting conventional construction activities without any unusual costs or techniques.
- Portions of the 4.51 acre (1.82 ha.) Phase 1 PTC Land are variously improved with retail structures forming part of the Pickering Town Centre. It is assumed that the 4.51 acre (1.82 ha.) Phase 1 PTC Land are vacant and unimproved. Costs associated with the demolition of the existing improvements are not being identified nor deducted from any Opinion of Market Value contained within this Appraisal Report.
- It is assumed that Zoning By-law 7553/17 for the 4.51 acre (1.82 ha.) Phase 1 PTC Land has been formally amended to permit structures having a 125 metre maximum building height, and one building supporting the proposed Senior & Youth Centre having a 155 metre maximum building height.
- It is assumed that the proposed **three level Library** plus fourth level outdoor amenity area highlighted in **grey** and surrounding associated lands on the following illustration form 0.7843 acres (0.3174 ha.) of the 4.51 acre (1.82 ha.) Phase 1 PTC Land. It is further assumed that it will have a 15,812 square foot (1,469 m²) first floor area and a 42,926 square foot (3,988 m²) gross floor building area as per June 21, 2019 architectsAlliance Context/Statistics (A-006).
- It is assumed that the proposed **two level Seniors & Youth Centre** and surrounding associated lands highlighted in **yellow** on the following illustration forms 2.0586 acres (0.8331 ha.) of the 4.51 acre (1.82 ha.) Phase 1 PTC Land. It is further assumed that it will have a 36,414 square foot (3,383 m²) first floor area and a 63,001 square foot (5,853 m²) gross floor building area as per June 21, 2019 architectsAlliance Context/Statistics (A-006).
- It is assumed that the proposed **two level Performing Arts Centre** highlighted in **red** and surrounding associated lands on the following illustration forms 0.9726



acres (0.3936 ha.) of the 4.51 acre (1.82 ha.) Phase 1 PTC Land. It is further assumed that it will have a 23,099 square foot (2,146 m²) first floor area and a 37,405 square foot (3,475 m²) gross floor building area as per as per June 21, 2019 architectsAlliance Context/Statistics (A-006).

- It is assumed that the PTC Lands required to support the proposed Library, Seniors & Youth Centre, and Performing Arts Centre and surrounding associated lands would have a combined area of (0.7843 + 2.0586 + 0.9726) 3.8155 acres (1.5441 ha.).
- It is assumed that the proposed **three underground parking levels** to be sited beneath the proposed Seniors & Youth Centre, Performing Arts Centre, proposed 50-storey tower and associated podiums (outlined by a black dash-line on the preceding illustration) will have a total parking area of 379,288 square feet (35,237 m²) as per June 21, 2019 architectsAlliance Context/Statistics (A-006), and will be capable of accommodating a total of 933 vehicles.
- It is assumed that the current Contributory Value Opinion for the Strata (Air) Space property rights being appraised for the proposed **Library** would equate to the surrounding ground area of 0.7843 acres (0.3174 ha.) plus the 27,125 square foot (2,520 m²) second, third and fourth levels totalling 61,290 square feet (5,694 m²).
- It is assumed that the current Contributory Value Opinion for the Strata (Air) Space property rights being appraised for the proposed **Seniors & Youth Centre** would equate to the surrounding ground area of 2.0586 acres (0.8331 ha.) plus the 26,587 square foot (2,470 m²) second floor totalling 116,261 square feet (10,801 m²).
- It is assumed that the current Contributory Value Opinion for the Strata (Air) Space property rights being appraised for the proposed **Performing Arts Centre** would equate to the surrounding ground area of 0.9726 acres (0.3936 ha.) plus the 14,305 square foot (1,329 m²) second floor totalling 56,672 square feet (5,265 m²).
- It is assumed that the current Contributory Value Opinion for the 99-year lease agreement pertaining to the Strata (Air) Space property rights being appraised for the P1 Level of the proposed **underground parking garage** which can accommodate 350 vehicles would equate to an area of 157,368 square feet (14,620 m²).
- A title search has not been pursued for the 55.37 acre (22.41 ha.) Parent Property which is presently improved with the Pickering Town Centre. Title is assumed to be good and marketable. The absence of such a search confirming same increases the level of risk inherent in the analysis and conclusions contained in this Report.

The right is being reserved to amend, alter, or otherwise change the final Contributory Value Opinion for the Strata (Air) Space property rights being appraised should any of these Extraordinary Assumptions or Extraordinary Limiting Conditions prove to be invalid.

Based upon careful study and analysis of all of the pertinent data and available information, it is our opinion that the Contributory Value Opinion for certain Strata (Air) Rights in Fee Simple and Leased Fee Estate as identified herein, as of April 27, 2019, is:

\$3,470,000

(THREE MILLION FOUR HUNDRED SEVENTY THOUSAND DOLLARS)

The Report which follows describes the Approaches to Value relied upon along with data collected during the course of our investigations. The undersigned certify that the Company has no present or contemplated interest in either the 4.51 acre (1.82 ha.) Phase 1 PTC Land or the 55.37 acre (22.41 ha.) Parent Property presently improved with the *Pickering Town Centre*, nor bias against or towards any parties involved with this appraisal assignment. This Narrative Appraisal Report and Valuation Analysis has been completed in accordance with the Canadian Uniform Standards of Professional Appraisal Practice as adopted by the Appraisal Institute of Canada.

Respectfully submitted,


R. Michalski, AACI, P.App.



D. Bottero, AACI, MRICS
Professional Land Economist





SOUTHERLY VIEW OF 13.13 ACRE (5.31 HA.) PTC LANDS FROM ACROSS GLENANNA ROAD



LOOKING NORTH ALONG 13.13 ACRE (5.31 HA.) PTC LAND'S FRONTAGE ONTO GLENANNA ROAD



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PART FIVE - ADDENDA

February 14, 2019 *Letter of Intent - City Centre 2022 Plan*; June 4, 2019 *Memorandum of Understanding - City Centre 2022 Plan*; Fully executed August 6, 2019 *Memorandum of Understanding*; Appraiser's Qualifications

PART ONE - INTRODUCTION

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY IDENTIFICATION

PTC Lands Ownership: OPB Realty Inc.
PTC Lands Address: Portion of 1340 & 1355 Kingston Road, Pickering, Ontario
PTC Lands Legal Description: Portions of:
PT LTS 21 & 22 CON 1 PICKERING, PTS 12, 19, 20, 21, 22, 23, 24, 40R8355 EXCEPT PT 1 40R8513; S/T CO249445, CO249442, D327673, D178460, D327672, D14947 ; S/T CO249442E, CO249445E, D14947, D198350, D198351, D327672, D327673 CITY OF PICKERING (PROPERTY IDENTIFIER NUMBER 26335-0003)

PCL CON. 1-21-23 SEC PICKERING; PT LTS 21 & 22, CON 1, IN THE TOWN OF PICKERING, REGIONAL MUNICIPALITY OF DURHAM PTS 6, 7, 8, 9, 10 & 11 40R8355 EXCEPT PT 2 40R8513; S/T CO249441, D117455, LT142914, LT235254, LT398030, LT477563, LT477567 PICKERING (PROPERTY IDENTIFIER NUMBER 26335-0006)

PROPERTY DESCRIPTION

Location: Situated within the southeastern portion of the urbanized component of the City of Pickering, being on the west side of Glenanna Road just south of Kingston Road and across the street from the *Pickering Civic Complex (City Hall), Pickering Central Library and Esplanade Park.*

Type of Property: 4.5089 acre (1.8247 ha.) property variously improved with retail structures forming part of the *Pickering Town Centre.*

Official Plan: ‘Mixed Use Areas - City Centre’
Zoning: ‘CC1 - E3’ (City Centre One - Exception E3)

Highest and Best Use: To support higher density mixed commercial/residential and ancillary uses within structures having a 125 metre maximum building height, and one building supporting the proposed *Senior & Youth Centre* having a 155 metre maximum building height; assuming that Zoning By-law 7553/17 has been formally amended for this site in accordance with the Terms of Reference provided.

VALUATION

Effective Date: April 27, 2019

Direct Comparison Approach:
Strata (Air) Rights Market Value \$3,470,000

**CONTRIBUTORY VALUE OPINION FOR
STRATA (AIR) SPACE & LEASED FEE ESTATE RIGHTS: \$3,470,000**



**Report to
Council**

Report Number: FIN 15-19

Date: July 22, 2019

From: Stan Karwowski
Director, Finance & Treasurer

Subject: Civic Centre Project & Multi-Year High Level Financial Analysis

Recommendation:

1. That Report FIN 15-19 of the Director, Finance & Treasurer be received;
2. That Council direct staff to proceed with the Civic Centre project based on a fixed price contract model that includes the construction of the following: Senior & Youth Centre approximately (63,000 square feet); Performing Arts Centre (approximately 37,000 square feet); Central Library (approximately 43,000 square feet with a roof terrace), underground parking (350 spots), associated landscaping and the required relocation of services: sanitary sewers, storm sewers, utilities and water mains;
- 3a) That Council direct that for financial planning purposes, the total cost of the Civic Centre project be \$124,054,246 (net HST) excluding the costs for the bridge link between the Library and Seniors Centre, the relocation of service costs and any related fees and if the total contract price increases over 2 per cent, further Council approval is required to proceed;
- b) That the total cost of the bridge link noted above, at \$5,375,357 be added to the total project cost within the report with appropriate DC funding, and that staff make appropriate adjustments to the financial plan;
4. That Council approve to single source the construction of the Civic Centre municipal buildings, underground parking lot and the relocation of services to Pickering Town Centre/OPB Realty;
5. That Council direct that the cost sharing principles for the relocation of services and oversizing of pipes be based on the principle that the direct benefiting property owners are responsible for their proportionate share of costs;
6. That Council endorse the principle for financial planning purposes for the existing term of Council that Casino revenues are to be first applied to fund the construction and related servicing costs for the Civic Centre project and the remaining funds are to be transferred to operational capital reserves or reserve funds (vehicle, major equipment, facilities, roads and bridges, stormwater) that in-

turn reduces the City's use of five year internal loans and eventually all internal loans;

7. That Council authorize staff to apply to all major senior government grants that are available and applicable, under the grants criteria, and that the Arts Centre project be designated as the top grant candidate;
8. That the Director, Finance & Treasurer be authorized to begin the process to amend the Development Charges By-law 7595/17 to increase the development charge fees that are required to fund the development charges share of the Civic Centre project based on the financial plan and that Council approve the engagement of the firm Watson & Associates Economists Ltd. to undertake this work;
9. That Council approve the additional fees as proposed by Sabourin Kimble & Associates Ltd. in the amount of \$380,000 plus HST for an increase in scope to undertake the necessary project management, detailed design, utility relocation coordination and the transportation planning for phase 1 in accordance with the purchasing policy 10.03 (c), as the assignment is above \$50,000;
10. That Council approve the total revised gross project consulting cost for Sabourin Kimble & Associates Ltd. in the amount of \$994,400 (including HST), and the total revised net project cost of \$895,488 (net of HST rebate) to be funded from the Rate Stabilization Reserve;
11. That Council lift the hold on the hiring of the Manager, Arts Centre position and that staff initiate the process of hiring for the position as identified in the 2019 budget; and
12. That the appropriate City of Pickering officials be authorized to take the necessary actions as indicated in this report.

Executive Summary: This report and corresponding analysis focuses on analyzing the financial impact of the Civic Centre project (including relocation of services) on the short and medium term financial health of the City. The report does not attempt to answer the question are the facilities needed. It is understood that this question has been addressed and or answered to the satisfaction of Members of Council and Pickering residents.

The analysis and recommendations are based on **known information to date**. There are still information gaps (impact of Bill 108), final construction costs that may have an impact on the project and therefore, the City. This report tries to answer the question – what is the impact on the Civic Centre project on Pickering's finances on a short and medium term basis? The analysis assumes that operational costs related to this project such as increased staffing and utility costs related to the buildings and corresponding programs, will be funded through the Current Budget through a budget levy increase. In other words, when the buildings are finished and opened, there will be an increase in

the property tax levy to fund these operational costs. However, Pickering residents will be able to enjoy the wealth and range of new programs while being asked to fund the operating and programming costs.

The analysis and modelling shows that under a fixed cost contract scenario, the Civic Centre project can proceed based on the concept that the Casino revenues will basically fund the capital/debt costs of the project. This analysis shows that under various cost scenarios (worst, most likely and best) there are sufficient Casino revenue dollars even after sharing some of the Casino dollars with Durham Region starting in 2021, to fund the project with zero and/or minimal impact on the Pickering taxpayer.

The known and unknown impacts of Bill 108: *More Homes, More Choice Act, 2019* as it relates to development charges has been considered in the financial stress test modelling. Under the old Development Charge (DC) rules, the City was permitted to run a deficit balance or negative position in its DC reserve funds and the funding shortfall was recovered through the next DC Background Study through higher DC fees. Bill 108 does not explain how deficit DC reserve balances are to be transferred to the new Community Benefit Charge By-law (CBC) or if the deficit is to be recovered over time from the new CBC. Therefore, for the worst case scenario, no DC debt was considered as a funding source for the Civic Centre project. The shortfall in development charge funding was transferred to the City and funded as City debt. The issue regarding the treatment of DC debt should be resolved and/or known by the end of October when the corresponding Provincial regulations are issued.

Bill 108 has created an environment where there is an opportunity to either keep the old development charge rules or to move to the new system – Community Benefit Charge or CBC. For Pickering, it would be prudent to maximize the funding under the old Development Charge rules for soft services (libraries, indoor recreation facilities and parking facilities) due to the fact they will expire by December 31, 2020 and under the new system (CBC) it appears to be **a less favourable funding model**. As shown in the report, proceeding with the Civic Centre project translates into the City incurring a high level of debt for the three buildings. However, the City's financial picture is about to change with the Casino revenues and the projected Casino revenue stream should be strong enough to fund the City share of debt charges associated with this project. In other words, the Casino funds are being used to create a financial status quo when you consider the debt charges for the project.

Every project has various levels or degrees of risk. The financial modelling exercise through the scenario analysis tried to quantify the risk and pressure test Pickering's finances. Where possible, a conservative approach was used in the quantitative modelling. The financial strategy is based on the City using Casino revenues to fund the capital construction cost. The City has no history of Casino revenues. In discussions with industry experts, a Casino revenue stream was developed and used in the modelling exercise. However, the casino revenue stream is a projection based on other casino's revenue history. What makes the Pickering revenue stream projection somewhat different is the fact that you will now have two casinos in relatively close proximity and therefore makes the revenue projection a bit more challenging.

Pickering's Casino should do well because it has several gaming success factors: located near a large population, the facility can be easily accessed, will provide future hotel accommodations, and new gaming facilities are always attractive. The above factors should translate into a strong future revenue stream for the City. However, there are uncontrollable factors that can have an effect on the City's short term Casino revenue stream such as economic slowdown and or geopolitical events such as trade disputes that can affect the economy.

Over the last twenty years, the City hasn't constructed many new facilities except for the Operations Centre, George Ashe Library & Community Centre, expansion of Recreation Complex (grant funded project) and Pickering Soccer Centre (partially funded by the Pickering Soccer Club and development charges). New buildings and/or facilities were not constructed due to low assessment growth and the City's approach to having a moderate level of property tax increases. For many years, Pickering had the lowest property tax rate among the Durham Lakeshore municipalities. Pickering's budgets over the last several years were in most part focused on maintaining the City's facilities, service levels, and infrastructure. An argument could be made that over time, Pickering has incurred a facilities deficit and that the Civic Centre project is addressing this facilities shortfall in one dramatic step.

Financial Implications: The Civic Centre financial stress model was based on three cost/funding scenarios: most likely, worst case and best case. A comparison of the three scenarios is presented below based on a total known cost to date. The project cost figures below are based on May 23, 2019 cost estimates (provided by Cushman & Wakefield) for the construction of the three buildings, furniture, fixtures and equipment and estimated servicing costs (relocation of services).

	Best Case	Most Likely	Worst Case
Construction Cost	\$ 134,098,916	\$ 134,098,916	\$ 134,098,916
Funding Plan			
Government Grant	\$ 29,583,387		
Naming Rights	15,929,204	\$ 7,964,602	\$ 7,964,602
DC Funding:			
DC Reserves	22,617,667	22,617,667	22,617,667
DC Reserve Debt	33,313,019	37,292,854	
City Reserves	3,980,000	3,980,000	3,980,000
City Share (Debt)	28,675,639	62,243,793	99,536,647
Total	\$ 134,098,916	\$ 134,098,916	\$ 134,098,916

Project Debt Summary			
DC Reserve Debt	\$ 33,313,019	\$ 37,292,854	
City Share (Debt)	28,675,639	62,243,793	\$ 99,536,647
Total	\$ 61,988,658	\$ 99,536,647	\$ 99,536,647
City Share Debt Per Capita	\$301.85	\$655.20	\$1,047.75
Total Debt per Capita	\$652.51	\$1,047.75	\$1,047.75

Funding Source (%)			
Government Grant	22.06%		
Naming Rights	11.88%	5.94%	5.94%
DC Funding	41.71%	44.68%	16.87%
Reserves	2.97%	2.97%	2.97%
City Share (Debt)	21.38%	46.42%	74.23%

The best case scenario assumes the following:

- The City is successful in obtaining senior level grant funding (66 per cent) for the Arts Centre project under the Investing in Canada Infrastructure Program (ICIP), Community, Culture and Recreation funding stream.
- The City is successful in obtaining naming rights revenues for the Arts Centre and Senior & Youth Centre.

The most likely scenario is based on the current status as it relates to the Civic Centre project. In other words, this scenario only includes naming rights revenue for the Library and no senior level of grant funding. However, in the future, there may be smaller levels of grant funding associated with accessibility that the City would apply for. Members of Council may recall that the City applied for grant funding for the Council Chamber renovation project and was not successful. However, staff were successful in obtaining minor level grant funding (Federal) under the accessibility umbrella for the first floor Civic Complex washroom renovation. Staff will monitor and apply for all grant opportunities associated with this project.

The worst case scenario reflects the unknown impact of *Bill 108: More Homes, More Choice Act, 2019* as it relates to development charges. The Bill was introduced as part of the Provincial Government's Housing Supply Action Plan and it affects 13 Acts. The most significant changes to the *Development Charges Act (DCA)* are:

- Parks, indoor recreation, libraries, parking and studies associated with these soft services are to be removed from the *Development Charge Act*. These costs will now be funded under a new Community Benefit Charge By-law (CBC).
- Provincial legislation will allow municipalities to charge a CBC fee **up to a cap yet to be prescribed** for soft services. The cap will be a percentage, to be prescribed of the appraised land value before a building permit is issued (details of this cap are not defined in the legislation and would be set by future regulations anticipated in October.) However, it is the opinion of many municipal financial staff across Ontario that under the CBC, the funding model will generate less funding for municipalities.
- Bill 108 does not explain how deficit DC reserve balances are to be transferred to the new CBC bylaw or if the deficit is to be recovered over time from the new CBC. This is a major concern due to the fact that the **DC reserve fund will have to borrow approximately \$33.3 million under the most likely scenario**. This issue should be resolved when the Province issues the regulations around October of this year.

Therefore, under the worst case scenario, the financial plan is to use the DC funds that are in "the blank (reserves)" and not issue any debt for the DC funding shortfall. The financial result of this strategy and or approach is that City issued debt is used to replace the DC funds.

Measuring the Civic Centre Debt Impact on the City

Using the "most likely" scenario, please find below a summary of the City's debt position as of December 31, 2019.

Impact of Civic Centre Debt on City's Debt Structure			
	Forecast December 2019	Civic Centre	Estimated Debt Commitments Total
Debt Obligations			
Indoor Soccer Facility	\$ 2,672,000		\$ 2,672,000
DC Debt	9,134,000	\$ 37,292,854	46,426,854
Taxpayer Funded	35,729,478	62,243,793	97,973,271
Total	\$47,535,478	\$ 99,536,647	\$ 147,072,125
Debt Outstanding Per Capita Based on a Population (95,000)			
DC Debt	\$96.15	\$392.56	\$488.70
Taxpayer Funded	\$376.10	\$655.20	\$1,031.30
Total	\$500.37	\$1,047.75	\$1,548.13

The DC debt referenced above pertains to the new Operations Centre. As a comparison, in 2017, Pickering's total debt outstanding per capita was \$325. For 2019, using the total debt figure of \$47.5 million, and a population of 95,000, Pickering's total tax debt per capita would be \$500.37. When you add the Civic Centre project, the City would have **one of the highest debt per capita in the GTA at \$1,548.13.**

Provincial Municipal Debt Limit

As outlined by regulation, a municipality's Annual Repayment Limit (ARL) as calculated by the Ministry of Municipal Affairs (MMA) represents the maximum amount that a municipality has available to commit to additional payments relating to debt and financial obligations. The limit is based on a 25 per cent calculation of annual operating fund revenues excluding certain revenues such as government grants and transfers from reserves and reserve funds. The MMA determines the municipality's ARL under Ontario Regulation 403/02 based on the municipality's Financial Information Return (FIR).

Please find below, Pickering's ARL for 2018 and estimated for 2019 that includes the Civic Centre project.

Annual Debt Repayment Limit

	Actual 2018	Estimated 2019
Net Revenues	\$96,371,051	\$99,213,997
25% of Net Revenues	\$24,092,763	\$24,803,499
Less:		
Civic Centre Debt Charges		6,369,234
Debt Charges	<u>4,488,518</u>	<u>5,128,523</u>
Estimated Annual Repayment Limit	<u>\$19,604,245</u>	<u>\$13,305,742</u>
Debt Charges as a % of New Revenues	4.66%	11.59%

The Civic Centre debt charges amount includes both City and DC shares. For this calculation, the Province **does not** separate or distinguish between the two groups. As expected with the introduction of the Civic Centre project, Pickering's debt charge percentage increases substantially. As reflected above, **the City is still below the 25 per cent Provincial rule.**

Financial Impact of Civic Centre Project on Future Levy Increases

As shown below, with the use of estimated Casino revenues, there is very limited financial impact associated with the capital cost of the Civic Centre project. The operating costs for the Civic Centre project will be budgeted over two years (2023 and 2024) based on a preliminary opening date of July 1, 2023. The total estimated operating cost impact is allocated over two years (1.24 per cent per year).

Line#		2020	2021	2022	2023	2024
1	City Operations	3.74%	3.50%	3.50%	3.50%	3.50%
2	Less: Assessment Growth	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%
3	Base Budget	2.74%	2.50%	2.50%	2.50%	2.50%
	Add: Special Levies					
4	Fire Fighters (2)	0.25%	0.25%	0.25%	0.25%	0.25%
5	Council Requested - Service Level Changes	?	?	?	?	?
6	Civic Centre Operating Costs (6 Months)				1.24%	1.24%
7	Est. Budget Levy Position	<u>2.99%</u>	<u>2.75%</u>	<u>2.75%</u>	<u>3.99%</u>	<u>3.99%</u>
Casino Funds After Funding Civic Centre Project						
8	Contributions to Reserves & Capital Costs	\$3.7- \$4.4	\$2.6 - \$4.2	\$2.5 - \$5.5	\$0.9- \$4.0	\$1.5 - \$6.4
9	Most Likely	\$4.4	\$4.0	\$5.5	\$2.8	\$4.1

Explanation of Multi-Year Financial Plan & Assumptions

For 2020, the preliminary City Operations forecast is a levy increase of 3.74 per cent due to the annualization of new staffing positions from the 2019 budget. For the remainder of the forecast period, it is anticipated that the budgetary increase will fall within the City's acceptable range. Assessment growth is conservatively estimated to average at least one per cent per year. Line 7 is forecasting modest budget levy increases from 2020 up to and including 2022.

The budget levy increase as reflected on Line 7 are subject to "Council Requested Service Level" changes that can either be an increase or decrease. For simplicity, the model assumes a status quo in service level adjustments.

The financial model assumes that the City will start to receive Casino revenue funding by the end of the second quarter in 2020. The Casino revenue funding model is based on the current proposal of 3,700 gaming positions. The financial model assumes that the cost sharing will Durham Region will begin with the start of the first full year of Casino revenues (2021). The Casino revenue sharing with Durham Region is based on the Council approved motion (Recommendation 2 - FIN 02-19) that the Region will adopt a property tax relief program similar to Pickering's. The revenue sharing calculation with the Region would be adjusted for any possible City revenue loss associated with lower bingo license gaming fees.

Based on the current financing strategy, line 8 indicates that there are additional Casino funds (after funding the Civic Centre construction costs) to be applied or transferred to operational capital reserves or reserve funds (vehicle, major equipment, facilities, roads and bridges, stormwater) that in-turn would reduce the City's use of five year internal loans and eventually all internal loans. The additional funds reflected would also be used as a financial safety net to address any short-term cost pressures or funding challenges due to an economic slowdown. (The last recession was over ten years ago and the economy is due for a correction). If the City follows or adopts the strategy of

investing in reserves with the surplus Casino funds, will reduce the City's debt costs that in-turn would reduce the budget levy impact on line 7.

Line 8 represents the estimated additional Casino funds available (after funding Civic Centre construction costs) and is an opportunity for the City to use these funds to reduce the City's reliance on short term debt financing. The Civic Centre project has dramatically increased the City's overall debt and the City should use these funds to reduce its debt per capita ratio.

Preliminary Financing Strategy

The preliminary financing strategy is outlined below.

	2020	2021	2022	2023	2024
Assumptions					
Interest Rate	4.0%			5.0%	
Term	25 Yrs.			25 Yrs.	
Senior Youth Centre	External Debt	12 Months Interest Cost			
Underground Parking Lot	External Debt	12 Months Interest Cost			
Arts Centre	Construction Financing	Construction Financing	Construction Financing	Issue External Debt	12 Months Interest Cost
Central Library	Construction Financing	Construction Financing	Construction Financing	Issue External Debt	12 Months Interest Cost

The City has several options regarding the debt financing strategy for the Civic Centre project. One option is to use construction financing similar to a line of credit and when the projects are completed borrow the required amount. The risk associated with this strategy is that you are betting on the fact that interest rates will be either lower or at the same rate in four years.

The preliminary financing strategy as outlined above is based on the strategy to mitigate or reduce future interest rate risk by issuing debentures in 2020 for the Senior & Youth Centre, parking lot and for the relocation of services and oversizing of pipes. It is proposed that the City would then incur debt in 2023 for the Arts Centre and new Central Library. The financing strategy would be designed to be flexible to take advantage of favourable interest rate changes.

Discussion: The proposed Civic Centre development is a multi-year transformative project. It will probably be the largest financial undertaking of the City. A breakdown of the various project components is presented below.

Civic Centre Preliminary Construction Cost Breakdown

Art Centre	\$41,267,774
Arts Centre – City Share FFE	995,000
Landscaping	7,123,893
Library	30,372,529
Seniors & Youth Centre	23,416,500
Underground Parking	<u>20,878,723</u>
Sub Total	\$124,054,419
Add: Net HST	<u>2,183,358</u>
Total Building Construction Cost	\$126,237,777
Add:	
Relocation of Services (net HST included)	<u>7,861,139</u>
Total Estimated Project Cost	<u>\$134,098,916</u>

It is interesting to note, that this new project would represent 51.60 per cent of the net book assets of the City based on the City's 2018 Financial Statements.

Explanation of Key Recommendations

Council approval is required to Single Source the construction of the three buildings and underground parking lot – Recommendation 4

The construction value of the three buildings and underground parking is estimated to be \$123.0 million plus net HST excluding City Centre FFE. Council approval is required to single source due to the fact there is no opportunity to obtain competitive pricing because of the geographical location of the project.

In a competitive process, the tender ensures that the City/taxpayer receives the “best pricing” available at that current time and date. To ensure that the City is obtaining “fair pricing”, the City has hired an outside cost consultant to verify and audit the construction pricing put forth by PTC. The independent cost consultant is reviewing this information and Council will be advised of his findings and recommendations in the future.

That Council authorize staff to apply to all senior government grants that are applicable, and that the Arts Centre project be designated as the top grant candidate – Recommendation 7

Infrastructure programs announced by both the Federal and Provincial Governments through their budget processes are anticipated to be available to provide capital financing. Specifically, the Investing in Canada Infrastructure Program (ICIP) is a \$30.0 billion, 10-year infrastructure program cost shared between Federal, Provincial and Municipal governments. Previous government funding strategy was for each partner to fund one-third of the project cost. It is anticipated that a grant funding announcement **may be coming in the fall of this year**. Recommendation 7 identifies the Arts Centre as the top proposed candidate due to its low level of DC funding.

That the Director, Finance & Treasurer be authorized to begin the process to amend the Development Charges By-law 7595/17 to increase the development charge fees that are required to fund the development charges share of the Civic Centre project based on the financial plan and that Council approve the engagement of the firm Watson & Associates Economists Ltd. to undertake this work – Recommendation 8

The Civic Centre project relies on almost 45 per cent DC funding. In order to collect the required funding amount, the DC rates have to be amended or increased. Attachment 1 provides an up-to-date snapshot comparison of Pickering's residential DC rate to other GTA municipalities. As the evidence clearly shows, Pickering's DC rates are very attractive and a minor increase in the fees should still maintain the City's competitive position as having one of the lowest GTA DC fees.

The process to amend the DC By-law is similar to the DC Background study except for the fact it is a smaller project. As part of the DC By-law amendment process, community engagement exercise with interested stakeholders will be undertaken. The project's goal is to have the new and higher rates effective on December 1, 2019 or earlier.

Approval to increase the consulting contract with Sabourin Kimble & Associates Ltd. for Phase 1 Relocation of Services - Recommendations 9 and 10

The hiring of Sabourin, Kimble & Associates Ltd. to provide project management and preliminary engineering services for the City Centre Project was presented in Report CAO 05-19 and was approved by Council at the March 25, 2019 Council meeting through Resolution #53/19.

Since then, the consultant has worked diligently to determine the municipal servicing requirements for the project, specifically the need to relocate municipally owned storm, sanitary and water trunk services from the easement that transects Phase 1 of the City Centre project, to a new location on Glenanna Road. The need for a transportation study to support the Phase 1 development, to determine its potential impact on surrounding City and Regional roads, has also been recognized as an important element of the project. As the relocation of services will result in the reconstruction of Glenanna Road, due to extensive restoration requirements, it is important for the transportation needs to feed into the design of the replacement of Glenanna Road to avoid or mitigate throwaway costs.

The preliminary cost estimate to relocate municipal services from the Phase 1 area to Glenanna Road including the cost of reconstruction of Glenanna Road through the affected area is \$7,175,350 plus HST. This cost estimate includes an allowance for utility relocations, as these details are unknown at this time.

Sabourin, Kimble & Associates Ltd. has submitted a proposal outlining the change in scope to include fees required for the transportation study, and the detailed design of the relocation of municipal services. If approved by Council, the change in scope will be reflected on their original purchase order through an amendment.

The proposal dated July 15, 2019 from Sabourin, Kimble & Associated Ltd. in the amount of \$380,000 (HST extra) has been reviewed by staff, is deemed acceptable and is recommended for approval.

Approval to initiate the hiring process for the Manager, Arts Centre Position – Recommendation 11

As the City proceeds to the detailed design phase of the City Centre project, the City's Manager, Arts Centre will become an active member of the project team participating in ongoing consultations to inform the design and delivery of the new Arts Centre. This full time position is anticipated to begin November 1, 2019 as part of the proposed 2019 Current Budget, pending the approval of Council to proceed with the City Centre project. The Manager, Arts Centre will possess the expertise and experience to contribute sound technical advice on the design of this state of the art facility. Since this position will be responsible to operate and program the Arts Centre once it opens, it is critical that they be involved at the detailed design stage when important decisions are being made. This approach will ensure a successful and seamless transition from design to construction, to the eventual operation of the Arts Centre.

Attachments:

1. Residential Development Charges for Single Detached Dwelling as of July 11, 2019

Prepared By:

Original Signed By

Stan Karwowski
Director, Finance & Treasurer

Approved / Endorsed By:

Original Signed By

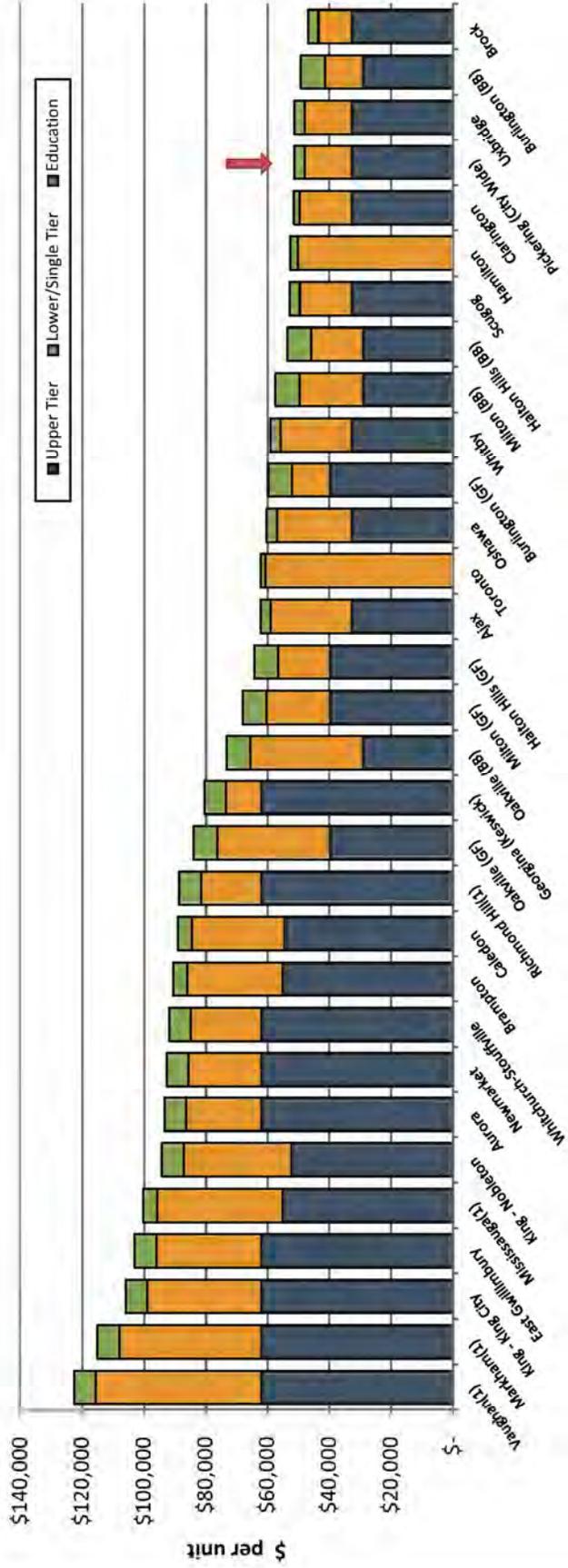
Stan Karwowski
Director, Finance & Treasurer

Recommended for the consideration
of Pickering City Council

Original Signed By

Tony Prevedel, P.Eng.
Chief Administrative Officer

**Residential Development Charges
Per Single Detached Dwelling for Greater Toronto Area Municipalities
as of July 11, 2019**



BB=Built Boundary & GF=Greenfield.
1. A component of the charge has been converted from a per hectare charge to a hypothetical single detached unit.