

From: Marisa Carpino
Chief Administrative Officer

Subject: City Centre Project
- Options Analysis Study, Cost Estimates and Financial Implications
- File: A-1200-001-23

Recommendation:

1. That Report CAO 05-23, regarding the City Centre Project Option Analysis Study, Cost Estimates and Financial Implications, be received;
 2. That Council endorse Option D in the City Centre Project Option Analysis Study set out in Attachment 1, recommended by KPMG and Hariri Pontarini Architects (HPA), as the preferred option for the next phase of analysis regarding the City Centre Project;
 3. That staff be directed, in accordance with Purchasing Policy 10.03 (c) of Purchasing Policy PUR 010, to retain KPMG for a fee of \$450,000 and an administration fee of up to 7 percent plus applicable HST to be charged to General Government Consulting to conduct a detailed analysis of the preferred option to be presented to Council in Q1 2024, as per their fee proposal set out in Attachment 2; and,
 4. That the appropriate officials of the City of Pickering be authorized to take the necessary actions as indicated in this report.
-

Executive Summary: The City of Pickering has pursued the realization of a City Centre vision in its downtown since 2017. By late 2018, City staff were working in collaboration with Ontario Pension Board Realty Inc. (OPB Realty Inc., owners of Pickering Town Centre (PTC)) to introduce three new municipally owned and operated community facilities (Library, Youth & Seniors Centre, Performing Arts Centre), Public Square and Public Realm in concert with high rise residential developments by OPB through a swap of land owned by each party.

With the onset of the pandemic, the City Centre project was put on pause by Council in April 2020 due to the economic uncertainty presented by COVID. After restarting work on the project in October 2021 and establishing a project cost ceiling of \$207.7M, the City Centre project was once again paused by Council on March 11, 2022 when preliminary project costs reached \$236M due to rising construction material and labour costs associated with a COVID and post-COVID environment. The Council approved DC Study (July 2022) included a revised cost of \$266.1 million.

In an effort to realize the City Centre project in a financially sustainable manner, the City set out to assess how leveraging City owned lands on Esplanade South could capture the value of residential development opportunity, subsidize overall project costs and optimize construction cost synergies between civic facilities envisioned in the City Centre project. To that end, as per

Resolution #963/22 from July 11, 2022 and Resolution #997/22 from September 22, 2022, Council directed staff to retain KPMG and Hariri Pontarini Architects (HPA) to generate a design concept and proposed project transaction structure for Options B, C and D. The description of the three design options are as follows:

Option B – Legacy Revisited Concept: The City and PTC would swap the City owned lands with PTC owned lands and the City receive the lands (west of Glenanna Road) as parkland dedication from PTC. This option is subject to negotiation and agreement between PTC ownership and the City.

Option C – Multiplex Concept: The City receives parkland dedication lands (west of Glenanna Road) as part of PTC development and City would sell South Block (south of Esplanade South) to subsidize project costs.

Option D – Facilities on the Park Concept: The City connects Esplanade Park, an important component to establishing a city centre, by relocating Esplanade South to the south and introducing the Library and Seniors & Youth Centre adjacent to the park, creating a view from Glenanna Rd.

As is evident, Options C and D leverages City owned land on Esplanade South by working with a development partner to introduce residential development and thereby subsidize the City's overall project cost.

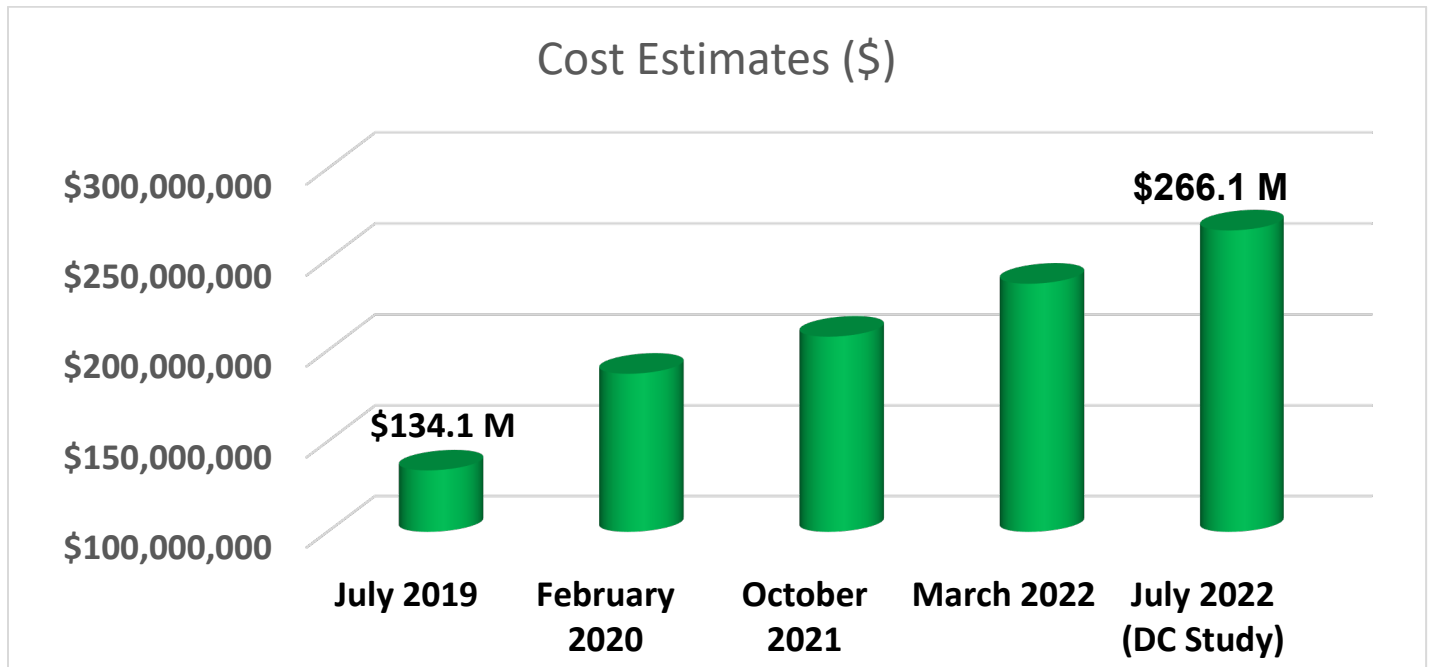
The results of KPMG's study is outlined in "Pickering City Centre Options Analysis Study" dated March 27, 2023, as set out in Attachment 1. In short, Option B has limitations for residential development potential and requires negotiation with PTC ownership and has the highest cost. Option C has the lowest cost but results in losses to the full functional requirements of the City facilities. Option D provides the next lowest funding requirements, without the loss to the full functional requirements of City facilities and creates a heart in the downtown.

In the end, Option D is option recommended by KPMG and HPA as it delivers on the City Centre vision for three municipally owned and operated facilities with a phased-in construction model, and is supported by a public space/square that allows for Esplanade Park and a new park west of Glenanna Road to be animated year round.

Subject to Council's approval of Report CAO 05-23, the next phase of the City Centre Project pre-development process is to contract KPMG at a fee of \$450,000 plus HST and 7 percent administration fee to conduct a detailed analysis of the preferred option. This scope of work will include the design of facility floorplates to fully consider program requirements; stakeholder and community engagement; and, the development of a business case with updated designs, financial analysis, and provide recommendations on preferred partnership and governance structures. When the findings are returned in Q1, 2024, Council will be presented with the opportunity to approve the recommendation for preferred option and approve proceeding to procurement and finding the right development partner.

Financial Implications: A financial history of the City Centre project is presented below.

City Centre Financial History



The 2022 DC Study, approved by Council (in July), included a revised cost of \$266.1 million for the City Centre project. Over the project’s three year history, the cost estimates have increased by 98.4 percent or almost doubled. It is anticipated that the actual final cost would have been higher. The City Centre project, at an estimated cost of over \$266.1 million, would have caused financial stress to the Corporation and likely deferred other valuable capital projects.

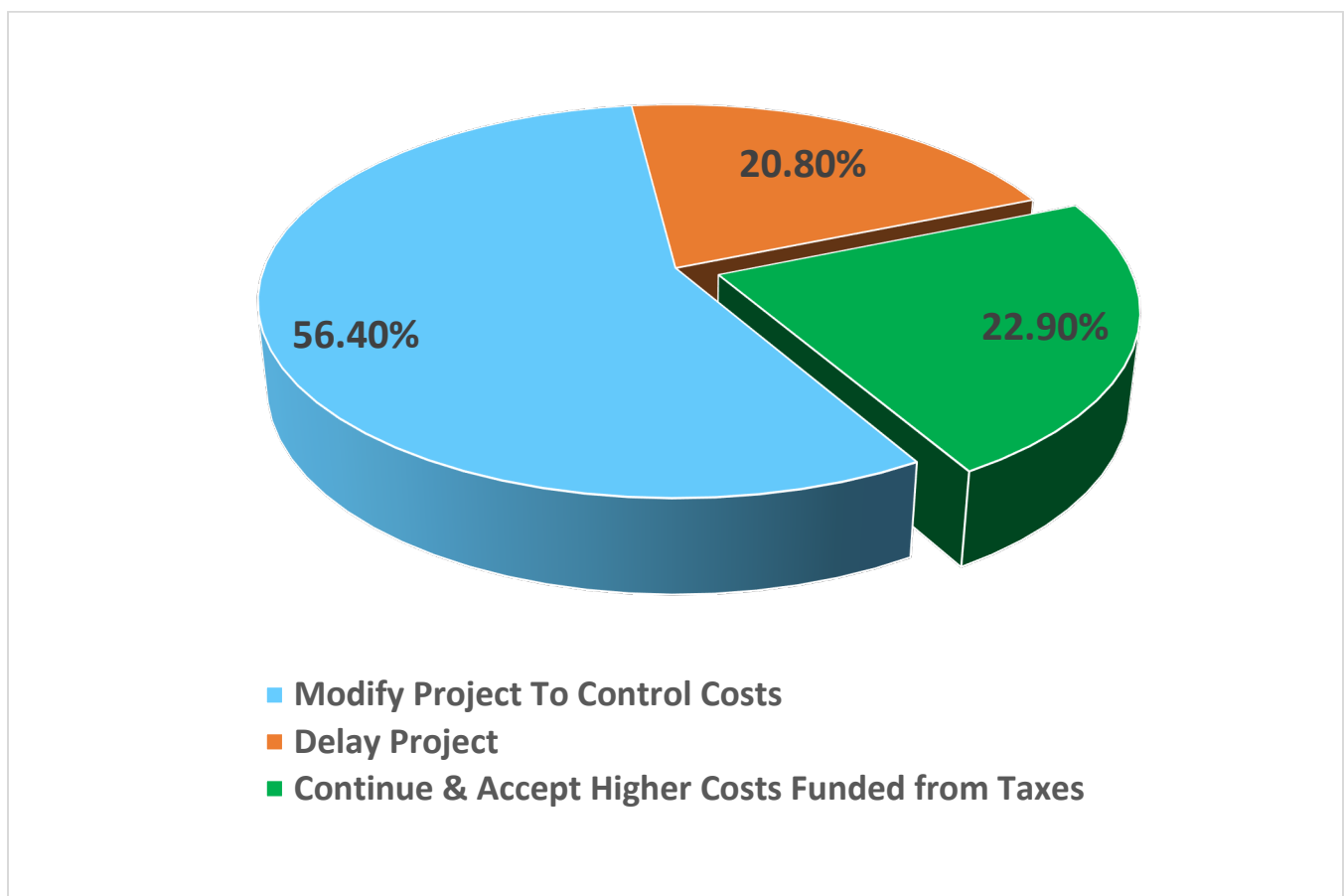
From a financial lens, you cannot view the City Centre project as an island. You have to consider this project in the context of all of the other valuable and beneficial projects for Pickering residents. The current estimate for the former City Centre project is high, and when added to the other major capital projects, both growth related and infrastructure renewal, the end result is that the City, would have been in a **very challenging financial position**. One of the major financial advantages of Option D, is the ability to phase the City Centre development.

As the cost of the City Centre project was increasing, it was apparent to senior financial staff that a cost mitigation strategy had to be considered. The selected option was to introduce project phasing that would allow the City, over time, to complete the project and more importantly to manage the project cost and corresponding debt financing at a more controllable pace resulting in a lower level of financial stress. From October 2021 to March 2022, several times, finance staff asked if the project could be phased and were advised that it could not by our then partner and development. The financial phasing strategy would have been very beneficial to the City due to the fact, the project would have been able to progress, at a pace

that would have allowed the City to consider other projects while operating within its debt capacity limit as prescribed by the Province.

On February 6th of this year, the City started the second phase of its 2023 budget engagement process. (This budget engagement exercise concluded on March 12th.) One of the topic questions asked in the survey, was related to increasing capital project costs and possible measures to control costs. The results of the survey are presented below:

Capital Project Cost Control Preferences
Survey Results (February 6 to March 12, 2023)



As the above chart, indicates, 77.20 percent of Pickering residents would like the City to implement a cost control strategy when dealing with higher capital project costs.

In early summer of last year, senior staff introduced a concept that that the City consider a strategy to address the project from a financial and functional operational review. The result of this work resulted in the City hiring KPMG Global Infrastructure Advisory in approximately September 2022. Their mandate was to explore various options while maintaining program functionality and to deliver a more cost effective solution as it relates to the City Centre project. Option D, represents, an enhanced City Centre project while maintaining financial flexibility

and affordability. To put another way, Option D, provides the City with the financial savings and flexibility through project phasing and combining buildings to control the project’s development while considering other worthwhile capital project investments.

It is the opinion of the consultant team and City staff that Option D represents the best solution for the City. However, there is need for some additional work to be undertaken before a final decisions can be made. When considering important capital projects and or investments, there are always several factors to consider. The financial lens is important, due to the fact, at the end of the day, the project’s cost has to be paid and by default it is the local taxpayer who bears the most risks. The City’s philosophy or approach for capital project financing has always been to use property tax dollars as the measure of last resort. Therefore, when considering the City Centre, the financial strategy (in priority sequence) was always grants, development charges (DC) and the last financing source was property taxes. Table One below, provides a summary of the City Share (property tax funding) for Option D.

Table One
Estimated Preliminary City Share Funding Percentage

Major Components	City Share %
Senior & Youth Centre	2.50%
Library	32.48%
Performing Arts Centre	71.73%

The Senior & Youth Centre has the lowest cost to the Pickering taxpayer due to the fact, it is viewed and or seen as a growth related capital project and therefore, attracts a high level of DC funding. This high level of DC funding, encourages, where possible, the sharing of space with the Library.

There is a financial challenge with the Library due to the fact that only the growth related share of the new building is eligible for DC funding. (Development Charge funding can only be applied to the “growth related” capital costs). Under Option D, the new Central Library square footage is 45,000 (SF) and the old Library is 34,165 (SF). Therefore, it is only the growth component of 10,835 (SF) that is eligible for DC funding. It is interesting to note, that the library component for the planned Seaton Community Centre is 100 percent eligible for DC funding. In other words, every square foot of the Seaton Library is eligible for DC funding in contrast to the Central Library project. The Performing Arts Centre, has the highest taxpayer cost. Under the *Development Charges Act*, cultural spaces such as art galleries, museums and theatres are not eligible for DC funding. However, City staff were able to introduce the concept of “community room programming” into the project design that was eligible for DC funding. The financial attractiveness of this project would increase, if the City would be able to obtain senior government grant funding at the 66 cents dollar level. In other words, the traditional

grant funding for these types of projects has been one-third Province, one-third Federal Government and the municipality would fund the remaining costs.

The cost associated with Recommendation #3 of this report, would be funded from the casino reserve from the funds collected in 2022. In addition, it should be noted, that there would be additional operating costs associated with the City Centre buildings that will be discussed in future reports.

Discussion: Since 2017, the City of Pickering has been crafting a City Centre vision in its downtown. Originally, the vision leveraged 2.2 acres of City owned land located on Esplanade South in the City Centre to introduce a new Seniors & Youth Centre, new Arts Centre and an expanded Public Library through a private/public partnership to construct the facilities and introduce towers.

However, by October 2018, with the demolition of the Sears wing at PTC and at the direction of Council (Report CAO 08-18; Resolution #487/18), City staff embarked a refined City Centre vision in collaboration with Ontario Pension Board Realty Inc. (OPB Realty Inc., owners of PTC). This vision introduces three new municipally owned and operated community facilities (Library, Youth & Seniors Centre, Performing Arts Centre), Public Square and Public Realm in concert with high rise residential developments by OPB, as part of a larger Master Plan design to create a dynamic and vibrant City Centre ideal for live, work and play. Staff were given direction to negotiate with OPB on the City Centre vision and the transfer of lands and begin the schematic design phase of the project.

Since then, the design for the City Centre facilities and the negotiations regarding the land swap with OPB Realty were underway. Unfortunately, the City Centre Project was paused in April 2020 due to economic uncertainty as a result of the pandemic (Report FIN 05-20; Resolution 284/20). Some aspects of the City Centre Project were undertaken in May 2021 (CAO 04-21; Resolution #604/21) to include an updated project cost estimate. With Council approval of Report FIN 15-21 (Resolution #700/21) in October 2021 and Report LEG 19-21 (Resolution #722/21) in November 2021, the City Centre project was restarted to meet the April 2022 timelines for the awarding of the construction contracts for City Centre and established a cost ceiling for the City Centre project at \$207.7M.

In early 2022, the preliminary City Centre project costs were estimated at \$236M as impacted by rising construction material and labour costs associated with the COVID and post-COVID environment. As a result, on March 11, 2022, Council directed staff to defer any ongoing work on the City Centre Project pending further Council direction and amend the draft 2022 Capital and Current Budget and 2023 Capital Budget Forecast to reflect the deferral (Resolution #833/22).

In an effort to realize a City Centre vision in a manner that is financially sustainable with the opportunity for phased-in construction of the City's three municipal facilities, the City set out to assess how leveraging City owned lands on Esplanade South could capture the value of residential development opportunity to subsidize overall project costs and optimize construction cost synergies between civic facilities envisioned in the City Centre project. To that end, as per Resolutions #963/22 from July 11, 2022 and #997/22 from September 22,

2022, Council directed to retain KPMG and Hariri Pontarini Architects to generate a design concept and proposed project transaction structure for Options B, C and D.

Option B – Legacy Revisited Concept: The City and PTC would swap the City owned lands with PTC owned lands and the City receive the lands (west of Glenanna Road) as parkland dedication from PTC. This option is subject to negotiation and agreement between PTC ownership and the City.

Option C – Multiplex Concept: The City receives parkland dedication lands (west of Glenanna Road) as part of PTC development and City would sell South Block (south of Esplanade South) to subsidize project costs.

Option D – Facilities on the Park Concept: The City connects Esplanade Park an important component to establishing a city centre by relocation Esplanade South to the south and introducing the Library and Seniors & Youth Centre adjacent to the park and creating a view from Glenanna Rd.

The consultants have been working since that time, in consultation with the City's senior project team, to complete their work. The consultants work plan included the following steps:

- | | |
|-------------------------|-----------------------------------|
| ✓ Functional Program | ✓ Value and Cost Savings |
| ✓ Planning Framework | ✓ Market Sounding |
| ✓ Architectural Concept | ✓ Potential Transaction Structure |

The functional requirements for the option analysis of the City Centre Project were generally consistent with the City's original City Centre vision which includes the following:

1. New Central Library (approx. 45,000 sq. ft.)
2. New Seniors & Youth Centre (SYC) (approx. 60,000 sq. ft.)
3. New Performing Arts Centre (PAC) (approx. 40,000 sq. ft.)
4. New Public Square
5. New Administration Space Expansion (approx. 10,000 – 15,000 sq. ft.)
6. Residential Development that could be used to provide financial support for the City Centre Project.

To assess the design options, KPMG established a set of twelve guiding principles that define great public spaces and city centres. They include the following:

Great City Centre: Placemaking and prioritizing the citizens of Pickering	Business continuity: Keeps operations running during construction (e.g., library)	Mobility: Provides adequate access, inclusive environment and parking for users
Delivery controls: City has transaction and delivery control	Iconic design: Gives the city centre an identity	Loading and logistics: Enables building services
Space flexibility: Spaces can be repurposed as programming evolves in future	Active spaces: Optimizes programming for active space	Sustainability: Demonstrates leadership in sustainable and green construction
Program synergies: Optimizes programmatic use across spaces	Parkland spaces: Provides both green and hard spaces	Construction synergies: Provides cost savings

The results of KPMG’s study is outlined in “Pickering City Centre Options Analysis Study” dated March 27, 2023, as set out in Attachment 1, and as summarized below:

Option B – Legacy Revisited Concept:

Option B creates synergies between the Library and SYC and has residential development as standalone to simplify the ownership, development and parking. However, no value is generated from south block due to land swap. This option realizes 7 of the 12 guiding principles. Option B envisions the delivery of the project through 4 phases and needs to be studied. The costs outlined are preliminary estimates and do not constitute a detailed cost estimate.

Phase	Description	Timing	Net Project Cost
Phase 1	Conduct site servicing and construct new above grade parking behind CHDRC	2025-2026	\$37.7M
Phase 2	Relocate the Bell vault, construct the integrated Library and SYC, construct below grade parking and sell land for residential development	2026-2028	\$142.5M
Phase 3	Renovate the current Library for administrative expansion, update CHDRC façade and city hall façade	2028	\$23.0M
Sub Total			\$203.2M
Phase 4	Construct the PAC and any required surrounding improvements	2030-2031	\$75.2M
Total			\$278.4M

Option C – Multiplex Concept:

Option C improves upon Option B by using City owned lands, creating more building synergies and optimizing parkland dedication. However, there is loss of full functional requirements for a single facility to ensure proportionality with City Hall and also potential noise challenges between quiet and active spaces. This option realizes 7 of the 12 guiding principles. Option C envisions the delivery of the project through 4 phases and needs to be studied. The costs outlined are preliminary estimates and do not constitute a detailed cost estimate.

Phase	Description	Timing	Net Project Cost
Phase 1	Construct the park west of Glenanna Rd. including below grade parking, water feature etc.	2026	\$25.1M
Phase 2	Relocate the Bell vault, construct the integrated Library, SYC and administrative expansion space, sell south block land for residential development, develop the park west of Glenanna Rd., construct below grade parking.	2026-2028	\$68.4M
Phase 3	Update the City Hall façade	2028	\$5.0M
Sub Total			\$98.4M
Phase 4	Construct the PAC, update the CHDRC façade, construct below grade parking, and construct new above grade parking behind CHDRC.	2030-2031	\$115.5M
Total			\$213.9M

Option D – Facilities on the Park Concept:

Option D improves upon Option C, by leveraging City owned south block lands providing strong views of the Esplanade Park from Glenanna Rd and providing larger Library and SYC footprint improving park views. This option realizes 12 of the 12 guiding principles. Option D envisions the delivery of the project through 4 phases and needs to be studied. The costs outlined are preliminary estimates and do not constitute a detailed cost estimate.

Phase	Description	Timing	Net Project Cost
Phase 1	Construct the park west of Glenanna Rd. including a refrigerated ice surface and support facility in the winter and water feature in the summer.	2025-2026	\$10.0M
Phase 2	Relocate the Bell vault, move Esplanade South, construct the integrated Library and SYC, sell air rights for residential development, construct below grade parking.	2026-2028	\$116.3M
Phase 3	Update the City Hall façade, renovate the current Library site for administrative expansion.	2029	\$16.0M
Sub Total			\$142.3M
Phase 4	Construct the PAC, update the CHRDC façade, construct below grade parking, and construct new CHDRC parking.	2030-2031	\$115.5M
Total			\$257.8M

When considering the findings of the analysis for Options B, C and D, Option B has limitations for residential development potential and requires negotiation with PTC and has the highest cost. Option C has the lowest cost but results in losses to the full functional requirements of City facilities. Option D provides the next lowest funding requirements, without the loss to the full functional requirements of City facilities and creates a heart.

Clearly, Option D is option recommended by KPMG and HPA as it delivers on the City Centre vision for three municipally owned and operated facilities, supported by a public space/square that allows for Esplanade Park and a new park west of Glenanna Road to be animated year round. It also allows for phased-in construction with the introduction of a new full season park west of Glenanna Road during phase 1 (2026) featuring a refrigerated ice surface with support facility for winter enjoyment and a water feature and farmers market for summer enjoyment.

Subject to Council's approval of Report CAO 05-23, the next phase of the City Centre Project pre-development process is to contract KPMG, in accordance with Purchasing Policy 10.03 (c) of Purchasing Policy PUR 010, at a fee of \$450,000 plus HST and 7 percent administration fee to conduct a detailed analysis of the preferred option. This scope of work will include the design of facility floorplates to fully consider program requirements; stakeholder and community engagement; and, the development of a business case with updated designs, financial analysis, and provide recommendation on preferred partnership and governance structures. When the findings are returned in Q1, 2024, Council will be presented with the opportunity to approve the recommendation for preferred option and approve proceeding to procurement and finding the right development partner.

Attachments:

1. Pickering City Centre Options Analysis Study, dated March 27, 2023 by KPMG and Hariri Pontarini Architects
 2. Fee Proposal for consulting services by KPMG
-

Prepared/Approved/Endorsed By:

Original Signed By:

Stan Karwowski
Director, Finance & Treasurer

Original Signed By:

Marisa Carpino, M.A.
Chief Administrative Officer

:mc

Recommended for the consideration
of Pickering City Council

Original Signed By:

Marisa Carpino, M.A.
Chief Administrative Officer



HARIRI PONTARINI
ARCHITECTS

Attachment #1 to CAO 05-23

Pickering City Centre Options Analysis Study

City of Pickering

PUBLIC COUNCIL PRESENTATION

March 27, 2023



Disclaimer

This document (“Document”) has been prepared by KPMG LLP (“KPMG”) for the City of Pickering (“Client”) pursuant to the terms of the engagement agreement dated the 14th of October, 2022 (the “Engagement Agreement”).

KPMG neither warrants nor represents that the information contained in this document is accurate, complete, sufficient or appropriate for use by any person or entity other than Client or for any purpose other than set out in the Engagement Agreement.

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The procedures we performed do not constitute an audit, examination or review in accordance with standards established by the Chartered Professional Accountants of Canada, and we have not otherwise verified the information we obtained or presented in this Document. We express no opinion or any form of assurance on the information presented in the Document and make no representations concerning its accuracy or completeness. We also express no opinion or any form of assurance on potential costs that Client may realize should it decide to implement the options and considerations contained within this Document. The Client is responsible for the decisions to implement any options and for considering their impact.



Agenda

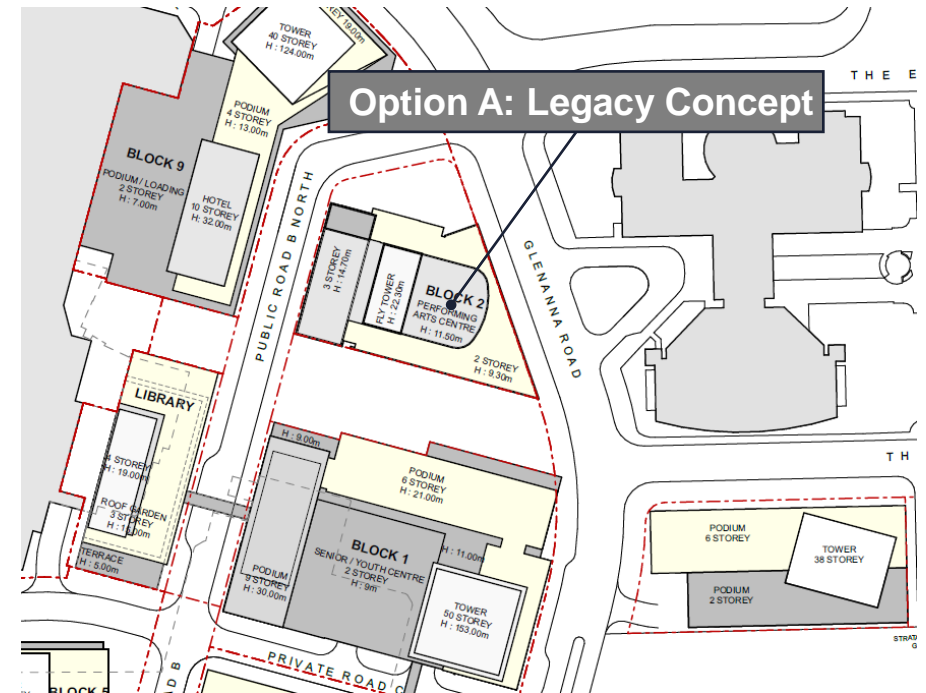
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Overview

Pickering City Centre Project Background

The Pickering City Centre (“PCC”) project has been ongoing for some time, as the City initially intended to deliver the project through Option A, a deal with Pickering Town Centre. It is currently on hold seeking new direction.

- The City identified a need for the PCC project
- **2018:** City received proposal from OPB Realty Inc. owner of Pickering Town Centre (“PTC”) which included concept of land exchange and PTC managing construction
- **2019:** Established non-binding memorandum of understanding with PTC for land exchange and development (Option A)
- **2020:** Architects completed detailed drawings for cost estimates and for requesting pricing from contractors.
- **2021:** Construction Manager tendered drawings for costing
- **2022:** Project put on hold due to cost



Project Cost Estimate:

\$236M+
(2021 dollars)

Current Status:

**On Hold Seeking
Council Direction**

Pickering City Centre Functional Requirements

Pickering has a vision to develop a culture hub, that provides a collection of spaces to allow residents to grow culturally, academically and physically. The objective of the central hub is to form a great city centre with new facilities.



New Central Library (45,000-50,000 square feet (“sf”))



Administrative Space Expansion (10,000-15,000 sf)



New Seniors Youth Centre (“SYC”) (60,000-65,000 sf)



New Public Square



Performing Arts Centre (“PAC”) (38,000-40,000 sf)



Public Amenities (service counter & washrooms)

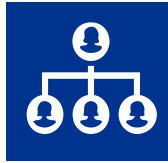


Residential Development | Could be used to provide financial support for the PCC project.

Note: the square footage of the facilities have been estimated based on other studies conducted by Pickering.

Goals for the PCC Project

Pickering has many goals for the PCC project.



Reduced Risk and Simple Structure

Deliver the project through a simple partnership structure to reduce project risk.



Financial Sustainability

Capture value of residential development opportunity and optimize construction cost synergies between civic facilities envisioned in the PCC project.



Space Flexibility and Synergies

Build flexible spaces with synergies between requirements – library, administration space expansion and SYC.



Sustainability Leadership

“Our time is now” to be a leader in sustainability as reference point for future City development and source of pride.

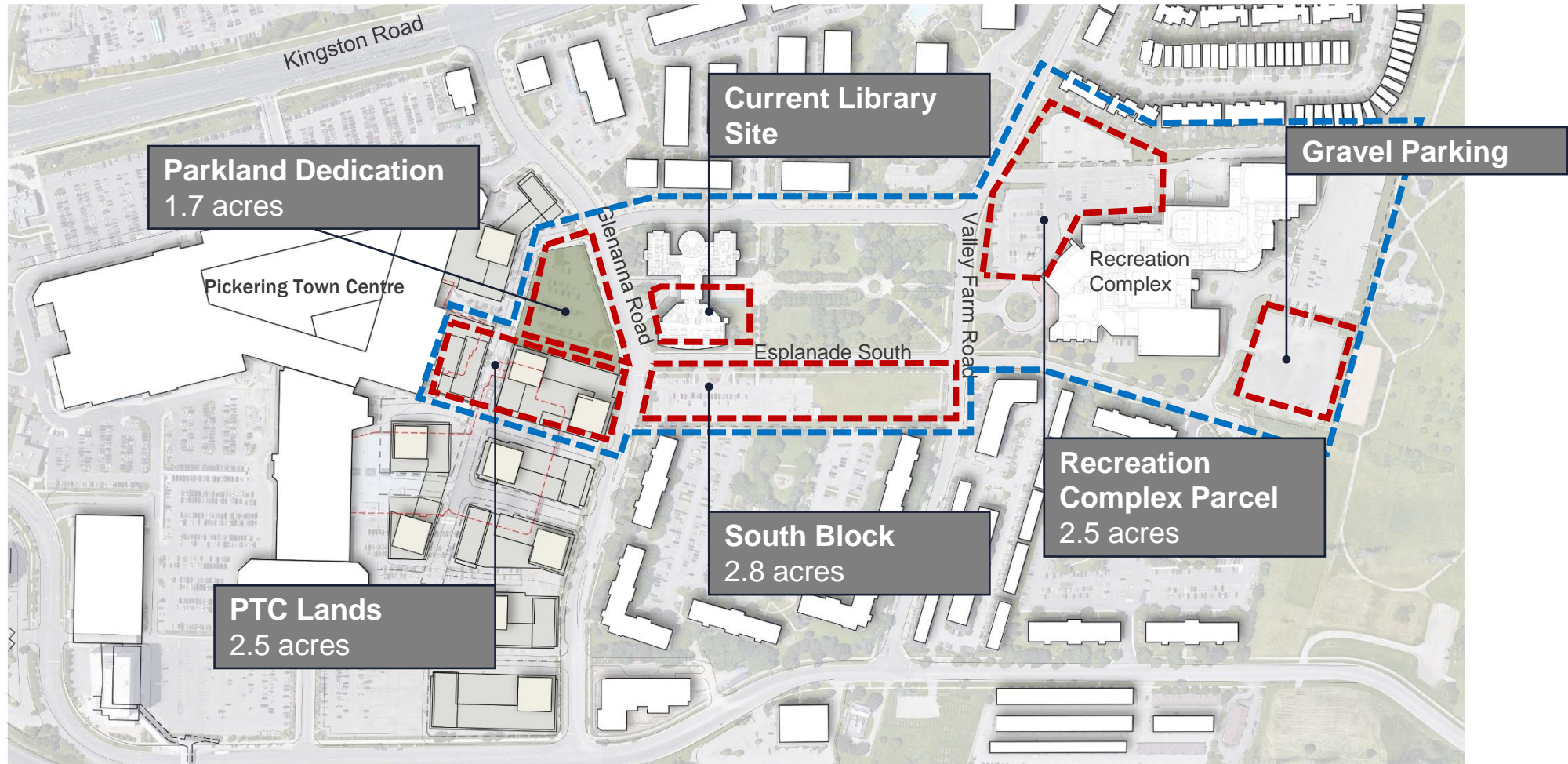


Cultural Hub

Develop a cultural hub to serve citizens better and provide them with space that enables socialization, access to culture, etc.

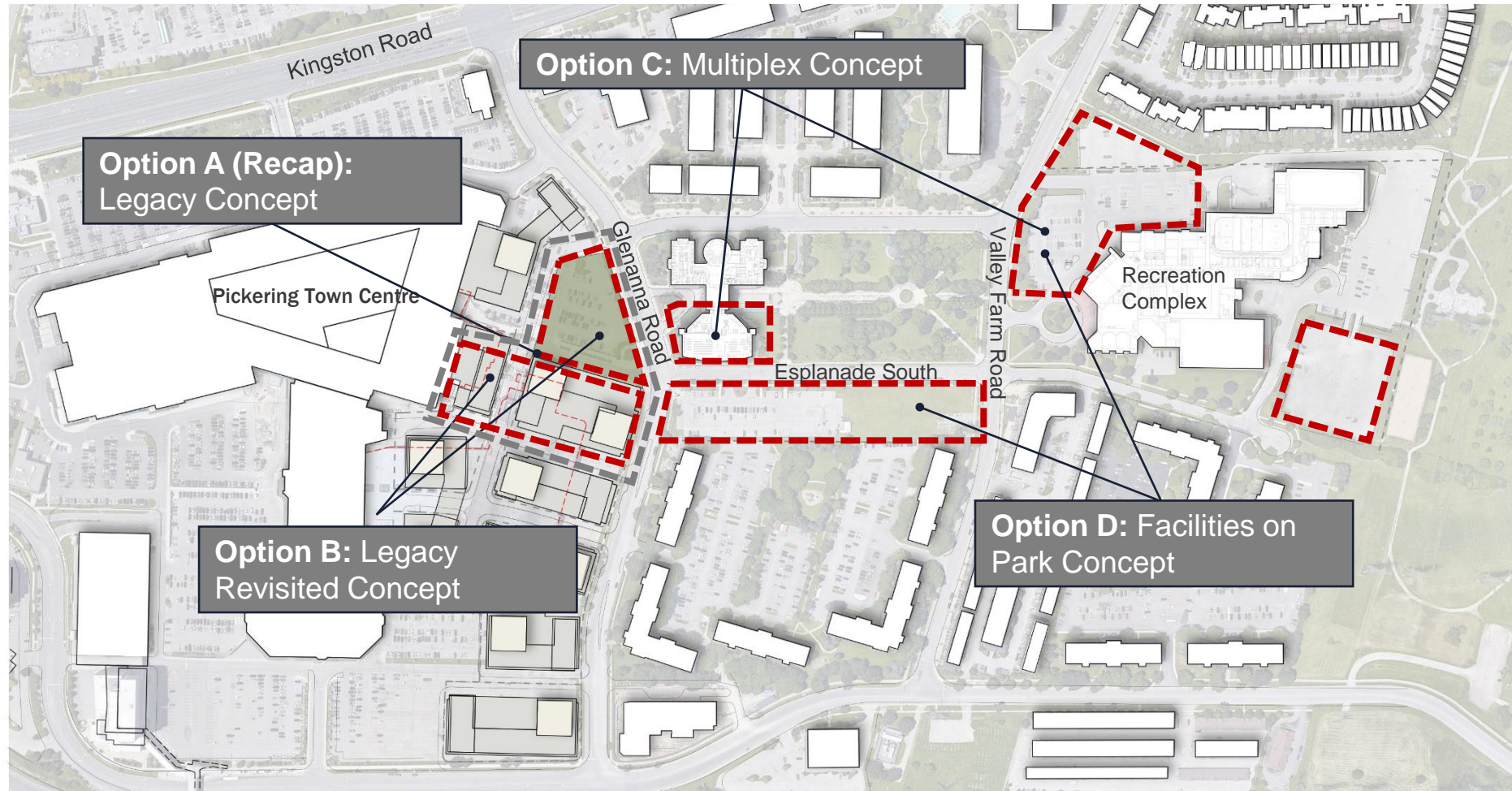
Lands in Consideration for PCC Project

City Council directed KPMG and Hariri Pontarini Architects to perform an options analysis study considering the following lands.



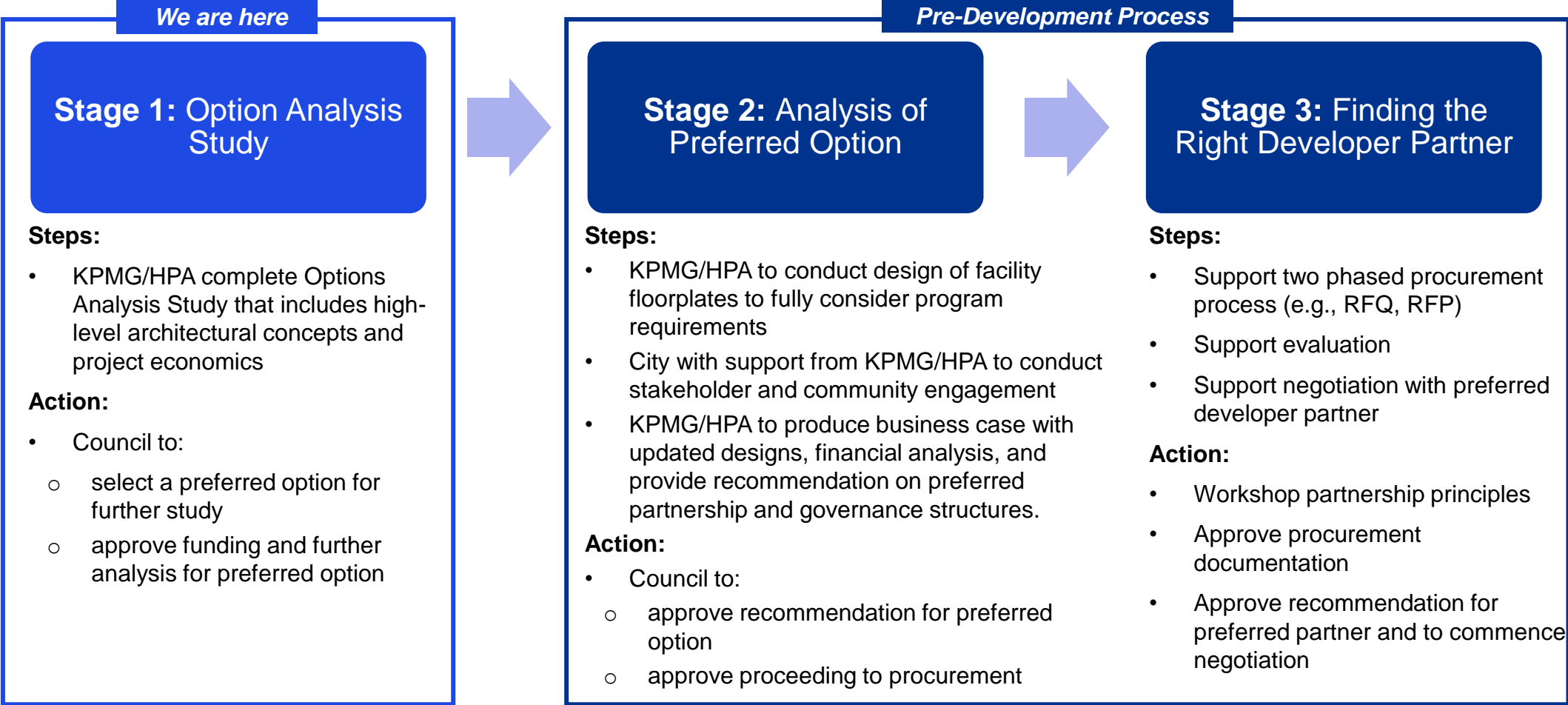
Key Options for the PCC Project

The options analysis study assesses three alternative options for the PCC project.



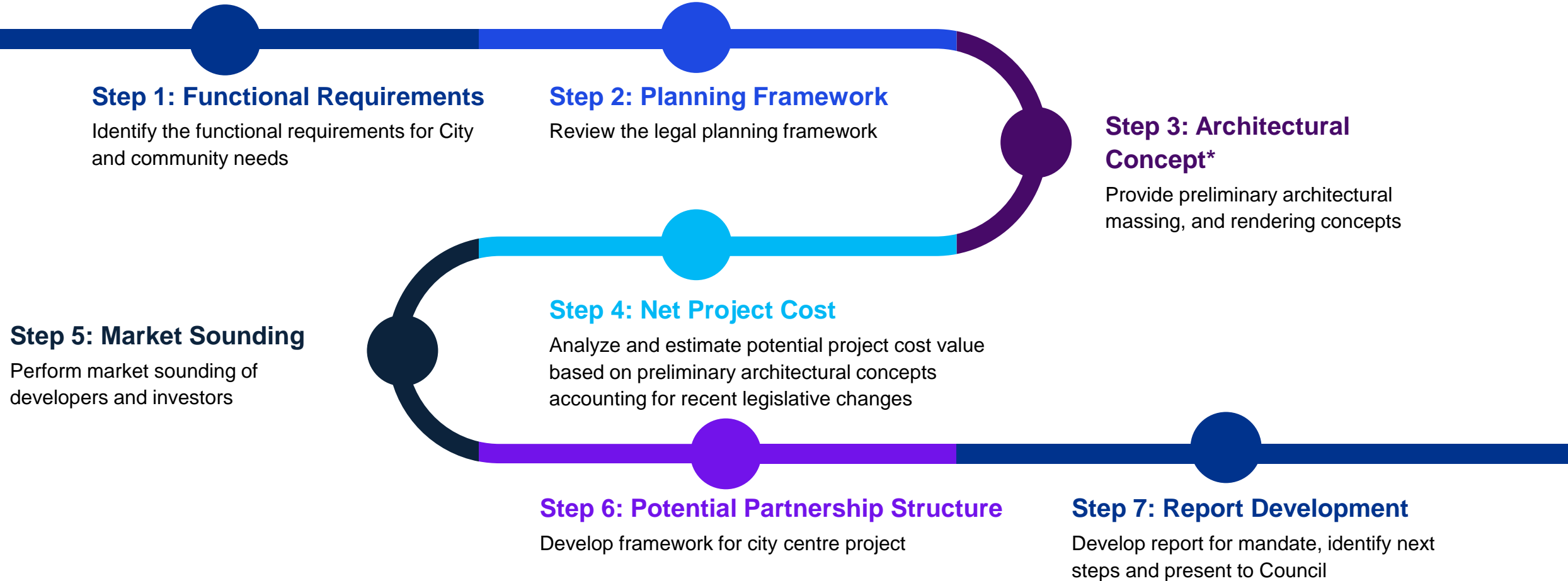
Pre-Development Process Overview for PCC Project

The following high-level process is envisioned for Pickering to execute the pre-development process.



Approach to Options Analysis Study

The following approach was followed by KPMG and HPA to deliver the options analysis study mandate.



**The preliminary architectural concepts show the basic blocking for the design but do not consider the detail of the floor layouts within the blocks to show (e.g., how double gym/pickle ball courts would be incorporated into concept block).*



Vision for a Great City Centre

Vision for a Great City Centre

Pickering has a **BOLD** vision to transform its city centre with the development of several municipal facilities, leveraging current City properties.

Space to gather

Spaces for
leisure

Spaces for
celebrations

Spaces to
create a four
season
destination

Space to Gather



Union Square, New York City, NY



Tobin Centre, San Antonio, TX

*Sources: TripAdvisor, LMN Architects

Spaces for Leisure



Sundance Square Plaza, Fort Worth, TX



Lincoln Centre, New York City, NY



Tobin Centre, San Antonio, TX

* Sources: City of Fort Worth (Sundance Square), Time Out (Lincoln Centre), LMN Architects (Tobin)

Spaces for Celebrations



Lincoln Center, New York City, NY



Okanagan, BC

*Sources: Time Out (Lincoln Centre), DotheOkanagan.com

Spaces to Create a Four Season Destination



Nathan Phillips Square, Toronto, ON



The Metropolitan Museum, New York City, NY

*Sources: Shutterstock (Nathan Phillips Square) and Metropolitan Museum of Art (Met Fountain)

Spaces for a Farmer's Market



Farmer's Market, Toronto, ON

*Sources: BlogTO (Farmer's Market in Davisville)

Spaces for Community Events



Food Trucks



Holiday Market at Washington Square, New York City, NY

*Sources: Shutterstock (Food Trucks) and Time Out (Washington Square Holiday Market)

Connecting with Green Spaces



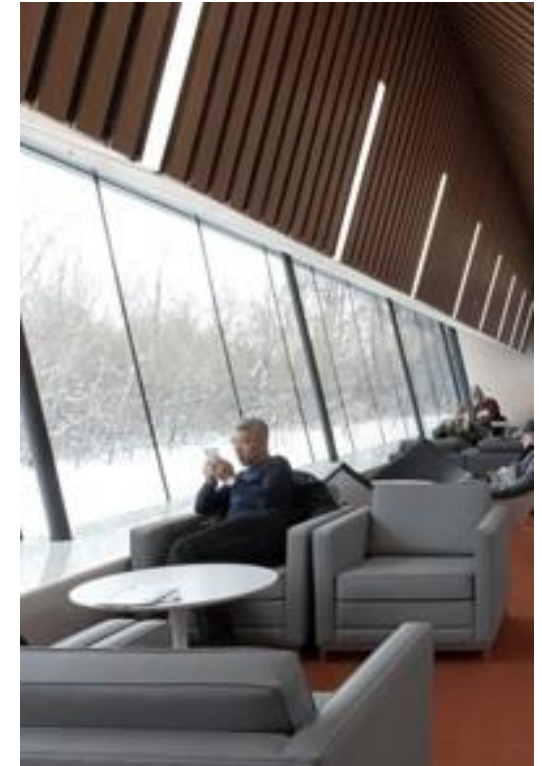
**Ivey School of Business,
London, ON**



**Ledding Library,
Milwaukee, WI**



**James B. Hunt Library,
Raleigh, NC**



**Capilano Library,
Edmonton, AB**

*Sources: HPA (Ivey), Patkau Architects (Capilano Library), Arcdaily (Ledding Library), and Clarknexsen Architects (Hunt Library).

Small Green Spaces for an Intimate Experience



Paley Park, New York City, NY

*Sources: Project for Public Spaces (Paley Park)

Guiding Principles For PCC – Becoming a Great City Centre

Twelve guiding principles were established to assess the options included in the study.



Great City Centre | Placemaking and prioritizing the citizens of Pickering



Delivery controls | City has transaction and delivery control



Space flexibility | Spaces can be repurposed as programming evolves in future



Program synergies | Optimizes programmatic use across spaces



Business continuity | Keeps operations running during construction (e.g., library)



Iconic design | Gives the city centre an identity



Active spaces | Optimizes programming for active space



Parkland spaces | Provides both green and hard spaces



Mobility | Provides adequate access, inclusive environment and parking for users



Loading and logistics | Enables building services



Sustainability | Demonstrates leadership in sustainable and green construction



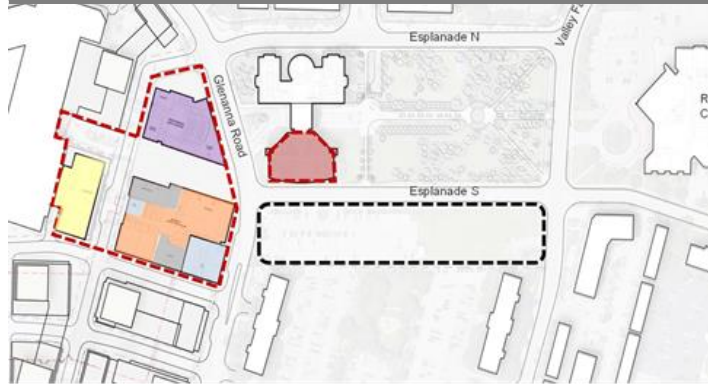
Construction synergies | Provides cost savings

Detailed Concepts and Analysis of Options

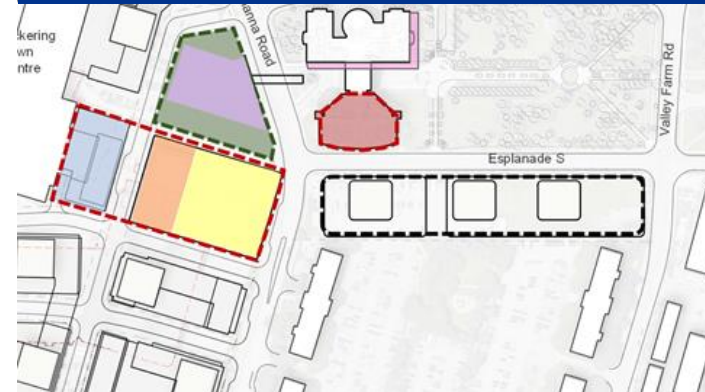
Key Alternative Options for the PCC Project

Council directed KPMG and HPA to perform an options study for three options outlined below.

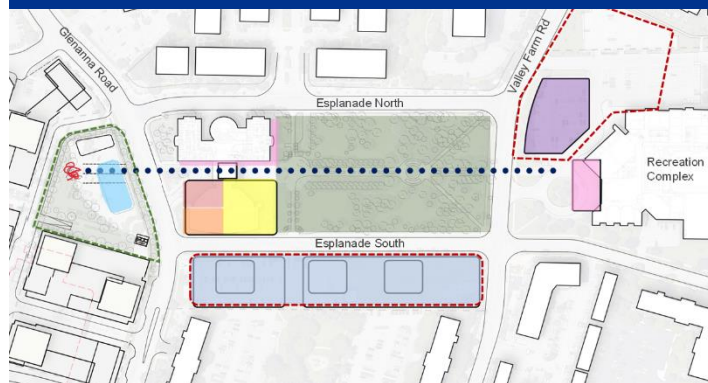
Option A (Recap): Legacy Concept



Option B: Legacy Revisited Concept



Option C: Multiplex Concept

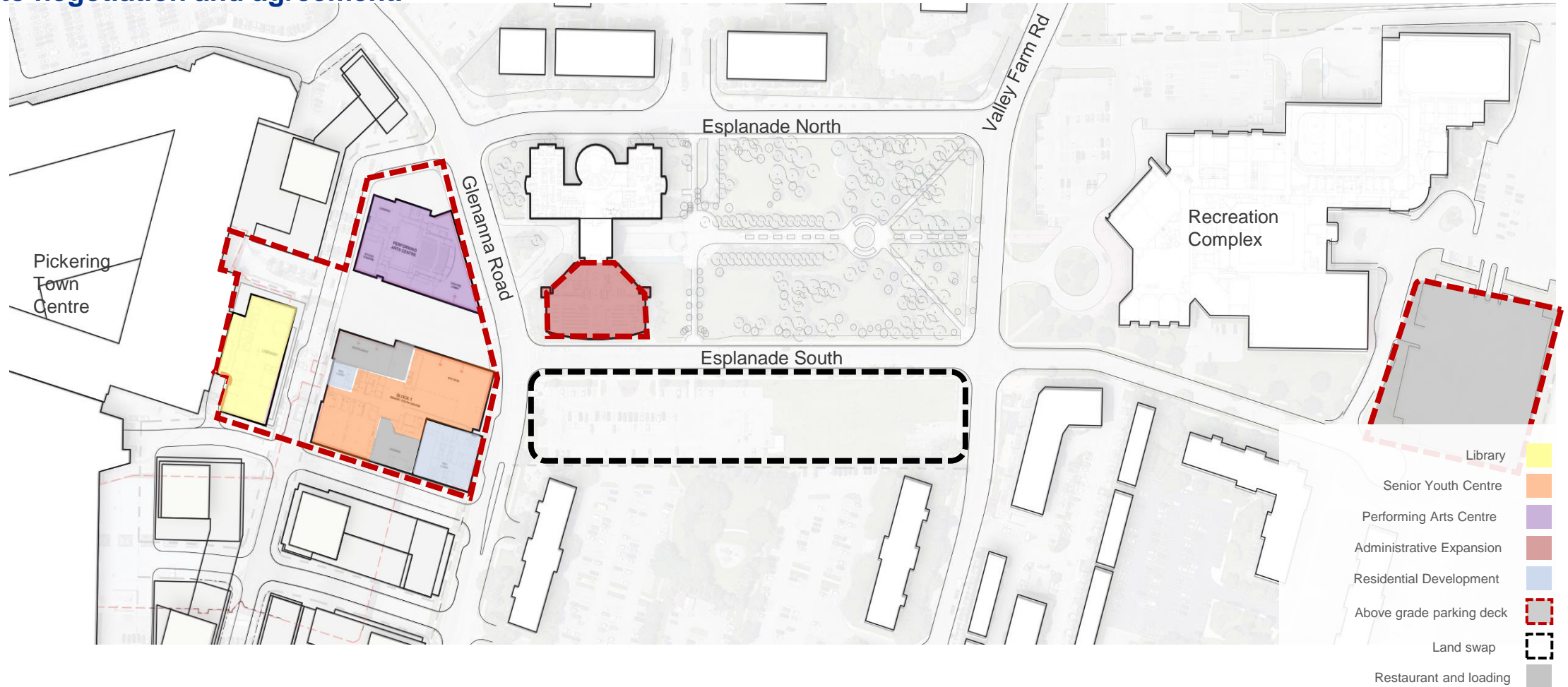


Option D: Facilities on Park Concept

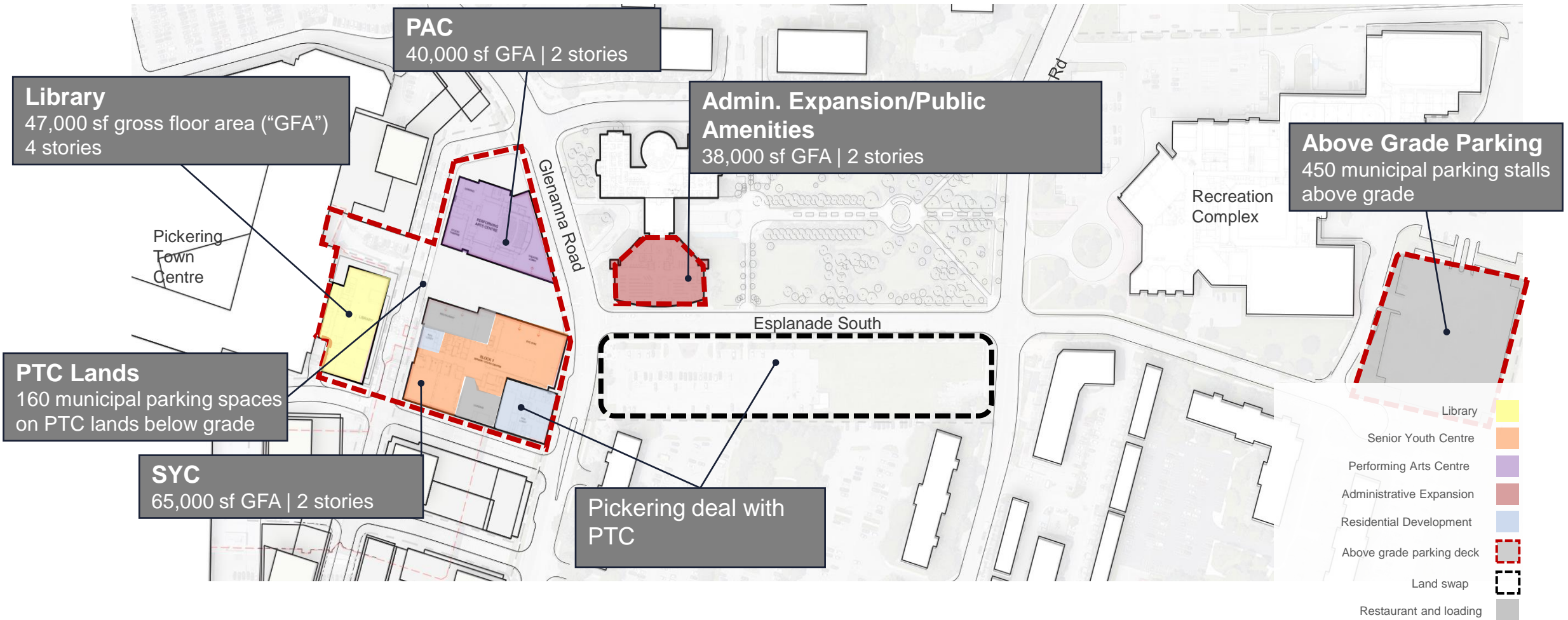


Option A – Legacy Concept

The City and PTC would swap the lands outlined in black (City owned) for those in red (PTC owned). This is subject to negotiation and agreement.



Option A – Legacy Concept

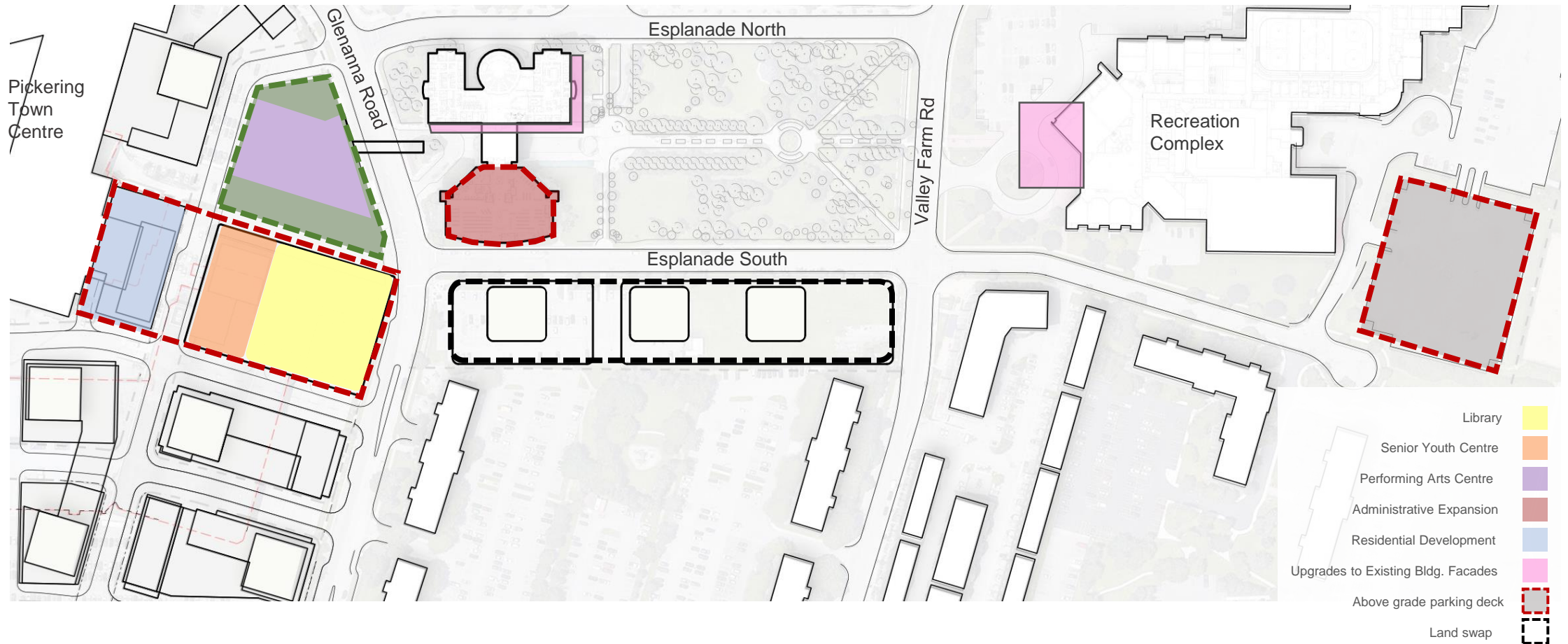


Option A - Massing

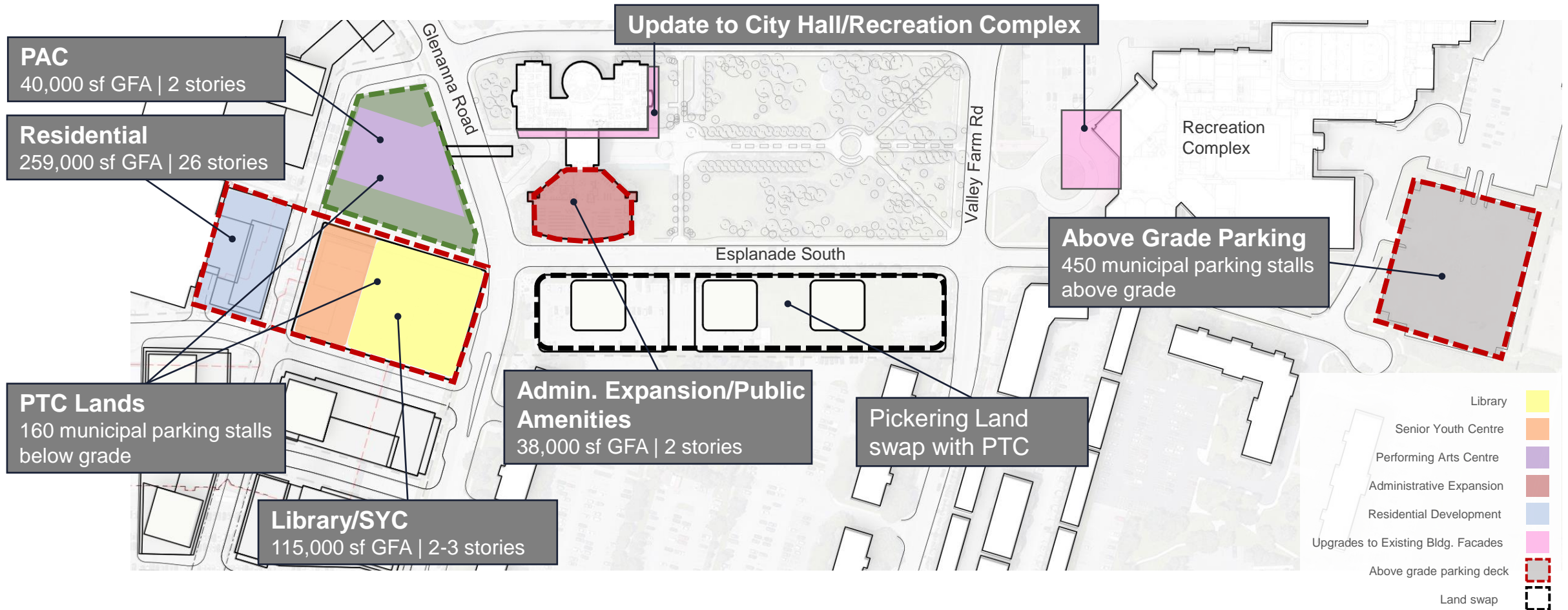


Option B – Legacy Revisited Concept

The City and PTC would swap the lands outlined in black (City owned) for those in red (PTC owned) and receive the lands in green (Parkland dedication from PTC). This is subject to negotiation and agreement.



Option B – Legacy Revisited Concept



Option B - Massing



Option B – Analysis

Option B improves upon Option A. It creates synergies between the library and SYC and has residential development as standalone to simplify the ownership, development and parking. However, no value is generated from south block due to land swap.



Great City Centre

- Creates a new “district” for city amenities
- No holistic masterplan



Delivery controls

- City owns land outright and controls all development
- Residential development is standalone



Space flexibility

- No condo footprint over library/SYC
- Library/SYC within same building, opportunity for flexibility



Program synergies

- Allows for synergies between PAC, SYC and Library program.
- Offers proximity to mall traffic and Glenanna road



Business continuity

- Existing services remain operational during construction
- Minimizes controversial perspectives - existing library



Iconic design

- Limited integration across all City lands to create iconic civic space



Active spaces

- Sufficient space for active spaces



Parkland spaces

- No dedicated park program



Mobility

- Separate parking for residential however, parking limits height of residential (value)



Loading and logistics

- Small, dense site with separate loading for facilities and residential
- Library remains operational until new complete



Sustainability

- Potential for sustainability leadership
- Proximity of facilities allows for shared systems

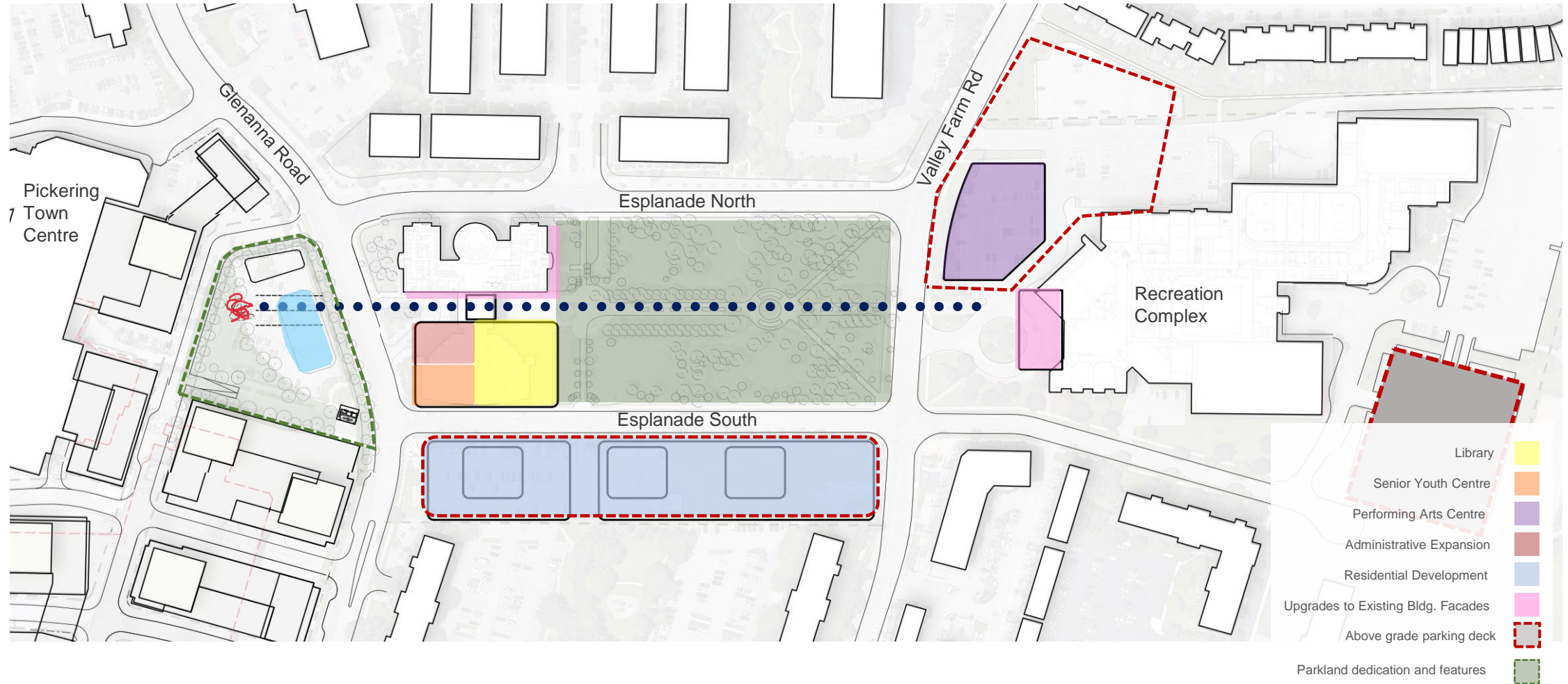


Construction synergies

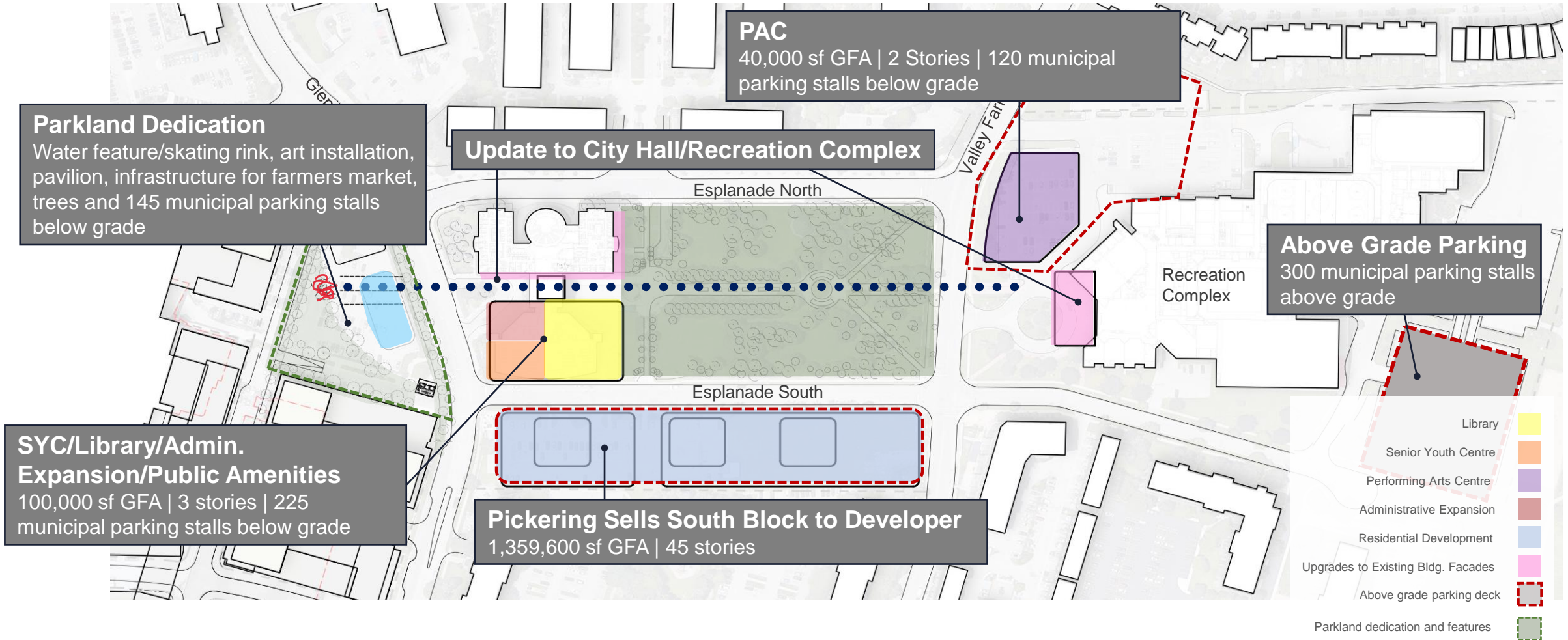
- Library/SYC facilities within same building

Option C – Multiplex Concept

The City receives parkland dedication lands (west of Glenanna) as part of PTC development and City would sell South Block to subsidize project costs.



Option C – Multiplex Concept



Parkland Dedication
Water feature/skating rink, art installation, pavilion, infrastructure for farmers market, trees and 145 municipal parking stalls below grade

PAC
40,000 sf GFA | 2 Stories | 120 municipal parking stalls below grade

Update to City Hall/Recreation Complex

Above Grade Parking
300 municipal parking stalls above grade

SYC/Library/Admin. Expansion/Public Amenities
100,000 sf GFA | 3 stories | 225 municipal parking stalls below grade

Pickering Sells South Block to Developer
1,359,600 sf GFA | 45 stories

- Library ■
- Senior Youth Centre ■
- Performing Arts Centre ■
- Administrative Expansion ■
- Residential Development ■
- Upgrades to Existing Bldg. Facades ■
- Above grade parking deck ■
- Parkland dedication and features ■

Option C - Massing



Option C – Rendering



Option C – Parkland Dedication



Option C – Multiplex



PICKERING

Option C – Analysis

Option C improves upon Option B by using City owned lands, creating more building synergies and optimizing parkland dedication. However, there is loss of full functional requirements for a single facility to ensure proportionality with City Hall and also potential noise challenges between quiet and active spaces.



Great City Centre

- No holistic masterplan



Delivery controls

- City develops city-owned land
- Residential development is standalone



Space flexibility

- Library/admin/SYC within same building, opportunity for flexibility



Program synergies

- Co-location of library, SYC and admin expansion allows for program overlap and efficiencies
- Loss of full functional requirements given multiplex



Business continuity

- Library operations would be impacted due to development of current library site



Iconic design

- Library has potential to open up to west side of Esplanade Park
- Controversy around removal of familiar city landmarks (library, clock tower)



Active spaces

- Complex layout for active spaces without exceeding City Hall height



Parkland spaces

- Dedicated parkland site opens programming opportunities



Mobility

- Dedicated parkland site provides parking below grade



Loading and logistics

- Complex logistics for library operations
- Loading could be complex for all facilities in a single building



Sustainability

- Potential for sustainability leadership

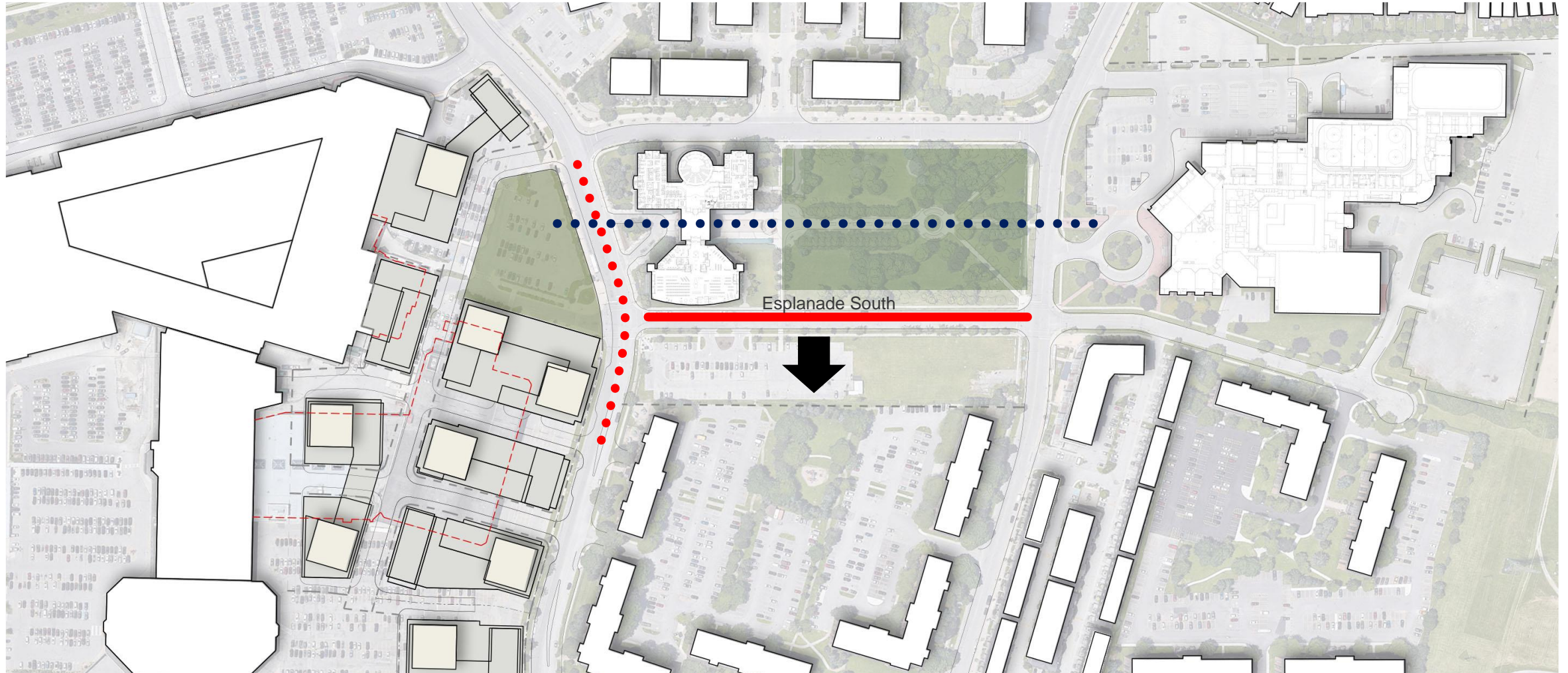


Construction synergies

- Admin/library/SYC within same building

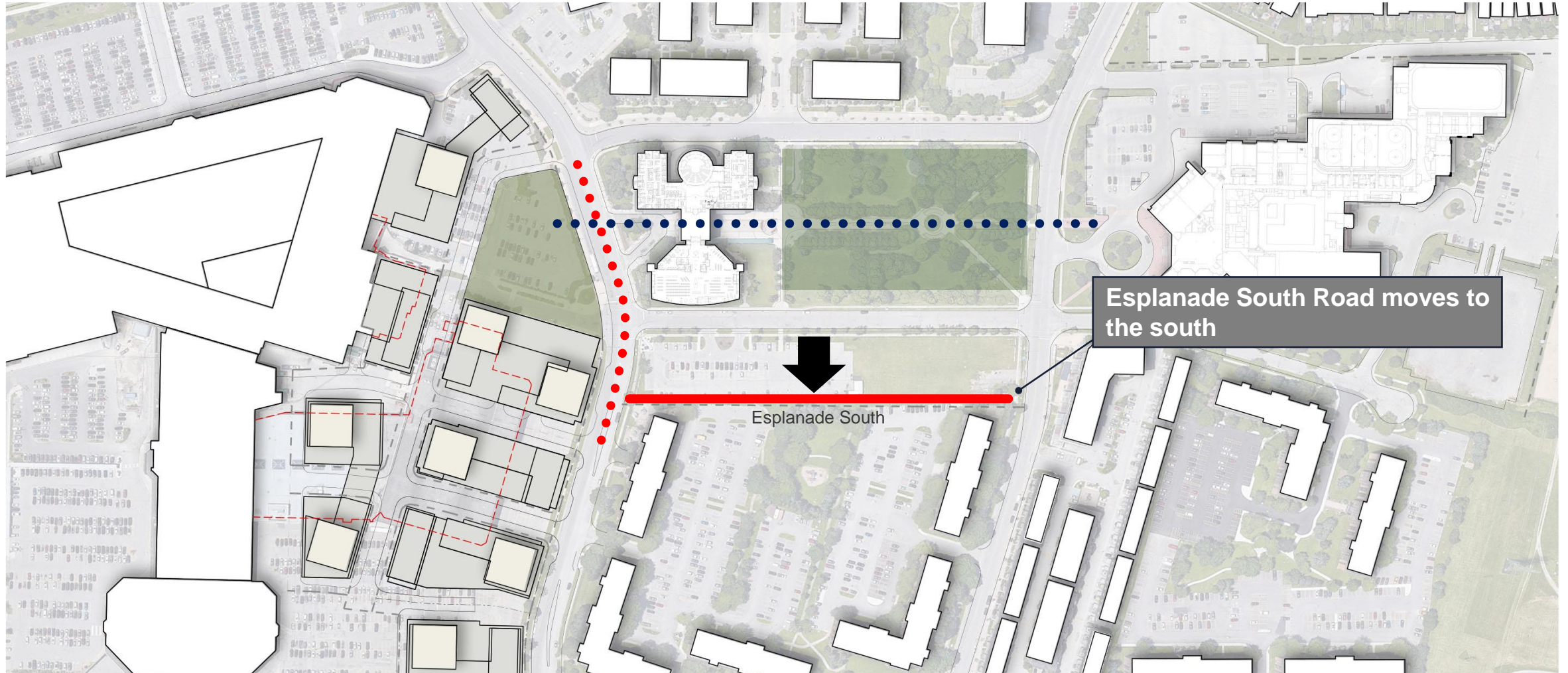
Option D – Activate Esplanade Park

Connecting to Esplanade Park is an important component to establishing a city centre.



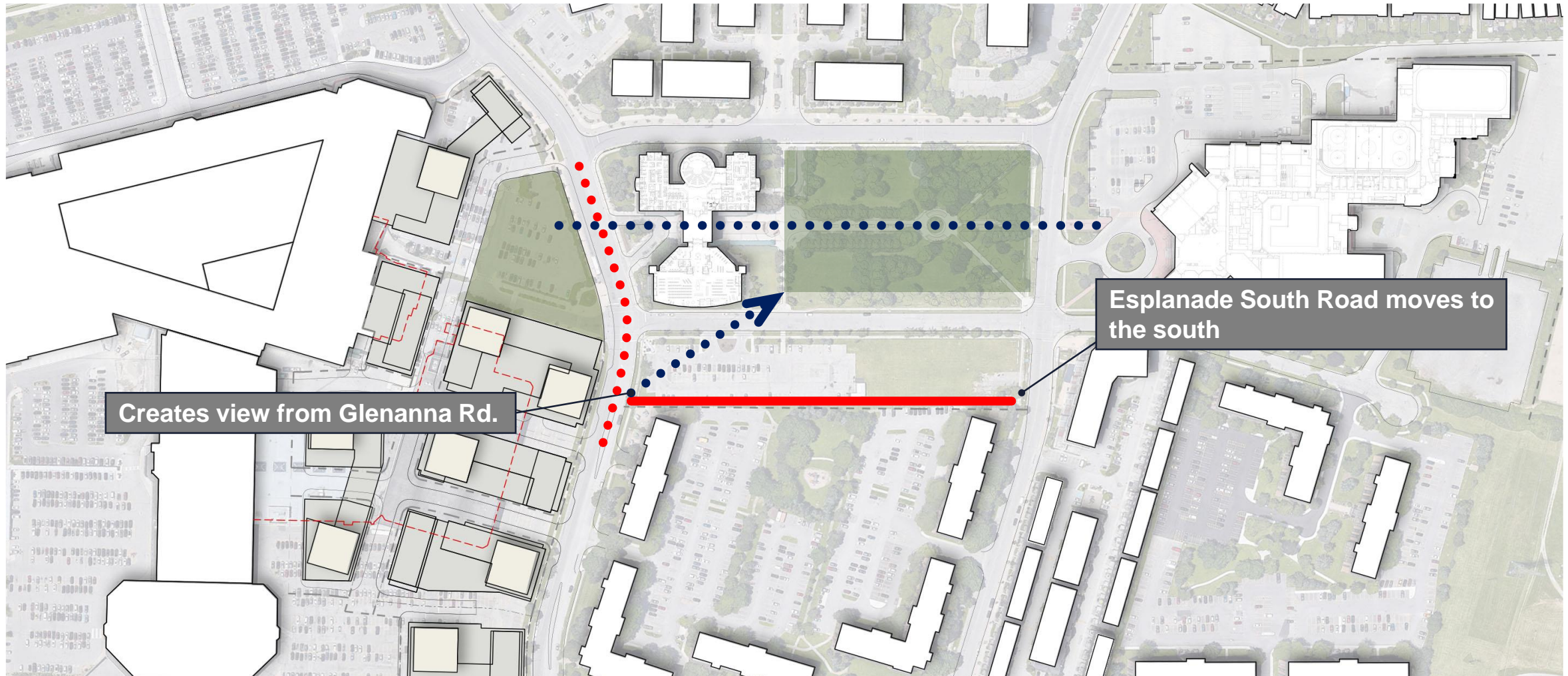
Option D – Activate Esplanade Park

To connect to Esplanade Park, Option C considers relocating Esplanade South Road to the south.

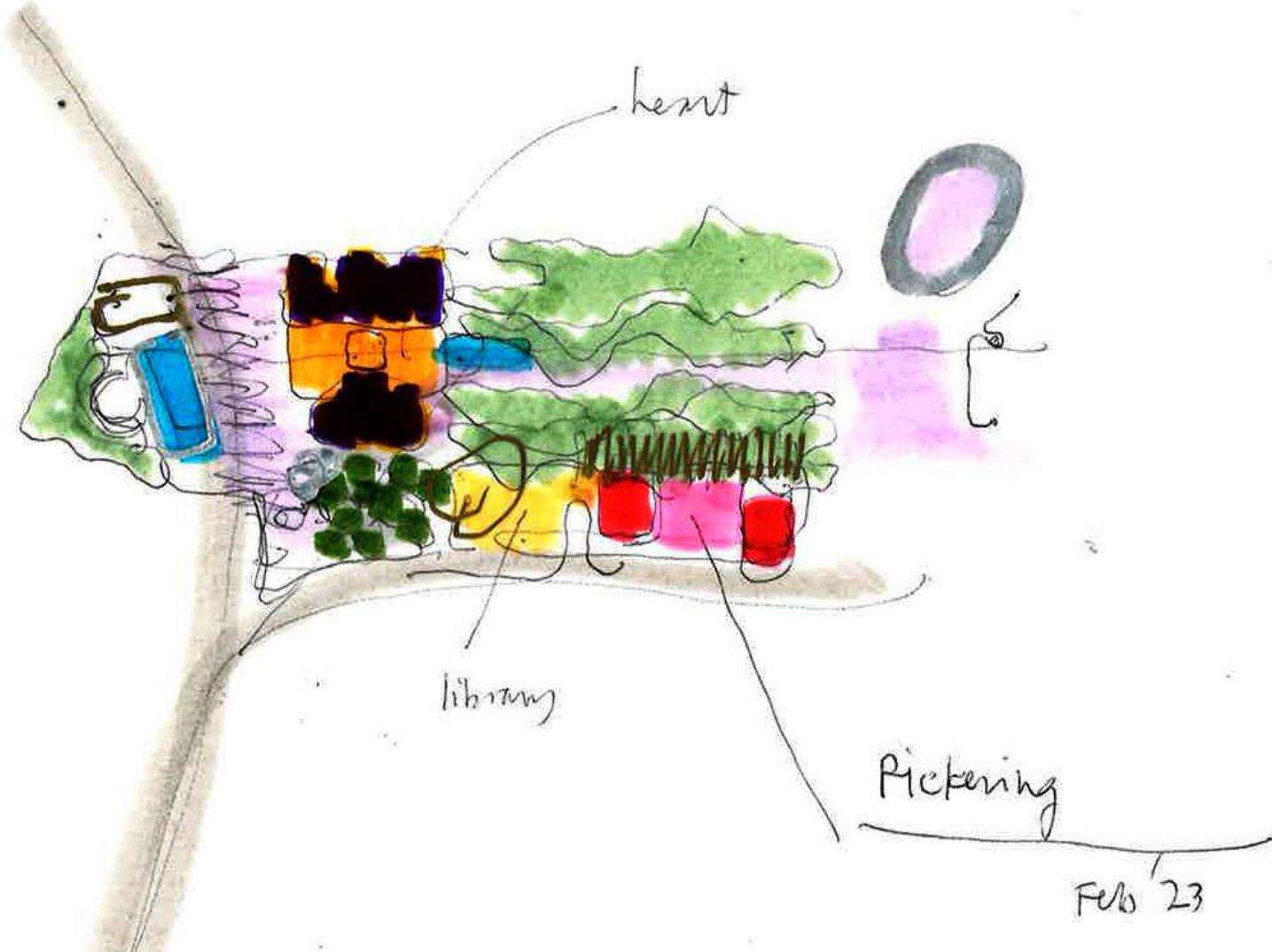


Option D – Activate Esplanade Park

Relocating the road, helps activate Esplanade Park by creating a view from Glenanna Rd.

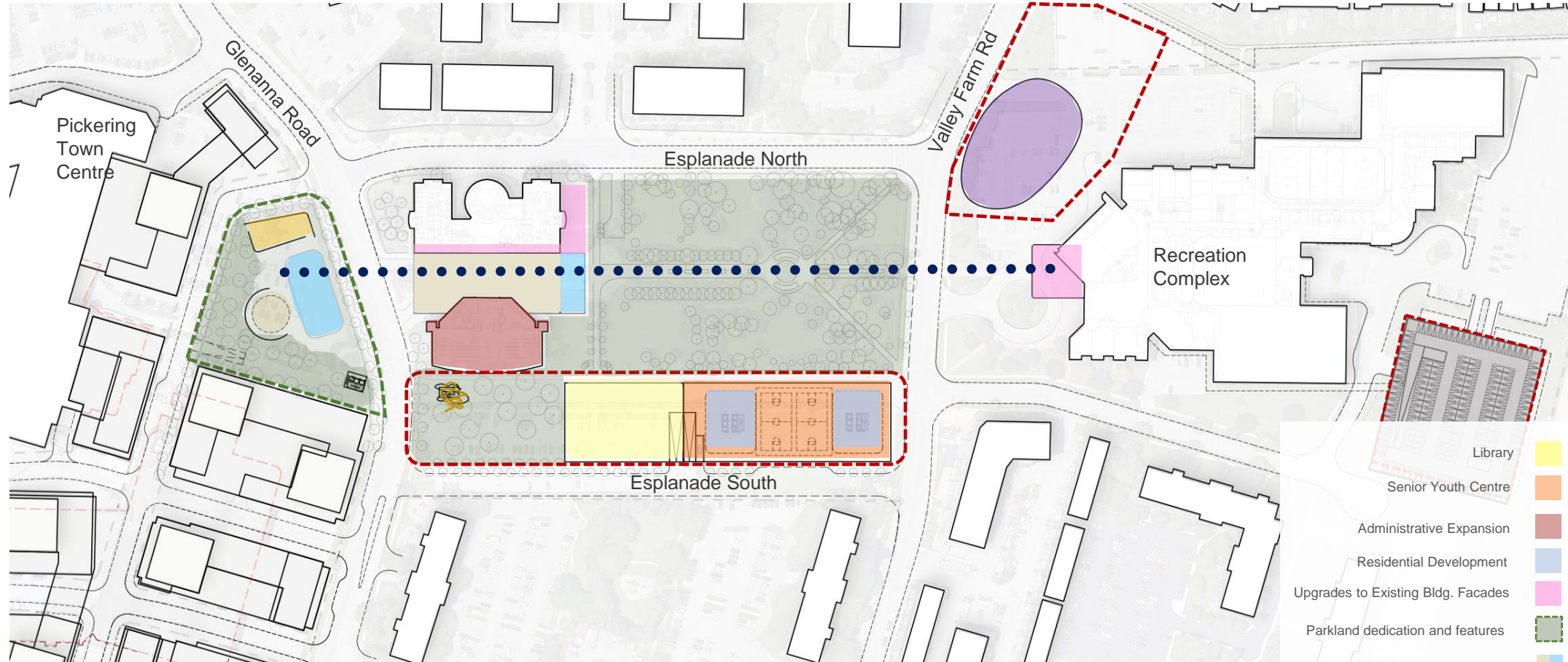


Option D - Sketch

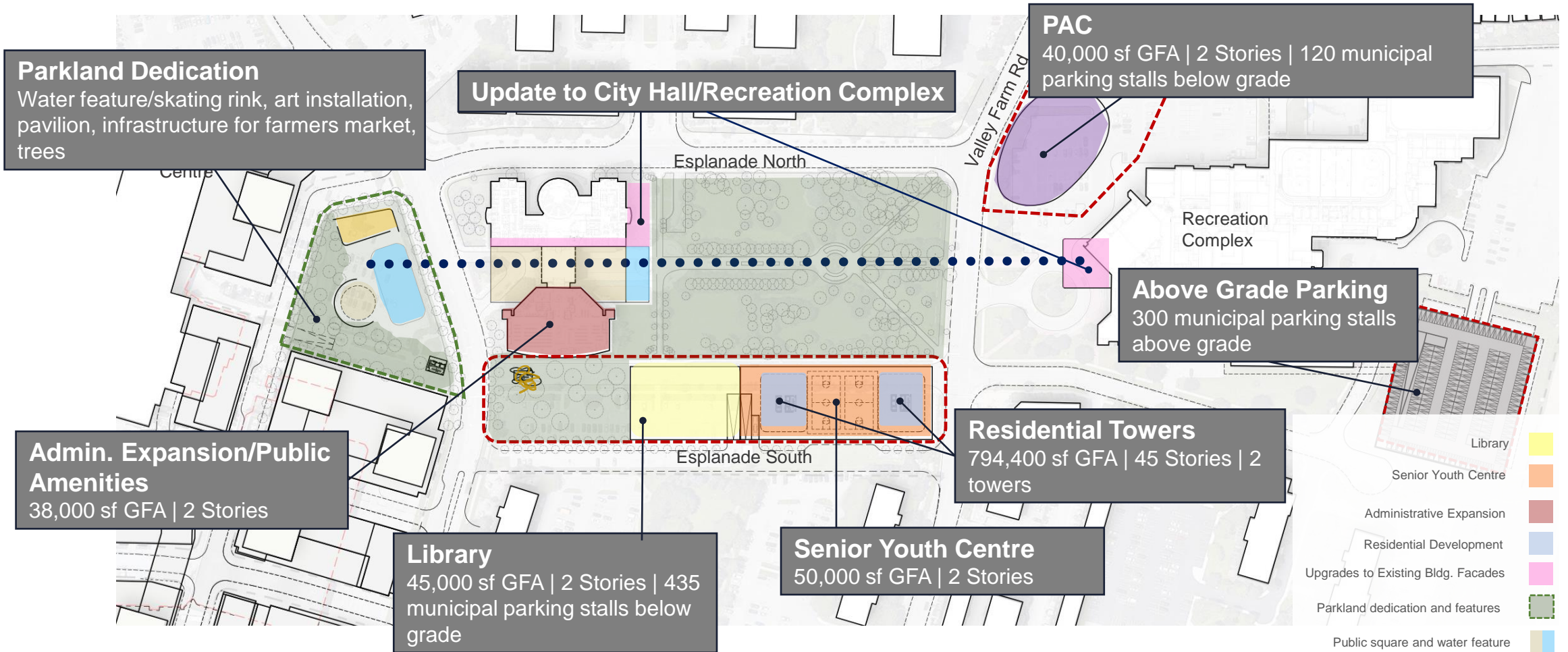


Option D – Facilities on Park Concept

City receives Parkland dedication lands (west of Glenanna) as part of PTC development and City would sell air rights on South Block to subsidize project costs.



Option D – Facilities on Park Concept



Parkland Dedication
Water feature/skating rink, art installation, pavilion, infrastructure for farmers market, trees

Update to City Hall/Recreation Complex

PAC
40,000 sf GFA | 2 Stories | 120 municipal parking stalls below grade

Above Grade Parking
300 municipal parking stalls above grade

Admin. Expansion/Public Amenities
38,000 sf GFA | 2 Stories

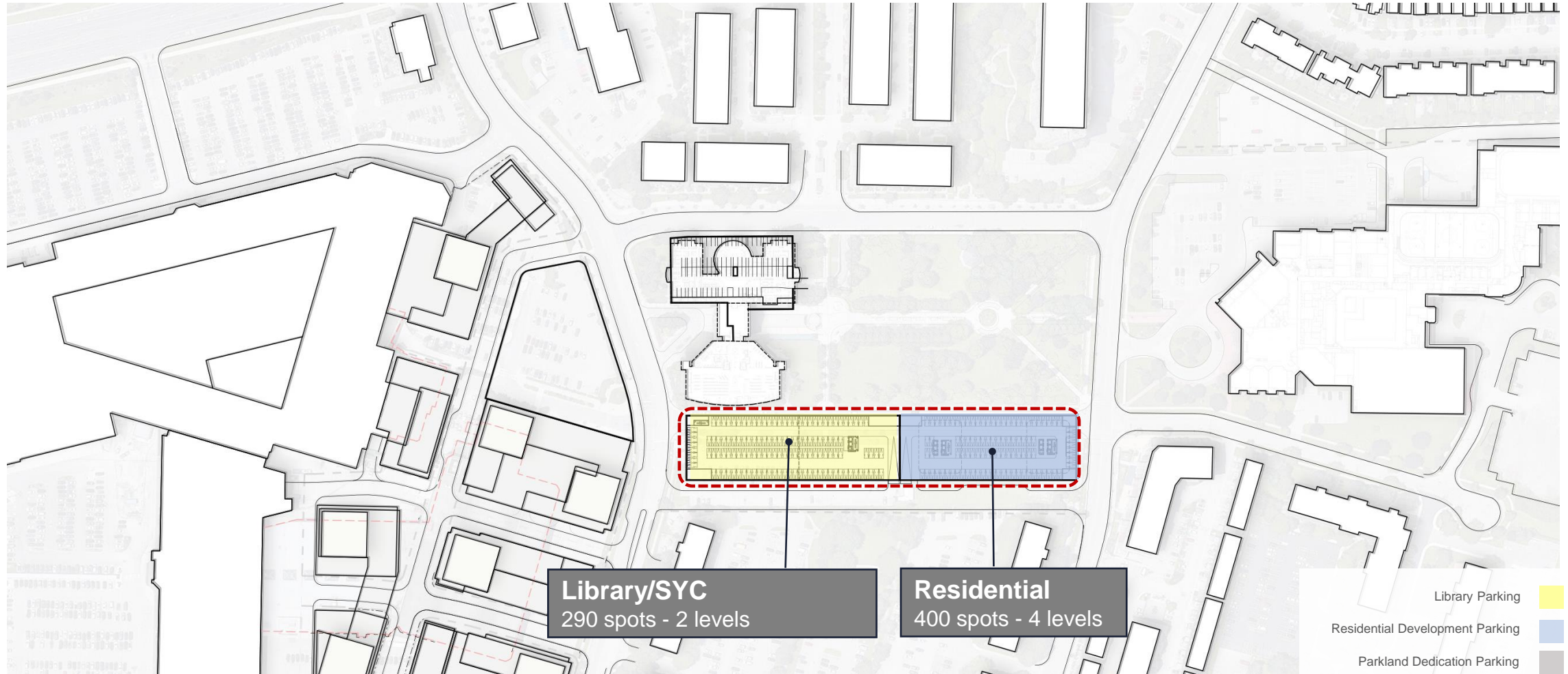
Residential Towers
794,400 sf GFA | 45 Stories | 2 towers

Library
45,000 sf GFA | 2 Stories | 435 municipal parking stalls below grade

Senior Youth Centre
50,000 sf GFA | 2 Stories

- Library ■
- Senior Youth Centre ■
- Administrative Expansion ■
- Residential Development ■
- Upgrades to Existing Bldg. Facades ■
- Parkland dedication and features
- Public square and water feature ■
- Above grade parking deck

Option D – Below Grade Parking

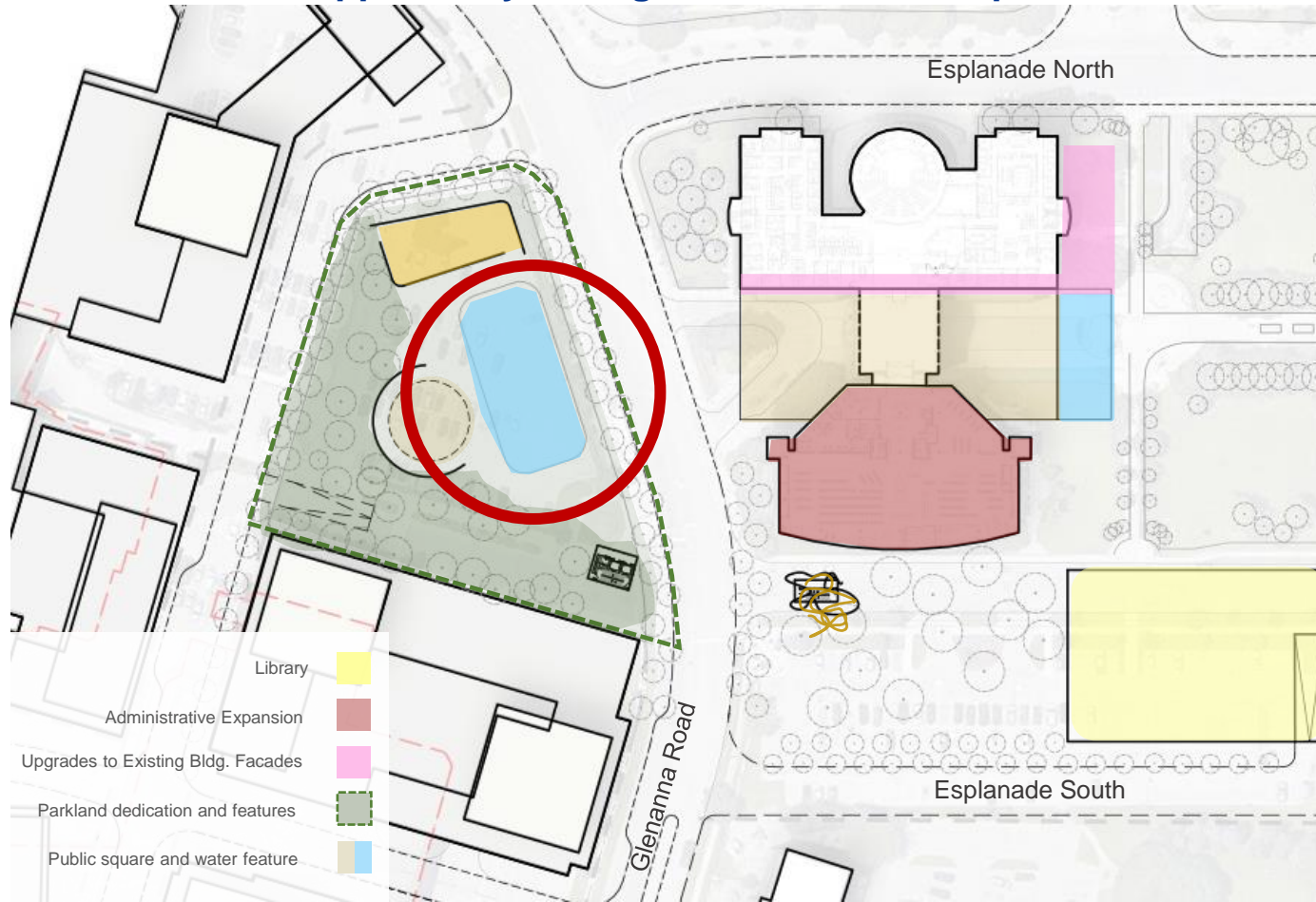


Option D - Massing



Parkland Dedication – Water Feature

The water feature could be enabled/disabled for wet, dry or skating programming purposes. Community consultation opportunity through the Parks Masterplan.



*Sources: Waterfront Toronto, Bramptonist



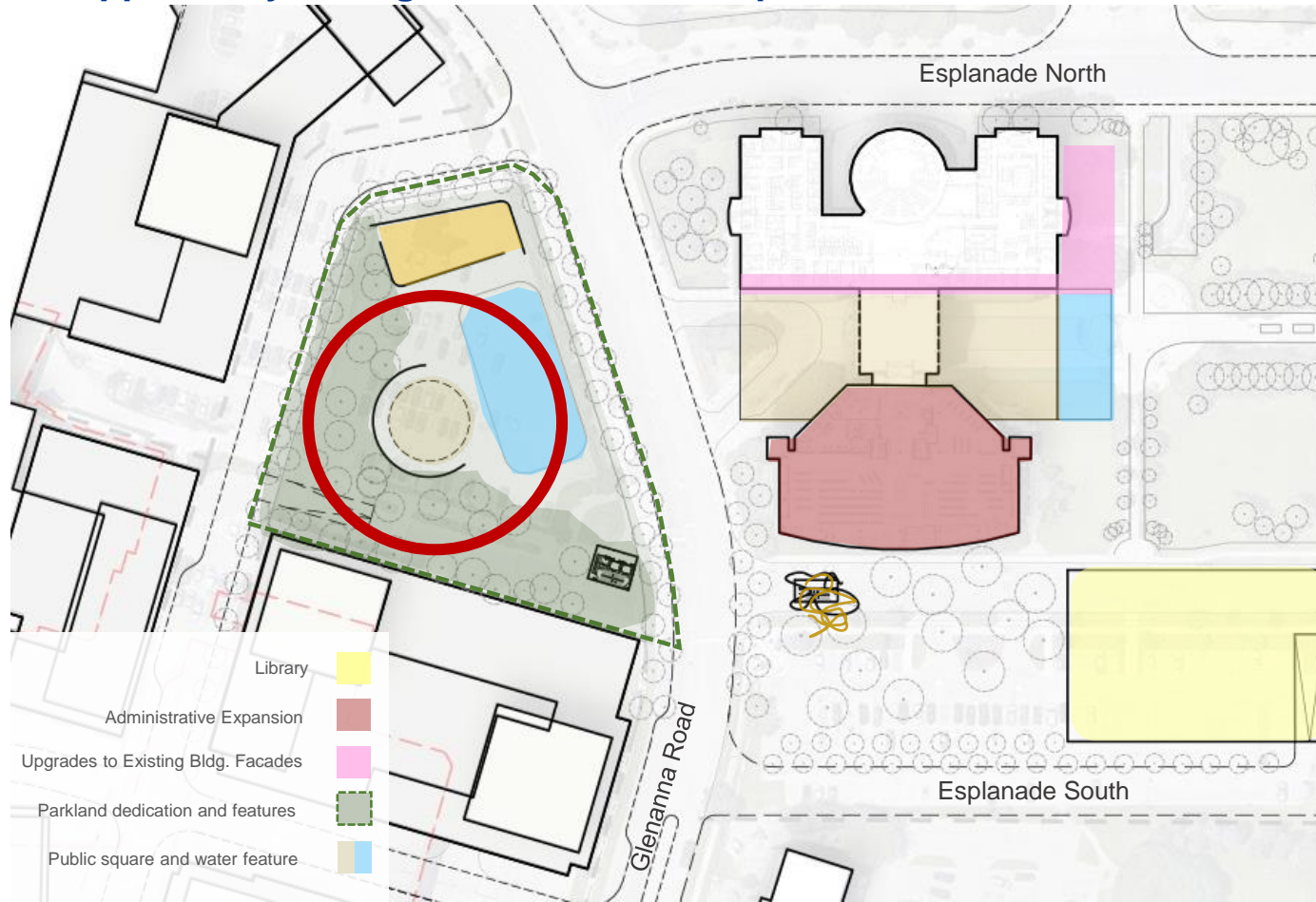
Sugar Beach, Toronto



Brampton, ON

Parkland Dedication – Parkland and Celebration Space

Parkland and celebration space can be offered on both green and hard scape. Community consultation opportunity through the Parks Masterplan.



Toronto Music Garden

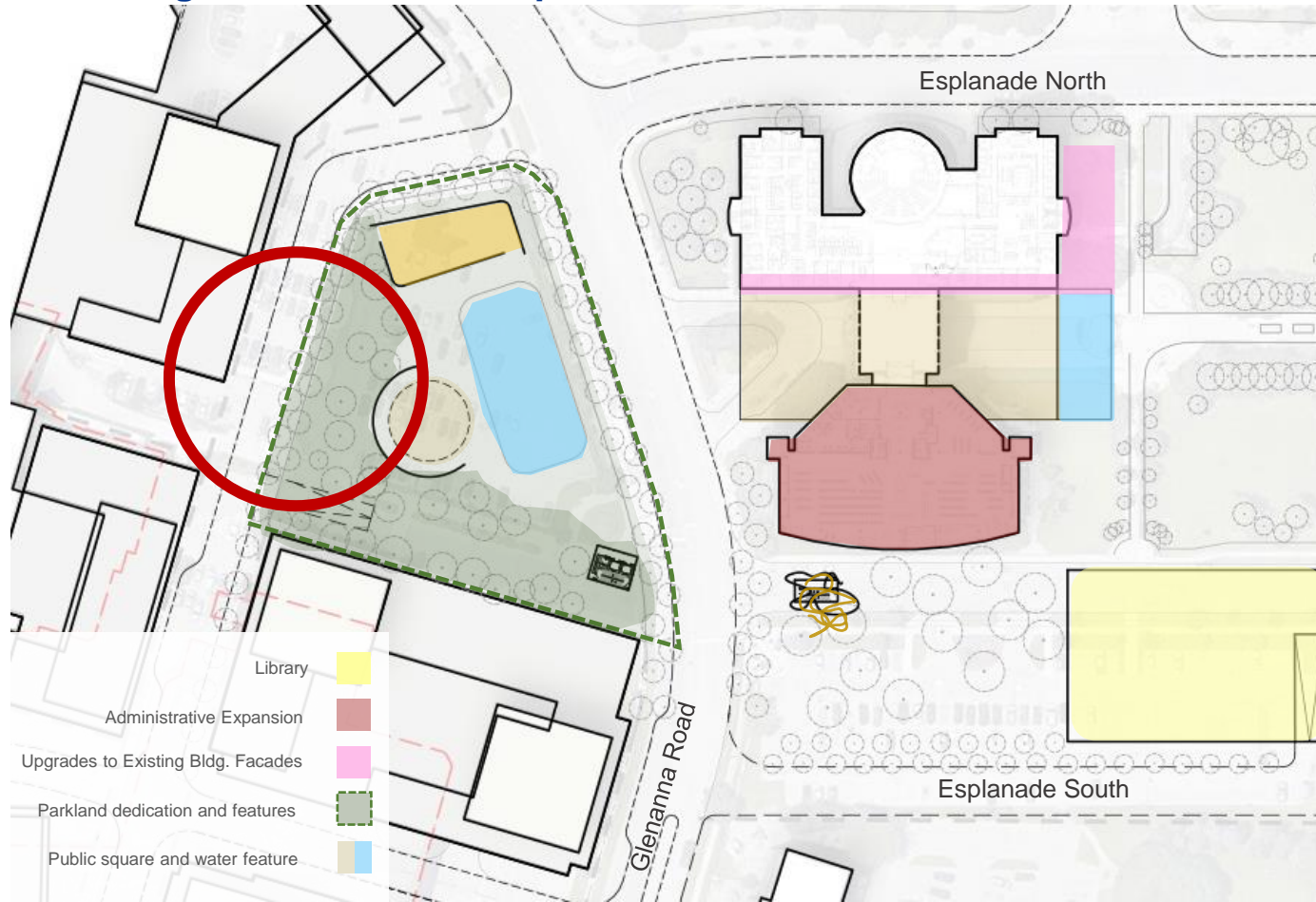


MoMA Sculpture Garden

*Sources: BlogTO, MoMA

Parkland Dedication – Farmer’s Market and Leisure Space

Flexible space allows for leisure, a farmer’s market and other programming. Community consultation opportunity through the Parks Masterplan.



Lincoln Centre

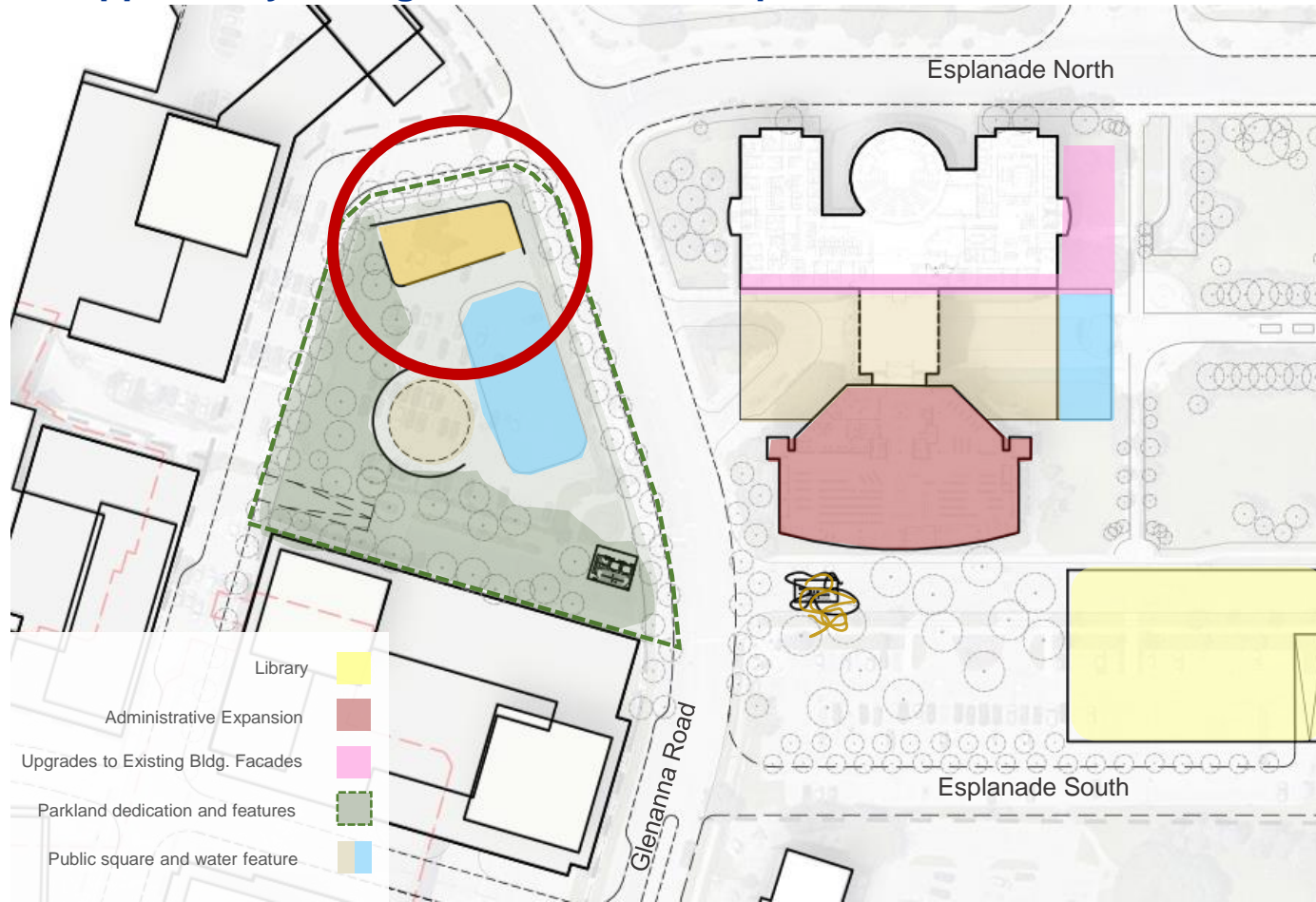


Green City Market, Chicago

*Sources: The Cultural Landscape Foundation, Green City Market

Parkland Dedication – Pavilion

A building to support the ice rink, provide washrooms and potential concession. Community consultation opportunity through the Parks Masterplan.

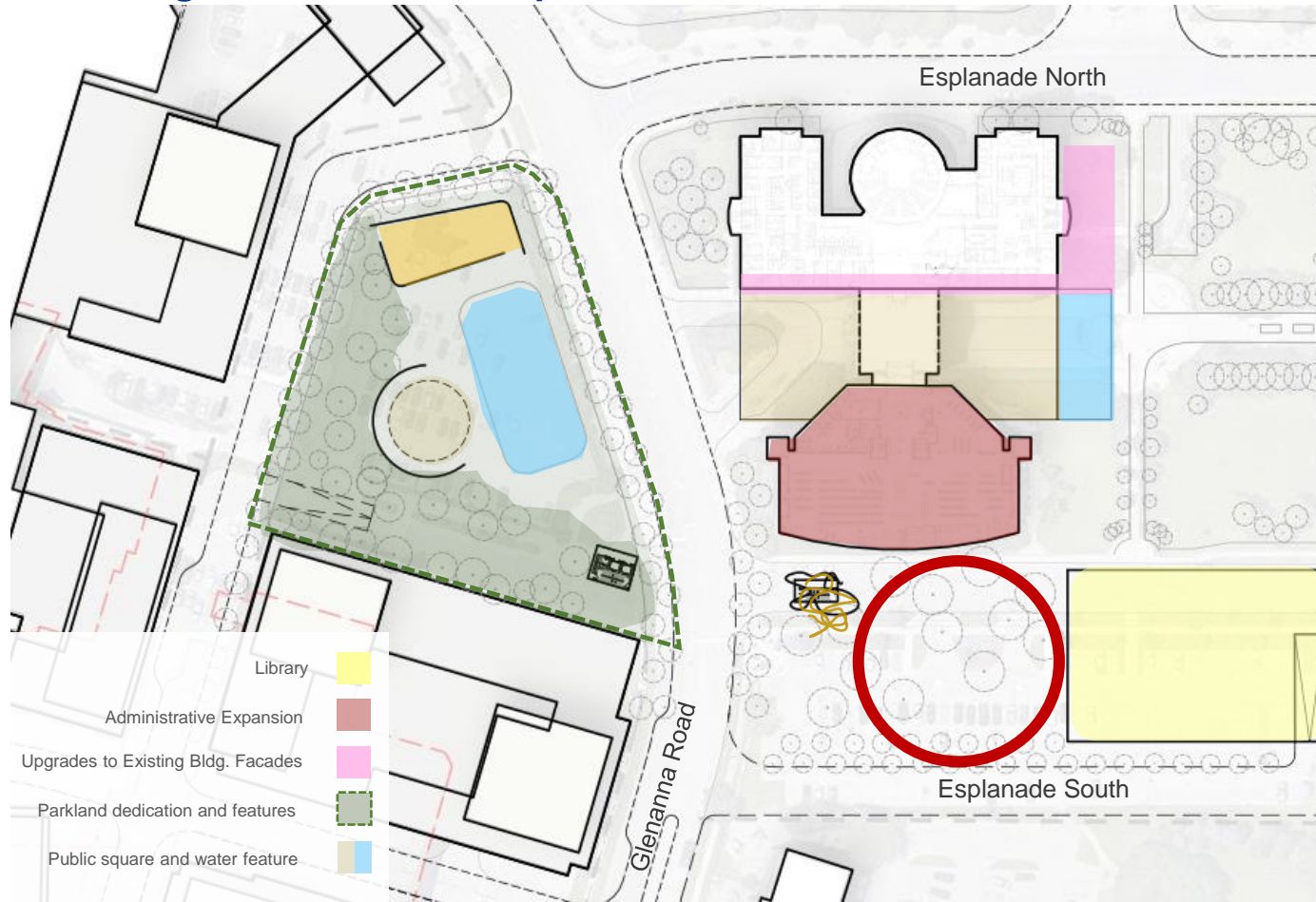


Nathan Phillips Square, Toronto

*Sources: Plant Architecture

Parkland – Intimate Space

An area for gatherings and also provides flexibility for programming. Community consultation opportunity through the Parks Masterplan.



World Trade Centre, NYC

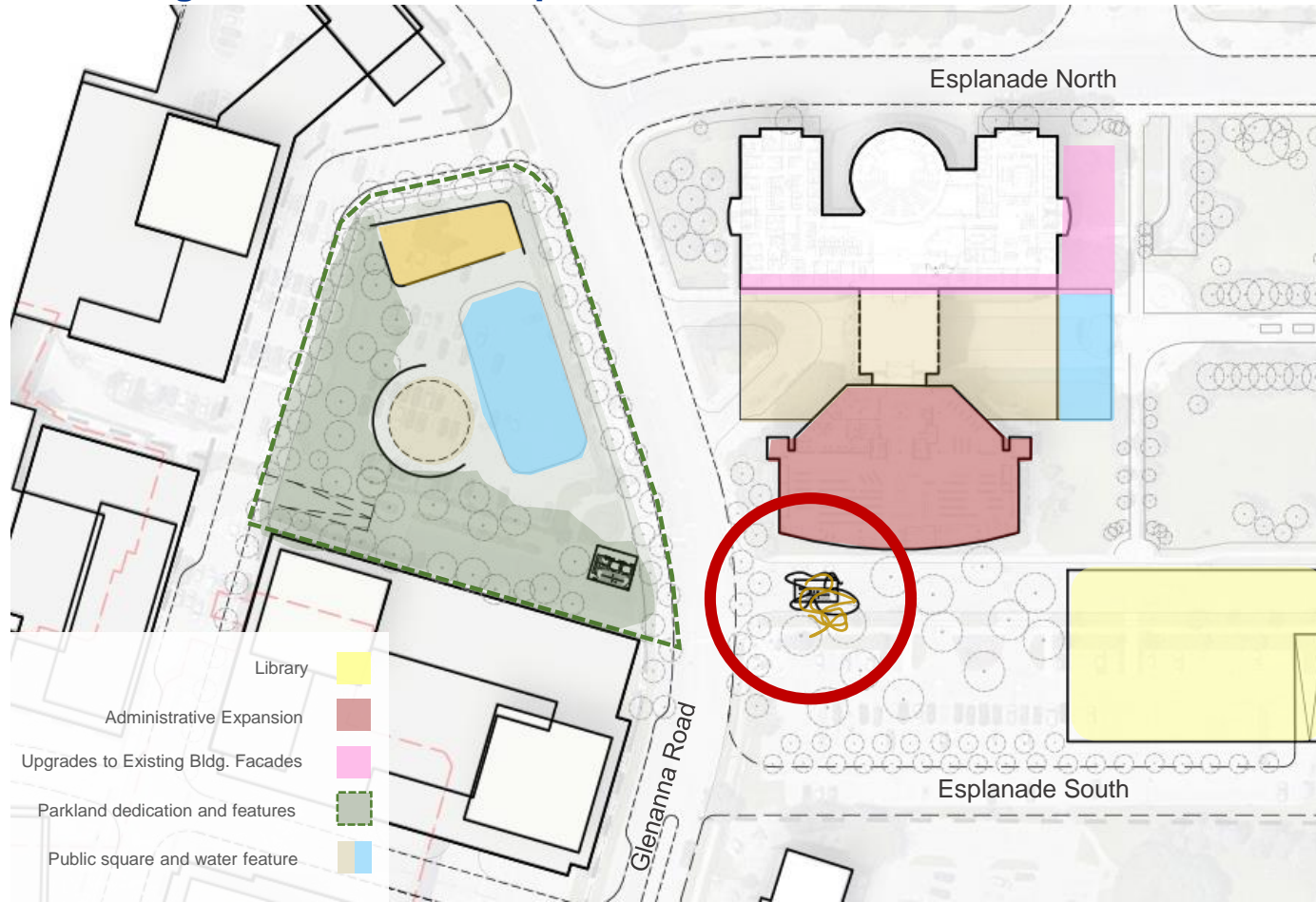


Paley Park, NYC

*Sources: Untapped NY,

Parkland – Art Installation

An art installation to display public art or create a community sculpture. Community consultation opportunity through the Parks Masterplan.



*Sources: Madison Square Conservancy

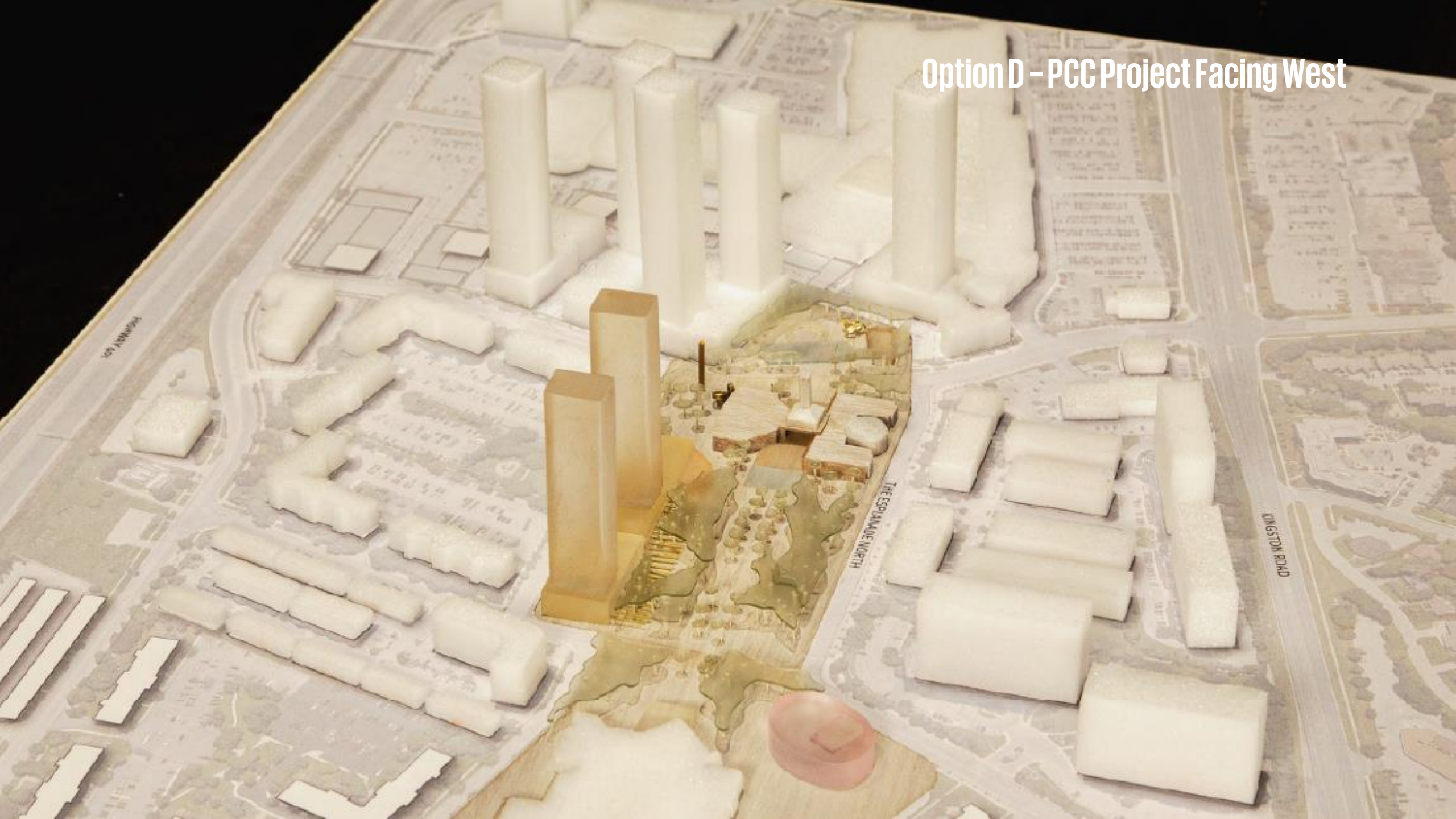


Madison Square Park, NYC

Option D - PCC Project Facing South-West



Option D - PCC Project Facing West



Option D - PCC Project Facing South



Option D - PCC Project Facing South-East



Option D - PCC Project Facing East



THE ESPLANADE NORTH

KINGSSTON ROAD

Option D – Rendering (Summer)



Option D – Parkland Dedication (Summer)



Option D – View from South Esplanade (Summer)



Option D – Library/SYC next to Esplanade Park (Summer)



Option D – Rendering (Winter)



Option D – Parkland Dedication (Winter)



Option D – View from South Esplanade (Winter)



Option D – Analysis

Option D improves upon Option C, by leveraging City owned south block providing strong views of the Esplanade park from Glenanna Rd and providing larger library/SYC footprint improving park views.



Great City Centre

- Forms a cohesive centre of Pickering leveraging all lands



Delivery controls

- City develops city-owned land



Space flexibility

- Library/SYC within same building, opportunity for flexibility



Program synergies

- Co-location of library and SYC allows for program overlap and efficiencies



Business continuity

- Existing services remain operational during construction
- Minimizes controversial perspectives - existing library



Iconic design

- Library has potential to open up to south end of Esplanade Park



Active spaces

- Sufficient space for active spaces



Parkland spaces

- Dedicated parkland site opens programming opportunities



Mobility

- Dedicated parkland site provides parking below grade



Loading and logistics

- Separate loading for residential and facilities from Esplanade South
- Library remains operational until new complete



Sustainability

- Potential for sustainability leadership demonstrated in project



Construction synergies

- Library/SYC within same building

Project Phasing

Net Project Cost Estimate Assumptions

The net project costs are preliminary and do not constitute a detailed cost estimate.

The net project costs are preliminary and do not constitute a detailed cost estimate. Costs have been derived based on preliminary concepts and not full design. As the design evolves costing will become more defined.

- A cost consultant provided construction costs and adjustments for soft costs and contingency applied based on estimate for comparable projects.

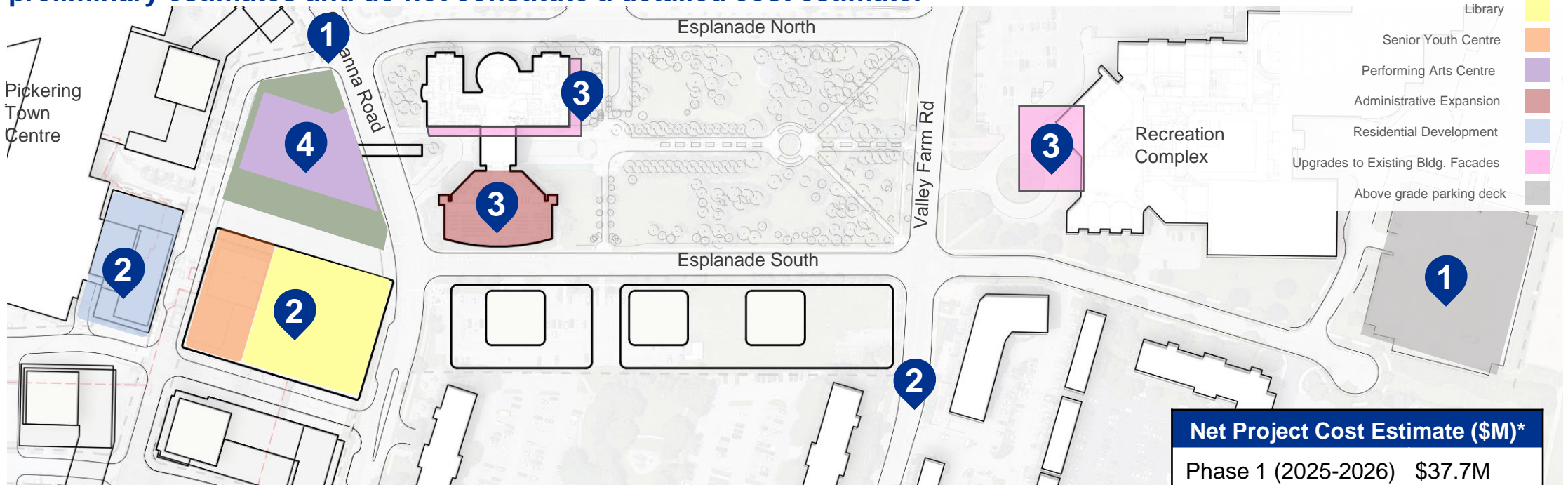
Costs include:

- Total costs for municipal facilities
- Less attributable land value
- Costs for additional capital projects (approx.):
 - The above grade parking deck behind Recreation Complex
 - The renovation for the administrative space
 - The re-location of the Bell vault
 - The parkland improvements
 - Upgrades to City Hall and Recreation Complex façade

Total project costs **do not** consider sources of funding (e.g., developer contributions, grants or development charges). The potential development charge eligibility has been determined separately by Watson & Associates.

Conceptual Project Phasing – Option B

Option B envisions the delivery of the project through 4 phases and needs to be studied. The costs outlined are preliminary estimates and do not constitute a detailed cost estimate.



- Phase 1:** Conduct site servicing and construct new above grade parking behind Rec. Complex
- Phase 2:** Relocate the Bell vault, construct the integrated library and SYC, construct below grade parking and sell land for residential development
- Phase 3:** Renovate the current library for administrative expansion, update the Recreation Complex façade and city hall façade
- Phase 4:** Construct the PAC and any required surrounding improvements

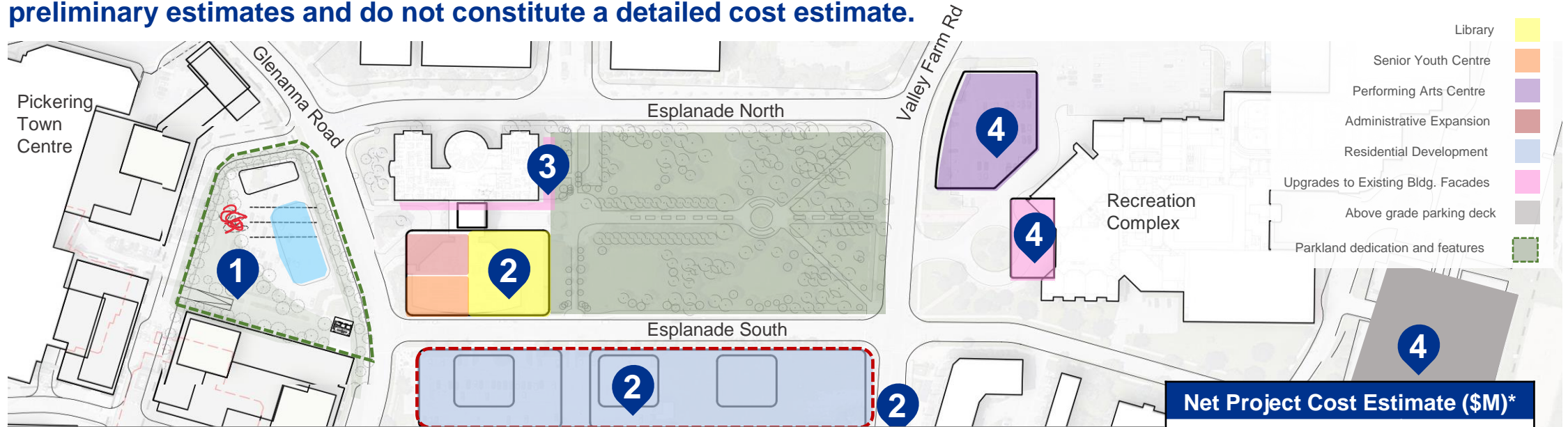
Net Project Cost Estimate (\$M)*	
Phase 1 (2025-2026)	\$37.7M
Phase 2 (2026-2028)	\$142.5M
Phase 3 (2028)	\$23.0M
Sub-total	\$203.2M
Phase 4 (2030-2031)	\$75.2M
TOTAL	\$278.4M

* Net project cost is preliminary and an estimate. It does not constitute a detailed cost estimate. It is net of land value but does not include development charges.

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Conceptual Project Phasing – Option C

Option C envisions the delivery of the project through 4 phases and needs to be studied. The costs outlined are preliminary estimates and do not constitute a detailed cost estimate.



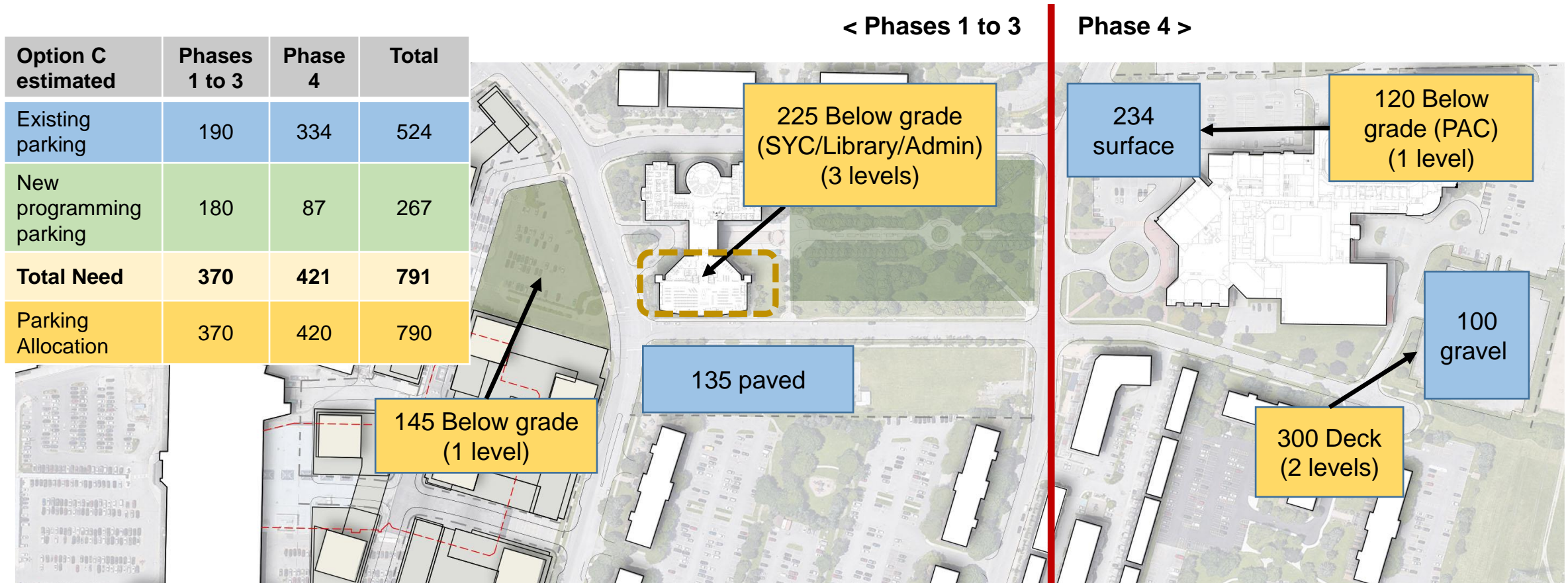
- Phase 1:** Construct the park west of Glenanna including below grade parking, water feature etc.
- Phase 2:** Relocate the Bell vault, construct the integrated library, SYC and administrative expansion space, sell south block land for residential development, develop the park west of Glenanna, construct below grade parking.
- Phase 3:** Update the city hall façade
- Phase 4:** Construct the PAC, update the Recreation Complex façade, construct below grade parking, and construct new above grade parking behind Recreation Complex.

Net Project Cost Estimate (\$M)*	
Phase 1 (2026)	\$25.1M
Phase 2 (2026-2028)	\$68.4M
Phase 3 (2028)	\$5.0M
Sub-total	\$98.4M
Phase 4 (2030-2031)	\$115.5M
TOTAL	\$213.9M

* Net project cost is preliminary and an estimate. It does not constitute a detailed cost estimate. It is net of land value but does not include development charges.

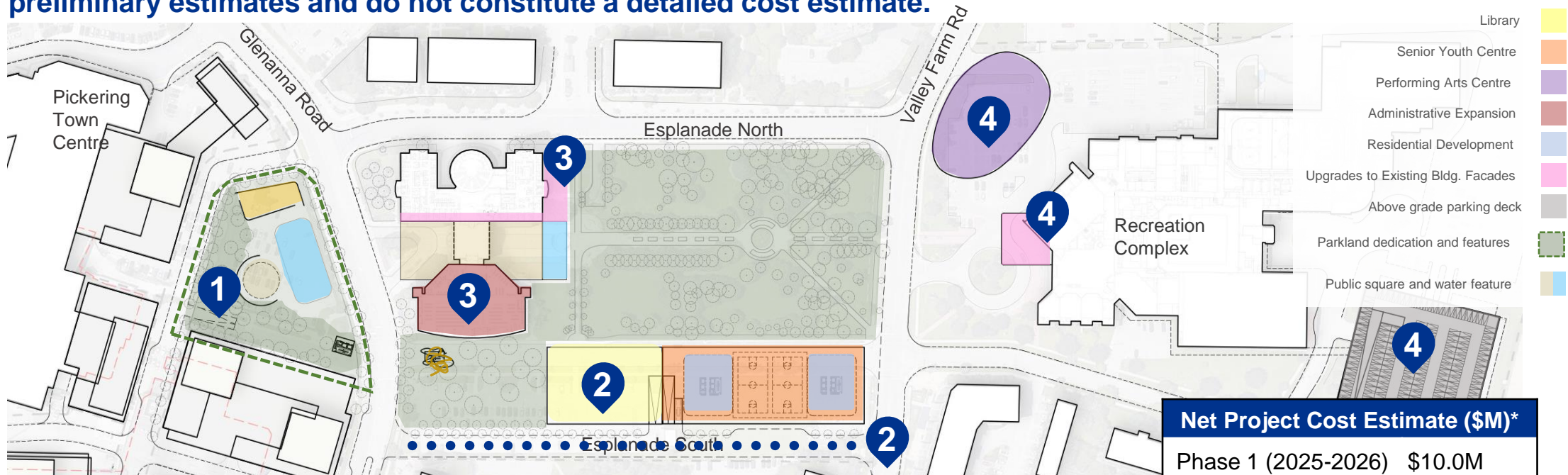
Option C – Preliminary Parking Layout

Net new parking for SYC, Library, Admin and PAC is about 267 shared spaces. Parking below Parkland Dedication may be better located below SYC/library. The parking layout is preliminary and requires a detailed parking study that will be completed in the next phase of analysis.



Conceptual Project Phasing – Option D

Option D envisions the delivery of the project through 4 phases and needs to be studied. The costs outlined are preliminary estimates and do not constitute a detailed cost estimate.



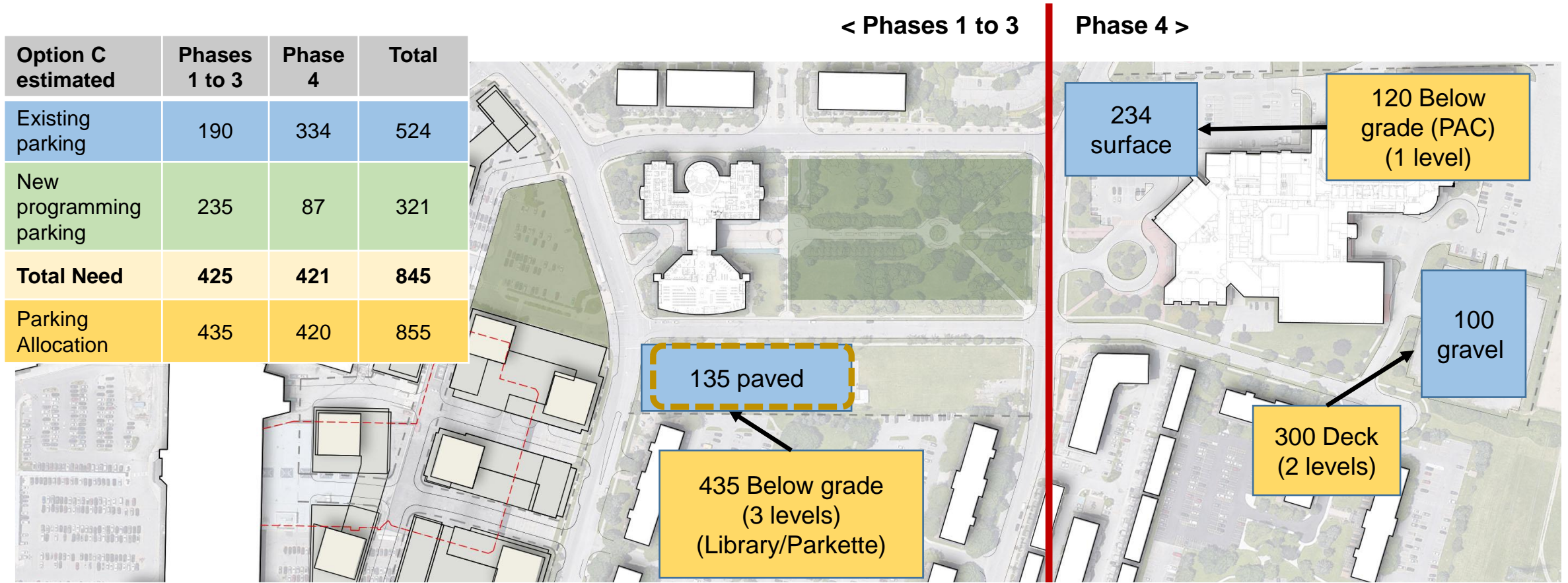
Phase 1: Construct the park west of Glenanna including below grade parking, water feature etc.
Phase 2: Relocate the Bell vault, move Esplanade South road, construct the integrated library and SYC, sell air rights for residential development, construct below grade parking.
Phase 3: Update the city hall façade, renovate the current library site for administrative expansion.
Phase 4 Construct the PAC, update the Recreation Complex façade, construct below grade parking, and construct new Recreation Complex parking.

Net Project Cost Estimate (\$M)*	
Phase 1 (2025-2026)	\$10.0M
Phase 2 (2026-2028)	\$116.3M
Phase 3 (2029)	\$16.0M
Sub-total	\$142.3M
Phase 4 (2030-2031)	\$115.5M
TOTAL	\$257.8M

* Net project cost is preliminary and an estimate. It does not constitute a detailed cost estimate. It is net of land value but does not include development charges.

Option D – Preliminary Parking Layout

Net new parking for SYC, Library, Admin and PAC is about 321 shared spaces. The parking layout is preliminary and requires a detailed parking study that will be completed in the next phase of analysis



Decision Framework

Summary of Options and Conclusions

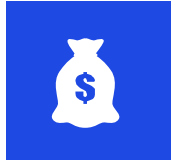
Option B has limitations for residential development potential and requires negotiation with PTC and has the highest cost. Option C has the lowest cost but results in losses to the full functional requirements. Option D provides the next lowest funding requirements, without the loss of full functional requirements and creates a heart.

Option B: Legacy Revisited Concept	Option C: Multiplex Concept	Option D: Facilities on Park Concept																								
<p>Pros</p> <ul style="list-style-type: none"> Residential development is standalone Business continuity with existing services Space/programming synergies between library/SYC – cost savings <p>Cons</p> <ul style="list-style-type: none"> No holistic masterplan design Limited parking Limited development value due to parking constraints and site size Not integrated with Esplanade Park Requires negotiation with PTC 	<p>Pros</p> <ul style="list-style-type: none"> City develops its city-owned land Residential development is standalone Dedicated parkland Space synergies between library/SYC/admin – more cost savings Three condo towers providing most value <p>Cons</p> <ul style="list-style-type: none"> Loss of full functional requirements Loss of business continuity for library Challenge with logistics and loading Removal of familiar city landmarks 	<p>Pros</p> <ul style="list-style-type: none"> Forms a cohesive Heart of Pickering City develops its city-owned land Moving Esplanade South, creates opportunity for full connection to Esplanade Park and Recreation Complex Space/programming synergies between library/SYC – cost savings Dedicated parkland Two condo towers to provide value, with creation of civic feel <p>Cons</p> <ul style="list-style-type: none"> Residential development integrated with SYC adding some complexities 																								
<table border="1"> <thead> <tr> <th colspan="2">Net Project Cost Estimate (\$M)</th> </tr> </thead> <tbody> <tr> <td>Phase 1 – 3 sub-total</td> <td>\$203.2M</td> </tr> <tr> <td>Phase 4 (2030-2031)</td> <td>\$75.2M</td> </tr> <tr> <td>TOTAL</td> <td>\$278.4M</td> </tr> </tbody> </table>	Net Project Cost Estimate (\$M)		Phase 1 – 3 sub-total	\$203.2M	Phase 4 (2030-2031)	\$75.2M	TOTAL	\$278.4M	<table border="1"> <thead> <tr> <th colspan="2">Net Project Cost Estimate (\$M)</th> </tr> </thead> <tbody> <tr> <td>Phase 1 – 3 sub-total</td> <td>\$98.4M</td> </tr> <tr> <td>Phase 4 (2030-2031)</td> <td>\$115.5M</td> </tr> <tr> <td>TOTAL</td> <td>\$213.9M</td> </tr> </tbody> </table>	Net Project Cost Estimate (\$M)		Phase 1 – 3 sub-total	\$98.4M	Phase 4 (2030-2031)	\$115.5M	TOTAL	\$213.9M	<table border="1"> <thead> <tr> <th colspan="2">Net Project Cost Estimate (\$M)</th> </tr> </thead> <tbody> <tr> <td>Phase 1 – 3 sub-total</td> <td>\$142.3M</td> </tr> <tr> <td>Phase 4 (2030-2031)</td> <td>\$115.5M</td> </tr> <tr> <td>TOTAL</td> <td>\$257.8M</td> </tr> </tbody> </table>	Net Project Cost Estimate (\$M)		Phase 1 – 3 sub-total	\$142.3M	Phase 4 (2030-2031)	\$115.5M	TOTAL	\$257.8M
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Potential Partnership Structures

Partnership Structure – Drivers

The preferred partnership structure with a developer would achieve the following drivers.



Efficient allocation of risk / scope

Allocate risks on the basis of capability and experience managing such risks to manage costs and ensure efficient management.



Leverage skills and relationships of developer

Developers have long standing relationships with suppliers, trades and key industry players that could potentially be leveraged to reduce costs.



Ensure City has sufficient control over development

Allow the City sufficient decision making and delivery controls during the development of the project.



Provide cost and schedule certainty

Ensures that the costs incurred from the contract will not exceed the bid price and schedule.



Alignment with internal project delivery capability

Leverages City internal capability while further strengthening project delivery capability for project.

Partnership Structure – Risks of Development

The following are key development risks normally assumed by the City.



Cost Risk

Risk that the cost of construction and overall development increases over the project, due to changes in requirements/ scope, design, cost of materials, cost of labour, interest rates etc.



Market Risk

Risk that land value and condo values could decrease since these are a function of the market and could decline in the face of rising construction costs and rising interest rates.



City Delivery Control Risk

Risk that the City has insufficient decision making and delivery controls during the development of the project.



Council Approval Process Risk

The project needs to proceed through the council approval process with Council. The process is risky if Council changes, or if the project requires zoning change approvals.

Partnership Structure – Developer Partners Value

A developer partner would bring significant value to the project.



Trade and materials relationships

Developers have long standing relationships with suppliers, trades and key industry players that could potentially be leveraged to reduce costs.



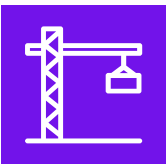
Project management expertise

Developers can bring project management to a project, to help ensure it remains on schedule and cost. They can also help manage risks appropriately.



Historical experience

Developers bring extensive prior experience to development projects to help mitigate challenges, bring innovative ideas, and help ensure successful delivery.



Retention of design and construction risk

Depending on the partnership model, developers can be responsible for design and construction scope, which means that the developer retains risks associated with constructability issues due to design or cost overruns.



Private sector financing potential

Developers can bring private sector financing to a project if desired. Depending on their credit rating, the developer may be able to get an attractive borrowing rate, which can help manage Pickering's current debt capacity.

Overview of Potential Partnership Structure Models

A spectrum of partnership structures models could support the PCC Project.

Partnership Structure Model 1

- City hires a prime consultant to design the project.
- City awards separate contracts for design and construction works for municipal facilities across PCC project.
- The City sells the vacant lands to a developer/contractor depending on option selected.

Partnership Structure Model 2

- City engages a prime consultant to design the project.
- City hires a developer to provide construction management services to manage the delivery of the PCC project.

Partnership Structure Model 3

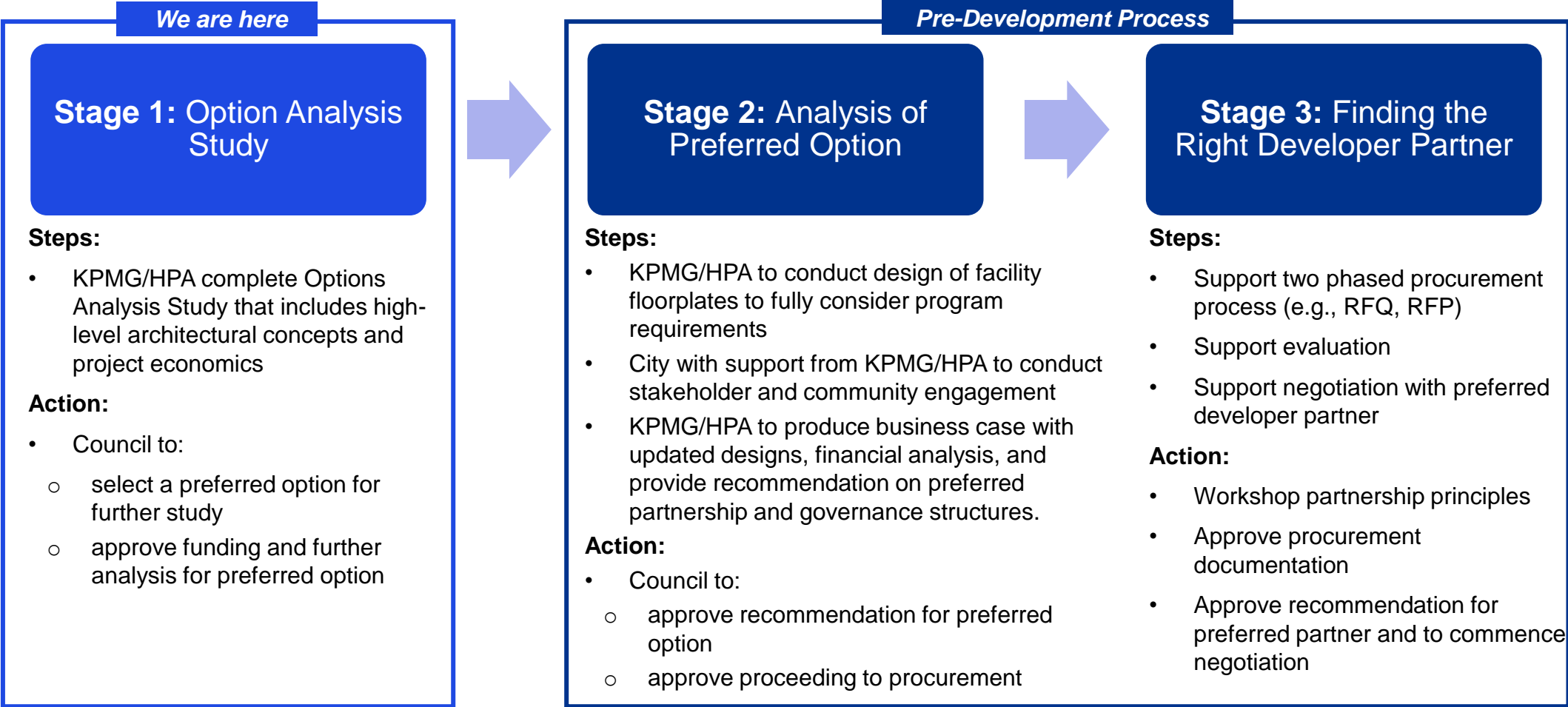
- The City develops the design to 30% and executes procurement process to engage developer partner.
- The developer would oversee and manage the design and construction of the PCC project.

Refer to Appendix G for partnership structure diagrams.

Next Steps and Pre- Development Process

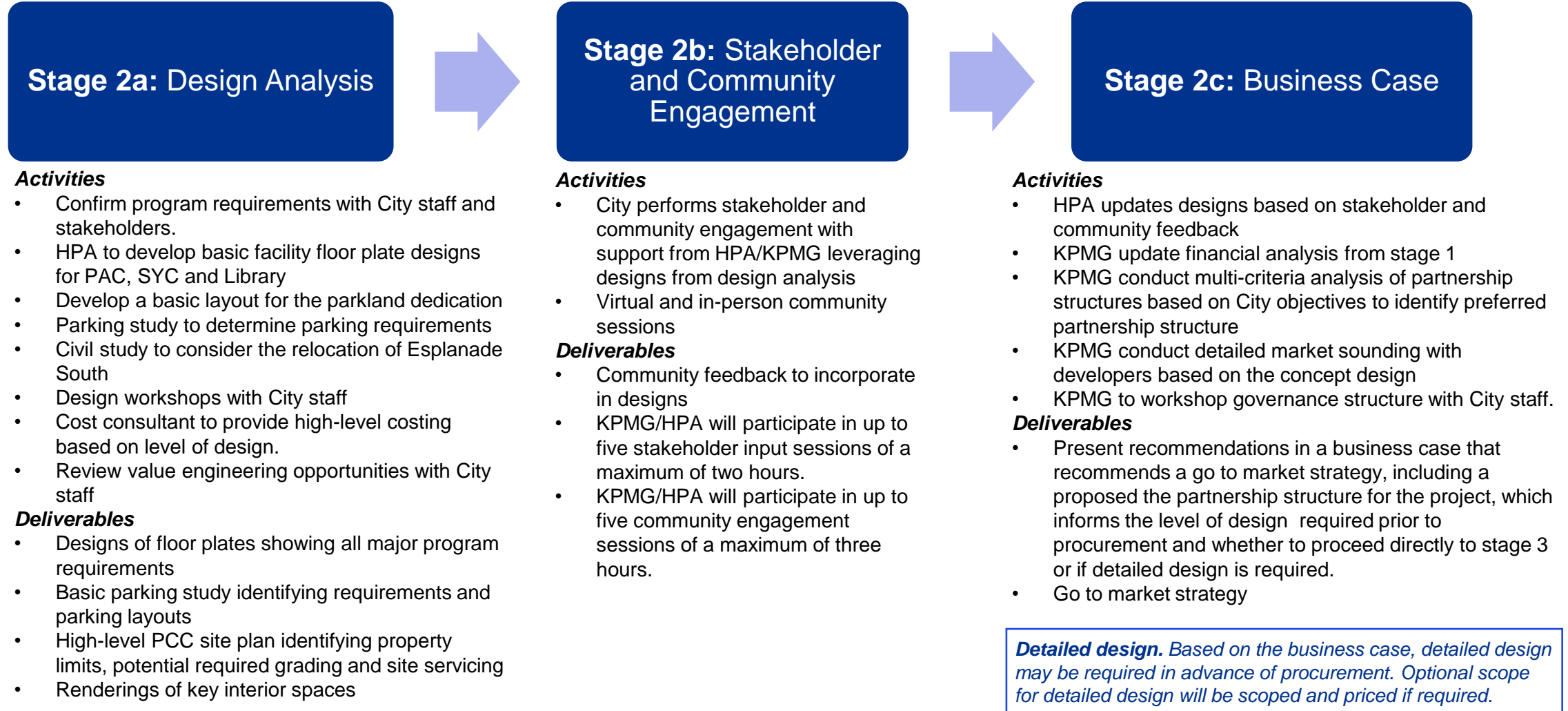
Pre-Development Process Overview for PCC Project

The following high-level process is envisioned for Pickering to execute the pre-development process.



Stage 2: Deliverable Details

The following stages outline the activities and deliverables for stage 2 scope in more detail.



Stage 2 Roadmap

Below presents the Stage 2 Roadmap.

	2022	2023				2024
Roadmap	Oct – Dec Q4	Jan to Mar Q1	Apr to Jun Q2	Jul to Sept Q3	Oct to Dec Q4	Jan to Mar Q1
Pre-development Phase						
Stage 1: Options Analysis Study						
<i>Action: Council selects a preferred option</i>		★				
Stage 2: Analysis of Preferred Option						
a) Design Analysis						
b) Stakeholder and Community Engagement						
c) Business Case						

Proposed Stage 2 and 3 Fees

Proposed fees for Stage 2 and 3 scope of work has been estimated below.

Stage 2: Analysis of Preferred Option (Q2 2023 – Q4 2023)	Estimated Fee*
Stage 2a – Design Analysis	\$275,000
Stage 2b and 2c – Stakeholder and Community Engagement and Business Case	\$175,000
Total Estimated Fee	\$450,000

Stage 3: Finding the Right Partner (Q4 2023 – Q4 2024)	Estimated Fee*
Stage 3a – Develop Project and Partnership Principles	\$35,000
Stage 3b – Draft and Release a RFQ	\$40,000
Stage 3c – Evaluate and Shortlist Proponents	\$25,000
Stage 3d – Draft and Release a RFP	\$25,000
Stage 3e – Find the Right Developer Partner	\$25,000
Total Estimated Fee	\$150,000

* Our fees exclude HST and a 7% administration & technology fee.



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March 21, 2023

City of Pickering
1 The Esplanade S Pickering, ON
L1V 6K7

Attention: Mr. Stan Karwowski, Director, Finance & Treasurer

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

Ms. Marisa Carpino, Chief Administrative Officer

Re: City Centre Project – Scope Amendment for City Centre Project for Stages 2 and 3

Dear Mr. Karwowski,

Per Council direction on September 18, 2022, the City of Pickering retained KPMG with its subconsultant Harriri Pontarini Architects (“HPA”), to assess options to develop the Pickering City Centre (“PCC”) on City owned land. The details of our mandate can be found within our proposal dated October 1, 2022. The proposal included a phased approach to assess the options for PCC, whereby the first stage included considering three layout options and the second stage was to complete a more detailed design and business case analysis of the preferred design to be approved by Council. The first stage included preparing architectural concepts and determining the project economics for the various options.

As such, the City of Pickering is seeking to retain KPMG to complete the stage 2 of the analysis of PCC. We are excited about continuing to support the City of Pickering on the City Centre Project, a visionary and transformational project for Pickering. We are pleased to submit this letter outlining our statement of work to the City of Pickering to support a detailed analysis of the preferred option for the City Centre Project and to support in selection of a developer partner. The scope of work and associated fees provided in this letter are based on our understanding of your needs identified through numerous discussions with you.

A. Scope of Services

The City seeks a developer partner to support it with implementing its bold vision to transform the city centre to leverage its experience, skills and buying power to support the City in building the Pickering City Centre buildings on a cost-effective basis while reducing the risk exposure and maintaining some control.

The following two stages are contemplated as support that both KPMG LLP (KPMG) and Hariri Pontarini Architects (HPA) can provide to support the City in realizing its vision for the City Centre Project.

For clarity, we confirm that HPA is a subcontractor to KPMG for the purposes of completing the services for Stage 2. The City does not have any direct relationship or obligations to HPA, nor is it obligated to HPA for any further work. Conversely, unless agreed otherwise, at the completion of Stage 2, HPA would be able to participate in any procurement opportunities as part of a developer bid.



Stage 2: Analysis of Preferred Option

The following steps should be completed:

a) Design Analysis

KPMG/HPA team to conduct internal stakeholder engagement to confirm program requirements and possible synergies. From this, HPA will develop designs of facility floorplates for preferred option to fully consider program requirements and advance designs to support stakeholder engagement

Activities:

- Confirm program requirements with City staff and stakeholders.
- HPA to develop basic facility floor plate designs for PAC, SYC and Library
- Develop a basic layout for the parkland dedication
- Parking study to determine parking requirements
- Civil study to consider the relocation of Esplanade South
- Design workshops with City staff
- Cost consultant to provide high-level costing based on level of design.
- Review value engineering opportunities with City staff

Deliverables:

- Designs of floor plates showing all major program requirements
- Basic parking study identifying requirements and parking layouts
- High-level PCC site plan identifying property limits, potential required grading and site servicing
- Renderings of key interior spaces

b) Stakeholder and Community Engagement

City with support from KPMG/HPA to conduct stakeholder and community engagement with the designs from step a) to gather feedback

Activities:

- City performs stakeholder and community engagement with support from HPA/KPMG leveraging designs from design analysis
- Virtual and in-person community sessions

Deliverables:

- Community feedback to incorporate in designs
- KPMG/HPA will participate in up to five stakeholder input sessions of a maximum of two hours.
- KPMG/HPA will participate in up to five community engagement sessions of a maximum of three hours.

<p>c) <i>Business Case</i></p>	<p>KPMG/HPA produce a business case with updated designs, updated financial analysis from stage 1, and provide recommendations on preferred partnership structure and governance structure</p> <p>Activities:</p> <ul style="list-style-type: none"> • HPA updates designs based on stakeholder and community feedback • KPMG update financial analysis from stage 1 • KPMG conduct multi-criteria analysis of partnership structures based on City objectives to identify preferred partnership structure • KPMG conduct detailed market sounding with developers based on the concept design • KPMG to workshop governance structure with City staff. <p>Deliverables:</p> <ul style="list-style-type: none"> • Present recommendations in a business case that recommends a go to market strategy, including a proposed the partnership structure for the project, which informs the level of design¹ required prior to procurement and whether to proceed directly to stage 3 or if detailed design is required. • Go to market strategy
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Stage 3: Finding the Right Developer Partner

<p>a) <i>Develop project and partnership principles</i></p>	<p>After selecting a partnership structure, KPMG to leverage and review the guiding principles developed within this options analysis study, the risks of development and the value of a developer partner and craft project and partnership principles. The project and partnership principles should be workshopped with City staff and City Council as they will form the evaluation framework for the Request for Qualifications (“RFQ”).</p>
<p>b) <i>Draft and release a Request for Qualifications</i></p>	<p>Leveraging the project and partnership principles, KPMG can support development of a RFQ. It should comprise of two parts; part one should market the opportunity to the development community, and part two should outline the procurement process and evaluation framework that includes the project and partnership principles.</p>
<p>c) <i>Evaluate and shortlist proponents</i></p>	<p>The City should evaluate the respondents and shortlist three to five proponents for the Request for Proposals (“RFP”) stage. KPMG can provide ad hoc advisory services.</p>
<p>d) <i>Draft and release a Request for Proposals</i></p>	<p>While the RFQ is in market, KPMG can support preparation of the RFP document that would include a technical submission and a financial business case. The technical submission would require the proponents to outline their vision in detail and the financial business case would require the proponent to lock in their net project cost.</p>
	<p>The City should evaluate the shortlisted proponents and select the right developer partner based on the scored evaluation that considers both the technical submission and financial business case. KPMG can provide ad hoc advisory services to support negotiation with the selected developer partner to reach an agreement.</p>

¹Based on the business case, detailed design may be required in advance of procurement. Optional scope for detailed design will be scoped and priced if required.



B. Timeline

The following high-level timeline is outlined below to support the City through stages 2 and 3.

Roadmap	2022	2023				2024				2025
	Oct – Dec Q4	Jan to Mar Q1	Apr to Jun Q2	Jul to Sept Q3	Oct to Dec Q4	Jan to Mar Q1	Apr to Jun Q2	Jul to Sept Q3	Oct to Dec Q4	Jan to Mar Q1
Pre-development Phase										
Stage 1: Options Analysis Study	██████████									
<i>Action:</i> Council selects a preferred option		★								
Stage 2: Analysis of Preferred Option		████████████████████								
Stage 3: Finding the right partner										
a) Develop project and partnership principles						██████				
b) & c) Draft and release RFQ and evaluate and shortlist proponents							██████████			
d) & e) Draft and release RFP and find the right developer partner								████████████████████		

C. Professional Fees

The table below outlines our professional fees estimate for Stages 2 and 3 which are exclusive of HST and 7% administration and technology fee.

Stage 2: Analysis of Preferred Option (Q2 2023 – Q4 2023)	Estimated Fee*
Stage 2a – Design Analysis	\$275,000
Stage 2b and 2c – Stakeholder and Community Engagement and Business Case	\$175,000
Total Estimated Fee	\$450,000

Stage 3: Finding the Right Partner (Q4 2023 – Q4 2024)	Estimated Fee*
Stage 3a – Develop Project and Partnership Principles	\$35,000
Stage 3b – Draft and Release a RFQ	\$40,000
Stage 3c – Evaluate and Shortlist Proponents	\$25,000
Stage 3d – Draft and Release a RFP	\$25,000
Stage 3e – Find the Right Developer Partner	\$25,000
Total Estimated Fee	\$150,000



We kindly request your approval of the above via written response, change order and/or purchase order update.

If you have any questions or concerns regarding the details outlined herein, please do not hesitate to contact me.

Yours sincerely.

A handwritten signature in blue ink, appearing to read 'Augusto R. Patmore'. The signature is stylized with a large loop at the end.

Augusto R. Patmore,
P. Eng, MBA *Partner*,
Global Infrastructure
Advisory KPMG LLP

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