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1. Disclosure of Interest

2. Matters for Consideration

2.1 [Chief Administrative Officer, Report CAO 07-19](#)

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New Pickering City Centre
Memorandum of Understanding ("MOU")

Recommendation:

1. That the draft Memorandum of Understanding dated July 16, 2019 regarding the construction of new City facilities and the transfer of certain parcels of land (Attachment No. 1 to this Report) be endorsed.
2. That City staff be directed to negotiate binding agreements to govern all of the issues set out in the Memorandum of Understanding, and that such binding agreements be brought to Council for final approval; and,
3. That the appropriate City of Pickering officials be authorized to take the necessary actions as indicated in this Report.

2.2 [Director, Finance & Treasurer, Report FIN 15-19](#)

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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;
3. a) That Council direct that for financial planning purposes, the total cost of the Civic Centre project be \$124,054,246 (net HST)

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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,

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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.

2.3 [Chief Administrative Officer, Report CAO 06-19](#)
Municipal Servicing 407 Corridor Lands Phase One
Tender No. T-12-2019

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Recommendation:

1. That Tender No. T-12-2019 Municipal Servicing 407 Corridor Lands Phase One as submitted by TACC Construction Ltd. in the total tendered amount of \$6,702,841.28 (HST included) be accepted;
2. That Council approve the hiring of Sabourin, Kimble & Associates Ltd. to provide contract administration and inspection services and other associated costs in the amount of \$365,000.00 (HST excluded) for Tender No. T-12-2019 Municipal Servicing 407 Corridor Lands Phase One, in accordance with Purchasing Policy 10.03 (c) as the assignment is over \$50,000.00;
3. That the total gross project cost of \$9,029,319.00 (HST included), including the tendered amount and other associated costs, and the total net project cost of \$8,131,181.00 (net of HST rebate) be approved;
4. That Council authorizes the Director, Finance & Treasurer to front fund the total net project cost in the amount of \$8,131,181.00 as follows:

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- a) the sum of \$7,625,722.00 as approved for in the 2019 Finance and Taxation Capital Budget to be funded by Third Party Contribution Reserve Fund;
 - b) the sum of \$400,000.00 as provided for in the 2019 Finance and Taxation Capital Budget be increased to \$505,459.00 to be funded by a transfer from the Rate Stabilization Reserve;
 - c) the Treasurer be authorized to make any changes, adjustments, and revisions to amounts, terms, conditions, or take any actions necessary in order to effect the foregoing;
- 5. That Council direct staff to fully recover all front funding costs less City's share of \$505,459.00 from Kubota and future benefiting land owners;
 - 6. That the City's recoverable costs be subject to annual indexing to take effect July 1st and that the non-residential building construction price index be used for purposes of indexing or a rate of 2 per cent, whichever is higher; and,
 - 7. That the appropriate officials of the City of Pickering be authorized to take the necessary actions as indicated in this report.

3. Confirmation By-law

4. Adjournment

From: Tony Prevedel
Chief Administrative Officer

Subject: New Pickering City Centre
- Memorandum of Understanding ("MOU")
- File: D-1000-003-18

Recommendation:

1. That the draft Memorandum of Understanding dated July 16, 2019 regarding the construction of new City facilities and the transfer of certain parcels of land (Attachment No. 1 to this Report) be endorsed.
 2. That City staff be directed to negotiate binding agreements to govern all of the issues set out in the Memorandum of Understanding, and that such binding agreements be brought to Council for final approval; and
 3. That the appropriate City of Pickering officials be authorized to take the necessary actions as indicated in this Report.
-

Executive Summary: The Memorandum of Understanding ("MOU") dated July 16, 2019 (Attachment No. 1 to this Report) contains a proposal to build a new, larger Central Library, a Seniors & Youth Centre and a Performing Arts Centre, all in close proximity to the existing Pickering Civic Complex. These new facilities would be located on the west side of Glenanna Road, occupying what is now the east part of the Pickering Town Centre parking lot. A concept Plan showing the proposed location of these new facilities is Attachment No. 2 to this Report. These new public facilities would be surrounded by new residential buildings to the south, on both sides of Glenanna Road at the South Esplanade. The construction of these new public facilities close to the Pickering Civic Complex will create something that has never existed before: a genuinely urban environment in Pickering's downtown core. Artist's renderings of the new public facilities are Attachment No. 3 to this Report. The new facilities will be constructed at the City's expense. The main features of the new City Centre are as follows:

New Library: The new Central Library will be a three storey building of approximately 43,000 square feet in size. It will include a green roof amenity space and will be located on the west side of Glenanna Avenue, as shown on Attachment No. 2.

Seniors & Youth Centre: The new Seniors & Youth Centre will be a 2 storey structure of approximately 63,000 square feet. It will feature 2 full sized gymnasiums, 3 multipurpose activity rooms, a full service kitchen and related amenities and services.

Performing Arts Centre: The new Performing Arts Centre will be a 2-storey, 37,000 square foot facility. It will include a 600-seat theatre space, multi-purpose rooms for arts-related programming, rehearsals, meetings, together with a 5,000 square foot lobby area.

New Public Square: As shown on Attachment No. 2, the new City facilities will be arrayed around a public square space that will act as a meeting place and a focal point for community activity.

New Underground Parking Structure: A 3-storey underground parking structure will be built below the new City facilities. It will have approximately have 930 stalls with 350 dedicated for City uses under a long term lease/maintenance agreement.

Complementing these new public facilities would be new residential development. A 50-storey residential tower would be built above the Seniors & Youth Centre, and residential development would also take place along the South Esplanade, east of Glenanna Road. This new development will help transform the City centre into a true downtown, and it will generate significant property tax revenue for the City.

The MOU is not a binding contract. It is the basis for negotiating binding contracts that will detail all aspects of the design, construction and cost of the new facilities, related improvements and required utilities and services.

Financial Implications: The MOU provides that the new City facilities are to be constructed at the City's expense, but the MOU does not contain cost amounts. It describes the main features of the new City Centre, and is intended to serve as the basis for negotiation and completion of binding agreements that will precisely define the scope of the City Centre project and its costs. A detailed analysis of known costs is found in Report FIN 15-19.

Discussion: The closure of the Sears Canada store at the Pickering Town Centre mall ("PTC") was an unfortunate change in Pickering's retail landscape, but it has resulted in discussions between the City and the mall's owner (OPB Realty Inc., represented by Cushman & Wakefield Asset Services) regarding new and innovative ways of using available space at the mall site. The proximity of the Pickering Civic Complex to newly vacant portions of the mall site presents the City with a unique opportunity: new City facilities can be built on the mall site to function together with the existing Civic Complex. Locating multiple public facilities in one area, and connecting them with innovative and consistent architectural features will enable Pickering to create an entirely new City Centre. Complemented by new residential development, these public facilities will be at the heart of a transformed downtown core.

The Civic Complex and the Pickering Town Centre lie within the City Centre area identified by the City's Official Plan Policies. Those policies call for greater density of development and a more urban mix of built forms and uses. The new facilities and the development described in the MOU delivers on those planning objectives. A City initiated rezoning application has been commenced to enable the new built form described in the MOU. That rezoning was the subject of a Public Information meeting held by the City on June 24, 2019, and will be presented to Council in a recommendation report in September.

The main features of the new City Centre are as follows:

New Library: At approximately 43,000 square feet, the new Central Library will be significantly larger than the existing facility. This expansion will improve the delivery of new and existing services, and provide opportunities to better delineate key areas such as children's programming and seniors programming. The new library will include a green roof feature. The construction of the new library will also facilitate the much-needed expansion of administrative and office space in City Hall into the old Central Library location.

New Seniors & Youth Centre: The new Seniors & Youth Centre will be a 2-storey structure of approximately 41,500 square feet. It will feature 2 full sized gymnasiums, 3 multipurpose activity rooms, a full service kitchen, youth centre with a combined computer, multimedia/games and general activity room, meeting room/boardroom, public change rooms, washrooms and storage rooms. A diverse array of recreation and leisure services will be offered at this community hub. Construction of the new Seniors & Youth Centre will enable the City to close its existing East Shore Community Centre, an undersized and aging building which is costly to maintain.

Performing Arts Centre: The new Performing Arts Centre will be a 2-storey, 27,500 square foot facility. It will include a 600-seat theatre space with world class acoustics, seat comfort and sight lines to accommodate live theatre, music, dance, opera, film, speakers and special events; a multi-purpose room appropriate for a range of programs/activities including meetings, special events, rehearsals, performances and private rentals; classrooms and practice spaces to support arts education, fine arts programming and private rentals; and a 5,000 square foot lobby with concession area suited for large public gatherings, corporate events and art exhibitions.

New Public Square: The new City facilities will be arrayed around a public square space that will act as a meeting place and a focal point for community activity. Through smart and pedestrian-focused design, the City will have the ability to close off sections of Glenanna Road in order to add to the public square and create a massive community gathering space that could accommodate large festivals and special events, such as a Christmas market and an Asian-style night market. All of the facilities will be seamlessly connected via activated and pedestrian-friendly walkways, which will expand the public square concept to the farther reaches of the project.

New Underground Parking Structure: To maximize the public space at ground level, a 3-storey underground parking structure will be built. It is anticipated to have 930 stalls with 350 dedicated for City uses by a long term lease/maintenance agreement. The remaining stalls will be allocated for residential use, to serve the adjacent residential development.

Above the parking structure, title to parcels of real estate (air rights) would be transferred to the City for the new Library, Seniors & Youth Centre and Performing Arts Centre. New residential development would take place on what is now the South Esplanade parking lot, which would be transferred to OPB Realty Inc. ("OPB"). A key component of the new residential development will be a 50 storey residential tower constructed over top the new Seniors & Youth Centre.

The MOU contains a statement that:

the terms of this MOU are entirely non-binding and that any further discussions, negotiations and future understandings between the Parties with regard to the subject matter of this MOU and the PTC Development Proposal remain subject to all necessary due diligence, approvals and authorizations which may be required by the Parties, including, without limitation, ensuring that the contemplated arrangements comply with applicable laws, the conduct and receipt of all necessary financial, design, planning, construction, environmental, geotechnical and other customary real property due diligence, and the receipt of all necessary City Council and PTC Ownership board of directors' approvals, and no binding agreement(s) shall be created or deemed to have been created between the parties unless and until the Parties, each in its sole, absolute and unfettered discretion, have entered into a binding definitive agreement(s) in writing.

Construction contracts, agreements of purchase and sale, lease(s), servicing and maintenance agreements and rezoning to accommodate all new construction must all be in place to make this proposal a reality. For the purpose of finalizing the binding agreements that will define the City Centre project, staff will comprehensively address the host of design and construction issues that a project of this magnitude inevitably raises, including :

- (a) Negotiating fixed price construction contracts for all new City facilities;
- (b) Obtaining real property appraisals to ensure that the South Esplanade lands being transferred to OPB are approximately equivalent in value to the strata parcels and long term leasehold interest being transferred to the City;
- (c) Obtaining appropriate access rights and rights of support in perpetuity for the City facilities being constructed in the strata parcels, to ensure the City's ability to construct, operate, repair and replace the City facilities;
- (d) Obtaining a commercially reasonable assurance that the construction and development contemplated by the MOU will be completed; and
- (e) Relocation/oversizing of required services.

Attachments:

- 1. Draft Memorandum of Understanding dated July 16, 2019.
- 2. Concept Plan of new City Centre area.
- 3. Artist's renderings of proposed new City facilities.

Prepared/Endorsed By:

Original Signed By

Paul Bigioni
Director, Corporate Services & City Solicitor

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

July 16, 2019 Revised

**Office of the Chief Administrative Officer
The Corporation of the City of Pickering
Pickering Civic Complex
One The Esplanade
Pickering, ON L1V 7K7**

Attention: Tony Prevedel, Chief Administrative Officer, City of Pickering

Dear Tony,

RE: MEMORANDUM OF UNDERSTANDING – CITY CENTRE 2022 PLAN

We are pleased to present, on behalf of the owners of Pickering Town Centre (“**PTC Ownership**”), this memorandum of understanding (“**MOU**”) which will serve as the basis for further discussions between the City of Pickering (the “**City**”) and PTC Ownership (which together are sometimes collectively referred to as the “**Parties**” and individually as a “**Party**”) with a view to facilitating the development objectives of the Parties in creating a vibrant new City Centre. In furtherance of that objective, this MOU will outline a proposal for the development of existing lands at the Pickering Town Centre (which are shown outlined in PURPLE on Schedule A), and certain other lands and which will encompass the provision of new City Facilities and other public realm improvements (the “**PTC Development Proposal**”). The intent of this Memorandum of Understanding will be to serve as the basis for the negotiation and completion of binding agreements between the City and PTC Ownership which will set out more specific details and understandings pertaining to the Parties’ respective obligations in respect of the PTC Development Proposal.

In executing this MOU the Parties understand and acknowledge that the terms of this MOU are entirely non-binding and that any further discussions, negotiations and future understandings between the Parties with regard to the subject matter of this MOU and the PTC Development Proposal remain subject to all necessary due diligence, approvals and authorizations which may be required by the Parties, including, without limitation, ensuring that the contemplated arrangements comply with applicable laws, the conduct and receipt of all necessary financial, design, planning, construction, environmental, geotechnical and other customary real property due diligence, and the receipt of all necessary City Council and PTC Ownership board of directors’ approvals, and no binding agreement(s) shall be created or deemed to have been created between the parties unless and until the Parties, each in its sole, absolute and unfettered discretion, have entered into a binding definitive agreement(s) in writing.

Zoning

In order to meet the design intent of the PTC Development Proposal, PTC Ownership is seeking the following amendments to the Pickering City Centre Zoning By-law 7553/17:

- SCHEDULE 2 - The City Lands south of the Esplanade South (the “**South Block Lands**”) (as shaded in BLUE on Schedule “A” attached) amended from CCC to CC2 in order to permit residential
- SCHEDULE 5 - For identified portions of Pickering Town Centre Lands (“**PTC Lands**”) (as outlined in purple on Schedule “A” attached) amend the maximum height limit to 125 meters and one building located above the Senior and Youth Centre to 155 meters. The South Block Lands will be amended to a height of 125 meters

Any agreement contemplated herein which may be entered into between the Parties shall be conditional upon the above-described zoning amendments being obtained in final form and all applicable appeal periods having expired.

City Facilities

Provided final zoning amendments described in the section entitled “Zoning” above are obtained, PTC Ownership will provide assistance to the City with the development of a new Library, Seniors & Youth Centre, Arts Centre and Parking Structure (collectively, the “**City Facilities**”) on the terms outlined below:

Library

- | | |
|--------------------------------|--|
| Use: | Municipal library, including all related facilities and services as deemed necessary by the City (the “ Library ”). |
| Premises: | Approximately 45,000 SF on three levels as shaded in ORANGE on Schedule “A” attached. |
| Strata Parcel Purchase: | PTC Ownership will, for the price of \$1, convey to the City, title (subject to permitted encumbrances to be agreed between the Parties) to a strata parcel at an agreed location upon/within the PTC Lands and upon which the Library is to be situate, together with such support and access easements as may be necessary for the use and enjoyment of such strata parcel (collectively, the “ Library Parcel ”). |
| Operating Agreement: | It is intended that, concurrent with the purchase of the Library Parcel by the City, the City and PTC Ownership will have negotiated and entered into a mutually agreeable form of operating and cost sharing agreement respecting the control and use of external common area space on certain portions of the PTC Lands within the lands generally shown outlined in PURPLE on Schedule A which are adjacent to the Library, and which the City, the general public and patrons of the Library shall have the non-exclusive right to use in common with PTC Ownership and tenants and patrons of Pickering Town Centre and the |

PTC Lands, to be more particularly set out in the Operating Agreement (the “**Library PTC Common Area**”). The Operating Agreement will include, but not be limited to, operation, maintenance, security and insurance of the Library PTC Common Area, and each of the Parties will be responsible to pay their proportionate share of the costs thereof on a basis to be agreed.

Completion Date: Estimated to be July 1, 2022

Construction of Library: The City will enter into a procurement, design and construction management agreement (the “**Library Construction Management Agreement**”) with a development manager, to be mutually agreeable to PTC Ownership and the City, (the “**City Development Manager**”), pursuant to which the City Development Manager will undertake to oversee the procurement, design and construction of the Library on behalf of the City, including, without limitation, all fixturing and interior fit out. The City Development Manager will take direction from the City on all aspects of the procurement, design and construction, and the building will be designed, built and furnished in accordance with City approved plans and specifications. Under the terms of the Library Construction Management Agreement, the City Development Manager will receive a fee equal to 4.5% of the Library project costs, on a basis to be agreed in the Library Construction Management Agreement (the “**Library CMA Fee**”). Any construction contract, architects contract, and other consultants’ agreements relating to the Library will be entered into directly between the City and such contractor, architect and other consultants.

Construction Cost: It is intended that City will be responsible for all costs relating to the procurement, design and construction of the Library, including the Library CMA Fee and, on a basis to be agreed in the Library Construction Management Agreement, the cost of the staff of the City Development Manager who are directly involved in the construction and interior design/build out of the Library.

Timing of Payments: Under the terms of the Library Construction Management Agreement, the City Development Manager will prepare monthly draws for verification and payment by the City as the design and construction of the Library progresses.

Parking: Included in Parking Structure section.

Utilities: The Library will be separately metered and the City will pay the cost of all utilities directly to the utility provider.

Seniors & Youth Centre

Use:	Seniors and Youth Centre, including all related facilities and services as deemed necessary by the City (the "S&YC").
Premises:	Approximately 60,000 SF on two levels approximately as shaded in yellow on Schedule "A" attached.
Strata Parcel Purchase:	PTC Ownership will, for the price of \$1, convey to the City, title (subject to permitted encumbrances to be agreed between the Parties) to a strata parcel at an agreed location upon/within the PTC Lands upon which the S&YC is to be situate, together with such support and access easements as may be necessary for the use and enjoyment of such strata parcel (the "S&YC Parcel").
Operating Agreement:	It is intended that, concurrent with the purchase of the S&YC Parcel by the City, the City and PTC Ownership will have negotiated and entered into a mutually agreeable form of operating and cost sharing agreement respecting the control and use of external common area space on certain portions of the PTC Lands within the lands generally shown outlined in PURPLE on Schedule A which are adjacent to the S&YC, and which the City, the general public and patrons of the S&YC shall have the non-exclusive right to use in common with PTC Ownership and tenants and patrons of Pickering Town Centre and the PTC Lands, to be more particularly set out in the Operating Agreement (the "S&YC PTC Common Area"). The Operating Agreement will include, but not be limited to, operation, maintenance, security and insurance of the S&YC PTC Common Area, and each of the Parties will be responsible to pay their proportionate share of the costs thereof on a basis to be agreed.
Completion Date:	Estimated to be July 1, 2022
Construction of S&YC:	The City will enter into a procurement, design and construction management agreement (the "S&YC Construction Management Agreement"), with PTC Ownership, pursuant to which PTC Ownership will undertake to oversee the procurement, design and construction of the S&YC on behalf of the City, including, without limitation, all fixturing and interior fit out. Cushman & Wakefield Asset Services ULC, as agent and manager for PTC Ownership (the "PTC Ownership Development Manager"), will take direction from the City on all aspects of the procurement, design and construction, and the building will be designed, built and furnished in accordance with City approved

plans and specifications. Under the terms of the S&YC Construction Management Agreement, the PTC Ownership Development Manager will receive a fee equal to 4.5% of the S&YC project costs, on a basis to be agreed in the S&YC Construction Management Agreement (the “**S&YC CMA Fee**”). Any construction contract, architects contract, and other consultants’ agreements relating to the S&YC will be entered into directly between the City and such contractor, architect and other consultants.

Construction Cost:	It is intended that City will be responsible for all costs relating to the procurement, design and construction of the S&YC, including the S&YC CMA Fee and, on a basis to be agreed in the S&YC Construction Management Agreement, the cost of the staff of the PTC Ownership Development Manager who are directly involved in the construction and interior design/build out of the S&YC.
Timing of Payments:	Under the terms of the S&YC Construction Management Agreement the PTC Ownership Development Manager will prepare monthly draws for verification and payment by the City as the design and construction of the S&YC progresses.
Parking:	Included in Parking Structure section.
Utilities:	The S&YC will be separately metered and the City will pay the cost of all utilities directly to the utility provider.

Arts Centre

Use:	Living Arts theatre and concert hall, including all related facilities and services as deemed necessary by the City (the “ Arts Centre ”), specifically excluding the showing of motion pictures and certain other on screen presentations on a basis to be agreed.
Premises:	An Arts Centre containing up to 600 seats as shaded in red on Schedule “A” attached.
Strata Parcel Purchase:	PTC Ownership will, for the price of \$1, convey to the City, title (subject to permitted encumbrances to be agreed between the Parties) to a strata parcel at an agreed location upon/within the PTC Lands upon which the Arts Centre is to be situate, together with such support and access easements as may be necessary for the use and enjoyment of such strata parcel (the “ Arts Centre Parcel ”).
Operating Costs:	It is intended that, concurrent with the purchase of the Arts Centre Parcel by the City, the City and PTC Ownership will have negotiated and entered into a mutually agreeable form of operating and cost

sharing agreement respecting the control and use of external common area space on certain portions of the PTC Lands within the lands generally shown outlined in PURPLE on Schedule A which are adjacent to the Arts Centre, and which the City, the general public and patrons of the Arts Centre shall have the non-exclusive right to use in common with PTC Ownership and tenants and patrons of Pickering Town Centre and the PTC Lands, to be more particularly set out in the Operating Agreement(the “**Arts Centre PTC Common Area**”). The Operating Agreement will include, but not be limited to, operation, maintenance, security and insurance of the Arts Centre PTC Common Area, and each of the Parties will be responsible to pay their proportionate share of the costs thereof on a basis to be agreed.

Completion Date: Estimated to be July 1, 2022

Construction of Arts Centre: The City will enter into a procurement, design and construction management agreement (the “**Arts Centre Construction Management Agreement**”) with the City Development Manager, pursuant to which the City Development Manager will undertake to oversee the procurement, design and construction of the Arts Centre on behalf of the City, including, without limitation, all fixturing and interior fit out. The City Development Manager will take direction from the City on all aspects of the procurement, design and construction, and the building will be designed, built and furnished in accordance with City approved plans and specifications. Under the terms of the Arts Centre Construction Management Agreement, the City Development Manager will receive a fee equal to 4.5% of the Arts Centre project costs, on a basis to be agreed in the Arts Centre Construction Management Agreement (the “**Arts Centre CMA Fee**”). Any construction contract, architects contract, and other consultants’ agreements relating to the Arts Centre will be entered into directly between the City and such contractor, architect and other consultants.

Construction Cost: It is intended that City will be responsible for all costs relating to the procurement, design and construction of the Arts Centre, including the Arts Centre CMA Fee and, on a basis to be agreed in the Arts Centre Construction Management Agreement, the cost of the staff of the City Development Manager who are directly involved in the construction and interior design/build out of the Arts Centre”.

Timing of Payments: Under the terms of the Arts Centre Construction Management Agreement the City Development Manager will prepare monthly

draws for verification and payment by the City as the design and construction of the Arts Centre progresses.

Parking: Included in Parking Structure section

Utilities: The Arts Centre will be separately metered and the City will pay the cost of all utilities directly to the utility provider

Parking Structure

Use: Parking structure, including all related facilities and services as deemed necessary by the City, for use by the City, and patrons of City Facilities, as described below (the “**Parking Structure**”).

Premises: 350 parking stalls below grade.

Strata Lease PTC Ownership will, for the price of \$1, grant to the City, a 99 year lease (the “**Parking Structure Lease**”) of a subsurface strata parcel (subject only to permitted encumbrances to be agreed between the Parties) at an agreed location upon/within the PTC Lands upon which the Parking Structure is to be situate, together with such support and access rights thereunder as may be necessary for the use and enjoyment of such strata parcel. The Parking Structure Lease shall be net to the landlord. Without limiting the foregoing, the City will be responsible, at its cost, for the operation, maintenance, repair, security, insurance and property taxes relating to the Parking Structure (subject to the Parking Management Agreement described below).

Operating Costs: It is intended that, concurrent with the entering into of the Parking Structure Lease, the City and PTC Ownership will have negotiated and entered into a mutually agreeable form of operating and cost sharing agreement (having a term which is co-terminus with the Parking Structure Lease) respecting the control and use of external common area space on certain portions of the PTC Lands within the lands generally shown outlined in PURPLE on Schedule A which are adjacent to the Parking Structure, and which the City, the general public and patrons of the City Facilities shall have the non-exclusive right to use in common with PTC Ownership and tenants and patrons of Pickering Town Centre and the PTC Lands, to be more particularly set out in the Operating Agreement (the “**Parking Structure PTC Common Area**”). The Operating Agreement will include, but not be limited to, operation, maintenance, security and insurance of the Parking Structure PTC Common Area, and each of the Parties will be

responsible to pay their proportionate share of the costs thereof on a basis to be agreed.

Completion Date: Estimated to be July 1, 2022

Construction of Parking Structure: The City will enter into a procurement, design and construction management agreement (the “**Parking Structure Construction Management Agreement**”), with PTC Ownership, pursuant to which PTC Ownership will undertake to oversee the procurement, design and construction of the Parking Structure. The PTC Ownership Development Manager as agent and manager for PTC Ownership will take direction from the City on all aspects of the procurement, design and construction, and the structure will be designed, built and furnished in accordance with City approved plans and specifications. Under the terms of the Parking Structure Construction Management Agreement, the PTC Ownership Development Manager will receive a fee equal to 4.5% of the Parking Structure project costs, on a basis to be agreed (the “**Parking Structure CMA Fee**”). Any construction contract, architects contract, and other consultants’ agreements relating to the Parking Structure will be entered into directly between the City and such contractor, architect and other consultants.

Construction Cost: It is intended that City will be responsible for all costs relating to the procurement, design and construction of the Parking Structure, including the Parking Structure CMA Fee and, on a basis to be agreed, the cost of the staff of the PTC Ownership Development Manager who are directly involved in the construction and interior design/build out of the Parking Structure].

Timing of Payments: Under the terms of the Parking Structure Construction Management Agreement the PTC Ownership Development Manager will prepare monthly draws for verification and payment by the City as the design and construction of the Parking Structure progresses.

Utilities: The Parking Structure will be separately metered and the City will pay the cost of all utilities directly to the utility provider.

Management: It is intended that the Parties will enter into a parking management agreement (the “**Parking Management Agreement**”) under which the Parking Structure will be operated, managed, secured, repaired and maintained by PTC Ownership on behalf of the City, at the City’s expense, on a basis and fee to be agreed. Should the City elect to charge for the parking within the Parking Structure, the Parking

Management Agreement will include the payment of an additional fee to PTC Ownership on a revenue share basis on terms to be agreed.

South Block Lands

It is intended that, concurrent with the Zoning amendments in respect of the South Block Lands, and provided PTC Ownership has conveyed to the City, the Library Parcel, the S&YC Parcel and the Arts Centre Parcel and entered into the Parking Structure Lease, the City will, for the price of \$1, convey title to the South Block Lands to PTC Ownership (or such other company or entity as directed by PTC Ownership), subject to permitted encumbrances to be agreed between the Parties, following reconfiguration as described below. The City shall use commercially reasonable efforts to obtain the required zoning amendments for the South Block as set out in the “zoning” section of this Memorandum of Understanding.

The conveyance of the South Block Lands by the City to PTC Ownership as well as the conveyance of the Library Parcel, the S&YC Parcel, the Arts Centre Parcel and the granting of the Parking Structure Lease by PTC Ownership to the City, will be conditional upon the City making certain that adequate sanitary, storm and water service capacity to permit the development of the South Block Lands as intended by PTC Ownership.

To the extent City parking on the South Block Lands is temporarily displaced during the construction by PTC Ownership on the South Block Lands, PTC Ownership will provide replacement parking at an agreed location on PTC Lands at no cost to the City.

Ancillary Public Realm Improvements

PTC Ownership shall construct, at its cost, the public realm improvements which are to be constructed on the PTC Lands, as outlined in red on Schedule A, and the City shall construct, at its cost, the public realm improvements which are to be constructed on the City Parcels as outlined in green on Schedule A. The scope and details of each of the Party’s respective public realm improvements will be on a basis to be agreed. The Parties have agreed that the public realm improvements will be completed prior to occupancy of the City Facilities, and they will use all commercially reasonable efforts to effect the completion of same to ensure timely occupancy of the City Facilities.

Service Capacity

The City has engaged Sabourin Kimble & Assoc. consulting engineers to determine whether sufficient sanitary sewer and water capacity exists in the Regional sewer and water main to permit the construction of the City Facilities, PTC Ownership’s intended development of the South Block Lands and the PTC Lands, and the existing uses on the lands of PTC Ownership and relevant third parties and it has been determined that additional sanitary sewer or water capacity is not required for such purposes.

Any agreement which may be entered into between the Parties shall be conditional upon there being sufficient storm sewer capacity to service the City Facilities and PTC Ownership's intended developments on the South Block Lands and the PTC Lands.

Service Relocation

In order to permit the construction of the Parking Structure, the existing sanitary sewer, storm sewer and water main located within the area identified as Phase 1 Servicing Limits on Schedule A attached hereto (the "Phase 1 Services") will need to be relocated from the PTC Lands onto Glenanna Road. PTC Ownership will undertake the relocation of the Phase 1 Services including restoration of Glenanna Road, on behalf of the City, at the City's expense, such work to be done concurrently with the demolition of existing improvements on the PTC Lands which are scheduled to commence in August 2019.

The existing sanitary sewer, storm sewer and water main located within the area identified as Phase 2 Servicing Limits on Schedule A attached hereto (the "Phase 2 Services"), may be relocated by PTC Ownership, at its expense, concurrently with the relocation of the Phase 1 Services and restoration of Glenanna Road, or at such later date as may be determined by PTC Ownership and agreed to by the City.

In the event that the Phase 2 Services are not relocated concurrently with the relocation of the Phase 1 Services, the City will, at its expense, tie the relocated Phase 1 Services into the existing services for Pickering Town Centre until such time as the Phase 2 Services are relocated.

Design Intent

The Parties have agreed that the master plan and design for the PTC Development Proposal, including the City Facilities, and including the layout, building massing and road configurations on the PTC Lands, including access points to and from the PTC Lands and Glenanna Road, are as shown on the plan attached as Schedule A and the renderings as shown on Schedule B attached hereto.

[SIGNATURE PAGE FOLLOWS]

We look forward to working with you on this exciting project.

PTC OWNERSHIP, currently OPB Realty Inc.,

by its agent and manager Cushman and Wakefield Asset Services ULC

Per: _____
George Buckles
(Authorized Signatory)

We hereby acknowledge and agree to the above.

CORPORATION OF THE CITY OF PICKERING

Per: _____
Name:
(Authorized Signatory)

SCHEDULE "A"



SCHEDULE "B"





PTC Lands

PHASE 1 PTC Lands

Parking Garage Lands

Library

Footprint : 1,794 sm | 19,310 sf

Arts Centre

Footprint : 2,254 sm | 24,262 sf

City Lands

THE ESPLANADE NORTH

PICKERING CITY HALL

SKATING RINK

THE ESPLANADE PARK

PICKERING RECREATION COMPLEX

VALLEY FARM ROAD

THE ESPLANADE SOUTH

SOUTH BLOCK

Easement through South Block for pedestrian and car traffic (excluding commercial traffic) to The South Esplanade

Youth/Seniors Centre

Footprint : 4,064 sm | 43,745 sf

South Block Lands

Site area : 9,163 sm | 98,630 sf

CAPREIT LANDS

PICKERING TOWN CENTRE SHOPPING MALL

PUBLIC GARAGE

BLOCK 5

HOTEL

LIBRARY

BLOCK 6

BLOCK 2
PERFORMING ARTS CENTRE

NEW PUBLIC PLAZA

BLOCK 1

Y/S CENTRE

GLENANNA ROAD

BLOCK 4

BLOCK 3

BLOCK 8

BLOCK 7

PHASE 2 SERVICING LIMITS

PHASE 1 SERVICING LIMITS

OFFICE BLOCK





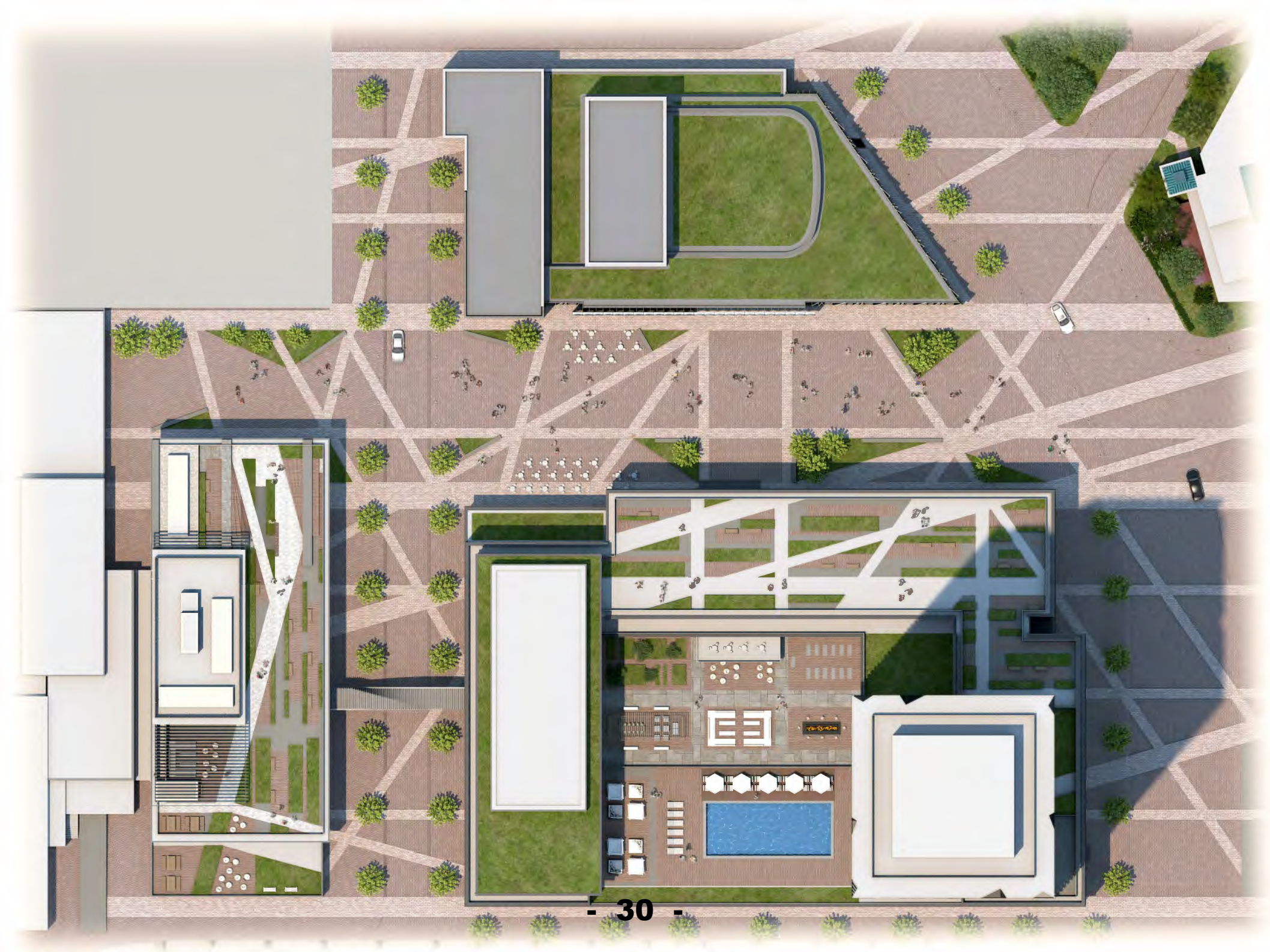












From: Stan Karwowski
Director, Finance & Treasurer

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	<u>\$47,535,478</u>	<u>\$ 99,536,647</u>	<u>\$ 147,072,125</u>
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	<u>\$500.37</u>	<u>\$1,047.75</u>	<u>\$1,548.13</u>

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	12 Months Interest Cost	12 Months Interest Cost	12 Months Interest Cost
Underground Parking Lot	External Debt	12 Months Interest Cost	12 Months Interest Cost	12 Months Interest Cost	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><u>\$134,098,916</u></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

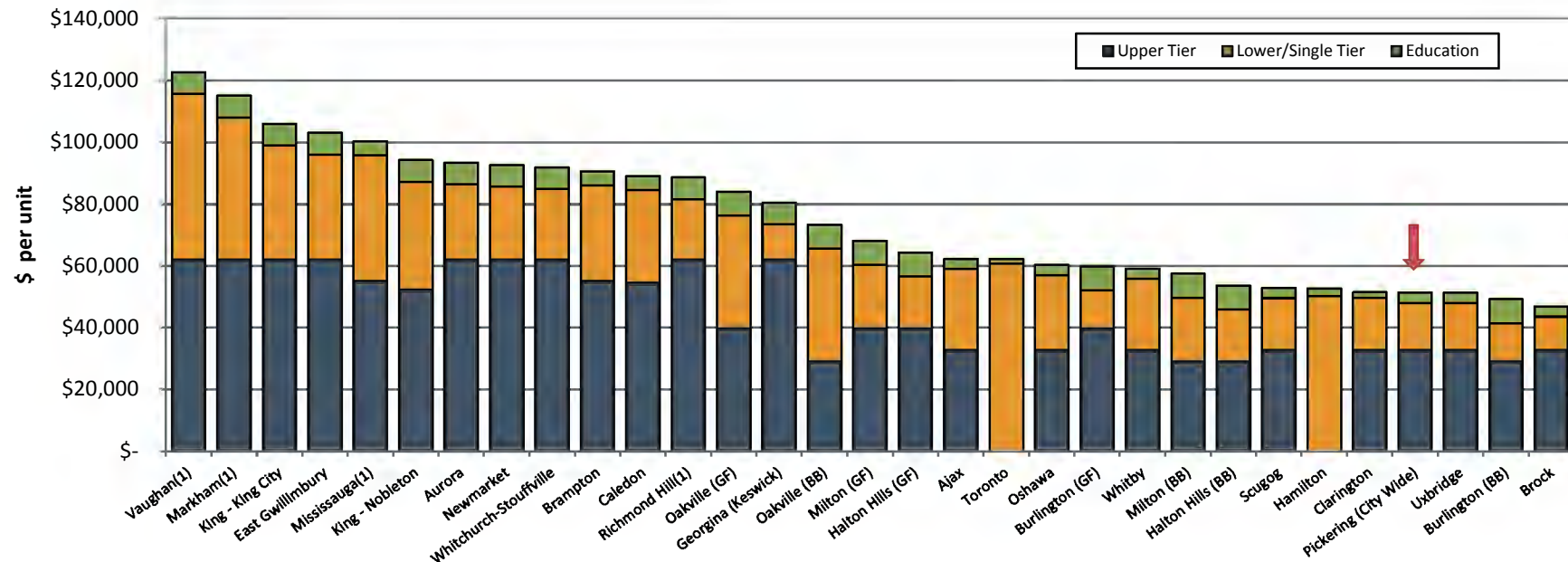
Stan Karwowski
Director, Finance & Treasurer

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.

From: Tony Prevedel
Chief Administrative Officer

Subject: Municipal Servicing 407 Corridor Lands Phase One
Tender No.T-12-2019
- File: A-1440

Recommendations:

1. That Tender No. T-12-2019 Municipal Servicing 407 Corridor Lands Phase One as submitted by TACC Construction Ltd. in the total tendered amount of \$6,702,841.28 (HST included) be accepted;
2. That Council approve the hiring of Sabourin, Kimble & Associates Ltd. to provide contract administration and inspection services and other associated costs in the amount of \$365,000.00 (HST excluded) for Tender No. T-12-2019 Municipal Servicing 407 Corridor Lands Phase One, in accordance with Purchasing Policy 10.03 (c) as the assignment is over \$50,000.00;
3. That the total gross project cost of \$9,029,319.00 (HST included), including the tendered amount and other associated costs, and the total net project cost of \$8,131,181.00 (net of HST rebate) be approved;
4. That Council authorizes the Director, Finance & Treasurer to front fund the total net project cost in the amount of \$8,131,181.00 as follows:
 - a) the sum of \$7,625,722.00 as approved for in the 2019 Finance and Taxation Capital Budget to be funded by Third Party Contribution Reserve Fund;
 - b) the sum of \$400,000.00 as provided for in the 2019 Finance and Taxation Capital Budget be increased to \$505,459.00 to be funded by a transfer from the Rate Stabilization Reserve;
 - c) the Treasurer be authorized to make any changes, adjustments, and revisions to amounts, terms, conditions, or take any actions necessary in order to effect the foregoing;
5. That Council direct staff to fully recover all front funding costs less City's share of \$505,459.00 from Kubota and future benefiting land owners;

Subject: Municipal Servicing 407 Corridor Lands Phase One
Tender No. T-12-2019

Page 2

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6. That the City's recoverable costs be subject to annual indexing to take effect July 1st and that the non-residential building construction price index be used for purposes of indexing or a rate of 2 per cent, whichever is higher; and
 7. That the appropriate officials of the City of Pickering be authorized to take the necessary actions as indicated in this report.
-

Executive Summary: As part of the 2019 Finance and Taxation Capital Budget, Municipal Servicing 407 Corridor Lands Phase One was approved as a construction project. The project was initiated through the issuance of a request for pre-qualification of general contractors. RFPQ-2-2019 was advertised on the City's website on March 14, 2019 and closed on April 11, 2019. A total of 14 companies submitted a proposal. The evaluation committee pre-qualified 5 companies to be eligible to submit a bid when the subsequent tender was released. Tender No. T-12-2019 Municipal Servicing 407 Corridor Lands Phase One was issued on Friday, June 7, 2019 and closed on Thursday, July 4, 2019 with 5 bidders responding. The compliant low bid submitted by TACC Construction Ltd. in the amount of \$6,702,841.28 (HST included) is recommended for approval.

In 2018, through Resolution #445/18, Council approved the hiring of Sabourin, Kimble & Associates Ltd. to provide project management services and undertake the necessary studies and design work associated with servicing the 407 corridor lands. Staff recommends continuing with Sabourin, Kimble & Associates Ltd. to undertake contract administration and inspection services associated with Tender No. T-12-2019 Municipal Servicing 407 Corridor Lands Phase One and other associated costs as set out in their fee proposal dated July 12, 2019 in the amount of \$365,000.00 (HST excluded).

The total gross project cost for Phase One is estimated at \$9,029,319.00 (HST included) and the total net project cost is estimated at \$8,131,181.00 (net of HST rebate). Phase One consists of municipal services primarily required to facilitate the development of the Kubota lands, but also benefits future lands in the Pickering Innovation Corridor. As such, a majority of costs are recoverable from Kubota, future landowners, and through the Seaton Landowners Cost Sharing Agreement. Phase Two primarily consists of the reconstruction of the Highway 7/Sideline 24 intersection and utility relocations/streetlighting. Phase Three is the balance of municipal services, including roads within the Pickering Innovation Corridor.

Subject: Municipal Servicing 407 Corridor Lands Phase One
Tender No. T-12-2019

Page 3

Financial Implications:

1. Tender Amount

Tender No. T-12-2019	\$5,931,717.95
HST (13%)	<u>771,123.33</u>
Total Gross Tender Amount	<u>\$6,702,841.28</u>

2. Estimated Project Cost Summary

Tender No. T-12-2019 for Municipal Servicing 407 Corridor Lands Phase One	\$5,931,718.00
Associated Costs	
Contract Administration & Inspection Services	290,000.00
Tree Removals (Darlington Tree Services)	37,700.00
Materials Testing Allowance (through Sabourin, Kimble & Associates)	75,000.00
Infrastructure Ontario License/Rental Fee	250,000.00
Landscaping Allowance	550,000.00
Project Contingency (12%)	856,130.00
Sub Total	\$7,990,548.00
HST (13%)	<u>1,038,771.00</u>
Total Gross Project Cost	<u>\$9,029,319.00</u>
HST Rebate (11.24%)	<u>(898,138.00)</u>
Total Net Project Cost	<u>\$8,131,181.00</u>

3. Approved Source of Funds

Expense Code	Source of Funds	Available Budget	Required
5203.1904.6500	Rate Stabilization Reserve	\$400,000.00	\$505,459.00
5203.1904.6500	Third Party Contribution Reserve Fund	\$10,600,000.00	7,625,722.00
Total Funds		<u>\$11,000,000.00</u>	<u>\$8,131,181.00</u>

Project Cost under (over) approved funds by	\$2,868,819.00
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Subject: Municipal Servicing 407 Corridor Lands Phase One
Tender No. T-12-2019

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Cost Recovery

The servicing costs for Phase One, as well as future Phases to service the entire Bundle 6 lands, will be recovered from Kubota and future landowners who benefit from these services. Servicing costs include infrastructure to be constructed, land costs, soft costs such as consulting fees, licence fees and permits, and carrying costs. Some servicing costs are eligible for recovery through the Seaton Landowners Group cost sharing agreement directly. The balance of the funds under the approved funds, and any unspent project costs from Phase One will be retained for costs related to future Phases of development. A more comprehensive and detailed report on cost recovery will be prepared later in 2019 for Council's information.

The City will be internally financing the front funding of the municipal servicing costs for Phase One until the costs have been fully recovered. To reflect the time value of money, the City's recoverable costs will be subject to annual indexing to take effect July 1st. The non-residential building construction price index will be used for purposes of indexing or a rate of 2 per cent, whichever is higher.

The City will be recovering its municipal servicing costs that benefit Kubota through the Site Plan Control Agreement with Kubota. Those municipal servicing costs benefiting future land owners will be recovered through Agreements of Purchase and Sale from future land sales.

Future Phases

The municipal servicing costs for Phase Two involves intersection works at Hwy 7 and Sideline 24 as well as hydro relocation and new streetlighting. It is anticipated that these works would commence in June 2020 and be completed by August 2020 (estimate). The cost for these works is estimated to be \$2.5 million. As with Phase One, the City will front fund the costs of Phase Two and fully recover the costs from Kubota and future landowners who benefit from these municipal works.

Phase Three includes constructing the balance of roads and municipal services within the Pickering Innovation Corridor and possibly more improvements to Hwy 7, which are under discussion with the Ministry of Transportation.

Discussion: Pickering's Innovation Corridor lies within the Seaton employment lands which are designated for prestige employment uses under the City's Official Plan. The City has been working closely with the Province (Ontario Infrastructure and Land Corporation) to secure lands within Bundle 6 to attract major businesses to the Pickering Innovation Corridor.

The City has purchased approximately 50 acres from the Province, which the City subsequently sold to Kubota Canada Ltd. In order to meet Kubota's schedule for occupancy, the City is undertaking all work required to service the lands in Bundle 6. In May 2018, Sabourin, Kimble & Associates Ltd. was hired to provide project

Subject: Municipal Servicing 407 Corridor Lands Phase One
Tender No. T-12-2019

Page 5

management and engineering services for servicing the innovation corridor lands. The scope of their services was expanded and approved in January 2019 and now includes intersection improvements at Highway 7 and Sideline 24, amongst other tasks. Detailed design to provide sanitary, water, stormwater and transportation services to Kubota lands, and other lands in the Pickering Innovation Corridor, was completed by Sabourin, Kimble & Associates Ltd. in preparation for tendering the works for construction.

The firm of Sabourin, Kimble & Associates Ltd. should also be retained for contract administration and inspection services for the work to be completed in accordance with the approved drawings and specifications of Tender No. T-12-2019. In accordance with Purchasing Policy 10.03 (c) where the project or annual cost of a consultant or professional service assignment is expected to be more than \$50,000.00 and the initiating Director intends to acquire the services without obtaining written proposals, the Director shall submit a Report to Council to obtain approval to engage the services of a particular consultant. Staff recommends acceptance of the fee proposal dated July 12, 2019 submitted by Sabourin, Kimble & Associates Ltd. for contract administration and inspection services and other associated costs in the amount of \$365,000.00 (HST excluded).

As part of the 2019 Finance and Taxation Capital Budget, Municipal Servicing 407 Corridor Lands Phase One was approved as a construction project.

The project was initiated through the issuance of a request for pre-qualification of general contractors. RFPQ-2-2019 was advertised on the City's website on March 14, 2019 and closed on April 4, 2019. A total of 14 companies submitted a proposal. Proposals were evaluated based on set criteria including:

- Company Experience and Qualifications
- Experience of Key Personnel
- Similar or Related Projects
- Understanding of the Project
- WSIB and Health & Safety
- Insurance, Bonding Capacity
- Litigation Record
- References
- Conflict of Interest

Following the evaluation process, up to five companies could be selected to submit a bid when the tender was issued. The evaluation committee selected the following companies to submit a bid:

- Clearway Construction Inc.
- Con-Drain Group
- Elirpa Construction & Materials Ltd.
- Pilen Construction of Canada Ltd.
- TACC Construction Ltd.

Subject: Municipal Servicing 407 Corridor Lands Phase One
Tender No. T-12-2019

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Tender No. T-12-2019 was issued on Friday, June 7, 2019 and closed on Thursday, July 4, 2019 with 5 bidders responding. The compliant low bid submitted by TACC Construction Ltd. is recommended for approval.

Award of the compliant low bid submitted by TACC Construction Ltd., will be conditional upon receiving the Certificate of Insurance and requisite approvals. In conjunction with staff's review of the bonding available on this project, the tender is deemed acceptable.

Upon careful examination of all tenders and relevant documents received to date, the Engineering Services Department recommends acceptance of the compliant low bid submitted by TACC Construction Ltd. for Tender No. T-12-2019 in the amount of \$6,702,841.28 (HST included), and that the total net project cost of \$8,131,181.00 (net of HST rebate) including associated costs and a 12 per cent project contingency be approved.

The estimated project cost includes the works to be constructed under Tender No. T-12-2019, consulting fees for contract administration and inspection services provided by Sabourin, Kimble & Associates Ltd. and their sub-consultants, and tree removals that were completed in April 2019. Other costs include a landscaping allowance for the stormwater management pond and street trees, and the Infrastructure Ontario (IO) License/Rental Fee for works on lands under their ownership. As the City will be purchasing these lands from IO, the City is negotiating with IO for the rental fee to be credited back on closing.

Attachments:

1. Supply & Services Memorandum dated July 8, 2019
2. Record of Tenders Opened and Checked
3. Proposal from Sabourin, Kimble & Associates Ltd. dated July 12, 2019
4. Location Map

Subject: Municipal Servicing 407 Corridor Lands Phase One
Tender No. T-12-2019

Page 7

Prepared By:

Approved/Endorsed By:

Original Signed By

Original Signed By

Richard Holborn, P.Eng
Director, Engineering Services

Richard Holborn, P.Eng
Director, Engineering Services

Original Signed By

Original Signed By

Ray Rodrigues, CPPB
Manager, Supply & Services

Stan Karwowski, MBA, CPA, CMA
Director, Finance & Treasurer

Original Signed By

James Halsall, CPA, CA
Manager, Budgets & Internal Audit

Original Signed By

Fiaz Jadoon, Ec.D.,CEcD, MPM
Manager, Economic Development &
Strategic Projects

RH:mjh

Recommended for the consideration
of Pickering City Council

Original Signed By

Tony Prevedel, P.Eng.
Chief Administrative Officer



Memo

To: Stan Karwowski
Director, Finance & Treasurer

July 8, 2019

Richard Holborn
Director, Engineering Services

From: Justin MacDonald
(Acting) Senior Purchasing Analyst

Copy: Administrative Assistant, Finance
Ray Rodrigues Manager, Supply & Services

Subject: Tender No. T-12-2019
Tender for Municipal Servicing 407 Corridor Lands Phase One "B"
Closed: Thursday, July 4, 2018 – 2:00pm
File: F-5400-001

Tender No. T-12-2019 was advertised on the City's website on June 7, 2019. Five companies have submitted a bid for this project. One submission was rejected, as per the Purchasing Policy, Section 23.02 (item 15) partial bid (all items not bid).

A copy of the Record of Tenders Opened and Checked used at the public tender opening is attached. Tenders shall be **irrevocable for 60 days** after the official closing date and time.

Purchasing Procedure No. PUR 010-001, Item 13.03 (r) provides checking tendered unit prices and extensions unit prices shall govern and extensions will be corrected accordingly, which has been completed below.

The unsuccessful Bidder's tendering deposit, other than a bid bond, shall be returned to the applicable bidders as provided for by Purchasing Procedure No. PUR 010-001, Item 13.03 (w). Three (3) bids have been retained for review at this time and are attached.

Summary

Harmonized Sales Tax Excluded

Bidder	Total Tendered Amount	After Calculation Check
TACC Construction Ltd.	\$5,931,717.95	\$5,931,717.95
Pilen Construction of Canada Ltd.	\$8,031,180.54	\$8,031,180.54
Elirpa Construction & Materials Ltd.	\$8,755,281.16	\$8,755,281.16
Clearway Construction Inc.	\$15,330,501.10	\$15,330,501.10

Con-Drain Company (1983) Ltd	Automatic Rejection: Purchasing Policy No. PUR 010, Item 23.02 (15) Partial bid (all items not bid)
------------------------------	--

Pursuant to Information to Bidders Item 28 **Pre-Condition of Award** and Item 20 **Tendering Specifications**, the following documentation will be requested of TACC Construction Ltd. for your review during the evaluation stage of this tender call. Please advise if Supply & Services is to proceed with collecting the following documentation:

- (a) The City's certificate of insurance or approved alternative form completed by the Bidder's agent, broker or insurer.

A budget of \$11,000,000.00 was provided to Supply & Services for this procurement.

In accordance with Purchasing Policy Item 06.04, the authority for the dollar limit as set out below excludes HST.

As such, in accordance with Purchasing Policy Item 06.11, where the compliant quotation or tender meeting specifications and offering best value to the City is acceptable or where the highest scoring proposal is recommended and the estimated total purchase price is:

- (c) Over \$250,000, the Manager may approve the award, subject to the approval of the Director, Treasurer, CAO and Council.

Please include the following items in your report:

1. if Item (a) is acceptable to the Manager, Budgets & Internal Audit;
2. if the list of subcontractors is acceptable to Engineering Services;
3. any past work experience with low bidder TACC Construction Ltd including work location;
4. without past work experience, if reference information is acceptable to Engineering Services;
5. the appropriate account number(s) to which this work is to be charged;
6. the budget amount(s) assigned thereto;
7. Treasurer's confirmation of funding;
8. related departmental approvals; and
9. related comments specific to the project.

After receiving Council's approval, an approved "on-line" requisition will be required to proceed. Enquiries can be directed to the City's website for the unofficial bid results as read out at the public tender opening or to Supply & Services. Bidders will be advised of the outcome in due course.

If you require further information, please feel free to contact me or a member of Supply & Services.

JM
Attachments

City of
PICKERING

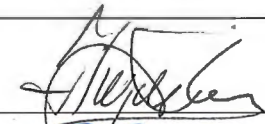
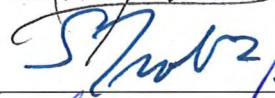
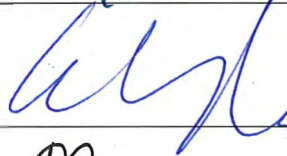

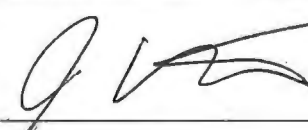
City of Pickering
Record of Tenders Opened and Checked

Tender Description: Municipal Servicing 407 Corridor Lands Phase One "B"

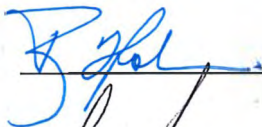
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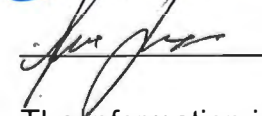
Date: Wednesday, Month Day, 2019


Time: Approx. 2:15 pm Local Time

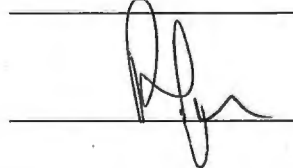
Bidder Name	Total Tendered Amount	Bidder Sign In	Comments
Clearway Construction Inc.	\$ 15,330,501.10		
Con-Drain Group	\$ 5,816,053.20		Bid rejected: Failure to return the document as specified 23.02 item 15
Elirpa Construction & Materials Ltd.	\$ 8,755,281.16	 Kerth Lee	
Pilen Construction of Canada Ltd.	\$ 8,031,180.54		
TACC Construction Ltd.	\$ 5,931,717.95		

City Staff Present









Other

The information is strictly preliminary, pending review and verification of conformance to terms, conditions and specifications.

July 12, 2019

FILE: 18:400/Correspondence/Proposals

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

Attention: Mr. Fiaz Jadoon
Manager, Economic Development & Strategic Projects

Dear Mr. Jadoon,

**SUBJECT: PROPOSAL FOR CONSULTING ENGINEERING SERVICES
CONTRACT ADMINISTRATION AND RESIDENT INSPECTION SERVICES
PEL/KUBOTA PROJECT**

Pursuant to our recent discussions, as a continuation of our Project Management and Detailed Engineering Design services on the above-referenced project, we are pleased to provide you with this brief outline of our proposed contract administration and resident inspection services, and those of other professional consultants, required to bring this project to a successful completion during the impending construction phase. This phase of the work pertains to the City's construction obligations of the external services required in conjunction with the new Kubota plant facility.

Contract Administration and Resident Inspection Services:

Sabourin Kimble & Associates Ltd. will provide complete contract administration and resident inspection services during the construction phase of this project. As part of these services, SKA will also coordinate all other professional disciplines required during construction, ensuring "one stop shopping" for the City of Pickering in regards to all of the professional services required to bring this project to a successful completion. This facet of the assignment will be project managed on a day to day basis by Mr. Thomas Evans, and the fulltime site inspection will be provided by Mr. Tyler Moulaison. Both of these individuals have extensive experience in the City

of Pickering and as well, the undersigned will continue to oversee all SKA involvement with this project.

Proposed Fees and Budget: We propose that the contract administration and resident inspection services from the start of construction up to base course asphalt be carried out for a fixed fee of 2.50% of the Total Cost of Works. Based on the tendered net construction value of approximately \$5.6M, this equates to a fee of approximately \$140,000. For contract administration and inspection services after construction of base course asphalt up to assumption, we propose to carry this work out on a time spent basis at our Standard Hourly Rates. For budgeting purposes, we suggest a budget of \$70,000

Geotechnical and Materials Testing Services:

This component of the project will require the services of a geotechnical consultant for all materials testing during construction. We propose to continue to retain exp Limited for this assignment, as they were the consultants that carried out the geotechnical engineering investigations for detailed engineering design purposes.

Proposed Fees and Budget: We proposed that this work be carried out on a time spent basis at exp's Standard Hourly Rates. For budgeting purposes, we suggest a budget of \$75,000.

Additional Consulting Services:

This construction component of the project will require the services of several other professional disciplines such as surveying, landscaping, and electrical consulting/inspection services.

Proposed Fees and Budget: We propose that this work also be carried out on a time spent basis and for budgeting purposes, we suggest a budget of \$80,000 for all other disciplines.

SUMMARY:

In closing, we trust that this proposal is a complete summary of the various construction requirements to bring this project to a successful completion. Sabourin Kimble & Associates Ltd. is committed to bringing to the project staff resources and associated consultants that are second to none in their background knowledge of the Seaton project and their respective areas of expertise.

We are of course available at your convenience to discuss this proposal and the project in greater detail with staff and/or your Council, at your discretion.

We look forward to continuing to work with you on this very exciting project, and seeing the Kubota plant facility successfully completed.

Yours very truly,

SABOURIN KIMBLE & ASSOCIATES LTD.

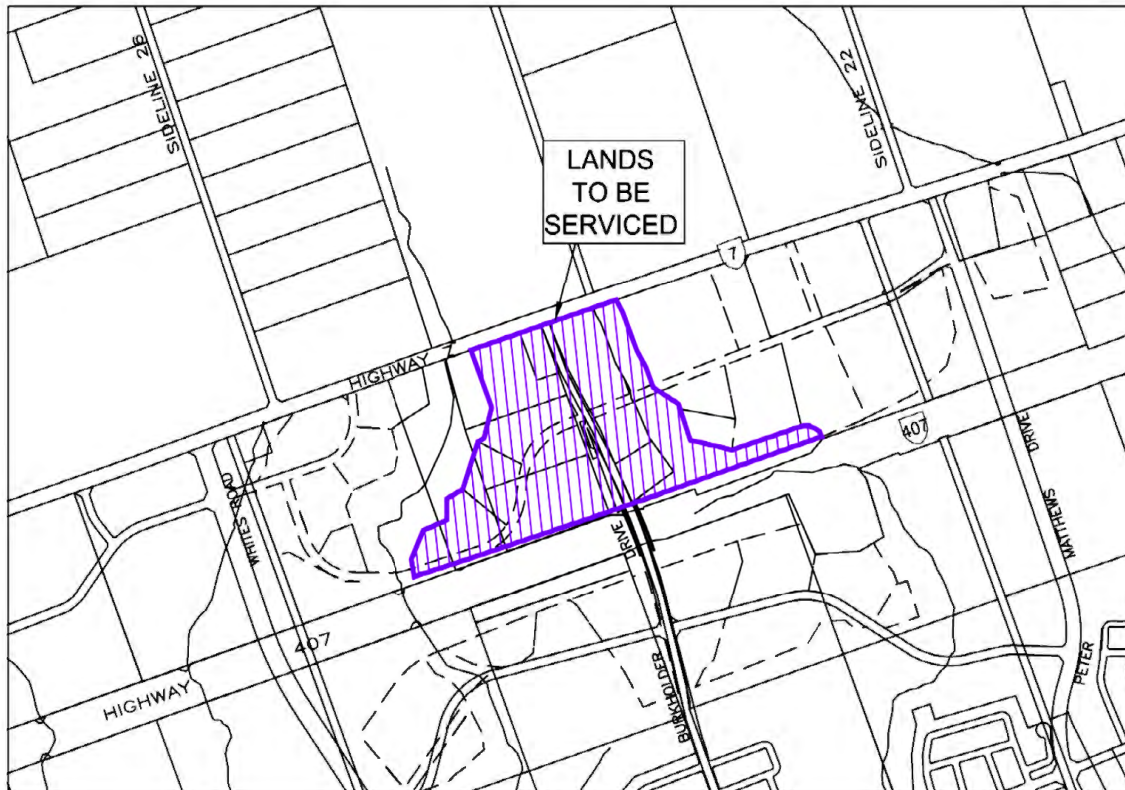


Richard T. Sabourin, P. Eng.
RTS/jm

cc: City of Pickering – Mr. Richard Holborn, P. Eng.

cc: Municipal Engineering Solutions – Mr. John Bourrie, P. Eng.

Office of the Chief Administrative Officer
Tender No. T-12-2019
Municipal Servicing 407 Corridor Lands Phase One



**Location Map – Pickering Innovation Corridor
Municipal Servicing – Phase One**