

Date: 2023-02-24

Subject: **Budget Amendment and Request to Begin Procurement – Bramalea Civic Centre – Ward 7**

Contact: Jose Quintela, Manager, Building Design and Construction

Report Number: Public Works & Engineering-2023-230

Recommendations:

1. That the report from Jose Quintela, Manager, Building Design and Construction to Council Meeting of March 1, 2023, re: **Budget Amendment and Request to Begin Procurement – Bramalea Civic Centre – Ward 7**, be received;
2. That a budget amendment be approved, and a new capital project be established in the amount of \$7,275,000 for the Bramalea Civic Centre occupant relocation, in connection with City agreement with Toronto Metropolitan University and its proposed School of Medicine with funding of \$7,275,000 to be transferred from Reserve #100 - Legacy Fund.
3. That the Purchasing Agent be authorized to commence direct negotiations for the procurements for the associated professional design, construction management and construction services.
4. That the CAO be authorized to enter into negotiations and to execute such agreements or any other documents or contracts necessary to give effect to a surrender of lease or termination of lease of any tenanted space within the City-owned Civic Centre property, described as 150 Central Park Drive, whether such leases are monthly tenancies or for a fixed term, on such terms as directed by Council and as may be acceptable to the CAO and in a form satisfactory to City Solicitor or designate.

Overview:

- **The Bramalea Civic Centre is located at 150 Central Park Drive and houses four City services: Theatre, Security Services, Service Brampton and Information Technology.**

- **At the December 14, 2022 Council meeting, Council delegated authority to the Chief Administrative Officer to execute agreements with Toronto Metropolitan University in relation to its proposed School of Medicine. It has since been announced that the School of Medicine will be located within the Bramalea Civic Centre and will commence operations in September 2025.**
- **By August 31, 2023, the City will need to have the affected City services relocated to satisfy the Toronto Metropolitan University's requirements for vacant possession.**
- **Due to extremely short timelines, the Building Design and Construction Division has prepared a short-term relocation plan for the following two services.**
 - **Security Services to be relocated to the Civic Centre Lower Level**
 - **Service Brampton to be relocated to the West Tower Floors 4, 5, and 8.**
- **Staff are seeking Council's approval for a budget amendment in the amount of \$7,275,000.**
- **Given the strict timelines to obtain vacancy, staff recommends using a non-competitive procurement process in accordance with Schedule "C" of the City's Purchasing By-law for consultants, construction management services and specialized security equipment to complete the relocations of the two services and other third-party tenants including tenant inducement expenses, given the projects stringent timelines.**
- **Staff are having discussions with third party Civic Centre tenants with existing leases in an attempt to obtain complete vacancy.**
- **The 2023 Operating Budget projects an annualized rate of return of 3.14%, which equates to an investment income loss of approximately \$230,000 on the \$7.3M allocated for this initiative. Considering the timing of the spending, half of the estimated investment income loss of (\$230k/2= \$115k) will be realized in 2023 and will be added to the 2023 Budget ask to be approved by Council as part of the budget. The remaining impact amount will be reflected in the 2024 ask.**

Background

The Bramalea Civic Centre building houses the following City services and third-party tenants:

- Information Technology
- Security Services
- Service Brampton
- Lester B. Pearson Theatre
- Brampton Library – Chinguacousy Branch
- Other third-party tenants including Peel Health Services

At the December 14, 2022 Council meeting, Council delegated authority to the Chief Administrative Officer to execute agreements with Toronto Metropolitan University in relation to its proposed School of Medicine. It has since been announced that the School of Medicine will be located within the Bramalea Civic Centre and will commence operations in September 2025. **By August 31, 2023, the City will need to relocate the affected services to satisfy the Toronto Metropolitan University's requirements for vacant possession.**

Current Situation:

Currently, segments of Information Technology Services, Security Services and Service Brampton operate within the Bramalea Civic Centre. While the Information Technology Services will remain in its current location for the foreseeable future, Security Services and Service Brampton need to be relocated by August 2023. Security Services is being relocated to the Bramalea Civic Centre while Service Brampton will be moved to the West Tower.

Due to stringent timelines, Building Design and Construction has prepared a short-term relocation plan for Security Services and Service Brampton as follows:

- Security Services to be relocated to the Civic Centre Lower Level
- Service Brampton to be relocated to West Tower Floors 4, 5, and 8

Realty staff is having discussions with third-party Civic Centre tenants with existing leases in an attempt to obtain complete vacancy.

To meet these timelines, staff is requesting Council's approval to establish contract(s) for the consultants, construction management, construction services using a non-competitive procurement process in accordance with Schedule "C", item 4, of the City's Purchasing By-law.

Staff is seeking budget approval to perform the relocation services in the amount of \$7,275,000, as detailed below:

- Relocation of City Services – Security Service and Service Brampton,
- Relocation of other third-party tenants that are currently in the Bramalea Civic Centre; and,
- Any other costs estimated to be incurred in connection with the City’s agreement(s) with Toronto Metropolitan University to ensure vacant possession for the School of Medicine.

Estimated Budget

Security Services Relocation	Service Brampton Relocation	3rd Party Lease Costs	External Legal and Miscellaneous Costs	Contingency	Total
\$2,848,000	\$152,000	\$3,000,000	\$325,000	\$950,000	\$7,275,000

Corporate Implications:

Financial Implications:

As per the recommendations in this report, a budget amendment and new capital project is required in the amount of \$7,275,000 for the Bramalea Civic Centre occupant relocation; with funding of \$7,275,000 to be transferred from Reserve # 100 – Legacy Fund.

Schedule B – Strategic Reserve Status (Attachment 1) has been included in this report and illustrates that Reserve #100 – Legacy Fund, maintains a commitment of \$44M for Toronto Metropolitan University, which is the source that will be drawn down to fund this budget amendment, as approved by Council. There are sufficient funds available to proceed with the recommendations in this report.

The investment income earned on strategic reserves, including the Legacy Fund, are budgeted as contributions to the Operating Budget. Therefore, utilizing these reserves results in a reduction in revenue contributed to the Operating Budget. The 2023 Operating Budget projects an annualized rate of return of 3.14%, which equates to an investment income loss of approximately \$230,000 on the \$7,275,000 allocated for this initiative.

Considering the timing of the spending, half of the estimated investment income loss of (\$230k/2= \$115k) will be realized in 2023 and will be added to the 2023 Budget ask to be approved by Council as part of the budget. The remaining impact amount will be reflected in the 2024 ask. In addition, any revenue loss due to lease terminations as a result of the new TMU agreement will be identified in the 2024 budget submission, pending Council approval.

Legal Implications

External legal counsel is retained to negotiate all agreements with Toronto Metropolitan University. Legal Services will review and approve as to form all required agreements with third party tenants.

Purchasing Implications

That the Purchasing Agent be authorized to commence the procurements for the associated professional design, construction management, construction services.

Schedule C, item 4, of the Purchasing By-law provides for exceptions to a competitive procurement process (Limited Tendering). The Schedule identifies the following exception from a competitive procurement:

If strictly necessary and for reasons of urgency brought about by events unforeseeable by the City, the goods or services could not be obtained in time using a competitive process;

Direct Negotiations will be conducted with one or more vendors to establish contract(s) for the required services.

Upon successful conclusion, purchase approval(s) will be obtained in accordance with the Purchasing By-law.

Term of Council Priorities:

This report supports the Term of Council Priorities and the 2040 Vision.

A City of Opportunities: This report supports exploring and making additional post-secondary opportunities available to the residents of Brampton and the Region of Peel, to develop and retain homegrown talent in the field of medicine, while attracting investment and employment.

Brampton is a Well-Run City: This project reinforces collaboration and advocacy in the community by leveraging the City's relationship with the Toronto Metropolitan University (TMU) for a new School of Medicine in Brampton.

Conclusion:

It is recommended that the Purchasing Agent be authorized to commence the procurement(s) for the required services, subject to Council's approval of the budget amendment outlined in this report.

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Attachments:

- Attachment 1: Schedule B - Status of Strategic Reserves