

Date: 2023-03-20

Subject: **Centre for Innovation Expression of Interest – Ward 1**

Contact: Marlon Kallideen, Acting Commissioner of Public Works and Engineering, and Chief Administrative Officer

Report Number: Department – 2023-X

Recommendations:

1. That the report from Melissa Qi, Senior Manager, Public Affairs to the Committee of Council Meeting of March 29, 2023, re: **Centre for Innovation Expression of Interest – Ward 1**, be received;
2. That staff proceed with an Expression of Interest for the Centre of Innovation project in accordance with the schedule outlined in this report;
3. That staff report back on the outcome of the Expression of Interest no later than September 2023.

Overview:

- In 2017, Council endorsed, in principle, up to \$100 M for a joint-use Brampton Centre for Education, Innovation and Collaboration (BCEIC), now known as Centre for Innovation (CFI) in Downtown Brampton. This was part of a \$150 M commitment to support the Ryerson University and Sheridan College campus in Brampton, with the intent to create a state-of-the-art facility to support the university and provide an innovation and collaboration space for the community, entrepreneurs, businesses and students.
- In 2018, staff proposed the current site (east of George Street and south of Nelson Street) and presented the high-level scope for the building. The City also launched a procurement process to retain an architectural firm. In the latter part of the year, the Province announced they were no longer funding the university project.

- **Council decided to continue with the CFI in the absence of provincial funding, and further approved an additional \$30 M to increase the height by five floors. The decision to merge the CFI building with the Transit Hub was later reversed in 2020. An architect was selected in 2021 to design and manage the facility construction, and the City subsequently launched the procurement process to hire a construction manager.**
- **The design development for the CFI is now complete, and the latest budget estimate for the project is roughly \$200 M.**
- **Given the evolution of the project, changing context, expressed interest from multiple partners, and the financial pressure and cost increases, staff proposes a Request for Expression of Interest process to solicit innovative ideas and partnership models from prospective proponents on the possibilities of the CFI as a catalyst to redevelop the downtown core.**

Background:

On September 6, 2017, Council endorsed, in principle, up to \$100 M for a joint-use Brampton Centre for Education, Innovation and Collaboration (BCEIC), now known as the Center for Innovation (CFI) in Downtown Brampton. At the time, Ryerson University, now known as Toronto Metropolitan University (TMU), partnered with Sheridan College on an application to the Province of Ontario to establish a new university campus in Brampton. The City committed \$50 M towards the university and \$100 M for the CFI to create a state-of-the-art facility that supports the establishment of a university and provides innovation and collaboration space for the community, entrepreneurs, businesses and students.

At the February 14, 2018 meeting, Council authorized beginning procurement to retain an architectural firm to provide design and contract administration services for the CFI, and capped the interim amount of \$750,000 from the approved Capital Budget of \$20 M to allow for functional programming, visioning and due diligence work until all the funding principles are achieved.

On May 2, 2018, as part of a staff update on the university, a potential location for the CFI was proposed. The parcel east of George Street and south of Nelson Street is within a 2-minute walk from what was TMU's planned site. The timing for the CFI was intended to keep pace with the development of TMU's academic building.

The September 5, 2018 staff report shared some high-level scope for the CFI building. The facility would aim to achieve Leadership in Energy and Environmental Design GOLD construction Certification and potentially Net-Zero energy rating. The facility would contain a downtown central library, event space, retail space, academic library, innovation space aligned with the curriculum, and student amenity space. Staff would

be submitting a \$2 M capital budget request in 2019 for the demolition and soil remediation work required to prepare the sites.

On October 23, 2018, the Province of Ontario announced they were no longer funding the three new university campuses in Brampton, Milton and Markham.

At the May 15, 2019 meeting, Council directed staff to continue with the CFI in the absence of provincial university funding and continue with the procurement process to hire an architect. The location of the CFI was moved to 8 and 14 Nelson Street West to merge with the new Transit Hub, and an additional \$30 M was approved to increase the height of the building by five storeys. The decision to relocate the CFI was reopened and reconsidered by Council at the July 8, 2020 meeting.

Following a prequalification of architectural consultants, the procurement of the architect commenced in October 2020 and concluded in January 2021. Staff were directed to pause awarding the project for six months. Design of the CFI commenced in July 2021.

On September 22, 2021, Council authorized staff to begin procurement to hire a Construction Manager for the CFI at 11, 17 and 21 Nelson Street West and 20 and 24 George Street North. The scope of work was further refined to 242,500 gross sq. ft. building of approximately 9 storeys, consisting of:

- 122,500 gross sq. ft of public library space;
- 120,000 gross sq. ft. of additional floor space for academic, event, innovation, retail, office and administration functions;
- Event, retail and innovative gallery/maker spaces as part of the library program;
- Interior fit-up, furnishing, fixtures and equipment for the public library space only, with the remainder of the building to be fit up by future tenants;
- LEED Gold Certification and Net Zero Carbon;
- Accommodate expansion for additional floors, subject to funding; and
- Accommodate flood mitigation measures to TRCA requirements.

At the September 12, 2022 meeting, Algoma University presented a progress update on the future expansion of the university in Brampton. Council requested an update on current negotiations with other partners in the CFI.

Current Situation:

Project Update:

The CFI's design principles established in 2018 called for a signature, highly flexible and adaptable project that "land banks" opportunities for future development. These principles have been captured within the design to support:

- The activation of Diplock Lane for enhanced pedestrian experience and enjoyment;

- Strengthening of existing linkages and connections to Brampton’s Lanes network;
- Fostering integration of existing and new Main Street commercial opportunities;
- Potential direct connections to planned Light Rail Transit infrastructure;
- Potential removal of the Nelson Parking Garage and the development of a major; urban public outdoor amenity space; and,
- Potential expansion of the Centre for Innovation, or new development opportunity.

To date, Diamond Schmitt Architects Inc. has progressed through the Preliminary, Concept, Schematic Design phase, and Development phase of the design. It is now with City staff for review. Attachment 1 shows the visual of the existing site and Attachment 2 contains the current designs. The Construction Management procurement documents and Construction Management contract are complete and are pending approval to release.

Throughout the evolution of the design, Diamond Schmitt Architects Inc.’s cost consultant provided several estimates, as detailed below. The current project budget estimate is \$202 M. The cost escalation is attributable to significant year-over-year construction cost inflation, increased Gross Floor Area, higher than anticipated design premiums for sustainability measures, and delays. Staff has been working diligently to reduce cost, as evidenced by the 8.6 per cent reduction from June 2022 Class C estimate resulting from value engineering, design and programming review. Staff will continue to strive for further cost savings throughout the project.

	Order of Magnitude (2018/19)	Class D Concept Design (Dec 2021)	Class C Schematic Design (Jun 2022)	Class B 90% Design Development (Jan 2023)
Hard Costs	\$97 M	\$152 M	\$156 M	\$160 M
Escalation	\$7 M	\$15 M	\$18 M	\$13 M
Contingency & Allowances	\$10 M	\$17 M	\$16 M	\$8 M
Soft Costs	\$19 M	\$24 M	\$31 M	\$21 M
Total	\$133 M	\$208 M	\$221 M	\$202 M

Request for Expression of Interest

The CFI was conceived in 2017 to demonstrate the City’s commitment to the anticipated TMU and Sheridan university in Downtown Brampton. This visionary, joint-use centre for education, innovation and collaboration would provide a new central library,

entrepreneurial and cultural space in close proximity to a university facility. Once the Province rescinded its offer to fund the universities in 2018, the TMU and Sheridan university campus was no longer a factor for consideration in the CFI development. The scope, programming and location have all been amended and reconsidered since then.

Last year, Council supported Rogers Communication Inc.'s request for Minister's Zoning Orders (MZO), which included a commitment of \$100 M investment to build a state-of-the-art, transit-oriented Brampton campus to be co-located with the Downtown Brampton GO station. The proposed sites are adjacent and in close proximity to the CFI. Council further heard from both University of Guelph-Humber and Algoma University on their interest in the CFI building to satisfy post-secondary needs. The City recently announced the Civic Centre site for the TMU Medical School, which is expected to open in September 2025. Council further established a complementary MedTech Advisory Committee to advance medical innovation and attract investments. The evolving context around post-secondary institutions and the future of Downtown Brampton, especially in a post-pandemic environment warrants a reconsideration of the future of the CFI.

The cost escalation from \$130 M to \$200 M imposes additional financial pressure on the City. With the uncertainty of Bill 23 and increasing inflationary pressures, the City would benefit from alternative funding sources to realize the vision of this project.

Staff proposes launching a Request for Expression of Interest (RFEOI) to seek innovative ideas and partnership models from prospective proponents on the possibilities of the CFI as a catalyst to redevelop the downtown core in the current context. The RFEOI would allow Council the opportunity to consider the proposed options while retaining the ability to continue with the existing project should the proponents fail to present an attractive case.

The RFEOI can be launched as early as May with one month on the market before proceeding with an evaluation process over the summer. Staff will report back in September 2023 or earlier with an assessment of the proposals for Council consideration.

Corporate Implications:

Financial Implications:

There are currently no immediate financial implications resulting from the recommendations in this report. Should Council decides to proceed with exploring options under the RFEOI, staff will identify evaluated options for Council consideration in a future report.

The current project budget estimate is \$202 M, of which \$99.4 M has been approved. In the event that Council finds options under RFEOI not feasible and decides to continue

with the project, staff will identify additional funding requests as part of the future budget approval process or in a separate budget amendment report to Committee of Council.

The table below shows the latest financial status of the project:

Project: Centre for Innovation	[\$]			
Funding Source	Approved Funding	Spending	Commitments	Balance
Project 185160-001-Design				
601048 - Tax Supported Debt-External	20,000,000	2,801,713	5,389,902	11,808,385
Project 185160-002-Construction				
601048 - Tax Supported Debt-External	79,400,000	-	-	79,400,000
Total Project	99,400,000	2,801,713	5,389,902	91,208,385

Other Implications:

Legal Implications – No legal implications identified at this time.

Purchasing Implications – There are currently no immediate Purchasing implications resulting from the recommendations in this report. Should Council decide to proceed with exploring alternative project delivery options as a result of the RFEOI, staff will support those decisions through appropriate procurement activities in accordance with the Purchasing By-law.

Communications Implications – The proposed communications and engagement framework for the RFEOI will be developed following direction from Council on the recommendations in this report. Appropriate engagement will be undertaken to notify residents and stakeholders of the project and process.

Term of Council Priorities:

This report aligns and further supports the strategic direction of Brampton is a City of Opportunities and is a Well-run City.

Conclusion:

Given the evolution of the project, changing context, expressed interest from multiple partners, and the financial pressure and cost increases, staff proposes an Expression of Interest process to solicit innovative ideas and partnership models from prospective proponents on the possibilities of the CFI as a catalyst to redevelop the downtown core.

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Attachments:

- Attachment 1 – Existing Condition Images
- Attachment 2 – Design Images