

Clause embodied in Report No. 11 of the Administration Committee, as adopted by the Council of the City of Toronto at its Special Meeting held on July 30, 31 and August 1, 2002.

2**Union Station Capital Repairs**

(City Council at its Special Meeting held on July 30, 31 and August 1, 2002, adopted this Clause, without amendment.)

The Administration Committee recommends the adoption of the following report (June 6, 2002) from the Commissioner of Corporate Services:

Purpose:

The purpose of this report is to obtain Council approval for three necessary capital repairs required at Union Station and to fully fund these repairs from the net rental income stream received from Toronto Terminals Railway (TTR).

Financial Implications and Impact Statement:

Approval of the recommendations contained in this report will create three new Capital sub-projects under Project CCM923 Union Station Closing Costs, in the Facilities and Real Estate Division's 2002 Capital Program, with an estimated gross cash flow expenditure of \$700,000.

At its meeting of February 1, 2000, City Council approved Clause No. 2 of Report No. 9 of The Administration Committee (Union Station Acquisition: Conditions for Closing and Business Case Analysis) that included the recommendation that "funds for consulting fees and closing costs be allocated out of funds received from TTR pursuant to the existing ground lease and on account of interest". The closing costs have been paid out of the funds received from TTR and the on going consulting costs continue to be paid from these funds.

These funds are currently in the Facilities and Real Estate Division Operating Cost Centre CA5441 Union Station Lands-Property, which is funded through the net rental income stream. Sufficient funds are therefore available from Union Station operations to fund these repairs.

The Chief Financial Officer and Treasurer has reviewed this report and concurs with the financial impact statement.

Recommendations:

It is recommended that:

- (1) the Arch window on the west side of the Great Hall be added as a new \$100,000.00 sub-project under Union Station Closing Costs to be fully funded by transferring \$100,000.00 of available net rental income funds from Facilities and Real Estate Division Operating Cost Centre CA5441;
- (2) the structural slab over the parking area of the north west moat be added as a new \$300,000.00 sub-project under Union Station Closing Costs to be fully funded by transferring \$300,000.00 of available net rental income funds from Facilities and Real Estate Division Operating Cost Centre CA5441;
- (3) the Freight Elevator located in the West Wing be added as a new \$300,000.00 sub-project under Union Station Closing Costs to be fully funded by transferring \$300,000.00 of available net rental income funds from Facilities and Real Estate Division Operating Cost Centre CA5441; and
- (4) City staff be authorised to take the necessary action to give effect thereto.

Background:

The City purchased Union Station in August 2000. The confidential report to Administration Committee, providing a business case and analysis of the City purchase transaction approved by City Council, February 1, 2, and 3, 2000, identified that capital repairs had to be completed. Since the closing date, Toronto Terminals Railway Co. Limited (TTR) has continued to operate the station on the City's behalf pursuant to an interim building management agreement. This does not include capital maintenance other than minor repairs. It was anticipated that there would only be a short period of time before the operation and management of Union Station would be taken over by a developer chosen through a Request for Proposals. The developer would be responsible for making all necessary capital repairs and improvements. None of the listed capital repairs were considered urgent at the time the transaction closed.

The process to secure a developer for Union Station has taken longer than anticipated and three of the previously identified capital repairs will become serious Health and Safety issues if they are not addressed shortly. In addition, the transportation tenants in Union Station, GO Transit and VIA Rail are commencing a number of capital projects that require co-ordination and oversight by the City as owner of the Station. Depending on the time it takes to negotiate an operating agreement with the successful proponent in the RFP process, it is unlikely that a developer will be in place to operate Union Station much before the end of this year.

The following three major repairs have been identified as requiring immediate attention:

- (1) the Arch window on the west side of the Great Hall. (\$100,000.00);
- (2) the structural slab over the parking area of the North West Moat. (\$300,000.00);
and
- (3) the freight elevator located in the West wing. (\$300,000.00).

- (1) A structural review of the window was performed in January 2002 by URS Cole Sherman Associates Limited. Frank Anrep and Associates performed a subsequent review in February 2002. Both reports indicate that immediate action is necessary to provide window stability. The steel mullions are badly corroded and shifting is causing the glass panes to crack and break. The window mullions also carry the loads from the walkways between the interior and exterior windows. Although there is no storage and pedestrian traffic is light, there are safety and structural concerns. As stated in the report, Frank Anrep and Associates is not in a position to state that the window is structurally safe.
- (2) Frank Anrep and Associates performed a structural review of the structural slab in the north west corner of the moat in January 2002. The existing concrete roof slab is deteriorating due to the ingress and exposure to water and chlorides from road salts. This deterioration resulted from a waterproofing membrane that had failed. Electrical conduits and steel hardware with insufficient concrete cover also added to the penetration of water. Falling concrete pieces and leaking water are making the parking spaces below the slab unusable by the current tenant, National Car Rental. Further deterioration of the concrete edge beam could cause large stone panels on the south side of the guard rail wall to fall to the ground below. This is a safety hazard. A cost sharing agreement between the City and TTC will allow a portion of these costs to be recovered.
- (3) The freight elevator in the west wing is currently not operational. This presents many obstacles for daily operations as well as health and safety issues. The passenger elevator is presently being used for freight and construction personnel but this increased use will cause this elevator to deteriorate faster and the mix of uses is a safety concern. Tenant deliveries are being made via Front Street, which hinders pedestrian traffic flow. This freight elevator is the only elevator that can handle a full size emergency stretcher. Without it, the upper floors are inaccessible by elevator for a stretcher. This causes a significant safety and liability issue. Quotations for repairs have been received from Otis Elevators, however, these repairs would not be guaranteed, as the equipment is original and repair parts are difficult to obtain. In some cases the parts must be specially manufactured. Therefore it is recommended that the freight elevator be replaced at an estimated cost of \$300,000.00.

Conclusions:

Union Station is in need of urgent repairs in some areas. Although a proponent is to be chosen for the redevelopment of Union Station, and the cost of construction would fall under the redevelopment costs, the agreement will not be signed for quite some time. Remedial action is necessary now and with a delay in completing the repairs, the City of Toronto may be liable for damages to others should an incident occur. It is recommended that a design consultant be retained where necessary and that tender documents be prepared immediately to address these repairs. Union Station should be reviewed yearly by Facilities and Real Estate Division for necessary capital works projects as part of Facilities and Real Estates' annual capital maintenance plans until such time as the operation of Union Station is turned over to the corporation to be created and/or the developer/operator.

For Further Information contact:

Frank Molinari, P.Eng.
Manager, Capital Construction
Tel: 416-864-3440 x 300 / Fax: 416-864-3487
fmolinar@city.toronto.on.ca

Patricia H. Simpson
Project Co-ordinator Union Station
Legal Services
Telephone: (416) 392-8057
Fax: (416) 392-3848
psimpson@city.toronto.on.ca