

Background

This report is in response to a Finance and Administration Committee request for financial information on the acquisition and repurposing of the 1160 Lorne Street facility. The report will outline the costs incurred from acquisition, throughout construction and current planned works.

Acquisition

The City finalized the purchase of 1160 Lorne Street for the development of an integrated Transit and Fleet Maintenance Facility in December 2010. The 1160 Lorne Street property is approximately 8.4 acres and was improved with a 135,000 square foot warehouse. The final cost for acquiring the property was approximately \$5.1 million.

Construction

In 2013, the City awarded the Lorne St. project to Capital Construction Inc., with work to commence in August 2013. Construction was completed in December 2015, when substantial performance was issued. The total cost of construction was approximately \$18M and consisted of repurposing the warehouse to facilitate 28 repair bays, welding, tire, wash bays, body and paint shops. This required work on the structure, HVAC, drainage, building controls, site improvements, space allocation, and health and safety designs.

Consulting

External consultants were required for the overall design of the project including structural, mechanical, electrical and civil engineering as well as architectural services and overall contract administration of the project.

Other Costs

Other Costs include, but are not limited to moving expenses, furniture and I.T./hardware.

The total cost of the 1160 Lorne Street project is \$25.9M and is summarized in Table 1 below.

Table 1
1160 Lorne Street (millions)

	Budget	Actual
Land Acquisition	5.1	5.1
Consulting	2.3	2.0
Construction	20.6	18.0
Other	0.9	0.8
Total	28.9	25.9

Financing

External debt financing was secured in June 2015 through Infrastructure Ontario for \$14 million, with annual debt payments over a 20 year term. Primary annual funding sources to settle the residual debt include Provincial Gas Taxes, Development Charges and the Transit Capital Envelope.

Costs of Current Work

During preconstruction, and after a general review following construction in 2015, several items were identified as requiring attention in the 5 year period - post construction. In August, 2016 (intake 1) and February 2017 (intake 2), the City was able to leverage the Public Transit Infrastructure Fund (PTIF) in order to address a number of these upgrades to the 1160 Lorne Street facility. The upgrades include lighting retrofits, parking lot rehabilitation and expansion, structural repairs and roof replacement.

This work package is expected to be tendered in July, 2017 and work commencing in August of 2017. The total cost of this work is expected to be approximately \$3.7 million of which \$1.85 million is from PTIF.

Summary

The total cost of acquisition and construction of 1160 Lorne Street was approximately \$25.9 million. This was approximately \$3M less than budgeted. There are a number of additional capital costs that have been identified for PTIF funding in the amount of \$3.7 million, and are expected to be tendered in July, 2017 and work commencing in August, 2017.