



Staff Report for Council Meeting

Date of Meeting: May 27, 2020

Report Number: SREIS.20.003

Department: Environment and Infrastructure Services

Division: Facility Design, Construction and Maintenance Services

Subject: **Civic Administration Centre Accommodations Update**

Purpose:

To provide an update on the Civic Administration Centre Accommodations Options Analysis intended to accommodate City Hall space requirements and seek approval to proceed with the preferred alternative.

Recommendation(s):

- a) That staff report SREIS.20.003 Civic Administration Centre (CAC) Accommodations Options Analysis be received for information;
- b) That Option 5 contained within the commissioned report from Colliers Project Leaders Inc. to proceed with further investigations on the renovation of the Municipal Offices at 225 East Beaver Creek Drive (EBC), and the additional City-owned satellite space at 1200 Elgin Mills Road (Operations Centre) be approved;
- c) That staff be directed to finalize the space requirements taking into consideration greater remote working arrangements of staff and the impact of the recent accelerated modernization of the workplace;
- d) That those additional recommendations contained within the Colliers CAC report be prioritized for implementation along with other City priorities in the 2021 budget and 10 Year Capital Forecast.
- e) That remaining budget in existing Accommodation Plan budgets be used to carry out the preliminary recommendations 1, 2, and 3 and that the Commissioner of Environment and Infrastructure Services be authorized to execute any necessary documentation to affect a contract in accordance with Section 6.8 – Delegated Authority of the Financial Control Bylaw.

Contact Person:

Nick Kalyvas, Director Facility Design Construction and Maintenance Services
Extension 2522

Page 2

Report Approval:

Submitted by: Paolo Masaro, Interim Commissioner of Environment and Infrastructure Services

Approved by: Mary-Anne Dempster, Interim City Manager

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the report's approval are attached.

Background:

The concept of a Civic Precinct Project exploring a combined City Hall and Central Library has been contemplated since the late 1980s

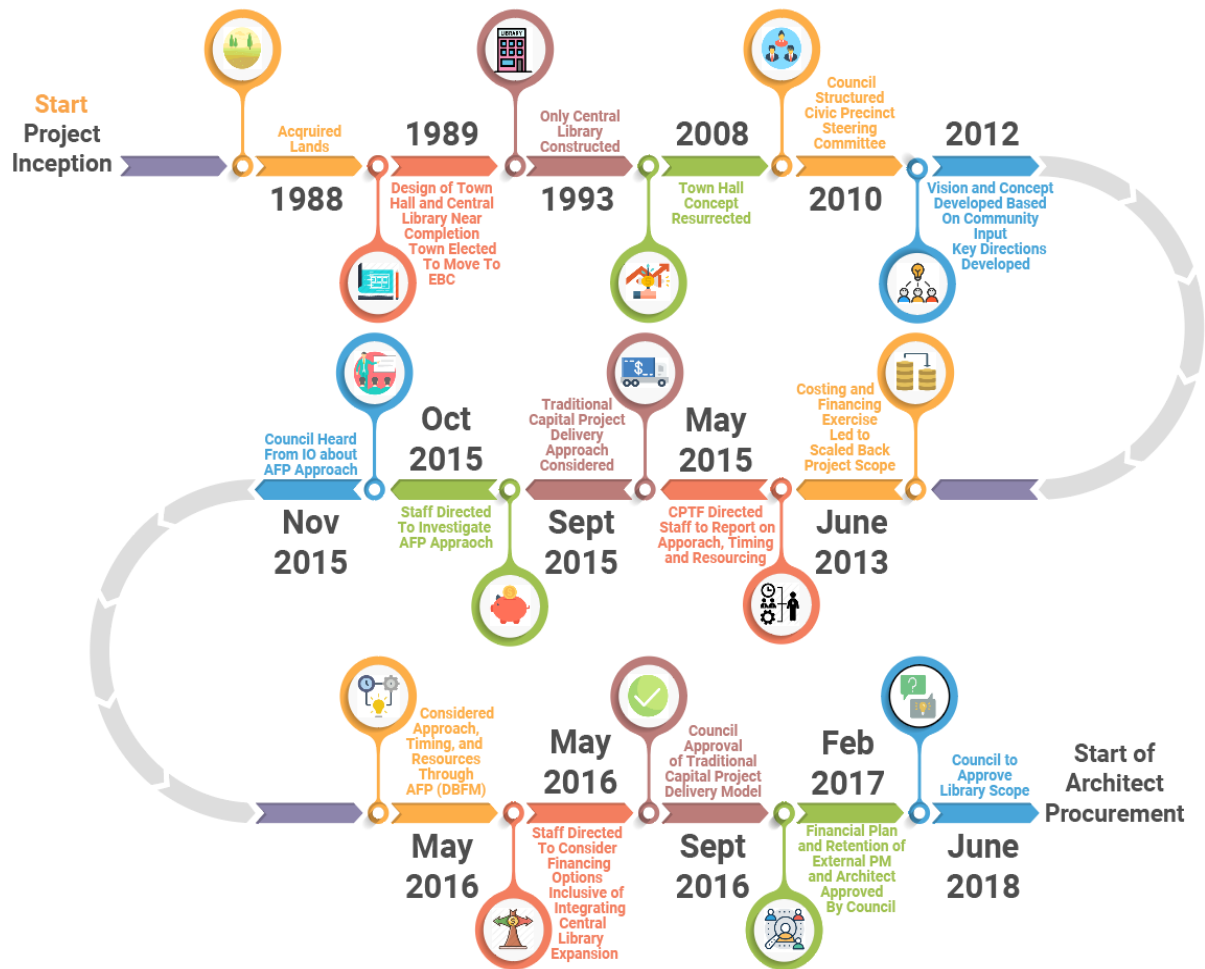
A Civic Precinct Project exploring the construction of a combined City Hall and Central Library has been contemplated since the late 1980's. Although design for a new municipal headquarters and Central Library were near completion in the late eighties for Yonge Street and Major Mackenzie Drive, a decision was made to move the administration building to 225 East Beaver Creek Road.

Developments on the Civic Precinct Project continued from 2008 to 2017

A desire to advance a Civic Precinct Project at the location of the Central Library was revived in part to revitalize the City's downtown core, enhance the Central Library, and provide public amenities. The following represents a chronological order of the key milestones during that period (represented graphically in Figure 1 below).

- CS&P Architects Feasibility Study entitled "Relocation of the Town of Richmond Hill Municipal Offices" received for information **(SRCAO.08.39)**
- A Civic Precinct Steering Committee was developed in 2010
- A vision and concept for the Civic Precinct based on community input were considered and key directions developed in 2012 **(SRCAO.12.15, SRCAO.12.19)**
- In September 2015, the Civic Precinct Task Force (CPTF) considered a report from staff on the Traditional Capital Project delivery approach, including the required timing and resourcing for this Civic Precinct project **(SRCAO.15.12)**
- In May 2016, Council held a special meeting to consider a report from staff on the approach, timing, and resources of delivering the Civic Precinct Project through Alternative Financing and Procurement (AFP), specifically, the Design-Build-Finance-Maintain (DBFM) Model **(SRCAO.16.12)**
- On September 7th, 2016, the Civic Precinct Project was approved as a Capital Project and the Central Library expansion was included as part of the Civic Precinct Project **(SRCAO.16.22)**
- On February 22nd, 2017, Council approved the financial plan for the Civic Precinct Project as well as the procurement to retain Project Management Services, Engineering consultants, and a Prime Architect to initiate and design the project with funding approved in accordance with the financial plan **(SRCAO.17.01)**

Figure 1: Chronological Order of Key Milestones for Civic Precinct Project



On June 26th, 2018, Council approved the removal of the Civic Centre Municipal Administration Building from the Project and directed staff to modify the scope of work for the Civic Precinct Project to provide alternate options

As the Civic Precinct Project progressed during 2018, City Council debated the merits of combining the City Hall with the Central Library and locating the facility at the Yonge Street and Major Mackenzie Drive intersection. Council directed staff to revisit the Civic Administration Centre (CAC) space requirements, separate from the Yonge and Major Mackenzie site. In June 2018, the path shown in Figure 1 above was altered.

Page 4

At a Special Council meeting held on June 26th, 2018, Council approved the removal of the Civic Centre Administration Building and underground parking from the project and requested that staff provide alternate options for additional office space at other locations. At the July 8th, 2018 Council Meeting, Council approved the following motion to clarify the direction given to staff at the June 26th, 2018 Special Council Meeting:

“That staff be directed to report back on a revised scope of work for the Civic Precinct Project at the time that staff report back on alternate options to accommodate the Town Hall Space needs” (C#23-18).

The existing project scope of RFP-86-17 – Project Management Services for the Civic Precinct Project with Colliers Project Leaders Inc. (Colliers) was amended to reflect the July 8, 2018 direction of Council; (**SREIS.18.011**).

Through this study, the City sought to reconfirm office space needs for a 20-year outlook, which was determined as part of the original Civic Precinct project and maintained throughout this exercise

The primary strategic objective of the CAC Options Analysis report was to ensure that proper and complete due diligence was exercised in determining the recommended possibilities to accommodating a 20-year outlook for future growth, while demonstrating financial accountability.

Colliers leveraged the use of sub-consultants as subject matter experts to assess potential options to accommodate the CAC; primarily Bullock Wood Design, to reconfirm the programming and office space needs based on the previously approved space standards per person including future growth projections, +VG Architects to review the various site and building assumptions, Stantec to review transportation needs, and Altus Group to provide high-level preliminary budgets for use in comparing the different options uncovered.

Based on needs analysis undertaken shortly after the study was initiated, it was confirmed that a variety of solutions beyond the current facility at 225 East Beaver Creek Drive would be required to accommodate future staff growth

In recognition that the workplace has evolved at a greater rate than originally anticipated since the initiation of the assignment, City staff reviewed its original headcount from the original Civic Precinct Project projection for a 20-year outlook, reducing the projection from 728 to 676. This resulted in a reduction of total space required, using the new space standard, from 242,000 SF to 222,656 SF. The projections provided by departments formed the foundation to inform the work that proceeded by Colliers' in 2019 in the investigation of alternate locations to accommodate growth and formed the basis of the final report.

The required space identified to accommodate the staff projections for the next 20 years revealed a need for additional space beyond EBC, even when a renovation at EBC is

Page 5

factored in that would realize an additional 19,475 SF of usable space (approximately one entire floor of the existing building). To ensure financially sustainable approach to evaluating all the options, short range staff projections were also forecasted to 2026 and show that the current state at EBC’s needs does not require additional space and is therefore less immediate. Notwithstanding, it is also recognized that since then the organization has continued to evolve that the projection can potentially be further reduced, which is discussed later in this report.

In reviewing the accommodation options presented to meet the 20-year outlook, Colliers identified three natural groupings of the options formed that included quantitative and qualitative factors (discussed in detail within Section 7.4 of the Colliers report):

New Construction Options	Renovation and Expansion Options	Renovation and Satellite Options
<ul style="list-style-type: none"> ➤ Option 1 – Richmond Green 1300 Elgin Mills Road East ➤ Option 2 – Brodie House 9481 Leslie Street ➤ Option 3 – Market New Construction 	<ul style="list-style-type: none"> ➤ Option 4A: EBC Expansion on City-owned lands ➤ Option 4B: EBC Expansion on Market Available Lands 	<ul style="list-style-type: none"> ➤ Option 5 – EBC Renovation + Satellite (City-Owned*) ➤ Option 6 – EBC Renovation + Satellite (Market Available**)

* City Owned: 1200 Elgin Mills Road (Public Works Operations Centre)

** Representative Market Available Satellite Leased Space

Options 1 through 4 represent Single Site options, while options 5 and 6 represent Satellite options (i.e. retaining and renovating EBC as ‘Core’ location supplemented with additional space at satellite locations as needed or for swing space during renovations). References to “market” mean sites that were investigated without identifying specific addresses to preserve the confidentiality of the suggested location and to protect the City in the event Council chose to move forward with any of the market available options during negotiations.

Following the evaluation of alternatives, the least cost option to accommodate civic administration space requirements (Option 5) was recommended by Colliers.

In consideration of fiscal prudence, as the City continues to evolve and become more progressive, scoring for cost and flexibility were adjusted and given a higher weighting for the evaluation of options.

While the **Renovation and Expansion** options (4A & 4B) allows for all staff to be essentially co-located, the **Renovation and Satellite** options (5 & 6) represent the least cost to achieve, as well as the most flexible in implementation, allowing the City to increase in space commensurate with real-time growth needs. The New Construction

Page 6

options (1, 2, & 3) all ranked inferior to the Renovation and Satellite grouping as well as the Renovation and Expansion grouping. A detailed breakdown and options scorecard are included in the appended Colliers Report.

OPTIONS	Total Net Costs****
Option 1 – Richmond Green	\$176.9 M
Option 2 – Brodie House	\$170.4 M
Option 3 – Market New Construction	\$158.4 M / 181.7 M
Option 4A**: EBC Expansion on City-owned lands	\$89.1 M
Option 4B**: EBC Expansion on Market Available Lands	\$80.4 M
Option 5 – EBC Renovation + Satellite (City-Owned)	\$41.8 M
Option 6*** – EBC Renovation + Satellite (Market Available)	\$48.6 M

All options includes soft costs (i.e. consultants, permits and fees, etc.) and contingencies for.

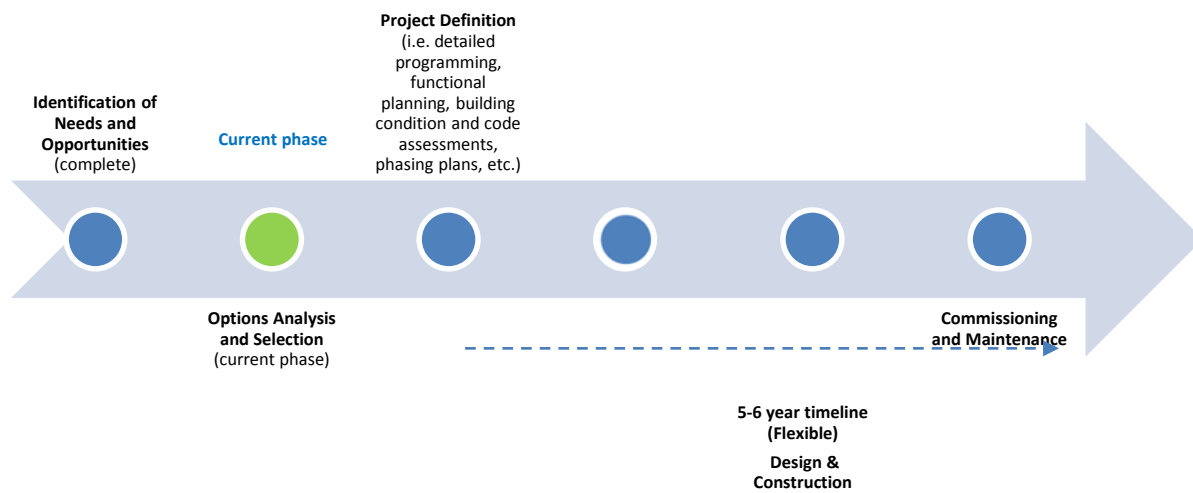
** Includes approximately \$5M - \$10M of capital repairs forecasted for 225 East Beaver Creek Drive.

*** \$17 per square foot net rent capitalized at 6.5%.

**** All Total Net Costs are based on 2019 dollars not including escalation.

It is estimated that delivering Option 5 will take approximately 5 to 6 years from initiation to completion. However, given that the projections to 2026 show that the current state at EBC does not require additional space, and is less immediate, this timeline can be extended. Furthermore, the preferred option meets the primary strategic objective of the CAC Options Analysis report by creating a space plan that balances functionality and financial sustainability.

Figure 2: Project Delivery Timeline



Page 7

Since the completion of the Study, the necessity for additional civic administration space has become less immediate and the City is in the process of exploring options for a larger more permanent digital and remote workforce where feasible

Since the completion of the report, it was identified should the growth estimates change, there would be a corresponding change in space needed. It is apparent, given the current operating environment and the ability to leverage technology, the space projections can be re-evaluated. A cursory review has shown that the original projections could be even lower as compared to those contained within the Colliers report, once working remotely and hoteling on a more permanent basis where feasible is accounted for. While the projections and space requirements have evolved since the development of the report, the six strategic principles in Section 7.4 of the Colliers report will still hold true in determining how the renovation can be undertaken.

Available space at City-owned Operations Centre at 1200 Elgin Mills Road East was identified as a suitable satellite to the existing building at 225 East Beaver Creek Drive

For the purposes of this study, each department identified which staff could be relocated to a satellite location (i.e. Operations Centre). Groupings were identified as having the potential to be relocated to a satellite location based on the level of regular collaboration with other departments as well as the ability to be a self-sufficient stand-alone operation. Approximately 131 staff, representing 17,622 SF of usable space under the new space standards were identified as candidates for relocation to a satellite location. Recently, approximately 20 staff were transferred from the Corporate Asset Management & Environmental Services (CAMES) Division to the Public Works Division (PW) and are planned to be relocated to the Operations Centre.

The Colliers report identified the underutilized space at the OC to meet the incremental square footage identified, however the space presents additional opportunities to explore such as:

- swing space solution during future renovations at EBC
- lease options beyond the current arrangements at Operations Centre and EBC
- revisit citizen focused services for Richmond Hill residents at EBC and Operations Centre

This opportunity will ensure any future modifications of the two primary City buildings are based on the needs of the residents of Richmond Hill and improve upon the existing citizen experience and civic presence. Following the completion of a 'Detailed Programming Plan', it can be determined how both EBC and the Operations Centre can be leveraged to meet these goals.

Moving forward, detailed programming (i.e. a plan) is required for any building/renovation design and construction. The plan describes the sequence in which

Page 8

tasks must be carried out to complete a project on-time and on-budget, identifying costs, dates, and duration allocated to tasks. The detailed plan will identify the strategy on the timing of renovations and the swing space solution during the construction.

Implementing a citizen-focused approach to delivering government services across the City will enhance the customer experience and ease of access for Richmond Hill residents

The success the City has had in continuing to deliver services remotely during the current pandemic may also reveal more conservative staff space needs since the completion of the Colliers report. This presents opportunities to review service delivery in leveraging underutilized spaces realized following a business resumption plan. The first floor of EBC or the Operations Centre present opportunities to re-evaluate how the City can improve on service delivery. Citizens expect more transparent, accessible, and responsive services from the public sector. As expectations increase, efforts to improve service delivery by exploring online portals or “one-stop shops” are vital and may further influence the City’s space requirements.

Implementation schedules will be determined upon validation of staff projections and updated needs assessments, followed by detailing of the functional programming.

A significant benefit of Option 5 is that it can be flexible and have a phased implementation. This option can be actioned incrementally over 5 to 15 years. Each incremental phase can proceed as actual City growth and space requirements are realized and understood. Staff projections and space requirements per staff member form the foundation for the area of office space required. Moving forward, it would be prudent to continually revisit staff projections as it relates to the implementation schedule for Option 5. The approach ensures space needs are based on the most recent and actual data that informs the design and construction of these spaces.

As a result of recent and significant changes in the work environment it’s recommended that the validation of growth projections and staff space requirements that will inform the design of these spaces be updated for the entire organization based on the results of the reorganization. Also, due to recent staff transfers from CAMES to PW, as well as the Colliers recommendation to consider the appropriateness of staff relocation from EBC to the Operations Centre, it is recommended to proceed with steps 1-3 below related to EBC and the available space at the Operations Centre. This will then formalize the design requirements for item 4 below. This represents the most financially sustainable approach and one that aligns staff to efficiently and effectively deliver on the needs of the public. This consolidation of staff may also provide the opportunity to vacate available office space for leasing, which will further sustain City finances.

- 1) Design and renovate East Beaver Creek Ground Floor to Citizen Centric Service Delivery model
- 2) Optimize Space Utilization at Operations Centre
- 3) Develop Detailed programming and Space standards application

Page 9

- 4) Renovate and maintain balance of 225 East Beaver Creek for City use or leasing options

The outcomes of a successful Telework Pilot Project launched in April 2019 provided the readiness for staff to be successfully deployed and transitioned during the COVID19 pandemic and the policy can be leveraged to realize additional space in the future at EBC once provincial restrictions are lifted.

In April 2019, a pilot project to determine the benefits of working remotely was launched by the City. The project included equipment purchases and technical configuration as well as management and participant orientation that included a draft policy framework, agreement, guidelines, etc. Approximately thirty pilot project participants were identified from various departments.

Participating staff and management were surveyed during the pilot to gauge success and it was determined that the productivity, ability to communicate effectively, and overall impact on the team environment were overwhelmingly positive. These results appear to be consistent with the current ongoing arrangements of staff across the organization that have been working from home or remotely since mid-March and continue to deliver services effectively in view of the current global pandemic.

The results demonstrate the policy meets its core principles that alternative work arrangements can support the City's goal of being fiscally and operationally responsible. The success of the pilot project assisted the City when the need to transition staff during the ongoing COVID19 crisis occurred. These successes may be further leveraged to evaluate and inform the future working arrangements once provincial restrictions are lifted and will most likely realize further space capacity at EBC.

Financial/Staffing/Other Implications:

There are no staffing or immediate financial implication as part of receiving this report.

It is recommended the existing accounts P/000125.01- Phase 2, Accommodation Plan construction in the Amount of \$438,209.00 and Account P/000667.01 - Phase 3, Accommodation Plan Design Budget in the amount of \$150,000.00 be utilized to carry out the design and renovate East Beaver Creek ground floor; Optimize Space Utilization at Operations Centre and develop the detailed programming and Space standards application.

It is recommended that any additional funds required be requested and approved through the 2021 budget process to undertake the additional investigations as part of implementing Option 5 and that the work be funded out of EBC R&R Reserve and that any further funding required be prioritized and included as part of the City's 10 Year Capital Plan.

Page 10

Relationship to the Strategic Plan:

Approval to proceed with further investigations towards implementation of the renovation of EBC and the Operations Centre satellite building aligns with Goal 4 of the Strategic Plan, “Wise Management of Resources in Richmond Hill”, by serving as a role model for municipal management.

Conclusion:

The preferred option meets the primary strategic objective of the CAC Options Analysis report by creating a space plan that balances functionality and financial sustainability.

Finalizing the space requirements and taking into consideration greater remote working arrangements of staff and the opportunity created by the changes to the workplace will create prospects for revenue generation. Therefore, staff recommends proceeding with Option 5 with further investigation on the renovation of EBC and the Operations Centre given the current opportunities that have been presented and that funding be prioritized to commence implementation in the 2021 budget and 10 Year Capital Forecast.

Attachments:

The following attached documents may include scanned images of appendixes, maps, and photographs. If you require an alternative format, please call the contact person listed in this document.

- Civic Administration Centre Accommodations Options Analysis - Colliers

Page 11

Report Approval Details

Document Title:	SREIS.20.003- Civic Administration Accommodations Study.docx
Attachments:	- CAC Accommodations Options Analysis- Colliers.pdf
Final Approval Date:	May 19, 2020

This report and all of its attachments were approved and signed as outlined below:

Nick Kalyvas - May 13, 2020 - 4:38 PM

David Dexter - May 13, 2020 - 4:48 PM

Paolo Masaro - May 13, 2020 - 4:56 PM

MaryAnne Dempster - May 19, 2020 - 5:33 PM