

To:	Council in Committee of the Whole	Item:	CM-09-05	Date of Report:	February 26, 2009
From:	Bob Duignan City Manager	File:	F-6300	Date of Meeting:	March 2, 2009
Subject:	<i>City Hall Revitalization Project – Council Chamber Component Update</i>			Ward:	All
	<i>Public Meeting</i>				

1.0 PURPOSE

The purpose of this report is to:

- Advise Council on the status of the new Council Chamber component of the City Hall Revitalization Project; and
- Recommend that the funding for the Council Chamber component be increased, the overall cost of the Revitalization Project be capped and there be no increase in debt or tax levy impact.

2.0 RECOMMENDATION

It is recommended to City Council:

That funding for the Council Chamber component of the City Hall Revitalization Project be increased by \$2.3 million to \$10.374 million with the overall project cost capped at \$17.074 million and the additional funding source determined in accordance with the strategies outlined in Report CM-09-05 at the conclusion of the project; and further that there be no increase in debt or tax levy impact.

3.0 EXECUTIVE SUMMARY

The City Hall Revitalization Project was approved by Council at its July 5, 2007 meeting. The Rundle Tower and B-Wing renovation component of the project are on schedule and within budget.

The Council Chamber component of the project was originally budgeted at \$5.8 million. This was later adjusted to \$8.1 million to accommodate customer service and public space enhancements, and attain LEED Silver accreditation. The foregoing estimates were established in the absence of detailed mechanical, architectural and floor plan drawings and without detailed input from the appointed Council Liaison Committee.

The total approved cost of the project is \$14.8 million.

The original cost estimate for the Council Chamber was based upon a conceptual design. With the valued assistance of the Council Liaison Committee, approved by Council on March 14, 2008, a thorough detailed design process was completed. The detailed design meets the goals and objectives outlined in Attachment 1 and will satisfy the long term needs of the Corporation and the community.

The Cost Consultant estimates the cost to construct the Council Chamber to be \$1.9 million higher than the current budget. This is primarily a result of an increase in floor space for the Council Chamber, lower level and upper floor mechanical room. In addition, there are increased costs for demolition of A-Wing and hazardous substance removal, temporary stairway required by the Building Code for access to floors 1 and 2 B-Wing, and fire alarm upgrades for a total increase of approximately \$2.3 million.

There are several funding strategies to accommodate the increased cost estimates, none of which increase debt or impact tax levy. A final decision on a funding source is not required until 2011 when the project will be closed.

The tender for the Council Chamber portion is ready to be issued but cannot be released until Council considers and approves the estimated cost increase.

Several options were considered in making a recommendation to proceed with the project.

The options are evaluated in Section 5.3 in a pros and cons format. Option 4 – “Proceed with the Project as Currently Sized and Designed” is the recommended course of action. The key reasons for recommending Option 4 are:

- The design meets Council's goals and objectives including the creation of a strong public image;
- Supports the Community Strategic Plan goal of revitalization of the downtown;
- Achieves a further savings of approximately \$30,000 annually for record storage and retention realized as a result of increased floor space in the basement of the Council Chamber;
- Estimated cost increases can be funded without increasing debt or impacting tax levy;
- March 2010 substantial completion can be achieved; and
- Provides for future growth for the next 30 to 40 years.

The City Hall Revitalization Project was approved by Council to achieve significant savings in energy and maintenance costs with the demolition of A-Wing and the Council Chamber and the construction of a new modern Council Chamber. The benefit of the savings achieved through the demolition will be reduced if Council chooses to not erect a new Chamber. There will also be significant customer services issues, disruption, lost productivity and sunken costs.

Staff presented the Council Liaison Committee with an overview of the project and cost implications at a meeting on February 20, 2009. The Committee resolved to refer the matter to Council without a recommendation.

4.0 INPUT FROM OTHER SOURCES

4.1 General

- Council Liaison Committee, City Hall Revitalization Project
- Tom Hodgins, Commissioner, Development Services
- Rick Stockman, Commissioner, Corporate Services
- Denny Bryan, BBA
- Denis O'Connell, Independent Project Manager

4.2 Auditor General

- Not applicable

5.0 ANALYSIS

5.1 Background

- The City Hall Revitalization Project was approved by Council at its July 5, 2007 meeting. The Council Chamber component of the project budget was approved at \$5.8 million.
- This was later increased to \$8.1 million to accommodate customer service and public space enhancements, and attain LEED Silver accreditation.
- These cost estimates were all based on a conceptual design as opposed to detail drawings.
- The architect has prepared detailed design drawings based on the direction and input from the Council Liaison Committee and the project goals and objectives for the City Hall Revitalization Project approved by Council at its June 22, 2006 meeting. The goals and objectives are attached to this report as Attachment 1.

5.2 Council Chamber Revised Cost Estimates

- The Cost Consultant estimates that the current design of the Council Chamber/Exterior Precinct portion will require a budget of \$10.374 million, or an additional \$2.3 million. The estimated cost variance results from a number of factors including:
 - The size of the Council Chamber building and lower level increased by 25%;
 - The interior exit stair was enhanced to provide controlled access for the Mayor and Council to the Council Chamber;
 - Space renovations to provide a required second exit from the lower level;
 - The third level mechanical room increased in size to house equipment required, due in part to the increased size of the new Council Chamber;
 - The Ameresco scope for the basement demolition did not include the additional work required to accommodate the expansion of the new Council Chamber building;
 - Hazardous materials were found in the precinct area and will need to be removed;
 - Fire alarm upgrades; and
 - The Building Code requires a temporary exit stair from 1 and 2 B-Wing while the Council Chamber and 1B-Wing is being constructed.

- The following is a summary of the estimated cost increases:

Item	Cost (millions \$)
<u>Council Chamber</u>	
- Construction	1.326
- Soft costs	.192
- Contingency (Note 1)	.336
Total Council Chamber	1.854
<u>Other</u>	
- Additional demolition/hazardous substances	.250
- Fire alarm upgrades	.80
- Temporary stairs for 1B-Wing/2B-Wing	.90
Total Other	.420
Total Estimated Cost Increases	2.274

Note 1: The total cost includes a contingency allowance of \$756,000 or 7%.

- It is noteworthy that the Cost Consultant and Project Team have reviewed the design several times in an attempt to reduce costs and conclude that the additional \$2.3 million represents the best estimate at this time.

- Based on recent industry tender awards, construction prices are currently declining. It is expected however, that the price declines are temporary and will spike once the funding from the federal and provincial stimulus packages is made available. It is therefore important that if the Council Chamber portion of the Revitalization Project is to proceed, it be tendered expeditiously.

5.3 Options

- There are several options that were considered respecting the potential \$2.3 million cost increase relating to the Council Chamber component of the project. They are as follows:

Option 1 – Scale back size of new Council Chamber Building

Option 2 – Suspend Council Chamber component of project and cap the existing excavated site

Option 3 – Proceed with the Council Chamber component in accordance with the detailed design and reduce the scope of the Rundle Tower and B-Wing renovations, drop LEED Silver requirement and cut back on the precinct landscaping portion

Option 4 – Proceed with project as currently sized and designed

5.3.1 Option 1 – Scale back size of new Council Chamber Building

- The option would require the current design to be revised to fit the existing budget.

Pros	Cons
<ul style="list-style-type: none">– Reduces cost increase estimate by approximately \$1.9 million.	<ul style="list-style-type: none">– Does not totally eliminate cost increases, approximately \$400,000 is attributable to other factors– Causes 2 to 3 month project delay for new design drawings and would not permit the project to be substantially completed by March 2010– Does not recognize the long term benefits of building a Council Chamber that will accommodate growth for the next 25 to 40 years– Does not meet all of City Hall Master Plan Goal 3 objectives (refer to Attachment 1)

- This option is not recommended

5.3.2 Option 2 – Suspend Council Chamber component of project and cap the existing excavated site

Pros	Cons
<ul style="list-style-type: none"> - Defers cost of project in short term by approximately \$8.5 million but there will be offsetting costs as listed under "Cons" 	<ul style="list-style-type: none"> - Will incur costs to cap existing excavation. Order of magnitude estimated in the \$1 million range - City will have to return \$470,000 FCM/GMF grant and \$1.9 million low interest (1.6%) loan as the project would not be completed - Potentially results in throw away and additional costs when Council eventually replaces Chamber - Lost opportunity to create construction and related jobs at a time when they are needed - Council will have to determine alternative location for meetings and incur costs to ensure accessibility standards are met - Does not meet any City Hall Master Plan Goal 3 objectives (refer to Attachment 1)

➤ This option is not recommended

5.3.3 Proceed with the Council Chamber component in accordance with the detailed design and reduce the scope of the Rundle Tower and B-Wing renovations, drop LEED Silver requirement and cut back on the precinct landscaping portion

➤ This option would require cancelling renovations to floors 3, 6, and 7 in Rundle Tower, dropping the LEED Silver requirements, and reducing precinct landscaping.

Pros	Cons
<ul style="list-style-type: none"> - Could, in total, provide necessary savings to fund estimated cost increases for new Chamber 	<ul style="list-style-type: none"> - Project is well underway, curtailing Rundle Tower renovations would create significant confusion, logistical issues and cost to cancel the project - Staff presently located off-site would return to un-renovated floors that had previously been deemed inadequate and substandard - Potentially results in throw away costs when needed renovations for Rundle Tower are eventually undertaken

Pros	Cons
	<ul style="list-style-type: none">- Eliminating LEED Silver initiative does not show leadership on environmental issues and is not consistent with City's Community Strategic Plan Goal of a "green and sustainable community"- Cutbacks on precinct landscaping reduce the potential to improve the City's image and support downtown revitalization- Does not support all City Hall Master Plan Goals and objectives (refer to Attachment 1)

- This option is not recommended because it is short sighted and would have a major impact on staff operations and customer service.

5.3.4 Option 4 – Proceed with the project as currently sized and designed

Pros	Cons
<ul style="list-style-type: none">- The current detailed design is "right-sized" in accordance with the input and guidance of the Council Liaison Committee- Funding strategy does not require increased debt or impact tax levy; the funding source does not have to be finalized until 2011- Meets substantial completion date targets- Satisfies community growth requirements for next 30 to 40 years- Will realize approximately \$30,000 additional annual savings for future record retention space requirements- Project is completed in accordance with all of Council's City Hall Master Plan goals and objectives (refer to Attachment 1)	<ul style="list-style-type: none">- Potential requires additional \$2.3 million in funding

- This option is recommended because it meets the long term needs and supports all of the City Hall Master Plan goals and objectives.

5.4 Potential Funding Sources

- There are several funding options available for the \$2.3 million, none of which will increase debt or impact future tax levies.

- The Major Facility Reserve is the most logical funding source because it can provide additional funding for this project without impacting tax levy or the reserve's ability to respond to other projects.
- This reserve could be entirely replenished in 2011/2012 when the Mary Street Parkade debenture is paid down.
- The City Hall Revitalization Project has also been submitted as a candidate project for the federal and provincial government economic stimulus measures.
- A final decision on funding sources will not be required until 2011 which leaves ample time to determine if additional federal or provincial subsidies are available.

5.5 Summary/Conclusion

- Option 4 – Proceed with the project as currently sized and designed is the recommended option for the various reasons presented in the pros and cons assessment.
- The key reasons are summarized as follows:
 - The design meets Council's goals and objectives including the creation of a strong public image;
 - Supports the Community Strategic Plan goal of revitalization of the downtown;
 - Provides for future growth for the next 30 to 40 years; and
 - Cost increases can be funded without increasing debt or impacting tax levy.
- The City Hall Revitalization Project was approved by Council to achieve significant savings in energy and maintenance costs. These savings will now be realized with the demolition of A-Wing and Council Chamber.
- The replacement of a Council Chamber in accordance with the detailed design will meet all the goals and objectives outlined in Attachment 1 and, provide for medium and long term growth.

5.6 Project Schedule

- Delays associated with costing of the detailed design, assessment of alternatives, and efforts to address the budget issues are currently standing at 10 weeks. A new Council Chamber can be substantially completed 12 months from the date of Council approval to proceed with a final design.

- Should Council approve the current design and funding strategy, the project will be substantially completed by the March 2010 date.

6.0 FINANCIAL IMPLICATIONS

- It is stated earlier that there are several funding options for the revised project cost, all of which do not involve debt or impact tax levy.
- There is also the possibility that this project could be eligible for the anticipated funding assistance programs being promoted by the federal and provincial governments (it is a candidate project listed on the City's informal submission to federal and provincial governments).
- Additionally, there are operational savings that will be realized by increasing the scope of the project such as:
 - Outside storage costs for record retention – approximately \$30,000 annually; once the area is properly equipped;
 - Cost avoidance for off-site Committee and Council meetings (these can be substantial as experienced over the last two years); and
 - Productivity losses resulting from inadequate or off-site meeting locations.

7.0 RESPONSE TO THE COMMUNITY STRATEGIC PLAN

- The City Hall Revitalization Project supports Goal A (A Vibrant, Strong and Progressive Community) of the Community Strategic Plan primarily through improving the City's image and conserving energy.



Bob Duignan
City Manager

Attachment

**City Hall Master Plan
Proposed Goals and Objectives**

Goal #1 – Create a strong public image through the provision of a modern, accessible, customer/environment-friendly City Hall

Objectives

- Create a central lobby area and appropriate number of pedestrian access points
- Incorporate a customer care centre
- Provide a fully accessible building with clear access/way finding
- Incorporate security features to provide a high level of safety and security
- Apply LEED standards, where applicable
- Integrate with and compliment other civic precinct buildings (library/art gallery)

Goal #2 – Create a functional, aesthetically pleasing and flexible workplace environment

Objectives

- Accommodate personnel currently located in A-Wing in Civic Administration Complex
- Adopt and apply spatial standards to maximize utilization of all floors
- Create business efficiencies through space allocation
- Accommodate future growth

Goal #3 – Create a Council Chamber that is accessible, functional, flexible, safe and people-friendly

Objectives

- Provide Council members and the public with a full view of each other
- Create a fully accessible Chamber which is easy to find
- Incorporate security features to provide adequate safety and security for Council, the public and staff
- Provide adjacencies between the Council Chamber and the Mayor/Councillors' offices
- Create flexible space to accommodate various-size public meetings