

THE CORPORATION OF THE TOWN OF GEORGINA

REPORT NO. SI-2023-0002

**FOR THE CONSIDERATION OF
COUNCIL**

January 24, 2023

SUBJECT: Replacement Civic Centre

1. RECOMMENDATION:

1. That Council receive Report No: SI-2023-0002 prepared by the Capital Projects Division, Strategic Initiatives Department dated January 24, 2023 respecting the Replacement Civic Centre.
2. That Council approve an updated total project budget of \$50,000,000.00 for the complete design and construction of a new Replacement Civic Centre and all related works including the demolition of the existing Civic Centre.
3. That Council approve an updated fee budget for CBRE of \$998,190.13 and for IBI of \$2,033,375.26 plus applicable taxes, and that compliance with By-law No. 2018-0051 (PUR-1) and Procurement Policy No. CS-2018-PS001 be waived to the extent necessary to permit such updated fee budget.
4. That Council approve a contingency for consultant services (CBRE & IBI) of \$203,000.00 plus applicable taxes.
5. That Council approve the issuance of a Request for Tender (RFT) for the construction of the Replacement Civic Centre and all related works including the demolition of the existing Civic Centre and return to Council at the appropriate time to award the contract.
6. That Council approve and authorize the Chief Administrative Officer (CAO) to approve revisions to the design of the building within the approved budget.
7. That Council approve that the Replacement Civic Centre be designed and certified as LEED Gold.

8. That Council approve the funding strategy outlined in the 2023 Draft Budget Report and within the financial section below, including:

- **The creation of a new Replacement Civic Centre reserve**
- **Allocating the 2023 and 2024 non-core dedicated Infrastructure Levy to this new reserve**
- **Reallocating reserve contributions from the Facility Repair and Replacement and Corporate Capital reserves as shown in the 2023 Draft Budget**
- **Approving the use of a temporary capital line through Infrastructure Ontario, to provide the option of temporarily funding the expenditures relating to the project, to a maximum of 5 years, as the Town contributes to the new reserve**
- **Approving the use of internal borrowings against Town reserves**
- **Providing the Treasurer delegated authority to determine the split of funding between the new reserve, internal borrowings, and the temporary capital line, to ensure the most optimum financing scenario is obtained, as economic conditions shift throughout the repayment period**

2. PURPOSE:

To provide Council with an update on the current status of the Replacement Civic Centre project that addresses the overall history. To request Council's approval to proceed with the full design and subsequent issuance of a Tender for the recommended option of the approximately 44,600 ft² new Replacement Civic Centre, all related works and the demolition of the existing Civic Centre. To approve an overall project budget based on the current Class D estimate of \$50M.

3. BACKGROUND:

The project to provide a Replacement Civic Centre (RCC) effectively began on March 7, 2018 when Council, as per Resolution C-2018-0129 approved the construction of a new stand-alone building to be located on a suitable site within the present Civic Centre campus. In August 2018, Council approved the formation of a Steering Committee to support the new RCC project. Since then the RCC project has undergone various design iterations, been impacted by COVID and more recently undergone further investigations along with design changes and budget estimations. Due to the long history the following Background section has been divided into three time periods: 2016 to Mid 2020, Mid 2020 to Feb 2022, and March 2022 to date.

2016 to Mid 2020:

Starting in 2016, the Town consultant at the time (Pivotal Projects Inc.) provided Council with multiple options related to current and future accommodation of the Town's operation at the existing Civic Centre. In August 2018 as per Resolution C-2019-0468, Council moved forward with approval for locating and constructing a new stand-alone RCC on site within proximity of the present Civic Centre and to then demolish the existing Civic Centre building. While the re-adaptive and re-use of portions of the current Civic Centre facility was not impossible, it was unlikely to provide a financially and functionally viable long-term solution to address the current and future needs of the Town. The new RCC building was meant to outperform the retrofit/expansion options, and provide the following:

- Improved efficiency, space utilization and energy usage
- Enhanced environmental system sustainability such as variable frequency drive controlled mechanical equipment, LED lighting, etc.
- Safe ecosystem for staff and the public to protect against unknowns such as COVID
- A flat roof that allows a standard HVAC system to allow for better airflow distribution
- Easily meet current legislative requirements, including AODA
- Reduce structural limitations which is a major hurdle to retrofitting the current building
- Provide a healthy and fully accessible building and work environment, fostering increased productivity
- Avoid costs associated with multiple moves and provide the public with a more convenient experience
- Avoid work, service or business interruptions
- Provide dedicated public and staff areas
- Location of building service areas efficiently

Over the years, retrofitting the current Civic Centre was always considered but as indicated, Council ultimately proceeded with approval of a new stand-alone RCC and the demolition of the existing Civic Centre. If staff were to continue to occupy the current Civic Centre in the long term, a major capital replacement program would have had to be established immediately to address the following:

- Modernizing the elevator
- Total HVAC renovation
- Main electrical panel replacement
- Emergency Generator Overhaul
- Installing a fire alarm sprinkler system
- Fire alarm panel replacement
- Asbestos abatement

In Jan 2019, as per Resolution C-2019-0070, Council approved a construction budget of \$27 Million for a new Replacement Civic Centre.

In November 2019 as per Resolution C-2019-0616, Council endorsed the “Community Courtyard Concept” based on public and staff input and further directed staff to proceed with the design. Council was also advised that the Steering Committee had requested that the project team explore additional site and roadworks and prepare a Master Plan to integrate the RCC with adjacent recreational activities and site amenities that were not included in the 2016 “*Strategic Accommodations Options Plan for the Georgina RCC*” prepared by Pivotal Project Inc. (Oct. 2016). The scope of the site and road works was above and beyond what was approved in January 2019 for \$27M. As a result, the estimated budget increased to \$31.2M. Project management and design activities then progressed including the site and roadworks, reaching the 100% Design Development Stage by late spring of 2020.

In March 2020, COVID-19, a global pandemic, forced governments and health authorities around the world to establish health and safety measures, including work from home (WFH) and physical distancing orders. The Town of Georgina, in compliance with Provincial orders, directed most staff to work from home wherever possible.

With the changes to the work environment, staff quickly adapted using virtual platforms and other technologies to support continued service delivery. Around mid-June 2020 and at the peak of the COVID-19 pandemic crisis, the Town decided to pause further progress of the project design activities. The Town subsequently instructed CBRE (Project Management, Workplace Strategy, and Furniture team) to conduct a reassessment of the Town’s needs in view of the accelerating trends towards remote working and remote public service delivery and to determine whether this could result in a reduction of the required building size and cost.

Mid 2020 – Feb 2022:

In the summer of 2020, CBRE implemented and completed an update to the *Workplace Strategy* that was previously identified in the 2016 “*Strategic Accommodations Options Plan for the Georgina RCC*” prepared by Pivotal Projects Inc. Assessments through workshops, surveys, interviews, and meetings were produced and the resultant recommendations were presented to the Steering Committee. The intent of the Workplace Strategy assessment update was to:

- identify the appropriate square footage for the new RCC required to deliver critical services to the public by utilizing a balanced workplace model of staff, technology and policy resources in a post COVID era and the long-term future; and
- perform a high-level cost analysis identifying any immediate and anticipated financial impacts, including any savings expected with implementing this workplace model

Workplace Strategy

The updated Workplace Strategy was based on key recommendations and considerations to the RCC workplace based on organizational design and workforce demand planning, leadership preparedness, remote working policies, etiquette and practices, as well as technology readiness and effectiveness. For example, there was a decreased number of workstations identified which was based on 2 days/week average remote work with a seat sharing ratio between 1.3-1.5 employees per desk. This would be supported by adopting a clean desk policy and leadership training for managers/supervisors to effectively manage their teams remotely. On the public front, decreasing the size and capacity of service counters with the expectation that customers will shift to virtual service methods as well as providing additional power/data in the public area to support potential self-service kiosks in future.

Research Outcomes

Acting on the direction of Council, CBRE conducted workshops and meetings with the Town's Management at all levels and carried out a survey of 30 respondents to help inform the workplace strategy to work towards a reduced floor layout. Focus meetings were also conducted to align with the Town's strategies on Records Management, Customer Service, Human Resources, and Information Technology.

The research identified several key findings with potential impacts on the project design at the time. The increased work from home (WFH) approach explored space allocation and reduced office occupancy. This prompted potential design modifications to the RCC such as seat sharing, collaboration spaces and related policies and technology which are efficient and effective strategies to accommodate a reduced office occupancy. Moreover, the increased WFH approach decreased the justification of the space requirements. However, the increased WFH approach requires an increase to the infrastructure for remote communication, collaboration, and file access. Thus, there is an increased need for enhanced technology (hardware and software) to support this hybrid model with WFH.

As a result of the updates to the Workplace Strategy, the project team explored and presented various scenarios to Council on April 14th, 2021. The following scenarios were presented as being nonviable, namely; (1) Keep current Civic Centre and accommodate for future with or without remote work, (2) Utilize a portion of the current Civic Centre with other Town facilities/buildings, (3) Move Town staff to remote work only, and (4) Utilize Town facilities/buildings with remote working but without a RCC.

On April 14th per Resolution No. C-2021-0109, Council endorsed the redesign of the RCC under the revised Workplace Strategy and that a new RCC be re-designed as a centralized hub complemented by a work from home approach. This hybrid model would provide opportunities to streamline service delivery and facility functions. In addition, it was hoped that this hybrid model and redesign could possibly reduce the footprint by between 12,000 ft² and 16,000 ft² depending on the final program and test fit results.

Redesign

CBRE/IBI approached the revised program requirements by taking two approaches. The first was a bottom up approach (staff and management feedback directing the program needs) which resulted in a 43,500 ft² option. The second approach was undertaken by taking a top down approach (direction given to reduce the footprint by between 12,000 to 16,000 ft²) to remove or adjust what could possibly be excluded in order to meet the expected square footage reduction. The result was a 34,800 ft² version followed by two further Test Fits of 36,500 ft² and 36,700 ft². *(A Test Fit applies the Program Requirements to the physical layout/floorplan to determine whether all the Program needs can actually physically fit in the proposed layout. This then validates whether the footprint can accommodate the number of staff, seats, offices, etc. and whether the footprint/floorplan needs to be increased or can be decreased. New layouts are then provided accordingly).*

In August 2021 the Steering Committee was presented with the above options and findings. The Steering Committee then gave direction to proceed with the option of approximately 43,500 ft², carryout the required test fit and provide a class D estimate.

March 2022 – Date:

On March 28, 2022 the Test Fit resulted in a 42,600 ft² layout (*43,500 ft² was reduced by 900 ft² during the test fit*) with a class D estimate of \$41M. This option was presented to the Steering Committee along with three other options that attempted to achieve significant square footage reductions along with rough order of magnitude estimates. The three other options were 27,500 ft², 22,000 ft² and 12,500 ft² with estimates of \$28.5M, \$24.2M and \$16.7M respectively. Given these four options in total, the Steering Committee gave direction to pursue an option that would result in a \$25M project budget. The Steering Committee also directed that a review/investigation take place to see if there are service delivery options that could aid in reducing the required floor area for the new RCC.

In terms of the service delivery options, the analysis confirmed that the Town does not have sufficient satellite office space, or otherwise, to support any significant reduction in a centralized facility such as the proposed new RCC. The Town will be investigating the offering of customer service remotely from other facilities on a pilot basis in the future, including kiosks, as well as continuing to expand on line service offerings. However, these initiatives would not negate the need for a centralized location such as the new RCC nor allow for any further significant reduction in floor area.

In keeping with the Steering Committee's direction and the current service delivery capabilities and those anticipated in the future, by Summer 2022 a new layout was designed to try and meet a project budget of \$25M. The building was now substantially reduced to about 21,200 ft² (half the size) with a Class D project budget of \$25.7M. The design only accounted for 51 seats including 6 offices. The determination of the number of staff that will be in the new RCC on any given day with a WFH policy is very fluid and does not result in a definitive number. An appropriate seat sharing ratio can be used as a multiplier to assist in providing an

expected number of staff. The 21,200 ft² option resulted in a seat sharing ratio of 2.7:1 which is very aggressive compared to an already very progressive ratio of 1.5:1 (equates to staff generally working 2-3 days from home).

In October of 2022, the Town introduced its official new Flex Work Arrangements Policy which formalized the ability to work from home (WFH). Workplaces have seen tremendous shifts in terms of how and where work is performed as a result of the COVID-19 pandemic, which forced everyone to adapt quickly. For the Town this meant that many of our employees have had the ability to work from locations other than the physical office space. As the Town has navigated these past few years, the Town has continued to support remote work arrangements where it has been possible – primarily as a means of keeping our employees safe, but also because the Town has come to recognize the importance in offering the opportunity to participate in flexible work arrangements as a way of supporting and prioritizing employee well-being.

The Flex Work Arrangements Policy states: The Town of Georgina is committed to being responsive to the evolving nature of work and supports an increased flexibility in work arrangements that prioritizes the needs of employees, business operations and that maintains service excellence across the corporation. This policy is reflective of the Town's commitment to employee wellness, to attracting and retaining a skilled and diverse workforce and enabling the mitigation of risks to ensure business continuity.

This new policy now officially supports the ability to work from home and to manage expectations of all employees in terms of their presence in the Civic Centre. Based on the policy, the project design team as well as members of the Strategic Initiatives Department were able to meet with the applicable Department Heads to verify how many staff would be expected in the office with the application of the new Flex Work Arrangements policy. It was determined that the new RCC needs to be able to accommodate up to 100 staff.

In light of the above it was clear that the layout design that is reflective of a \$25.7M budget cannot accommodate either current or future staffing needs. The seat sharing ratio would also be very high which would require a very high percentage of staff to work from home as much as possible which would not be in keeping with the spirit of the Flex Work Arrangements Policy. This approach would also require strict program management systems to book and reserve space, meeting rooms and offices in the new RCC resulting in a potentially non-functional space that could significantly impact effective service delivery.

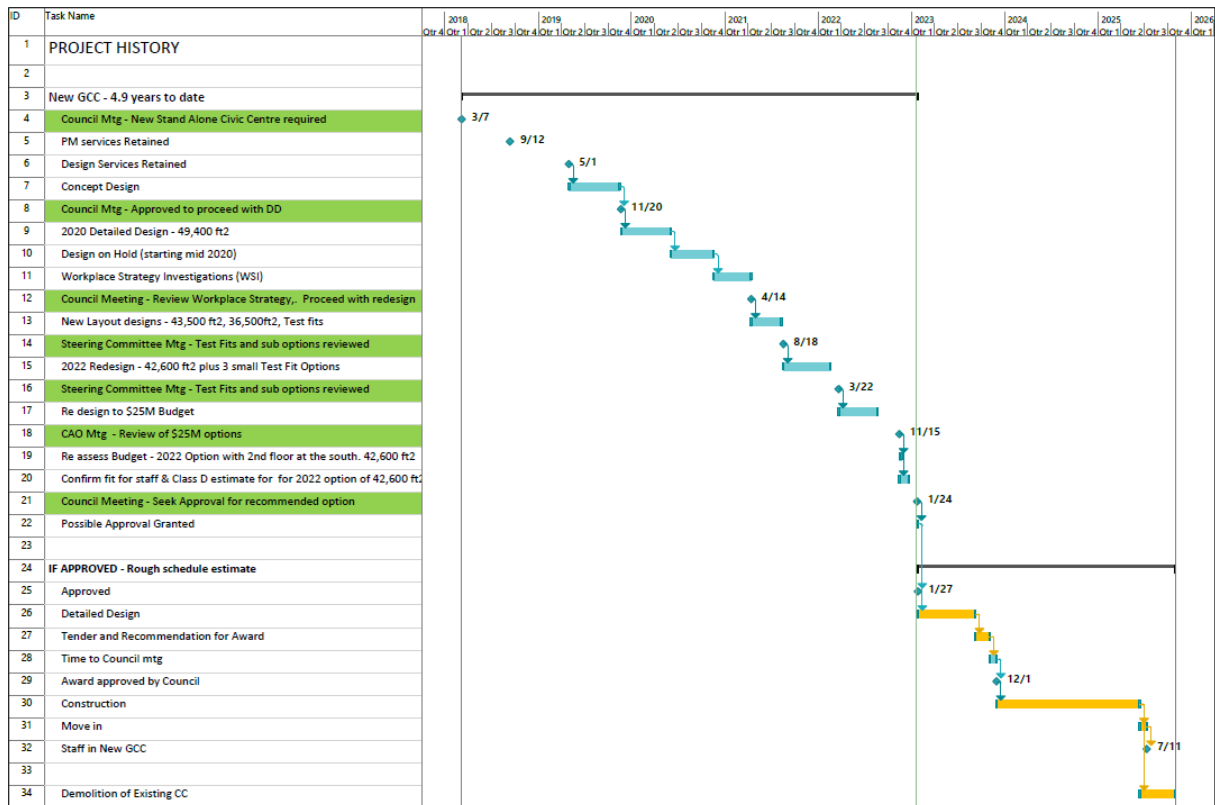
With the Flex Work Arrangements Policy now approved and being implemented and the new Council being in place, in November the Chief Administrative Officer (CAO) directed that a recommendation report on the RCC project be brought back to Council as part of the 2023 Budget process.

The CAO further directed that staff revisit the 2022 redesign option of 42,600 ft² and determine whether it will meet the Town's current and future needs in the context of the newly approved Flex Work Arrangements Policy as well as our learned experience over the past 2-3 years in delivering service through a hybrid approach,

particularly since re-opening the Civic Centre doors to the public in the spring of 2022. Over the course of November to December 2022, the number of seats and offices required under the application of the new Flex Work Arrangements Policy was re-verified. The overall project budget was also revisited to include escalation costs for the project over 2023 into 2025.

Further to this, IBI and staff met with all Department Heads to review the actual floor plan and work through the flow and adjacencies amongst Departments. Items that were still currently undersized or removed as a result of the earlier 21,200 ft² option, such as furniture storage, AV for the Council Chambers, etc. were also revisited. Based on this, the layout of 42,600 ft² now required an additional 2,000 ft² bringing the total square footage to 44,600 ft² (44,625 ft²). This building size would now have sufficient capacity to meet current and future needs.

The following schedule provides a timeline of the project history as outlined above as well as a rough estimate as to the schedule to complete the project if approval is granted.



4. **ANALYSIS:**

The following table provides a comparison of the options.

	2020 DESIGN (May 2020)	2022 RE-DESIGN (Jan 2022)	2022 RE-DESIGN REDUCTION to meet \$25M (Aug 2022)	Re Visit L Shaped 42,600 ft ² Option from Jan 2022 Re design (Nov 22, 2022)
Approx. Total (SQF) of the New Georgina Civic Centre	49,400	42,600	21,200	44,600 (2,000 ft ² added)
Estimated Overall Project Budget in the respective year	\$32 M based on 2020 costs	\$41 M based on Q4 2021 costs	\$25.7 M Based on Q4 2022 costs	\$50 M Incl escalation up to mid 2025
Overall program building capacity.	157 – 182	135	51 (inc. 6 offices)	125
Approx. seats required (Based on mtgs with Depts, Flex Work and cross checked with info from mid 2022) = 100 seats on a busy day.	✓	✓	⁽¹⁾ 49 seats less than required	✓

The \$25.7M, 21,200 ft² option does not meet the needs of the Town as discussed in the Background section.

Costs continue to be subject to the effects of pandemic related inflationary pressures so much so that the 49,400 ft² building option in 2020 was estimated at a project budget of \$32M (Class B) at the start of 2021 and now a 44,600 ft² building is estimated to require a \$50M project budget (Class D). According to Statistics Canada. (*Table 18-10-0135-02 Building construction price indexes, percentage change, quarterly*) the average non-residential construction cost inflation values for Q4 year over year were 2.2% in 2020, 15.3% in 2021 and 15.6% in 2022.

The re-assessed 44,600 ft² option that provides for the Town's staffing needs today, with future growth capacity and for which the budget has been re-estimated at a Class D project estimate of \$50M, is the option being recommended for approval. This option also includes the provision for a LEED Gold certified building, which is also being pursued for the new Multi Use Recreation Complex.

The key design features of the recommended 44,600 ft² option, appended as Attachment 1 – Concept Plan, are as follows:

- Staff Capacity of 125. Estimated staff that could be at the RCC on a busy day and for which the Department heads believe could be in the office at the same time equates to approximately 100.
- Allows for 22 office spaces (bookable) plus the Mayor, CAO and DCAO.
- Provides up to 10 smaller 4 to 6 person collaboration/meeting rooms.
- Provides for 5 open area collaboration spaces.
- Allows the departments/divisions of Clerks, Finance, Legal and Human Resources, all with greater privacy requirements, to be located in the more

private area of the building in the North Wing.

- Allows for space distributed throughout the building for 22 FLEX seats/desks for future growth. Future growth/space would continue to be influenced by the continued implementation of the Flex Work Arrangements Policy.
- The Council Chambers has been adjusted to allow for all the ancillary space such as the Audio Visual room required for recording, furniture storage, communications equipment, etc.
- Provides for a Courtyard design that acts as a gathering place for the public and the Town for special events. The Courtyard design also allows for enhanced natural light for workstations.
- The building layout also allows for future on grade expansion to the east of the North Wing should the need ever arise.

The detailed redesign would need to start as soon as possible at the beginning of 2023 if the new building is to be ready in 2025 and avoid further potential cost escalation. Demolition of the existing Civic Centre would take place right after it is vacated.

The option to stay in the existing Civic Centre was assessed in 2018 and then again in early 2022. The decision in both cases was not to stay in the existing Civic Centre. The only new information since then is that of the 2021 Building Condition Assessment (BCA).

The current 2021 BCA report indicates that the existing Civic Centre provides some 50,325 ft² (incl. a basement of 10,600 ft²) and accommodates up to 109 staff. The recommended capital to address the BCA findings in the existing Civic Centre over the next 20 years sits at approximately \$27.7M: \$6.1M (using avg. 6% infl.) by the end of 2027, \$9.0M (using avg. 6% infl.) in the following 5 years and another \$12.6M (using avg. 3% infl.) in the following 10 years. It should be noted however, that the BCA findings and cost estimates are based on replacing “like for like” items and do not factor in additional work that may be required such as changes to the building’s structural design, increases in potential space requirements, asbestos removal, staff relocation, GC general conditions, etc. It is not an estimate for an all-inclusive integrated design and planned renovation.

In addition, given the nature of renovating a building as old as the existing Civic Centre (built in 1958) the probability of coming across many unknowns after design and during construction is high. In this case, even with some destructive testing to inform the design, a lot of issues can arise during the various renovation tasks or additions (e.g., structural degradation, extent and type of asbestos that may need to be disturbed, actual routing of new mechanical and electrical services particularly if switching from the existing radiator system to an HVAC system, etc.) Therefore, it

would not be unreasonable to have to carry a contingency in the +/- 20% range depending on the nature of the work being approved.

If the approval to proceed with a new RCC is not granted, then approval must be obtained to proceed with efforts to immediately start addressing the noncompliant AODA issues at the existing Civic Centre. According to AODA (Accessibility for Ontarians with Disabilities Act), compliance is to be achieved by Jan 1 of 2025. According to the 2021 BCA, approval to proceed with an estimated \$1.95M (using an avg. 8% for inflation) over 2023 and 2024 would have to be obtained to address the non-compliance issues. In addition, the very likely addition to the building to accommodate a new elevator shaft (which is required to address the undersized non-compliant elevator) would need to be investigated as well as the rework required to provide universal washrooms. These types of items would have to be acted on now with an RFP stage, procurement of design, design time and procurement of construction followed by the actual work. It is also likely that some form of asbestos remediation may be required as well as the temporary reallocation of staff and services on account of noise disruptions as well as if existing asbestos is encountered and needs to be disturbed. In January 2013 an asbestos investigation was performed by CHEM SOLV that found asbestos containing material in the building (mainly in the basement) in the piping insulations, piping elbows, T's, valves and hangers, ceiling and floor tiles and their associated mastic adhesives, with some associated asbestos containing building material used in the building construction, including the roofing tar and the boiler room refractory chimney lining and brick masonry cements. In March of 2017, approximately 800 ft² of asbestos containing ceiling tile was removed from the current Customer Service area.

Finally, the findings of the BCA are meant to assign costs to elements of the Civic Centre that need to be retrofitted or replaced (i.e. at end of life) and then seeks to spread the costs out over time in an attempt to find a balance between expenditures and the urgency of replacement. That said, if the decision is to stay in the existing Civic Centre then the more prudent approach from a logistics, risk management, and business continuity perspective may be to address the entire scope of work in one contract rather than spread out over 20 years. The reason is that the various renovations or types of work required will undoubtedly require the temporary relocation of staff and services to other locations. As mentioned earlier, renovating or working on a building of this age will produce extra effort for unforeseen situations which will have an effect on schedule resulting in delays. It would be better to address the building as a whole instead of on a partial or piece meal basis and run the risk of delays and moving staff and services in and out over the years. If the Town remains in the Civic Centre for the immediate and near future then a proper assessment and integrated design needs to be performed as well as a plan for temporary relocation of staff and service, addressing where, leasing costs, duration,

etc. Plans to address the IT servers in the basement need to be developed, given that asbestos abatement will be required when the foundation repairs need to take place. Again, the above speaks to logistics, risk management and business continuity issues. These issues need to be balanced with the timing and availability of funding as well as being satisfied with the type and functionality of the building that the Town would be operating from for years to come. These have always been the issues and was in fact what led to the 2016 Pivotal Report that assessed the various options and aided Council in 2018 to decide that a new stand-alone RCC was required.

5. RELATIONSHIP TO STRATEGIC PLAN:

PRIORITY 2: "Promote a High Quality of Life" - Healthy, Safe, Sustainable; Communities - A vibrant, healthy, safe and accessible community;

PRIORITY 3: "Engage Our Community & Building Partnerships" - Communication Engagement, Collaboration & Partnerships;

PRIORITY 4: "Provide Exceptional Municipal Service" - Organizational & Operational Excellence to the residents and other stakeholders.

6. FINANCIAL AND BUDGETARY IMPACT:

The financial and budgetary impacts are as follows:

Project Budget Estimate as of Dec 2022:

The Class D project budget estimate to deliver the 44,600 ft² RCC is \$50M including applicable taxes. This estimate accounts for escalation costs between now and the completion of the project.

Project Budget based on Class D Estimate

Budget Item Description	Current Class D Estimate (44,600 ft ²)	Expenditures to end of 2022	Notes
Construction (incl. Demo & Site Works)	\$42,000,000	\$0	-Estimate based on High-level Class D (+/- 25%) - Approx. \$1M spent to date since 2018. - Accounts for LEED Gold (approx. \$1.3M) - Accounts for Site Works, Demo -Estimated duration is 2.5- 3 years
Consultants	\$3,800,000	\$1,006,082	
Permits & Fees	\$330,000	\$0	
Occupancy and Owner's Costs	\$500,000	\$47,788	
General Furniture, Fixtures and Equipment	\$2,600,000	\$0	
Contingency	\$3,800,000	\$0	
Sub-total	\$49,230,000	\$1,053,870	
HST (1.76%)	\$866,448	\$18,548	
	\$50,096,448	\$1,072,418	

Project Management, Architectural & Engineering Fees

The current existing financial commitment to CBRE is \$508,015.25 + HST. The current existing financial commitment to IBI is \$1,607,150.00 + HST.

CBRE and IBI have provided requests for additional fees for the effort to complete the project that covers the scope of work required to take the new design forward from this recommended layout through to the end of the project. CBRE's effort to complete is \$560,483.00 (incl. commissioning services at \$35,483.00) plus taxes. IBI's effort to complete is \$1,465,000.00 plus taxes. (See Table below)

The total fee for Project Management services as well as Design services, taking into account all effort spent since 2018 to date and up to the completion of the recommended new RCC facility in 2025, is **\$3,031,565.39** plus applicable taxes. This represents approximately 6.5% of the Project Budget. See table below:

Consultant Fees (excl. HST)

	CBRE	IBI	Totals
Existing Commitments	\$508,015.25	\$1,607,150.00	\$2,115,165.25
Spent to date	\$437,707.13	\$568,375.26	\$1,006,082.39
Remaining committed	\$70,308.12	\$1,038,774.74	\$1,109,082.86
Effort to complete (ETC): From approved concept to the end of the project.	\$560,483.00	\$1,465,000.00	\$2,025,483.00
Increased Fees Required	\$490,174.88	\$426,225.26	\$916,400.14
New Required Budget	\$998,190.13	\$2,033,375.26	\$3,031,565.39
% Fee of \$50M less consultant fees	2.1%	4.3%	6.5%
Recommended 10% contingency on the effort to complete	\$56,048.30	\$146,500.00	\$203,000.00
Total Budget Incl. Contingency	\$1,054,238.43	\$2,179,875.26	\$3,234,565.39

In order to proceed with the design of the recommend option and the consultant scope of work to the end of the project, the budget for CBRE requires an increase of \$490,174.88 plus applicable taxes and IBI an increase of \$426,225.26 plus applicable taxes. A 10% consultant contingency on the remaining effort to complete is being requested at \$203,000.00 plus applicable taxes.

Funding Strategy

The original financial plan for the replacement Civic Centre was to fund the project through a 30 year debenture with Infrastructure Ontario. Based on the original budget and the low interest rates at the time, the annual payments over 30 years would have been \$1.5 million and resulted in total interest expenditures over the 30 years of \$18 million. Based on the updated budget, along with higher interest rates today, the annual

payment, if debentured, would be \$3.1 million and result in total interest expenditures over the 30 years of \$42 million.

Primarily due to increased interest rates, staff are recommending to change the funding model for the replacement Civic Centre and to create a new reserve specifically for this project, as reflected in the 2023 Draft Budget. Since the Town can't ramp up funding to this reserve fast enough to pay for the entire project, staff are recommending to use a combination of a temporary capital line for up to 5 years and internal borrowings against the new reserve.

To ramp up this reserve, staff are recommending the 2023 and 2024 new Infrastructure Levy be directly applied to the Civic Centre reserve. This, along with other allocations shown in the reserve summary will provide a funding plan to repay the \$50 million expenditure within 12 years after completion of the project. This internal funding plan would cut 18 years off the original debenture timeline and save millions in interest expenditures over the period. Once the internal borrowings are repaid, the annual internal borrowing contribution, estimated to be \$3.4 million per year could be reallocated to other infrastructure needs within the community.

Below is a 15 year forecast for the Replacement Civic Centre reserve. In the initial years, the negative balance will be partially offset by using a temporary capital line through Infrastructure Ontario for up to five years as the Town ramps up contributions to the reserve. After the five years, the remaining negative balance is treated as an internal borrowing against Town reserves and repaid annually, similar to projects in the past, such as the Link.

Replacement Civic Centre 15 Year Reserve Forecast (\$000's)															
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Projected opening balance	-	(115)	(21,162)	(40,525)	(37,391)	(33,967)	(30,543)	(27,119)	(23,695)	(20,271)	(16,847)	(13,423)	(9,999)	(6,575)	(3,151)
Fund spent to date	(1,072)														
Estimated timing of capital outlays	(1,380)	(24,471)	(22,787)	(290)	-	-	-	-	-	-	-	-	-	-	-
2023 - 2% Infrastructure Levy	960	960	960	960	960	960	960	960	960	960	960	960	960	960	960
2024 - 2% Infrastructure Levy	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Current internal borrowing payment	577	664	664	664	664	664	664	664	664	664	664	664	664	664	664
Transfer from Corporate Capital	600	600	600	600	600	600	600	600	600	600	600	600	600	600	327
Transfer from Facility Reserve	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200
Reserve Balance	(115)	(21,162)	(40,525)	(37,391)	(33,967)	(30,543)	(27,119)	(23,695)	(20,271)	(16,847)	(13,423)	(9,999)	(6,575)	(3,151)	-

7. PUBLIC CONSULTATION AND NOTICE REQUIREMENTS:

In October 2019, two (2) Public Input Sessions were held to gather public input and to provide community awareness of the project. The first session was held on May 28, 2019 to obtain input on community priorities for the Replacement Civic Centre. Approximately 40 community members attended the session.

An online survey was posted on the Town's landing page to facilitate participation for those who could not attend the sessions. Additionally, hard copy surveys were distributed at various locations throughout the Town. For this phase of the public input process, 61 online and 42 hard copy surveys were completed.

The second session was held August 27th, 2019. At the second public input session, the three (3) unique project concepts at that time were presented. At the conclusion of

8. CONCLUSION:

Given the almost five years during which the various design options have been presented, vetted and reviewed in May 2020, Jan 2022 and March 2022, followed by the most recent confirmation that the 44,600 ft² design option addresses the Town's needs, the conclusion is that the recommended concept layout for the 44,600 ft² option with an estimated Class D project budget of \$50M plus applicable taxes be approved, designed and built by mid to late 2025.

APPROVALS

Recommended By: Shawn Nastke
Director,
Strategic Initiatives

Approved By: Rob Wheeler
Deputy Chief Administration Officer,
Office of the CAO

Approved By: Ryan Cronsberry
Chief Administrative Officer,
Office of the CAO

Attachments:

Attachment 1: New Replacement Civic Centre Concept Plans