



HALDIMAND COUNTY

**Report PED-GM-06-2016
of the General Manager of Planning and Economic
Development
For Consideration by Council in Committee**

RE: Central Administration Project – Work Plan and Property Matters

OBJECTIVE: To seek approval for the project timing and principles and select property matters, including site selection, of the new administration facility.

RECOMMENDATIONS:

1. THAT Report PED-GM-06-2016 Re: Central Administration Project – Work Plan and Property Matters dated May 13, 2016 be received;
2. AND THAT the project scope and schedule related to the Central Administration Project be endorsed;
3. AND THAT a lease extension be entered into with Robert Wilkins and William Walker for the Caledonia Satellite Office, 282 Argyle Street North, Caledonia, at a rate of \$16.00 per square foot plus applicable taxes, for a term of 3 years, with an option to renew for a further five years at fair market value, with all other terms and conditions from the current lease remaining the same, conditional upon Norfolk County agreeing to extend for the same term as the primary lease;
4. AND THAT a lease extension be entered into with Norfolk County for Health & Social Services accommodations at the Caledonia Satellite Office location, under the same terms and conditions of the current lease and coinciding with the primary lease term;
5. AND THAT the Dunnville Satellite Office, located at 111 Broad Street East, be declared as surplus to the needs of the municipality and listed for sale with a local realtor, with staff to report back on any potential sales transactions;
6. AND THAT, upon the sale of 111 Broad Street East, the customer service centre be temporarily relocated to the Dunnville Multi-Purpose Building on Forest Street, with approval for expenditures for required renovations or retrofitting not to exceed \$50,000, to be funded by the Land Sales Reserve;

7. AND THAT the Mayor and Clerk be authorized to execute all necessary documents to enact the intentions herein.

Prepared by:

Cathy Case
Manager, Support Services
Date: May 13, 2016

Respectfully submitted:

Craig Manley, MCIP, RPP
General Manager
Planning & Economic Development Department

Prepared by:

Philip Mete, P. Eng.
Manager of Construction
Central Administration Project

Approved:

Karen General
Acting Chief Administrative Officer

BACKGROUND:

In February 2016, Council considered Report CAO-01-2016 regarding the Administration Accommodation Review and approved the following:

- *Option 3 – Full Consolidation service delivery model for administration;*
- *Cayuga be selected as the location for a new administration building;*
- *The Customer Service vision, as outlined in Report CAO-01-2016 be adopted and implemented using enhanced technology and community service hubs in County Libraries, with customer service improvements to be in place no later than upon the opening of the new administration building;*
- *Staff be directed to prepare a report outlining:*
 - *A detailed functional building program, property location options and refined cost estimates; and*
 - *An Implementation strategy outlining the sequencing and timing to initiate construction by late 2017, the disposition and use of surplus administrative property and the staff resources required to implement the consolidated administration building project;*
- *Staff be authorized to procure consulting services to undertake the functional building program for the consolidated administration building at an estimated cost of \$50,000, to be funded by the Capital Replacement Reserve-General;*
- *Staff be directed to incorporate the impact of the full consolidation service delivery model into the Draft Tax Supported 2016 Capital Budget and Forecast ; and*
- *Staff be directed to negotiate a short term lease extension for the Caledonia Satellite Office and report back to Council with the results.*

This decision was based on a set of key decision principles, as follows:

1. Provision of fair and equitable access to County services for residents, businesses and investors – (the ability to get service);
2. The physical location of County services where face to face interaction is provided will generally be available within a reasonable and similar driving distance from the majority of the County population;
3. Improved overall customer service for residents and businesses (access to service, minimization of number of visits, comprehensive service);
4. Increased functionality and administrative operational efficiencies through functional design;
5. Long term cost effectiveness (i.e. rationalization of operational and capital investments);
6. Facilitate 'open local government' and should meet the needs of clients in terms of spaces that allow privacy and confidentiality, dignity, accessibility, and which reduces potential conflicts between uses and users (i.e. noise, safety);

7. Flexibility to respond to change over time (changes in services provided, growth and demographic changes, new organizational structures, evolving technology and business continuity during emergencies); and
8. Provision of a professional work environment for staff that contributes to high performance, good morale, employee wellness and retention/recruitment.

The implementation phase of the project is similar in that staff will continue to work towards meeting many of the same above key decision principles.

The purpose of this report is to:

1. Seek Council approval for the overall project implementation framework, including the timeframe associated with completing the construction of the new Central Administration Building;
2. Update Council with respect to the customer service improvement initiatives being undertaken;
3. Seek authorization to renew the Caledonia Satellite Office lease and the sub-lease with Norfolk County for the duration of the Central Administration Project; and
4. Declare the Dunnville Satellite Office property surplus to the needs of the municipality and market it for sale, temporarily relocating the customer service centre to the Dunnville Multi-Purpose Facility on Forest Street, if the Broad Street property is sold.

ANALYSIS:

In March 2016, a project committee was struck for the purposes of implementing the full consolidation model of administration accommodations, including the construction of a new facility in Cayuga, and the implementation of e-government services and library community hubs. The project has been titled the Central Administration Project (CAP). Members of the project committee are as follows:

Project Sponsor: Craig Manley, General Manager of Planning & Economic Development
 Project Co-Lead: Cathy Case, Manager of Support Services
 Project Co-Lead: Philip Mete, Manager of Construction (temporary seconded position)
 Key Project Members: Paul Diette, Deputy CAO, Haldimand County Public Library
 Lori Friesen, Supervisor Purchasing & Support Services
 Cheryl Judson, Desktop Support, Information Services

As this project aligns with the Business Application Software Project (BAS) currently being undertaken, many members of the CAP committee are also directly involved with the BAS.

Implementation Program:

Attachment 1 provides an overview of the framework to implement Council's decision to move to a Centralized Administration Building with the use of enhanced technology and community hubs. There are four fundamental aspects of the CAP: Customer Service, Property Matters, Functional Program and Construction.

Customer Service

The focus will be the eventual implementation of an e-government network to allow customers across the County to access services online. Online services are intended to be made available so customers may have access to many municipal services on a 24/7 basis at their

convenience. In addition, those needing assistance with online services will be able to attend their local library community hub for guidance and instruction. Traditional Customer Service will be based out of the new Central Administration Building in Cayuga.

To date, work has been initiated on gathering an inventory of current customer service interactions with the intent of categorizing these so as to develop prioritized improvements in conjunction with the Business Application software initiative. The inventory and categorization are critical to the implementation of the customer service program. The overall intent is to eventually make as many municipal services as possible accessible on a 24/7 self-serve basis. Where self-service is not possible or desired by the customer, library hubs will provide guidance on obtaining certain services with an in-person approach. It should be noted that the move to an “e-government” approach will be a gradual, phased-in initiative to ensure that the technology and business processes are aligned for a positive customer experience.

The committee is refining the idea of a community hub in terms of scope, functions, and will be seeking the support of the Library Board in terms of the use of the library branches, staff training, technology needs, and the impact on regular library operations. This matter, along with other customer service related measures, will be brought forward to Council in a subsequent report.

Property Matters

The key property matters which are associated with the CAP initiative include:

- the site selection for the new administration facility in Cayuga;
- the temporary extension of the Caledonia Satellite Office lease;
- third party lease arrangements which will need to be negotiated for retained County space once renovated; and
- excess County properties to be declared surplus and sold.

In terms of potential site locations in Cayuga for a new centralized administration building, staff from the Planning and Development Division initiated a thorough analysis of all potential sites for the new administration facility in Cayuga taking into consideration the following criteria:

- Any lot over 3 acres in size and within the urban boundary
- Road access
- Development limitations such as topography, environmental, woodlot, etc.
- Property configuration
- Servicing
- Adjoining land use compatibility (how does it fit into the community, downtown proximity, walkable)
- Future growth opportunities
- Parking
- Cost
- Corporate Image.

A Private and Confidential Report PED-GM-07-2016 to be reviewed at the June 21st Council in Committee meeting, discusses the potential properties in greater detail. This report is confidential due to the potential negotiations with private landowners. That report also provides the staff analysis of the alternative sites, with expert advice/input from required consulting, architectural and engineering firms, based on the following criteria:

- Concept design
- Financial analysis
- Land Use considerations
- Servicing considerations
- Property matters
- Relationship to the community
- Building design matters.

Through Report PED-GM-07-2016, staff will be seeking Council direction in terms of a preferred location for the new Central Administration Building.

Detailed Functional Design

The committee will be preparing a functional design for the new administrative building, envisioned to improve efficiencies, work functionality and overall work place design. An outside consulting team comprised of architects and engineers will be secured to assist in this part of the initiative. The consulting team will be involved in the project from the functional design stage through to the completion of the project. The staff team, in conjunction with the consulting team, will be reviewing workspace and office design standards to ensure efficiencies among work groups are maximized, amenities for workplace productivity and wellness are included, and that key features such as the POA court, Council Chambers and public interface areas are well designed.

The work will involve site visits to recently built administration buildings and allow for input from staff and Council. The functional design aspect of the project will form the basis of detailed building design and costing. Other functional design requirements include a review of the Library Community Hub design requirements in each branch, as well as addressing the needs of third parties for areas such as OPP sub-offices and community policing offices and Health and Social Services space. The functional design component of the initiative is tied to the location decision and is expected to be completed by January 2017 at which time it will be submitted for Council approval.

Construction

The construction component of the project will be tendered once a design is finalized and approved by Council. The construction component will also include necessary renovations to existing facilities to accommodate third party rentals. Move-in logistics will also be a key part of the construction project.

The target date for completion of the Centralized Administration Building is the Fall of 2019 with related third party leases and property disposition occurring as opportunities arise.

Project Timeline

The following Table and **Attachment 2** relate to the key steps associated with the design and construction of the new facility:

Key Milestone	Timing
Project Start Up	March 2016
Site Selection	June 2016
Award RFP–Consulting Services / Functional Design	Fall 2016
Final Design Approval to Council	January 2017
Finalize Construction Tender Documents	Spring 2017
Tender Award	June 2017
Construction	July 2017 to August 2019
Site Works, Footings, Foundations	July to Dec 2017
Winter Shut Down	January 2018 to April 2018
Construct Building	April 2018 to Feb 2019
External Site Works / Landscaping	April 2018 to June 2019
Commissioning and Furnishings	May 2019 to August 2019
Occupancy / Scheduled Move In	Fall 2019

Impact on Current Administration Locations

The full consolidation model of administrative accommodations approved by Council involves disposing of two current administrative facilities – the Cayuga Administration Building on Munsee Street North and the Dunnville Satellite Office on Broad Street East. The Hagersville Satellite Office and the office space at Haldimand County Caledonia Centre will be retained and re-purposed to house the OPP community/sub-offices and space for private leases. The Caledonia Satellite Office lease will ultimately terminate when the new administration facility is completed. The Dunnville Multi-purpose Building on Forest Street will be retained, as it houses the County’s records retention centre, water and wastewater operations staff and the Dunnville EMS operations. The Kohler facility will also be retained, as it houses the Fleet Division and associated garages, etc.

There are two immediate action items being proposed by Staff which address the property disposition of the Dunnville Satellite Office and a short term extension of Caledonia Satellite Office lease.

Dunnville Satellite Office – 111 Broad Street East

The Dunnville Satellite Office (DSO) currently houses twelve permanent staff and 8 summer students. The facility is in good condition structurally, and is underutilized. As was noted in the Phase 1 Accommodation Review analysis, the Dunnville Multi-Purpose Building is also currently underutilized and has the capacity to house all the staff currently occupying the Dunnville Satellite Office. Rather than waiting until the new administration facility is completed in 2019, staff are recommending that the Dunnville Satellite Office property be immediately declared surplus to the needs of the municipality and listed for sale as soon as possible. Taking such action now also allows for some operational savings in terms of utilities, maintenance and repairs by consolidating the current administrative operations from two underutilized buildings to one location in Dunnville, albeit on a temporary (three year) basis. This will prevent the facility from eventually being vacant, which should also assist in its marketing while it’s in active use.

Staff are proposing that any potential sales transactions for the Broad Street property be presented to Council. Once a firm offer has been accepted for the property, staff from Broad Street will temporarily relocate to the Dunnville Multi-purpose Building on Forest Street. That facility currently contains a vacant area (where Emergency Services Administration were formerly located) that will accommodate the relocated staff. Once the new Cayuga Administration Building is constructed, these staff will be relocated from Dunnville to Cayuga. It is possible that the then vacated space at the Forest Street property will be needed by Health & Social Services staff due to expected service level changes being considered by the Province over the next several years.

The former Emergency services offices on Forest Street would need minor reconfiguration to set up an appropriate customer service counter and some routine maintenance such as painting. All existing furniture would be re-used where possible but, it is anticipated that some minor furniture purchases may be required to accommodate the reception area to allow it to function appropriately for the three year timeframe. Some minimal costs related to public communication of the new location are also anticipated. It is recommended that an upset budget of \$50,000 be approved to cover any costs of preparation of this site for the relocation. The expenditures will ultimately be offset by proceeds from the sale of the Broad Street building, through a transfer from the Land Sales Reserve. It should also be noted that once the staff are permanently relocated to the new Cayuga administration facility, the improvements done to the Forest Street offices will make it more attractive to other potential lessees, including the Health and Social Services Department.

Staff recommend that the building be listed with a local realtor at a list price based on fair market value for a period of eight weeks before receiving offers. Once offers are received, staff will report back to Council with recommendations, including a closing date that provides adequate notice to residents of the consolidation of administrative services at the Dunnville Multi-Purpose Building.

Caledonia Satellite Office – 282 Argyle Street South

The Caledonia Satellite Office location is privately owned. The County has leased the property since 2001, with the current term expiring November 2016. The County sub-leases to Norfolk County for Health Unit office space at the same location. The Caledonia sub-office of the OPP is also part of this leased space. With the decision made to consolidate administration facilities into one new central building in Cayuga, eventually there will no longer be a need for this lease in Caledonia. However, until construction is completed, the 32 staff housed at the Caledonia office, as well as the OPP and Health Unit, require office space. In February 2016, Council directed staff to negotiate a lease extension for this office space and report back to Council.

The Manager of Support Services and the General Manager of Community Services met with the landlords to discuss options. Staff were able to negotiate a lease extension until November 2019 with an option to extend for up to five years at fair market value, by providing six months written notice. The option to extend will be beneficial in the event of unforeseen delays in occupancy of the new Cayuga administration building. The lease rate will remain at the current rate of \$16.00 per square foot for the duration of the three year lease extension. All other terms and conditions of the existing lease will continue over the extension period. A copy of the lease extension document is included as **Attachment 3**.

Staff are currently working with Norfolk County staff as Haldimand would like to continue to sub-lease the existing space for Health & Social Services Department's use over the next three years. The subleased space is approximately 2,900 square feet, with shared common areas such as the main entrance, washrooms, lunch room and meeting rooms. At the time of this report's preparation, Norfolk County staff could not commit to a three year extension as they wish to conduct a market analysis regarding pricing and possible other locations in Caledonia. As well,

due to several new initiatives at the Provincial level that have the potential to directly impact service delivery for Health and Social Services, Norfolk staff have concerns that the current space in Caledonia is insufficient for their needs. Staff from Haldimand and Norfolk will continue to work together to discuss possible solutions for Health and Social Services staff accommodations within Haldimand County should the need arise for more space in the near future. In the meantime, staff recommend that the primary lease extension for the Caledonia Satellite Office be approved, conditional upon Norfolk County agreeing to extend their sub lease for the full three year term. If it becomes necessary to present options for alternative or additional accommodations for Norfolk County, staff will report back to Council prior to the lease expiry of November 2016.

BUDGET/LEGAL IMPLICATIONS:

Funds from the sale of the Dunnville Satellite Office at 111 Broad Street East will be deposited in the Land Sales Reserve in accordance with County policy. These monies will indirectly be used to offset any minor renovation and communication costs to convert the Dunnville Multi-Purpose Building to a temporary customer service centre, based on an upset limit of \$50,000. The funds expended at the Forest Street offices will benefit the County subsequent to the finalization of the new administration building by making the space more attractive to potential lessees. In order to address the eventual retrofits expected to make better use of the other retained County facilities (Hagersville and Haldimand Caledonia Centre), a separate project budget for these other related locations will be presented to Council at a later date. The remaining proceeds from the sale of 111 Broad Street, through the Land Sales Reserve, will be a source of funding for these expenditures.

Staff were able to negotiate an extension of the lease at 282 Argyle Street South, Caledonia, for the duration of the central administration project at the existing rate per square foot. This represents an annual cost of \$173,456, plus common area maintenance fees which are paid on an actual cost basis. The sub-lease with Norfolk County brings in \$40,144 annually to help offset these lease costs. The 2015 cost for common area maintenance was \$65,630. Norfolk also pays a relative portion of the common area maintenance costs.

Council budgeted \$13.495 million in the 2016 Capital Budget for the new central administration building based on preliminary estimates that did not include property acquisition, any extension of services or site specific engineering requirements. These assumptions were outlined in the Phase 1 Administrative Accommodation Reports. Confidential report PED-GM-07-2016 includes the current estimated project costs associated with the alternative locations. Depending on final design and location, the current budget estimate may need to be increased.

INTERDEPARTMENTAL IMPACTS:

Not applicable.

LINKS TO STRATEGIC PLANS:

Not applicable.

CONCLUSION:

The Central Administration Project is actively progressing. Council is requested to endorse the project scope and schedule. To allow the project to progress proactively there are some property matters that need to be considered.

Staff recommends declaring the County property at 111 Broad Street East, currently used for the Dunnville Satellite Office, as surplus to the needs of the municipality so that it may be marketed for sale at this time. Staff will report back to Council with the results of the marketing efforts and to authorize the sale. Once the facility is sold, it is recommended that the customer service centre and staff be temporarily relocated to 117 Forest Street, Dunnville, in the vacant area that formerly housed Emergency Services Administration. This interim consolidation will make better use and reduce the operating costs of two partially vacant buildings within Dunnville.

Staff is also recommending a three year lease extension for the Caledonia Satellite Office premises at 282 Argyle Street South, conditional on securing a commitment from Norfolk County with respect to the sub-lease of the Health Unit's portion of the current space. The lease rate, terms and conditions remain the same as the existing lease. A further extension at a new rate has also been built into the lease in the event of unforeseen delays with the project. The sub-lease with Norfolk County is also recommended for extension.

Lastly, criteria for the site selection of the new administration building in Cayuga have been outlined in this report. Confidential report PED-GM-07-2016 addresses further details on the site selection process and is presented in closed session due to the potential impact on negotiations with private parties.

ATTACHMENTS:

1. Central Administration Project Framework. (under separate cover)
2. Central Administration Project Schedule. (under separate cover)
3. Lease Extension for Caledonia Satellite Office.

REQUIRED AND RECEIVED COMMENTS FROM: Yes or Not applicable	
Clerk's	Not applicable
Community Services Department	Not applicable
Finance	Not applicable
Health & Social Services Department	Not applicable
Human Resources	Not applicable
Information Systems	Not applicable
Legal	Not applicable
Public Works Department	Not applicable
Planning & Economic Development Department	Not applicable
Support Services	Not applicable
Other	Not applicable

CLERK'S DIVISION REVIEW
Report: PED-GM-06-2016 - Central Administration Project – Work Plan and Property Matters

COUNCIL IN COMMITTEE:
RECOMMENDATION NO

- Approved
- Approved with Amendments
- Defeated
- Deferred
- Other

COUNCIL:
RESOLUTION NO:

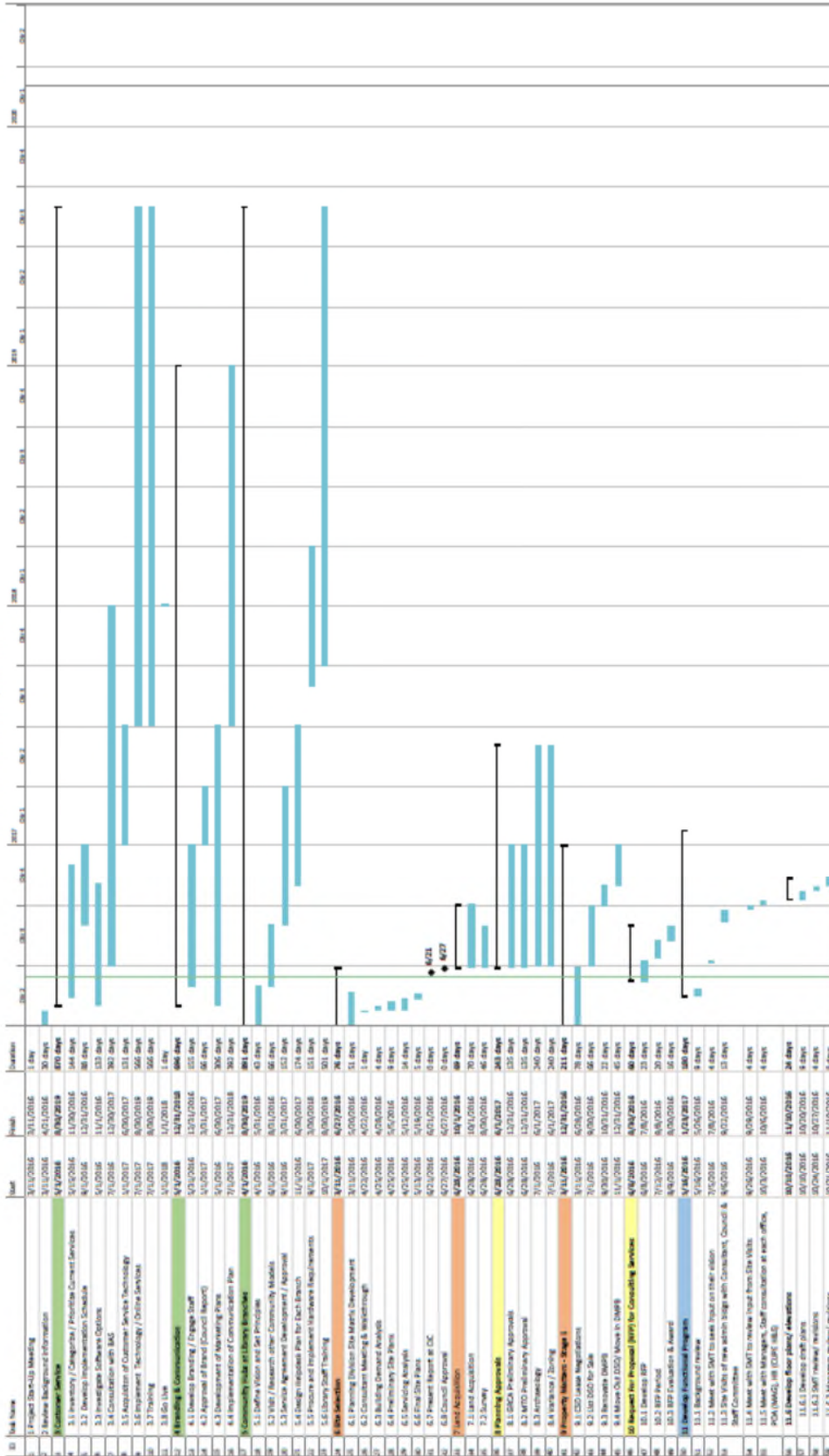
- Approved
- Approved with Amendments (Noted below)
- Defeated
- Deferred
- Other

Amended Recommendation(s):

Council Direction:

Clerk's Division Action Taken:

Central Administration Project Schedule



THIRD LEASE RENEWAL AGREEMENT

THIS AGREEMENT, made May 5, 2016, by and between ROBERT J. WILKINS and WILLIAM J. WALKER, 245 Wilson Street East, Ancaster, Ontario, (referred to herein as "Lessor") and HALDIMAND COUNTY, 45 Munsee Street North, P.O. Box 400 Cayuga, Ontario, N0A 1E0 (referred to herein as "Lessee").

WITNESSETH

WHEREAS, Lessor and Lessee entered into a Lease dated the 26th day of November, 2001 (referred to herein as the "Lease"), for certain real property containing approximately 10,841 square feet located at 282 ARGYLE STREET SOUTH, CALEDONIA, ONTARIO (hereinafter referred to the "Leased Premises"),

AND WHEREAS, the Lessor and Lessee entered into a Lease Renewal Agreement on December 1, 2006 (hereinafter referred to the First Lease Renewal Agreement);

AND WHEREAS, the Lessor and Lessee entered into a Second Lease Renewal Agreement on June 7th, 2011 (hereinafter referred to the Second Lease Renewal Agreement);

WHEREAS, the Lessor and Lessee desire to amend the Lease, the First Lease Renewal Agreement and the Second Lease Renewal Agreement;

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

That the Lease is amended effective the 1st day of December, 2016;

1. Renewal Term

The term of the Lease shall be extended for an additional period of three (3) years.

The first paragraph of section 3 of the lease and section 1 of the Lease Renewal Agreement dated December 1, 2006 and second Lease Rental Agreement is hereby deleted and replaced with the following:

"The Lessee shall hold the Lease Premises for a term of Three (3) years commencing the 1st day of December 2016 and to be fully completed and ended on the 30th day of November, 2019."

2. Rent Payable

Section 4 of the Lease and Lease Renewal Agreement is hereby deleted and replaced with the following:

- (a) Subject to the provisions contained in paragraph 3 hereof, the Lessee shall pay from and after the date of commencement and throughout the term of this lease, to the Lessor in lawful money of Canada without any prior demand therefor, and without any deduction, abatement, set-off or compensation whatsoever, as an annual basic rent (the "Basic Rent") as follows:

For the period of December 1, 2016 to November 30, 2019 the sum of ONE HUNDRED AND SEVENTY-THREE THOUSAND FOUR HUNDRED AND FIFTY-SIX DOLLARS (\$173,456.00) payable in equal monthly

instalments of Fourteen Thousand Four Hundred and Fifty-Four Dollars and Sixty-Six Cents (\$14,454.66) each in advance on the first day of each calendar month;

- (b) The Lessee shall pay to the Lessor as additional rent all such other amounts, as shall become due and payable hereunder by the Lessee as required by the provisions contained in this Lease.

3. OPTION TO RENEW

(a) Provided that the Lessee is not in default in any respect hereunder, the Lessee shall have the right to renew the within Lease for one further term of one (1) to five (5) years on the same terms and conditions, save and except that there shall be no additional right of renewal after the renewal and the rental shall be negotiated as hereinafter set forth.

(b) The Lessee shall give the Landlord notice of not less than ninety (90) days prior to the expiry of the term of the lease in writing of its desire to exercise its option for the renewal period and the length of the desired renewal in accordance with this option.

(c) The parties shall attempt to negotiate a rent for the renewal period, on or before the three (3) months prior to expiration, and if agreement is reached, it shall be embodied in memorandum in writing to that effect.

(d) The parties hereto agree that if the Lessee exercises their right to renew, notwithstanding the term of the renewal, the Lessee may provide the Lessor with Six (6) months' notice of its desire to terminate earlier and the Lease will terminate on that date.

(e) In the event that no agreement is reached as provided for in subparagraph (c), it is hereby agreed that the amount of such renewal minimum rent shall be settled by the award of one arbitrator, which award shall be binding upon the parties hereto. If the parties cannot mutually agree upon an arbitrator, either party may apply to the Ontario Labour Management Arbitrators Association to have an arbitrator appointed whose decision shall be final. The fees payable to the arbitrator for the arbitration shall be borne equally between the Lessor and Lessee. In all other respects the provisions of the Arbitration Act shall apply. The parties attempting to reach agreement and the arbitrator, in the event that no such agreement is reached shall base the minimum rent on the following factors:

- (i) Current rents on the open market;
- (ii) for a similar space;
- (iii) in a similar location.

5. All other terms, covenants and conditions of the Lease shall remain in full force and effect. In the event of any conflicts between the terms and conditions of the Lease, the First Renewal Agreement and Second Renewal Agreement and the terms and conditions of this agreement the terms and conditions of this agreement shall prevail.

IN WITNESS WHEREOF the Lessor and Lessee have caused this agreement to be executed as of the day and year first written above.

Landlord:
ROBERT J. WILKINS AND
WILLIAM J. WALKER
BY:

Robert J. Wilkins
I have the Authority to bind the
Partnership

Tenant:
HALDIMAND COUNTY
By:

Print Name:
Authority: Mayor
I have the authority to bind Haldimand County

Print Name:
Authority:
I have the authority to bind Haldimand County