

**THE CORPORATION OF THE CITY OF WINDSOR
OFFICE OF THE CITY ENGINEER**



MISSION STATEMENT:

"Our City is built on relationships – between citizens and their government, businesses and public institutions, city and region – all interconnected, mutually supportive, and focused on the brightest future we can create together."

LiveLink REPORT #: 16526 APM/9120	Report Date: January 9, 2014 (PW#3555/lp-11/28/13)
Author's Name: Mario Sonego/Administration	Date to Council: January 20, 2014
Author's Phone: 519 255-6247 ext. 6356	Classification #:
Author's E-mail: <u>msonego@city.windsor.on.ca</u>	

To: Mayor and Members of City Council

**Subject: NEW CITY HALL FACILITY
Next Steps**

1. RECOMMENDATION: City Wide: _____ Ward(s): _____

- I. That City Council **RATIFY** the In Camera resolution of December 2, 2013, that Administration **BE AUTHORIZED** to enter into a tenant lease agreement according to the terms approved within the In Camera Report on December 2, 2013 satisfactory in form to the City Solicitor, in financial content to the City Treasurer, and in technical content to the City Engineer; and
- II. That Administration **BE AUTHORIZED** to proceed with the design and construction of a new City Hall to accommodate CITY NEEDS with Public Works Government Services Canada (PWGSC) a tenant using the DESIGN-BUILD process with milestone reports to City Council and subject to receipt of 30% design approval from City Council, that Administration **BE AUTHORIZED** to issue the DESIGN-BUILD RFP (without honorarium) for the design and construction of a new City Hall, in a manner consistent overall with the requirements contained in the In Camera Report presented December 2, 2013; and
- III. That Schedule A - *Summary of The City Hall Occupancy Program* completed by NORR Limited on April 11, 2013 **BE CONFIRMED** as the planning basis for the CITY NEEDS in the new City Hall facility to be used in developing the purchasing specifications for the facility; and
- IV. That \$46.75 million **BE CONFIRMED** as the overall budget for the construction of a new City Hall with a tenant, funded from the following non-debt funding sources:
 - a. Previously approved placeholder of \$12 million (M95-2011) resulting from the ISF project surplus,

- b. Previously approved Capital Project surplus funds totalling \$4.75 million (B5/2013) approved in the 2013 Capital Budget Report, and
 - c. Previously approved \$18 million placeholder (B26/2013) in the 2013 Capital Budget that will be funded from the 5 Year Capital Plan, and
 - d. Previously approved \$12 million placeholder (B38/2013) in the 2014 Enhanced Capital Budget Plan that was approved December 2, 2013 by City Council.
- V. That Administration **BE AUTHORIZED** to prepare and issue an RFP to retain a Technical Support & Design Consultant(s) to facilitate the design of a new City Hall, including the development of the Owner's Statement of Requirements (OSR), completion of 30% design drawings, cost estimating, development of design-build contract documents, evaluation of design-build proponents and provide contract administration services; and that the Chief Administrative Officer and City Clerk **BE AUTHORIZED** to sign an Agreement with the successful proponent, subject to approval in form to the City Solicitor, in financial content to the City Treasurer, and in technical content to the City Engineer; and
- VI. That in accordance with the Official Plan (Policy 8.5.2.8 – Energy Conservation) and the Environmental Master Plan, Administration **BE AUTHORIZED** to include a provision for a building certification standard equivalent to Building Owners and Managers Associations - Building Environmental Standards (BOMA BEST) Level 1, Leadership in Energy and Environmental Design (LEED) or equivalent as optional innovations in the Design-Build RFP; and
- VII. That the results of the Design-Build RFP process **BE REPORTED** to City Council and, subject to the results of the RFP falling within the approved budget, that the Chief Administrative Officer and City Clerk **BE AUTHORIZED** to sign an agreement with the successful party for the design and construction of a new City Hall facility satisfactory in form to the City Solicitor, in financial content to the City Treasurer, and in technical content to the City Engineer; and
- VIII. That Administration **BE AUTHORIZED** to proceed with a process for the decommissioning and demolition of the existing City Hall building including consultations with the Heritage Committee, and at the appropriate time and subject to the cost falling within budget and that the Chief Administrative Officer and City Clerk **BE AUTHORIZED** to sign an agreement to effect demolition satisfactory in technical content to the City Engineer, in form to the City Solicitor and in financial content to the City Treasurer; and
- IX. That City Council **APPROVE** the proposed New City Hall Project Charter including the member structure of the various committees as outlined in the attached Schedule B dated December 18, 2013; and,
- X. That Administration **BE AUTHORIZED** to take any other steps as may be required to bring effect to these resolutions, and that the CAO and City Clerk **BE AUTHORIZED** to execute any required documents for that purpose, subject to legal approval by the City Solicitor, financial approval by the City Treasurer, and technical approval by the City Engineer and that any such steps taken be reported to the project steering committee as soon as is practical following the action.

EXECUTIVE SUMMARY

City Council has received various reports on the condition of the current City Hall building, all indicating the deteriorating condition of the building and in particular its mechanical and electrical systems.

In 2011 the Chief Administrative Officer was contacted by an interested party looking to lease space in a New City Hall facility. Although not identified at the time, Public Works and Government Services Canada (PWGSC) entered into discussions with the City regarding this facility. Subsequently in 2012, Council directed administration to investigate the construction of a new building with the option of having other entities as tenants.

As Council has identified the need to address the condition of 350 CHS, funding placeholders totalling \$34.75 Million were approved in 2011 and during the 2013 Capital Budget for the 350 CHS property with a subsequent \$12 Million during the 2014 Capital Budget to expand the facility to include a tenant.

On June 18, 2012, Council directed administration to proceed with the option to "Construct a new building with other entities as tenants – to be sought out and returned to Council". Subsequently, administration has been working on various components of the project which are detailed within the report and summarized as follows.

Facility Requirements

Facility requirements have been identified as a result of a study, *The City Hall Occupancy Program, General Program Plans, and Building Requirements/Standards*, completed by NORR Inc. The study provides for standardized space allocations using the latest concepts in the industry for efficiency and flexibility for many years to come as well as recommendations for the consolidation of some areas to provide efficiencies, as well as a larger Council Chambers. The minimum size of a new building is recommended to be approximately 105,000 square feet for the current City needs as well as address such issues as accessibility that are required by AODA.

Organizational Concept

The recommended organizational concept of a new facility is intended to promote an efficient, functional, customer service oriented facility without incurring the cost of an iconic building. This is a key objective of the project and it is intended to be a practical and functional building.

Construction Process

Three construction processes were compared by outlining the advantages and disadvantages of each option. Both the Design-Build and the Design-Bid-Build processes have been successful in the past and would yield a successful project. The recommended process is the Design-Build process. As time is of the essence and the budget is capped, the Design-Build process provides for a streamlined process that allows flexible negotiations while minimizing the overall timeframe of the project. A slight variation of this process is recommended in which 30% design drawings are completed and included in the RFP. This will minimize variables associated with Design-Build process, provides clear direction on form/function of the facility as well as provides an opportunity for Council to approve the design parameters prior to the issuance of the Design-Build RFP. This should further eliminate the need for an honorarium and therefore, this is not recommended to be provided to the design-build proponents.

Timelines

The timelines are directly related to the construction process. As either Design-Build or Design-Bid-Build processes would produce a successful project, a high level schedule was developed for each. The duration begins from the date Council approves the project, through the various milestones of design and construction to occupancy. The estimated duration of the project for Design-Bid-Build = 46 months and Design-Build – 40 months.

Offsetting Tenancy

Subsequent to Council direction, Administration participated in various discussions and negotiations with PWGSC, the results of which were detailed within the In-Camera report approved on December 2, 2013. PWGSC requires provision for 50,600 square feet within a new City Hall facility with an occupancy date expected between March-October of 2017. After a full evaluation of project cost and future revenues, administration calculated the Net Present Value to be \$16.9 Million which reduces the total \$46.6 Million cost to \$29.2 Million, if the City were to include PWGSC as a tenant.

Summary

In response to the specific previous direction of City Council to proceed with the option to “Construct a new building with other entities as tenants – to be sought out and returned to Council”, and the approval of the terms outlined within the In-Camera Report on December 2, 2013, this report recommends proceeding with the construction of a new City Hall with PWGSC as a tenant.

The total building size with a tenant would be 155,000 square feet and is to be located on the south side of the current City Hall building. This would be in place of the current public parking lots. The plan for the current City Hall building would be to demolish the building and replace the public parking lot.

It is recommended to proceed with the next steps toward the construction of a new City Hall. Next steps include proceeding with an RFP for a Technical Support & Design Consultant(s) to facilitate the design of a new City Hall, including the development of 30% design drawings to be approved by Council through a separate report. Once approved, the OSR and contract documents will be completed and a Design-Build RFP will be issued in accordance with the Purchasing Bylaw. In parallel, administration will finalize the detailed lease negotiations with PWGSC according to the terms outlined within the In Camera Report date December 2, 2013. Milestone steps will continue to be reported to City Council through an approved steering committee as outlined within the recommended Project Charter included in Schedule B.

2. BACKGROUND:

City Council has received various reports and information on the condition of the current City Hall building dating back to 1985, all indicating the deteriorating condition of the building and in particular its mechanical and electrical systems as well as relating to the building envelope.

On June 18, 2012, the council report on the ‘350 CHS – Conditions Report Update and Options’ was considered. The report provided Council with the opportunity to investigate one or more of the following options:

1. Short term maintenance of existing building;
2. Full renovation of existing building;

3. Construct a new building;
4. Construct a new building with other entities as tenants – to be sought out and returned to Council;
5. Sale of 350 City Hall Square and leaseback;

City Council approved CR140/2012 (below) directing administration to investigate option 4.

*“That the report of the Executive Director of Parks & Facilities dated May 31, 2012 regarding the condition and options for 350 City Hall Square **BE RECEIVED** for information; and further,*

*That Administration **BE AUTHORIZED** to complete a full financial analysis, including a business case to support a recommendation to Council of the following option related to the building located at 350 City Hall Square:*

Construct a new building with other entities as tenants – to be sought out and returned to Council;

*AND That Administration, through the delegation of authority process, **BE AUTHORIZED** to obtain appraisals, building condition reports and other reports, inspections, or testing which it deems necessary to assist in the financial analysis of this option, with an upset limit of \$150,000.00 (being the CAO authority under the Purchasing bylaw), and that those costs **BE FUNDED** from the Capital Expenditure Reserve – Fund 160; and*

*That the Chief Administrative Officer **BE DELEGATED** the authority to explore options to lease, for purposes of the 350 City Hall Square building (“350 CHS”) project, in order that the City can obtain the most cost effective leasing arrangements for the temporary relocation of Administration, if such relocation should be deemed necessary.”*

Placeholder funding for the 350 CHS property has thus far been dedicated as follows:

1. Previously approved placeholder from the ISF Project surplus (M95-2011)	\$ 12.0 Million
2. Previously approved transfer of capital project surpluses in the 2013 Capital Budget Report (B5/2013)	\$ 4.75 Million
3. Previously approved \$18 million placeholder in the 2013 Capital Budget (B26/2013)	\$ 18.0 Million
4. Previously approved \$12 million placeholder in the 2014 Capital Budget (B38/2013)	\$ 12.0 Million
Total Funding	\$46.75 Million

On December 2, 2013, Council approved the following during the In Camera session;

- I. ***THAT** the confidential report of the City Engineer and the City Solicitor **BE RECEIVED** for information;*
- II. ***THAT** the adoption of some or all of these recommendations **BE CONDITIONAL** upon the approval by Council to proceed with the construction of a new City Hall under a Design-Build process and in a manner consistent overall with the requirements contained in this report; and that if the necessary Council approval is not provided on or before January 31, 2014, that Administration **BE DIRECTED** to terminate discussions with Public Works Government Services Canada (“PWGSC”);*
- III. ***AND THAT** Administration **BE DIRECTED** to finalize discussions with PWGSC in accordance with the following terms, but in any case within the budget of \$11.9 Million to be*

financed in accordance with the Enhanced Capital Budget being presented at the December 2, 2013 public meeting to approve the budget:

With respect to tenancy in the new City Hall

- (a) Term: 15 years with options to renew for 2 further 5 year terms under same terms and conditions;
- (b) Square Footage: 44,000 square feet usable space (estimated 50,600 rentable square feet);
- (c) Base Rent: Detailed in In camera report;
- (d) Additional rent: Detailed in In camera report
- (e) Parking: 2 guaranteed crown spaces and 8 accessible spaces;
- (f) Leasehold Improvements: The City must provide the "base building" square footage. PWGSC will be responsible for the cost of its own leasehold improvements. The City will receive a management fee based on a percentage of the overall PWGSC leasehold improvement costs.

With respect to the acquisition by the City of 185 Ouellette

- (a) The facade be repaired at PWGSC expense to a minimum 10 year standard, to be completed prior to the Closing Date;
 - (b) Detailed in the In Camera report;
 - (c) Closing Date: Upon occupancy by the Tenant at the new City Hall Facility, or such date as mutually agreed between the parties;
- IV. **AND THAT** if PWGSC does not obtain Treasury Board approval for the PWGSC/City agreed upon terms for its tenancy in the new City Hall and for the transfer of ownership of 185 Ouellette, and that if the necessary agreements are not executed on or before the award of the Request For Proposals (Design-Build), that Administration **BE DIRECTED** to terminate discussions with PWGSC;
- V. **AND THAT** Administration **BE DIRECTED** to sign a non-binding expression of interest for the acquisition of the 185 Ouellette property in order that PWGSC may proceed to negotiate with the City of Windsor in priority sequence;
- VI. **AND THAT** if an agreement is reached, that the Chief Administrative Officer and City Clerk **BE AUTHORIZED** to sign any necessary agreements or other documents to give effect to these transactions, satisfactory in form to the City Solicitor, in content to the Manager of Real Estate Services, the Executive Director of Parks & Facilities, and the City Engineer, and in financial content to the City Treasurer;
- VII. **AND THAT** if proceeding the transaction **BE COMPLETED** electronically, for the property where it is available, pursuant to By-Law 366-2003, and that the City Solicitor, or designate, **BE AUTHORIZED** to sign any documents standard to a real estate transaction;
- VIII. **AND THAT** Administration **BE DIRECTED** to deliver a public report to City Council proposing the construction project for a new City Hall facility as soon as is practical.

3. DISCUSSION:

It is acknowledged by this Administration that constructing a new City Hall is a significant investment for any municipality and one which is not entered into lightly. Since the 1980's the deteriorating conditions of 350 City Hall Square were noted in various administrative reports to City Council. While some investments in capital repairs have been made over the years, the building conditions are now such that the windows leak and the mechanical and electrical systems require major replacement. The presence of asbestos and the need to remove staff during any remedial efforts would make such an undertaking come at a significant cost of not just the repairs, move and temporary accommodations for staff, but also inefficiency of operations during that time. Therefore Council has dedicated the placeholder funding for a new facility that will see the city operations well into the future. The business case for a new city hall, with potential for offsetting tenancies, as well as the alternative of renovating and expanding the current facility is presented herein.

A. NEW FACILITY

A new facility would be located on the parcel of land south of the current City Hall building between City Hall Square West and City Hall Square East.

Pursuant to an RFP, the City retained NORR Limited to complete a current space needs study of various departments currently located in the 350 City Hall, 400 Building, and off site. The review analysed the functional/operational needs in order to determine adjacencies for efficient operations and customer service. NORR has completed the study which produced the City Hall Occupancy Program, General Program Plans, and Building Requirements/Standards as summarized in Schedule A. The space allocation study provides for standardized space allocations using the latest concepts in the industry for efficiency and flexibility for many years to come. The results are summarized below.

Size Needs:

The base building required to accommodate staff and services currently offered at the 350 building, with other areas deemed to provide operational and customer service efficiencies (currently located in 400 CHS) and including a Council Chambers with a seating capacity for approximately 150 people, is approximately 105,000 square feet.

It should be noted that there may be additional Social Services responsibilities downloaded in the near future. Although no announcements have been made to date, Administration anticipates that this may occur prior to the completion of the new facility. It is our understanding that this downloaded responsibility could include up to 50 additional staff that would need to be accommodated. No space has been allocated within the new facility for this purpose at this time; however, these potential additional space requirements could be accommodated through the vacancies as a result of the operational relocations from 400CHS to the new 350 building.

A small amount of space as agreed with the acting CEO of the Windsor Public Library has been included in the city space needs allocation. This amount will be used by the WPL administration if needed but is not material to the total overall allocation and can be easily utilised by city staff also.

Therefore, a total of 105,000 square feet is recommended to meet the needs as they exist today and does not include any additional space for future requirements. However, provisions will be incorporated into the procurement process to obtain a per square foot cost to add additional space. This would be a prudent measure given this facility is expected to satisfy space need requirements for city hall staff for decades to come.

The current 350 CHS is 67,000 square feet plus an offsite boiler plant facility of 1,100 square feet. The increase in the recommended square footage over the existing square footage in 350 CHS is a result of the following factors:

1. The current facility at 350 CHS facility does not meet the Minimum Spatial Standards;
2. The current facility at 350 CHS does not meet Minimum Standards including *Accessibility for Ontarians with Disabilities Act* (AODA);
3. It is intended that the Planning Department, City Engineer's office, Asset Planning Office and Library administration be relocated to the new facility for better customer service (ie. to facilitate "one stop shopping");
4. A larger council chambers is required (increase seating capacity from 100 to 150);
5. Enhanced customer service space including common meeting rooms;
6. Consolidated heating/cooling facility within the facility.

Minimum Spatial Standards:

New buildings are traditionally designed with a 50 year life cycle. In order to determine work space requirements administration has worked with NORR to develop office and work space standards for space in the proposed new facility. The new building will be designed to address such issues as; accessibility that are required under *Accessibility for Ontarians with Disabilities Act* (AODA); the City of Windsor FADS; and, the latest Ontario Building Code regulations. The fundamental purpose of AODA is to make Ontario fully accessible for persons with disabilities by 2025. NORR and administration recognize that this facility is proposed to be constructed within this timeline and as such have included provisions within the proposed spatial allocation to address these requirements. The proposed New City Hall will serve the public for many decades to come and therefore address future AODA requirements for new public buildings within the space allocation as recommended.

Minimum Construction Standards

On December 31, 2012 changes to the Ontario Building Code (OBC) requires that new buildings are to be designed to be energy efficient. The OBC requires that new buildings achieve a minimum of 25% energy efficiency levels from the National Energy Code for Buildings. Energy savings are a major component of LEED certification. Many OBC requirements are comparable to the practices one would use in the development of an undocumented LEED silver building. Should Council wish to proceed with a documented LEED Silver standard building it is anticipated that cost to do so is estimated at 1% of the total building cost. A request on the cost to certify a LEED Silver building (or other recognized certification process ie. Green Globe) is recommended to be included as a provisional item within the procurement process.

Building Design and Organization Concept

The intent of the project is to construct an efficient, functional, customer service oriented facility without incurring the cost of an iconic building. This is a key objective of the project and administration has heard the message of the mayor and council that this is intended to be a practical and functional building. The layout of the building will be designed to benefit the public and stakeholders for ease of use and customer service. A main floor single, one stop shopping counter will enhance public service (i.e. most permits, inquiries and licences will be available for

application and pickup in this area). This one stop shopping concept will provide various efficiencies between departments. The design will ensure that this concept is carried through to final design and construction of the facility.

B. OFFSETTING TENANCIES

In May, 2011, the Chief Administrative Officer was contacted by an interested party – now known to be PWGSC - looking to lease space in a new City Hall facility, as described in the In Camera report presented at the December 2, 2013 In Camera meeting. Highlights of the tenancy are a need for approximately 50,600 square feet of rentable space (some portion of which may be required on the first floor), with the City providing the ‘base building’ square footage (tenant is responsible for fit-up and leasehold improvement of the demised space), built to a minimum standard detailed below.

In summary, the PWGSC was reviewing its accommodation needs and requirements with respect to its clients at its current locations. After reviewing a number of options, and becoming aware of the City’s situation with the condition of the existing 350 CHS building, their preferred option is to become a long term tenant of the City’s in a new City Facility.

The following highlights the general terms and facility requirements expectations for tenancy;

- a) Size Needs
The anticipated size is approximately 50,600 square feet of rentable space and may require some portion of that space to be located on the ground floor.
- b) Minimum Spatial Standards
The minimum standards will be relayed to the City as needed or appropriate.
- c) Minimum Construction Standards
The minimum standard requirement for the facility is a standard equivalent to BOMA BEST Level 1, LEED EB or equivalent certification.
- d) Leasehold Improvements
The City must provide ‘base building’ square footage. PWGSC will be responsible for the fit-up and leasehold improvements of PWGSC demised lease space.
- e) Term
The Term is 15 years with options to renew for 2 further 5 year terms under the same terms and conditions.
- f) Lease Rates
The details of the negotiation with PWGSC were outlined within the In Camera report approved on December 2, 2013.
- g) Occupancy
The proposed occupancy date estimated between March and October of 2017

A high level summary of the financial analysis is as follows;

Cost Summary			
Total Revenues/Assets	(Present Value)	\$16.9	million
Total Costs		\$11.9	million
Approximate Net Present Value		\$5.0	million

The detailed business case to include the proposed tenant was outlined within the In Camera report and approved on December 2, 2013.

C. CONSTRUCTION PROCESS

Three construction processes were considered for this project. These are summarized as follows:

Option 1: Design, Bid then Build

This involves completing the entire detailed design, using the services of an architectural and engineering team (hired by the City through an RFP process) to design, administer and inspect the construction throughout the entire project. Following completion of the design, the City would issue a tender for stipulated price bids for construction.

Advantages:

- The exact design and amenities can be customized and detailed based on the City's objectives.
- The final end product is known in advance.
- The final price is essentially known provided that there are no additions or design changes above the contingency amounts set aside.
- Some specific items may be included as "provisional" matters in a tender, meaning they can be added or subtracted at a pre-established cost following award of tender.
- Generally a smaller contingency is required (5-6%).

Disadvantages:

- The process requires a longer time frame to select a design team and to prepare a final detailed design prior to undertaking a tender and commencing construction.
- Because bidders are basing their bids on a complete set of specifications, any changes to the design or additions to the project will result in additional costs. This method limits the creativity of the proponents and therefore can limit cost saving potential.
- Compliance with construction budget hinges on the quality of the construction drawings which translates to the experience and success of the selected consultant/architect for the project.
- Opportunities for negotiation are limited prior to award, and the processes for doing so are inherently slower and less flexible.

Option 2: Construction Project Management

Beyond hiring a design architect, this involves hiring a construction project manager (usually a construction company) through RFP. In addition, a dedicated City project manager would be designated who would be needed for internal purposes (as on all methods). This management team

would coordinate and send out requests for tenders for the project as required. The City would approve and award each tender. The City project manager would then be responsible to schedule the various contractors.

Advantages:

- This method could speed up the process (a concern with option #1).

Disadvantages:

- The City takes on more risk and liability in this option as the City is the Constructor.
- The full cost will not be known up front in this method when the project is awarded.
- Additionally, costs over-runs are more likely given that a fixed price contract at the start of the process is not an option.
- Requires a separate performance consultant/architect to be engaged to advise the City and to approve progress draws and clear issues on behalf of the city.

Option 3: Design-Build

This method relies on designing during construction as this process moves forward towards the final promised product. With a Design-Build process there are no detailed construction documents provided when a contract is signed. In this process, owners provide an "Owner's Statement of Requirements" (OSR) that must be met by the successful proponent upon completion of the project. Therefore the OSR must be prepared in a manner that will describe the deliverables of the project in a manner that is both clear and measurable. The OSR document needs to explicitly describe the City's requirements and must be measurable against the completed project. Under this process, the City would issue a request for proposals to proponents for the design and build of the project. The RFP process would include a prequalification process to allow assessment of the proponent's qualifications prior to allowing them to advance to the selection process.

Advantages:

- Reduced overall timeframe as construction can begin while completing the design and construction drawings.
- Results in a fixed price contract.
- Builder takes on all financial risks of the project.
- Allows creativity and flexibility for the proponents of the design to find cost savings.
- Construction begins much quicker than in option #1 above.

Disadvantages:

- Generally a larger contingency is required (10%) to this type of construction process since there is no detailed design.
- The Design-Build submissions can be based on a wide range of specific amenities, equipment, and quality of finishes. If there is not sufficient detail provided in the OSR, the evaluation of the RFP can be very difficult.
- A separate performance consultant/architect is required to advise the City and to approve progress draws and clear issues on behalf of the City.
- The design details are not complete at the time of selection. There are sometimes unexpected design features that may not be preferred.

Additionally, in an article in the Municipal World November 2013 edition, the Town of Lincoln is undertaking the construction of a 67,000 sq. ft. Community Complex, which includes a rink, library, walking track and community rooms. They looked at the 3 procurement options we considered and the table below is excerpted from the articles and shows the pros and cons.

Table 1
Comparison of Pros and Cons

Pros	Cons
Construction Management	
<ul style="list-style-type: none"> • can deliver economy of scale • • timeline to completion can be reduced • clearly defined requirements and ability to contain costs • easier to phase work or fast track if necessary • single point of responsibility for construction with the municipality 	<ul style="list-style-type: none"> • unsuitable for complex of custom projects • multiple contracts can make administration difficult • municipal liability exposure in the event that one prime trade contractor damages another • lacks a single, guaranteed, bonded price for the total project • changes in project scope will generate change orders • draws heavily on existing municipal staff resources
Design-Bid-Build	
<ul style="list-style-type: none"> • competitive bidding process • easy to manage and universally understood • well-defined project prior to bid 	<ul style="list-style-type: none"> • contractors can take advantage of the “competitive process” • design can suffer from lack of input from contractors and subcontractors • change orders are common • municipality has full exposure to change orders • delay claims and disputes are common
Design-Build	
<ul style="list-style-type: none"> • single point of responsibility for both design and construction • project delivery time can be reduced • contractor adds construction practically to design • municipality gets an enforceable price for construction early in the project • DB contractor can negotiate subcontracts so the municipality can benefit from DB contractor’s knowledge of subcontractor market 	<ul style="list-style-type: none"> • unless the scope and functionality are well-defined, the municipality is at risk for quality • municipality has less control over design • without clear direction, municipality-initiated changes will result in change orders

The town of Lincoln did choose to proceed with the Design-Build option.

Evaluation of Construction Options

Administration has experience with both options 1 and 3 and is of the opinion that either method would be suitable to accomplish the proposed project. Determination of the best option under the circumstances depends on preferences based on weighing the advantages and disadvantages of each process.

- 1 - Design, Bid, and then Build: A full design must be completed before any construction can start, including time for detailed review and costing prior to issuing and awarding a tender. In this case, the project is anticipated to take 6 months longer than a Design-Build process (as outlined in item D below).

Further, budget is always a concern, and the City has experience with large projects in which the bids exceeded the budget and negotiations were required to reduce the scope of the projects to meet the target budget (ex. WFCU, MRO, Aquatic Centre). Should the tender price in this process be over the budget amount, the task of reducing the building or finishes will lie mainly with the City and its design team to redesign and possibly retender. This would result in additional design costs and delays. In order to minimize this risk, administration would recommend hiring an independent cost consultant during the design phase to take additional precautions to mitigate the risk of going beyond budget.

Further means to mitigate possible budget overruns would be to request separate pricing for recommended or desired enhancements as provisional items in the tender. The decision to add or reduce these features would be based on a known cost.

It is noted, however, that the assignment is to build an office building which is done routinely in Windsor and Ontario and is not unique in nature (as was the case for the WFCU, MRO and Aquatic Centre). The design team and cost consultant should be able to estimate the costs reliably.

The direction received for this project is to provide a functional, efficient and customer friendly environment and is not to overreach on the design. The concept of a functional but non- iconic building is all the budget will allow and must be adhered to.

- 2 - Construction Project Management: This process is not recommended due to its significant level of risk in both cost and control of the project.

- 3 - Design-Build: The City successfully used this process for the WFCU Centre, the MRO and Aquatic Centre in order to meet specific budgets and timeframes. The greatest benefit of this process is that it reduced the overall time from approval to completion (estimated to save 6 months on the project schedule per item D below). Further, during the RFP process the design-builder and their team can drive savings within their proposal. It is important to note that under a design-build RFP, the contractor selected will need to partner with an architectural firm in order to complete the design. This separate and independent firm will ultimately be the prime architect for the project, and the fees for this will be reflected within the RFP bids received.

As a result of lessons learned in past projects related to uncertainty of the final design layout and cost variance, administration would propose a slight variation to the process. Prior to the RFP, the City would retain an architect/consultant to produce renderings from which an OSR would be developed along with 30 percent design drawings. Unlike the Aquatic Centre, the City would be specifying the look and feel of the facility (non-iconic), the layout and it would be expected that all proponents would be producing designs that looked largely the same based on what the City specified on the 30% drawings and OSR. An RFP for Design-Build would be pursued with these specifications. Design-Build Proponents would be pre-qualified for their ability to carry out the assignment, and during the RFP, the prequalified proponents would then pass or fail on the proposed technical execution of the facility. Amongst the passing proponents, the lowest price would prevail.

Both procurement options 1 and 3 will yield a successful project and there are benefits and drawbacks to both. While Design- Bid-Build does take longer, all the design decisions of any substance can be made upfront prior to construction. The concern with this option is the uncertainty related to the results of the tender. If the cost is not within the approved budget, there are limitations around what and how negotiations can be done, as at a certain point, negotiation to reduce cost will necessarily have to involve redesign. Timelines could be impacted, and additional design costs incurred.

Since time is of the essence and the budget is capped, the Design-Build (with 30% design drawings) process is recommended as it would provide for; a streamlined process that allows flexible negotiations; clear direction on the design requirements; while minimizing the overall timeframe of the project.

D. SITE CONSTRUCTION ISSUES

The new building would be located on the parcel of land south of the current City Hall building between City Hall Square West and City Hall Square East. The site is limited in acreage and as such, the height of the building will increase to accommodate the required building square feet.

The construction will affect the current public parking lots and therefore alternate measure will need to be implemented including temporary accommodations for the public parking within the adjacent employee lots and the relocation of City employees to alternate locations through possible lease contracts.

The successful contractor will further need staging areas during construction which should be coordinated and secured a head of award to facilitate the construction schedule.

Various utilities and services including the steam line that service City Hall for heat in the winter run through the proposed site and will need to be relocated or addressed.

Further, as the City Hall campus is very active, additional protocols will need to be implemented to ensure safety, clear communications and coordination.

Additionally the existing City Hall building is listed on the heritage register, but is not a designated heritage building. If this was a privately owned building the process would begin once a permit for its demolition was made then City Council would have 30 days to decide if it wished to designate the building a heritage structure based on input from the Heritage Planner and Heritage Committee. It is proposed that consultation ensue with the Heritage committee and Heritage Planner on the demolition and bring forward any recommendations from this process. The demolition of the existing City Hall and the parking area to replace it will have to consider how the Civic Esplanade is incorporated into the final design. Additional Budget may be needed for development of this but at this time it is unknown if additional budget will be needed.

E. TIMELINES

The following provides a high level estimated project schedule for the two supported procurement process noted above.

Milestones	Design, Bid then Build	Design/Build
1. Council Approves Process	January 20, 2014	January 20, 2014
2. Prepare and issue RFP to retain Cost Consultant	February 2014	
3. Prepare and issue RFP to retain Design Team, award RFP	Feb – Apr 2014 (for full design services)	Feb – Apr 2014 (for 2 concepts, OSR, & 30% dwgs)
4. Design Development		
i. Produce 2 different renderings	May – Jul 2014	May – Jul 2014
ii. Council Approval of Preliminary Design	Aug 2014	Aug 2014
iii. Complete Design	Sept 2014 – Jun 2015 (full design dwgs)	Sept 2014 – Nov 2014 (OSR & 30% dwgs)
5. Pre-Qualify bidders		Nov 2014
6. Issue procurement documents	Jul 2015 – Sept 2015 (Tender)	Dec 2014 – Feb 2015 (Design-Build RFP)
7. Award (if within budget)	Sept 2015	Feb 2015
8. Construction (estimated at 24 months)	Oct 2015 – Oct 2017	Apr 2014 – Apr 2017
9. Occupancy	October 2017	April 2017
10. Start Decommission and Demolition of old building	November 2017	May 2017

Notes: Timetable will be affected by:

- Design team will need to acquaint themselves with project.
- Actual construction schedule will depend on successful bidder/ proponent.
- If schedule is revised, exterior site finishes (sidewalks and landscaping etc.) will depend on season. Difficult to finish in January.
- The site is constrained which will impact construction time.
- Other projects will affect how fast Administration can react as some staff working on a variety of projects underway or planned (e.g. Multi Modal Cargo projects, Payroll Process Review, along with all regular tenders and RFP's)

F. RENOVATE CURRENT CITY HALL (NOT A VIABLE ALTERNATIVE)

In order to provide a complete business case, administration provides the following high level summary of this alternative for information only as this alternative was not recommended by Council.

In 2008, IRC Building Sciences Group Inc. was retained to complete a building condition assessment report. As a result, it was determined that to renovate the current City Hall (without consolidating staff/departments or expanding Council Chambers), preliminary estimates, based upon the IRC report, suggest the costs for renovations to be a minimum of \$20 Million including the temporary relocation of staff, the asbestos removal and the renovations. If this alternative is to

be considered, at a minimum, the addition of a new larger Council Chambers (10,000 square feet) would be recommended and is estimated at \$4 million. These estimates are 2008 costs.

Although this alternative overall would provide a facility that meets the square foot needs of the City, because the current structure will have ceiling height limitations (12 feet) that are not in line with current standards (14 feet) and may result in additional retrofit costs. Further it is important to note that in addition to the current ceiling heights, the floor plates will limit the functionality as opposed to a new layout. The design will be limited to the confines of the current floor plates which will not produce an optimal layout.

The total cost of this alternative has been estimated in the range of \$24 - 32 million.

Further, as a result of recent Council approvals to finalize a tenancy agreement, with PWGSC, this option is no longer be feasible.

4. RISK ANALYSIS:

There are inherent risks in the continuing operations at the existing facility, pending completion of a new City Hall facility, including the costs of the repairs, potential operational and service disruptions and potential relocation of City staff costs (required to effect the repairs) in the event there is the need to do so. As noted in previous council reports, potential costs for such temporary short-term repairs are estimated to be up to \$20 Million (inclusive of staff relocation and contingency), but such costs are subject to change based upon the scope of emergency repair. However, it is hoped that a new facility would be completed prior to any such breakdown thus avoiding any service disruptions and the cost altogether.

It is noted that the timeline for option 1 (Design-Bid-Build) is estimated to take a minimum of 6 months longer than the timeline for option 3 (Design-Build). This increases the risk of failure of the existing building prior to completion of the new building; however there is no known timeline with respect to how long the existing building will continue to function.

Although construction and other related costs for the construction of a New City Hall have been projected based on industry standards and with the assistance of NORR, there is a risk that the results of the tender may result in higher costs than estimated within this report. Administration is proposing to mitigate this through the clear direction of a non-iconic building, the including of provisional items as well as through the use of the Design-Build process with 30% drawings to provide for more flexibility in negotiations should the cost come in over the budget.

The demolition of the existing City Hall and what replaces it in that area may require additional funding. If so that would be considered a separate project

5. FINANCIAL MATTERS:

Project Capital Funding

Estimated Project Cost (with tenant)

\$46.75 Million

Approved Funding

1. Previously approved placeholder from the ISF

Project surplus (M95-2011) Note 1	\$12.0 Million
2. Previously approved transfer of capital project surpluses in the 2013 Capital Budget Report (B5/2013)	\$ 4.75 Million
3. Previously approved \$18 million placeholder in the 2013 Capital Budget(B26/2013)	\$18.0 Million
4. Previously approved \$12 million placeholder in the 2014 Capital Budget (B38/2013)	\$12 Million

Total Funding \$46.75 Million

Note 1: Based on preliminary estimates in 2011, the ISF Project surplus was estimated at \$12.0M. To date, approximately \$11.83M of the surplus has materialized with several projects still open and in maintenance phase that may generate additional surplus funds. Should additional surplus funds not materialize, the minor shortfall can be largely offset by the additional \$150,000 contingency detailed in the project cost section below.

Project Cost

Preliminary estimates were developed based on construction standards utilized in the development of 400 City Hall Square in conjunction with the identified spatial needs of 105,000 square feet for City Needs. The estimates include: construction cost, design fees, furniture/fit-up, parking, demolition of old City Hall and miscellaneous items that have been identified to form part of the overall project. The total cost is estimated to be \$34.7 Million for City Needs.

The estimated cost may not be sufficient to include any additional space for future growth requirements or the optional LEED certification. However, it will be recommended that separate pricing be included for upgrade should the budget allow for it.

Summary of Costs Estimates

The construction and other related costs have been estimated for the various alternatives and are shown in the chart below.

Summary	Design-Build	Design-Bid-Build
Construction	\$ 29,550,000	\$ 28,072,500
Design/Permit/Adm	\$ 2,072,125	\$ 3,549,625
Furniture & Fit up	\$ 5,345,000	\$ 5,345,000
Parking (reinstate public parking)	\$ 420,000	\$ 420,000
Interim Financing	\$ 1,582,161	\$ 1,582,161
Moving Costs	\$ 157,500	\$ 157,500
Other Miscellaneous	\$ 600,000	\$ 600,000
Ancillary Buildings or Remediation	\$ 2,649,500	\$ 2,649,500
Contingency	\$ 4,212,213	\$ 4,212,213
ESTIMATED PROJECT COST	\$ 46,588,499	\$ 46,588,499
LESS CORPORATE ADJUSTMENTS		
Present Value Calculation of Future Lease Payments & Asset Values	\$ (16,925,705)	\$ (16,925,705)
Less: Corporate Recoveries	\$ (485,125)	\$ (485,125)
NET CITY COST	\$ 29,177,669	\$ 29,177,669

As outlined above, the total upfront capital costs have been calculated for the two procurement options with the only difference shown in the individual line items for construction and design. The Estimated Project Cost remains the same. The Net Present Value was calculated for the City as a result of negotiated lease revenues.

Although the project is estimated to cost approximately \$46.6M, funding placeholders totalling \$46.75M have been approved by Council over the last several years. This leaves approximately \$150,000 in additional contingency for the project that can be used to offset any shortfall that may materialize in the ISF Surplus funding.

Cost To Date

Council approved \$150,000 to obtain appraisals, building condition reports and other reports, inspections, or testing which was deemed necessary to assist in the financial analysis of the selected option. The following is a summary of cost spent and or committed to date;

Item	Description	Amount
	Approved Budget	\$150,000
1	City Hall Occupancy Program	(\$100,400)
2	Appraisals	(\$7,910)
	Balance Remaining	\$41,690

Operational Cost Considerations for a New Building

The square foot operational costs for the existing 350 City Hall Square are 19.7% higher than for the new facility at 400 City Hall Square. It is estimated that the cost to operate the new City Hall will be in line with the costs of the 400 CHS facility.

The proposed new building is approximately 38,000 sq.ft. larger than the existing City Hall. The anticipated operational costs are estimated at \$798,000. Currently, the costs to operate City Hall are \$634,185. Therefore, the new facility is expected to have an increased operating cost of approximately \$163,815 annually which will impact the city's annual operating budget. The increased operating cost reflects the much larger size of the facility (56.7% larger), as well as the provision of an enhanced level of service including the much needed upgrades to the council chambers and other public spaces. Lease revenues from the potential tenant are expected to more than offset the projected marginal operating cost increase for the city as well as fully re-coup the costs for this extra space requirement, should council wish to proceed with a tenant.

6. CONSULTATIONS:

- France Isabelle-Tunks, Engineering – Senior Manager, Development & Geomatics
- Tony Ardovini, Finance - Deputy Treasurer, Financial Planning
- Mike Stamp, Legal – Manager of Real Estate Services
- Cheryl Glassford, Legal – Legal Counsel
- Shelby Askin Hager, City Solicitor
- John Miceli, Parks & Facilities - Executive Director of Parks & Facilities
- Thom Hunt, City Planner
- Harry Turnbull, Executive Director of Information Technology
- Chris Woodrow, Windsor Public Library - Acting CEO

7. CONCLUSION:

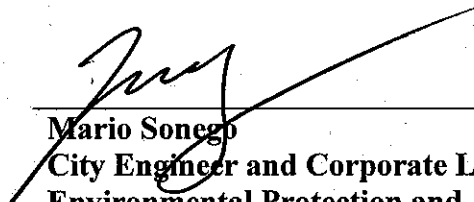
In response to the specific previous direction of City Council to proceed with the option to "Construct a new building with other entities as tenants – to be sought out and returned to Council", this report recommends proceeding with the construction of a new City Hall with PWGSC as the tenant.

This report represents a significant milestone which City Council may choose to use to provide direction to administration. It is clear that although this building will be a workplace for many city staff and elected officials, it is also recognised to be a location for the visiting public including business people and residents as they conduct their various aspects of commerce and daily living in the City of Windsor. It is recognised also as a place where the democratic process involving committee and council meetings is conducted and the shortcomings in accessibility, technological upgrades, and comfortable physical accommodation for all who desire an audience, have long been evident. Technical failures in sound, HVAC, health and safety, and size are becoming more common and more noticeable.


Notwithstanding the multiple uses and needs, as noted at the beginning of this report, administration recognises the significant investment involved in this expenditure.

It is the recommendation to proceed with the next steps toward the construction of a New City Hall with PWGSC as a tenant. Next steps include proceeding with an RFP for a Technical Support & Design Consultant(s) to facilitate the design of a New City Hall, including the development of 30% design drawings to be approved by Council. Once approved, the OSR and contract documents will be completed and a Design-Build RFP will be issued in accordance with the Purchasing Bylaws. In parallel, administration will finalize the detailed lease negotiations with PWGSC as outlined in the In Camera Report approved on December 2, 2013. Milestone steps will continue to be reported to City Council through an approved steering committee as outlined within the Project Charter included within Schedule B.


Further, should City Council prefer the Design-Bid-Build process, the alternate recommendations included in Schedule C will need to be adopted.



Mario Sonogo
City Engineer and Corporate Leader
Environmental Protection and
Transportation



Onorio Colucci
Chief Financial Officer/City Treasurer and
Corporate Leader Finance and Technology



Shelby Askin Hager
City Solicitor



Helga Reidel
Chief Administrative Officer

FIT/lp

APPENDICES:

SCHEDULE A – Summary of The City Hall Occupancy Program completed by NORR dated April 11, 2013 (full report available with the City Clerk)

SCHEDULE B – New City Hall Project Charter, dated December 18, 2013

SCHEDULE C – Alternate Resolution – Design-Bid-Build

Under Separate cover (to Mayor and Councillors) Copies of all previous Council Report on City Hall previously completed.

DEPARTMENTS/OTHERS CONSULTED:

Name:

Phone #: 519 ext.

NOTIFICATION :				
Name	Address	Email Address	Telephone	FAX
NORR Limited	719 Griswold St., Suite 1000, Detroit, MI 48226, United States		(313) 324-3140	(313) 324-3111
PWGSC Attn: Altaf Patel Public Works and Government Services Canada Real Property Consulting Group	4900 Yonge Street 10 th Floor Toronto, ON M2N 6A6	altaf.patel@pwgsc-tpsgc.gc.ca	(416) 512-5639	(416) 512-5547