

Report to Strategic Priorities and Policy Committee

To: Chair and Members
Strategic Priorities and Policy Committee

From: Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports

Subject: Master Accommodation Plan – Redevelopment of City Hall Campus

Date: June 18, 2024

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports with the concurrence of the City Manager, the following actions be taken with respect to the Master Accommodation Plan:

- a) The report dated June 18, 2024, titled “Master Accommodation Plan – Redevelopment of City Hall Campus” **BE RECEIVED** for information; and,
- b) That Civic Administration **BE DIRECTED** to initiate a competitive procurement process to implement the Master Accommodation Plan guiding overall space needs and the redevelopment of the existing City Hall Campus site which will accommodate civic administration and governance functions in modernized facilities to support effective service delivery, sustainability, and alternative work strategies.

Executive Summary

The City of London provides a full range of administrative and customer service functions at City Hall and various leased locations, primarily within the downtown core. A Master Accommodation Plan (MAP) exercise has been underway to determine the best space allocation model to support effective administration and service delivery as well as municipal governance for the current and longer-term period.

This report provides updates on the initiation of a competitive procurement process for a prospective partner to identify options for the redevelopment of the existing City Hall campus site to meet long-term space needs.

Linkage to the Corporate Strategic Plan

Well-Run City

The City of London is a leader in public service.

3.1 The City of London is recognized as an employer of choice.

- Implement the Master Accommodation Plan and Alternative Work Strategies

3.3 The City of London has effective facilities and infrastructure management.

- Build, maintain and operate facility assets to provide expected levels of service and optimize reliability and functionality.

Climate Action and Sustainable Growth

London’s infrastructure and systems are built, maintained, and operated to meet the long-term needs of the community.

3.1 The infrastructure gap is managed for all assets.

- Invest in publicly owned assets to maintain existing levels of service and to implement planned levels of service.

3.2 Infrastructure is built, maintained, and secured to support future growth and protect the environment.

- Adapt infrastructure and assets to fit evolving community needs, including accessibility.
- Build, maintain and operate assets with consideration for energy efficiency, environmental sustainability, and climate resilience.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

- Presentation to Finance and Administration Committee – September 28, 2011 – Options Analysis City Hall
- Presentation to Finance and Administration Committee – September 28, 2011 – City of Opportunity A vision for Downtown
- Corporate Services Committee – November 7, 2017 - Master Accommodation Plan
- Council – March 2, 2020 - Approved Multi-Year Budget - Business Case #13
- Strategic Priorities and Policy Committee – November 17, 2020 Master Accommodation Plan Update and Procurement Process
- Strategic Priorities and Policy Committee – October 19, 2021 Master Accommodation Plan and Update for Alternative Work Strategies
- Strategic Priorities and Policy Committee – July 19, 2023 Master Accommodation Plan - Alternative Work Strategies Update

2.0 Discussion and Considerations

2.1 Master Accommodation Plan Background

Several previous Councils, beginning in 2011, have considered the issue of long-term space needs for Civic Administration and Council services. Starting in 2015, work has been underway to develop a plan to support current and future needs for civic space. The purpose of the Master Accommodation Plan (MAP) was to determine the most effective space allocation model focusing on the City's administrative and governance space to support service delivery, enhance customer service and provide for the seat of government, for now and into the future.

Currently Civic Administration is housed/accommodated in a variety of spaces scattered around the Downtown in owned and rented premises as well as within City Hall. There are use specific City-owned facilities that house administration staff, and rented premises throughout the city that accommodate decentralized services for Ontario Works.

The MAP does not address or duplicate the work that was completed to accommodate the Ontario Works decentralized service delivery model. The MAP also excludes operational yards or community facilities where staff are accommodated to provide specific programs or services.

Many of the current facilities, including City Hall, are aging, have limited flexibility and space use is not efficient, as staff needs and technology have changed since the facilities were first constructed or leased. It became evident that there was an opportunity to utilize space

more effectively, improve capacity for future growth, as well as optimize departmental and services proximity to improve the efficiency of customer services, while supporting the “Seat of Government” and the associated political environment.

In late 2016, the City engaged Mayhew Inc. to develop a MAP that would assess current spaces; project short and long-term accommodation needs; explore strategic options to meet needs and identify the costs and benefits of various options.

In a report presented to Corporate Services in November 2017 summarizing the findings of the MAP, it was noted that customer service and efficiency was negatively impacted by the dispersal of staff across multiple downtown locations, desired adjacencies and service efficiencies could not be achieved using multiple locations and that creating and implementing space standards to increase density and maximize the use of space to create efficiencies was recommended.

Three primary options had been identified for providing space accommodation for the City’s administrative staff. All the options identified took into consideration the preference to consolidate or reduce leased space. Throughout the following years Civic Administration conducted a detailed analysis, financial costing, and review of the various options. As a result of this work, Municipal Council directed that Civic Administration develop a business case to support the MAP for inclusion in the 10-year capital budget as part of the development of the 2020-2023 Multi-Year Budget which was approved by Council on March 2, 2020.

With the approval of the business case, the City was at the point in the Master Accommodation Plan (MAP) process where it was ready to proceed through a competitive process that would provide the best value for accommodating and consolidating core area services, administrative staff, and seat of government. However, in March 2020, just subsequent to the approval of the 2020-2023 Multi-Year Budget, COVID-19 caused an unprecedented interruption to the daily activities of individuals, businesses, and institutions around the world.

When the pandemic public health guidelines required staff to work remotely, the transition highlighted the potential impacts on overall space requirements. Council directed Civic Administration to initiate an update to the MAP, considering the potential for alternative work strategies. AWS can be defined as a combination of non-traditional work practices, settings, and locations to supplement traditional administrative workspaces.

In 2021, the MAP report was updated to identify the potential impact of alternative work strategies on overall space needs. As a result of this direction, Mayhew Inc. updated the original MAP report reassessing overall space needs and found a 20% overall space savings could be achieved by implementing AWS. Additionally, significant cost savings could be achieved over the long-term if leases are reduced or eliminated and AWS would contribute significantly to achieving greenhouse gas reduction targets. The October 19, 2021 report presented the key findings of the updated MAP which are summarized below:

- New administration space is needed to allow for the co-location of divisions and service areas that are in a variety of downtown locations.
- Desired adjacencies cannot be achieved within the existing spaces, limiting collaboration and customer service enhancements.
- Creating and implementing space standards would increase density and maximize the use of space to create efficiencies.
- Public / legislative spaces (reception, service counters, Council Chambers, Councillors offices and Committee Rooms) require an increase in square footage allocated.
- The adoption of AWS could potentially reduce by approximately 21% on average the required total administrative space.

The 2021 MAP report recommended the adoption of AWS which would provide several benefits including:

- Less overall space would be required;
- Leased space could be reduced or eliminated;
- Reduced facility operating costs
- Reduced corporate Greenhouse Gas emissions from building operations
- Reduced community GHG emissions due to commuting
- Improved customer service
- Creation of a modern flexible work environment.

Council directed Civic Administration to integrate AWS into the MAP strategy and to report back to Municipal Council on next steps regarding a competitive procurement process for the implementation of MAP. The July 2023 report provided an update on the MAP and AWS work undertaken to date, including two successful pilot projects that validated the 2021 Mayhew report at an operational level. This report also identified the next steps to initiate a competitive procurement process to identify prospective partners for the redevelopment of the City Hall campus site.

Council, at its meeting on July 26, 2023, resolved:

- a) the Civic Administration BE DIRECTED to amend the current Alternative Work Strategies in the Planning and Development and Building service area(s), and develop a new model where employees are in the workplace 4 days a week and remote work one day a week no later than the end of Q1 2024;
- b) the implementation of other Corporate Alternative Work Strategies (AWS) in services areas other than those noted in part a), above, and as outlined in the staff report dated July 19, 2023, BE CONTINUED;

As a result of the change in model for the service area that was included in the MAP update for alternative work strategies, additional space will be required that was originally envisioned. An update to validate the staffing numbers and growth methodology to ensure sufficient space in the long term will need to be initiated. This update will also take into account the additional staff approved through the adoption of the 2024-2027 Multi-Year Budget.

2.2 Current Situation and Growth

The City Hall campus located at 300 Dufferin Avenue is owned by the Corporation of the City of London. The current City Hall includes approximately 170,000 square feet (139,000 square feet usable office space), an underground parking structure on site extending between City Hall and Centennial Hall, and is a total of 4.11 acres. City Hall is a twelve-storey, free-standing institutional office building, designed by architect Philip Carter Johnson, featuring a unique bowed design, and second storey cantilevered sections on the north and south elevations. The City also has leased space totalling 123,873 square feet at 12 buildings in the core area with a total annual operating cost of \$2,987,588.00.

During the 2024 to 2027 Multi-Year Budget process, a number of additional positions reflecting the growth of programs and services to support Council's strategic plan were approved. This growth is not unusual because the requirement for staffing in municipalities is generally proportionate to the population of the community. The City of London has been the fastest growing community in Ontario and one of the most rapidly growing in Canada with a 10% population increase between 2016 and 2021, based on census data reported by StatsCan. A recent update by StatsCan (May 24, 2024) reported the population of the London Census Metropolitan Area, which includes the City, St. Thomas, Strathroy-Caradoc and portions of Elgin and Middlesex counties had surpassed 600,000 residents as of July 1, 2023.

The City of London is attractive to newcomers for many reasons: more affordable housing costs relative to larger cities; strong economic growth and employment opportunities; and the presence of well-regarded academic institutions drawing international students. The recent

growth was in part fuelled by demographic trends of decreasing immigration to the Greater Toronto Area and a corresponding increase in immigration to smaller cities, the migration of residents away from more expensive housing markets, and higher-than-average birth rates in the surrounding areas of Huron, Perth, and Oxford Counties.¹

While economic and social factors can influence population figures both negatively or positively, the City of London is expected to maintain steady growth and is projected to reach 650,000 people by 2051. This estimate was presented in a report prepared by Watson and Associates for the City in December 2022.

With continued growth, there will be increasing citizen expectations for programs and services delivered by the City of London. The dispersed distribution of staff in several leased and owned locations does not support adjacencies for internal and external customer service.

City Hall is currently fully occupied with limited ability to add staff to complement without renovations. The alternative work strategies pilot on the 9th floor did confirm that staff density could be increased in a flexible workspace, however, the available square footage would not accommodate the total current, or future, staff numbers.

Leasing of downtown offices costs nearly \$3 million annually and is an operating cost that will increase with time or additional leases. Most of the leased facilities require significant investment to support AWS and allow for growth.

The existing City Hall is considered an architectural landmark and has served the community for nearly 53 years. A commercial or institutional building's lifespan is 50 years on average. Asset renewal expenditures for major building systems are most notable in the 35-to-50-year age range and this is true of City Hall. Critical infrastructure such as mechanical, electrical, and life safety systems are original and beyond expected life cycle. The refurbishment of the building envelope and heating, air conditioning and ventilation systems is needed to improve operational efficiency and resiliency. In addition, there are challenges related to accessibility, safety and security, functionality and sustainability that need to be addressed. These areas to be addressed were identified in the July 19, 2023 report and the most urgent items were the basis for the inclusion of the business case as part of the 2024-2027 Multi-Year Budget which was funded as part the approved Multi-Year Budget.

From the ongoing work completed on the Master Accommodation Plan, it is evident that immediate needs and the long-term requirements of the City warrant an investment in creating new, more functional administrative and Council space to enhance customer service delivery and public service functions. This creates an opportunity for a generational investment in the most significant civic facility in the City of London and help achieve Council's strategic priorities.

2.3 Opportunity

The MAP findings demonstrate the financial and non-financial savings and efficiencies that would be realized by proceeding with the consolidation of space needs across the Corporation. The option identified in the MAP to redevelop a new office building on the City Hall campus (including the lands and building of Centennial Hall and consideration of the long-term plans for Centennial House) and complete a comprehensive lifecycle renewal of the existing City Hall building is recommended. The consolidation of space should be planned for the current City Hall site and achieved by refurbishing 300 Dufferin Avenue and constructing additional space for administrative, Council and community uses. The size of the campus allows for the ability to consolidate all space needs, future growth as well as potential partnership opportunities while avoiding new land purchase costs. The opportunity also exists to address a significant community need by incorporating housing development into the plan.

The current location has been the seat of government for over 50 years. City Hall has been at its Dufferin Avenue location since 1971 and provides a core presence with many positive

¹ London Free Press May 24, 2024 "608,343: Booming London area passes a population milestone."

attributes including accessibility to the community, business and visitors to the City. A legacy property located across from Victoria Park provides an attractive amenity for employees. The Civic Square currently located on the campus has been underutilized but provides ample space and location attributes that can be integrated into future development. A new building expansion on the campus provides opportunity for a modernized and more functional council chambers, enhanced security and improved citizen experience and allows for integration and proximity with a new building on site to the civic administrative space.

Council approval of the Victoria Park Secondary Plan provided new policies that envisions greater intensification on the site and heights of buildings up to 30 storeys. This provides an opportunity to expand on the current City Hall site for all civic space needs as well as potential for housing development. The current site is zoned Community Facility and Downtown and allows a full range of commercial, service, office and residential uses. With approval of the Victoria Park Secondary Plan, a blend of civic administrative space on lower floors with the potential for residential housing above is possible given the location and heights allowed.

3.0 Next Steps

3.1 Competitive Procurement Process

The City Hall campus at 300 Dufferin Avenue provides a location and site that can accommodate the current and long-term civic office space needs and is a continued legacy for the seat of government. Subject to Council approval, Civic Administration will continue the planning and development of a competitive procurement process to determine the best value option for accommodating customer service, governance, and administrative functions, consolidated on the existing City Hall campus site. Concurrently, the operational space needs for the implementation of the MAP will be verified based on current service delivery models, growth and updated projections.

Partnership opportunities will also be explored as part of the competitive procurement process and may deliver a more cost-effective solution and provide additional benefits. To address the findings of the Master Accommodation Plan, a new building on the City Hall campus would need to be developed in addition to completing a comprehensive lifecycle renewal of the existing City Hall building.

As outlined in the City's Procurement of Goods and Services Policy (PGSP), there are several methods of procuring goods and services. In this case, the most appropriate method for solicitation of competitive proposals is to conduct a two-stage process. Stage One being a publicly issued Request for Pre-Qualifications (RFPQ) followed by Stage Two, a Request for Proposal (RFP).

The RFPQ will see the proponents submit a proposal for evaluation and pre-qualification. Only the proponents whose RFPQ evaluation score meets or exceeds the minimum threshold will be invited to participate in the Stage Two RFP. The invitation RFP will be evaluated identifying the proposal that meets all requirements and provides best value for the City of London. Since the RFP process provides the means and framework for evaluating differing proposals, it is the best suited process for the procurement of a potential partner to advance the MAP-AWS work.

The following primary criteria would be evaluated as part of the procurement process:

- Quality and plausibility of the respondent's vision and development strategy;
- Experience in the development of large-scale office and/or mixed-use projects;
- Experience of the respondent's team in the design and implementation of comparable projects;
- Demonstrated ability to deliver design excellence and leadership in heritage conservation and environmental sustainability;
- Design includes mixed commercial and residential development to accommodate the consolidation of civic office space and high-density residential housing units;

- Compatibility with the vision and policies of *The London Plan* and the *Victoria Park Secondary Plan* including maximizing height and density;
- Inclusion of housing units, with credit for affordable or attainable units;
- Project timelines; and,
- Financial proposal.

Each primary criteria will have related detailed criteria that will be assessed for alignment with the stated goals of the various associated City of London plans, programs, and policies.

Civic Administration will target the release of an RFPQ in early 2025 and an RFP by mid-2025. The Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union require minimum posting timeframes for government procurement of this scale and compiling a competitive submission will require a significant amount of work on the part of the proponents. It is anticipated that a two-staged competitive bidding project of this significance would take a minimum of nine to ten months to complete. Included in this timeline is the rigorous evaluation of proposals submitted for a project of this scale and scope, which could take two (2) months or more. Staff will engage the services of a fairness commissioner to ensure that every activity relating to the solicitation, evaluation (and award if applicable) is transparent, objective, impartial and fair in accordance with the Procurement of Goods and Services Policy (PGSP). Engaging a fairness commissioner will increase the time required to complete this significant project and this additional time has been considered in the overall timeline. Pending Council approval to initiate the competitive procurement process, Civic Administration would develop more detailed timelines as part of the development of the RFPQ and RFP over the next several months.

If an RFPQ and RFP are issued, the expected outcomes would include a thorough financial analysis, updated space analysis and a plan to redevelop the City Hall campus to meet accessibility and sustainability goals, among other things.

Should Council elect not to issue a two-stage RFPQ and RFP process, Civic Administration would continue to optimize available space, lease or acquire additional space as required to and renew or renovate space (including the removal of asbestos) to support core business functions and AWS as a phased project. A comprehensive plan for the lifecycle replacement of facility components and related systems and structures will need to be developed in conjunction with the implementation of AWS. This will be an ongoing and capital-intensive project which will cost significantly more in the long run than redeveloping the current campus.

4.0 Financial Impact/Considerations

During the 2020-2023 Multi-Year Budget process, the MAP business case was approved. GG1542 has a total approved budget of \$125.5 million for the MAP project. Civic Administration will be reviewing cost estimates and will adjust forecasted costs as necessary. The full financial impacts will be confirmed through the two-stage RFPQ/RFP process, should it proceed.

While there are capital costs to implement MAP, significant operating cost savings from reduced lease space in the long-term and more efficient operations of refurbished or newly constructed facilities could be realized. Non-financial savings would also be created from reductions of greenhouse gas emissions.

Conclusion

As one of the fastest growing urban areas in the province, the City of London will continue to see increasing demands for services. The redevelopment of the City Hall campus including the full retrofit of the existing City Hall would address space, accessibility, safety, functionality and equity and inclusion concerns as well as realize many benefits. Greater efficiencies in time and cost can be achieved in an integrated project with MAP-AWS activities.

By utilizing City-owned property, the City can optimize space use, improve capacity for future growth, and enhance departmental proximity to improve customer service efficiency, while avoiding new land purchase costs and balancing capital investment and operating expenses. The next step would be to engage in a competitive procurement to identify the potential development process providing the best value for accommodating customer service, administrative staff and governance functions and achieves strategic goals.

Prepared by: Val Morgado, Senior Manager, Facilities
Submitted by: Lynda Stewart, Director, Fleet and Facilities
Recommended by: Anna Lisa Barbon, CPA, CGA, Deputy City Manager
Finance Supports
Concurred by: Sandra Datars Bere, City Manager