

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON NOVEMBER 17, 2020
FROM:	ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	MASTER ACCOMMODATION PLAN UPDATE AND PROCUREMENT PROCESS

RECOMMENDATION

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer with the concurrence of the City Manager, the following actions be taken with respect to the Master Accommodation Plan Update and Procurement Process:

- a) the following report **BE RECEIVED** for information; and,
- b) the consulting and design services budget no longer required of \$13 Million previously approved through the 2020-2023 Multi-Year Budget **BE RELEASED** back to the City Facilities Renewal Reserve Fund; it being noted that Civic Administration will proceed with a competitive procurement process after the update of the Master Accommodation Plan (MAP) is complete.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- September 28, 2011 Presentation to Finance and Administration Committee – Options Analysis City Hall
- September 28, 2011 Presentation to Finance and Administration Committee – City of Opportunity – A Vision for Downtown
- November 7, 2017 Corporate Services Committee – Master Accommodation Plan
- March 2, 2020 – Council – Approved 2020-2023 Multi-Year Budget

BACKGROUND

Council, at its meeting on October 27, 2020, resolved:

That the Civic Administration BE DIRECTED to initiate an update of the Master Accommodation Plan taking into account the potential for alternate work strategies and long term impacts on work space requirements resulting from the COVID-19 Pandemic.

This report provides an update on the timelines and work planned to update the Master Accommodation Plan (MAP) for alternate work strategies as well as outline the procurement process that will be utilized to implement the MAP.

As part of the 2020-2023 Multi-Year Budget approved by Council on March 2, 2020, additional investment business case #13 was approved. The business case outlined the lifecycle needs required at the existing City Hall site and significant savings as well as efficiencies that would be realized by proceeding with the consolidation of space

needs across the Corporation. The consolidation of space is expected to result in a reduction of leased space that would reduce costs on an annual ongoing basis. Also newly constructed buildings are less energy intensive per square metre than the existing administrative buildings (owned and leased) thus aligning with the Climate Emergency Action Plan.

With the approval of the business case, the City was at the point in the Master Accommodation Plan (MAP) process where it would need to determine and select the option that provides best value for accommodating and consolidating core area services, administrative staff and the seat of government. The City had initially planned to be responsible directly for the management, consultation, design and construction for the development of a new City Hall. As part of this process, consideration was to be given to explore potential opportunities for public/private partnerships in order to reduce overall costs. Since the time the business case was developed, Civic Administration believes there may be a number of interested parties in the marketplace that may wish to partner with the City of London resulting in a more cost effective solution and remove the need for the City to take the lead role in redevelopment on the existing campus. As a result, Civic Administration recommends that a competitive procurement process be initiated to implement the MAP. Details of how that process would be completed is described later in the report.

In broad terms, the options available to the City to address the findings of the MAP study phase activities are:

- The City alone or together as part of a partnership, redevelops 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 completes a comprehensive lifecycle renewal of the existing City Hall building, or
- The City alone or together with a prospective partner, participates in a new development in the downtown which includes a new consolidated City Hall.

Since the approval of the 2020-2023 Multi-Year Budget, the novel coronavirus (COVID-19) has caused an unprecedented interruption to the daily activities of individuals, businesses and institutions around the world. As a result of this pandemic, the City of London, along with municipalities and businesses across the country and around the world, has experienced significant financial and service level impacts, and there remains considerable uncertainty in the foreseeable future.

COVID-19 has caused many businesses, including the City of London, to reconsider how they provide services to the community as a result of provincially imposed restrictions as well as health regulations to ensure the health and safety of both residents and staff.

Alternate Work Strategies and Impact on Work Space Requirements

Remote work or working from home was implemented in response to COVID-19 where possible at the City of London and across many other businesses or corporations located in the City of London. At this time, it is not known with certainty how long COVID-19 will remain and continue to impact our community, however it is known that it is starting to drive long term impacts on the real estate market as businesses reconsider their space needs and how they operate. The City's Master Accommodation Plan was always intended to also look at opportunities for alternate work strategies, however, COVID-19 has fast tracked the need to address this and its impact on long term space needs.

Due to the impact of COVID-19, the Master Accommodation Plan (MAP) which was tabled in February 2017 will require an update. Some of the key areas that will require an update include:

- Validating staffing numbers and growth methodology;
- Review changes to the customer's journey;

- Changes in departmental adjacencies;
- Review various Alternative Work Strategies (AWS) which includes working from home, desk sharing and other potential initiatives;
- Technology requirements;
- Overall space needs;
- Impacts on service delivery;
- Impact on staff culture, transfer of knowledge, staff teams; and,
- Physical distancing requirements.

It is anticipated that space requirements will be less than recommended in the original MAP report particularly as a result of implementing alternative work strategies, however what is not known is the impact on space needs based on the longevity of COVID-19 and associated issues such as physical distancing requirements. An update of MAP will begin this December with completion scheduled for the Summer of 2021. The MAP update to confirm the space requirements must be completed prior to the start of a competitive procurement process to ensure that the appropriate amount of space needs are identified. The MAP update as explained above is estimated to cost less than \$100,000 and will be funded from existing Facilities approved capital budgets.

PROCUREMENT PROCESS

Any potential proposals from prospective partners will include unique combinations of beneficial financial and non-financial features. These features will need to be evaluated in accordance with the City's Procurement of Goods and Services Policy (PGSP) in order for staff to recommend a preferred option to Council.

There are a number of paths available within the PGSP to solicit information, proposals and quotations from the market place. Civic Administration will be using the PGSP process to ensure that the City, on its own or together as part of a partnership, realizes the highest overall value to consider options with respect to the MAP. By utilizing a competitive process to seek proposals from interested partners, the funding for consulting services to design and build a new site will not be required and it is believed would result in more cost-effective proposals than the City pursuing this project on its own. As a result, Civic Administration is recommending that the consulting and design services budget of \$13 Million approved through the 2020-2023 Multi-Year Budget to commence the implementation of the MAP will not be required and can be returned to the City Facilities Renewal Reserve Fund.

As defined in The Procurement of Goods and Services Policy, a Request for Expression of Interest' or 'REOI' is a focused market research tool used to determine supplier interest in a proposed procurement. Staff initially intended to issue an REOI as the first procurement step. In the case of MAP, however, it has already been identified that there is market interest. Given the ongoing impacts of COVID-19, Civic Administration believes that as businesses determine their longer term real estate and development strategies, there is likely to be more interest in the market with various forms of proposals. The release of an REOI would simply confirm the interest already known to exist, so the most appropriate method for solicitation of competitive proposals is a simultaneous Request for Qualifications (RFQUAL) and Request for Proposal (RFP).

The combined RFQUAL and RFP will see the proponents submit a two-part proposal. Only the proponents whose RFQUAL component evaluation score meets or exceeds the minimum score qualification threshold will have their RFP submission opened and evaluated. Since the RFP process provides the means and framework for evaluating differing proposed solutions and methods for achieving an identified need, it is the best suited process for the procurement of a potential partner for the City as it relates to the MAP. This may include proposals for a land exchange of the City Hall Campus, sale of City Hall Campus and design build of a new City Hall building, or partnership in a joint venture for a new consolidated City Hall.

Criteria

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;
- Location of the project within the downtown core;
- Demonstrated ability to deliver design excellence and leadership in heritage conservation and environmental sustainability;
- Project Timelines; and,
- Financial Proposal.

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

Professional Services Required

A Planning Consultant will be engaged to assist with the development of the criteria for the evaluation of the Request for Proposal submissions.

Constructing a new City Hall is a civic project with a very high profile. The anticipated variation in monetary and non-monetary features associated with any partnership proposals relating to this project are expected to be vast. 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).

RFQUAL/RFP Schedule

There are 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. The rigorous evaluation of proposals submitted for a project of this scale and scope will take some time. Civic Administration will target the release of a RFQUAL/RFP in the Fall of 2021 sequential to the update of the space requirements. It is anticipated that with a proposal this significant, it would take a number of months to complete.

Next Steps

Many months have elapsed since the approval of the Multi-Year Budget and since the ongoing impacts of COVID-19.

The following summarizes the proposed next steps and timeline to proceed with the implementation of the MAP in accordance with the approved Multi-Year Budget business case:

Update Master Accommodation Plan – December 2020 through to Summer 2021

Reengage the original consultant that completed MAP as they have intimate knowledge of the City's requirements and are well versed in alternate work strategies. It is anticipated this update would cost less than \$100,000 and the update report would be completed by the Summer of 2021. Civic Administration would report back to the Strategic Priorities and Policy Committee at that time with recommendations that incorporate long term alternate work strategies and corresponding updates to space needs.

Winter/Spring 2021

While the MAP update is underway, Civic Administration would begin the development of the procurement process in order to be ready for the release of the RFQUAL/RFP.

Fall 2021

Upon approval of the update MAP report, Civic Administration would release the RFQUAL/RFP in the Fall of 2021. Based on the scale and complexity it would be anticipated this step could take up to 6 months to complete.

Conclusion

The eventual MAP development will be a project of a high profile nature whether the final option involves the City alone or the City together with a partner constructing a new City Hall. As a result of COVID-19 and the adoption of alternative work strategies, the MAP needs to be updated. Once the MAP is updated to confirm space needs, Civic Administration will proceed with a competitive procurement process. The Procurement of Goods and Services Policy provides the means and framework for evaluating complex and diverse procurement proposals. City staff will be using the combined RFQUAL and RFP process to evaluate and identify the highest value option available to the City with respect to the MAP.

PREPARED BY:	CONCURRED BY:
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RECOMMENDED BY:	
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