



Memorandum

TO: Regional Council
FROM: Dino Basso, Commissioner of Corporate Services
DATE: March 26, 2015
SUBJECT: **Administrative Centre Annex Building
Notice of Motion, February 26, 2015**

Introduction

At the Committee of the Whole meeting of March 12, 2015, we were asked to provide background information about Regional Council approvals and business cases relating to the Notice of Motion presented by Regional Councillor Jones.

This memorandum contains a summary of the main Council reports and decisions related to:

- the Strategic Accommodation Plan
- the Administrative Centre Annex, and
- other Regional facilities

We have included copies of each of the pertinent reports, presentations and attachments.

Strategic Accommodation Plan

In September 2005, Regional Council approved the Region's Strategic Accommodation Plan (see attachment 1). The Council report summarizes the Region's long term vision and plan related to program and administrative space. The plan is based on a preference for owning facilities as compared to leasing and is supplemented by the Region's Leasing of Real Property Policy, endorsed by Council in September 2009 (see attachment 2).

Key recommendations of the plan approved by Council included:

- preparation of a needs analysis, detailed design and cost estimates for the development of a Central Services Centre (now known as the Administrative Centre Annex) on Regionally owned lands on Eagle Street south of the Administrative Centre, and a new Public Health office in Vaughan;
- study of opportunities for intensification of use at the South Services Centre;
- undertaking a tenancy assessment to determine anticipated need for space in the Region's south;
- the relocation of the York Regional Police Headquarters out of the Administrative Centre.

All of these recommendations have been implemented and follow-up draft master plan updates done in 2012 have reconfirmed the need for owned services centres in Newmarket, Vaughan, Richmond Hill, and Markham.

Administrative Centre Annex - Newmarket

On March 26, 2009 Regional Council authorized staff to proceed with a Request for Proposal to retain an architect and consulting team to draft design options (see attachment 3).

On June 25, 2009 Regional Council considered a recommendation to approve the option to consolidate the two existing Provincial Offences Act Court locations into one site in Newmarket. Council considered this recommendation and chose to approve another option of consolidating the Provincial Offences Act courts at the Tannery with any courts that may be built at the proposed Central Services Centre (Annex) in Newmarket and also maintain the court facilities at the South Services Centre in Richmond Hill (see attachment 4).

On March 25, 2010, Regional Council authorized the award for architectural and engineering services for the design of the Annex project to WZMH Architects for a total price of \$6.25M. Staff were also directed to report back to Council with three conceptual design options with full cost estimates, to assist Council in selecting a preferred architectural design (see attachment 5).

Staff subsequently reported back on February 16, 2012 with the design options and Regional Council approved a modified design that added two floors to allow for growth of future program and administrative space. The building size approved was

approximately 430,000 square feet and the estimated cost was \$195.6M. At that time, the projected start date for construction was to be 2014 but was subject to Council's approval of the tender and budget (see attachment 6). As a result of fiscal pressures, Regional staff was asked to report back on an updated business case and project cost estimates for the Annex project.

A revised Business Case, Costing Plan and Project Schedule was approved by Regional Council on October 17, 2013 (see attachment 7). The highlights of the business case that were presented to Council included the need for the expansion of POA Courts space due to the increasing volume of cases. It stressed the need to centralize numerous Social Service and Public Health programs, servicing many of the central and northern customers, from functionally obsolete leased and owned space. It allowed for growth space for administrative staff to approximately 2025, in close proximity to the Regional Administrative Centre. The business case also identified cost savings ranging between \$26 - \$60M over a 30 year period as compared with maintaining the current leasing and older owned facilities option.

A key recommendation of this most recent Council approval for the Annex project included increasing the project budget for both design and construction to reflect the changes in project scope and escalating costs due to the two year delay to the planned start of construction. The scheduled start of construction is 2016 with an opening in 2020. The revised total budget is \$212.8M plus HST. Council authorized the award of the contract for construction in 2016, subject to first obtaining Capital Spending Authority through the budget and provided that the costs do not exceed \$212.8M plus HST. Council also authorized a number of options for financing the project at the discretion of the Commissioner of Finance. In the recently approved 2015 – 2018 budget, this project is funded from reserves without the need to issue any tax levy supported debt. To date, approximately \$9M has been authorized and spent on planning studies, engineering and architectural designs, permits, approvals and culvert construction.

Other Regional Facilities

There are also a number of other owned and leased facilities that Regional Council has approved in recent years, as noted below. These facilities further support the objectives of creating consolidated program space located throughout the Region in owned space, whenever possible. Some of these facilities, such as 9060 Jane Street and 50 High Tech Road provide similar programs to those proposed in the Annex building and serve the southern areas of our Region. The other two facilities are noted to demonstrate that Regional Council continues to act on opportunities to build or acquire facilities.

9060 Jane Street, City of Vaughan

- a 76,739 square foot facility that consolidates Community and Health Services in the south west part of the Region. Council approved the project on October 18, 2012 (see attachment 8). Construction took place over 2013/2014 and was completed on January 22, 2015.

50 High Tech Road, Town of Richmond Hill

- a 111,650 square foot facility at the South Services Centre that consolidates Provincial Offences Act Courts, Public Health, Social Services, and York Region Transit head offices. In 2014, the Region re-negotiated a lease extension, ensuring continuity of services in the Region's south until 2031. Council approved the renewal on June 26, 2014 (see attachment 9).

80 Bales Avenue, Town of East Gwillimbury

- a 74,952 square foot facility that consolidated EMS Operations Centre/Headquarters in response to the recommendations of the EMS Master Plan. The project was partially funded through the Infrastructure Stimulus Fund. Council approved the project on March 25, 2010 (see attachment 10). Construction was completed in 2011.

145 Harry Walker Parkway, Town of Newmarket

- a 155,020 square foot facility on a 10 acre parcel. The facility consolidates Property Services and Environmental Services office and warehouse space. The building will consolidate both older owned and existing leased space. Regional staff reported to Council on the details of the acquisition on January 23, 2014 (see attachment 11). The construction is scheduled to occur in 2015.

Conclusion

- Over the last 10 years Regional Council has reviewed and approved a series of reports related to the accommodation master plan and Administrative Centre Annex (see attachment 12).
- In 2005, Council approved a Strategic Accommodation Plan outlining its long-term goals and vision for providing citizens easy access to Regional services in both the northern and southern parts of the Region.

- To date, Council has made considerable progress in implementing the recommendations of the 2005 Strategic Accommodation Plan.
- The Annex in Newmarket has been planned, designed, and approved over the last six years.
- In 2013, Council approved an updated business case and budget for the Annex.
- The business case for the Annex included the need for Provincial Offences Act Courts, Community and Health Services programs, and the consolidation of Regional facilities at a savings ranging between \$26 - \$60M over a 30-year period.
- Approximately \$9 million has been spent to date on planning studies, engineering and architectural designs, permits, approvals and culvert construction.
- Tender of the contract is scheduled for early 2016, with occupancy planned for 2020.
- We need facilities in all parts of York Region to meet service delivery needs of our growing population.
- Regional Council's approval of the acquisition of 9060 Jane Street in Vaughan and the lease extension of 50 High Tech Road in Richmond Hill have helped address customer and program needs in the southern part of York Region.
- There is a need to also plan for additional services centres in Markham and staff will continue to explore options for consideration by Council.

Dino Basso
Commissioner, Corporate Services

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Attachment 1 – York Region Strategic Accommodation Plan, September 22, 2005
Presentation - SNC-ProFac
Attachment 2 – Leasing of Real Property Policy, September 24, 2009
Attachment 3 – Central Services Centre Consolidation, March 26, 2009
Presentation – Jim Davidson

March 26, 2015
Administrative Centre Annex Building

- Attachment 4 – Provincial Offences Court Locations, June 25, 2009
- Attachment 5 – Request for Proposal P-09-122 Architectural and Engineering Services Central Services Centre (CSC), March 25, 2010
- Attachment 6 – Design Options for the Development of a Central Services Centre (CSC) in Newmarket, February 16, 2012
Presentation – WZMH Architects
- Attachment 7 – Administrative Centre Annex (ACA) Including Provincial Offences Act Courts Updated Business Case, Costing Plan, and Project Schedule, October 17, 2013
- Attachment 8 – Acquisition of 9060 Jane Street, City of Vaughan, October 18, 2012
- Attachment 9 – South Services Centre Lease Extension 50 High Tech Road, Richmond Hill, November 13, 2014
- Attachment 10 – Federal Provincial Infrastructure Stimulus Funding Project EMS Operations Centre, March 25, 2010
- Attachment 11 – Acquisition of Land 145 Harry Walker Parkway, Town of Newmarket, January 23, 2014
- Attachment 12 – Summary of Administrative Centre Annex Reports to Council/Committee



Clause No. 9 in Report No. 7 of the Finance and Administration Committee was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting on September 22, 2005.

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YORK REGION STRATEGIC ACCOMMODATION PLAN

The Finance and Administration Committee recommends:

1. the presentation from J. Davidson, Commissioner of Corporate Services, B. Crowe, Director of Property Services, Carmen Suchorab and Diana Hari, SNC Lavalin Profac Inc., and Edward Mooney, Dromoland Property Investments Management Ltd. be received; and
2. the recommendations contained in the following report, August 18, 2005, from the Commissioner of Corporate Services, be adopted, subject to recommendation 3 being amended to read as follows:
 - “3. Council authorize staff to retain consultants to proceed with the initial phase, being a preliminary concept with design options, required studies and financial analysis, at a cost not to exceed \$900,000.”

1. RECOMMENDATIONS

It is recommended that:

1. Council approve the Strategic Accommodation Plan, including the recommendations and policies summarized in Appendix 1 of this Report;
2. Council approve, as a first priority, the phased development of a Central Services Centre on the owned lands adjacent to the Administrative Centre, to consolidate numerous older Regional facilities currently owned or leased in the Town of Newmarket;
3. Council authorize Staff to retain Consultants to proceed with detailed engineering, environmental, architectural, and other required studies, including specific design options and financial analysis at a cost not to exceed \$2.84 million; and
4. Staff report back to Council with the study results, recommended development options and related costs, to request authorization to proceed with the development of a Central Services Centre, subject to budget approval.

2. PURPOSE

The purpose of this report is to request Regional Council to approve the Strategic Accommodation Plan completed by Profac/SNC Lavalin, which establishes a framework and specific policies relating to the strategic planning of Regional lands and facilities. The Plan will help guide corporate decision-making relating to the provision of sufficient and appropriate accommodation to meet departmental program requirements over the next 10 years, ensure better cost efficiency, and provide staff with the type and location of facilities required to more effectively serve its citizens over the long term.

2.1 Introduction

Facilities are the face of Municipal Government. York Region's facilities not only reflect the type of organization it is, but directly affect the delivery of services to its citizens and customers and are a major factor related to staff job satisfaction and retention. The importance of real estate, in the function of both government and private business, has gained considerable profile in recent years. It has become more apparent that its value and the financial benefits of its active management, is considerable when viewed from a portfolio-wide, rather than project-specific perspective.

In past decades, real estate operated in an independent manner, with its focus on managing buildings and property and on its related financial expenses. Real estate decisions were made in a singular manner, with little consideration given to overall corporate business strategies, which was significant, because the real estate portfolio represented a major balance sheet asset that generated very large operating costs. The pace of growth and change has forced all governments and businesses to re-examine how they manage all of their assets in relation to service delivery to ensure that limited resources are utilized to their full potential in servicing citizens and clients, while supporting employee health, safety, security and productivity.

The suitability, condition, and location of the Region's facilities are key elements in the Corporation's ability to achieve its goals of effective and cost-efficient service delivery, excellence in customer service, and employee satisfaction. By planning its accommodation in a strategic manner, the Region will avoid the mistake made by many organizations by attempting to simply minimize the capital and operating costs of its real estate. It is clear that a lack of strategic planning and the necessary investments required for an organization's portfolio, can lead to unintended impacts of higher long-term costs due to deferred maintenance, unfavourable and expensive lease terms, unsuitable facilities, decreased levels of service delivery and lower workforce productivity and staff retention.

2.2 Purpose of a Strategic Accommodation Plan

The purpose of a Strategic Accommodation Plan is to establish an accommodation strategy to best achieve the Region's objectives for service delivery over the next 10 years, within a fiscally responsible framework, and while supporting the Corporation's primary goals for excellence in customer service and employee satisfaction. The Plan's goals are to:

- Formulate an understanding of the great diversity of issues impacting the Region's real property;
- Provide a context for ongoing corporate decision-making related to the management of the Region's portfolio of land and facilities; and
- Establish an action plan for the continuing development of the Region's portfolio to ensure its consistency with, and ability to support, corporate initiatives, objectives, and requirements.

Approving a Strategic Accommodation Plan will allow the Region to:

- Realize cost savings over the long term by providing a strategy to expand its owned portfolio of newer buildings to reduce leasing, maintenance, energy, and renovation costs;
- Be proactive in preparing to meet increasing accommodation challenges that correspond with continued high growth, governance and funding issues;
- Ensure that Regional properties are productively used, retained for future uses, or disposed of to generate revenue when not suitable for Regional purposes;
- Ensure that future Regional facilities are located in a manner that supports the Region's Official Plan and other Regional policies including those relating to centres and corridors, transit, housing and others;
- Develop a portfolio of owned facilities designed to meet "made in York Region standards" with regard to issues including energy efficiency, accessibility, health, safety, security, quality and appropriateness; and
- Increase staff productivity by improving the environment in which Regional employees carry out their work.

3. BACKGROUND

In June 2003, the Property Services Branch retained Profac/SNC Lavalin to work with Regional staff to develop a Strategic Accommodation Plan (SAP). A project working group was established with senior staff from every department to provide each department's current and future staff and program requirements. Simultaneously, an additional consultant was retained to undertake building condition audits for 23 staffed facilities to ensure that Profac had up to date information essential for the development of an accommodation strategy. All area municipal CAO's were interviewed to discuss the Region's project and explore potential partnership opportunities. Profac contacted other Regional and local municipalities in the Province to gather further information. The

Consultant also researched industry trends nationally and internationally to provide the departmental working group with a context for developing Regional strategies and solutions.

3.1 Phase 1 Report

Profac submitted a report on, "Industry Trends" in October of 2003, which provided a comprehensive review of national and international accommodation issues and solutions including: telecommuting; hotelling; satellite offices; outsourcing and charge backs; lease/own decisions; and public/private partnerships. The report concluded that hotelling could potentially be utilized in some instances where staff spend the majority of their day out of the office and do not require permanent office space. Other options might include telecommuting, where staff who have a limited role directly serving the public, could work at home a couple of days a week. The report recommended that the Region consistently review and consider more innovative ways of managing the Region's workplaces to achieve maximum efficiencies and effectiveness.

3.2 Phase 2 Report

A second report, "York Region Departmental Requirements/ Real Estate and Accommodation Practices of Other Municipalities", was completed in November of 2003. It documented interviews held with Regional departments relating to future staffing levels and facility-criteria, and presented the findings of interviews held with the Region's area municipalities. It concluded that most area municipalities face similar accommodation issues and are willing to work with the Region to explore potential opportunities to share land and facilities. A majority of the Region's local CAO's stated that they would like to see a formalized communication process established with the Region for the purpose of sharing information on land and facilities. The report also presented findings from other GTA municipalities relating to their current staffing and real estate and accommodation practices. The findings suggest that in 2003, York Region had the fewest number of staff per citizen than any of the surveyed Regions. It is recognized that each Region has unique circumstances such as differing policing requirements, levels of outsourcing and contracting of services, and water distribution responsibilities. The report concluded that the majority of municipalities:

- have only rudimentary components of real estate management practices in place, including basic inventories;
- do not have methodical accounting for property costs and revenues in place, although some Regions do have charge-back programs;
- have a clear desire to own their real estate,
- plan for expansion space when designing new facilities; and
- hotelling is utilized occasionally, but is not yet commonplace.

3.3 Phase 3 - Interim Report

In December 2003, an "Interim Report on Short to Medium Term Accommodation Requirements for York Region" was completed which formed the basis for the SAP's short term space requirements. It outlined specific accommodation issues currently facing

the Region, including office facilities that have significant short term issues relating to quantity and quality of space, maintenance, safety, security and costs. The report provided staff projections, current and future space requirements, potential options and costs, and an analysis of leased versus owned space.

3.4 Phase 4 - Draft Accommodation Plan and Implementation Strategy

A Draft SAP was submitted to Senior Management for review at the end of 2003. The Plan recommended specific priority areas that the Region should focus on over the short and medium terms to ensure that staffing requirements match those of a rapidly growing population. The Plan also provided projections of long term accommodation requirements as a visioning exercise. The Draft SAP was presented to the departmental working group in March 2004, was subsequently revised, and received departmental sign-off in April 2004. Presentations to the Senior Management Group concluded in the summer of 2004. An information report on the Draft SAP was provided to Committee and Council at the end of 2004.

3.5 Final Strategic Plan With Regional Policies

In completing the final SAP, Profac incorporated all feedback obtained from Staff, Committee and Council, along with new Regional policies. A new departmental survey was also completed in April and May 2005 to update current and projected staff numbers and department program requirements and projections, and Profac was retained by York Regional Police to undertake a review of its proposed 2004-2008 Staffing and Facilities Plan.

4. ANALYSIS AND OPTIONS

The SAP's recommended 5 and 10 year strategies are based on a number of key factors. These include: future population growth, current and future program and service delivery requirements, staff projections, type, location and characteristics of space requirements, condition of owned and leased facilities, and current and future service distribution.

4.1 Key Factors in Strategic Planning

To ensure the Region has sufficient land and suitable facilities in appropriate geographic locations, it is essential to understand what the current situation is, what future service demand levels will likely be, what the impact will be on Regional programs, staffing and space requirements, what options are available, and what the costs will be to find alternatives or remain in existing facilities?

4.1.1 Population Growth and the Changing Nature of York Region

In reviewing the growth projections provided in the Regional Official Plan, it is clear that the Region's population will continue to grow rapidly over the coming decades and in turn, the demand for Regional services will continue to grow at a rapid pace. The Region's current population is approximately 900,000, and it is projected to grow to over 1 million in the next 5 years, and close to 1.25 million by 2014. The majority of this

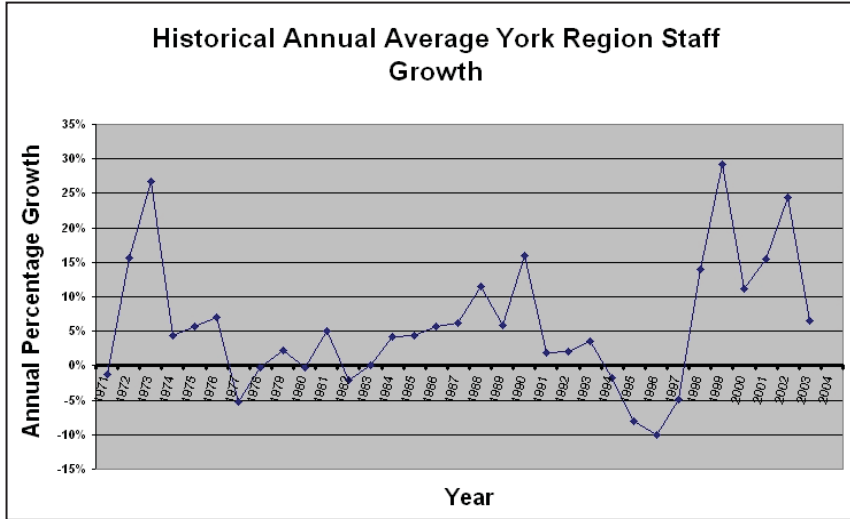
growth will occur in designated Urban Areas. Larger communities tend to be more sophisticated and demanding with regard to service levels and delivery methods, and this will likely lead to an even greater demand for Regional services from residents and businesses, and a corresponding increase in the number of required staff.

4.1.2 Regional Staff Growth

In attempting to project the future number of Regional staff and the amount of required space, it became evident that the only accurate information to base staff projections on was the Region's historic annual staff growth rates which occurred under a broad range of economic conditions from 1971 to 2004. (Refer to Graph 1). The interviews revealed that it is extremely difficult for a large majority of Regional departments to estimate their future program, staffing and space requirements for any time period beyond 2-3 years, given the external factors that can influence service delivery, such as potential changes in funding, legislation or methods of service delivery. It is also clear that staff growth rates that have averaged 10% a year over the last 6 full years will not likely continue. The benefit of utilizing the historical staff growth rate is that it illustrates a long time period, which intrinsically contains both positive and negative economic cycles, related funding changes and legislative delegation of authority. It should be noted that the levels of growth seen since 1998, were due in large part, to the delegation of provincial responsibilities, recovery from a recession and a hiring freeze of the early to mid-1990's, and unexpected occurrences such as the SARS and West Nile Virus outbreaks.

By the end of 2004, Regional staff had grown from approximately 381 in 1971 to approximately 2,250, not including York Regional Police. Using this average annual historical staff growth rate of 5.91% recorded since 1971, it is projected that by the end of the year 2010, the Region will have an additional 925 staff. By the end of the year 2015, it is projected that staff will increase by another 1,056, for a total staff increase of approximately 1,981 over the next 10 years. Potential impacts on staffing levels will not necessarily be the same for all departments, as the required number of staff in particular service areas, such as Health Services, are mandated by the Province based on population. For others, staff and service levels may be entirely based on the availability of provincial and/or federal funding. While historic staff growth rates serve as one tool to project future staff levels and related space requirements, the Region will need to ensure that it plans for managed growth utilizing a phased approach, so as not to over-build, or waste valuable resources. As such, historic growth rates will be tempered by on-going validation of future staff growth and requirements by monitoring and completion of a new SAP every 5 years.

**Graph 1:
Historical Annual Average York Region Staff Growth (1971- 2004)**



4.1.3 York Regional Police Growth

York Regional Police are an important component of the SAP. They currently occupy 25% of the Administrative Centre and have a large number of other owned and leased facilities throughout the Region and form an important component of the Regional budget. Future decisions relating to their location and space requirements, especially in the Administrative Centre will have a significant impact on the Region's space requirements. The Region and the Police have been working together to identify any synergies in accommodation that may exist between them. In keeping with this objective, Profac was recently retained by York Regional Police to verify their latest staffing and restructuring plan and related space requirements for the next 10 years. The Police have experienced rapid growth similar to that of Regional staff. Since 1971, the Police have grown at an average annual historic growth rate of 5.85%. At the end of 2004, York Regional Police had approximately 1,447 total staff (sworn and civilian). It is estimated that Police staff will grow by an additional 553 by 2008.

4.1.4 Departmental Input

The details of each department's projected requirements are outlined in Chapter 3E of the SAP. Interviews with senior management and surveys were completed in late 2003, followed by an additional departmental survey in April 2005. The purpose was to update current staff numbers, and future staff requirements, and gain an understanding of what accommodation gaps currently exist, what each department's future accommodation needs will be, and how those needs may change in the coming years in relation to potential changes to service delivery models. Most departments are currently having difficulty accommodating staff growth in existing facilities, and most are projecting significant increases in staff over the next 2-5 years. A majority stated that there were limited opportunities to decrease the amount of new space required through alternative

work arrangements, as the majority of Regional employees need to be accessible to the public or located at Regional facilities to carry out their work. There are a number of Regional services that are now provided 24 hours a day, 7 days a week, which require specialized facilities to meet their needs. It was noted that the majority of Regional buildings are located where the minority of citizens reside and that the Region should focus on accommodating new staff growth in the southern part of the Region.

4.1.5 Condition of Owned and Leased Facilities

In general, the majority of the Region's portfolio is in good condition. The Region does, however, have some significantly older buildings, particularly in Newmarket that require constant and considerable maintenance and renovations. In addition, the Region leases facilities where there were found to be health and safety concerns, problems with landlords, and excessive leasing costs. The SAP prioritizes which facilities should be replaced and recommends that the strategic planning required to replace these workplaces begin immediately, due to their poor quality, potential renovation and replacement costs, and time required to provide alternatives. The findings of the building condition audits are summarized as follows:

62 Bayview Parkway (Owned):

- Constructed in 1957, is in poor condition and contains asbestos;
- Windows need immediate replacement;
- The building equipment is original and near the end of its life;
- Immediate capital expenditure required is \$654,840 and total capital costs over 20 years (including immediate capital expenditures) are \$2,367,696.

22 Prospect Street (Building Owned, Land Leased):

- Building constructed in 1965 and is in fair to poor condition;
- Building not energy efficient and radiant heating and mechanical equipment requires replacement;
- Roof leaking, shortage of parking, leasing alternative parking;
- Immediate capital expenditure required is \$293,180 and total capital costs over 20 years (including immediate capital expenditures) are \$1,658,286.

55 Eagle Street (Owned):

- Former daycare centre built in 1972, currently used as Regional office space;
- Is in fair to poor condition; requires additional air conditioning capacity;
- Roof, windows and asphalt pavement need replacement;
- Immediate capital expenditure required is \$261,262; and total capital costs over 20 years (including immediate capital expenditures) are \$1,232,961.

The Tannery – 465 Davis Drive (Leased):

- Quality of space is poor; dark with poor lighting and overcrowded;
- Plumbing and roof leaks and heating and ventilation is poor; and
- Landlord not responsive to resolving operational complaints in a timely manner.

4.1.6 Distribution of Regional Services - Geographic Service Delivery Framework

The SAP establishes a geographic service delivery framework by dividing the Region into four accommodation zones to assist in analysing the current and future distribution of Regional services. Newmarket, as the seat of Regional Government, is currently the workplace for 52.2% of the Region's staff. Of note is the fact that while the Southern Accommodation Zone has approximately 73% of the Region's population, it has only 33.5% of the Region's workforce. The leased South Services Centre, in Richmond Hill, is the Region's second most significant building and currently serves as a focus for York's service delivery in the south end. The Town of Markham, the Region's most populated municipality, is the location of only 7% of Regional staff. Also of note, is the opening of the new Transportation Operations Centre on Bales Drive, which will result in a significant shift of Regional staff from the Central Zone to the Northern Zone in August 2005.

Table 1: Percentage of Regional Staff Located by Area Municipality

Accommodation Zone	Area Municipality	Total Staff	Staff Percentage by Area Municipality	Staff Percentage by Accommodation Zone
Newmarket	Newmarket	1,192	52.21%	52.21%
Northern	Georgina	84	3.68%	9.72%
	East Gwillimbury	138	6.04%	
Central	King	29	1.27%	4.56%
	Aurora	42	1.84%	
	Whitchurch-Stouffville	33	1.45%	
Southern	Vaughan	226	9.90%	33.51%
	Richmond Hill	378	16.56%	
	Markham	161	7.05%	
Total		2,283	100.00%	100.00%

4.2 Five Year Strategic Plan

4.2.1 Short Term Requirements for Replacement Space

In Newmarket, four Regional facilities require significant repair or replacement due to a number of issues outlined in section 4.1.5 of this report. Aging infrastructure and inadequate maintenance and repair funding have caused the older, owned buildings to become obsolete. There are also issues with poor building quality at leased locations. The Community Services and Housing Department recently leased an additional 7,314 gross square feet at 1091 Gorham Street as a housing office, which should also be included in plans for a consolidation and new facility in Newmarket. Table 2 shows the total space requiring replacement in Newmarket at nearly 107,000 gross square feet.

These properties were selected based upon the building condition audits, site tours and interviews with on-site tenants as well as each department’s senior management.

Table 2: Buildings Requiring Replacement in Newmarket

Location	Building Name	Gross Square Feet	Comments
465 Davis Drive	The Tannery	50,567	Poor quality leased space.
62 Bayview Parkway	Newmarket Social Services	26,776	Owned space built in 1957.
22 Prospect Street	Health Clinic	12,000	Owned space built in 1965.
55 Eagle Street	Community Services and Housing	10,000	Former childcare centre being used as office space.
1091 Gorham Street	Housing Office	7,314	Leased space to be replaced.
	Total	106,657	

4.2.2 Short Term Requirements for New Growth

The calculations for new space requirements were formulated using the Region’s space standard of 185 useable square feet per employee (205 rentable square feet), plus a 15% gross up per industry standards and a 10% contingency. Given that a strategic plan sets the context for more detailed future studies and implementation plans, there will likely be variations in the exact size recommended by the SAP. Table 3 illustrates that over the short term, there will be a need for approximately 145,000 gross square feet of new space required in the next 5 years to accommodate Regional staff growth. This would be in addition to the 107,000 square feet required to replace existing poor quality space. In planning for the amount of space required for future growth, new facilities would be constructed to allow for 10 years of growth. Given projections for staff growth and replacement recommendations, a total of approximately 252,000 gsf of space is required in Newmarket for Regional staff within the next 5 years.

Table 3
Short Term Accommodation Strategy – Regional Staff (2005-2010)

Accommodation Zone	Type of Accommodation	Area Municipality	Additional Staff	GSF Required
Newmarket	New Space Requirements	Newmarket	Field: 203 HQ: <u>280</u> Total: 483	52,920 <u>73,080</u> 126,000
	Replacement Space	Newmarket		107,000
	Land Purchase for Transit/Rapid Transit	Newmarket		Specifics of facilities not yet known
Northern	Growth to be accommodated at Bales Drive	East Gwillimbury		
Central	None		0	0
Southern	Public Health Office	Vaughan	70	19,000
	Land Purchases Planned for Transit/Rapid Transit	Vaughan, Markham		Specifics of facilities not yet known
Total for all Zones			553	252,000

The SAP outlines department requirements for space over the short term in each of the 4 zones and concludes that existing poor quality space in Newmarket should be consolidated into a new Central Services Centre to be constructed adjacent to the Administrative Centre. The Five Year Plan identifies the need for a new Public Health facility in Vaughan, as well as the new space that will be required in Newmarket to provide for existing staff growth over the next 5 years. The Region should initiate a study to identify the most appropriate site for a Public Health office within the City of Vaughan.

- Lands adjacent to the Administrative Centre in the south parking lot, including 55 Eagle Street and 85 Eagle Street (land leased by Children’s Aid);

- A 3 acre parcel leased to the Town of Newmarket for a soccer field located in front of the Ray Twinney Recreation Complex and adjacent to the McCaffrey Fire Station (McCaffrey Lands); and
- Vacant lands in front of Newmarket Health Centre on Eagle Street, (which have not yet been studied).

Utilizing these owned lands would intensify their use and allow them to become productive assets within the Region's real estate portfolio, and would work toward implementing the Region's policies regarding the development of Regional Centres. With regard to a consolidated Regional building, the presence of Social Services and services provided directly to the public, such as Courts, makes it necessary to locate in highly accessible and visible space, with transit service, which these sites possess. The development of the Administrative Centre site by the Region would not only serve to consolidate Regional services to a single location, but would greatly assist in the implementation of the Regional and Local Official Plans by helping to further establish the Newmarket Regional Centre on lands the Region already owns. The intensification of these lands with additional institutional uses would serve to establish better pedestrian linkages to existing transit corridors, as well as the Newmarket Recreation Complex, Provincial Courthouse, and other institutional uses located within the Regional Centre. The provision of higher densities on the site would help to better integrate the component uses located within the Centre, and enhance its focus as a place of government and civic pride.

Currently, there are approximately 687 Regional staff and 316 Police staff working at the Administrative Centre. Relocating the Police from the 50,000 gross square feet occupied at the Administrative Centre to a separate headquarters, would allow for the growth in corporate space, as well as provide interim swing space to allow for upgrades. To accommodate growth in the Region's administrative staffing, the Administrative Centre should be dedicated to Regional needs. Once the Police are relocated, the Region should use this opportunity to reconfigure the space for maximum utilization. If the Police are re-located to their own headquarters, Regional growth associated with Administrative Centre functions could potentially be accommodated within the Administrative Centre for the next 5 years.

4.2.3 Accommodation Requirements for Rapid Transit

York Region is investing substantially in the development of a new Rapid Transit System (VIVA), and the expansion of its conventional transit system (YRT). A major component of the VIVA/YRT strategy is the acquisition of sites for future operation and maintenance facilities. The acquisition of these sites (one large facility at Yonge/407, and three smaller satellite facilities in Vaughan, Markham, and northern York Region), will likely provide opportunities for co-location with other Regional uses at these future sites.

The primary purpose of the site purchases is to meet VIVA/YRT requirements for operating and maintenance yards and depots, however, once the locations are determined, the Region should work to assess their potential for Regional requirements as outlined in

the SAP. The new Regional staff and facilities associated with the Rapid Transit program should be considered part of the growth projections in the Southern and Northern Zones. Subject to the finalization of the Environmental Assessment, a 40-acre site at Highway 407 and Yonge Street is one of the sites currently being considered for purchase. Depending on the extent of transit needs, this site could potentially be used to replace leased sites in the Southern Zone, such as the South Services Centre, as well as being used to accommodate general growth across Regional Departments. The purchase and use of large, well located sites for the transit/rapid transit program should be planned for strategically within the context of the SAP.

4.3 Ten Year Strategic Plan

4.3.1 New Space Required for Growth in the Medium Term

The Health Services Department projects the need for three new facilities in the next 5 to 10 years, consisting of two new long-term care facilities and a Public Health office. Those three facilities alone would account for approximately 450 to 470 new staff, given current staffing levels at similar facilities. Table 4 does not include the requirements related to the two potential Long-Term Care facilities, as they are specialized residential facilities which will not be developed without a separate funding source.

The Transportation and Works Department requires a new works yard in the southeast part of the Region, which will be staffed by approximately 10 employees, based on the number of staff at other works yards. The remaining growth has not been accounted for by specific projects identified by the Departments, however, it is anticipated that population and associated staff growth will continue to occur in the Newmarket and the Southern Zones because of the mass of employees and programs existing in those areas.

Table 4
Medium Term Accommodation Strategy – Regional Staff (2010 – 2015)

Accommodation Zone	Type of Accommodation	Area Municipality	Additional Staff	GSF Required
Newmarket	New Space Requirements	Newmarket	Field: 231 HQ: <u>319</u> Total 550	60,060 <u>82,940</u> 143,000
Northern	Public Health Office (Other growth to be accommodated at Bales Drive)	Georgina East Gwillimbury	70	19,000
Central	None		0	0
Southern	Transportation Works Yard*	Markham	10	40,000
	New Office Space Requirements	Markham	240	62,000
Total			870	264,000

***Note:** The amount of space suggested for the Transportation Works Yard for the purposes of the SAP assumes 10,000 gross square feet of office and 30,000 gross square feet of light industrial space for vehicle and materials storage. The two Long-Term Care Facilities (in Georgina and in Markham) are planned for the medium term. These two facilities are not included in the table because of their large size, specialized use, and dependence on separate funding. They are expected to have approximately 200 staff and 175,000 gross square feet each.

In addition to the need to accommodate new growth in Newmarket in the short term, there will also be a need to provide an additional 143,000 gross square feet for growth in the medium term, for a total of 376,000 gross square feet over the next 10 years. A proposed Central Services Centre of 179,000 gross square feet (107,000 plus 10 years of growth), takes into account needs for the short and medium term. The reason for this approach is that the Region, when building its own facilities, should plan for a new facility to meet more than just replacement space and immediate requirements. In this plan, the size estimated for new construction projects in the short term incorporates the Region's needs for the entire 10-year time horizon.

During departmental interviews, only one department indicated a need for new facilities in the Northern Accommodation Zone. Health Services anticipates that it will need two new facilities in Georgina, a new long-term care facility of about 175,000 gross square feet, and a new Public Health office at about 19,000 gross square feet. It would be prudent to work with the Town early in the plan's implementation to identify medium

term Regional needs to uncover opportunities to use land already in public ownership, or for joint development of Regional and area municipality facilities.

Transportation and Works expects to require a new works yard in the southeast of the Region in approximately 5 years. This requirement is anticipated beyond 2008, however, because of current land prices, York Region should begin seeking a site for this facility immediately. Works yards are special purpose in nature, buildings are atypical, and land requirements are usually quite significant. If there are residential or recreational uses nearby, there is usually an excess land requirement needed as a buffer.

In the medium term, there will also be a need for approximately 62,000 gross square feet of additional space in the southern zone for general growth across all of York Region's functions. Part of this anticipated requirement may be absorbed by Transportation and Work's facilities related to the Transit/Rapid Transit program, or some of this growth might be accommodated by intensifying use of the South Services Centre. Given the existing South Services Centre in Richmond Hill and the potential development of a new health facility required in Vaughan, it is recommended that a new office facility be located in Markham, which currently is the largest municipality with the fewest Regional services. Therefore, the Region should begin discussions with the Town of Markham regarding the potential for locating a Regional office facility in Markham's rapidly developing Town Centre.

4.3.2 Summary of SAP Strategies for Regional Staff (2005-2015)

Table 5 shows the recommended SAP strategies for meeting the Region's space requirements over the next 10 years to 2015.

Table 5: Summary of SAP Strategies (2005 – 2015)

Accommodation Zone	Short Term 2005-2010 GSF	Medium Term 2010-2015 GSF	Type of Accommodation	Area Municipality	Additional Staff
Newmarket	233,000		Growth plus replacement space	Newmarket	483
		143,000	New Growth	Newmarket	550
	Unknown		Land Purchased for Transit/Rapid Transit	Newmarket	
Northern		19,000	Public Health Office	Georgina	70
Central					
Southern	19,000		Public Health Office	Vaughan	70
		62,000	General Government Building(Growth)	Markham	240
		40,000	Public Works Yard	Markham	10
	Unknown		Land Purchases Planned for Transit/Rapid Transit	Vaughan, Markham	
Total	252,000	264,000			1,423

4.4 Space Requirements for York Regional Police

Profac has undertaken work for the York Regional Police to verify requirements with respect to four proposed facilities. The facilities are needed to meet the accommodation needs of the Investigative and Support Services units, the Training and Education Bureau, the 911 Communications Centre, and a new Field Office. York Regional Police have experienced rapid staff growth similar to the Region’s staff. Rapid population growth has continued to put pressure on providing more and enhanced Policing services. The development and implementation of the York Regional Police 2004-2008 Staffing and Restructuring Plan, anticipates a higher than average staff recruitment to meet desired service levels and Vision 2026’s goals for improved customer service and creating a safe and healthy environment for York Region’s citizens.

Increases in Police staff have created challenges in the current accommodation portfolio, which is near or at capacity. The Police have met some of their accommodation needs through leasing space, as there is insufficient owned space available. Locating special purpose functions in leased space requires significant capital investment to suit Police requirements because the buildings were not specifically designed and constructed for

Police functions, so many of which require special purpose space as opposed to office space.

The Police have also identified the need for a new Training and Education Bureau by 2007/08. A number of the municipal fire departments have expressed interest in participating in a training centre to minimize individual costs through sharing facilities and training. The Region's Emergency Medical Services Unit has also expressed interest in sharing training services where similar needs arise such as in driver training, and marine paramedic training which is already performed in conjunction with the Police Tactical Unit. It has been determined that the Police require approximately 73,000 gross square feet of space for training, using the Regional space standard for office space, and calculating special purpose space requirements separately. An important consideration for the Police Training and Education Bureau is the land requirement, which will amount to approximately 40 acres due to the need for extensive outdoor facilities, including a driver-training track. Such a track would also be beneficial to EMS for driver-training purposes.

A 911 Communications Centre is required by 2008/09. A space estimate of 28,000 gross square feet was determined by using the Regional space standard for the office component, and the special purpose requirements were calculated separately. The Field Office space requirement was calculated using the Regional space standard, which happens to be the average space use at existing district offices, and it is required by 2008/09. York Regional Police will be re-examining their service delivery model within the southern tier to determine how field services will be delivered.

The scope of the analysis undertaken for the Police did not include a review of the administration and headquarters space requirements, which will impact on their required use of the Administrative Centre. Therefore, it is not possible, at this time, to determine future York Regional Police space requirements for headquarters and administrative functions. Relocating the 911 Communications Centre and the Investigative and Support Services Units out of the Headquarters space would vacate approximately 12,000 square feet of space for reuse by Police Headquarters and administrative purposes.

As with the Region, there may be a need to move non-headquarters related Police Units out of the Administrative Centre. The new Investigative and Support Services facility, if constructed with expansion space, could temporarily house some of these employees.

As shown on Table 6, space projections to 2015 for the 4 facilities included in the analysis total 316,000 gross square feet. Table 6 summarizes the gross square footage requirements for each proposed new facility. A preliminary assessment of the amount of land required for each facility is also shown.

Table 6: Total Estimated Space and Land Required by York Regional Police (2005 – 2015)

Department/Unit	Gross Square* Footage Required	Acres of Land Required	Expected Implementation Timeframe
Investigative and Support Services	175,000	11.0	2005/07
Training Bureau	73,000	40.0	2007/08
Field Office	40,000	2.7	2008/09
911 Communications Centre	28,000	2.3	2008/09
Total:	316,000	56.0	

* These are preliminary figures

4.5 Development Capacity of Regionally Owned Lands

Upon receiving Council authorization in November 2004, the Property Services Branch retained Malone Given Parson Ltd. to undertake planning, stormwater, geotechnical and Phase I Environmental studies of the Regionally-owned lands located in the south lot of the Administrative Centre (Eagle Street lands), and on the McCaffrey Road/Eagle Street site, beside the existing McCaffrey fire station (McCaffrey lands - currently leased to the Town of Newmarket for use as a soccer field/fire station). The purpose was to identify the development capacity of the sites within the existing zoning limits, and to suggest a variety of development options. Appendix 2 attached identifies these lands.

The highest density permitted on both the Eagle Street and McCaffrey Road lands is 150% gross floor area with a maximum building height of 6 storeys. The maximum development capacity of the McCaffrey lands was determined to be approximately 245,748 square feet, accompanied by 860 parking spaces, while the Eagle Street lands were determined to have a maximum capacity of approximately 508,450 square feet, with 1,772 parking spaces. Maximum development of the sites would only be possible using underground parking. Additional development options, thought to be more compatible with the surrounding neighbourhood, were also provided. These lower density development options included 3 and 4 storey buildings, with all surface parking or a combination of surface and subsurface parking. Malone Given Parsons concluded that the highest density scenarios would be feasible from the perspective of preserving the view of the Administrative Centre, low impact on residential uses, lack of shadow impacts, and traffic capacity. They did note, however, that the “maximum density options push the height envelope to six storeys which, while permitted in the current zoning, may be considered excessive for the area in context and could potentially diminish the existing Administrative Centre building as the focal point of this institutional area”. Depending on the chosen level of development of these two sites, there could potentially be sufficient development potential to accommodate the Region’s needs in the Newmarket area for the next 10 years. A cost/benefit of higher density development with subsurface parking,

versus the lower cost option of lower density development with surface parking should be studied in further detail. There are risks in developing the property at lower densities which may result in the need to purchase additional lands at much higher costs. Detailed design and engineering studies are required to specifically determine the ultimate size and cost of such a development.

While there is a cost of constructing and maintaining excess space before it is required as permanent accommodation, there is an offsetting savings. This approach has been taken by Newmarket, Aurora, and Richmond Hill with success. Those municipalities now have owned space for expansion, and for the flexibility required to accommodate churn. There are savings associated with having owned space available to allow for avoidance of leasing space to accommodate churn, special projects, unforeseen program requirements, or to easily meet incremental growth in demand for space over an extended period of time. Developing the new Central Services Centre with pods, in a campus style phased approach, would assist in reducing risk.

4.6 Business Case Analysis - Central Services Centre

A business case analysis was undertaken by a financial consulting firm, Dromoland Property Investments Management Limited, to study the financial costs and benefits of consolidating multiple facilities located in Newmarket into one new location adjacent to the Administrative Centre. The analysis considered: the condition of existing owned and leased facilities; the availability of suitable leaseholds in the Newmarket area; market rentals and the value of future lease obligations; financing costs; lease costs on a built to suit by the private sector; and financial analysis and comparison of alternatives. Other factors included were energy savings and productivity gains. The business case concludes that, based upon a discounted net present value analysis, the Region by building its own facility rather than continuing to lease would save approximately \$29 million over the life of the 140,000 sqft building and \$50 million if the facility was 212,000 sqft, which reflects a fully built out scenario at the end of 10 years.

The comparison between the Region building and having a developer build a facility and leasing it back is even more pronounced, with the Region saving approximately \$54 million (for the small facility of 140,000 sqft) and \$79 million (for the fully built out scenario of 212,000 sqft) respectively. Sales revenues for 62 Bayview Parkway and the building at 22 Prospect Street have not been included.

**Table 7:
 140,000 Square Foot Facility**

Present Value Analysis Initial Consolidation	PV at 5.4% \$-Millions	Increase in Cash Flow in first 10 years. \$-Millions	Total Occupancy costs in Development are less than leasing starting in year	The “payback period” for development, achieved through reduced occupanc costs is -- years
Leasing	\$60 million			
Development of Additional Lands	\$31 million	\$15	11	13
Developer Built to suit/lease	\$85 million			

**Table 8:
 212,000 Square Foot Facility**

Present Value Analysis Fully Built Out	PV at 5.4% \$-Millions	Increase in Cash Flow in first 10 years. \$-Millions	Total Occupancy costs in Development are less than leasing starting in year	The “payback period” for development, achieved through reduced occupanc costs is -- years
Leasing	\$101 million			
Development of Additional Lands	\$52 million	\$15	11	15.5
Developer Built to suit/lease	\$130 million			

The report further concludes that it is better for the Region to build its own facility and consolidate for the following reasons:

- Property ownership allows the Region to house its staff more efficiently and cost effectively, using its favourable credit rating for financing and taking advantage of its property tax exemption as an owner.
- The Region's covenant is better than a Developer's, and therefore, a built to suit scenario with a long term lease back to the Region, creates value for the Developer at the Region's expense;
- The financial analysis favours ownership as the land cost has already been absorbed;

- The development of additional office space and parking in close proximity to the Administrative Centre helps solve the existing shortfall in parking, facilitates short-term accommodation needs by providing swing space, and provides more Regional services in one location to better serve the public;
- At present, the leasing market in Newmarket is too small to provide the long term space needs for the Region and development in the Newmarket Centre supports the Regional and Local Official Plans and the vision for the Region;
- The quality of the existing space is substandard and not suited to providing long term solutions for space;
- Consolidation in a new facility creates the opportunity for synergy with Regional staff who are off-site and helps increase staff productivity;
- Provides facilities that are much more energy efficient, secure and suitable, while realizing a further space saving of approximately 5-8% through improved use and consolidation of existing public spaces such as lobbies, meeting rooms, washrooms, and mechanical rooms;
- Increases the lifecycle of building improvements, maximizes utilization and reduces the non-salvageable costs when leased premises are vacated by as much as 50%; and
- Similar to the Administrative Centre, the facility would be paid off by debenture after 10 years, allowing the Region to participate in the general rise in the value of real estate over the long term

4.7 Relationship to Vision 2026

The Strategic Accommodation Plan supports a number of principles and goals of Vision 2026. The planning of new facilities in centres or along corridors would conform with the Regional Official Plan by being transit supportive and helping to create more vibrant urban communities. Better located and designed facilities would clearly respond to the needs of the Region's residents and staff. New and consolidated health, community services and long term care facilities would help promote wellness and enhance human resources and partnerships. The SAP would lead to more partnerships and cost-sharing opportunities with area municipalities, proactively meet the needs of our customers, and would assist in establishing a sound fiscal strategy that will save significant taxpayer's dollars over the long term. The SAP would clearly support the Corporation's values of cost efficiency to taxpayers, excellence in customer service, and proactive planning for the future.

5. FINANCIAL IMPLICATIONS

The SAP is a high-level strategic and policy document designed to guide land and facility decisions on a Regional scale. It does not provide specific cost estimates which will vary significantly based on timing, location and individual design characteristics. Phased Implementation Plans will be undertaken and approved by Council for each individual project prior to undertaking the completion of detailed engineering, design studies and business case analysis. Specific project costs will be dependent on construction and land costs at the time each project is scheduled to proceed, and therefore, authorization will be required from Council for each separate implementation plan.

Authorization is being requested to proceed with detailed architectural, engineering, environmental and financial studies, together with a functional analysis at a cost not to exceed \$2.84 million. These funds are available within the 2005 Property Services Budget.

6. LOCAL MUNICIPAL IMPACT

The implementation of a SAP will lay the framework for more convenient and better quality Regional services for the citizens of all of the Region's area municipalities, particularly in those areas where the majority of York's residents reside. The Plan will assist area municipalities plan for their service delivery by providing them with a blueprint of where the Region intends to develop its key service delivery nodes. This will enhance the potential for better communication and co-operation between the two levels of government in the development of future projects or the sharing of land or facilities.

7. CONCLUSION

There are clear signs that the Region's older facilities are having negative impacts on Regional service delivery and staff productivity. These include lack of parking, overcrowded work spaces, lack of space for growth, increased maintenance and renovation costs, increased leasing costs (currently 43 locations at a cost of approximately \$5.5 million per year), and lack of services in highly populated areas. The situation in Newmarket is particularly critical as its facilities are quickly becoming obsolete and there is a limited leasing market. As it takes approximately 3 years to design and build a new facility, it is important that the Region take action by approving a Strategic Plan for its accommodation and a budget for its implementation in a well-organized, effective and cost-efficient manner. A business case has been completed which clearly supports the need to consolidate the older Regional portfolio in Newmarket as a first priority. Staff retained Consultants to complete various studies to thoroughly examine the development capacity of Regionally-owned lands adjacent to the Administrative Centre and these studies indicate there is significant development potential with no problematic development issues. Regional Council should approve the

SAP and its policies and authorize staff to undertake detailed design studies and cost estimates for the development of a consolidated Central Services Centre.

The Senior Management Group has reviewed this report.

(In considering this report, the Committee also had before it a copy of the York Region Strategic Accommodation Plan dated August, 2005.

The attachments referred to in this clause were included in the agenda for the September 8, 2005 Committee meeting.)

SAP Recommendations

In summary, the SAP recommends that Regional Council:

- Approve the Strategic Accommodation Plan and its policies to guide corporate decision-making to ensure that the accommodation portfolio will be cost effective, and support excellence in service delivery, a productive workforce and land use and development goals;
- Continue to support use of the Administrative Centre as the seat of Regional governance and administration;
- Approve in principle, the development of a Central Services Centre and authorize the completion of a workplace needs analysis, detailed design and engineering studies and cost estimates;
- Together with York Regional Police study the potential to relocate Police Headquarters from the Administrative Centre to free up space for the expansion of Regional administrative functions;
- Explore the possibility of re-locating the soccer field on the McCaffrey lands with the Town of Newmarket to maximize the opportunity for development;
- Initiate a workplace needs analysis, site selection process detailed design, and cost estimates for a new Public Health office in the City of Vaughan;
- Initiate an assessment to determine tenancy for new space in York Region's Southern Accommodation Zone;
- Focus larger scale Regional real estate developments in the four Regional Centres to ensure they are transit supportive, accessible, and in support of the Regional Official Plan;
- Initiate a study to review the appropriateness and intensification of uses at the South Services Centre;
- Investigate joint partnerships with the area municipalities relating to leasing, planning and developing owned accommodation and service delivery;
- Initiate a site search and purchase land for a Transportation and Works Yard in the southeast area of the Region;
- Explore the requirements for a records management strategy and the need for a new archival storage facility;
- Assess the feasibility of establishing small pilot satellite offices for Regional Staff in smaller communities;
- Initiate a boardroom, lunchroom and meeting room usage study for all major facilities;
- Support the establishment of policies for space saving workplace design and alternative work arrangements to help guide Regional departments and the Property Services Branch; and
- Support an assessment of the requirements for a dedicated Police training facility and the potential benefits of Regional users sharing classroom facilities at the proposed Police Training and Education Bureau.

Regional Policies

The following is a summary of the policies contained in Chapter 7 of the SAP which were formulated to guide future real estate and accommodation decisions in order to ensure consistency and cost efficiencies:

Consistency with existing Regional Policies and Initiatives

It is the policy of Council that real estate and facility decisions are consistent with existing Regional Policies, without compromising location requirements by:

- Supporting implementation of the Regional Official Plan, particularly with regard to its Regional Centres and Corridors policies, when making location decisions;
- Satisfying area municipal land use policies and regulations and supporting local economic and town centre development efforts; and
- Supporting Regional policies relating to program delivery, customer service, and infrastructure planning, through the provision of accommodation and real estate.

Centralized Real Estate and Property Management

It is the policy of Council to support a centralized approach to management of York Region's real estate portfolio and the provision of property services by:

- Strategic planning, through the SAP and other initiatives that will take a proactive and business like approach to meeting the real estate and accommodation needs of the Region;
- Implementing a facility and capital asset management system to track property specific and portfolio wide revenues and costs, current asset value, and benchmarking of operations and maintenance costs;
- Centralizing and consolidating accommodation budget control with the Property Services Branch as an implementation tool; and
- Reviewing and updating the SAP every 5 years, allowing for sufficient monitoring of the plan and facilitating feedback by Regional Departments and Regional Council in relation to the Region's accommodation program.

Location and Site Selection

It is the policy of Council to select locations and sites for York Region accommodation that optimize accessibility to users of Regional services by:

- Locating accommodation for office uses and other direct program delivery at Centres and Regional Corridors in order to maximize accessibility to citizens;
- Support rapid transit services and other transit services through Regional accommodation and facility location decisions; and
- Developing Regional facilities on fully serviced and environmentally-clean sites that allow for sufficient parking and accessibility to information technology support infrastructure.

Building Types

It is the policy of Council to construct suitable facilities and locate Regional functions within buildings that meet workplace and service delivery requirements, while ensuring cost effectiveness by:

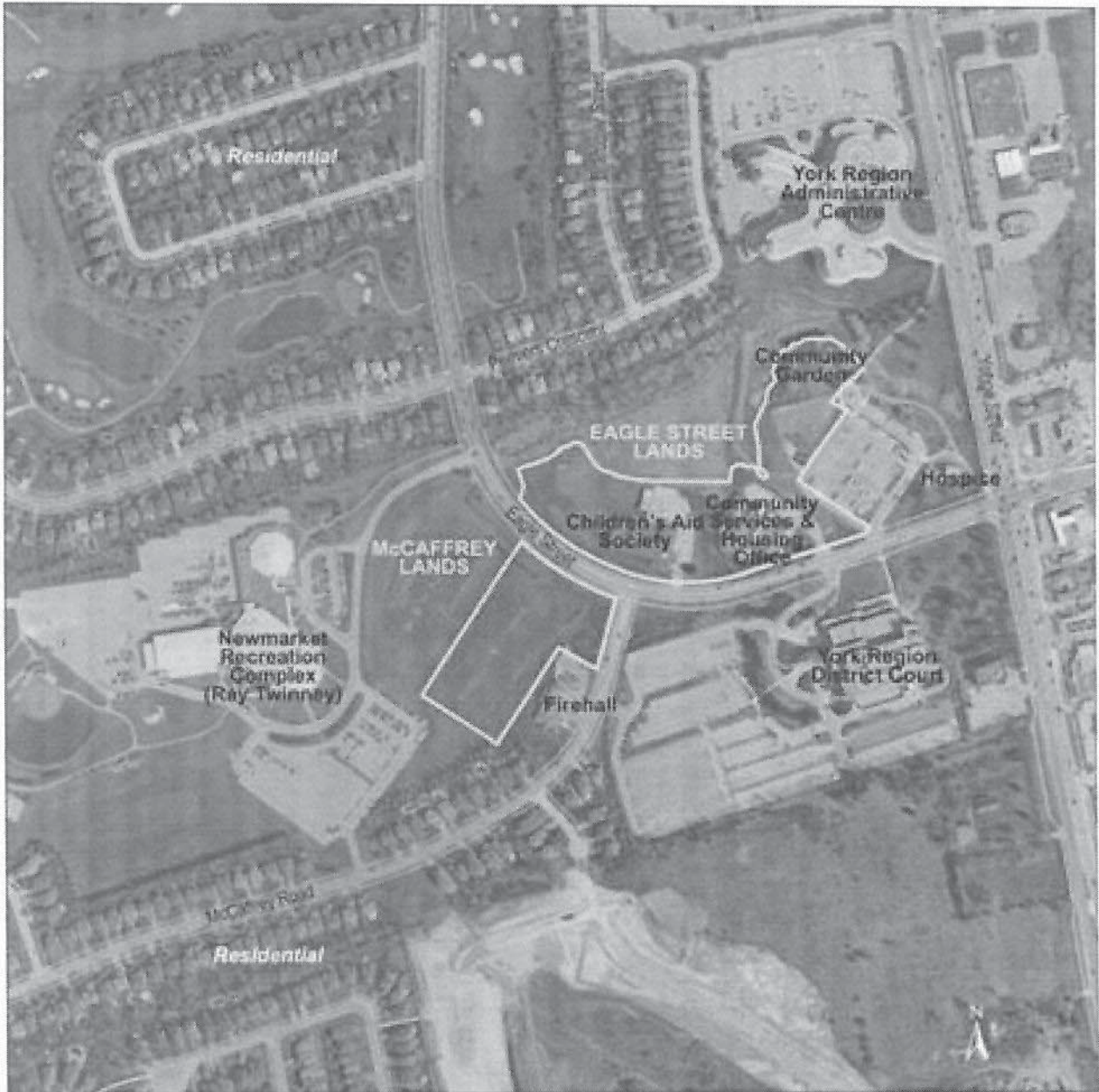
- Providing Class B or C quality spaces which meet basic Regional accommodation requirements at a reasonable cost;
- Planning for facilities that allow for easier disposal should they no longer be required by the Region;
- Meeting the requirements of the Accessibility for Ontarians with Disabilities Act (AODA);
- Selecting buildings and sites in consultation with area municipalities to maximize use of public sector assets;
- Achieving space efficiency standards as established by the Region;
- Ensuring consistency with environmental and energy conservation goals;
- Satisfying security requirements to provide a safe environment for Regional employees and visitors; and
- Satisfying technological requirements to maximize work processes and adaptability to new systems and equipment.

Cost Efficiency

It is the policy of Council to make real estate and accommodation investment decisions in a business like manner by following procedures that ensure cost effectiveness by:

- Owning real estate resources if program requirements are long-term in nature;
- Requiring Departments to outline all space impacts for new staffing requests during the annual business planning process, including the implementation of a 3-year rolling forward staff forecast by department as part of the budgeting exercise to ensure for better strategic planning for accommodation to avoid costly piecemeal leases/locations;
- Identifying the full costs associated with hiring new staff, such that informed approvals are made with knowledge of all cost and accommodation implications.

APPENDIX 2



SURROUNDING LAND USES

Prepared By:
**MALONE GIVEN
PARSONS LTD.**
Source:
First Base Solutions
Date of Aerial
April 2002

York Region Strategic Accommodation Plan



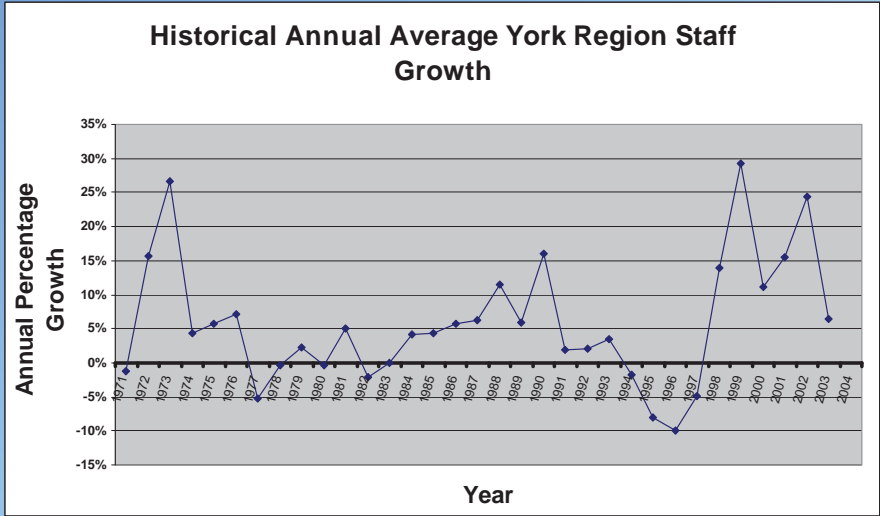
Presentation to Finance and
Administration Committee
September 8, 2005



Project Summary

- Met with all stakeholders:
 - CAO, Commissioners, and staff;
 - CAO's of the Region's area municipalities;
 - York Regional Police;
 - Departmental Project Steering Committee.
- Past two years completed variety of reports:
 - Industry Trends;
 - Report on Departmental Requirements & Real Estate and Accommodation Practices of Other Municipalities;
 - Draft Strategic Accommodation Plan 2003;
 - Final Strategic Accommodation Plan and Policies (2005) using recent staff count.





Space Requiring Replacement

Location	Building Name	Gross Square Feet	Comments
465 Davis Drive	The Tannery	50,567	Poor quality. Leased space to be replaced.
62 Bayview Parkway	Newmarket Social Services	26,776	Owned space built in 1957. Building in poor condition.
22 Prospect Street	Health Clinic	12,000	Owned space built in 1965. Building in fair to poor condition
55 Eagle Street	Community Services and Housing	10,000	Former Childcare Centre being used as office space by Community Services and Housing Departments. Building in fair to poor condition.
1091 Gorham Street	Housing Office	7,314	Leased space to be replaced.
	Total	106,657	



Ten Year Requirements

Accommodation Zone	Short Term 2005-2010 GSF	Medium Term 2010-2015 GSF	Type of Accommodation	Area Municipality	Additional Staff
Newmarket	233,000		Growth plus replacement space	Newmarket	Field: 203 HQ: 280 Total: 483
		143,000	New Growth	Newmarket	Field: 231 HQ: 319 Total: 550
	Unknown		Land Purchased for Transit/Rapid Transit	Newmarket	
Northern		19,000	Public Health Office	Georgina	70
Central			N/A	N/A	
Southern	19,000		Public Health Office	Vaughan	70
		62,000	General Government Building	Markham	240
		40,000	Public Works Yard	Markham	10
	Unknown		Land Purchases Planned for Transit/Rapid Transit	Vaughan, Markham	
Total	252,000	264,000			1,423



York Regional Police Requirements

- Police are facing the same pressures as the Region
- 2004-2008 Staffing and Restructuring Plan addresses need for staff growth
- Headquarters not currently a priority
- Synergies in planning for field offices with Regional facilities (like EMS stations), training, and call/emergency centres

	Investigative and Support Services	Training and Education Bureau	911 Communications Centre	Field Office	Total
Forecast Staff - 2015	608	41	180	190	1,019
Gross Square Feet	175,000	69,800	26,800	40,000	311,600
Parking Stalls	719	271	82	259	1,330
Acres of Land	10.60	40.00	2.30	2.70	56

*Note: All figures relating to the field office are based on a district office based model of service delivery. Proposals regarding new field offices are deferred until the recommended service delivery strategy and accommodation plan are completed.



Key Recommendations

- Adopt the SAP and polices to save significant taxpayer dollars over the long term by reducing leasing, maintenance, renovation, and energy costs.
- Support the use of the Administrative Centre as the seat of Regional governance and administration.
- Support Regional initiatives such as:
 - Centres and Corridors;
 - Regional Official Plan;
 - York Rapid Transit;
 - Vision 2026;
 - Capital and Infrastructure Plan.
- Better to own facilities versus leasing over the long term.



Key Recommendations cont.

- Promote partnerships among municipalities, police, fire departments and other agencies located in York Region when developing new facilities.
- Initiate a workplace needs analysis, site selection process, detailed design, and cost estimates for a new Public Health office in the City of Vaughan.
- Assess the feasibility of establishing small pilot satellite offices for Regional staff in smaller communities.
- Undertake a review of the SAP every 5 years to effectively manage and plan for the Region's accommodation requirements.



Newmarket Consolidation

- Accommodation priority is the consolidation of older facilities in Newmarket to the Regionally-owned lands adjacent to the Administrative Centre.
- Therefore, Council should take action to approve, in principle, the development of a Central Services Centre, and authorize the completion of a workplace needs analysis, detailed design and engineering studies and specific cost estimates.



Clause No. 8 in Report No. 6 of the Finance and Administration Committee was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting on September 24, 2009.

8

LEASING OF REAL PROPERTY POLICY

The Finance and Administration Committee recommends receipt of the following report dated August 13, 2009, from the Commissioner of Corporate Services.

1. RECOMMENDATION

It is recommended that:

1. Regional Council approve the Leasing of Real Property Policy (*Attachment #1*) attached to this report.

2. PURPOSE

The purpose of this report is to seek Regional Council's approval for a policy concerning the procurement of leased real property in support of the Region's provision of services to the public. In addition it addresses renewal of leases.

At its April 23, 2009 meeting, Regional Council requested staff to develop a policy to govern the procurement of leased real property and directed that the policy incorporate a competitive process, similar to a request for proposals process.

3. BACKGROUND

York Region has a Strategic Accommodation Plan

In 2005, Regional Council approved a Strategic Accommodation Plan for the Region. The plan sets out a preference to own, rather than lease, space for Regional staff to deliver services. There are cases however when the option to lease is preferable. These situations can include:

- Space requirements may be relatively small, making ownership not feasible;
- Underlying program funding from sources outside the Region may be temporary in nature;
- Expected shifting demographics over the mid-term may indicate a potential need to relocate the provision of services to other areas of the Region;
- The Region may be planning to develop owned accommodation in the mid-term making leasing an acceptable gapping strategy;

- Ownership in a condominium setting may be undesirable due to limited control over property ownership decisions;
- The Region may already lease space in a property within the geographic search boundaries. Adding additional rental space for compatible functions may reduce overall costs and add to program delivery efficiencies;
- There may be limited appropriate space available for purchase within any geographic area at a point in time.

Current process of securing leased space

Currently, when a Regional Department requires space, it budgets for the amount in the upcoming annual budget. The department provides its space requirements to the Property Services Branch (PSB) which will commence a property search within the geographic area specified by the department.

PSB conducts a market search of available property for purchase and lease, often through the use of brokers who are intimately aware of accommodation space available in the designated geographic area. It should be noted that there is no cost to the Region for the brokerage services as this cost is paid by the landlord. PSB will determine the availability and suitability of purchasing space based on the criteria provided, in consultation with the department.

If it is determined that leasing the space is the preferable option, PSB will review the search results obtained by the broker and create a shortlist. PSB will then coordinate a site tour with the department staff to determine the suitability of the space. Once a suitable space has been identified PSB will have the space inspected to determine any deficiencies. Any property under consideration is required to meet all applicable health and safety legislation and applicable building and energy codes.

Finding suitable leased space is a lengthy process

Acquiring leased space and having it ready for occupancy can be a lengthy process. The search for the property and resulting negotiations with an identified landlord can take approximately six months. It is during this stage of this process that Regional Council approval is sought to allow the Region to enter into a lease agreement with a landlord and subsequently to finalize lease documentation. Once this is obtained the next stage is to have space plans drafted, approvals secured and leasehold improvements and renovations undertaken. This work can take up to six months. No leasehold improvements are undertaken until Council approval is granted, and leasing costs are not incurred until occupation, with the possible exception of legal costs to examine the materiality.

A conditional offer to lease secures the space until Council gives final approval

This conditional offer to lease outlines the space and location criteria as well as financial (base and additional rent) and non-financial (operating responsibilities) aspects.

The process for seeking Council approval of the conditional offer can take up to two months. Landlords are unable to lease the space during that time. If Regional Council directs that the offer be re-examined this leads to increased delay and can negatively affect the Region's relationship with the broker/landlord community. The new policy will help address this uncertainty and related costs or lost opportunities.

4. ANALYSIS AND OPTIONS

The two options considered are "status quo" or a new approach.

The proposed policy will have client department seek Regional Council authorization for new leased space as part of annual budgets

Client departments will request approval from Regional Council to establish a new service location or relocate existing services as part of the annual budget process prior to having PSB search for a property. The request in the annual business plan should at minimum contain the following:

- A description of the service or support functions to be carried out in the property;
- A rationale for the size requirement of the space;
- The requested term of the lease;
- The type and class of the property being sought. (Some Regional operations may require higher end Class A office space. Others may be seeking store front property with ample parking; whereas off-site storage facilities may only require lower Class C warehouse space.)
- The geographic area in which the property should be located to service the client if there is a client, and if access to transit is needed for the client.
- An explanation of how the lease request meets the Region's broader Strategic Accommodation objectives.
- The estimated all-in cost for the lease transaction, including base rents, additional rents, leasehold improvement costs and furniture.

Property Services will inform the client department of these estimated costs based on recent transactions and information available in the current marketplace.

Property Services Branch conducts search for space after budgets are approved

Upon approval by Regional Council PSB will conduct a search for the property. Typically, PSB through its use of knowledgeable and experienced brokers and other tools such as the MLS database is able to comprehensively canvas available lease opportunities within defined geographic limits. These agents/brokers do not get paid unless their property is selected. In those cases where the Director of Property Services believes all potential properties may not be canvassed, he may recommend that PSB place advertisements in electronic or print format for the required space, using a Request for Quotations process, similar to that set out in the Region's Purchasing By-law.

PSB staff will conduct an analysis of the list of potential leased properties to ensure they meet the class, size, locational and other criterion authorized by Regional Council. Several circumstances that will be taken into consideration when evaluating lease sites include but are not limited to; zoning provisions; landlords history with the Region; landlords with whom litigation is in progress or imminent.

PSB will then determine a cost comparison of the potential properties based on basic rent, additional rents, and estimated leasehold costs. Part of this comparison may be based on visual inspection of the properties under consideration. If any visual or more extensive testing determines the property does not meet legislated health and safety standards, minimum Regional accommodation standards or minimum building and energy codes, the property will not be further considered.

In year requests for leased premises may occur on an occasional basis

On an exceptional basis a program may receive unexpected in-year funding from external sources such as the Provincial or Federal governments. In these situations the affected department will seek approvals through their normal committee process. The report should contain the same information as would normally go to Council during the budget review process.

Director of Property Services will negotiate lease with lowest, compliant proponent

Starting with the property which has the lowest expected cost to the Region, where the property has met all program requirements, standards and criteria, and where the cost is within the authority limits authorized by Regional Council, the Director of Property Services, utilizing the appropriate PSB staff will negotiate, based upon the offer to lease, the final terms and provisions of a lease agreement with the landlord, which will be subject to review by Legal Services.

Delegated Authority to Execute Leases

Material leases over \$250,000.00 per year or where the net present value of the lease is calculated to be more than \$2.0 million must fall under the Region's Capital Financing and Debt Policy and provincial legislation and be reported upon by the Treasurer and be considered by Regional Council for final authority. This also applies to lease renewals.

However, it is proposed that the Chief Administrative Officer be authorized to execute leases where the annual rent payments will be under this threshold.

It is recommended that for leases with annual rent payments under \$100,000 per year that the Commissioner of Corporate Services be authorized to enter into lease agreements on behalf of the Region. This also applies to lease renewals.

An example of this would be a 3,000 sq. ft. storage facility on Enford Road, in Richmond Hill, which is leased on behalf of York Region Transit. The annual gross rent is \$24,000.

The Commissioner's exercise of this authority would be reported upon annually to Regional Council.

5. FINANCIAL IMPLICATIONS

This proposed leasing policy will ensure that the Region obtains leased space in the most cost-effective and timely manner. Using brokers is an efficient and cost effective search method to locating suitable space. The use of advertising in local media varies, but may not be required except in unusual circumstances thereby keeping costs low.

6. LOCAL MUNICIPAL IMPACT

The proposed leasing policy will allow Regional Council to provide input and direction on establishing new regional program and service locations. Local municipalities will be aware early of the potential impact on their residents and users of Regional services.

7. CONCLUSION

A policy for securing leased real property will ensure the procurement is done in an effective, expeditious and transparent manner, respecting the Region's Strategic Accommodation Plan, client/customer requirements and best price.

For more information on this report, please contact Barry Crowe, Director, Property Services at Ext. 1684.

The Senior Management Group has reviewed this report.

(The one attachment referred to in this clause is attached to this report.)



STATUS		
Council Approved	Y	N
CAO Approved:	Y	N

TITLE: Leasing of Real Property Policy	NO.: Approval Date: _____, 2009
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POLICY STATEMENT:

A policy providing the framework for the approval and execution of real property leases for Regional purposes.

APPLICATION:

To all Regional Employees who are responsible for the procurement of leased real property in support of the Region's provision of services to the public.

PURPOSE:

This policy provides a framework for the procurement of leased space for Regional purposes and the approval and execution of leases for such purposes. This policy reflects the Region's commitment to ensuring that a competitive process is in place when the Region secures leased space. This policy must be considered in conjunction with the Region's Capital Financing and Debt Policy and the York Region Strategic Accommodation Plan.

DEFINITIONS:

Additional Rent - an amount payable by a tenant to a landlord in accordance with a lease that is in addition to basic rent, for items such as common area maintenance, taxes, landlords insurance, and any other costs not included in base rent.

Annual Lease Payment - an annual amount payable by a tenant to a landlord in accordance with a lease which includes Basic Rent and Additional Rent.

Basic Rent - an amount payable by a tenant to a landlord in accordance with a lease for the occupation of space.

Client Department – the Regional Department which requires accommodation to carry out its required operations.

Client Group – general public that require these services

Leasing payments - include any rental fee payable to a landlord.

Material Lease - any lease with annual lease payments greater than or equal to \$250,000 per annum or which has a net present value greater than or equal to \$2 million, for the term of the lease including possible extensions or renewals.

DESCRIPTION:

Preamble

Regional Council approved a York Region Strategic Accommodation Plan in 2005. As outlined in that Plan, the Region's general preference will be to purchase accommodation for the provision of services to the public. However, on a case by case basis, overriding considerations may make the leasing of accommodation space more feasible.

Acquiring and readying leased accommodation for Regional purposes is a lengthy process which can take up to a year or more depending on the complexity of the acquisition. Typically, the search for a suitable property and the consequent leasing negotiations can take approximately six months. Another approximate six months can be spent on drafting plans, securing approvals, and constructing leasehold improvements.

All accommodation considered for lease by the Region shall meet the Region's property standards as approved from time to time by the Region's Property Services staff. All accommodation leased by the Region shall meet all applicable health and safety legislation and at a minimum shall conform to all applicable building and energy codes.

It is the Region's position that the process to procure accommodation space will be made widely available to landlords within the geographic area of search.

Requirements for New Accommodation – For material leases having leasing payments of \$250,000 or more per year

To comply with requirements under the *Municipal Act, 2001*, the Region has defined those leases which have lease payments equal to or greater than \$250,000 or which have a net present value of \$2 million or more, as determined by the Regional Treasurer, as "material leases". The Region's *Capital Financing and Debt Policy* approved by Regional Council in 2006 and amended in 2008 requires that all material leases be analyzed for specific risk factors and reported upon separately to Regional Council for approval. All other requirements as outlined in this policy for leases with annual payments between \$100,000 and \$250,000 apply to this category of material leases save that the Commissioner of Finance shall adhere to the reporting requirements set out in the Region's *Capital Financing and Debt Policy* for material leases. The delegation of authority to execute material leases on the Region's behalf will be governed by the authority given by Regional Council in each instance.

Requirements for New Accommodation – For leases (excluding material leases) having leasing payments between \$100,000 and \$250,000 per year

The client department will be required to submit a report to Regional Council approving the procurement of the space. The report will include a summary of the property criteria essential to the provision of services or support being provided.

Criteria for establishing lease premises

The report should reference the following criteria:

- A description of the service or support functions to be carried out in the property;
- A rationale for the size requirement of the space based upon Regional accommodation standards;
- The requested start date and term of the lease;
- The type and class of the property being sought. Some Regional operations may require to be in higher end Class A office space. Others may be seeking store front property with ample parking; whereas off-site storage facilities may only require lower Class C warehouse space;
- The geographic area in which the property should be located. There are several factors which can influence the location of a property such as the location of the client group(s) to be served, access to transit, the type of service provided to the client group, availability of optic fibre and availability of parking;
- An explanation of how the lease request meets the Region's broader Strategic Accommodation objectives;
- Availability of existing Regional leased space that may provide opportunities for economies of scale and program efficiencies;
- The estimated all-in cost for the lease transaction, including base rents, additional rents, leasehold improvement costs and furniture. The Property Services Branch will inform the client department of these estimated costs based on recent transactions and information available in the current marketplace. The client department will also inform the Director of Business Planning and Budgets, of the Finance Department, if the estimated amount exceeds amounts already budgeted to allow for a revision of the Region's operating budget.
- In keeping with the Region's Vision 2026 strategies, the client department may wish to give priority to those facilities that incorporate energy efficient features in their buildings and operations.

The report will set out the recommended search process that ensures it is sufficiently competitive for their specific situation.

Leasing vis a vis ownership

As the approved Strategic Accommodation Plan promotes owning rather than leasing, the report should identify the reasons for pursuing the leasing option instead of acquiring the property. There are many variables which can affect whether a property should be leased, including:

- Underlying program funding from sources outside the Region may be temporary in nature;
- Expected shifting demographics over the mid-term may indicate a potential need to relocate the provision of the services to another area of the Region;
- The Region may be planning to develop longer term owned accommodation in the near to mid-term making leasing an acceptable gapping strategy;
- Space requirements may be relatively small making the ownership of an appropriate space unfeasible;
- Ownership in a condominium situation may be undesirable due to limited control over property ownership decisions;
- The Region may already lease space in a property within the geographic search boundaries. Adding rental space for compatible functions may reduce overall costs and add to program delivery efficiencies;
- There may be limited appropriate space available for purchase within an area at any point in time.

In the absence of any of the above demonstrated factors any accommodation requirement will be subject to a purchase/lease analysis. This policy only addresses those situations where it has been determined that procuring space by lease is appropriate having considered the goals and objectives of the York Region Strategic Accommodation Plan and, in particular, the feasibility of purchasing property.

Upon Council approval of the lease report, Property Services will search for sites

The Property Services Branch either on its own or through the use of real estate brokers will prepare a search for adequate and appropriate rental accommodation based on the space and location criteria approved by Regional Council.

Generally, the Region through its use of brokers and other tools such as MLS databases is able to comprehensively canvas available lease opportunities once Regional Council has approved search criteria. In most cases, nearly all landlords with available space matching the required criteria can be identified. In those cases where the report to Council has specifically requested and the Director of Property Services believes all potential properties may not be canvassed, a Request for Quotations will be advertised for the lease of the required space in appropriate electronic or print media.

Property Services staff will review the applications received after a stated closing time period. Property Services staff together with the client department will inspect the properties of those meeting the Region's minimum space, locational and property standards and criteria, including class of building approved by Regional Council and all applicable health and safety legislation, and building and energy code standards to determine overall suitability of the space and to estimate the costs of renovating the space to meet the client department's needs.

Further, Property Services staff will analyze the services being offered by landlords as part of the additional rent charge. Staff will determine the cost of any services which will need to be provided through separate contractual arrangements in the case where a landlord is not offering a service deemed necessary by the Region. All-in costs including base rent, adjusted additional rents, and expected leasehold costs to the Region for each potential proposal will be compared for all properties which meet the Region's specifications.

Property Services Branch will negotiate an Offer to Lease with the Proponent with the lowest all-in estimated price. If the parties are unable to successfully negotiate an Offer to Lease, then Property Services will proceed to the next lowest priced proposal and so on.

The Commissioner of Corporate Services shall have the delegated authority to execute leases that fall into this category.

Requirements for New Accommodation – For leases having leasing payments under \$100,000 per year

The Commissioner of Corporate Services can enter into lease arrangements based on search parameters outlined by the Commissioner of the client department.

The Commissioner of Corporate Services will report back to Regional Council annually in a summary form on the transactions under which this authority has been exercised.

Renewal of Leases

The Commissioner of Corporate Services is authorized to exercise any renewals of lease provided that the renewal has been previously authorized by Regional Council as outlined in this policy and the client department has allocated funds within its Operating Budget for the leasing costs. Any other lease renewals will be subject to the same processes outlined in this policy for leasing new accommodation.

Ground Leases

Ground leases will be subject to the same processes and authorities as outlined in this policy for leasing new accommodation, save and except where the ground lease is an integral part of a separate transaction in a capital project approved by Regional Council.

Nominal Leases

From time to time the Region may be offered leased property at a nominal payment rate. These lease arrangements will be subject to the same processes and authorities as outlined in this report for leasing new accommodation with lease payments under \$100,000.

RESPONSIBILITIES:**Legal Services:**

- Legal Services will review offers to lease and leases on behalf of The Regional Municipality of York.
- Legal Services will prepare lease agreements.
- As required, Legal Services will retain external legal counsel to review the lease, offer to lease, and negotiate the lease provisions.

Chief Administrative Officer (or designate):

- The Chief Administrative Officer is authorized to execute, on the Region's behalf, leases for accommodation where the annual rent payments will be under \$250,000 per annum or where the net present value of the lease is calculated to be less than \$2.0 million, and which meet the space and location criteria approved by Regional Council and the minimum property standards required by the Region, provided that the all-in lease costs are under the proposed costs indicated to Regional Council.

Commissioner of Corporate Services (or designate):

- The Commissioner of Corporate Services is authorized to execute, on the Region's behalf, leases for accommodation with annual rent payments under \$100,000.
- The Commissioner of Corporate Services is authorized to exercise any renewals of lease of any amount provided that the renewal has been previously authorized by Regional Council and the client department has allocated funds within its Operating Budget for the leasing costs.

Commissioner of the Client Department (or designate):

- The Commissioner of the client department will prepare a report to Regional Council requesting approval to lease space with certain defined space and location criteria.
- The Commissioner of the client department will instruct the Director of Property Services to commence the search for leased space.

- The Commissioner of the client department will instruct the Director of Property Services to execute an offer to lease, when suitable space meeting the client department's requirements has been identified.
- The Commissioner of the client department will be responsible for ensuring that its Operating Budget Branch has allocated funds within the operating budget for the costs of leasehold improvements to the space, if necessary, and leasing costs, including the costs of external legal fees. If the estimated lease costs will exceed the amount budgeted, the Commissioner will inform the Director of Business Planning and Budgets, of the Finance Department.

Commissioner of Finance (or designate):

- The Commissioner of Finance will review lease/purchase analyses in conjunction with Property Services staff and report jointly with the Commissioner of Corporate Services as to whether a property should be purchased or leased.
- The Commissioner of Finance will comment on material leases as required by the *Municipal Act, 2001* and the Region's *Capital Financing and Debt Policy*.

Director of Property Services (or designate):

- The Director of Property Services will provide a client department an estimate of lease costs of any contemplated accommodation based on size requirements and average market costs to determine if the contemplated procurement on a leased basis could exceed an annual lease payment of \$100,000.
- The Director of Property Services will provide the client department with a preliminary determination of the availability of purchase options, if required, for inclusion in a report to Regional Council requesting authority to conduct a search for accommodation space.
- The Director of Property Services will conduct appropriate searches for leased space based upon Regional Council approved search criteria and minimum property standards required by the Region.
- The Director of Property Services will, if the process requires in this policy, cause a Request for Quotations be advertised in appropriate electronic and print media concerning the procurement of leased space based on search criteria approved by Regional Council and minimum property standards required by the Region.

- The Director of Property Services is authorized to execute offers to lease for accommodation on the Region’s behalf for accommodation which meets the space and locational criteria approved by Regional Council and the minimum property standards required by the Region and where the all-in lease costs are under the proposed cost as indicated to Regional Council. Offers to lease must be conditional upon Regional Council approval.

CONTACT:

A. General Inquiries

General inquiries regarding the policy are directed to the Director, Property Services, at Ext. 1684

APPROVAL INFORMATION

CAO Approval Date:	_____	, 2009		
Committee: Finance and Administration	Clause:		Report No:	
Council Approval:	Minute No.	Page:	Date: _____	2009

YORK#1004658



Clause No. 4 in Report No. 3 of the Finance and Administration Committee was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting on March 26, 2009.

4

CENTRAL SERVICES CENTRE CONSOLIDATION

The Finance and Administration Committee recommends:

1. receipt of the presentation from Jim Davidson, Commissioner, Corporate Services and Barry Crowe, Director, Property Services; and,
2. adoption of recommendations 1, 2 and 4 in the following report dated February 17, 2009, from the Commissioner of Corporate Services;
3. amendment of the report from the Commissioner of Corporate Services as follows:
 - a. deletion of Recommendation 3 and replacement with the following:
 3. The Commissioner of Corporate Services review options for consolidating the two existing Regional Court facilities either in Newmarket or in the southern part of York Region, or for retaining two separate court facilities in the north and south of the Region and report back when the Request for Proposal results are received.
4. the Commissioner of Corporate Services make a further presentation to Council on March 26, 2009, including more details pertaining to the Region's facilities and the financial comparisons of the various lease or build options.

1. RECOMMENDATIONS

It is recommended that:

1. Council authorize staff to proceed with an RFP to retain an architect and consulting team to determine a preferred architectural design and finalize all required studies and contract documents for the construction of a Central Services Centre on Regionally-owned lands adjacent to the Administrative Centre in the Town of Newmarket.
2. Staff report back to Council with architectural design options and a full cost estimate for the first phase of the Central Services Centre project before tendering.

3. Council confirm the recommendation to consolidate the two existing Regional Court facilities in Newmarket and Richmond Hill to the new Central Services Centre, or nearby Provincial Court lands, as recommended by the recently completed study by PSGT Consulting.
4. Staff review potential options for vacated facilities and continue to work with the Town of Newmarket to develop strategies and options for planning future phases of development to facilitate additional intensification of the site.

2. PURPOSE

The report requests authorization for staff to proceed with an RFP for retaining an architectural firm and consulting team to undertake all required studies and produce specific design options for the phased development of a Central Services Centre (CSC), adjacent to the Administrative Centre, in the Town of Newmarket.

The CSC would consolidate existing and functionally obsolete, owned and leased office facilities in Newmarket, which deliver Regional programs that serve the Region's northern municipalities. Inherent in this purpose, is the simultaneous formulation of a long term planning vision for the site to ensure conformity with Provincial, Regional and local planning policies and requirements, given the site's key location adjacent to a major corridor within a Regional Centre.

This report further requests Council to confirm staff's recommendation to consolidate the Region's two existing court operations, currently located in the Tannery in Newmarket and the South Services Centre in Richmond Hill, to a new court facility in Newmarket, to centralize court operations and facilitate maximum efficiencies.

3. BACKGROUND

Council approved Strategic Accommodation Plan

In 2005, Regional Council adopted a Strategic Accommodation Plan (SAP) to address its short and medium term accommodation requirements. It identified, as a Phase 1 priority, the urgent need for consolidation of a number of older, expensive and functionally obsolete, owned facilities and leased space in Newmarket, to a new office facility to be constructed on Regionally-owned lands adjacent to the Administrative Centre. This new consolidated service facility would more effectively and efficiently serve residents located in the Region's central and northern communities. Council directed staff to proceed with consultant studies, conceptual plans, and a financial analysis for the project.

Additional Regional services and facilities are needed in the south end of the Region

In addition to this new Central Services Centre in Newmarket, the SAP established a Phase 2 strategy to develop service delivery centres in the Region's southern tier. Given that the Region established a South Services Centre in Richmond Hill in 2001, the Plan does not place the same urgency on providing additional accommodation in the southern tier in comparison to the state of the 50 year old Newmarket accommodations. However, recognizing the important need for additional Regional services in the south end, staff have held preliminary discussions with the Town of Markham and the City of Vaughan on their municipality's service requirements. Preliminary work will continue in an effort to explore various options to establish a consolidated Regional presence in both the southeast and southwest, once the Central Services Centre project is approved and underway.

Initial concept plans, traffic and servicing studies are now complete

Preliminary planning, environmental, geotechnical, stormwater, traffic, servicing, business cases and architectural concepts have now been completed on the CSC site. Property Services Branch staff assembled and led a project team consisting of staff from both the Regional and Town of Newmarket Planning departments, Rapidco, and various consulting firms to examine all project issues and concepts and worked together to develop a planning vision for the site and to find innovative, sustainable and practical solutions for the short, medium and long term build out of the site. The result of all work is illustrated in the architect's conceptual plans attached to and forming part of this report.

Children's Aid Society building and Doane House not impacted in Phase 1

At present, the Children's Aid Society (CAS) has a long term ground lease for the building they own at 85 Eagle Street. There would be no need for relocation in Phase 1, but it would be required once the remaining lands are developed. In addition, the Doane House Hospice is located on the southeast corner of the Region's property. It would also eventually have to be relocated prior to construction of any Phase 2 plans. Dialogue with CAS, Doane House and the Town of Newmarket will continue as site development work advances.

4. ANALYSIS AND OPTIONS

4.1 Consolidation of Owned Office Facilities

Owned space in Newmarket is functionally obsolete and in need of expensive rehabilitation/renovation

There are three Regionally-owned facilities in Newmarket identified by the Region's consultants as functionally obsolete and in need of expensive ongoing rehabilitation and maintenance. Building condition audits were recently completed on these facilities.

The 62 Bayview Parkway building was constructed in 1957 and houses the Region's Community Services staff. While it served as the original Regional Headquarters from 1971 to 1993, the building had already been in existence for many years prior. This building is in constant need of maintenance and current and projected rehabilitation costs are estimated to be approximately \$2.85 million over the next 20 years.

The 22 Prospect Street building is home to the Region's Dental and Nutrition programs, where dental care is delivered on-site. It is a ground lease arrangement, where the Region owns the building, but the property is owned by Southlake Regional Hospital and leased to the Region at no cost. The facility is 44 years old and is also functionally obsolete by modern government standards. Current and projected rehabilitation costs are estimated to be approximately \$2.6 million over the next 20 years.

The 55 Eagle Street building provides services through the Early Intervention Service program. It was constructed in 1972 and the building is in need of constant maintenance and renovations. Current and projected rehabilitation costs are estimated to be approximately \$1.61 million over the next 20 years.

The Administrative Centre is at full capacity

The Regional Headquarters opened in 1993 and is now over 15 years old. It measures approximately 450,000 gross square feet, with 250,000 square feet being usable space. The building houses over 1000 staff, including the Regional Police Headquarters, and throughout the course of its history, the building has been intensified by a factor of three from its original occupancy. At present, it cannot accommodate any additional growth and there is no potential to redesign floor plates in its open areas to create additional space. The proposed Central Services Centre will provide space to accommodate 10 years of projected growth at the Administrative Centre.

Leasing market for suitable government space in Newmarket is limited

Some of the existing leased premises in Newmarket have been identified by the Region's consultants as being unsuitable, expensive or problematic for delivering Regional

services. The Tannery is located on Davis Drive, where the Region leases space for Health Services, an IT Training Centre, and Court services. The overall condition of the facility is not conducive to the effective delivery of Regional services. Staff has experienced constant issues in this location, which was most recently developed as retail space. This site poses significant parking challenges, for clients and staff alike, as it was never designed for the types of uses or volume of traffic it currently experiences.

In addition, a small 6,300 square foot space is also leased at the corner of Gorham and Leslie Streets for a portion of the Region's Housing Division of the Community and Health Services Department. While the space is more modern, fragmented Regional services and costly leases are not an effective or efficient service delivery model.

More recently, the Region was required to lease space on an interim basis at the Newmarket Civic Centre to meet the pressing needs of the IT Branch. The Town plans to utilize this space in 3 years for their own space needs and therefore the Region will be required to relocate staff once again.

Space is also leased at the Gates of York Plaza, located immediately north of the Administrative Centre. This space currently houses the Human Resource Services Branch and some Environmental Services staff, and currently provides some swing space to assist the Region during transition periods when staff is being relocated.

The Newmarket leasing market for suitable government space is very limited. The Region is constantly under pressure to find additional, suitable leased space for departmental program delivery and this current situation not only results in significant additional costs for leasing space and moving staff, but the continued fragmentation of Regional services.

4.2 Courts Operations

Centralized Court operations will provide better service at less cost

In July 1999, the Region accepted responsibility for court administration at the existing *Provincial Offences Act* Court location in the Tannery Mall, Newmarket. When it became apparent that additional courtrooms were needed to handle growing caseload, it was decided that an additional court location would be opened at the new South Services Centre in Richmond Hill in 2002. The additional courtrooms provided useful extra capacity at the time, but the splitting of court resources between two separate locations has created a number of ongoing operational challenges. Further, while the Richmond Hill location was originally thought to offer better service to Regional residents, it is now documented that over 40% of charges do not involve Regional residents.

Further workload increases in subsequent years have resulted in two further courtrooms being added at the Newmarket site. Space and parking are now at a premium at both sites and any further courtroom expansion would be difficult and costly. In 2008, independent

consultants (PSTG Consulting Inc.) were asked to conduct a detailed review and make recommendations regarding the impact of geographic location on program efficiency and effectiveness. The consultants' report (dated November 10, 2008) concluded that while “the Region’s court operations are operating at or better than the MAG standards and comparable jurisdictions” there would be significant benefits to centralizing operations at a single site. The consultants determined that “current court facilities are inadequate and do not meet many York Region and MAG operating standards” and that “a single site would be more efficient for POA operations”. The proposed court consolidation on Eagle Street will also provide synergies with the existing Provincial Courts.

4.3 Long Term Planning Vision and Site Rationale

2008 urban planning analysis calls for multiple uses at higher densities

In January 2008, the Region's planning consultant for the project, Malone Given Parsons, completed an analysis which concluded that the Region should consider much higher densities and multiple uses for the site including office, retail, and residential, given the site's location in a Regional Centre, based on new Provincial planning legislation, as well as Regional transit, centres and corridors and sustainability initiatives. Part of the rationale also stemmed from the analysis of parking space requirements and costs, which could be reduced by incorporating a multiple-use development.

The Region's lands are designated and zoned "Institutional" which permits buildings at a maximum height of six stories at the current time. The Region will continue working closely with the Town of Newmarket to ensure both the Town's and the Region's visions and requirements are met and the planning process for moving forward is established early in the project.

Development of the Region's lands represents an exciting opportunity to act as a catalyst for the build out of Newmarket Centre by establishing the standard of what all future city building should seek to achieve within the Region's centres and corridors.

With regard to the rationale for developing the Region's site next to the Administrative Centre and the consolidation of Regional office space to a new Central Services Centre, there are a number of substantial reasons to recommend this strategy as follows:

- Business case concludes the Region could save taxpayers approximately \$35 million over 20 years.
- Provides an exciting opportunity for the Region to show leadership in helping Newmarket develop its Regional Centre with a well designed, multi-use, transit supportive, energy efficient and accessible campus development.
- Provides public investment as an anchor and catalyst for Newmarket Centre.
- Maximizes the use of valuable owned lands zoned to permit institutional development.

- Eliminates current leasing and rehabilitation costs of older owned buildings.
- Transit orientated corridor location is sustainable and conforms to Regional and local planning policy and Provincial city building guidelines.
- Proximity to Administrative Centre creates opportunities for internal synergies and swing space and additional parking.
- Provides improved customer service and a functional linkage for staff, residents and the private sector to more easily conduct Regional business with "one stop shopping".
- Site development with proper stormwater management techniques will help alleviate Newmarket's flooding issues downstream to the east.

Architectural concepts evolved through complex analysis and expertise

WZMH Architects were retained to develop phased conceptual plans for development of the Central Services Centre. Together with the project team, various plans were developed, analysed and revised, which eventually evolved into the two phased concept plans recommended for the site. While the immediate office accommodation needs of the Region are illustrated in the Phase 1 Concept Plan, the intent of the study was to also ensure that the balance of the lands could be developed to their highest and best use at full build-out, to at least achieve the Town's and Region's intensification target for the site of 2.5 FSI over the coming decades.

The Phase 1 Concept Plan proposes a 230,000 square foot office facility, linked by an atrium to a 40,000 square foot court facility. The Plan incorporates two levels of underground parking under the CSC and one level under the Court facility. Some of the detailed rationale for the Phase 1 Concept Plan includes:

- The CSC and Courts may be constructed individually or together, but each facility maintains an independent identity.
- The lobby would be a public hub with opportunities for adjacent retail and services.
- The CSC is proposed on the edge of the floodplain boundary and gives the building a visual prominence from the intersection, with easy pedestrian links from a future VIVA station.
- Maintains adequate space on the corner and overall site for future intensification.
- The angle of the floodplain boundary maintains the existing view corridor from the intersection to the Administrative Centre.
- The location of the Courts building masks a future parking structure, behind which will increase in height as the build out progresses.
- The provision of large amounts of surface parking, which will be treed and landscaped to provide a buffer to Eagle Street, instead of decked or underground parking, significantly reduces initial construction costs.

The Full Build-Out Concept Plan incorporates commercial and residential buildings at much higher densities, ranging in height and type. All surface parking is transferred to underground and deck structures. A further description of this concept plan follows:

- The final phase of the plan demonstrates how the site may be developed to 2.5 FSI, but may be phased as per market demand, Regional needs and required infrastructure upgrades.
- The Doane House would be relocated to another more suitable site, and the Children's Aid building would be demolished, provided lease issues can be resolved.
- An 11 storey office building is proposed at the corner of Yonge and Eagle Street, with its primary location maintaining views and pedestrian links to the CSC Building and POA Courts.
- The balance of the site is proposed as residential development ranging in height from 3 to 19 storeys with parking located below grade. Residential buildings are lowest at their interface with stable residential neighbourhoods and the floodplain, rising to their highest along Eagle Street.

Traffic Study finds no major traffic issues for Phase 1 Plan

The Region retained IBI Group to undertake a traffic analysis of both the Phase 1 Concept Plan and the Full Build-out Concept Plan. In carrying out the traffic analysis, IBI assumed that the VIVA transit system rapidways would be in place for Phase 1 and that ridership would gradually increase over time, gradually reaching a modal split of 30% of the trips in the area. New traffic counts were carried out and traffic impacts were analysed for 5 time periods from the present to 20 years.

For the Phase 1 Plan, IBI concluded that this level of development is feasible if a new right-in-right-out access to the site is provided just north of the VIVA station on Yonge Street and the VIVA system rapidways are in place. The main impact will be an increase in the northbound left turn movements at Yonge and Eagle streets during the AM peak period, but the volumes are acceptable. From a capacity perspective, IBI concludes that there will not be significant impacts along Eagle Street for this development phase.

With regard to future phases of development beyond the 270,000 square feet of office development, a new signalized intersection in front of the Administrative Centre would be required at 10 years, the widening of Eagle Street from Yonge to McCaffrey at 15 years and additional intersection improvements at Yonge and widening along Eagle to Davis Drive will likely be required at the full 20 year build out to achieve a target of 2.5 FSI.

Surface parking is a cheaper, short term solution

Parking has a major influence on the site's future design and development. The cost of parking has significant impact on feasibility of proposed institutional/commercial development, yet in residential development, parking costs are absorbed into unit pricing. At current construction costs, provision of parking below grade is the most expensive option and decked structures are slightly less expensive, as excavation and mechanical systems are reduced. The least expensive parking option is surface parking.

In order to develop the full build-out concept plan to achieve a target of 2.5 FSI or higher, significant amounts of parking will be required. However in the full build out scenario, it cannot all be provided at grade. A balance of surface, decked and below grade parking is required at various phases of the site's development. Design analysis demonstrated that the amount of commercial development the site could support was limited by the amount of parking that needed to be provided by required zoning restrictions and market requirements.

The site also needs to accommodate the 250 overflow parking spaces currently on the site for the Administrative Centre, plus additional parking for the new CSC Building and POA Court, and future parking for commercial development. For this reason, a large part of the additional density provided in the concept plans was assigned to residential uses, as the required parking could be provided below grade and absorbed in the price of units to purchasers. In order to reduce initial costs of implementing the CSC Building and POA Courts in Phase 1, as much parking as possible has been proposed at grade. As the phases of development proceed and site is parcelized, the surface parking is to be transferred to parking deck structures. While parking requirements have been based on existing zoning requirements, in all likelihood, these will decrease as the Town and the Region adopt reduced and maximum parking ratios.

Servicing Study identifies infrastructure requirements for Phase 1

The Region retained Cole Engineering to undertake a servicing study to consider water supply, sanitary sewerage, storm drainage and grading for the proposed CSC concept plans. Site servicing requirements would consist of water and sanitary sewer connections, storm water management controls and facilities, earthworks, and improvements to the existing Yonge Street culvert.

The servicing report concludes that development of the site is feasible and the lands could be developed and serviced in accordance with the Town of Newmarket's standards.

Now is the time to build

The Region's project team has analysed numerous variables related to developing a Central Services Centre facility and have concluded that now is the time to build. Given that it will take approximately 3 years to complete all studies and design work and complete the construction and move-in phases, it is essential to move ahead with the project as quickly as possible.

With current economic and market conditions, project costs will likely continue to fall as the price of steel and labour are reduced. It is believed that a more competitive tender process and construction market will also evolve, and the project would also serve as a major economic stimulus for the Newmarket and Regional economy.

Lastly, with current leases due to expire in 3 years, Property Services staff is aware of the timing challenges of existing current space and relocating to the new facility, while having as little negative impact to service delivery and staff as possible.

4.4 Remaining studies and next steps

To summarize, if Council authorizes staff to move forward, the Region will initiate the Phase 1 development process by retaining a Project Manager and issuing an RFP to retain an architect to complete detailed designs. A consulting team would then be assembled to undertake all required final studies including:

- Planning (Town consultation, Zoning/Site Plan process)
- Storm Water, Servicing, Geotechnical/Environmental
- LEED/Energy Study
- Traffic and Transit Studies
- Accessibility (AODA)
- Courts
- Updated Business Case

The objective would be to report back to Council in early 2010 with design options and study findings to obtain approval to go to tender for construction. The high level goal at this point in time is to hit the spring 2010 construction schedule.

5. FINANCIAL IMPLICATIONS

Business Case analysed options and supports Region-Build/Own

Option 1 – Region-Build/Own

Under this scenario, the Region would act as the developer and would contract with architects, engineers and other professionals to construct a Central Services Centre and POA Court facility. The Region can maximize the use of its own landholdings adjacent to the Administrative Centre and use this as both a catalyst and economic stimulus for the development of Newmarket Centre. The business case concludes that this option would be least expensive at a cost of approximately \$125 million over 20 years.

Option 2 - Status Quo

This option would see the Region remain in its existing owned facilities and leased space. It also would result in the Region spending millions of dollars in maintenance, renovations and lease-hold improvements. It would also result in the Region having to find new leased space to meet program requirements and for displaced staff from the Newmarket Civic Centre in 3 years time. Building condition audits of 62 Bayview Parkway, 22 Prospect and 55 Eagle, conclude that a minimum of \$7.1 million will have to be spent to rehabilitate these old and unsuitable buildings over the next 20 years.

The Tannery is home to one of two Provincial Offences Courts in York Region, and is currently at capacity. The other court operation is located in the South Services Centre in Richmond Hill. One court has been added in the Tannery since it was downloaded by the Province in 1999. An additional court room is also needed in 2009 and as the volume of charges continue to increase, another courtroom will likely be required in the next 3-4 years. These courts intrinsically generate huge volumes of traffic for attendees consisting of defendants, witnesses, friends, relatives and agents.

Additional leasing costs would also continue to be paid for the 6,300 square feet leased at 1091 Gorham Street, which is approximately \$70,000 annually. The 2008 business case concludes the cost will be approximately \$160 million over 20 years.

Option 3 - Developer-Build/Lease

This option would have a developer design and build a facility for the Region and the Region would then lease the facility. This option is the most expensive, as a developer's land and financing costs and profit margin must be built into the analysis. The business case concludes that this option is the most expensive as it would cost the Region approximately \$213 million over 20 years, and after 20 years, the Region would still continue to pay rent.

Business Case Summary

To summarize the business case findings, continuing with the status quo is not an option. It will cost the Region approximately \$35 million more to continue as is, rather than build its own new facility, and approximately \$88 million more to have a developer build the facility, rather than the Region build the facility itself. After discussions with the Region's Finance department, the consultant based the business case on a 20 year financing term, rather than a 10 year term. This decision to use a 20 year term was based on the fact that it is more reflective of the deals that might occur with the development industry and a benefit to the Region is that the cash flow obligation over the 20 year term is longer, thereby reducing the first 10 year cash outlay.

Table 1: 2008 Business Case for 270,000 square feet

Option 1 - Region-Build/Own:	\$125 million
Option 2 - Status Quo:	\$ 160 million
Option 3 - Developer-Build/Lease:	\$213 million

Notes:

- Savings of \$35 million over 20 years
- Utilizing a Debenture Rate of 6% with a 20 year term
- Calculated using a net present value of 6%

Value added benefits of proposed option

In accordance with Council's leadership and corporate policies on sustainable buildings, the Region would pursue construction to a minimum of LEED Silver. This ultimately will reduce energy consumption and operating costs by approximately 25-30% over the life cycle of the facility. This building will set the standard for all future development within the Regional Centre. In addition, research has shown conclusively that employees are more productive in healthy, well-planned facilities. Even a modest productivity gain can generate cost savings and improve the output and quality of service delivery.

The project is included in the 2009 capital budget, with the potential for construction commencing in 2010-2011.

6. LOCAL MUNICIPAL IMPACT

The development of a new Central Services Centre in Newmarket will significantly enhance the delivery of Regional services and programs in the Town, and surrounding communities, by consolidating a number of fragmented facilities to a centralized, modern, and efficient services centre, located on the Yonge Street corridor in Newmarket Centre. It will serve as a catalyst for developing Newmarket Centre and support both the

Region's and Town's Official Plans by developing a well-planned, sustainable, transit supportive centre, that creates a sense of civic place and pride. It positions the site for long term intensification in support of Provincial legislation and intensification guidelines. It will offer both residents and the private sector, improved access to Regional services in one centralized location via Regional rapid transit. The Region will continue to work closely with the Town on traffic planning and mitigation.

7. CONCLUSION

The development of a Central Services Centre, on Regionally-owned lands located adjacent to the Administrative Centre, would save taxpayers approximately \$35 million over 20 years, while providing enhanced customer service and supporting a number of corporate objectives. The phased architectural concepts support Provincial legislation and city-building requirements, and both the Region's and Town's Official Plan policies regarding the development of Centres and Corridors. The planning vision is built on a sustainable framework of Regional rapid transit, LEED policies to achieve maximum energy efficiency, and the Region's 10 guiding principles for the development of Centres and Corridors. Development of the CSC would consolidate Regional services onto one site for improved public access and provide internal synergies and functional linkages with the Administrative Centre.

In the event that Council directs future commercial and residential development to the site, the proposed Phase 1 development will not encumber any future development that may be planned for the site in the coming decades to achieve the Town's ultimate intensification targets. It will take approximately 3 years from Council approval to finalize all studies, architectural designs, drawings and site plans, construct the facility and complete staff moves. A final business case will also be undertaken once the exact number, size, and type of buildings are chosen by Council, along with required underground, deck and surface parking.

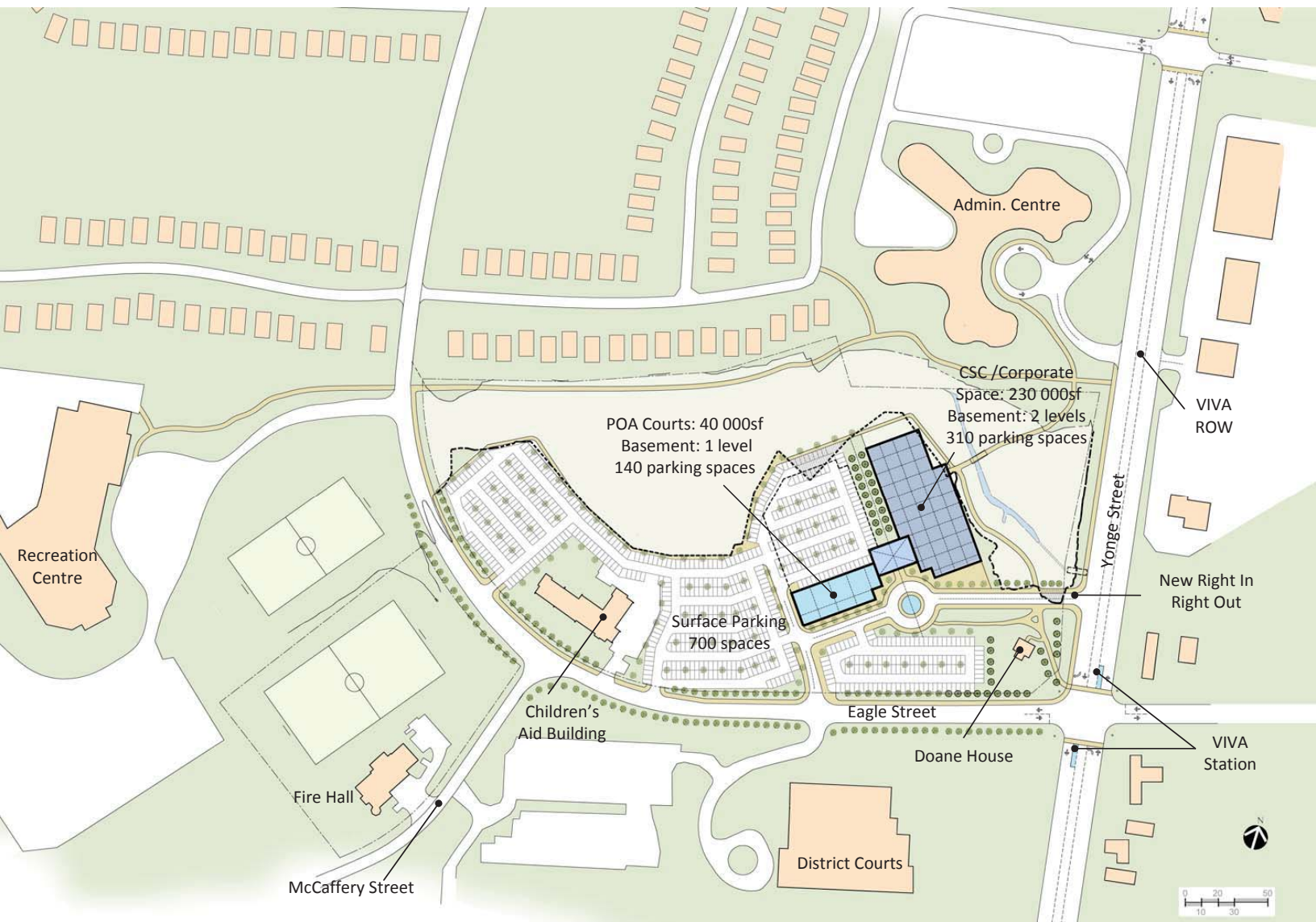
While capital costs can seem daunting, it is time for the Region to look toward its current and future needs by building suitable, well-planned and efficient facilities that will achieve better efficiencies, customer service and program service delivery.

The Region is at a watershed mark in its history in relation to managing its second largest asset of land and facilities, after its employees. The tremendous growth experienced by the Region over the last 25 years has left it with a challenging accommodation model, bridged between the obsolete buildings of its County days in the 1950's and 60's, to its modern, high-tech facilities and complex service delivery requirements of the present day. The "do nothing" option is not a sound financial option.

For more information on this report, please contact Barry Crowe, Director of Property Services at extension 1684.

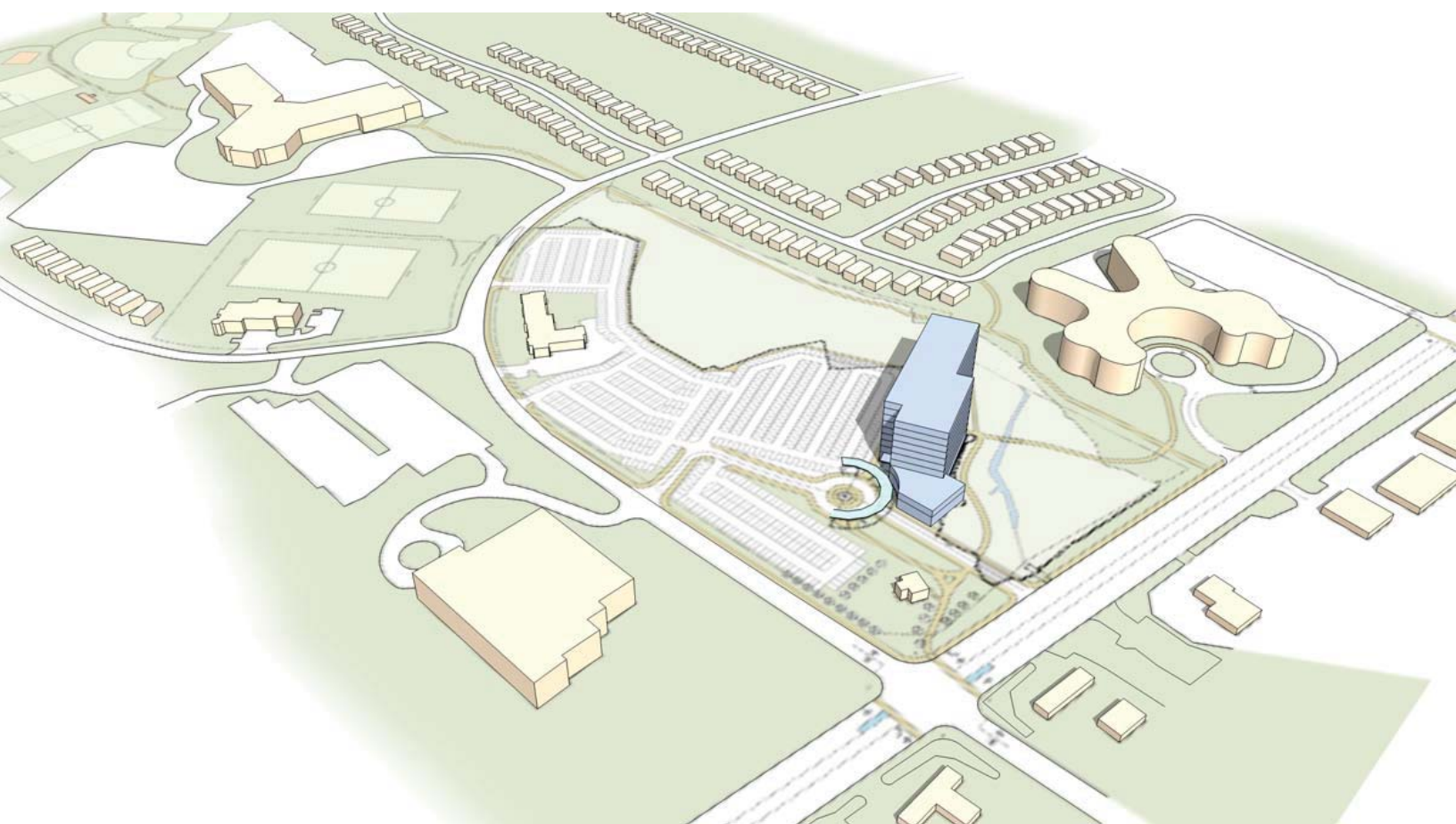
The Senior Management Group has reviewed this report.

(The two Revised attachments referred to in this clause are attached to this report.)

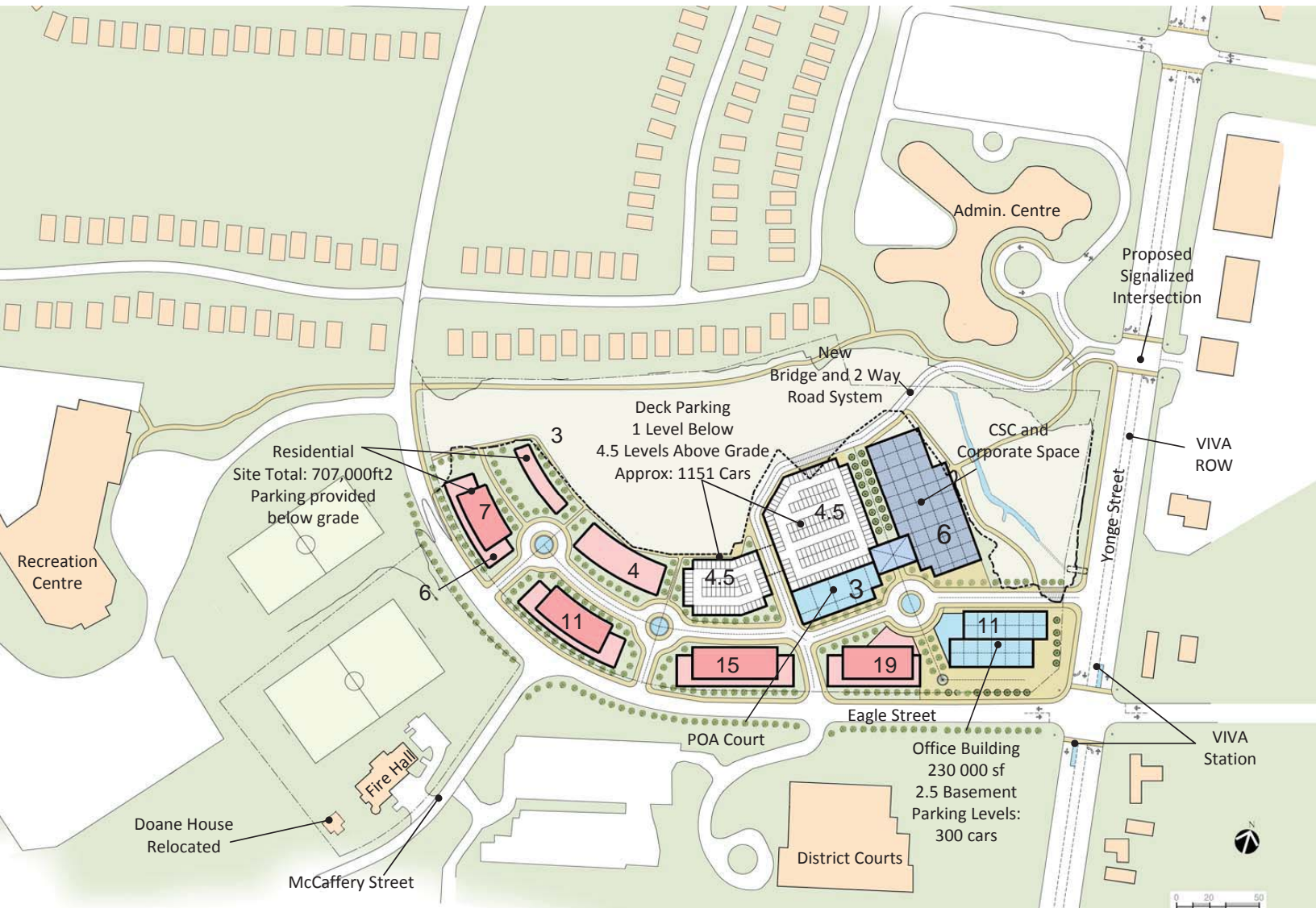


Phase 1 Concept Plan

REVISED

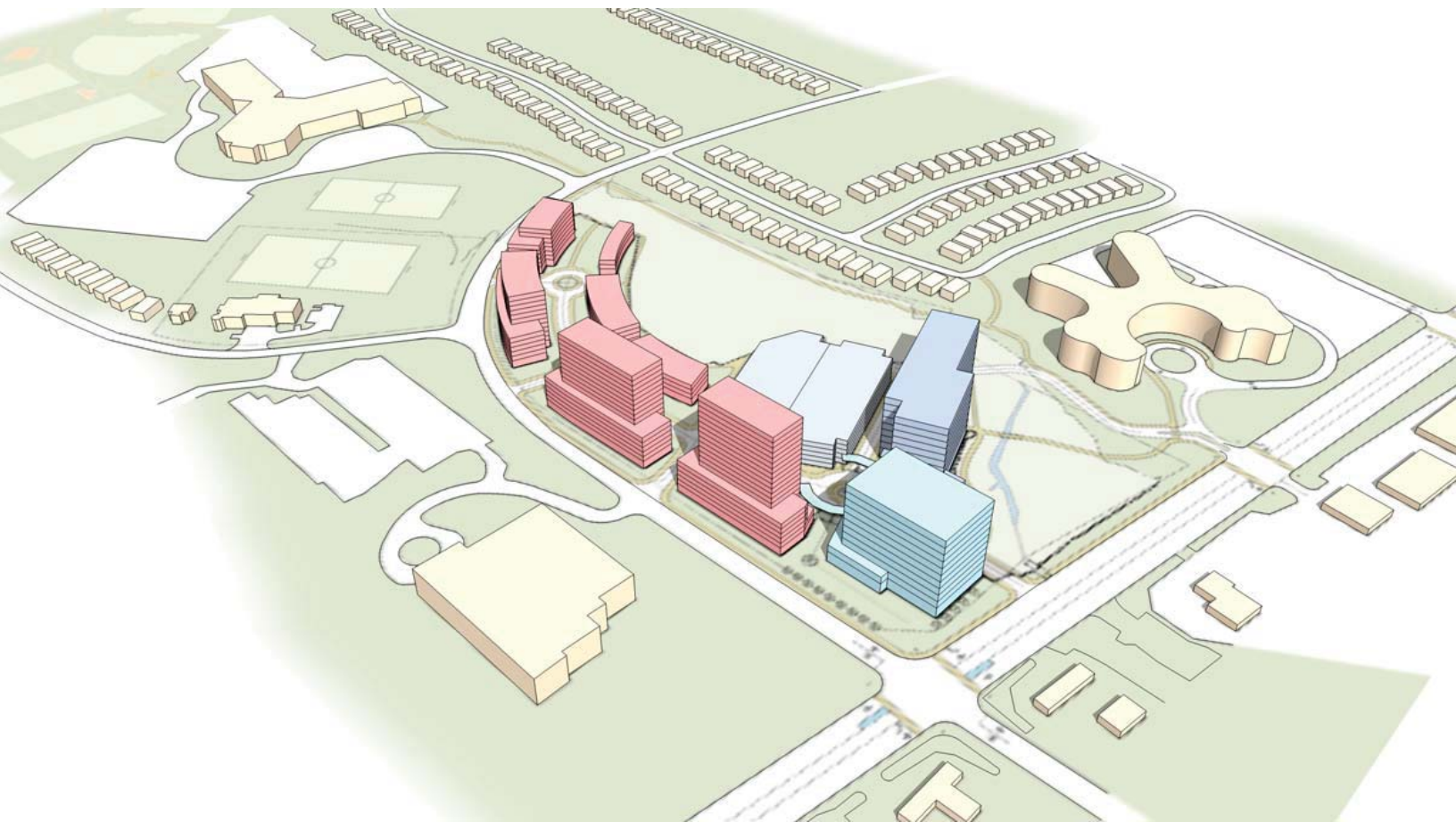


Concept 1- 3D View



Concept Plan- Full Build Out (2.5 FSI)

REVISED □



Long Term Vision-3D View

Central Services Centre

FINANCE AND ADMINISTRATION COMMITTEE
March 5, 2009

Jim Davidson
Commissioner of Corporate Services

Purpose

- ❖ Request approval to issue an RFP for the design phase of the Central Services Centre project
- ❖ Authorize staff to retain consultants to finalize all required studies
- ❖ Request approval to consolidate both existing POA Court locations onto the proposed CSC site in Newmarket
- ❖ Authorize staff to review potential options for vacated facilities and develop strategies for planning future phases of development to facilitate intensification of the site

Background “A Strategic Approach”

- ❖ Strategic Accommodation Plan (SAP), approved by Council on September 22, 2005, established corporate strategy to achieve Regional objectives for service delivery and provide the context for ongoing decision-making relating to Region’s land and facilities
- ❖ SAP priority to consolidate older, expensive, leased and owned facilities in Newmarket, including Courts (POA)
- ❖ Better to own than lease over the long term
- ❖ Maximize use of existing landholdings
- ❖ Portfolio should support Regional and local objectives
- ❖ Southern Tier requirements addressed in SAP



March 5, 2009

Slide 3

Current and Future Space Requirements

Newmarket Replacement:	117,000 sq ft
- 62 Bayview (C&HS)	
- 22 Prospect St. (C&HS)	
- 55 Eagle St. (C&HS)	
- Tannery (Courts and C&HS)	
- 1091 Gorham St. (Housing)	
- Newmarket Civic Centre	
Growth Estimate to 2017:	94,000 sq ft
Including Administrative Centre	59,000 sq ft
Total:	270,000 sq ft



March 5, 2009

Slide 4

Proposed Location Central Services Centre



March 5, 2009

Slide 5

“Newmarket Centre” Lands



March 5, 2009

Slide 6

Central Services Centre Rationale to Build

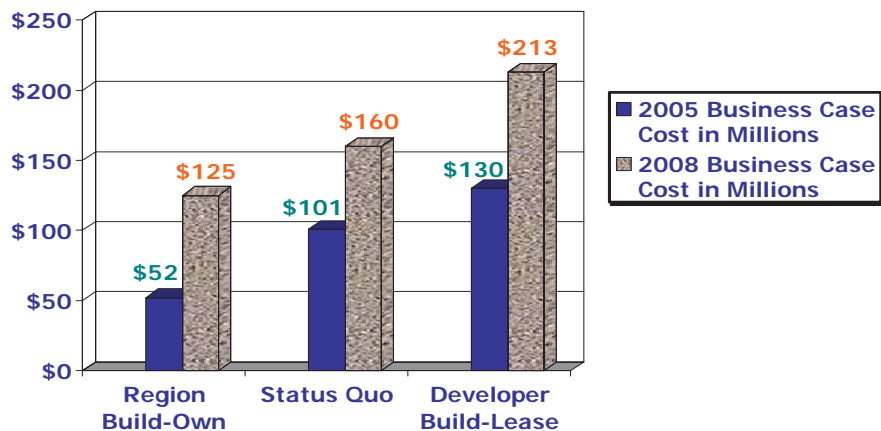
- ❖ Business case concludes savings of ± \$35M over 20 years
- ❖ No land purchase costs
- ❖ Eliminates current leasing and rehabilitation costs
- ❖ Supports sustainable building policy- Minimum LEED silver
- ❖ Conforms with both Official Plans & Provincial city building
- ❖ Centralized, sustainable, transit supportive location, improved customer service, functional linkages with AC
- ❖ Public investment serves as catalyst for Regional Centre
- ❖ Provides economic stimulus in current economy
- ❖ Centralized court operations-better service at less cost
- ❖ Improves on-site and downstream flood control



March 5, 2009

Slide 7

Comparative Business Case



March 5, 2009

Slide 8

Estimated Project Costs Concept 1

❖ Building Costs:	
CSC:	\$ 57.5M
Courts:	\$ 12.0M
❖ Parking:	
Underground:	\$ 15.4M
Surface:	\$ 2.1M
(Plus site work, road work and allowances)	\$ 13.8M
❖ Approx. Total Construction Costs:	\$100.8M
(Plus FFE/IT/financing/permits/contingency/legal-professional fees)	
❖ Approx. Total Costs for Concept 1:	\$125M

Concept 1- 3D View



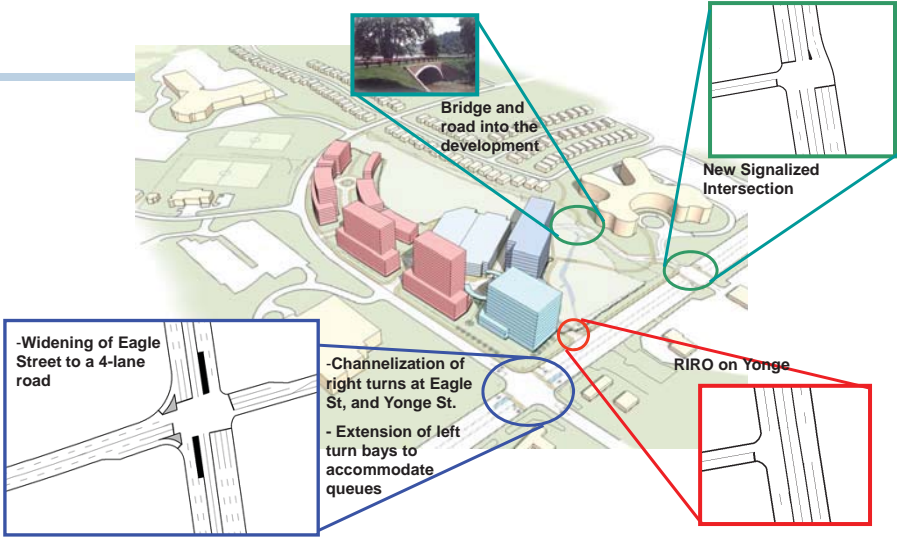
Long Term Vision- 3D View



March 5, 2009

Slide 11

Transportation Infrastructure Upgrades



Short term (0-5 years) ■ Median term (5-10 years) ■ Long term (10-15 years) ■



March 5, 2009

Slide 12

Central Services Centre Issues to be Addressed

1. Courts Consolidation: Location/Partnerships
2. Doane House Hospice: Relocation/Integration
3. Long Term Lease: Children's Aid Building
4. Potential Options for Vacated Facilities
5. Future Traffic Monitoring - Eagle/Yonge
6. Storm Water Remediation
7. Phased Development: Future Uses & Timing

Next Steps

- ❖ Issue RFP for Design Phase and retain consulting team to finalize studies
- ❖ Consultation process with Town, stakeholders, including public consultation
- ❖ Confirm court consolidation and location
- ❖ Council Report on Design Options and Tender authorization-Q1 2010
- ❖ Construction: Spring 2010-2012

Approvals Requested

- ❖ Issue an RFP for the design phase of the Central Services Centre project
- ❖ Retain consultants to finalize all required studies
- ❖ Consolidate both existing POA Court locations onto the proposed CSC site in Newmarket
- ❖ Review potential options for vacated facilities and develop strategies for planning future phases of development to facilitate intensification of the site

Questions?





Clause No. 9 in Report No. 5 of the Finance and Administration Committee was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting on June 25, 2009.

9

PROVINCIAL OFFENCES COURT LOCATIONS

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report dated May 13, 2009, from the Commissioner of Corporate Services as amended to read as follows:

1. Council approve the option of consolidating the *Provincial Offences Act* courts at the Tannery with any courts that may be built at the proposed Central Service Centre in Newmarket and also maintain the court facilities at the South Service Centre in Richmond Hill.

1. RECOMMENDATION

It is recommended that:

1. Council approve the option to consolidate the two existing *Provincial Offences Act* Court locations onto one site in Newmarket.

2. PURPOSE

At its meeting March 5, 2009 Finance and Administration Committee requested a report providing options on the potential locations for the Regional *Provincial Offences Act* Courts.

3. BACKGROUND

Council endorsed the development of a Central Service Centre in Newmarket

At its March 26, 2009 meeting Regional Council approved the proposal to use the south limits of the property at 17250 Yonge Street to construct a new Central Service Centre. The centre will replace older outdated facilities in Newmarket as well as most leased premises and provide better service to our customers, and taxpayers on an official Regional and Transit Corridor. The costs savings over the next 20 years are expected in the range of \$35 million. Staff were authorized to issue a design RFP to retain architects and prepare tender documents.

Council wanted more information on Regional Courts consolidation

Council wished to consider the question of the consolidation of the Regional *Provincial Offences Act* (POA) program onto one site. Options were requested as to locations where the Courts might operate mindful of customer service and other limitations. The discussion included whether the POA courts should also or alternatively be located in the southern portion of the Region.

The authority to locate courts rests with the Judiciary and the Ministry of Attorney General

The Region assumed the POA program as part of local service realignment in 1999. This was one of the first such transfers in the Province devolving responsibilities from the Ministry of the Attorney General. The Criminal Courts at 50 Eagle Street in Newmarket handles all criminal charges, all young persons' charges and all POA appeals for York Region. It is the centre for custodial transportation and holding for all courts in the area. The Regional POA program handles adult charges laid under Provincial Statutes and includes Municipal By-law infractions, Highway Traffic Act and various Provincial Statutes (e.g. under MOE, MNR and MTO Acts).

As part of the Transfer Agreement that was signed in 1999 with all 10 partner municipalities (Section 5.3.2) the Region agreed to continue to provide the "same services" as formerly provided by the Ministry of the Attorney General (MAG), unless we otherwise agreed in a Local Side Agreement (LSA). The LSA states we are to continue operating at the Tannery location by assuming the lease (Section 4.1, LSA). The Region continues to operate four court rooms at leased premises known as the Tannery on Davis Drive in the Town of Newmarket. An additional court room has been approved by Council at this site to open August 2009.

Council requested an additional Court be established in Richmond Hill

As part of the budget deliberations in 2000, Council directed staff to obtain approval to create an additional POA court based at the South Service Centre in Richmond Hill. Staff received the consent of the Ministry of the Attorney General and of the Judiciary to do so in 2001. The basis for the request was to provide residents in the southern part of the Region with closer access for some types of cases, thereby limiting inconvenience of travel to Newmarket and related lost time. The Region has two court rooms and an Intake Court at this leased location.

Customer service is being provided on behalf of neighbouring jurisdictions

Every POA court location in Ontario is obliged to take payments and handle various inquiries on behalf of all other court locations throughout the province. This enables court users to obtain local counter service in the location of their choice rather than travelling to whichever court office is holding their court file. With the opening of the Richmond

Hill court location, it quickly became apparent that numerous defendants and agents from neighbouring jurisdictions (notably Toronto) were arriving at the new building in Richmond Hill to take advantage of the convenient location and free parking. Program financial statements show that over 41% of payments made at Richmond Hill in 2008 were in respect of non-York court cases. The ratio is very different at the Newmarket court facility where under 15% of payments received in 2008 were in respect of non-York court cases.

4. ANALYSIS AND OPTIONS

Opening new court location must be acceptable to the Judiciary

The consent of both the Ministry of the Attorney General and the Judiciary is required to create a Court location. Ministry approvals deal with such matters as construction standards and other procedural matters, but the Judiciary's consent is a major factor respecting the assignment of sitting Justices of the Peace. The Judiciary assigns resources from the Newmarket seat of justice and Regional Justices of the Peace must serve two roles – POA Courts and Provincial Criminal Courts. Travel time is a consideration for the effective deployment of these resources.

There are three main scenarios for consideration

Based on Council's direction staff have investigated the following;

1. Consolidate operations at one location in Newmarket.
2. Leave a court presence at the South Service Centre as well as a Newmarket site.
3. Consolidate operations at one location in Richmond Hill.

Option 1 – Consolidation in Newmarket

The Region engaged external consultants PSTG Inc. who interviewed a wide range of stakeholders as part of the field research for their report on future accommodation options for the courts. This included direct input from all of the major enforcement agencies (representing more than 95% of the charges filed in our courts).

Speaking directly to "Impact of geographic location on program efficiency and effectiveness" the consultants found that proximity to the Provincial courts at Eagle Street was very important, and stated among numerous recommendations;

1. There is, and will continue to be, a need for increased courtroom facilities and resources;
2. The current court facilities are inadequate and do not meet many York Region and Ministry of the Attorney General operating standards. While the facilities may be able to accommodate short-term modifications to meet current pressures, they cannot be

renovated enough to meet the longer term increased courtroom, judicial, courtroom support, administrative, public, parking and holding area needs.

3. There will be a need for 6 to 8 courtrooms by 2026. In addition, there will be a need for significant numbers of additional judiciary, prosecutorial, administrative support and courtroom support staff.
4. The Region has to increase its court facilities in the short term in order to avoid overloading the POA court system.
5. A single site would be more efficient for POA operations.

Space is available on Region owned land in Newmarket

As part of preliminary site plan considerations the Region has made allowances to build a Regional POA Court as part of the site development for a Central Service Centre. This would be a purpose-built facility to required specifications and could be sized to meet current and future requirements. Parking would be designed into the site plan as well as being available to defendants using Regional transit. Purchasing costs for land is not required.

Certain cases are only dealt with in Newmarket

All traffic charges laid by the Ontario Provincial Police, plus the most serious of the traffic charges laid by York Regional Police must be processed at Newmarket where Provincial Prosecutors are on site and the appeal court is close to hand. Even for the least serious offences, if a defendant wishes to appeal against a court decision made in Richmond Hill, or if the defendant is a young person (i.e. under 16 years at the time of the alleged offence), or if the defendant is charged under the Federal Contraventions Act, they can only receive service at the seat of justice in Newmarket. Newmarket is the designated location for Federal Contraventions charges, for which the Region receives significant Federal funding (including three full-time bilingual staff members). The funding is specifically allocated to the Newmarket facility only.

Option 2 – Operate courts in Newmarket and in Richmond Hill

The existing facility in Richmond Hill at the South Service Center is an authorized site for POA operations both by the Judiciary and the Ministry of the Attorney General. It is currently providing service on a limited basis (largely for municipal By-Law charges and the less serious of the traffic charges laid by York Regional Police). Of the 157,422 charges filed in York Region in 2008, approximately 80,000 charges were handled in Richmond Hill. Although there are only two trial courtrooms in Richmond Hill (as compared to three trial courtrooms currently in Newmarket) the relatively minor nature of the vast majority of the charges scheduled for Richmond Hill enables a high percentage of early resolution at that site. There is an intake court offering those charged with an

offence an opportunity to mitigate a fine assuming a guilty plea. This is known as ‘walk in first attendance’.

The Richmond Hill location provides access for residents charged with bylaw infractions in the southern municipalities as well as ‘part one’ (less serious) tickets mainly under the Highway Traffic Act. For more serious charges the defendant (whether a local resident or not) must still travel to Newmarket for trials and appeals.

Option 3 – Consolidation in Richmond Hill

Based on informal discussion with the Judiciary it appears they would not be supportive in establishing POA courts outside Newmarket or establishing additional court locations beyond the two we currently have as it impacts on their ability to staff more locations with Justices of the Peace. Additional Regional staff resources would be required as well. Because the Judiciary are the main deciding factor on court locations this precludes relocating the Newmarket POA court away from the seat of justice and in effect eliminates option 3 for consideration. The Federal government would also prohibit the Region from assigning resources for French Language Services to Richmond Hill or any other place in York Region (pursuant to Newmarket’s special designation under the Blais decision with respect to the *Official Languages Act*).

Notwithstanding restrictions by the Judiciary and federal Government if the Region could have considered this option as viable a new purpose build facility would have had to be built. The Region would have to acquire land at market value to construct a new facility which would be an additional cost.

Trends in court expansion elsewhere in Ontario

In other parts of Ontario where expansion of court capacity has occurred in the past few years, there has been a tendency to create large consolidated courthouses at the existing seat of justice for the Region concerned. The following table provides a sense of scale for those jurisdictions in southern Ontario that come close to the volume of charges York must address:

Jurisdictions in Southern Ontario

<i>Municipality</i>	<i>Location</i>	<i># court rooms</i>
Durham	Whitby	4 + 1 intake
Mississauga	Mississauga	4 + 1 intake
Brampton	Brampton	7 + 1 intake 2 spare

Toronto which is the largest POA court in the Province is not shown as they have not yet consolidated. They have numerous sites across the city. York is the second largest POA court in the Province handling 157,422 charges in 2008.

Consultations have occurred with key stakeholders

In addition to the interviews conducted by consultants, a separate consultation meeting took place with York Regional Police on April 8, 2009. The issue of possible consolidation was also presented to the York Region POA Courts Stakeholder Group on April 7, 2009 to keep court users updated of the ongoing dialogue and invite comments. Discussions with the Ministry of Attorney General are planned to determine if there is any objections to the consolidation and/or relocation of the sites as well as their interest in a co-location with their operations. At this time there are no major objections received to consolidation. York Regional Police have some issues deploying Officers from the south to attend court in Newmarket.

5. FINANCIAL IMPLICATIONS

Property Services Branch engaged a real estate financial consultant (E. Mooney & Associates) to examine the comparative financial cost factors involved in a decision to consolidate the POA Courts from the South Services Centre as compared to leaving the existing two Courts in the Richmond Hill leased facility. In the event Courts are relocated from the SSC the Region has plans to backfill the space they leave.

Table 1 shows the results of the Net Present Value (NPV) analysis. The analysis shows that on a discounted basis (using debenture and discount rates of 6%) the NPV of the leasing scenario over 20 years costs \$7,000,000 whereas the consolidation of the Courts into the CSC development costs \$5,000,000. The analysis assumed that, if the Courts were relocated to Newmarket from Richmond Hill, the vacant space would be backfilled by another Regional user. The data clearly indicates there are economies to be found in consolidation especially if it is to a location where the Region already owns property on which the facility is to be built.

Table 1
Net Present Value Analysis Over 20 Years

Location	
Option 2 – Continue at South Service Centre and also Central Service Centre	\$7,000,000
Option 1 – Consolidation into a Central Service Centre only	\$5,000,000
Net Savings	\$2,000,000

On this component alone the Region will save \$2M in costs over 20 years and still have a residual value in the building. If the Region sold the Central Service Centre buildings at that time then the value, exclusive of the value of land, is estimated to be a rate of \$400 per square foot.

Attachment 1 provides further information on the impact of revenues by municipality as well as the number of charges per agency type.

6. LOCAL MUNICIPAL IMPACT

Relocating the current POA Court from Richmond Hill currently located in the South Services Centre may inconvenience some residents from the southern tier of the Region. Regardless, some but not all types of court matters can be dealt with at Richmond Hill but some cannot and residents must travel to Newmarket for trial. In the consolidated model, all defendants would be required to travel to Newmarket for a Court appearance and to participate in the First Attendance program option. Subject to agreement from the judiciary and MAG. First Attendance intake court can be maintained in isolation of standard court appearances but this would still mean most bylaw matters and those wishing a trial must proceed to Newmarket affecting residents, by-law enforcement and Police personnel. While payment options exist to pay via internet and mail, those wishing to pay in person would not be able to do so at the South Service Centre if the court office is relocated.

7. CONCLUSION

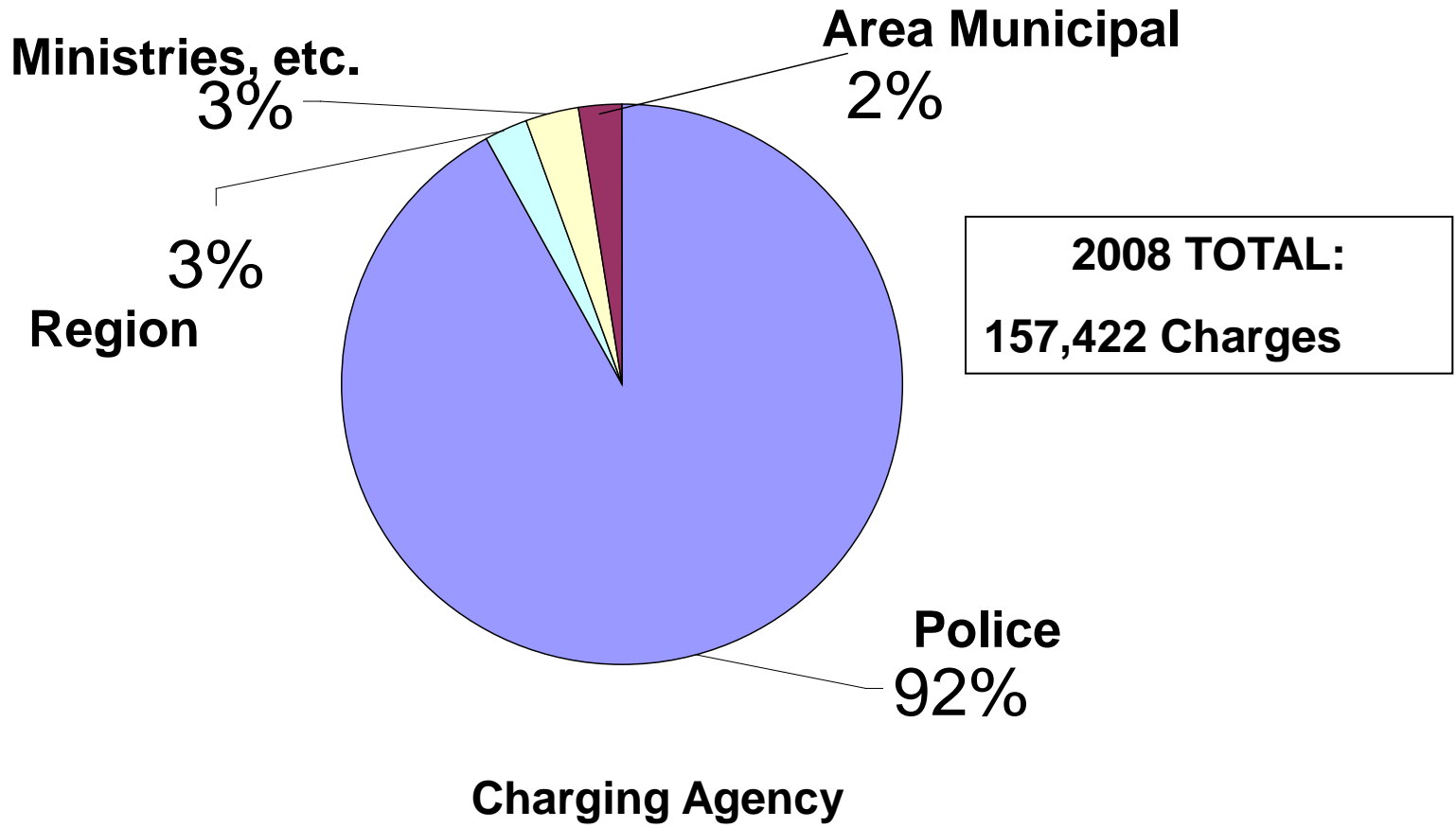
Staff have investigated three options and found that only two would be acceptable to the Judiciary and Ministry of Attorney General that decide location of POA courts. Of the two remaining feasible options staff recommend centralization of the POA operation given substantial cost savings to the taxpayer, and improvement in operational efficiencies. In certain types of cases some inconvenience would result to Regional residents in the south for those charged with by-law infractions in their municipality or with lesser infractions under the Highway Traffic Act.

For more information on this report, please contact Norman Scarratt, Director, Court Services at Ext. 3250.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the June 11, 2009 meeting.)

Analysis of Caseload





Clause No. 4 in Report No. 3 of the Finance and Administration Committee was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting on March 25, 2010.

4

REQUEST FOR PROPOSAL P-09-122 ARCHITECTURAL AND ENGINEERING SERVICES CENTRAL SERVICES CENTRE (CSC)

The Finance and Administration Committee recommends the adoption of the recommendation contained in the following report dated February 19, 2010, from the Commissioner of Corporate Services, with the following additional recommendation:

- 4. An early analysis of the traffic implications be reviewed with staff from the Town of Newmarket so that mitigation measures can be implemented prior to construction**

1. RECOMMENDATIONS

It is recommended that:

1. Council authorize the award of Request for Proposal (RFP) No. P-09-122 for architectural and engineering services for design of the Central Services Centre (CSC) to WZMH Architects for a total price of \$6,245,185.00, excluding taxes.
2. Staff report back to Council with three (3) conceptual design options with full cost estimates, to assist Council in selecting a preferred architectural design for the first phase of the Central Services Centre development.
3. Staff continue to work with the Town of Newmarket and Regional Planning Department to seek input on potential design options and process strategies for Phase A, in the context of future development phases to facilitate further intensification of these important Regional Centre lands in the coming years.

2. PURPOSE

This report requests Council's authorization to award RFP P-09-122 to WZMH Architects, to provide architectural/engineering design services and required consulting studies to develop three (3) conceptual designs for Council's review, and if approved by Council, to then continue with the completion of all required final studies, contract documents, drawings, tendering and construction of the Central Services Centre.

3. BACKGROUND

In March 2009, Regional Council approved, in principle, the development of a Central Services Centre adjacent to the Administrative Centre, and authorized the Property Services Branch to undertake an RFPQ and RFP process to develop a pre-qualified shortlist and retain architectural/engineering services to begin the formal design process for a CSC facility, including POA courts.

Request for Pre-qualification (RFPQ) released in June 2009

RFPQ P-09-78 for architectural/engineering services for the CSC was released by Supplies and Services in June 2009. Consultants were notified by advertisement on the Electronic Tender Network and in the Daily Commercial News. The RFPQ closed on July 20, 2009 and fourteen (14) proposals were received by the Region. Representatives from Property Services and Supplies and Services evaluated the proposals in a two-stage process utilizing criteria based on qualifications and experience in relation to this project. The following five (5) firms were shortlisted having met or exceeded the minimum requirements of the RFPQ:

1. Cohos Evamy
2. HOK Architects Corporation
3. Kohn Pederson Fox Associates (KPF)/Kasian Architecture Ontario Inc
4. WZMH Architects
5. ZAS Architects Inc/Zeidler Partnership Architects

4. ANALYSIS AND OPTIONS

Request for Proposal (RFP) process now complete

The RFP was released to the shortlisted firms by Supplies and Services in December 2009 and closed on January 11, 2010. The Evaluation Team evaluated the submitted proposals which included an interview of all five firms. The Supplies and Services Branch facilitated the consensus evaluation meeting held on January 20, 2010. Table 1 lists the proponents that submitted proposals and illustrates the evaluation results.

Table 1

Proponent	Technical Score (70%)	Financial Score (30%)	Total Score (100%)	Total Price
WZMH Architects	57.75	28.50	86.25	\$6,245,185.00
HOK Architects	49.95	30.00	79.95	\$5,930,264.00
ZAS/Zeidler	53.65	24.60	78.25	\$7,244,635.00
Cohos Evamy	54.90	23.00	77.90	\$7,751,035.00
KPF/Kasian	51.15	24.90	76.05	\$7,136,110.00

WZMH Architects is extremely well qualified to undertake the Central Services Centre project for the following significant reasons:

- Experience developing the CSC Master Plan with a team including the Regional Planning Department, Rapidco, and the Town of Newmarket Planning Department, from July 2008 to March 2009, which was approved in principle by Regional Council;
- Experience designing a number of similar municipal and court facilities including the Peel Region Headquarters and Police Facility, the Durham Consolidated Courthouse, the Toronto Federal Courts, the BMO Data Centre, and the Nova Scotia Power Corporate Offices;
- The firm has significant experience with multi-headed institutional clients including work for all levels of government, as well as Ontario Realty Corporation, Infrastructure Ontario, and Public Works and Government Services Canada; and
- WZMH Architects has over 3 million square feet of construction either certified, or in the LEED certification process, including two major new office buildings seeking LEED GOLD (the Bay Adelaide Centre in Toronto and Centennial Place in Calgary), and one new office project designed to achieve LEED PLATINUM (Nova Scotia Power Corporate Offices).

5. FINANCIAL IMPLICATIONS

Full RFP price contingent on Council giving the go-ahead on a single design concept upon completion of Phase A of the project

The RFP for the CSC Project is broken down into three (3) distinct phases. Phase A consists of the pre-design and schematic design; Phase B consists of Design Development/Contract Documents/Tendering; and Phase C consists of Construction Contract Administration/Warranty/Post Occupancy. The price of the leading proponent (WZMH Architects) was \$934,600 for Phase A and approximately \$2.9 million and \$2.4 million for the other phases. A full cost analysis will be provided to Committee and Council for each of the 3 design concepts developed for the CSC. If Council chooses not to proceed to Phases B and C, the Architects contract will terminate at the end of Phase A.

6. LOCAL MUNICIPAL IMPACT

Development of a new Central Services Centre within Newmarket's Regional Centre will consolidate existing Regional services to better serve the Region's central and northern citizens, while playing a significant role in anchoring the southern portion of Newmarket Centre and leading the way in providing transit supportive, energy efficient, accessible, and higher density development along Newmarket's Yonge Street corridor. This Regional investment will also greatly assist the Town's local economy.

7. CONCLUSION

Staff from both Property Services and Supplies and Services is confident that the bid received from WZMH Architects meets all the requirements of the RFP and that the total cost submitted for the work is within the estimated budget. It is recommended that WZMH Architects be awarded the contract so work could begin immediately, and the design concepts and cost analysis be presented to Council for approval.

For more information on this report, please contact Barry Crowe, Director of Property Services, at Ext.1684.

The Senior Management Group has reviewed this report.



Clause No. 1 in Report No. 2 of the Finance and Administration Committee was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting on February 16, 2012.

1

DESIGN OPTIONS FOR THE DEVELOPMENT OF A CENTRAL SERVICES CENTRE (CSC) IN NEWMARKET

The Finance and Administration Committee recommends:

1. Receipt of the presentation from Bruce Macgregor, Chief Administrative Officer; and
2. Adoption of the recommendations contained in the following report dated January 18, 2012, from the Commissioner of Corporate Services:

1. RECOMMENDATIONS

It is recommended that:

1. Council approve option 2B as the preferred design option for development of a Central Services Centre (CSC) in Newmarket, selected from the four (4) architectural design options shown as *Attachments 2-5*, attached to and forming part of this report.
2. Staff further investigate the options for Design/Build/Finance with Infrastructure Ontario and report to Council on any benefits of engaging Infrastructure Ontario for this project.
3. In the absence of a clear advantage to engaging Infrastructure Ontario, Council:
 - i. approve the business case and estimated project budget for development of the selected design option, which will form the basis for the final detailed design, application for all permits and approvals, and tender documents by WZMH Architects.
 - ii. authorize staff to issue the project for tender immediately upon completion of the final detailed design and costing plan, provided the project and its corresponding budget have not changed significantly from that which was approved by Council, and to bring the tender results back to Council to award the project.

2. PURPOSE

This report seeks Council direction on selecting an architectural design option with corresponding project budget, for the construction of a 340,000 to 430,000 gsf Central Services Centre (CSC), located on Region-owned lands adjacent to the Administrative Centre (AC) in Newmarket. Four design options with estimated costing plans and a business case are presented for consideration.

3. BACKGROUND

The need to consolidate a number of old, expensive and functionally obsolete, owned and leased facilities in Newmarket was identified in 2005 in Phase 1 of the Council adopted Strategic Accommodation Plan (SAP)

The Region's first Strategic Accommodation Plan (SAP) was adopted by Council in 2005. Through this plan, Council set the framework for addressing the Region's short and medium term accommodation requirements. The plan identified as a Phase 1 priority, the need to consolidate a number of 50+ year old, expensive and functionally obsolete, owned and leased facilities in Newmarket. This new consolidated service centre would much more effectively and efficiently serve residents located in the Region's central and northern communities, while providing significant savings for the Region over the next 35 years and beyond. The Region's southern residents are currently served by the Region's leased South Services Centre (SSC) in Richmond Hill, and additional leased locations in Vaughan and Markham.

Additional office space in Newmarket was identified as a priority

The proposed site in Newmarket is on lands owned by the Region, in an Urban Growth Centre and on a VivaNext rapid transit line. The new building will permit the consolidation of staff currently located in nine separate owned and leased locations consisting of approximately 160,000 gross square feet (gsf).

The proposed CSC would primarily house Regional programs that require residents to travel to the facility. These services include dental and sexual health clinics, social assistance, healthy babies and breastfeeding programs, water quality sample testing, interview rooms for residents applying for social housing and other programs. These services are not of a nature that can be provided to residents through work from home initiatives or other alternative work arrangements to any significant degree.

As well, the proposed CSC includes the relocation of the Provincial Offences Court from leased space in the Tannery Mall and would provide for approximately 10 years of growth. Calculations estimate there will be approximately 1,500-2,300 court visitors per day in 2015.

The Strategic Accommodation Plan also identified, as a Phase 2 priority, the need for additional service centres in the Region's southern tier

In addition to a new CSC in Newmarket, the 2005 Accommodation Plan established a Phase 2 strategy to develop service delivery centres in the Region's southern tier. Given that the Region first established a South Services Centre (SSC) in Richmond Hill in 2001, the SAP did not place the same urgency on providing additional accommodation in the southern tier in comparison to dealing with the issues associated with the 50+ year old Newmarket accommodations.

Recognizing the medium to long term need for additional Regional services in the south end, staff will be holding further discussions with the Town of Markham, Town of Richmond Hill and the City of Vaughan on their municipality's service requirements, as well as with Regional departments.

An update to the 2005 SAP is nearing completion. A major focus of the update is to explore various options to establish a consolidated Regional presence in both Markham and Vaughan, as well as develop a strategy for the existing South Services Centre (currently leased through 2021), once the Central Services Centre project is approved and constructed.

Council approved the Central Services Centre in principle in 2009 and requested a larger building design option be added for consideration.

In March 2009, Council approved, in principle, the development of a Central Services Centre adjacent to the Administrative Centre and authorized the Property Services Branch to undertake a thorough RFPQ and RFP process to develop a pre-qualified shortlist to retain architectural/engineering services to complete the conceptual design process. The original objective was to develop three design options for the CSC with POA courts, including a costing plan for each option and a business case for Council's review. Since that time, a fourth design option showing a larger building has been completed to address questions from a 2011 workshop.

Architectural design options, traffic/parking, soils, servicing and other site studies are complete

Preliminary planning, environmental, geotechnical, storm water, traffic, parking, servicing, architectural designs, interior design and space planning, costing plans and a business case have been completed for the CSC project. Over the past 2 years, Property Services staff have retained and managed a project team consisting of staff from both the Region and various consulting firms to examine a number of site development issues and building design concepts. The Project Steering Committee has worked together to develop a short, medium and long term planning vision for the site, while exploring innovative, sustainable and practical solutions to meet the program delivery needs of

Regional departments. The result of this work is illustrated in the architect's four design options.

4. ANALYSIS AND OPTIONS

Owned space in Newmarket is functionally obsolete and in need of ongoing and expensive rehabilitation and renovation

There are three Regionally-owned facilities in Newmarket identified by the Region's consultants as functionally obsolete and in need of expensive ongoing rehabilitation and maintenance. Building condition audits have been completed on these facilities and a number of needed repairs have been delayed as long as possible pending a decision on the CSC. In addition, these older owned buildings are not AODA compliant and both the costs and/or existing infrastructure of the buildings will make it prohibitive to make them compliant.

The 62 Bayview Parkway building (20,798 gsf) was constructed in 1957 and houses some of the Region's Community Services staff. While it served as the original Regional Headquarters from 1971 to mid-1994, the building had been in existence for many years prior. This building is in constant need of repair. If the CSC were not to be constructed, current and projected rehabilitation costs are estimated to be approximately \$2.3 million by 2014, and another \$3.5 million from 2014 to 2048. This includes asbestos removal, cost of swing space and structural repairs.

The 22 Prospect Street building (12,000 gsf) is home to one of the Region's dental clinics and nutrition programs, where dental care and referrals are delivered on-site. It is a ground lease arrangement, where the Region owns the building, but the property is owned by Southlake Regional Hospital and leased to the Region at no cost. The facility is 46 years old and is also functionally obsolete by modern office standards. Current and projected rehabilitation costs are estimated to be approximately \$1.5 million in 2014 and another projected \$2.1 million from 2014 to 2048 for structural repair work and swing space.

The 55 Eagle Street building (10,755 gsf) provides services through the Early Intervention Services program. The building was constructed in 1972 and has escalating maintenance and rehabilitation needs. Current and projected rehabilitation costs are estimated to be approximately \$1.1 million in 2014 and another \$1.5 million for ongoing maintenance from 2014 to 2048.

Leasing market for suitable and accessible office space in Newmarket is very limited and results in significant additional costs for leasing, leasehold improvements, staff moves and the continued fragmentation of Regional services

Some of the existing leased premises in Newmarket are unsuitable, expensive or problematic for delivering Regional services. The Region leases space at the Tannery Mall (50,549 gsf) , located on Davis Drive, for Community and Health Services, Court Services and IT Training, in which the overall condition of the facility is not conducive to the effective delivery of Regional services. Aside from significant parking challenges staff and clients have experienced numerous issues in this location,. As the Tannery was re-developed as retail space in the 1980s it was never designed for the types of uses or volume of traffic currently in place.

In addition, 6,180 gsf of office space is also leased at the corner of Gorham and Leslie Streets for a portion of the Region's Housing Division of the Community and Health Services Department. While the space is more modern, fragmented Regional services and costly leases are not an effective or efficient service delivery model.

More recently, the Region was required to lease approximately 11,000 sf of space on an interim basis at the Newmarket Civic Centre to meet the pressing needs of IT Services. As the Town plans to utilize this space in the next two to three years for their own requirements the Region will be required to relocate staff once again.

Approximately 17,350 square feet is also leased at the Gates of York Plaza, located immediately north of the Administrative Centre. This space currently houses Environmental Services staff and the Human Resource Services Branch, who moved out of the Administrative Centre because of lack of space. This space also provides limited swing space to assist the Region during transition periods when staff is being relocated.

Most recently, the Property Services Branch has re-located from the Administrative Centre due to lack of space to 11,742 gsf in a renovated former warehouse space at 130 Mulock Drive.

Table 1 summarizes the current inventory of functionally obsolete and leased space.

Table 1
Current Inventory of Obsolete and Leased Space

Location	Gross Square Feet
Functionally Obsolete	
62 Bayview Parkway	20,798
22 Prospect Street	12,000
55 Eagle Street	10,755
Subtotal	43,553
Leased	
465 Davis Drive	50,549
1091 Gorham Street	6,180
17310 Yonge Street	16,908
520 Cane Parkway	13,000
130 Mulock Drive	11,742
395 Mulock Drive	17,576
Subtotal	115,955
TOTAL	159,508

The Newmarket leasing market for suitable, AODA compliant and transit accessible office space is very limited. Property Services staff is constantly under pressure to find additional leased space for department program delivery. This current situation not only results in significant additional costs for leasing, leasehold improvements and staff moves, but also for the continued fragmentation of Regional services with associated operational costs. These existing locations are not all readily accessed by YRT/VIVA.

The Administrative Centre (AC) is at triple the original occupancy levels

The Regional Headquarters opened in 1994 and is now over 17 years old. It measures approximately 452,000 gross square feet (gsf) with approximately 222,000 square feet of useable space. Net of public spaces (Council Chambers, atria, etc.) the available office spaces comprises only 170,000 gsf. The building has been intensified by a factor of almost three from its original occupancy levels and houses over 1000 Regional staff, including the Regional Police Headquarters.

A recent space study of the AC, carried out by the McKinnon Group, found it cannot accommodate any additional growth and there is no significant potential to redesign existing floor plates to create additional space. Even with the CSC constructed and operational, the AC will continue to experience growth pressures.

Tannery Courts are at capacity as well

Since July 1999, when the Region accepted responsibility for the administration of the existing *Provincial Offences Act* Court location at the Tannery Mall in Newmarket, workload increases has resulted in two additional courtrooms being added. Now, both space and parking are at capacity and any further courtroom expansion is not possible. Pursuant to an agreement with the Ministry of the Attorney General (MAG) which does not permit the courts to be split or moved out of Newmarket any future growth will have to be accommodated in another leased location within Newmarket, and all courts would have to be transferred to that new location. Court projections suggest that an additional courtroom in Newmarket will be required in approximately three years if the CSC is not constructed.

Court presence to remain at South Services Centre in Richmond Hill

In 2001, when it became apparent that additional courtrooms were needed to handle the growing caseload, Council decided that an additional court location would be opened at the newly leased South Services Centre (SSC) on Yonge Street, north of Hwy 407 in Richmond Hill. Council decided in 2009 that the southern POA courts are to remain in Richmond Hill and will not be consolidated with the proposed CSC facility.

Development of the Region's lands would help set the standard for future city building and be a key catalyst for the development of the Newmarket Urban Growth Centre

The Region's planning consultant concluded the Region should plan for higher densities and multiple uses for the site including office, retail and residential, given the larger site's location in a Regional Urban Growth Centre.

The Region's lands are designated "Yonge-Davis Provincial Urban Growth Centre" in the Newmarket Official Plan and zoned "Provincial Urban Centre (UC-P) which permits a maximum height of 24 metres. However, the existing Zoning By-law is seen as being temporary by the Town of Newmarket pending approval of its new Secondary Plan for the Urban Growth Centre, at which time, a new Zoning By-law will be implemented. The Region will continue to work closely with the Town to ensure that both the Town's and Region's planning goals and objectives are satisfied and the formal planning process for moving forward is established as soon as possible.

With regard to the overall planning rationale for developing the Region's lands next to the Administrative Centre to consolidate Regional services within a new service centre, the project would:

- Eliminate leasing and rehabilitation costs of existing obsolete buildings
- Maximize use of valuable owned lands zoned to permit institutional development

- Provide an excellent opportunity for the Region to show leadership in anchoring the development of Newmarket's Urban Growth Centre with a well designed, multi-use, transit supportive, energy efficient and accessible campus development
- Support Provincial, Regional, and local planning policies and city-building initiatives by locating on a rapid transit corridor on Yonge Street
- Provide excellent opportunities for internal synergies, swing space and overflow parking with its close proximity to the Administrative Centre
- Provide improved customer service and a functional linkage for staff, residents and other clients to more easily conduct Regional business with "one stop shopping"
- Provide public investment as a catalyst for development within the northernmost of the four Regional Urban Growth Centres.

All four building design options compress the building footprint into a small peninsula of tableland as close as possible to the creek's Regional flood line. This ensures that sufficiently sized development parcels are left along the Eagle Street frontage to allow for the potential build-out of the site in the future (*see Attachment 6*) to achieve the Town's density objectives in the Urban Growth Centre. Close proximity to the creek also has the advantage of improving connectivity between the new building and the Administrative Centre by constructing an enclosed pedestrian bridge.

Architectural Design Options

Architectural designs evolved through the development of key design principles

WZMH Architects were retained to develop concept plans for development of the Central Services Centre. The goal was to create a functional service centre that would meet the needs of the Region's clients and complemented rather than emulated the Administrative Centre.

The site plan was designed to ensure the balance of the lands could be developed to their highest and best use in the future to achieve the Town's and Region's future minimum intensification target of 2.5 floor space index (FSI).

While the design options explore different blocking and stacking, massing, orientation and design expression, they also share a number of common elements:

- Common functional program and user groups
- Common parking and loading requirements

- Common entry point with needed atrium access to CSC functions and POA Courts with two levels of below grade parking under the CSC (450 spaces) and an additional two levels of underground parking (168 spaces) below the future deck structure, which would replace the 203 overflow spaces currently serving the Administrative Centre
- New access road onto Yonge Street creating an internal site driveway linking Yonge and Eagle Streets
- Surface parking located at grade on balance of site with provision for transfer to future parking deck structure to accommodate full site build out at 2.5 FSI
- No change to Doane House and Children's Aid Society building
- Creation of pedestrian plaza linking future building to corner of Eagle/Yonge and future VIVA station and dedicated bus lane
- Design to respect adjacent Regional floodplain habitat and requirements of Lake Simcoe and Region Conservation Authority with the angle of the floodplain maintaining the existing view corridor from the intersection
- Enclosed, bridge structure linking the new CSC building to existing Administrative Centre
- Pursuant to Council policy, targets a standard of LEED Silver, potentially LEED Gold
- Provision of atrium space for implementation of enhanced customer service delivery model and circulation space between courts and CSC
- Site plan maintains developable parcels along Eagle Street for future intensification
- Court building masks view of a future parking deck structure from Eagle Street.

While Options 1, 2 and 3 are 340,000 gsf, the fourth design option, 2B, consolidates the courts onto the 2nd floor, and adds two additional floors to increase the overall building size from 340,000 to 430,000 gsf.

As well, Options 1, 2 and 2B utilize a 40,000 square foot floor plate; the most efficient floor plate for an office building. In contrast, Design Option 3 uses 18,000 square foot floor plates.

Design Options 1-3 would provide 5 years of staff growth in Newmarket while Option 2B would provide approximately 20 years

Design Options 1-3 would satisfy the immediate office accommodation requirements, plus approximately 5 years of growth, based on a staff growth rate capped at 2.5% per year. Design Option 2B, with its additional 2 floors and 90,000 gsf (70,000 useable), would increase the accommodation of future staff growth from 5 years to 20 years.

The specific design features of each building option are summarized as follows:

Design Option 1

(340,000 gsf - 6 storeys plus mechanical penthouse – typical 40,000 sf floor plates)

The CSC building and POA courts are expressed as separate components linked by a central atrium serving as a main entrance portal to the complex. The six-storey CSC building to the east is programmed with atrium space counters for enhanced customer service and the most publicly accessible departments on the lower two podium floors, which measure 70,000 square feet per floor. Typical floors have centrally located cores with adjacent enclosed areas containing meeting rooms, service and cellular office areas. The perimeter office space is open plan in layout with views to the surrounding floodplain and Yonge Street to the east. The two storey POA Courts to the west contains security, a ticket counter and administrative functions on the ground floor and court rooms, chambers and prosecutor's offices above.

On entry to the building, visitors have views through the double height transparent atrium to a landscaped courtyard off the cafeteria to the north and floodplain beyond. The space is day lit, open and accessible in order to create a calming and easily navigable environment for visitors.

Design Option 2

(340,000 gsf - 6 storeys plus mechanical penthouse - typical 40,000 sf floor plates)

In Option 2, the CSC and POA courts components are more integrated into a single design form. Main entry to the building is from the southeast corner into a large atrium rising six floors. A large glass wall provides views eastwards across the adjacent floodplain and to Yonge Street beyond. From the atrium, visitors have access to the POA courts to the west or enhanced customer service area and program spaces to the north. The first two podium floors, which measure 70,000 square feet each, are larger in height and area to accommodate the most publicly accessible program elements. Floors four to six above are H-shaped enclosing the larger atrium space rising vertically through the building to the east. Office floor plates are not more than two 30 foot structural bays wide to enhance views and daylight penetration. Similar to other design options, the POA courts contain ticket counters, security and administrative space on the ground floor with courtrooms, chambers and prosecutor's offices above.

The H-shaped podium floors enclose a landscaped courtyard and adjacent cafeteria to the north. The most public CSC program areas are accessed on lower level floors from around the main atrium space to assist the public in navigating the building. This building's central atrium design was the most energy efficient of all three options and contained the lowest amount of exterior walls.

**Design Option 3
(340,000 gsf- 11 storeys plus mechanical penthouse- typical 18,000 sf floor plates)**

Option 3 is similar to Option 2 in that it contains two larger podium floors of 70,000 sf each to accommodate the POA courts, enhanced customer service area and most accessible CSC program areas. However it differs from other options in that the remaining floor area is massed into a total of an 11 storey tower with a mechanical penthouse above, for a total of 12 storeys. The narrower 18,000 sf tower floor plate is oriented east-west to receive maximum southern exposure to enhance unobstructed views and daylight penetration to work spaces. Access to the building is from the southeast corner to a three storey central atrium oriented to the east, with views to the floodplain and Yonge Street beyond. From the atrium visitors have access to the POA courts to the west and enhanced customer service area and CSC departments to the north. The C-shaped podium floors enclose a landscaped courtyard and adjacent cafeteria to the north. Departments receiving main public access are located via service counters on lower floors around the main atrium space.

**Design Option 2B
(430,000 gsf- 8 storeys plus mechanical penthouse- typical 40,000 sf floor plates)**

Option 2 was chosen as the basis for providing a larger building design option because it was the least expensive and most efficient of the 3 original building designs. Option 2B is very similar to Option 2 but with an additional 2 storeys and 90,000 sf. The Courts have been relocated from the ground floor into a much more efficient space plan on the second floor, and additionally, the loading dock has been relocated to the ground floor from the basement, facilitating the creation of additional underground parking spaces and a more efficient parking plan design. Option 2B also has a larger atrium space to help accommodate the Region's future "Access York" model, once it is better defined.

Traffic Study finds no major impacts from development of CSC

The traffic analysis assumed the Viva Rapidways would be in place, reducing new additional site vehicular traffic by 20%, and that potential traffic demand management (TDM) initiatives could reduce site vehicular traffic by an additional 5%, from the current modal split of approximately 1-2%. The findings include:

- For development of 340,000-430,000 gsf, the associated projected traffic increases are not expected to have significant traffic impacts

- The proposed easterly driveway onto Eagle Street is expected to operate at acceptable levels of service for future traffic conditions provided that either a right-out driveway is permitted onto Yonge Street, or a third driveway is created onto Eagle near McCaffrey Road, which is currently precluded as it conflicts with the location of the building occupied by the Children's Aid Society at 85 Eagle Street

A Parking Strategy is proposed for the Central Services Centre and Administrative Centre

Parking has a major influence on future design and development of the Region's lands adjacent to the Administrative Centre. The cost of providing parking has a significant impact on the feasibility of the proposed project. At current construction costs, provision of parking below grade is the most expensive option at approximately \$45,000 per space and decked structures are slightly less expensive at approximately \$30,000 per space. The least expensive parking option is surface parking at \$3,500 per space.

In order for the site to ultimately attain a minimum density of 2.5 FSI in the future, significant parking facilities will eventually be required. However in the potential full build out scenario, it cannot all be provided at grade. A balance of surface, deck and below grade parking will be required to achieve this future density over the course of the site's development. Design analysis demonstrated that the amount of commercial and residential development the site could support was limited by the amount of parking that needed to be provided by zoning and market requirements.

At grade parking is maximized in order to minimize costs

The Town's current temporary zoning by-law, which sets both a minimum and maximum amount of parking at approximately 950 spaces for the project, does not provide or account for the higher volumes of visitor traffic experienced by court facilities and community and health services. Of this 950 requirement, the Courts would require a minimum of 400 spaces to handle its expected 1,500 visitors per day, in addition to the proposed 168 spaces for AC overflow parking. This would only leave 382 spaces for the remainder of the entire CSC building, which would not be sufficient.

While the consultant's parking study indicates the need for approximately 1,134-1,237 parking spaces by opening day and 1,211-1,329 spaces by 2019, the architects propose only 1,168 parking spaces, as it assumed that the implementation of traffic demand management (TDM) measures and a targeted transit modal split of 20%, will reduce this parking requirement. The TDM opportunities will be explored and the zoning requirements for these proposed institutional uses will be analysed with the Town's planning staff in the detailed design phase of the project.

In an effort to preserve as much land for future development as possible, the architects incorporated 450-640 underground spaces on two levels below the CSC and an additional 168 underground spaces on two levels (to replace the existing 203 overflow spaces) below where the future parking deck would have to be constructed on the west side of the CSC building.

Business Case includes modest provision to collect parking revenues

As part of the detailed design phase, the Region will explore the issue of paid parking for courts visitors, health services visitors and Regional staff. Revenue from parking is assumed in the business case. The parking policy will require further study by the Region to reflect Canada Revenue Agency requirements.

Servicing Study finds development of the site is feasible

Consultants undertook a servicing study to consider water supply, sanitary sewerage, storm drainage and grading for the proposed CSC design options. Site servicing requirements would consist of water and sanitary sewer connections, storm water management controls and facilities, earthworks, and improvements to the existing Yonge Street culvert. The servicing report concludes that development of the site is feasible and the lands could be developed and serviced in accordance with the Town of Newmarket's standards.

Detailed Landscaping Plan will protect and enhance the site's natural features for use by the public

Consultants were retained to develop a detailed landscaping plan that protects and enhances the site's natural features. The plan protects, respects and enhances the natural features of the site and incorporates numerous pedestrian trails, bike paths and furniture to provide a welcoming public space. Further discussions will be held with Town staff at the detailed design stage to look at incorporating public art and an appropriate civic plaza at the intersection of Yonge and Eagle Streets. All design options complement the Administrative Centre and it will continue to be the architectural focal point of the area.

Current market conditions are favourable to build

The Region's project team has analysed numerous variables related to developing the Central Services Centre and have concluded that now is a favourable time to build for the following reasons:

- A construction boom is not currently underway
- Interest rates are low

- It is believed a competitive tender process will be favourable as there has been a wind down of projects related to government spending initiatives leaving some capacity in the construction market

5. FINANCIAL IMPLICATIONS

The Region had a Business case model developed by an external consultant

The Region contracted with KPMG to construct a detailed business model to examine the option of continuing to rent or build/develop several options with assumptions supplied by Property Services staff. The key assumptions in the model were developed by a number of other consultants. KPMG and Finance staff have examined the assumptions used in the model. Finance staff has worked with Corporate Services staff to identify the due diligence performed to support the assumptions.

Each of the 4 design options considered has been completed and a summary of findings is shown on Table 2:

Table 2
Comparative Project Costs - \$ Millions

	Option 1 (340,000 sf)	Option 2 (340,000 sf)	Option 3 (340,000 sf)	Option 2B (430,000 sf)	Comments
Building Costs	\$128.4	\$126.9	\$136.9	\$155.0	
Contingencies	\$17.4	\$17.2	\$18.6	\$21.0	Design 5% Escalation 5% Construction 3%
Future Deck Underground Parking	\$6.9	\$6.9	\$6.9	Included	168 spaces under future deck
Sub-Total	\$152.7	\$151.0	\$162.4	\$176.0	
Soft Costs	\$16.9	\$16.9	\$16.9	\$19.6	Design, permits, Fees, FFE
Total Costs	\$169.6	\$167.9	\$179.3	\$195.6	
Difference +	\$1.7	Base Cost	\$11.4	\$27.7	

The Business Case is based on a 35 year amortization period to align with industry standards

As the CSC would normally be amortized over 30-40 years, a 35 year time horizon was chosen for the business case analysis. The financial consultant also based the business case on a 20 year financing term. The business case analysis has factored in a number of variables including operating costs, capital repair and renovation costs, depreciation of asset values and inflation.

The Business Case analysed the status quo and three development scenarios

Scenario 1 - Status Quo (\$268.5M NPV)

This scenario would see the Region remain in its existing owned facilities and leased space. It also would result in the Region spending millions of dollars in maintenance, renovations and lease-hold improvements and having to find new leased space to meet program requirements and for displaced staff from the Newmarket Civic Centre in three years time. Building condition audits of 62 Bayview Parkway, 22 Prospect and 55 Eagle, conclude that a minimum of \$12.5 million will have to be spent to rehabilitate these obsolete buildings over the next 35 years. Additional leasing costs would also continue to be paid for the Tannery on Davis Drive, 1091 Gorham Street, and 130 Mulock Drive. The business case concludes that the Status Quo cost Net Present Value (NPV) at a 5% discount rate would be \$268.5 million (NPV) over the next 35 years.

Scenario 2 - Developer-Build/Lease (\$320M NPV)

This scenario would have a developer design and build a facility for the Region and the Region would then lease the facility. The business case concludes that this option, which includes a developer's costs and profit margin, is the most expensive as it would cost the Region approximately \$320 million (NPV) over the next 35 years, and thereafter, the Region would still continue to pay rent.

Scenario 3 - Region-Build/Own (Options 1 or 2 - \$199.2M NPV)

Under this scenario, the Region would act as the developer and would contract with architects, engineers and other professionals to construct a Central Services Centre and POA Court facility. The Region can maximize the use of its own landholdings adjacent to the Administrative Centre and use this as both a catalyst and economic stimulus for the development of Newmarket Centre. The business case concludes that these design options would cost approximately \$199.2 million (NPV) (Options 1 or 2). Design Option 3 would cost an additional \$11.4 million (\$210.6 million NPV) over the same time period, mainly due to higher construction costs.

Scenario 4 - Region-Build/Own (Option 2B- \$203.3M NPV)

Option 2B is a larger building of 430,000 gsf and therefore, it is difficult to make a direct business case comparison with the original three designs at 340,000 gsf. We have engaged the services of an external consultant to prepare the business case and it is shown below in Tables 3 and 4. Design Option 2B would cost approximately \$203.3 million (NPV). Some conclusions may be drawn on a cost per square foot basis and overall cost, but it must be noted that while the larger structure is slightly more costly, it provides for a longer period of staff growth, which would need to be accommodated in leased premises at a higher cost compared to owned space over the next 35 years. In all scenarios, the business case, no value was placed on the land that the CSC will be constructed on.

**Table 3
 2011 Business Case for 340,000 gsf over 35 years**

	NPV Variances (millions)
Status Quo Scenario:	\$268.5
Region-Build Scenario (Options 1 or 2):	\$199.2 (-\$69.3)
Region-Build (Option 3):	\$210.6 (-\$57.9)
Developer-Build/Lease Scenario:	\$320 (+\$51.5)

Notes/Assumptions:

- Savings of \$69.3 million NPV supporting Region-Build/Own Option 1 or 2
- Utilizing a Debenture Rate of 6% with a 20 year term
- Discount Rate of 5%

**Table 4
 2011 Business Case for 430,000 gsf over 35 years**

	NPV Variances (millions)
Status Quo Scenario:	\$268.5
Region-Build Scenario (Option 2B):	\$203.3 (-\$65.2)

Notes/Assumptions:

- Savings of \$65.2 million NPV supporting Region-Build/Own Option 2B
- Utilizing a Debenture Rate of 6% with a 20 year term
- Discount Rate of 5%

Infrastructure Ontario project management option to be explored

Infrastructure Ontario offers a service whereby they manage the project and effectively guarantee price and delivery. Their model is referred to as “Design-Build-Finance” wherein they issue an RFP to prequalified bidders, who in turn secure external sources of funding and assume all the risk for construction delivery. According to information supplied by their staff, they have a strong track record of on-time, on budget delivery. They have not incurred any legal costs post delivery on more than \$20 billion in projects, and there are virtually no change orders or surprises on price. However, it should be noted that the costs for project management and financing are expected to be higher than what the Region might secure. Property Services staff together with Finance staff will explore this option to develop a cost model to determine if this in fact is a financially competitive option before finalizing the design of the preferred option and proceeding to tender.

Business Case Summary

To summarize the business case findings, continuing with the status quo option is not an economically practical option. The buildings to be consolidated do not meet various corporate standards including AODA, LEED, and health and safety. Tables 3 and 4 summarize the impacts of the various scenarios relative to the status quo. It will cost the Region approximately \$69.3 million NPV to continue as is, rather than build Options 1 or 2. The latest business case for Design Option 2B concludes that the Region would save approximately \$65.2 million NPV over 35 years. Option 2B proposes an additional 90,000 gsf on two additional floors which would extend the growth accommodation of Options 1 or 2 from 5 to approximately 20 years, if the rate of staff growth was 2.5% per year over this entire time period. In a similar method to that of the new York Regional Police facility in Aurora, the additional 2 floors would be built as shell construction only until it is determined that the space is required to be fully fitted out. Finishing costs of \$60 per square foot for Option 2 B's floors 7 and 8 have been incorporated into the business case.

The Region's Debt Limit will be affected by the building of the Central Services Centre

Based on the information presented in the Business Case, it is expected that the Region will be reducing its leasing costs by approximately \$5.4 million in 2014. If the Region decides to pursue the Region build large option, it is projected that financing costs would be about \$15.7 million, assuming a 5% interest rate over a 20 year term. This difference of \$10.3 million equates to approximately \$130 million of the Region's debt room.

6. LOCAL MUNICIPAL IMPACT

Development of a new Central Services Centre within Newmarket's Urban Growth Centre will consolidate existing Regional services to much better serve the Region's central and northern citizens. It will also serve to provide an investment anchor and assist in leading the way to provide transit supportive, energy efficient, accessible, and higher density development along Newmarket's Yonge Street corridor. This Regional investment will also benefit the Town's local economy.

The project will act as a catalyst for developing Newmarket's Urban Growth Centre and support both the Region's and Town's Official Plans by developing a well-planned, sustainable, transit supportive centre, that creates a place of civic pride within this institutional node. It further positions the site for long term intensification in support of Provincial legislation and intensification guidelines. In the event that future commercial and residential development occurs on the site, the CSC development will not encumber any future development that will be planned for the site in the coming decades to achieve the Town's ultimate intensification targets. The Region will continue to work closely with the Town of Newmarket to ensure the site plan and building's design consider all local planning and building requirements.

Town of Newmarket supports proposal in principle

Town staff have been consulted and have advised they are in support of the project in principle, pending the approval of a specific building design by Council. Town staff have provided preliminary comments on the proposed options and will provide more detailed comments once a design is chosen and specific detailed design plans and applications are submitted for review.

Town Planning staff have indicated that based on the issues with parking related to the current Administrative Centre, care must be given when constructing parking and pedestrian connections to the site with a view to discouraging parking on nearby residential streets. They further note that urban growth centres are to be planned and designed to provide high quality public open spaces with site design and urban design standards that create attractive and vibrant places. Given this project could act as a catalyst for other developments in the urban centre, Town Planning staff recommend the lands at the corner of Yonge Street and Eagle Street be designed as a public open space with public art and other pedestrian amenities.

The Town is currently undertaking a Secondary Plan for their urban centre, which will then be followed by a new implementing zoning by-law. Town staff has advised they are discussing the prospect of a joint Town/Region transportation study which would move the adoption of a Secondary Plan to 2012. The Town has indicated they are willing to work with the Region to process the required site specific applications as quickly as possible given the likelihood the new zoning by-law will not be completed in time.

7. CONCLUSION

A new Central Services Centre provides savings of up to \$69.3M over 35 years over the option to maintain the status quo

The decision to design and construct a Region-owned service centre on Region-owned lands adjacent to the Administrative Centre is based on a business case that verifies the opportunity for the Region to save taxpayers \$69.3 million NPV for Options 1 or 2, or \$65.2 million NPV for the larger Option 2B over 35 years. In addition, the new CSC facility is expected to have a lifecycle of at least 60 years, meaning that the Region will capture savings well beyond the 35 year timeframe analysed in the business case.

This strategy is contrary to continuing to expand the Region's leasing portfolio and its associated leasehold improvements, as well as the expensive and limited option of rehabilitating the Region's 50+ year old owned facilities in Newmarket. It also provides the opportunity to demonstrate leadership in contributing to higher, more sustainable densities in the Newmarket Urban Growth Centre along the Yonge Street corridor, while facilitating enhanced customer service, accessibility and energy efficiency and supporting a number of other corporate objectives. Development of the CSC would consolidate Regional services to one location and provide excellent functional linkages with the Administrative Centre, resulting in both internal and external synergies resulting in increased time efficiencies for staff.

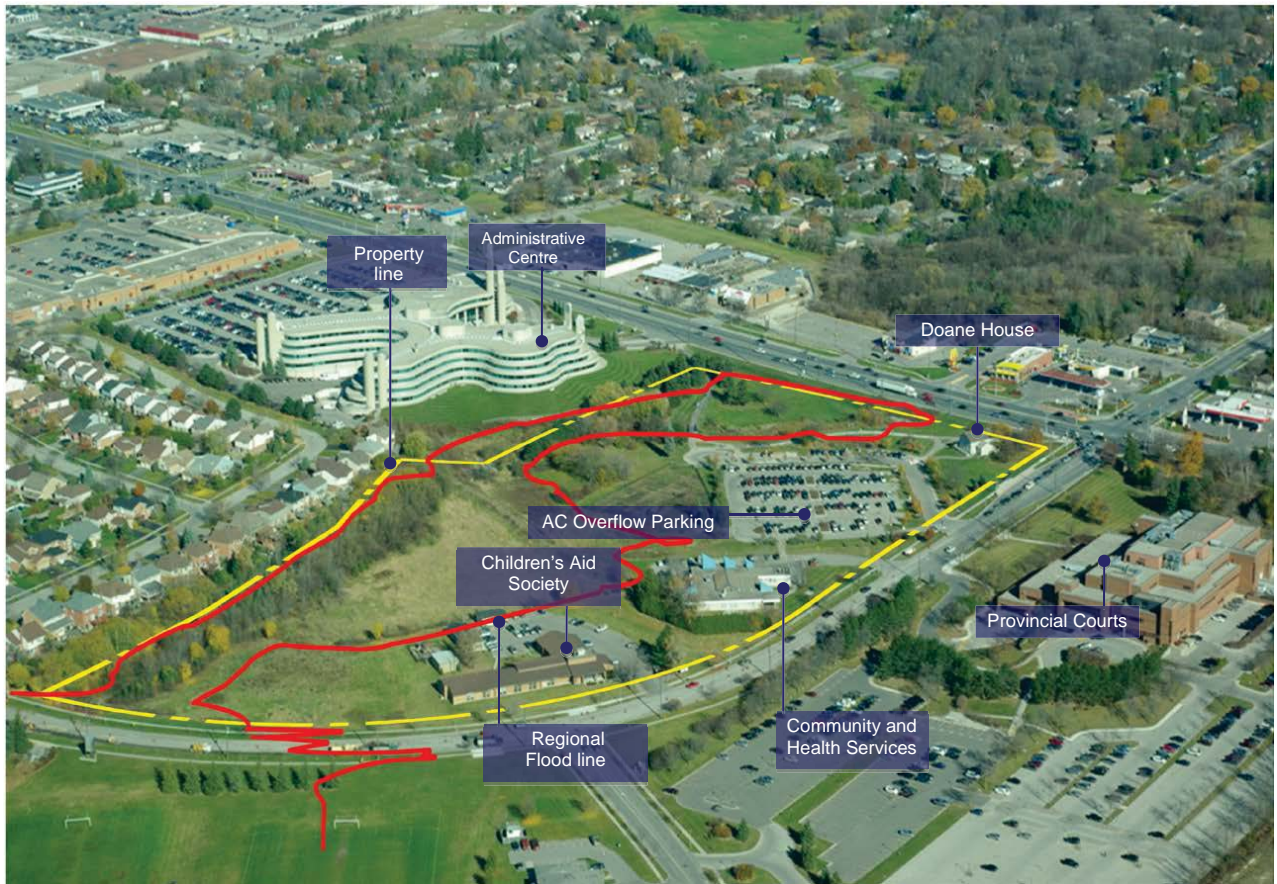
Southern Tier Master Accommodation Strategy Nearing Completion

Property Services staff are also continuing to work with an external consultant on the update to the 2005 Master Accommodation Plan and will be bringing forward a Regional accommodation strategy for the rest of the Region over the next year.

The growth experienced by the Region over the last 25-30 years has left it with a challenging accommodation model, bridged between the obsolete buildings of its County days in the 1950's and 1960's, to its modern, high-tech facilities and larger, more complex service delivery requirements of the present day. The "do nothing" option is neither a sound financial or program delivery option and development of the Central Services Centre, incorporating a new Court facility and IT Data Centre, would establish a much more efficient and sustainable service delivery model for the Newmarket area, while saving significant taxpayer dollars.

For more information on this report, please contact Barry Crowe, Director of Property Services at Extension 1684.

(The six attachments referred to in this clause are attached to this report.)







COUNCIL ATTACHMENT 3 - DESIGN OPTION 2







Central Services Centre

Architectural Design Options and Business Case



Finance and Administration Committee Presentation • February 2, 2012

WZMH ARCHITECTS

Purpose of Presentation

As directed by Council in 2009, the following work is being presented regarding the development of a Central Services Centre (CSC) in Newmarket:

- 3 Original Architectural Design Options (1, 2 and 3) at 6 to 11 stories
- 1 Additional Architectural Design Option (2B) at 8 stories
- Supporting studies on traffic, parking, servicing, floodplain etc.
- Longer-term planning strategy/development potential of remainder of site
- Project cost estimates and business case



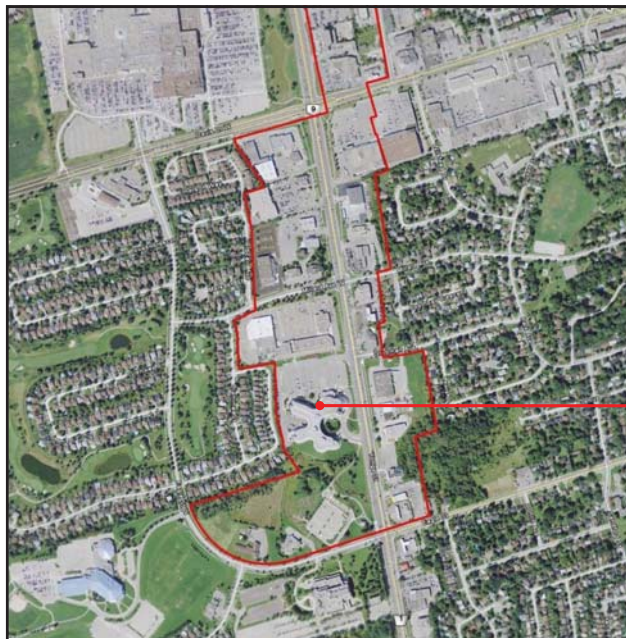
CENTRAL SERVICES CENTRE

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WZMH ARCHITECTS

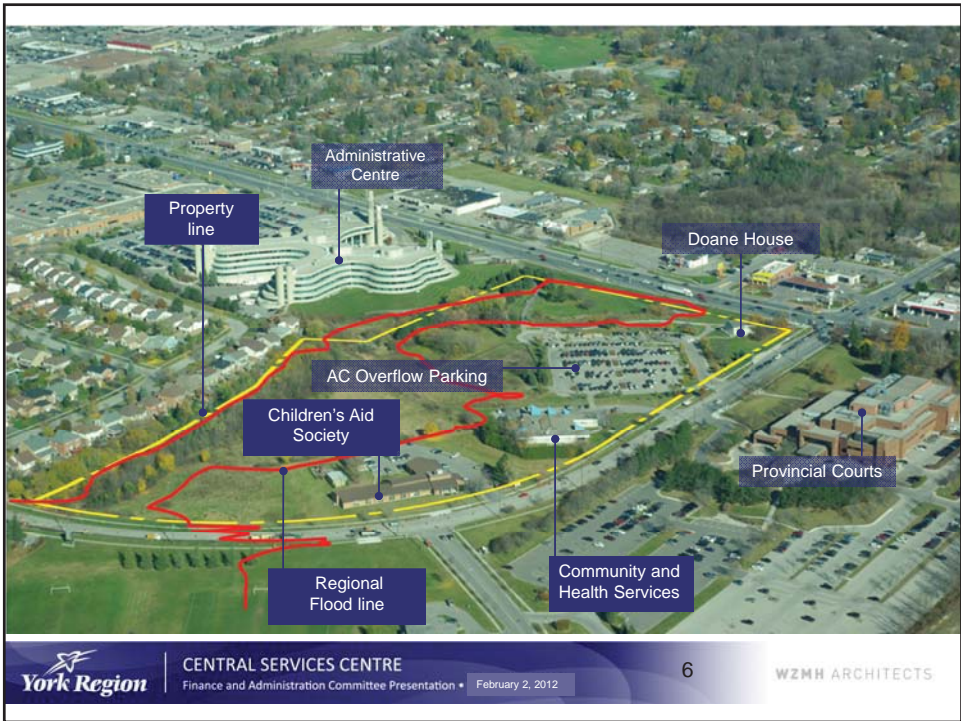
PLANNING CONTEXT



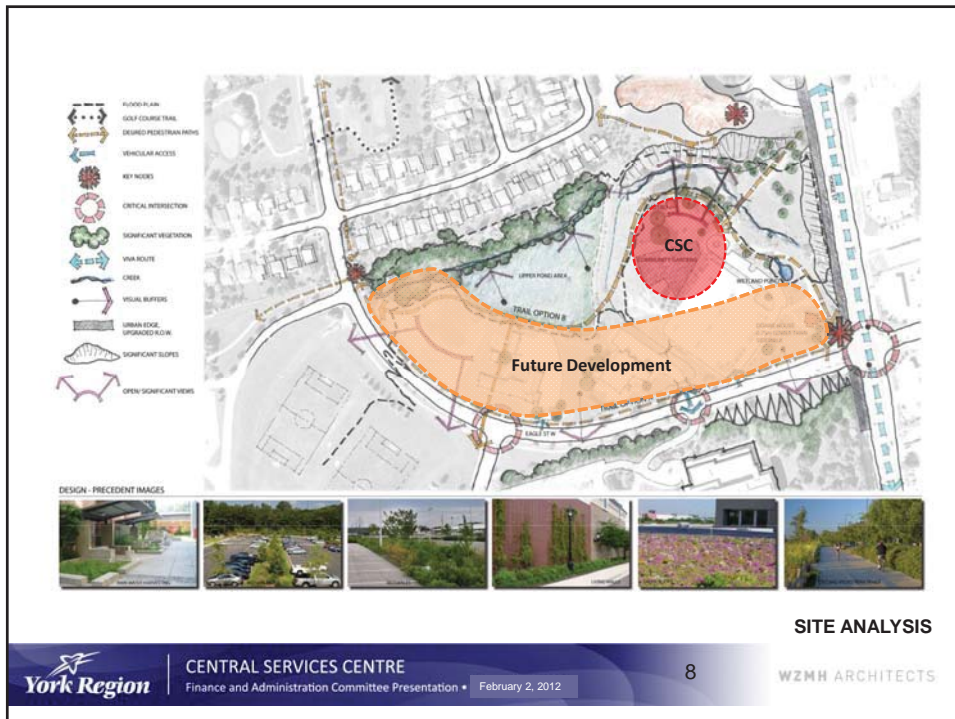
- Newmarket Urban Growth Centre
- Secondary Plan Timing

Urban Growth Centre

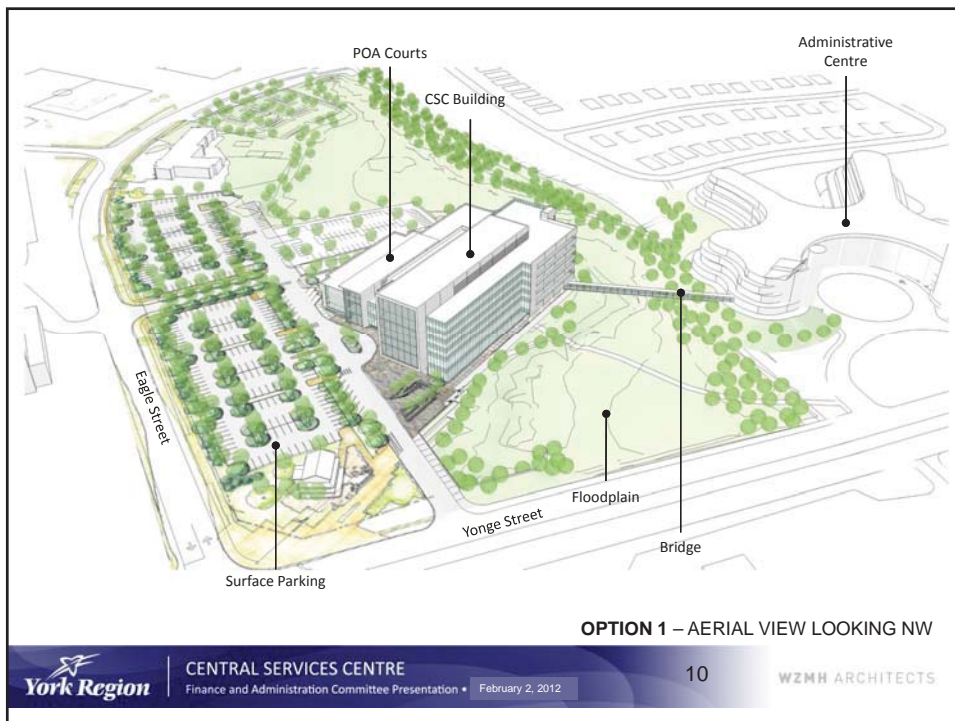
SITE



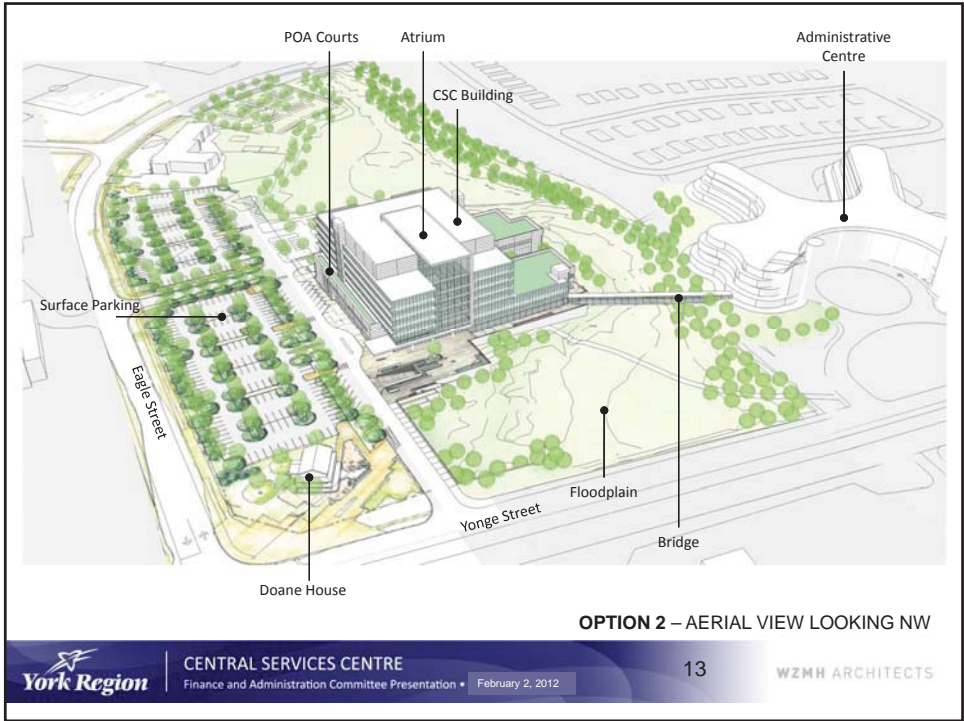
SITE PLANNING

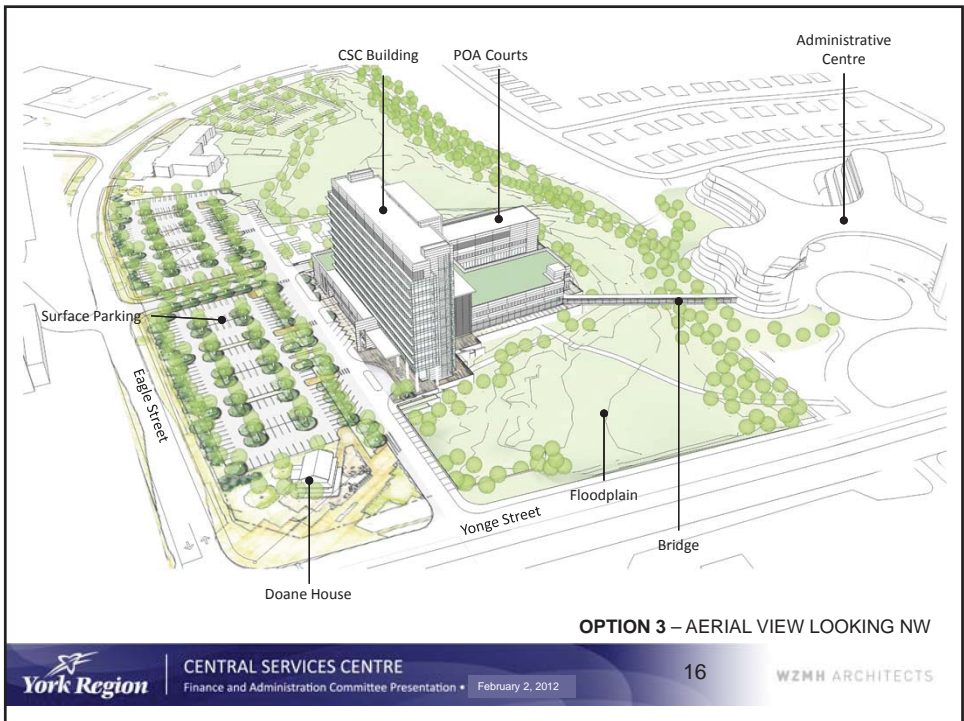


ARCHITECTURAL DESIGN OPTIONS

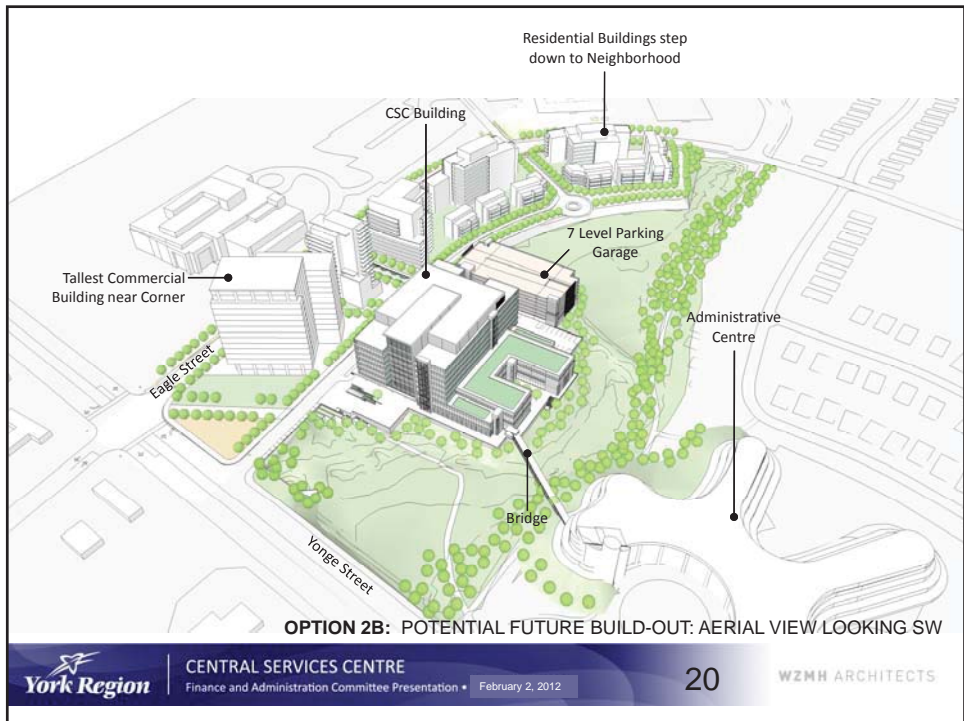
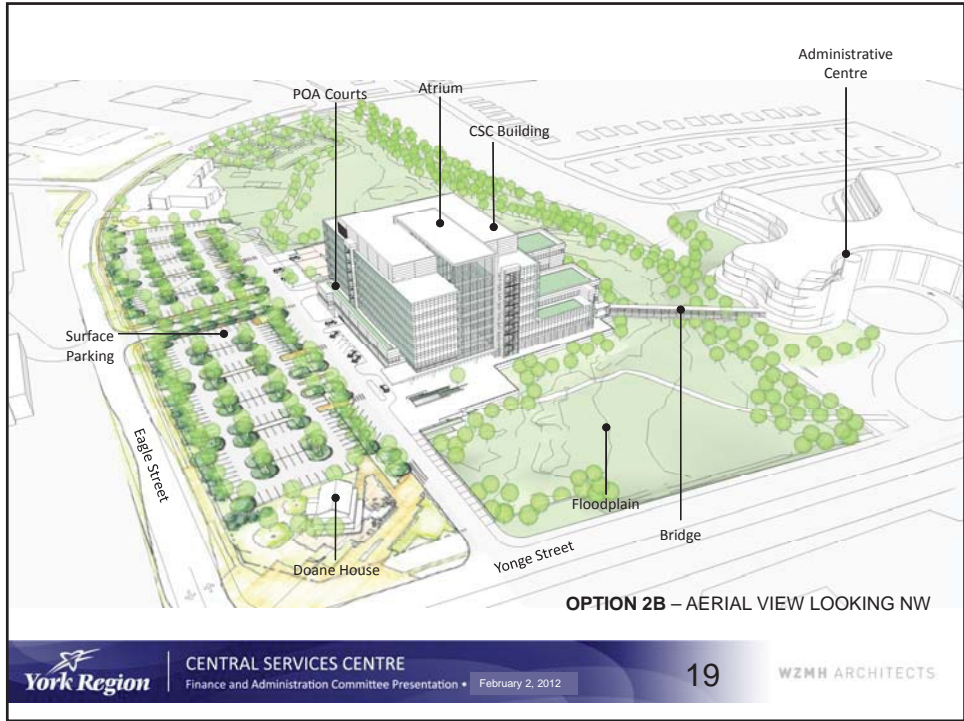






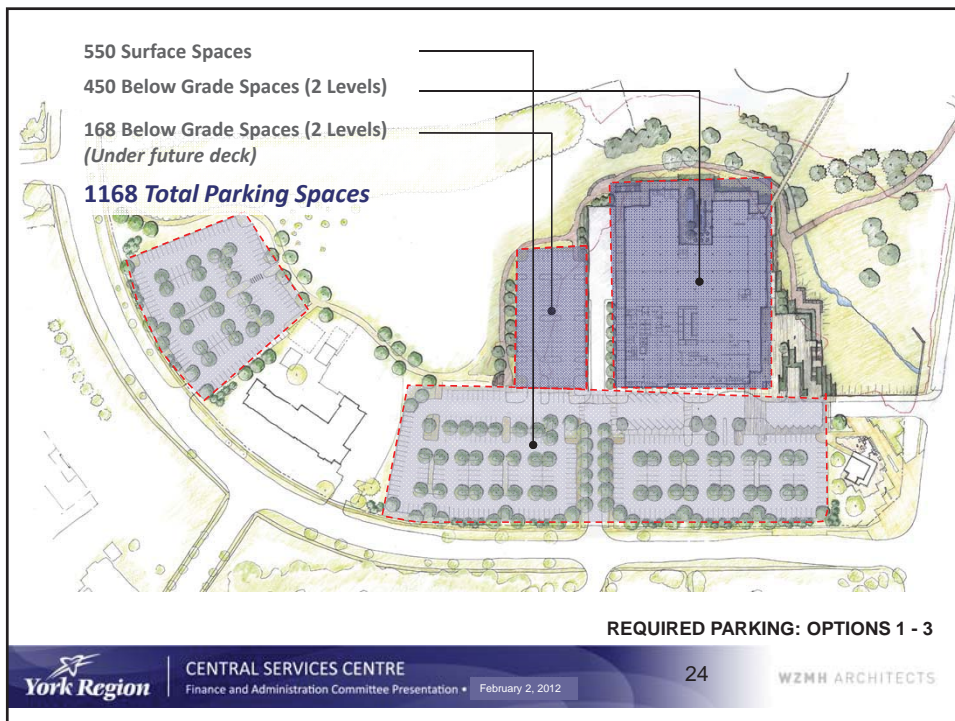


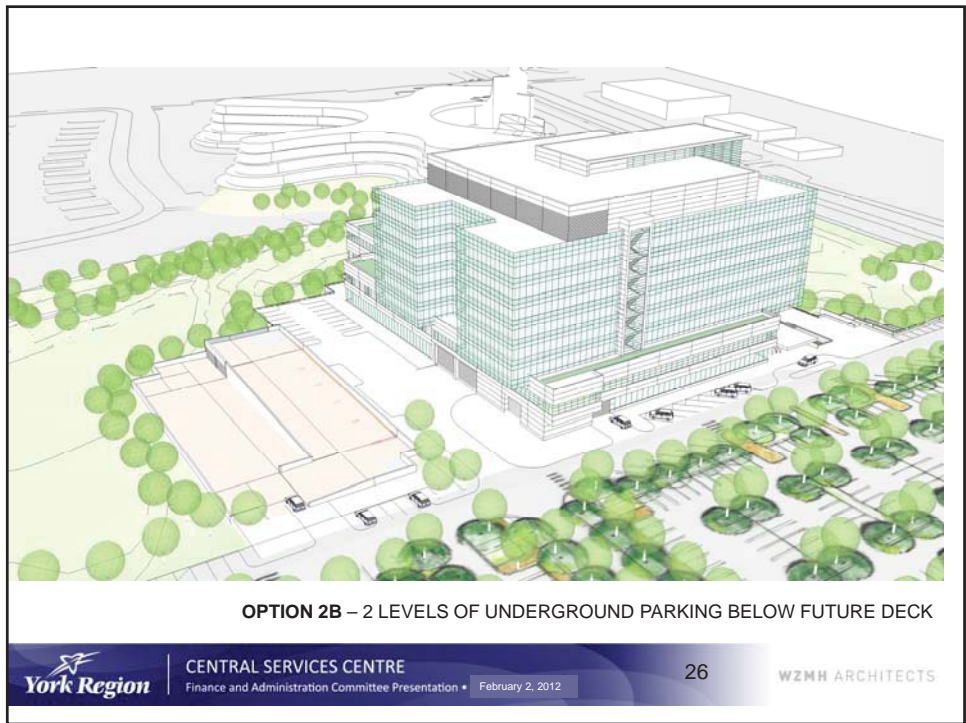
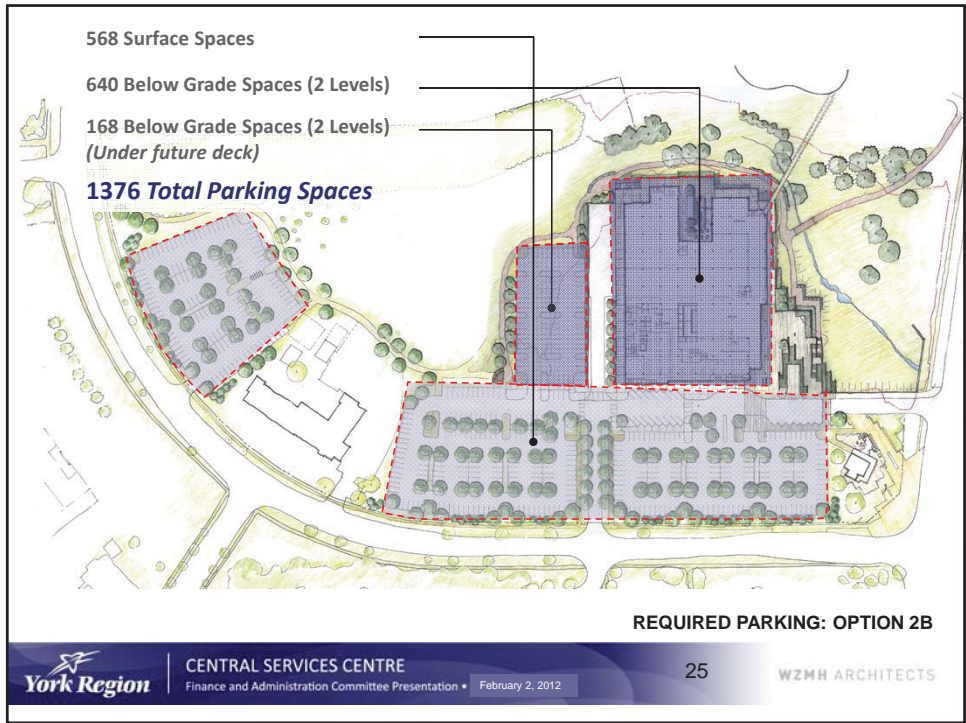


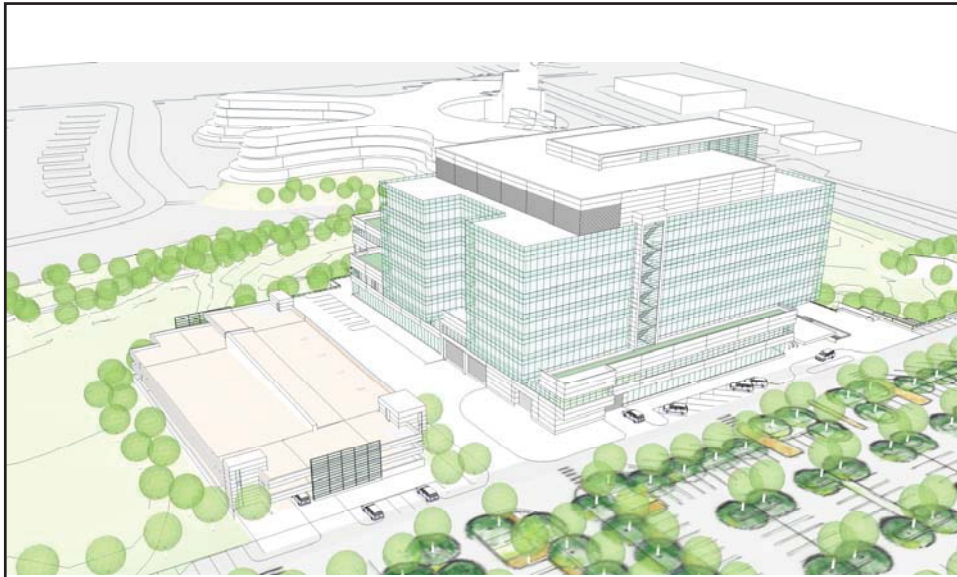




PARKING







OPTION 2B – POTENTIAL PARKING DECK WITH 2 LEVELS ABOVE GRADE

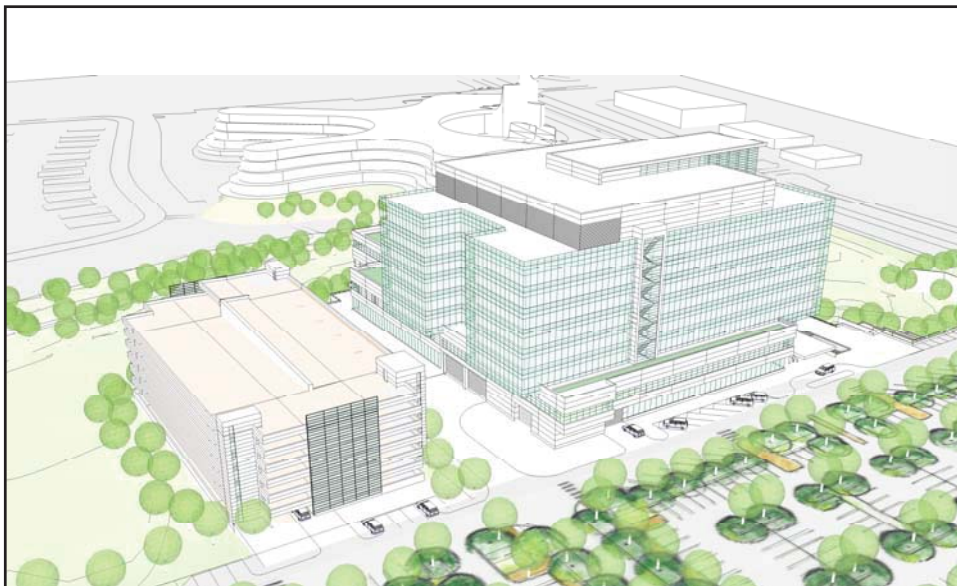


CENTRAL SERVICES CENTRE

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WZMH ARCHITECTS



OPTION 2B – POTENTIAL PARKING DECK WITH 7 LEVELS ABOVE GRADE







CENTRAL SERVICES CENTRE

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WZMH ARCHITECTS

				
	OPTION 1	OPTION 2	OPTION 3	OPTION 2B
Building Height	6 Storeys	6 Storeys	11 Storeys	8 Storeys
Floor Plate Sizes	Ground -2: 70,000ft ² 3-6: 40,000ft ²	Ground -2: 70,000ft ² 3-6: 40,000ft ²	Ground-2: 70,000ft ² 3-11: 18,000ft ²	Ground -2: 70,000ft ² 3: 60,000ft ² 4-8: 40,000ft ²
Building Size and Efficiency	340,000 ft ² Efficient fit into larger floor plates	340,000 ft ² Efficient fit into larger floor plates	340,000 ft ² – Inefficient as small floor plates split department branches and teams	430,000 ft ² Efficient fit and room for future departmental expansion
Site Footprint	120,000 square feet	Same	Same	Same
Design Features	Split CSC and POA, joined by 2 storey atrium	Full Height Atrium Space	Taller building, south facing office floor plates, 2 storey atrium	Full Height Atrium Space POA Courts on 2 nd floor
Urban Design	Angled relationship to Yonge Street	Large face and good relationship to Yonge Street	Side view relationship to Yonge Street	Largest face and best relationship to Yonge Street
Annual Energy Cost	Highest	Lower	Moderate	Lower
Total Project Cost	\$169.6M	\$167.9M	\$179.3M	\$195.6M



ESTIMATED PROJECT COSTS

Estimated Comparative Project Costs (\$ Millions)

		Option 1 6 storey (340,000gsf)	Option 2 6 storey (340,000gsf)	Option 3 11 storey (340,000gsf)	Option 2B 8 storey (430,000gsf)	Comments
1	Building Costs	\$128.4	\$126.9	\$136.9	\$155.0	
2	Contingencies	\$17.4	\$17.2	\$18.6	\$21.0	Design 5%, Escalation 5%, Construction 3%
4	Deck- Below Grade	\$6.9	\$6.9	\$6.9	Included	168 spaces under future deck
5	Sub-Total	\$152.7	\$151.0	\$162.4	\$176.0	
6	Soft Costs	\$16.9	\$16.9	\$16.9	\$19.6	Design, Permits, Fees, FFE,
7	Total Costs	\$169.6	\$167.9	\$179.3	\$195.6	
8	Difference +	\$1.7	Base Cost	\$11.4	\$27.7	



CENTRAL SERVICES CENTRE

Finance and Administration Committee Presentation • February 2, 2012

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WZMH ARCHITECTS

BUSINESS CASE

CSC Business Case Summary - 35 Years

	<u>Net Present Value (NPV)</u> <u>(\$ millions)</u>
Status-Quo	\$268.5
Region-Build (Options 1 or 2)	\$199.2 (-\$69.3)
Region-Build (Option 2B)	\$203.3 (-\$65.2)
Region-Build (Option 3)	\$210.6 (-\$57.9)
Developer-Build/Lease	\$320.0 (+\$51.5)

- Savings of \$69.3 million NPV supporting Region-Build Options 1 or 2
- Utilizing a Debenture Rate of 6% with a 20 Year Term
- Discount Rate of 5%

CONCLUSION

Rationale for Region-Build

- “Do Nothing Option” is not a practical option
- Savings of \$65M NPV to year 35 for recommended Option 2b
- Significantly reduces leasing and rehabilitation costs
- Centralized, sustainable, transit supportive location
- Enhanced customer service
- Functional efficiencies with the Administrative Centre
- Solves Court’s current issues and provides for 10 years of growth
- Provides Data Centre for the Region’s expanding technology needs
- Opportunity for public investment to serve as catalyst in developing the Newmarket Urban Growth Centre



Clause No. 12 in Report No. 4 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on October 17, 2013.

12
ADMINISTRATIVE CENTRE ANNEX (ACA)
INCLUDING PROVINCIAL OFFENCES ACT COURTS
UPDATED BUSINESS CASE, COSTING PLAN, AND PROJECT SCHEDULE

Committee of the Whole recommends adoption of the following recommendations contained in the report dated October 3, 2013 from the Commissioner of Corporate Services:

1. RECOMMENDATIONS

It is recommended that:

1. Council receive the updated business case and estimated project budget for development of the Administrative Centre Annex previously approved in 2012.
2. Council authorize the agreement between the Region and WZMH Architects for architectural and engineering services be amended to increase the contract price within the Capital Spending Authority for this project from \$6,245,185 to \$9,345,185 exclusive of HST as a result of changes in project scope and escalating costs.
3. Subject to first obtaining Capital Spending Authority, staff be authorized to issue the project for tender in 2016 and the Commissioner of Corporate Services be authorized to award the contract(s) for the development of Administrative Centre Annex to the lowest compliant bidder(s) provided that the total cost of the project does not exceed \$212.8 million, including project management costs, and excluding HST.
4. Council authorize financing the project by:
 - a) the issuance of up to \$212.8 million in debentures, or
 - b) the withdrawal of up to \$212.8 million from Reserves, or
 - c) a combination of debenture issuance and reserve withdrawals in an amount of up to \$212.8 million, at the discretion of the Commissioner of Finance

5. The Commissioner of Corporate Services be authorized to negotiate, amend and execute any agreements or documents necessary to complete the project, subject to review by Legal Services.

2. PURPOSE

This report seeks Council approval of the updated business case and project cost estimates related to development of the Administrative Centre Annex (the “Annex”), to be constructed on Regionally-owned lands, immediately adjacent to the Administrative Centre in Newmarket.

The report further seeks authorization to approve additional consultant fee requests, and associated contract and purchase order increases and extensions, as well as escalation costs associated with project time extensions, requested by the Region, due to budget limitations and the Council approved (2012) scope change of increasing the building size from approximately 310,000 to approximately 422,000 gross square feet (GSF).

3. BACKGROUND

The construction of the Administrative Centre Annex will effectively address the Region’s space needs in the central part of the Region

The Administration Centre and satellite Regional facilities continue to experience ongoing growth pressures. The Administrative Centre currently houses over 1,000 staff, more than triple its original occupancy in 1994 and well above its architectural design capacity. In 2002, the Region contracted Ventin Group (Architects) to conduct an Architectural Audit of the Administration Centre. The Architectural Audit confirmed that 778 staff could be accommodated within the usable office area of the Administration Centre. Recent space intensification efforts in the central part of the Region has provided some relief to demand pressures, however, these initiatives have reached the technical limits of effectiveness and can no longer be relied on to address growth needs.

The Administrative Centre Annex provides an opportunity for the Region to add approximately 1,500 new workspaces within the boundaries of the Administration Centre campus. This new workspace inventory would significantly reduce mid-term growth pressures in the central part of the Region while reducing the Region’s reliance on increasingly scarce, quality lease space. Over the past five years, the Region has experienced significant growth resulting in demand for more services. Consequently, this has led to space capacity issues for service level staff. Consolidating operations in a purpose-built facility, designed to address the functional requirements of Regional departments will meet client and customer demands.

Approximately 1,150 current workspaces are being considered for relocation to the Administrative Centre Annex (*See Table 1*). Based on historical growth rates, the Administrative Centre Annex would be able to support growth in the central part of the Region until 2025 or possibly longer if growth rates decline.

Owned space in Newmarket is functionally obsolete and in need of ongoing and expensive rehabilitation and renovation

There are three Regionally-owned facilities in Newmarket identified by the Region's consultants as functionally obsolete and in need of expensive ongoing rehabilitation and maintenance and repair. Building Condition Audits (BCAs) have been completed on these facilities and a number of needed repairs have been delayed as long as possible pending a decision on the Administrative Centre Annex. In addition, these older owned buildings are not *Accessibility for Ontarians with Disabilities Act* (AODA) compliant and both the costs and/or existing infrastructure of the buildings will make it prohibitive to make them compliant.

The 62 Bayview Parkway building was constructed in 1957 and houses some of the Region's Community and Health Services staff. While it served as the original Regional Headquarters from 1971 to mid-1994, the building had been in existence for many years prior. This building is in constant need of repair. If the Administrative Centre Annex were not to be constructed, current and projected rehabilitation costs are estimated to be approximately \$2.3 million by 2014, and another \$3.5 million from 2014 to 2048. This includes asbestos removal, cost of swing space and structural repairs.

The 22 Prospect Street building is home to one of the Region's dental clinics and nutrition programs, where dental care and referrals are delivered on-site. It is a ground lease arrangement, where the Region owns the building, but the property is owned by Southlake Regional Hospital and leased to the Region at no cost. The facility is 46 years old and is also functionally obsolete by modern office standards. Current and projected rehabilitation costs are estimated to be approximately \$1.5 million in 2014 and another projected \$2.1 million from 2014 to 2048 for structural repair work and swing space.

The 55 Eagle Street building provides services through the Early Intervention Services program. The building was constructed in 1972 and has escalating maintenance and rehabilitation needs. Current and projected rehabilitation costs are estimated to be approximately \$1.1 million in 2014 and another \$1.5 million for ongoing maintenance from 2014 to 2048.

The Administrative Centre Annex will alleviate the Region's upcoming Court Services challenges

Regional Court Services are expected to experience increases in service delivery within the next five years. The leased location at 465 Davis Drive, Newmarket (the "Tannery") hosts three courtrooms and is slated for redevelopment by its ownership group within the next five years. The existing courtrooms are near-capacity and would be unable to support an increase in volume, resulting from growth trends or legislative changes that add to the Court burden. Additionally, the Tannery building is over 100 years old and does not fully comply with Ministry of the Attorney General (MAG) requirements for space standards, security, and parking. A purpose built facility will address the future needs of this program.

Further potential complications to Court Services are on the horizon with the lease expiration of the South Service Centre (SSC) located at 50 High Tech Road, Richmond Hill, due in 2021. The SSC accommodates two courtrooms which are also near-capacity. The current landlord has not given an indication at this time of their willingness to extend the existing lease nor have any alternate sites been identified as potential options should the site become unavailable for extension or is deemed to be unsuitable for service delivery. Any decision on the future of the SSC would have to be made by no later than 2019 to ensure no disruption to service delivery for this as well as other programs.

The Annex provides an opportunity for the Region to construct 10 modern courtrooms that comply with MAG requirements for space standards, security, and parking. In addition, the incremental courtroom capacity will provide the Region with significant growth space to maintain or improve service levels, while offering an alternative space solution, should any of the existing options become compromised or unfavourable to the Region.

Table 1
 Candidates under consideration for consolidation to the
 Administrative Centre Annex

Leased Locations	Dept.	No. of Employees current	No. of Employees/ Workspaces projected
520 Cane Parkway	CHS	52	89
1091 Gorham Street - York Housing Inc.	CHS	34	58
465 Davis Drive, 1st and 2nd floor	CHS	86	147
465 Davis Drive, Suite 206 and 207	CS	9	15
465 Davis Drive, Suite 200 - 205	CS	30	51
465 Davis Drive, Suite 218	CS	1	2
465 Davis Drive, Suite 226	CS	15	26
465 Davis Drive, Suites 303-305	CS	8	14
465 Davis Drive, Suites 318-320	CS	48	82
New Program Provincial	CHS	50	86
Owned Locations			
17250 Yonge Street	CHS	209	358
22 Prospect Street	CHS	43	74
62 Bayview Parkway	CHS	66	113
194 Eagle Street	CHS	25	43
55 Eagle street	CHS	38	65
Total		714	1223

Constructing the Administrative Centre Annex is contingent on the Town of Newmarket Urban Centres Secondary Plan

The Town of Newmarket Urban Centres Secondary Plan Planning Area consists of 130 hectares and is generally located along the Yonge Street corridor between Upper Canada Mall and Huron Heights Drive and along the Davis Drive corridor between the Town's northerly boundary and Savage Road (*Attachment 1*). The Secondary Plan will amend the current parent Official Plan for the Town of Newmarket. The plan is expected to receive Town of Newmarket Council approval by the end of 2013.

In June 2013, Newmarket staff proposed adding a new future north/south local road parallel and west of Yonge Street connecting Upper Canada Mall/Davis Drive to Eagle Street and the Provincial Court House – something necessitated by future urban centre densities. The proposed future road would intersect the planned site of the Administrative Centre Annex.

Regional and Town of Newmarket staff have been working together to develop options that would mitigate any impacts the Secondary Plan would have on the Administrative

Centre Annex. However, site plan approval for the Administrative Centre Annex will be contingent on satisfying the requirements of the Secondary Plan. Regional staff is conducting surveys of the subject lands to determine the impact of the Secondary Plan proposed road on the project and implications for Site Plan approval.

The Master Accommodation Plan reflects Council's preference for owning properties compared to leasing space

The Region's Master Accommodation Plan – approved by Council in 2005 – is based on a preference for owning facilities as compared to renting. Similarly, the Region's Leasing of Real Property Policy, endorsed by Council in September 2009, outlines the factors to be considered when deciding to lease a property as compared to purchasing or developing an owned property.

Leasing space is desirable if:

- Underlying program funding from sources external to the Region is temporary in nature
- Relocating premises in the mid-term will allow for the provision of services to another area of the Region arising from shifting demographics
- Longer term owned accommodation is planned in the near to mid-term, making leasing an acceptable gapping strategy
- Relatively small space requirements make ownership unfeasible
- Limited appropriate space is available for purchase within an area at any point in time

4. ANALYSIS AND OPTIONS

This report analyses four scenarios for the purpose of evaluating this opportunity:

1. Continuing with status quo (remaining in existing owned and leased locations and securing additional space for growth)
2. Annex Construction – Scenario 1 (Base Case)
3. Annex Construction – Scenario 2 (Moderate Case)
4. Annex Construction – Scenario 3 (Best Case)

The three “Annex Construction” scenarios illustrate a range of potential savings that build upon each other in descending order with potential incremental benefits. In effect, the scenarios range from a “worst case” to “best case” comparison. For the purpose of this analysis, the base case is simply a direct comparison of the cost of leasing existing space versus the cost to construct and operate the Administrative Centre Annex over the long-term.

In support of these analyses, staff have retained several independent experts to review and verify the accuracy of the financial model and to provide an opinion about the reasonableness of the assumptions used.

LOCATIONAL AND PROPERTY FEATURES

The property location is optimal for business operations

The Administrative Centre Annex proposed location is directly adjacent to the existing Administration Centre and will be connected by a covered pedestrian bridge allowing the staff to seamlessly traverse between buildings and interact with each other. The Annex building site is located within 6 kilometres of Highway 404, is close to public transit, and is located along the Yonge Street corridor in Newmarket which is expected to significantly increase in density and desirability per the proposed Newmarket Secondary Plan. The central location of the property is close to many amenities and services, making it an excellent location for staff and customers.

Intensifying the Administration Centre campus will reduce travel between Regional offices resulting in cost savings, improved productivity, and environmental benefits. The formation of a single, connected campus of adjacent sites will allow for operational synergies that would otherwise be inaccessible.

The Town of Newmarket is currently working on approving a new Secondary Plan for its Urban Centre which includes the subject (Annex) lands. The Region will continue to work closely with the Town to ensure that both the Town and the Region's planning objectives are satisfied. Consolidating Regional operations at this site would:

- Maximize the use of valuable, Regionally-owned lands
- Provide an important opportunity to show leadership in anchoring the development of Newmarket's Urban Growth Centre with a well-designed, multi-use, transit supportive, energy efficient, and accessible Regional Campus Development
- Support Provincial, Regional and local planning policies and city-building initiatives by locating the facility on the Yonge Street rapid transit corridor
- Provide excellent opportunities for internal synergies, productivity increases, and revenue opportunities while providing better access to staff and the Region as a whole
- Eliminate leasing and rehabilitation costs of existing outdated buildings

Constructing a new Administrative Centre Annex will provide an opportunity to operate in a purpose-built facility

Construction of the Administrative Centre Annex would allow the Region to design a purpose-built facility that meets Regional accommodation standards for staff and improves service delivery options for the community. Leased space is limited by availability and may not always meet the breadth of functional requirements demanded

by departments for service delivery and operations. In addition, expansion and modifications can be limited by the landlord thus constraining service delivery. The Administrative Centre Annex is being designed with current and future departmental needs incorporated within the building envelope. Security of tenure would allow the Region to utilize built space to its full potential, at its own discretion, and without restriction.

The building is well suited for the Region's uses

The property has several features that are desirable for Regional use, including:

- A versatile floor plate that can be adapted to meet changing needs and staff growth
- Ten courtrooms designed to MAG standards while allowing for future growth
- A direct connection to the Administrative Centre via an enclosed, climate-controlled pedestrian bridge increasing staff efficiency and communication
- Additional parking capacity that can support the entire Administrative Centre campus
- An energy efficient building that reduces the Region's energy footprint, reduces operating costs, and promotes a healthy environment for the surrounding community
- Located along a major corridor and transit line that improves access for staff and the public
- The opportunity to take advantage of operational synergies that occur through proximity to the Administration Centre
- Dedicated ground floor kiosks for better public service
- The opportunity to expand the Corporate Customer Service initiative through a large working presence in the Administrative Centre Annex atrium
- Expanded food services that can serve staff and the general public
- Maximizing the value of Regionally owned adjacent lands
- Providing a well-designed, multi-use, and fully AODA accessible facility for staff and public
- Improved service delivery by bringing together multiple locations of CHS staff, in appropriately designed program spaces
- Serving as a catalyst for future, higher density development in Newmarket along Yonge Street
- Mitigating the challenges associated with sub-optimal office and court facilities including the loss of control associated with leased space
- Lessening the impact of market scarcity for quality office space in the central part of the Region

The updated business case further contemplates relocating the proposed Annex Data Centre to another location and completing full renovations of the 7th and 8th floors during the initial construction period, to optimize space use and address interim operational needs. These changes have been incorporated into the updated financial model to reflect evolving accommodation realities.

Constructing a new Administrative Centre Annex would consolidate a number of leased locations in central York Region

Currently, the Region owns or is leasing space in 14 different locations in central York Region that have been identified and are in queue to relocate to a Regionally-owned facility. Permanent space for these leased locations is unavailable in existing or planned facilities. This has led to fragmented operations as well as inefficiencies in facilities management. Constructing the Administrative Centre Annex would allow the Region to consolidate all of these properties.

Constructing a new Administrative Centre Annex is more cost-effective than continuing to lease at existing locations

A full financial analysis was undertaken to determine the value of constructing a new Administrative Centre Annex or remaining in existing leased or owned spaces throughout the Region. A revised financial model was developed for the purpose of this update and has been validated by external consultants. Key assumptions for any of the scenarios were based on historical, market, projected, or inferred rates. Regional staff and external experts collaborated to ascertain the reasonableness of all estimates.

Several factors were considered in the analysis and a range of benefits was calculated for the Administrative Centre Annex. Given the complexity of this type of construction and the time horizon for analysis, staff and external experts determined that the most appropriate method of presentation would be to look at the Administrative Centre Annex along a spectrum of possibilities, each building upon the previous analysis due to increasing uncertainty in assumptions. At a minimum, the Base Case for construction is well supported for this type of analysis and can be used as a basis for comparative purposes.

Constructing the Administrative Centre Annex is more cost-effective to the Region than continuing to lease at existing sites. As shown in Table 2, the net present value cost of ownership is less expensive than continuing to lease the properties being considered for consolidation.

Table 2
 Cost Comparison Status Quo vs. Annex Construction

Option	Net Present Value	Savings vs. Status Quo
Existing Leases – Status Quo	\$163.9M	--
Annex Construction – Scenario 1 (Base Case)	\$137.4M	\$26.5M
Annex Construction – Scenario 2 (Moderate Case)	\$128.8M	\$35.1M
Annex Construction – Scenario 3 (Best Case)	\$104.0M	\$59.9M

Notes:

1. Net present value and savings have been calculated using a 30-year time horizon.
2. For NPV analysis, the residual value of the building is considered in determining the overall value of the option. The Annex Construction scenarios assume that the estimated value of the property at the end of 30 years is \$259.7M using a year-over-year market inflation rate of 2%. Realty Services appraisers estimated a 2013 value for the building to be \$127.3M using the income approach to appraised value. The income approach is an industry standard formulation for appraisal. For a new construction, the initial cost is typically greater than market value, however, it is anticipated that the market value will eventually meet or exceed construction costs through market appreciation.
3. Projected total lease payments include rent plus additional fees (i.e. gross rent) but do not include leasehold and capital improvements or other operating costs.
4. It is estimated that the structure will have a lasting benefit beyond the 30-year analysis.
5. The three “Annex Construction” scenarios illustrate a range of potential savings that build upon each other in descending order with potential incremental benefits. In effect, the scenarios range from a “worst case” to “best case” comparison. For the purpose of this analysis, the base case is simply a direct comparison of the cost of leasing existing space versus the cost to construct and operate the Administrative Centre Annex over the long-term.
6. Annex Construction scenarios consider the following factors:
 - Scenario 1 (Base Case: Direct comparison of leasing vs. construction of the Annex)
 - Scenario 2 (Base Case plus moderate avoidable travel cost assumptions)
 - Scenario 3 (Best Case plus avoidable travel costs, incremental revenues, and productivity gains)

In the analysis of the net costs of the Region’s current leasing arrangements compared to the net costs of constructing the Administrative Centre Annex, the following factors were considered:

- All payments to landlords for current properties
- Estimate of growth space identified by departments
- Estimated conservative rental increases for base lease amounts and inflationary increases for the operating, maintenance and property tax portion of lease payments
- The phasing-in of current leasing arrangements and the cost of continuing these arrangements during the period of ownership
- Construction costs, including conservative estimates for any ancillary costs, including permit fees, legal costs, and site improvements that may be required for the building
- Financing costs to construct
- Operating, maintenance, and other costs for the Administrative Centre Annex

- Capital and leasehold costs for leased properties and the Administrative Centre Annex based conservative allowances using industry standards
- An estimated value of the property at the end of 30 years. In a build option, the building will have a residual value that must be considered (rental properties have no residual value to the Region)
- The use of a discount rate for net present value purposes that is reflective of the Region's expected borrowing rates
- Escalation costs resulting from the two-year delay to commence construction. The cost increase to the project budget is estimated to be approximately \$17.0 million

In addition, the following additional factors were not considered:

- Potential incremental revenues resulting from increasing the number of courtrooms from three to ten
- Parking revenues that could be generated in the future should the Region adopt paid parking areas on-site
- Potential appreciation of surrounding lands that may increase in value due to higher density and site improvement
- Potential increased costs of leasing due to market scarcity in the general vicinity of the Administrative Centre Annex. The financial analysis assumed that comparable leased space would be in unlimited supply and that rates would not be impacted by increasing the Region's leasing inventory
- Benefits derived through improved access to public services and proximity of Justices of the Peace to the centre of Justice in York
- Potential savings resulting from reduced lease and contract administration, legal support, and other efficiencies arising from having leased sites consolidated into one location. A partial allocation for benefits was considered in the best case scenario
- Moving and relocation costs associated with the consolidation
- Potential gains from buildings being vacated that have other possible uses or development potential
- The residual value of creating growth space for adjacent departments or programs in existing owned locations

Constructing the Administrative Centre Annex would result in an incremental savings (net present value) ranging from \$26-60M compared to the status quo

Construction of the Administrative Centre Annex would add significant non-financial benefits (for example improved customer services or better intra-staff communication) that are difficult to accurately quantify and have been omitted from the net present value analysis. While these factors have sound organizational merit, the subjective nature of these variables requires independent judgement to be applied to weighting and should be considered on the whole, albeit separately from the financial analysis.

Link to key Council-approved plans

From Vision to Results: 2011 to 2015 Strategic Plan

Priority Area – Manage the Region’s Finances Prudently
Practise sound Fiscal Management

Priority Area – Focus Growth along Regional Centres and Corridors
Optimize the transportation capacity and services in Regional Centres and Corridors

Priority Area – Make Regional Services More User-friendly
Streamline customer access to services and information through implementation of a “no wrong door” approach

5. FINANCIAL IMPLICATIONS

Constructing an Administrative Centre Annex will save money

Constructing the Administrative Centre Annex is economically favourable in comparison with leasing multiple properties. In addition to savings achieved through space consolidation, the cost to own the building is cheaper than leasing the space over a 30-year period. When debt service payments, property taxes, and maintenance are taken into consideration, construction of the Administrative Centre Annex property is the most financially prudent option. Ownership provides the Region with security of tenure, a strategic location to consolidate office space, expanded options for customer service, and an opportunity to capitalize on potential real estate appreciation over the long-term.

Construction costs are estimated to be approximately \$181.0 million and other project costs are estimated to be approximately \$31.8 million (*See Table 3*). These costs incorporate furniture, fixtures and equipment (FFE), information technology, security, professional fees, tender costs, testing and inspection, permits and other fees, in accordance with Regional standards or other governmental requirements, and project management costs. It is recommended Council approve an upset limit for construction and other related costs in an amount of \$212.8 million, for this project to allow for any unforeseen contingencies that may arise. Project costs incorporate an aggregate of \$27.8 million for contingency risk.

Property Services retained an external consultant (Altus Group Limited) to conduct a risk analysis of the project and associated costs. According to the consultant, “the current contingency retained of \$27.8M is reasonable at this stage of the project”. It should be noted that this level of contingency may not be adequate if any significant changes are made to the building design, there are major program modifications, or significant delays are initiated by the Region.

Table 3
Estimated Construction and Other Project Costs

Summary	Estimated Cost
Building cost	\$181.0M
Other Project Costs	\$31.8M
Total Estimated Construction and Other Project Costs	\$212.8M

Notes:

1. Estimated costs have been provided by AECOM Canada Ltd. with input from other Regional sub-consultants including WZMH, AW. Hooker, Morrison Hershfield, Stantec, and Malone Given Parsons
2. Due to the two year time delay for the start of construction, additional costs are factored in and added to the project budget for escalation cost of construction, other project costs – including FFE, consultant fee inflation, scope changes and lease extensions
3. The original schedule and total project cost as presented to Council in February 2012 was \$195.6 million. The construction was to have been completed in Q4 – 2016. The two (2) year time delay resulted in an increase of approximately \$12.2 million to the project budget
4. Assumes that the construction tender will be issued in Q2 – 2016 with substantial completion in Q3 – 2019
5. Other project costs include furniture, fixtures and equipment (FFE), information technology, security, professional fees, tender costs, testing and inspection, permits and other fees , plus \$4.8 million for project management costs
6. Cost figures include a an aggregate of \$27.8 million for contingency

There are Increases for Other Project Costs

Other project costs for the Administrative Centre Annex include furniture, fixtures and equipment (FFE), information technology, security, professional fees, tender costs, testing and inspection, permits and other fees. Increases for other project costs include consultant fees related to project scope changes and escalation costs related to additional work and project delays (*See Table 4*) and have been captured within the total project costs of \$212.8 million.

In January 2012, Council approved Option 2B, and requested an increase to the building size from approximately 310,000 - 422,000 GSF. This resulted in a \$1.8 million cost increase. In June 2013, WZMH (Regionally contracted construction Architects) requested additional fees for work associated with the Doane House relocation study requested by the Region and updates required following the approval of the building size increase.

Further increases to WZMH's fees were requested in relation to the two year delay to cover the cost of deferred time, inflation, and construction budget increases. WZMH's request for additional fees totals \$3.1 million.

Table 4
 Summary of WZMH Requested Fee Increase

Summary	Estimated Cost
Scope Change 30% Fee Increase (Option 2B: 310,000 – 422,00 GSF)	\$1.8M
Fee Increase based on Building Cost Increase	\$270K
Delay in project Start-up (2011-2012)	\$1.0M
Additional Fee: Doane House Relocation Study	\$10K
Facility Program Update	\$27K
Total Fees	\$3.1M

Notes:

1. Council approved an increase in building size (Option 2B) from approximately 310,000 – 422,00 GSF
2. Increases for other project costs include consultant fees related to project scope changes and escalation costs related to additional work and project delays and have been captured.
3. The \$3.1 million fee increase is shown separately in this table but is already included within the total project costs of \$212.8 million (*see Table 3: Estimated Construction and Other Project Costs*).

This project will require increasing the Region’s Capital Spending Authority (CSA)

The current budgeted CSA in the Region’s approved 2013 Capital Budget for the years 2013-2015 is \$6.401 million. It is recommended the CSA be increased by \$3.100 to \$9.501 million to allow for an expected increase in design and related costs prior to construction. If a commitment is made by Council to proceed with the Administrative Centre Annex, the project’s CSA will increase by a further \$203.3 million to a total of \$212.8 million. If approved, it is recommended that this project considered in the 2014 budget at the full commitment amount.

This project will have an impact on the Region’s Annual Repayment Limit (ARL)

If this project is debt financed for the entire \$212.8 million, it is estimated the impact to the Region’s debt room could be between \$125 million - \$139 million depending on the amortization period of the loan. This required ARL impact reflects the expected difference between lease payments in 2020 and the payments on the debenture which would be incurred for the Annex if it is debt financed. Alternatively, if some of the construction costs were funded from reserves, the ARL would be reduced by \$587,000 to \$653,000 for each \$1 million funded from a reserve, depending on the amortization period of the debt. It is recommended the Commissioner of Finance be given the

authority to decide on the most appropriate funding sources for this project during the period of development and financing. By 2020, it is expected the tax levy impact of operating and financing the Administrative Centre Annex in comparison with maintaining required leases will be nominal.

6. LOCAL MUNICIPAL IMPACT

The Administrative Centre Annex will be located next to the Administration Centre and along a major transit corridor and roadway. The building site is expected to be congruent with the Town of Newmarket Secondary Plan for increased density along Yonge Street. Centralizing Regional facilities would provide improved local access to services.

7. CONCLUSION

Construction of the Administrative Centre Annex will consolidate a number of spaces currently leased by York Region into a centralized purpose-built facility. The Administrative Centre Annex offers a strategic opportunity for the Region to consolidate staff and services within a single campus, offer a range of public services to clients in a fully-accessible, modern facility connected by Regional transit, and supports intensification in one of the Regional Centres and Corridors. The building offers administrative cost savings and would support Council's approved Master Accommodation Plan, which is based on a preference for owning facilities as compared to renting. The approval of this facility would address a number of critical issues related to space pressures and growth.

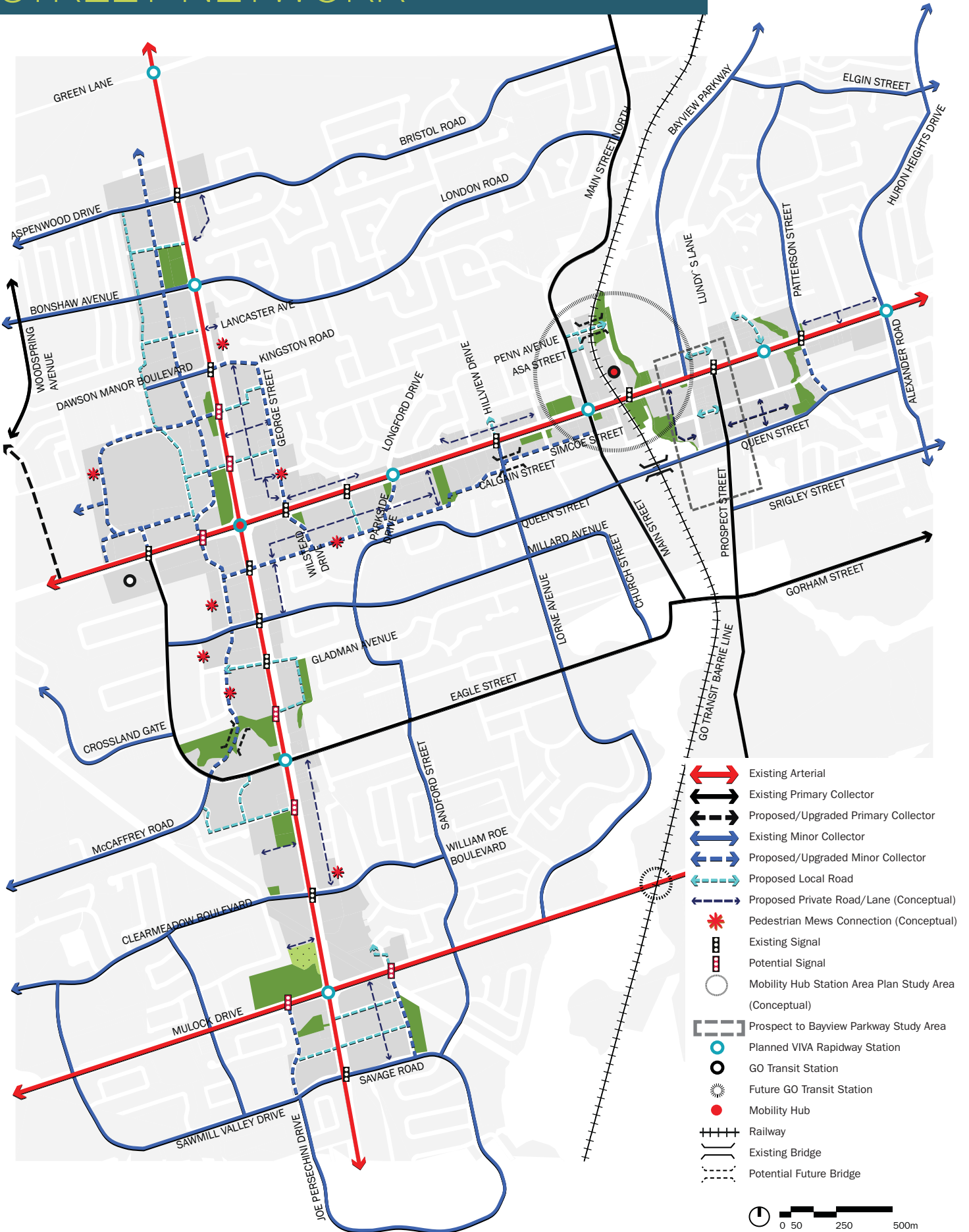
The Administrative Centre Annex will provide a long-term cost savings to taxpayers in the range of \$26.5-\$59.9 million as compared to current leasing arrangements for employees.

For more information on this report, please contact René Masad, Director, Property Services Branch at Ext. 1684.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)

SCHEDULE 6: STREET NETWORK





Minute No. 174 as recorded in the Minutes of the meeting of the Council of The Regional Municipality of York held on October 18, 2012.

174 New Community and Health Services Facility, City of Vaughan

It was moved by Mayor Bevilacqua, seconded by Regional Councillor Rosati that Council adopt the following recommendations in the private report dated October 16, 2012 from the Commissioner of Community and Health Services and the Commissioner of Corporate Services:

1. Council authorize the purchase of land and a building of approximately 76,739 square feet located at 9060 Jane Street, in the City of Vaughan subject to the negotiation of an agreement of purchase and sale upon terms and conditions satisfactory to the Commissioner of Corporate Services.
2. Council authorize a vendor take-back mortgage to Casertano Development Corp. with interest at the rate of 2.8% per year in an amount not to exceed \$29 million and that the Regional Chair and the Treasurer be authorized to sign the mortgage documents.
3. Council approve the addition of \$51.2 million to the 2012 Capital Spending Authority for the purchase of this property and associated costs, and debt financing up to the same amount, not to exceed a 20 year term, and approve exercising the appropriate options relating to the vendor take-back mortgage.
4. The Commissioner of Corporate Services be authorized to sign the necessary agreements and documents to acquire the property and to award the contracts necessary to complete, fixture and furnish the building, subject to review by Legal Services and the Treasurer.
5. The Commissioner of Corporate Services be authorized to enter into a sole source contract with the vendor to complete and fixture the building if the Commissioner of Corporate Services considers that to do so is the most cost effective method of completing the project, subject to review by Legal Services and the Treasurer.

Carried



Minute No. 111 as recorded in the Minutes of the meeting of the Council of The Regional Municipality of York held on June 26, 2014.

111 Lease Extension - Municipal Purposes, Town of Richmond Hill – Land Acquisition and Security of Property

It was moved by Mayor Barrow, seconded by Regional Councillor Spatafora that Council adopt the confidential recommendation contained in the private report of the Commissioner of Corporate Services dated June 25, 2014.

Carried

Back page

Clause No. 1 in Report No. 1 of the Chief Administrative Officer was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on November 13, 2014, as it relates to the renewal of the lease at the South Services Centre.

1

**DELEGATION OF AUTHORITY DURING SUMMER RECESS
June 27, 2014 – September 10, 2014**

1. RECOMMENDATION

It is recommended that Council receive this report for information.

2. PURPOSE

This report advises Council of matters approved under the authority delegated to the Regional Chairman and the Chief Administrative Officer during the 2014 summer recess.

3. BACKGROUND

Continuity is required to ensure timely delivery of Regional projects and services

Regional Council enacted a bylaw to provide that when Council meetings are suspended over summer recess, the Regional Chair and the Chief Administrative Officer, or in the absence of the Regional Chair, the Chief Administrative Officer and the Regional Treasurer be authorized to:

- a) Award and execute contracts and other forms of commitment where such matters are not otherwise currently delegated by Council;
- b) Approve the acquisition or disposal of real property, including leases and other interests in real property; and
- c) Approve the exercise of the Region's rights and remedies at law including termination of contracts and settlement of claims, appeals and other matters before the courts or administrative tribunals.

The exercise of this authority is subject to the following conditions:

- a) The Regional Chair and the Chief Administrative Officer or in the absence of the Regional Chair, the Chief Administrative Officer and the Regional Treasurer being satisfied that the authorization is required to prevent interruption of service delivery or to avoid incurring unnecessary costs;
- b) A memorandum outlining the necessity of such requests be submitted to the Regional Chair and the Chief Administrative Officer by the respective Commissioner;
- c) Any contracts or documentation be subject to review and approval by Legal Services as to form and content; and
- d) A report be submitted to Council at the earliest opportunity to advise of the approval of any contracts under this authority.

4. ANALYSIS AND OPTIONS

The total value of the contracts awarded and the acquisition of real property pursuant to the authority delegated to the Regional Chairman and Chief Administrative Officer was \$32,407,892.42.

The total value of the 10 contracts awarded was \$15,376,010.97 and the total value of the 7 acquisitions of real property was \$17,031,881.45 pursuant to the authority delegated to the Regional Chairman and Chief Administrative Officer.

There were no Settlements of Claims over the summer recess to report.

Attachment 1 provides a list of contracts and the acquisition of real property awarded by the Regional Chairman and the Chief Administrative Officer from June 27, 2014 to September 10, 2014.

Link to key Council-approved plans

This report is consistent with the 2011 to 2015 Strategic Plan's objective of practicing sound fiscal management.

5. FINANCIAL IMPLICATIONS

All contracts awarded were included within the approved budgets. There are no other financial implications.

6. LOCAL MUNICIPAL IMPACT

There is no local municipal impact associated with this report.

7. CONCLUSION

The Regional Chairman and the Chief Administrative Officer were delegated authority to approve matters required to ensure that the business of the Region carried on during the summer recess. The authority delegated by Council during this period is in addition to the authority delegated to the Chief Administrative Officer and Commissioners to award contracts pursuant to the purchasing bylaw. Authority exercised pursuant to the purchasing bylaw is reported separately.

For more information on this report, please contact Stan Gal at Ext. 71650 or Joy Hulton at Ext. 71417.

The Senior Management Group has reviewed this report.

Attachments (1)

**Delegation of Authority During Summer Recess
June 27, 2014 - September 10, 2014**

Regional Chairman and Chief Administrative Officer Acquisition of Real Property

Regional Chairman and Chief Administrative Officer - Legal Services

Contract and Description

Lease of premises at 50 High Tech Road, Richmond Hill (South Services Centre) for the Region has been extended for an additional period of 10 years and 5 months commencing on August 1, 2021 and expiring on December 31, 2031 (the "Extended Term") Basic Rent applicable to the Extended Term has been discounted from \$3,126,200.00/a in the last year of the initial term to \$1,535,187.50/a for the duration of the Extended Term. Basic Rent applicable to the Extended Term totals \$15,991,536.45.	File Number	
	Vendor/Owner/Contractor	Condor York Holdings Inc.
	Date Authorized	August 29, 2014
	Amount	\$15,991,536.45



Clause No. 6 in Report No. 3 of the Finance and Administration Committee was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting on March 25, 2010.

6

FEDERAL PROVINCIAL INFRASTRUCTURE STIMULUS FUNDING PROJECT EMS OPERATIONS CENTRE

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report dated February 17, 2010, from the Commissioner of Corporate Services.

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize staff to enter into negotiations with the lowest cost responsive bidder in respect of tender T-10-44, for the design and construction of the proposed Emergency Medical Services (EMS) Operations Centre on Bales Drive, in the event that the lowest bid exceeds the approved construction budget for the project.
2. The Regional Chairman and Chief Administrative Officer be authorized to award the contract to the lowest cost responsive bidder following successful negotiations to achieve a contract value within the project budget.

2. PURPOSE

This report requests authorization to enter into negotiations with the lowest cost responsive bidder responding to tender T-10-44 should the bid price exceed the amount budgeted for construction of the EMS Operations Centre as approved under the Federal/Provincial *Infrastructure Stimulus Fund* program.

3. BACKGROUND

Total construction budget of \$17 M approved for development of a new EMS Operations Centre

In May 2009 the Region received approval for a number of infrastructure projects to be funded through the federal/provincial *Infrastructure Stimulus Fund*. The largest of these projects is the proposed design and construction of the new EMS Operations Centre on Regional lands located on Bales Drive East in East Gwillimbury with a total construction budget of \$17 million exclusive of cash allowances and design fees. This budget amount represents the total funding for this entire project including the cost for construction.

Infrastructure projects must be substantially complete by March 31, 2011

The completion deadline of March 31, 2011 set out by the Infrastructure program has proven to be challenging for many projects but most particularly for the EMS Operations Centre due to its scope and size at 70,000 square feet.

An aggressive development and construction timetable was established for the project that has very little contingency time if the program deadline is to be met. To date the project is on schedule according to that timetable.

4. ANALYSIS AND OPTIONS

Project schedule will not accommodate delays caused by cost overruns

A further challenge facing this project is to complete the building within the available budget. With the current volatility in the construction marketplace and the requirement for an accelerated construction schedule, there is always the possibility that the tendered construction cost may exceed the approved budget.

The project team have performed their due diligence and reached a consensus on a number of cost-saving measures to be incorporated into the design documents that should result in a tendered cost within budget.

Authority is requested to negotiate a lower contract price if necessary

The project schedule will not allow for the time to further value engineer the building design and issue a new tender should the low bid exceed the available budget. As a pre-emptive measure to mitigate the risk of unforeseen high bids, this report seeks Council's authority to negotiate changes to the contract documents with the low bidder to achieve an acceptable contract price and immediately award the contract at that reduced price.

The tender documents will clearly state that the Region may adopt this course if the bids exceed available budget. This risk mitigation strategy has been reviewed with Legal Services and Supplies and Services and they concur with this approach.

5. FINANCIAL IMPLICATIONS

The intent of this report is to have an approved strategy in place to mitigate the risk of budget overruns and resultant loss of time in a very aggressive development schedule that could endanger the Region's access financial contributions to the project from the federal and provincial governments through the *Infrastructure Stimulus Fund*.

6. LOCAL MUNICIPAL IMPACT

The new EMS Operations Centre facility will provide improved support to the services of the Region's Paramedic Response Stations located in each local municipality, ultimately benefiting community residents.

7. CONCLUSION

This report requests authority to take the proactive course of negotiating a lower tendered price in the event that the lowest qualified bid exceeds the budget available for the construction of the new EMS Operations Centre. Having this approval as a contingency will ensure that the project remains on schedule, within the approved budget and continues to qualify for financial contributions from the federal and provincial governments.

For more information on this report, please contact Martin Silver, Manager of Capital Projects, Property Services Branch, at Ext. 1708.

The Senior Management Group has reviewed this report.



Clause No. 12 in Report No. 2 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting on January 23, 2014.

**ACQUISITION OF LAND
145 HARRY WALKER PARKWAY, TOWN OF NEWMARKET**

Committee of the Whole recommends adoption of the following recommendations contained in the report dated December 18, 2013 from the Commissioner of Corporate Services:

1. RECOMMENDATIONS

It is recommended that this report be received for information.

2. PURPOSE

This report is to advise Council of the final terms and conditions of the negotiated acquisition of 145 Harry Walker Parkway, in the Town of Newmarket.

3. BACKGROUND

Council approved the acquisition of 145 Harry Walker Parkway, in the Town of Newmarket

On September 26, 2013, Council approved the acquisition of 145 Harry Walker Parkway, in the Town of Newmarket.

Environmental Site Assessment

The Region has completed its due diligence of the property, which included a Phase 1 and Phase 2 Environmental Site Assessment prepared by Cole Engineering Group Limited prior to acquisition. Potential concerns were identified and subjected to further investigation. The results of soil and groundwater investigations indicate that substances identified as potential concerns are not present at concentrations that exceed Ministry of the Environment remediation standards. As a result, the environmental concerns associated with the property are categorized as low and no further investigation is recommended by the consultant. The Phase 1 and Phase 2 reports were reviewed and accepted by Property Services Branch staff and Legal Services.

Terms and Conditions

The property was listed for \$8.695 million. An appraisal prepared by a third party appraisal firm valued the lands at \$7.8 million. The negotiated purchase price is \$7.55 million, payable on closing. The agreement was executed by both parties on November 15, 2013. The closing date was December 12, 2013.

4. ANALYSIS AND OPTIONS

Negotiations have been successfully completed for this property

Staff has completed negotiations to acquire this critical property, to consolidate the Region's office and warehouse capacity.

The purchase of 145 Harry Walker Parkway will consolidate a number of spaces currently leased by York Region into a central area. The acquisition of this building will not impact the Region's longer term plan to construct the Administrative Centre Annex in Newmarket.

The following summary sets out the details of the property.

Property No. 1 (*Attachment 1*)

This property is located on the east side of Harry Walker Parkway, approximately 500m north of Davis Drive. The subject property is improved with an office/industrial building and is currently vacant with no lease obligations.

OWNER: Snap-On Tools of Canada Ltd.

TOTAL LAND AREA: 4.046 ha (10 acres)

TOTAL BUILDING AREA: 13,595 square feet - Office
140,740 square feet - Warehouse
154,335 square feet

LANDS TO BE ACQUIRED: (a) Fee Simple interest in Parcel 2-9, Section E.G.3, being Part of Lot 2, Con 3, designated as Parts 1 and 3, Plan 65R-8600

(b) Fee Simple interest in Parcel 2-7, Section E.G.3, being Part of Lot 2, Con 3, designated as Parts 2 and 4, Plan 65R-8600

SPECIAL FEATURES: The property is improved with a large industrial building, including both a small office and large warehouse component

Link to key Council-approved plans

From Vision to Results: 2011 to 2015 Strategic Plan

Priority Area – Manage the Region’s Finances Prudently

Practise sound Fiscal Management

The acquisition of this property will assist the Region in meeting its space and accommodation needs.

5. FINANCIAL IMPLICATIONS

The Commissioner of Finance and Treasurer was given authority to determine the funding for this project by Council at its September 19, 2013 meeting. The \$7.55 million required in 2013 will be drawn from the General Capital Reserve. In 2014, renovation costs of approximately \$9.0 million will also be drawn from reserves. It is anticipated that reserve funding this project rather than issuing tax levy debt saves the Region approximately \$1.3 million per year in debt payments and interest costs. There is no impact on the Region’s Annual Repayment Limit (ARL), as would have been the case if debt was issued. Closing costs including all applicable taxes and fees are separate from the above and will be drawn from reserves.

6. LOCAL MUNICIPAL IMPACT

145 Harry Walker Parkway will consolidate a number of leased locations in central York Region

The building at 145 Harry Walker Parkway in Newmarket will improve service delivery and offer a strategic opportunity for the Region to consolidate office and warehouse space in a cost-effective manner. This will also create growth space at the Town of Newmarket offices, with Regional staff vacating.

7. CONCLUSION

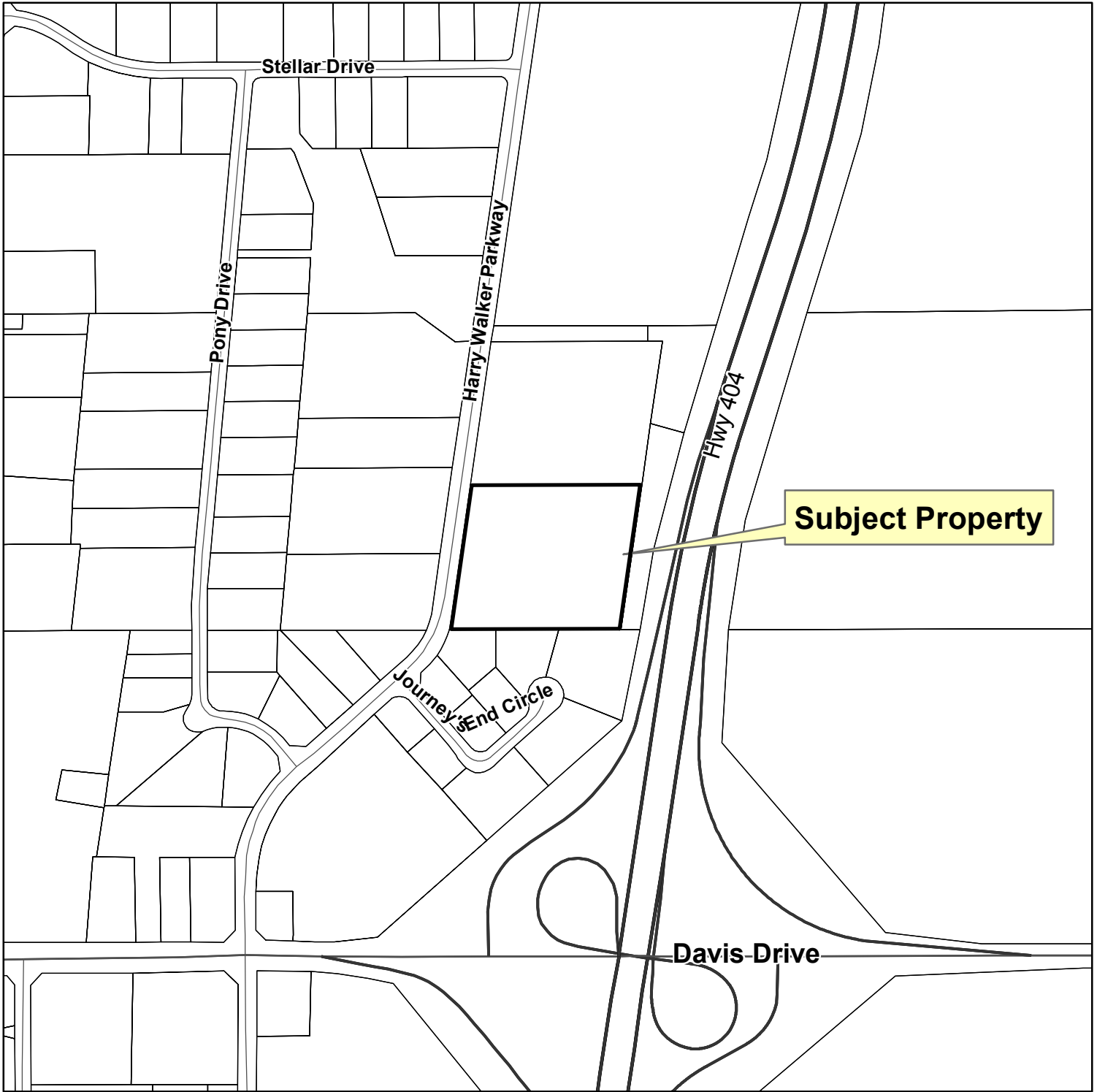
The building at 145 Harry Walker Parkway, in Newmarket, offers a strategic opportunity for the Region to consolidate office and warehouse space in a cost-effective manner, which supports Council’s approved Master Accommodation Plan.

Staff has successfully negotiated a sale price that is supported by a third party appraisal of current market conditions. The acquisition will reduce costs compared to the existing accommodation arrangements.

For more information on this report, please contact René Masad, Director, Property Services Branch at Ext. 1684.

The Senior Management Group has reviewed this report.

Attachment (1)

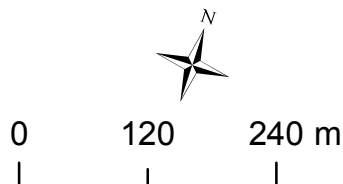


LOCATION PLAN



Acquisition of Land
145 Harry Walker Parkway
Town of Newmarket



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Property Services Branch
Corporate Services Dept.
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Legend

-  Subject Property
-  Road

Summary of Administrative Centre Annex Reports to Council/Committee

Council Touch Points	Purpose of Report	Approved Recommendations
September 22, 2005	<p>To request approval of the Strategic Accommodation Plan. The Plan will guide corporate decision-making related to the provision of accommodation to meet departmental program requirements over the next 10 years.</p>	<ol style="list-style-type: none"> 1. Council approve the Strategic Accommodation Plan, including the recommendations and policies summarized in Appendix 1 of this Report; 2. Council approve, as a first priority, the phased development of a Central Services Centre on the owned lands adjacent to the Administrative Centre, to consolidate numerous older Regional facilities currently owned or leased in the Town of Newmarket; 3. Council authorize staff to retain consultants to proceed with the initial phase, being a preliminary concept with design options, required studies and financial analysis, at a cost not to exceed \$900,000. 4. Staff report back to Council with the study results, recommended development options and related costs, to request authorization to proceed with the development of a Central Services Centre, subject to budget approval.
March 26, 2009	<p>Authorization to proceed with an RFP for retaining an architectural firm and consulting team to undertake studies and produce design options for the development of a Central Services Centre.</p> <p>Council to confirm recommendation to consolidate the Region's two existing court operations, currently located in Newmarket and Richmond Hill, to a new court facility in Newmarket.</p>	<ol style="list-style-type: none"> 1. Council authorize staff to proceed with an RFP to retain an architect and consulting team to determine a preferred architectural design and finalize all required studies and contract documents for the construction of a Central Services Centre on Regionally- owned lands adjacent to the Administrative Centre in the Town of Newmarket. 2. Staff report back to Council with architectural design options and a full cost estimate for the first phase of the Central Services Centre project before tendering. 3. The Commissioner of Corporate Services review options for consolidating the two existing Regional Court facilities either in Newmarket or in the southern part of York Region, or for retaining two separate court facilities in the north and south of the Region and report back when the Request for Proposal results are received. 4. Staff review potential options for vacated facilities and continue to work with the Town of Newmarket to develop strategies and options for planning future phases of development to facilitate additional intensification of the site. 5. The Commissioner of Corporate Services make a further

Summary of Administrative Centre Annex Reports to Council/Committee

Council Touch Points	Purpose of Report	Approved Recommendations
		presentation to Council on March 26, 2009, including more details pertaining to the Region's facilities and the financial comparisons of the various lease or build options.
June 25, 2009	To provide Council options on the potential locations for the Regional Provincial Offences Act Courts.	1. Council approve the option of consolidating the Provincial Offences Act courts at the Tannery with any courts that may be built at the proposed Central Service Centre in Newmarket and also maintain the court facilities at the South Service Centre in Richmond Hill.
March 25, 2010	Council's authorization to award RFP P-09-122 to WZMH Architects, to provide architectural/engineering design services and required consulting studies to develop three (3) conceptual designs for Council's review.	<ol style="list-style-type: none"> 1. Council authorize the award of Request for Proposal (RFP) No. P-09-122 for architectural and engineering services for design of the Central Services Centre (CSC) to WZMH Architects for a total price of \$6,245,185.00, excluding taxes. 2. Staff report back to Council with three (3) conceptual design options with full cost estimates, to assist Council in selecting a preferred architectural design for the first phase of the Central Services Centre development. 3. Staff continue to work with the Town of Newmarket and Regional Planning Department to seek input on potential design options and process strategies for Phase A, in the context of future development phases to facilitate further intensification of these important Regional Centre lands in the coming years. 4. An early analysis of the traffic implications be reviewed with staff from the Town of Newmarket so that mitigation measures can be implemented prior to construction
February 16, 2012	Council direction on selecting an architectural design option with corresponding project budget, for the construction of a 340,000 to 430,000 gsf Central Services Centre, located on Region-owned lands adjacent to the Administrative Centre in Newmarket. Four design options with estimated costing plans and a business case are presented for consideration.	<ol style="list-style-type: none"> 1. Council approve option 2B as the preferred design option for development of a Central Services Centre (CSC) in Newmarket, selected from the four (4) architectural design options shown as Attachments 2-5, attached to and forming part of this report. 2. Staff further investigate the options for Design/Build/Finance with Infrastructure Ontario and report to Council on any benefits of engaging Infrastructure Ontario for this project. 3. In the absence of a clear advantage to engaging Infrastructure Ontario, Council: <ol style="list-style-type: none"> i. approve the business case and estimated project budget for development of the selected design option, which will form

Summary of Administrative Centre Annex Reports to Council/Committee

Council Touch Points	Purpose of Report	Approved Recommendations
		<p>the basis for the final detailed design, application for all permits and approvals, and tender documents by WZMH Architects.</p> <p>ii. authorize staff to issue the project for tender immediately upon completion of the final detailed design and costing plan, provided the project and its corresponding budget have not changed significantly from that which was approved by Council, and to bring the tender results back to Council to award the project.</p>
<p>October 17, 2013</p>	<p>Council approval of the updated business case and project cost estimates related to development of the Administrative Centre Annex.</p> <p>The report seeks authorization to approve additional consultant fee requests, and associated contract and purchase order increases and extensions, as well as escalation costs associated with project time extensions, requested by the Region, due to budget limitations and the Council approved (2012) scope change of increasing the building size from approximately 310,000 to approximately 422,000 gross square feet (GSF).</p>	<ol style="list-style-type: none"> 1. Council receive the updated business case and estimated project budget for development of the Administrative Centre Annex previously approved in 2012. 2. Council authorize the agreement between the Region and WZMH Architects for architectural and engineering services be amended to increase the contract price within the Capital Spending Authority for this project from \$6,245,185 to \$9,345,185 exclusive of HST as a result of changes in project scope and escalating costs. 3. Subject to first obtaining Capital Spending Authority, staff be authorized to issue the project for tender in 2016 and the Commissioner of Corporate Services be authorized to award the contract(s) for the development of Administrative Centre Annex to the lowest compliant bidder(s) provided that the total cost of the project does not exceed \$212.8 million, including project management costs, and excluding HST. 4. Council authorize financing the project by: <ol style="list-style-type: none"> a) the issuance of up to \$212.8 million in debentures, or b) the withdrawal of up to \$212.8 million from Reserves, or c) a combination of debenture issuance and reserve withdrawals in an amount of up to \$212.8 million, at the discretion of the Commissioner of Finance 5. The Commissioner of Corporate Services be authorized to negotiate, amend and execute any agreements or documents necessary to complete the project, subject to review by Legal Services.