

STAFF REPORT TO COUNCIL

Report Prepared By: Erin Anderson, Director of Financial Services and Sue Bouma, Manager of Corporate Services
Reviewed By: Allison McCarrick, CAO
Meeting Date: January 9, 2024
File No: 4200-20
Re: **Alternative Approval Process – Buller Street Revitalization Project**

RECOMMENDATION:

That Council direct staff to prepare a borrowing bylaw in the amount of \$13,500,000 for the Buller Street revitalization project located on Town owned lands at 1st Avenue and Buller Street and proceed with the Alternative Approval Process to obtain elector assent.

EXECUTIVE SUMMARY:

The Town is pursuing opportunities to work with the Provincial and Federal Governments to build housing in the downtown heart of Ladysmith. This housing is proposed to be provided above a new city hall and institutional space on the Town-owned properties at 1st Avenue and Buller Street. Staff are seeking Council’s direction to prepare a borrowing bylaw and to proceed with an Alternative Approval Process (AAP) to fund the city hall and institutional space.

PREVIOUS COUNCIL DIRECTION:

Resolution	ResolutionDetails
CE 2017-132	That Council direct staff to bring the City Hall Space Requirements and Funding Strategy back to the July 17th Closed Meeting of Council with the following items noted: <ol style="list-style-type: none"> 1. Potential partnership 2. Direct award options 3. Debt servicing limits, with consideration of all other current and upcoming capital projects 4. Accommodating additional staff in the Council office for the interim 5. Use of the Seniors’ Centre for Council meetings in the interim 6. Comparisons with municipal building costs in other communities



Resolution	ResolutionDetails
CE 2016-086	That Council direct staff to prepare a report outlining options for financing the construction of a new City Hall, including the Town’s capacity to borrow funds and alternative arrangements such as leasing or lease to purchase.
CE 2016-065	That Council receive the report from Process Four on the City Hall Optimization Project as a guideline for the design and construction of a new City Hall, and invite report author Jim Sumi to a future Council meeting to present the report and discuss his recommendations.
CE 2013-049	It was moved, seconded and carried that the draft agreement for Right of First Refusal for the purchase of properties on Buller Street and First Avenue owned by the Ladysmith and District Credit Union be approved, and that staff be directed to execute the agreement.
CE 2013-051	It was moved, seconded and carried that Council arise with report on Resolution CE 2013-49, that staff were directed to execute an agreement for Right of First Refusal for the purchase of properties on Buller Street and First Avenue owned by the Ladysmith and District Credit Union.

INTRODUCTION/BACKGROUND:

The need for a new city hall has been discussed and listed as a strategic priority for several years. Since 2013, the Town engaged with consultants to prepare a space-needs assessment and to analyze various options/locations for a new city hall building. In 2015, the Town purchased the lands located at Buller Street and 1st Avenue with the intention of constructing a new administration building.

The current city hall no longer fits the needs of the community. The building is too small and requires staff to work out of multiple locations, which results in process inefficiencies. The Town pays for rented space at 132c Roberts Street and also utilizes an off-site storage area due to moisture and rodent issues at the current city hall. Over the years, minor modifications have been made internally to accommodate additional staff by re-arranging offices and moving Council meetings to the Seniors Centre, though the functional inefficiencies remain. The opportunity to work with upper levels of government and achieve housing and a new city hall on the Town owned property is a great opportunity for the community.

The current city hall was constructed in the early 1950’s¹ (see Attachment A regarding the history of Ladysmith city halls published by Ladysmith Chemainus Chronicle on March 22, 2016 by Ed Nicholson). Recently, there have been several necessary upgrades to the

¹ Ladysmith & District Historical Society - <https://www.ladysmithhistoricalsociety.ca/histories/buildings/410-esplanade-avenue-ladysmith-british-columbia/> accessed January 4, 2024.

building, such as a new roof and windows in 2023. These upgrades were required to ensure the building would remain functional into the future, but further renovations would be required if the building is to remain as a city hall.

Borrowing process

Borrowing funds for a period of more than five years requires the Town to pass a loan authorization bylaw. In accordance with the *Community Charter*, before the bylaw can be adopted, it must receive approval from the Inspector of Municipalities and then receive the approval of the Town's electors. Although elector approval may be sought via a referendum or an AAP, staff are recommending using the AAP approach as it is a more cost-effective process.

The proposed introduction of the borrowing bylaw for first three readings is January 23, 2024, after which the bylaw will be forwarded to the Inspector of Municipalities. Upon approval by the Inspector of Municipalities, staff will return to Council with the Alternative Approval Process.

If the final results of the AAP indicate that the Town's electors do not approve borrowing funds to build a city hall and institutional space below the proposed housing development, staff will provide alternative options for the Town-owned properties at 1st Avenue and Buller Street.

ALTERNATIVES:

Council can choose to:

1. Sell the property at 1st Avenue and Buller Street.
2. Direct staff to hold a referendum on the borrowing question instead of an AAP. (This will be much more costly than running an AAP due to additional staff time, facility costs, ballots and voting machines.)
3. Not proceed with the Buller Street project.

FINANCIAL IMPLICATIONS:

This project contains housing, a city hall, and institutional space, though the Town would only be borrowing for the city hall and institutional space, not for the housing portion of the project. There are economies of scale savings using the same developer throughout the entire construction project.

Borrowing is estimated to be \$13,500,000. Similar to all previous borrowing, the Town will use the Municipal Finance Authority to borrow the funds. Using the interest rate of 4.5% over 30 years, the annual estimated debt payments would be \$860,520.

At the November 21, 2023, Council meeting, staff presented a 6.3% budget increase for the 2024 fiscal year. Council also approved a number of Higher Service Level Requests which added an additional 0.7% to the budget. Included in the proposed budget was \$590,520 for asset renewal. These renewal funds would be used to offset the annual borrowing costs. There is a shortfall of \$270,000 to cover the annual debt payments, though it would not be required until 2025 due to the timing of the project and borrowing timelines.

Running an AAP does have additional costs for communications, statutory advertising and mailouts. It is expected that the staffing costs will be absorbed into the current budget.

LEGAL IMPLICATIONS:

The municipal borrowing process is highly legislated through the *Community Charter*².

CITIZEN/PUBLIC RELATIONS IMPLICATIONS:

Statutory advertising will be completed, and the AAP timelines will be followed, allowing for public participation. The Ladysmith & District Historical Society currently occupies a Town-owned building on the proposed site. Staff have discussed the potential of relocating the Museum to another location if the AAP passes and negotiations with the higher levels of government are successful. A report for consideration by Council will be brought forward when appropriate.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS:

If approved, Corporate Services will lead the AAP; Finance will lead the borrowing process.

ALIGNMENT WITH STRATEGIC PRIORITIES:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Core Infrastructure | <input type="checkbox"/> Economy |
| <input type="checkbox"/> Official Community Plan Implementation | <input type="checkbox"/> Leadership |
| <input type="checkbox"/> Waterfront Area Plan | <input type="checkbox"/> Not Applicable |

I approve the report and recommendation.

Allison McCarrick, Chief Administrative Officer

ATTACHMENTS

A – Ladysmith Chemainus Chronicle – “A brief history of our city halls” by Ed Nicholson, March 22, 2016.

² Community Charter s.179 & 180

LADYSMITH CHEMAINUS CHRONICLE

A brief history of our city halls

Ed Nicholson

Mar 22, 2016 7:00 PM



The opening address at the present city hall by Mayor Len Ryan in 1952.

In February of 1902, a group of local businessmen met in the Checkers Room of the Grand Hotel to form the Ladysmith Board of Trade. They wanted to incorporate Ladysmith as quickly as possible so that the new city would rival Nanaimo. They discussed the need for a water and sewer system, electric lighting and a cemetery for the new city. They also decided where the civic centre of Ladysmith would be located.

James Dunsmuir supported incorporation, but did not want his industrial facilities included within municipal boundaries. Nor did the owners of the smelter and several other employers including future mayor John Coburn.

After canvassing local businesses and property owners, a decision was made to petition the Provincial government. Despite the fact that Newcastle provincial riding had elected a socialist MLA, the Conservative government of Richard McBride agreed and letters patent were issued on June 3, 1904.

Elections were quickly held in the Oddfellow's Lower Hall. Mayor John Coburn who had served previously as Mayor of Wellington, was a logical choice for Ladysmith's first Mayor. He was joined by Aldermen Dan Nicholson, Murdoch Matheson, Henry Blair, William Beveridge and George Haworth. All positions, including City Clerk and Police Constable were elected by acclamation. (In fact, until January of 1908, no vote was necessary in a Ladysmith City election!)

The first meeting of the new city council was held in the recently built Oddfellows Hall. Meetings were held here or in the Grand Hotel Checkers Room until, in October of 1904, Council purchased a lot at 207 Roberts Street. William Nicholas was hired to draw up plans for a combination City Hall, Jail and Fire Station. Downstairs held the fire hall, two jail cells and a bedroom for an attendant. The Upper floor contained a 23 by 35 foot area for the Council Chambers. This area also served as a court room after the city appointed a magistrate in 1905.

This building was used as City Hall until 1917 and continued as the Fire hall until the Safety Building on Dogwood Drive was constructed in 1973. Later, the building at 207 Roberts was used for many years by the Fraternal Order of Eagles, who renovated the interior and took down the hose drying chamber. Today it is a private residence.

However, Ladysmith's service needs were growing rapidly, and the elected officials realized there was a need for a new location in which to conduct the city's business. In 1917, Mayor Pannell informed electors that the Fire Department required more space in the existing building and other municipal services should be relocated to a new common area.

The council began a search for a new home. As it turned out, the answer was less than a block away. For a number of years, the Grand Hotel at the corner of Roberts and Esplanade had been in financial

difficulty from both the loss of business during the Coal Strike and a requirement to make structural changes to the hotel due to changes in the provincial liquor laws. In August of 1917, owner William Beveridge agreed to sell the old hotel to the council for the sum of \$600 plus the cancellation of back taxes. After purchasing the Grand, the building was renovated to contain the civic chambers, the city clerk's office, the jail, the library, a morgue, and later a public health clinic.

This arrangement lasted until 1951, when the steadily increasing population of Ladysmith had outgrown the ability of the repurposed hotel to serve the municipal requirements of a modern town. Town Council presented a plan for a new Municipal Building immediately behind the existing site which would cost the town \$45,000. It called for a one-storey stucco building with a footprint of approximately 54 by 64 feet. The new structure would serve both as town hall and RCMP station, with the council chamber doubling as a court room. The Ladysmith Library also shared the building space.

On Wednesday, January 23, 1952, Mayor Len Ryan proudly opened the first meeting of city council in their new "spacious" chambers. In the 64 years since that meeting, Mayors Kay Grouhel, Bob Stuart, Frank Jameson, Alex Stuart, Rollie Rose, Rob Hutchins and Aaron Stone have all endured complaints about a crowded, stuffy council chamber with uncomfortable chairs and long winded local politicians.

Ed Nicholson is Board Chair of the Ladysmith Historical Society. With thanks to fellow society volunteer Harald Cowie, who provided research for this article.

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