

STAFF REPORT TO COUNCIL

Report Prepared By: Jake Belobaba, Director of Development Services
 Erin Anderson, Director of Financial Services

Reviewed By: Allison McCarrick, CAO

Meeting Date: February 6, 2024

File No: 0760-20/4200-20

Re: **Buller Street Revitalization Project-Construction Contract and Lease Agreement**

RECOMMENDATION:

That Council:

1. Authorize sole-source procurement pursuant to purchasing policy 5-1790-D with Catalyst Developments for the non-residential component of the Buller Street Revitalization Project described in the February 6, 2024 report to Council; and
2. Direct staff to finalize:
 - a. a construction contract with Catalyst Developments for the non-residential component of the Buller Street Revitalization Project;
 - b. a long-term lease agreement with Catalyst Developments for the provision of the housing component of the Buller Street Revitalization Project; and
 - c. bring back the proposed contracts for Council’s consideration.

EXECUTIVE SUMMARY:

This report seeks direction from Council to finalize contractual agreements necessary to commence work on the Buller Street Revitalization Project and make the project eligible for BC Builds Funding. Advancing project planning and design work will support the Alternative Approval Process, by providing the public with more information about the project.

PREVIOUS COUNCIL DIRECTION:

Resolution	Meeting Date	Resolution
CS 2024-015	2024-01-23	That Council receive for information the report dated January 23, 2024, regarding the Buller Street Revitalization Project.
CS 2024-005	2024-01-09	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.
CS 2015-249	2015-07-06	That Council:



Resolution	Meeting Date	Resolution
		<ol style="list-style-type: none"> 1. Enter into a loan agreement with the Municipal Finance Authority for an amount up to \$920,000 for a maximum period of 5 years, ending in July 2020, to purchase the properties located at 721 First Avenue, 12 Buller Street, 20 Buller Street, and 26 Buller Street, Ladysmith, as authorised by section 175 of the Community Charter; 2. Acknowledge that, in accordance with section 175 of the Community Charter, the term of this loan may not be extended without the approval of the electors; and, 3. Amend the Financial Plan accordingly.

INTRODUCTION/BACKGROUND:

The Buller Street Properties:

In 2015, the Town purchased the Buller Street properties from the Ladysmith & District Credit Union with the intention of developing a new city hall. The site is currently comprised of four separate parcels (one of which hosts the Museum) totaling 0.27ha. The site is zoned Downtown Commercial (C-2), and allows a six storey, mixed-use building and Floor Space Ratio (FSR) of 3.3. A variety of non-residential uses are permitted on the site and residential is permitted above the first storey fronting 1st Avenue and/or at grade along Buller Street.

Project Planning to date:

In 2016, the Town commissioned a report from Process Four (Attachment A)¹ to support “strategic decisions about the redevelopment of City Hall and the proposed inclusion of a Library” on the Buller Street properties. A supplementary report from Urban Systems (Attachment B) was commissioned in 2020 to update parameters of the Process Four Report, examine alternative sites and explore the option of adding housing to the project. These reports were preliminary, and drafted with the expectation that the report parameters would be reevaluated and updated over time and as the project progressed. Should the Buller Street Revitalization Project proceed, a number of recommendations and parameters of the reports will need to be disregarded or reexamined including:

- Preliminary estimates: Both reports are based on a broad range of point-in-time assumptions such as population growth, interest rates, construction costs, staffing, etc. Even since 2020, many of these parameters have changed, in some cases significantly (e.g. construction costs and interest rates).
- Assumptions on organizational makeup: The reports predate the Town bringing IT support in-house² and assume engineering will be relocated to City Hall. Engineering works closely with both Public Works and Development Services and these relationships have changed significantly due to organizational and technological

¹ The Process Four report has been redacted to remove confidential HR information.
² Until 2021, the Town contracted with the District of North Cowichan for IT support.

change. Engineering's role in essential service delivery and recovery following a disaster is also a consideration for their place of work (see below).

- Post-disaster construction: The Process Four report assumes City Hall will be constructed to a post-disaster standard³. This has significant implications for construction costs, especially if residential development is included in the project as proposed, because both components would likely need to be built to a post-disaster standard⁴. Because emergency preparedness and workplace technology has evolved significantly, business continuity requirements need to be reexamined before deciding on post-disaster construction.
- Zoning: As noted below, zoning for the Buller Street site has recently changed to align with the new OCP. In both reports, zoning parameters (e.g. floor space ratio, lot coverage, setbacks, height) are out of date.
- Parking: Parking requirements referenced in both reports are out of date. Parking standards were recently changed to reflect the new OCP. On the Buller Site, no parking spaces are required for non-residential uses and cash-in-lieu for up to 50% of required residential parking is allowed. There are also new parking requirements for bike parking and end of trip facilities. Additionally, neither report examines the availability of street parking in the area. The Downtown parking utilization study under Policy 2.33 of the OCP is expected to be complete later this year and will provide useful information in this regard. Parking requirements will need to be reexamined when design work commences.
- Inclusion of residential: The Process Four report does not examine the possibility of residential in conjunction with City Hall. Subsequently, the various building configurations described in the report are largely inapplicable.
- Existing City Hall Building: The Process Four report predates upgrades to the Building Envelope and HVAC system in the existing City Hall building. These renovations have addressed most of the issues noted in the report related to the condition of the building. Additionally, the Urban Systems report considered the option to sell the current City Hall. Currently, other options are being explored for this site and staff expect to report back to Council on these efforts by the end of March.

³ Generally speaking, a post-disaster building is designed to function, and be safe for reoccupation, immediately following an earthquake.

⁴ Under the BC Building code, neither City Halls nor apartment buildings are required to be built to a post-disaster standard. Generally speaking, these buildings need only be designed to allow occupants to safely evacuate, with no requirement for immediate reoccupation and reuse. It follows that if City Hall is built to a post-disaster standard, structurally integrated residential units would need to be designed so as to not jeopardize City Hall following an earthquake (e.g. by collapsing on City Hall during an aftershock.)

- Process improvements: The Process Four Report explores a number of operational changes at City Hall to improve efficiencies. Staff incorporated many of the streamlining process and worked with the Town auditors to ensure the suggested improvements meet PSAB standards.
- Library: Both reports explore the possibility of a Library in conjunction with City Hall. As noted below, this remains a possibility under the current proposal, however VIRL is not a confirmed project partner at this time.
- Machine Shop and Public Works Locations: The Urban Systems report considers these locations as options for inclusion with a new City Hall. Housing proposals in these locations would be more challenging, and these sites present significant opportunity cost (i.e. they are needed for other tenants/uses which are likely to expand in the future). Subsequently, these locations are not being considered under the current proposal.

Provincial Housing Programs:

The Premier and Minister of Housing have spoken publicly about a new provincial program coming called BC Builds which will be “dedicated to delivering more homes for middle-income households.” The details of the program are expected to be announced in early 2024.

A key piece of the program is for local governments to provide land; either in the form of vacant or underutilized sites or through partnerships where housing is built in conjunction with municipal facilities and to work together to start the construction of rental housing quickly.

Catalyst:

Catalyst is a not-for-profit development group that develops, owns, and operates affordable rental housing across BC. They specialize in partnerships with municipalities, non-profits, charities and other institutional and private owners. Catalyst has the capacity to manage all aspects of development as either a partner or consultant. Catalyst reinvests projects’ revenues to increase rental affordability, typically offering rents that are 10-40% below market. More information on Catalyst is available at: <https://catalystcommdev.org/>

The Town has been working with the Province and Catalyst to be prepared and ready to participate in the the BC Builds program when it is implemented.

PROPOSAL:

The proposed project would include approximately 95 rental housing units atop approximately 25,000 ft², of non-residential space containing a new City Hall. Under this scenario, non-residential space not needed for City Hall can be provided to one or more other tenants selected by the Town at a later date. This could be a library or another institutional use or a commercial use chosen by the Town. The project is expected to fit within most (if not all) zoning parameters. The current zoning (which was recently changed to align with the new OCP) allows a gross total floor area of 8,850m² (95,230 ft²).

Staff are seeking direction to finalize lease and construction agreements with Catalyst so as to prepare the residential portion of the project in anticipation of the announcement of BC Builds. Exact details of the agreements still need to be finalized. However, generally speaking they are expected to operate as follows:

1. Catalyst would be responsible for constructing the entire facility, including design and construction management, and subject to Town approvals at key project milestones.
2. Construction and design costs would be apportioned based on the separate components of the project (i.e. the Town would cover costs attributable to the non-residential component and Catalyst would cover costs attributable to the residential component).
3. Catalyst will be eligible for provincial financing for the housing portion of the development and enter agreements with the province for this purpose.
4. The Town would grant a long-term lease or similar arrangement to Catalyst for the residential component of the project. The non-residential and residential components would be operated and maintained separately, as separate real-estate entities or through contractual arrangements.

Staff are working with Catalyst, the Province and the Town's lawyer to draft the necessary agreements, which will be brought back to Council for approval. Agreements would be contingent on the Town obtaining the necessary approvals (e.g. a successful Alternative Approval Process).

ANALYSIS

Concentrating growth in the Downtown and housing are top priorities of the Town's Official Community Plan and pressing issues in Ladysmith.

For housing, the Town does not have the financial capacity to provide housing without support from the province, and the partnership with Catalyst and the Province provides an opportunity to leverage existing and future assets to provide housing at no additional cost to the Town. Catalyst has had a number of successful projects throughout BC and it is reasonable to expect that these homes will be provided to those in need of them at rents that are affordable to middle income working people in Ladysmith.

Redeveloping the Buller Street site and maximizing the mix of uses and density on the site will contribute to the redevelopment of the Downtown. Staff, customers and residents of the facilities will contribute significantly to the Downtown economy which will further drive growth and redevelopment of the Downtown.

The Town is in urgent need of both a new City Hall and housing. Moving quickly to secure partnerships to capitalize on BC Builds funding will extend the benefits of this project, without requiring the Town to take on additional debt, risk or project costs.

ALTERNATIVES:

Council can choose to:

1. Seek other partners for the Buller Street Revitalization Project.
2. Terminate the Buller Street Revitalization Project.
3. Specify another course of action.

FINANCIAL IMPLICATIONS:

Financial Implications of the project are discussed in the January 9, 2024, report seeking authorization to initiate the Alternative Approval Process (AAP).

LEGAL IMPLICATIONS:

The Town’s solicitor will be involved in drafting the necessary contracts.

CITIZEN/PUBLIC RELATIONS IMPLICATIONS:

Community engagement will occur as part of the AAP. By endorsing the above recommendation, design and project planning work can advance prior to the conclusion of the AAP, providing residents with greater detail as to the features and design of the proposed project.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS:

Development Services, Facilities, Finance and Communications are working jointly on the Buller Street Revitalization Project.

ALIGNMENT WITH STRATEGIC PRIORITIES:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Core Infrastructure | <input checked="" type="checkbox"/> Economy |
| <input checked="" 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 recommendations.

Allison McCarrick, Chief Administrative Officer

ATTACHMENTS:

- A. Process Four Report
- B. Urban Systems Report

City Hall Optimization Project

Summary Document

Attachment A



PROCESS FOUR...

APRIL 2016

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INTRODUCTION

This document has been prepared in order to consolidate information generated to date, in planning for the redevelopment of Ladysmith City Hall. This document is organized into 5 main parts, comprising this INTRODUCTION and

- **SUMMARY OF PARAMETERS:** extracts key information from the body of the document. This portion of the document is intended for the reader seeking a broad understanding of the parameters, or limits, within which this project is being proposed.
- **PARAMETERS- DETAIL:** for those who wish to understand the rationale and more detailed assumptions from which the parameters are derived. Decision-makers should at least be aware of the kind of information contained in this portion of the document.
- **SPACE LIST:** a space-by-space listing, along with area allocations for each space, quantifies the facilities being proposed at a detailed level.
- **STREAMLINING-**

The information in this document is intended for use in making strategic decisions about the redevelopment of City Hall and the proposed inclusion of a Library. Key assumptions should be reviewed and verified at each point in the decision-making process



SUMMARY OF PARAMETERS

As a planning tool, this document and associated decision support model establish a number of parameters within which this project will proceed. Any changes significantly affecting these outlined parameters must be examined for their impacts on other parameters, including costs. Decisions about modifying assumptions and/or parameters should be made before proceeding to subsequent steps in planning and design.

DEMAND

There are a range of drivers of service demand

PARTICIPANTS

There are 2 participant organizations planned for inclusion in the project. They are

- City Hall; and
- Library.

CITY HALL

Service delivery is significantly compromised, as staff are forced to work in substandard conditions. In compensating for facility age, inadequate infrastructure, and lack of space, staff spend unnecessary time and effort in conducting their work. Lack of space has also forced Development Services to be located in leased space several blocks away from City Hall. Engineering services are located at the Works Yard, which means people must often travel among three locations in securing the services they need.

The project, as proposed, will offer

- One Stop Shopping- will expedite the delivery of services for people coming to City Hall;
- Retail- space for a small ‘coffee kiosk’ type of operation has been included as an informal complement to City Hall and the Library;
- Post Disaster- residents will look to City Hall for support and leadership in coping with disasters;
- Streamlining- staff continue to reduce elapsed time, redundant steps, and staff time required to meet the range of requests for service;
- Repatriate Departments- current planning assumes the repatriation of Development Services and Engineering with the rest of City Hall departments; and

LIBRARY

- VIRL (Vancouver Island Regional Library) is anticipating development of a new library on the same site.

SUMMARY

TARGET YEARS

The concept of ‘Target Years’ is used in planning for the future. The specific year is of less importance than calculated demand and capacities.

	Baseline	Mid-term	Long Term
Target Year	2014	2020	2035
Target Year for Construction	2017		
Target Year for Costs	2015		

POPULATION

The primary driver of demand is population. The following table outlines assumptions about Ladysmith population over the mid- to long-term.

	Baseline	Mid-term	Long Term
Target Year	2014	2020	2035
Population- LHA	18,332	19,679	22,442
Ladysmith Municipal	8,167	9,337	11,149
% of LHA	45%	48%	50%

STAFFING

Facility requirements for City Hall are organized into *Components*. Components are the building blocks for facility planning, and are defined as

***Component:** a group of people and/or spaces that must be kept together when locating them within a building.*

They reflect a functional organization of people and space, and often are the same as organizational units. The following table outlines the distribution of Ladysmith staff and space into planning components. Not all components listed below are included in City Hall planning, but are listed as part of overall staffing projections.

Component: Included Staff	2014	2020	2035	Excluded
Front of House	2	2.29	2.73	-
Council Chambers	-	-	-	-
Administration	6	6.88	8.20	-
Financial Services	7	8.03	9.57	-
Engineering	4	4.57	5.46	-
Staff Support	-	-	-	-
Building Support	-	-	-	-
Finance Storage	-	-	-	-
Administration Storage	-	-	-	-
Development Services	6	6.90	8.20	-
Public Works- Subtotals	24	22.86	27.29	-
Recreation- Subtotals	7	8.01	9.57	37
Parks- Subtotals	2	2.29	2.73	-
	58	61.83	73.74	37



SUMMARY

STAFFING- continued

Head Count- the following table lists staff to be included in the proposed facility, as well as Mayor and Council.

Component: Workplace HC	2014	2020	2035	EmpList
Front of House	2	2.3	2.7	2.0
Council Chambers	-	-	-	-
Administration	13	13.9	15.2	6.0
Financial Services	7	8.0	9.6	7.0
Engineering	3	4.6	5.5	4.0
Development Services	6	6.9	8.2	6.0
Staff Support	-	-	-	-
Building Support	-	-	-	-
Finance Storage	-	-	-	-
Administration Storage	-	-	-	-
	31	35.7	41.2	25.0
Note 1: HC- Head Count				
Note 2: Administration incl Mayor & Councillors				

FACILITIES

COMPONENT AREAS

Area Allocations for each of the participant organizations are summarized in the table following. It should be noted that VIRT area allocations differ very little between ‘NASF’ and ‘BGSF’. This reflects differences in approach to area allocations at this stage of planning. Facilities will be planned for calculated 2020 capacities.

Component Areas	NASF- 2020	BGSF- 2020	NASF- 2035	BGSF- 2035
<u>City Hall Components</u>				
Front of House	1,815	2,832	1,845	2,878
Council Chambers	1,172	1,829	1,172	1,828
Administration	1,896	2,958	2,054	3,204
Development Services	1,124	1,753	1,642	2,561
Financial Services	1,142	1,782	1,303	2,033
Engineering	639	997	877	1,368
Staff Support	681	1,062	681	1,062
Building Support	950	1,482	950	1,482
Finance Storage	900	1,404	900	1,404
Administration Storage	1,112	1,735	1,112	1,735
Retail	500	780	500	780
Subtotal City Hall	11,931	18,614	13,035	20,335
<u>Library Components</u>				
Library- Public Use	7,665	7,895	7,665	7,895
Library-Entry/Circulation	705	726	705	726
Library- Processing	1,803	1,857	1,803	1,857
Subtotal Library	10,173	10,478	10,173	10,478
NASF- Net Assignable Square Feet: excludes all circulation, walls and service space.				
BGSF- Building Gross Square Feet: includes all area within outside surface of exterior walls.				



SUMMARY

FACILITIES- COMPONENT AREAS- continued

There is little difference between City Hall area allocations for 2020 and 2035, as current assumptions anticipate staffing to increase by 6 people. There is minimal impact on overall support space from such a small staff increase.

There is no difference between Library area allocations for 2020 and 2036.

STANDARDS

Space and corresponding area allocations will be based on standardized *Workplace* and *Ancillary* spaces. The workplace allocations for Ladysmith staff have been established in consideration of provincial standards (GOSS- Government Office Space Standards), but are generally smaller in area for corresponding position types. The following table outlines proposed allocations, rationale, and furnishing capacities for each workplace type.

Enclosed/Open- ft ²	Remarks
Enclosed 150	150 Mayor and City Manager. Same as EA- 13.9, despite functional similarities to Assistant Deputy Minister (EA- 22.5) <i>6' desk, credenza + 4 ancillary</i>
Enclosed 140	140 Director (or equivalent). Lower than GOSS allocation for this position type at EA- 13.9 <i>3 worksurfaces + 6 ancillary</i>
Enclosed 120	120 Functional justification for privacy needs <i>2 worksurfaces + 5 ancillary</i>
Enclosed 100	100 Functional justification for privacy needs <i>2 worksurfaces + 3 ancillary</i>
Open 70	70 Supervisor or Clerical <i>2 worksurfaces + .5 ancillary</i>
Homebase	40 Inspectors and other staff who spend the majority of their time in the field. <i>1 worksurface</i>



SUMMARY

PARKING

Current assumptions about the site and parking are theoretical and must be ‘tested’ through the preparation of concept drawings, but it is anticipated that some 26 stalls will need to be provided off-site. The cost of surface parking on additional property purchased nearby is significantly more economical than structured parking on-site.

City Hall- it is assumed that 23stalls are provided off-site based on preliminary site capacity calculations described later in this document.

Parking Assumptions- City Hall		2020
Struct Pkg	No	
Staff Parking	64% of staff	0 stalls
Staff- Structured		0 stalls
Visitor Parking		6 stalls
Visitor- Structured		0 stalls
Loading Stalls		1 stalls
Pay in Lieu	50% of stalls	29 stalls
Parking- Offsite- City Hall		23 stalls
#Parking Spaces (By-law)		58 stalls

Library- it may be possible to provide 3 stalls for staff parking off-site, but visitor stalls will all need to be located on-site for easy access.

Parking Assumptions- Library		2020
Struct Pkg	No	
Staff Parking	100% of staff	0 stalls
Staff- Structured		0 stalls
Visitor Parking		13 stalls
Visitor- Structured		0 stalls
Loading Stalls		1 stalls
Pay in Lieu	50% of stalls	17 stalls
Parking- Offsite- Library		3 stalls
#Parking Spaces (By-law)		33 stalls



SUMMARY

SITE

The proposed site is located at First Avenue and Buller Street in Ladysmith.



DESCRIPTION

There are 4 adjacent lots, 721 First Avenue, 12, 20, and 26 Buller Street, aligned as shown in the following diagram with total site dimensions of 120 feet by 240 feet.



SUMMARY

SITE- DESCRIPTION- continued

The proposed site slopes away from 1st Avenue, downwards along Buller away from the intersection at 1st towards the Island Highway. Access from Buller is about one storey below the elevation along 1st Avenue near the last of the four lots that make up the site.

- Level 1 defined as the level of 1st Avenue;
- Level 0 is then accessible directly from Buller; and
- Level 2 is the second storey above Level 1.

In addition

- **Individual lot sizes-** each of the four lots is 60' x 120'
- **Zoning-** the site is zoned C-2 Downtown Commercial
- **Existing Buildings-** there are buildings on the properties requiring demolition
- **Natural Light-** as the site slopes away from First Avenue, any space on Level 0 along the first half or more of the distance along Buller would not have access to natural light.

STACKING

For the purposes of this document, three 'Stacking Scenarios' are outlined. They serve to provide a sense of the capacity of the proposed site, as well as to raise some key issues that must be resolved. These and other scenarios must be explored through concept layouts before subsequent planning and design proceed.

In all scenarios:

- The floor space ratio of 1.00 allows up to 28,800 sq ft of building space, and current allocations are calculated at just over 29,000 sq ft, which may require a variance, depending upon efficiency of building design;
- Any on-site parking would be accommodated at the lower portion of the site at Level 0;
- Elevator access will likely be required to and from Level 0
- The site is too small to accommodate required parking, so off-site parking on a nearby location is assumed; and
- Structured parking would add significantly to project costs.



SUMMARY

SITE- STACKING- continued

Scenario One

Scenario One locates the Library on Level 1, along with the Front of House, Council Chambers, and Retail components of City Hall. This provides these components with pedestrian access from First Avenue. City Hall storage and building support spaces are located on Level 0, with the balance of City Hall components on Level 2.

Building Stack	Stack 1		BGSF	
Total Stacked (BGSF)			29,092	
Facility Program- Stacked				
<u>Level 0</u>			4,621	16%
<u>Level 1</u>			15,919	55%
<u>Level 2</u>			8,552	30%

BGSF- Building Gross Square Feet: includes all area within outside surface of exterior walls.

This raises a number of points to consider

- Level 1 area exceeds Level 0 by more than 11,000 sq ft which, with the sloping site, is not an appropriate distribution of space among building levels
- City Hall storage components are on a different level than the components they support.

Scenario Two

This scenario locates the Library on Level 0, with the balance of City Hall components on Level 1.

- Level 0 and Level 1 areas are about the same;
- Library access from visitor parking is at the same level
- Front of House would be on the same level as the components which support the majority of requests for service

Building Stack	Stack 2		BGSF	
Total Stacked (BGSF)			29,092	
Facility Program- Stacked				
<u>Level 0</u>			15,099	52%
<u>Level 1</u>			13,993	49%

BGSF- Building Gross Square Feet: includes all area within outside surface of exterior walls.



SUMMARY

SITE- STACKING- continued

Scenario Three

Similar to Scenario One, the Library, Retail, Front of House, and Council Chambers components of City Hall are all on Level 1. The balance of City Hall components are on Level 0.

Building Stack	Stack 3		BGSF	
Total Stacked (BGSF)			29,092	
Facility Program- Stacked				
Level 0			17,834	62%
Level 1			11,258	39%

BGSF- Building Gross Square Feet: includes all area within outside surface of exterior walls.

Point to consider include

- Calculated areas indicate the count of on-site visitor parking stalls may not fit
- There may not be sufficient building perimeter above grade to provide natural light for staffed workplaces.

RELATIVE COSTS

In addition to building area and site parameters, the relative costs of partial and overall portions of the outlined project are outlined for consideration.

Building Area Summary	Combined	City Hall	Library
NASF	22,104	11,931	10,173
BGSF	29,092	18,614	10,478
Building Construction	\$ 8,631,665	\$ 5,398,034	\$ 3,233,631
Parking Construction	\$ 260,258	\$ 142,081	\$ 118,177
Site Construction	\$ 933,324	\$ 618,984	\$ 314,340
Other Construction	\$ 1,277,282	\$ 800,683	\$ 476,599
Subtotal Construction Costs	\$ 11,102,529	\$ 6,959,782	\$ 4,142,747
Project Cost in 2015		\$ 9,882,369	\$ 5,882,390
Escalation		\$ 642,354	\$ 382,355
Project Cost in 2019	\$ 16,789,468	\$ 10,524,723	\$ 6,264,745

NASF- Net Assignable Square Feet: excludes all circulation, walls and service space.

BGSF- Building Gross Square Feet: includes all area within outside surface of exterior walls.



PARAMETERS- DETAIL

This portion of the document provides more detailed information about the proposed parameters for the project. Parameters are described in terms of

- DEMAND- is based on assumptions about the participant organizations to be included and the factors affecting service demands on each;
- FACILITIES- the spaces and areas required to accommodate calculated demand;
- SITE- the land required for facilities and supporting site elements; and
- RELATIVE COSTS- a summary of costs to inform decisions about the project and its parts. As relative costs, they allow decision-makers to understand the impacts of changes to key assumptions.

All calculations for this project are extracted from a '*decision support model*', a spreadsheet-based tool which allows decision-makers to test changes in key assumptions. This provides a broader base from which to make decisions, in understanding the impacts of change. It also simplifies incorporating operational and facility changes that take place over time.

DEMAND

This portion of the document identifies the participant organizations and describes the factors affecting space and area allocations for each, including

- PARTICIPANTS;
- TARGET YEARS;
- POPULATION; and
- STAFFING.

PARTICIPANTS

There are 2 participant organizations planned for inclusion in the project. They are

- City Hall; and
- Library.

PARAMETERS

CITY HALL

The existing City Hall falls far short of meeting current needs. People looking for services must find their way among three different locations. There is insufficient space for effectively serving customers, and workplaces are overcrowded. The shortages in space as well as how they are organized require staff to expend unnecessary time to accomplish their work. Wiring, both electrical and communications, are at the limits of what patchwork measures can do for a building constructed in a different era. They also represent risks not acceptable in a modern city hall. The workplace environment, including air quality, also falls far short of current standards.

Current assumptions include a range of direct and indirect provisions for service demands, including

- One Stop Shopping- municipalities are increasingly working to reduce the number of stops required by people coming to city hall. Current facilities require people to go to multiple locations as well as make multiple trips;
- Retail- space for a small ‘coffee kiosk’ type of operation has been included as an informal complement to City Hall and the Library;
- Post Disaster- residents will look to City Hall for support and leadership in coping with disasters;
- Streamlining- staff continue to reduce elapsed time, redundant steps, and staff time required to meet the range of requests for service. These ‘Streamlining’ initiatives will free up staff time, which is then reallocated to new or improved services; and
- Repatriate Departments- current planning assumes the repatriation of Development Services and Engineering with the rest of City Hall departments. Efficiencies achieved through proximity, better facilities, staff communication and teamwork will translate to better service.

LIBRARY

The Vancouver Island Regional Library (VIRL) is anticipating redevelopment of the existing library in Ladysmith. It is currently anticipated that Library and City Hall space will be co-located. Ownership/financial arrangements as well as organization of building elements have yet to be established. Preliminary assumptions about size and budget are based on population projections, and will be revisited in subsequent stages of planning and design.

PARAMETERS

TARGET YEARS

The concept of ‘Target Years’ is used in planning for the future. The specific year is of less importance than calculated demand and capacities. Population is the primary driver of calculated demand, and while there is uncertainty about the exact year population targets will be reached, they represent reasonable milestones. Five ‘Target Years’ have been identified for this project.

	Baseline	Mid-term	Long Term
Target Year	2014	2020	2035
Target Year for Construction	2017		
Target Year for Costs	2015		

Baseline- a current context in terms of staff and facilities serves as a comparative context for future demand. As indicated in the preceding table, 2014 is the baseline year. If significant time passes or changes are implemented prior to subsequent stages in planning and design, baseline data should be reviewed and updated.

Mid-term- 2020 has been selected as the target year for which staff and facilities are calculated. It is important to emphasize that 2020 simply sets a theoretical capacity for the facility. Actual growth and operational changes will determine when the facility reaches its true capacity. Part of that process will likely involve ‘crowding’ as found in current conditions.

Long Term- population projections to the year 2035 are used to provide an understanding about the degree of growth anticipated over the long term. At current per capita staffing levels, growth beyond the facility capacity in 2020 should be readily accommodated without expansion.

Target Year for Construction/Target Year for Costs- these are used to establish an understanding of the impact of escalation on project costs.



PARAMETERS

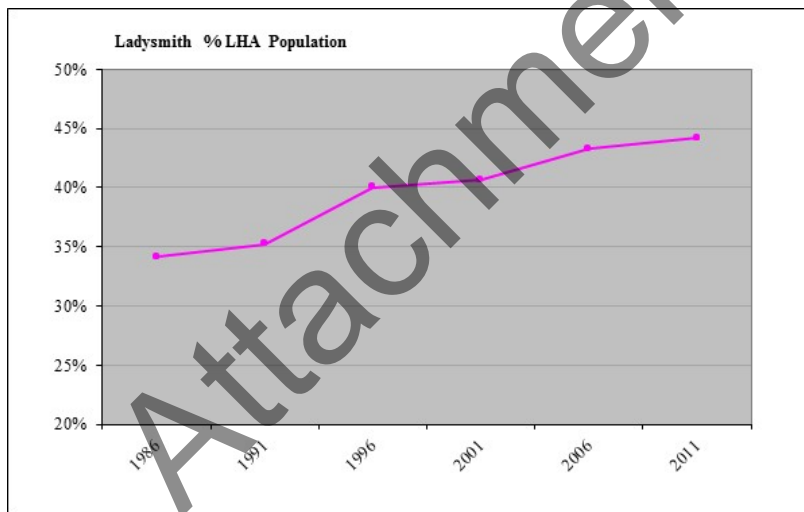
POPULATION

The primary driver of demand is population. The following table outlines assumptions about Ladysmith population over the mid- to long-term.

	Baseline	Mid-term	Long Term
Target Year	2014	2020	2035
Population- LHA	18,332	19,679	22,442
Ladysmith Municipal	8,167	9,337	11,149
% of LHA	45%	48%	50%

Projections are based upon P.E.O.P.L.E. 14¹, the 2014 version of a projection model prepared by StatsBC. As the level of detail only extends to the Local Health Area (LHA); census data is used to establish Ladysmith population as a % of LHA population. The following table and chart illustrate the growth in Ladysmith population in terms of people as well as percent of LHA population.

<u>Population- Historical</u>						
Census Year		1991	1996	2001	2006	2011
	Ladysmith Municipal	13,838	16,145	16,200	17,432	17,930
	% of LHA	35%	40%	41%	43%	44%



Current assumptions are that % of LHA population will continue to increase to

- 48% by 2020; and
- 50% by 2036.

As noted earlier, as this information is integrated into a decision support model, assumptions can be modified to understand the impacts of change. For example, the base population model can be updated with the latest version of the PEOPLE model, or assumptions about % of LHA can be modified.



¹ P.E.O.P.L.E. 14 (Population Extrapolation for Organizational Planning with Less Error; StatsBC

PARAMETERS

STAFFING

In calculating staff required to meet future service demand, existing staff were organized in terms of ‘departmental groups’. These groupings tend to reflect a community’s emphases in service delivery. The following table summarizes existing and future staffing.

Staffing	Included			Excluded
Departmental Groups- Included	2014	2020	2035	2014
Management, Support & Elected	15	17.2	20.5	-
Planning & Development	6	6.9	8.2	-
Parks, Recreation, & Culture	9	10.3	12.3	37
Works & Utilities	28	32.0	38.2	-
Subtotal Staff	58	66.4	79.2	37

*Excluded staff are those who work at venues such as pools, community centres, etc.

A comparison of staffing across communities appears to show relatively consistent patterns, when some ‘mandate areas’ are excluded

- Venues such as pools, community centres, et cetera are excluded as there are significant variations in the range and type of facilities supported, as well as differences in how they are operated. For example, societies and non-profit groups operate many community facilities;
- Utilities- the degree to which individual municipalities operate utilities such as wastewater, electrical, and gas precludes comparisons; and
- Police and Fire- funding mechanisms, regional responsibilities, and use of volunteer firefighters varies significantly across jurisdictions.

While demographics and changing community expectations will also affect service delivery decisions, it is assumed that such changes will be made within per capita rates of staffing similar to current rates. The following table outlines current and future per capita staffing by departmental group and the pro-rated distribution of staff by Department.

Departmental Group- Included Staffing per thousand population	2014	2020	2035	Excluded
Management, Support & Elected	1.84	1.84	1.84	-
Planning & Development	0.74	0.74	0.74	-
Parks, Recreation, & Culture	1.10	1.10	1.10	4.53
Works & Utilities	3.43	3.43	3.43	-
Per Capita Staffing- Included	7.10	7.10	7.10	4.53
Department	2014	2020	2035	Excluded
Administration	15	17.20	20.50	-
Development Services	6	6.90	8.20	-
Public Works	28	32.00	38.20	-
Recreation	7	8.01	9.57	37
Parks	2	2.29	2.73	-
	58	66.40	79.20	37



PARAMETERS

STAFFING BY COMPONENT

Facility requirements for City Hall are organized into *Components*. Components are the building blocks for facility planning, and are defined as

Component: *a group of people and/or spaces that must be kept together when locating them within a building.*

They reflect a functional organization of people and space, and often are the same as organizational units. The following table outlines the distribution of Ladysmith staff and space into planning components, prorated to future totals. Not all components listed below are included in City Hall planning, but are listed as part of overall staffing projections.

Component: Included Staff	2014	2020	2035	Excluded
Front of House	2	2.29	2.73	-
Council Chambers	-	-	-	-
Administration	6	6.88	8.20	-
Financial Services	7	8.03	9.57	-
Engineering	4	4.57	5.46	-
Staff Support	-	-	-	-
Building Support	-	-	-	-
Finance Storage	-	-	-	-
Administration Storage	-	-	-	-
Development Services	6	6.90	8.20	-
Public Works- Subtotals	24	22.86	27.29	-
Recreation- Subtotals	7	8.01	9.57	37
Parks- Subtotals	2	2.29	2.73	-
	58	61.83	73.74	37

Head Count- the following table lists staff to be included in the proposed facility, as well as Mayor and Council.

Component: Workplace HC	2014	2020	2035	EmpList
Front of House	2	2.3	2.7	2.0
Council Chambers	-	-	-	-
Administration	13	13.9	15.2	6.0
Financial Services	7	8.0	9.6	7.0
Engineering	3	4.6	5.5	4.0
Development Services	6	6.9	8.2	6.0
Staff Support	-	-	-	-
Building Support	-	-	-	-
Finance Storage	-	-	-	-
Administration Storage	-	-	-	-
	31	35.7	41.2	25.0
Note 1: HC- Head Count				
Note 2: Administration incl Mayor & Councillors				



PARAMETERS

FACILITIES

Facility parameters set the limits within which planning will address

- COMPONENT AREAS;
- STANDARDS; and
- PARKING.

COMPONENT AREAS

Area Allocations for each of the participant organizations are summarized in the table following. It should be noted that VIRT area allocations differ very little between ‘NASF’ and ‘BGSF’. This reflects differences in approach to area allocations at this stage of planning.

Component Areas	NASF- 2020	BGSF- 2020	NASF- 2035	BGSF- 2035
<u>City Hall Components</u>				
Front of House	1,815	2,832	1,845	2,878
Council Chambers	1,172	1,829	1,172	1,828
Administration	1,896	2,958	2,054	3,204
Development Services	1,124	1,753	1,642	2,561
Financial Services	1,142	1,782	1,303	2,033
Engineering	639	997	877	1,368
Staff Support	681	1,062	681	1,062
Building Support	950	1,482	950	1,482
Finance Storage	900	1,404	900	1,404
Administration Storage	1,112	1,735	1,112	1,735
Retail	500	780	500	780
Subtotal City Hall	11,931	18,614	13,035	20,335
<u>Library Components</u>				
Library- Public Use	7,665	7,895	7,665	7,895
Library-Entry/Circulation	705	726	705	726
Library- Processing	1,803	1,857	1,803	1,857
Subtotal Library	10,173	10,478	10,173	10,478
NASF- Net Assignable Square Feet: excludes all circulation, walls and service space.				
BGSF- Building Gross Square Feet: includes all area within outside surface of exterior walls.				

There is little difference between City Hall area allocations for 2020 and 2035, as current assumptions anticipate staffing to increase by 6 people. There is minimal impact on overall support space from such a small staff increase.

There is no difference between Library area allocations for 2020 and 2036.



PARAMETERS

STANDARDS

Space and corresponding area allocations will be based on standardized *Workplace* and *Ancillary* spaces. Position types for Ladysmith staff were compared for functional similarities against provincial government standards (GOSS- Government Office Space Standards) in arriving at proposed standards for Ladysmith.

Workplace- a *Workplace* may be an enclosed office or an open workstation, and includes one or more worksurfaces and may also include a number of ancillary furniture items. Within a workplace, ancillary furniture includes items such as chairs, tables, filing cabinets and bookcases. For planning purposes, these items will not be identified specifically until the design process is initiated.

Ancillary- despite the redundancy, the term *Ancillary* is also used for *shared furnishings*, equipment, and spaces *outside* of individual workplaces. These include not only the same kind of furnishings such as filing cabinets and bookcases, et cetera that are found in workplaces, but also include spaces like meeting rooms, storage, and other spaces shared by two or more people.

In planning for flexibility and improved functionality, it is important to identify and accommodate *shared* furniture and equipment separately from workplaces. Comparing area allocations to existing workplaces must take into consideration that bookcases and file cabinets might be more effectively used if kept in a location where others can easily access the material contained.

Area allocations are in *NASF- Net Assignable Square Feet*, which accounts for functional area only and excludes walls and circulation.

Workplace- GOSS

The acronym GOSS- Government Office Space Standards, describes provincial government standards for workplace allocations. They are used as a benchmark in generating appropriate area allocations for Ladysmith staff. The following descriptions summarize comparable positions and their workplace allocations:

Enclosed/Open- m ²	ft ²	Function
EA- 22.5	242	Assistant Deputy Minister
EA- 13.9	150	Director (or equivalent)
EA- 11.15	120	<i>Manager*</i>
OA- 9.3	100	Accounting Officer, <i>Administrative Officer*</i> , <i>Clerk*</i> , <i>Communications Officer*</i> , Manager, Executive Coordinator, <i>Executive Secretary*</i> , <i>Financial Officer*</i> , <i>Information Systems Analyst*</i> , Planning Officer, <i>Research Officer*</i> , Social Program Officer, <i>Systems Analyst*</i>
OA- 6.5	70	Administrative Officer, Clerk, Communications Officer, Executive Secretary, Financial Officer, Information System Analyst, Inspector, Office Assistant, Research Officer, Systems Analyst
OA- 4.5	50	Building Maintenance Worker, Shipper/Stockworker, Youth Employment Program

Note- italicized and asterisked position names require Deputy Approval or functional justification for larger area allocation*



PARAMETERS

Workplace- Ladysmith

The workplace allocations for Ladysmith staff have been established in consideration of GOSS allocations, but are generally smaller in area for corresponding position types. The following table outlines proposed allocations, rationale, and furnishing capacities for each workplace type.

Enclosed/Open- ft ²	Remarks
Enclosed 150	150 Mayor and City Manager. Same as EA- 13.9, despite functional similarities to Assistant Deputy Minister (EA- 22.5) <i>6' desk, credenza + 4 ancillary</i>
Enclosed 140	140 Director (or equivalent). Lower than GOSS allocation for this position type at EA- 13.9 <i>3 worksurfaces + 6 ancillary</i>
Enclosed 120	120 Functional justification for privacy needs <i>2 worksurfaces + 5 ancillary</i>
Enclosed 100	100 Functional justification for privacy needs <i>2 worksurfaces + 3 ancillary</i>
Open 70	70 Supervisor or Clerical <i>2 worksurfaces + 5 ancillary</i>
Homebase	40 Inspectors and other staff who spend the majority of their time in the field. <i>1 worksurface</i>
Transaction	60 Reception. May or may not be primary workplace for designated staff <i>2 worksurfaces</i>



PARAMETERS

PARKING

The following tables summarize parking assumptions for

- City Hall; and
- Library.

Both take full advantage of ‘Pay in Lieu’ provisions which reduce required parking by 50%.

Current assumptions about the site and parking are theoretical and must be ‘tested’ through the preparation of concept drawings, but it is anticipated that some 26 stalls will need to be provided off-site. The cost of surface parking on additional property purchased nearby is significantly more economical than structured parking on-site.

While it is the stated preference of VIRL is for the Library to be located on ‘Level 1’ with pedestrian access from 1st Avenue, any on-site parking would be at ‘Level 0’ and accessed from Buller at the end of the site away from 1st Avenue. The ‘Stacking’ description later in this document describes this issue in more detail.

City Hall- it is assumed that 20 stalls are provided off-site based on preliminary site capacity calculations described later in this document.

Parking Assumptions- City Hall		2020
Struct Pkg	No	
Staff Parking	64% of staff	0 stalls
Staff- Structured		0 stalls
Visitor Parking		6 stalls
Visitor- Structured		0 stalls
Loading Stalls		1 stalls
Pay in Lieu	50% of stalls	29 stalls
Parking- Offsite- City Hall		23 stalls
#Parking Spaces (By-law)		58 stalls

Library- it may be possible to provide 3stalls for staff parking off-site, but visitor stalls will all need to be located on-site for easy access.

Parking Assumptions- Library		2020
Struct Pkg	No	
Staff Parking	100% of staff	0 stalls
Staff- Structured		0 stalls
Visitor Parking		13 stalls
Visitor- Structured		0 stalls
Loading Stalls		1 stalls
Pay in Lieu	50% of stalls	17 stalls
Parking- Offsite- Library		3 stalls
#Parking Spaces (By-law)		33 stalls



PARAMETERS

SITE

The proposed site is located at First Avenue and Buller Street in Ladysmith.



DESCRIPTION

There are 4 adjacent lots, 721 First Avenue, 12, 20, and 26 Buller Street, aligned as shown in the following diagram with total site dimensions of 120 feet by 240 feet.



PARAMETERS

SITE- DESCRIPTION- continued

The proposed site slopes away from 1st Avenue, downwards along Buller away from the intersection at 1st towards the Island Highway. Access from Buller is about one storey below the elevation along 1st Avenue near the last of the four lots that make up the site.

- Level 1 defined as the level of 1st Avenue;
- Level 0 is then accessible directly from Buller; and
- Level 2 is the second storey above Level 1.

In addition

- **Individual lot sizes-** each of the four lots is 60' x 120'
- **Zoning-** the site is zoned C-2 Downtown Commercial
- **Existing Buildings-** there are buildings on the properties requiring demolition
- **Natural Light-** as the site slopes away from First Avenue, any space on Level 0 along the first half or more of the distance along Buller would not have access to natural light.

STACKING

For the purposes of this document, three 'Stacking Scenarios' are outlined. They serve to provide a sense of the capacity of the proposed site, as well as to raise some key issues that must be resolved. These and other scenarios must be explored through concept layouts before subsequent planning and design proceed.

In all scenarios:

- The floor space ratio of 1.00 allows up to 28,800 sq ft of building space, and current allocations are calculated at just over 29,000 sq ft, which may require a variance, depending upon efficiency of building design;
- Any on-site parking would be accommodated at the lower portion of the site at Level 0;
- Elevator access will likely be required to and from Level 0
- The site is too small to accommodate required parking, so off-site parking on a nearby location is assumed; and
- Structured parking would add significantly to project costs.



PARAMETERS

SITE- STACKING- continued

Scenario One

Scenario One locates the Library on Level 1, along with the Front of House, Council Chambers, and Retail components of City Hall. This provides these components with pedestrian access from First Avenue. City Hall storage and building support spaces are located on Level 0, with the balance of City Hall components on Level 2.

Building Stack	Stack 1		BGSF	
Total Stacked (BGSF)			29,092	
Facility Program- Stacked				
<u>Level 0</u>			4,621	16%
<u>Level 1</u>			15,919	55%
<u>Level 2</u>			8,552	30%

BGSF- Building Gross Square Feet: includes all area within outside surface of exterior walls.

This raises a number of points to consider

- Level 1 area exceeds Level 0 by more than 11,000 sq ft which, with the sloping site, is not an appropriate distribution of space among building levels
- City Hall storage components are on a different level than the components they support.

Scenario Two

This scenario locates the Library on Level 0, with the balance of City Hall components on Level 1.

- Level 0 and Level 1 areas are about the same;
- Library access from visitor parking is at the same level
- Front of House would be on the same level as the components which support the majority of requests for service

Building Stack	Stack 2		BGSF	
Total Stacked (BGSF)			29,092	
Facility Program- Stacked				
<u>Level 0</u>			15,099	52%
<u>Level 1</u>			13,993	49%

BGSF- Building Gross Square Feet: includes all area within outside surface of exterior walls.



PARAMETERS

SITE- STACKING- continued

Scenario Three

Similar to Scenario One, the Library, Retail, Front of House, and Council Chambers components of City Hall are all on Level 1. The balance of City Hall components are on Level 0.

Building Stack	Stack 3		BGSF	
Total Stacked (BGSF)			29,092	
Facility Program- Stacked				
Level 0			17,834	62%
Level 1			11,258	39%

BGSF- Building Gross Square Feet: includes all area within outside surface of exterior walls.

Point to consider include

- Calculated areas indicate the count of on-site visitor parking stalls may not fit
- There may not be sufficient building perimeter above grade to provide natural light for staffed workplaces.

Detail- Scenario One

Building Stack	Components	FP	Facility Program- Stacked		
			NASF	BGSF	Staff
Location	2020		2020		
City Hall	Stack 1				
Front of House	Level 1		1,815	2,832	2
Council Chambers	Level 1		1,172	1,829	-
Financial Services	Level 2		1,142	1,782	8
Administration	Level 2		1,896	2,958	14
Development Services	Level 2		1,124	1,753	7
Engineering	Level 2		639	997	5
Staff Support	Level 2		681	1,062	-
Building Support	Level 0		950	1,482	-
Finance Storage	Level 0		900	1,404	-
Administration Storage	Level 0		1,112	1,735	-
Retail	Level 1		500	780	-
Subtotal City Hall			11,931	18,614	36
Library					
Library- Public Use	Level 1		7,665	7,895	-
Library-Entry/Circulation	Level 1		705	726	-
Library- Processing	Level 1		1,803	1,857	3
Subtotal Library			10,173	10,478	3

NASF- Net Assignable Square Feet: excludes all circulation, walls and service space.

BGSF- Building Gross Square Feet: includes all area within outside surface of exterior walls.



PARAMETERS

Detail- Scenario Two

Building Stack		Facility Program- Stacked		
Components	FP	NASF	BGSF	Staff
Location	2020	2020		
City Hall	Stack 2			
Front of House	Level 1	1,815	2,832	2
Council Chambers	Level 1	1,172	1,829	-
Financial Services	Level 1	1,142	1,782	8
Administration	Level 1	1,896	2,958	14
Development Services	Level 1	1,124	1,753	7
Engineering	Level 1	639	997	5
Staff Support	Level 1	681	1,062	-
Building Support	Level 0	950	1,482	-
Finance Storage	Level 0	900	1,404	-
Administration Storage	Level 0	1,112	1,735	-
Retail	Level 1	500	780	-
Subtotal City Hall		11,931	18,614	36
Library				
Library- Public Use	Level 0	7,665	7,895	-
Library-Entry/Circulation	Level 0	705	726	-
Library- Processing	Level 0	1,803	1,857	3
Subtotal Library		10,173	10,478	3

Detail- Scenario Three

Building Stack		Facility Program- Stacked		
Components	FP	NASF	BGSF	Staff
Location	2020	2020		
City Hall	Stack 3			
Front of House	Level 0	1,815	2,832	2
Council Chambers	Level 0	1,172	1,829	-
Financial Services	Level 0	1,142	1,782	8
Administration	Level 0	1,896	2,958	14
Development Services	Level 0	1,124	1,753	7
Engineering	Level 0	639	997	5
Staff Support	Level 0	681	1,062	-
Building Support	Level 0	950	1,482	-
Finance Storage	Level 0	900	1,404	-
Administration Storage	Level 0	1,112	1,735	-
Retail	Level 1	500	780	-
Subtotal City Hall		11,931	18,614	36
Library				
Library- Public Use	Level 1	7,665	7,895	-
Library-Entry/Circulation	Level 1	705	726	-
Library- Processing	Level 1	1,803	1,857	3
Subtotal Library		10,173	10,478	3



PARAMETERS

Parking and Outdoor Space

The cost of structured parking solutions are significantly higher than for surface parking. The cost of land in the Ladysmith is low enough to warrant consideration of purchasing additional property to accommodate required parking. The following table outlines assumptions about parking and other outdoor space for City Hall.

Parking Assumptions- City Hall				
By-law Parking Requirement by Establishment Type				
GSM per Stall			FP- BGSF	
Assembly, Civic		30.00	17,834	
Commercial- Office, Retail		30.00	780	
			Calculated	
#Parking Spaces (By-law)		GSM per Stall	58 stalls	
Loading Stalls		3000 cgsM	1 stalls	
			Allocated	Sq Ft
Staffing- Peak Shift	Shell Type		36 staff	
Staff Parking	Surface Parking	64% of staff	0 stalls	-
Staff- Structured	Struct Pkg- PD		0 stalls	-
Visitor Parking	Surface Parking		6 stalls	2,340
Visitor- Structured	Struct Pkg- PD		0 stalls	-
Loading Stalls	Surface Parking		1 stalls	615
Pay in Lieu	Surface Parking	50% of stalls	29 stalls	11,310
Parking- Offsite- City Hall			23 stalls	
Savings on Parking				
Other Outdoor Spaces-City Hall				
	Location		Sq Ft	1,000
Outdoor Patio	Walks/Patios-at C	435	435	
Emergency Generator	Surface Parking	360	360	
Garbage & Recycle Outdoor	Surface Parking	205	205	
Additional Landscaping	General Landscaping		-	
Roadways- City Hall				
	Surface Parking	30' w	800	800
		25%		
			27 lin ft	



PARAMETERS

Parking and Outdoor Space- continued

Similar assumptions are outlined for the Library

<u>Parking Assumptions- Library</u>				
By-law Parking Requirement by Establishment Type				
GSM per Stall			FP- BGSF	
Assembly, Civic		30.00	10,478	
Other Commercial, Institutional		40.00	-	
			Calculated	
#Parking Spaces (By-law)			33 stalls	
Loading Stalls		3000 cgs	1 stalls	
			Allocated	Sq Ft
Staffing- Peak Shift	Shell Type		3 staff	
Staff Parking	Surface Parking	100% of staff	0 stalls	-
Staff- Structured	Struct Pkg- PD		0 stalls	-
Visitor Parking	Surface Parking		13 stalls	5,070
Visitor- Structured	Struct Pkg- PD		0 stalls	-
Loading Stalls	Surface Parking		1 stalls	615
Pay in Lieu	Surface Parking	50% of stalls	17 stalls	6,630
<u>Parking- Offsite- Library</u>			3 stalls	
Savings on Parking				
Other Outdoor Spaces- Library			Sq Ft	-
Outdoor Patio	Walks/Patios-at C	-	-	
Emergency Generator	Surface Parking	-	-	
Garbage & Recycle Outdoor	Surface Parking	-	-	
Additional Landscaping	General Landscap	-	-	
Roadways- Library				
	Surface Parking	30' w	1,500	1,500
		25%		
			50 lin ft	



PARAMETERS

RELATIVE COSTS

In addition to building area and site parameters, the relative costs of partial and overall portions of the outlined project are outlined for consideration.

Building Area Summary	Combined	City Hall	Library
NASF	22,104	11,931	10,173
BGSF	29,092	18,614	10,478
Building Construction	\$ 8,631,665	\$ 5,398,034	\$ 3,233,631
Parking Construction	\$ 260,258	\$ 142,081	\$ 118,177
Site Construction	\$ 933,324	\$ 618,984	\$ 314,340
Other Construction	\$ 1,277,282	\$ 800,683	\$ 476,599
Subtotal Construction Costs	\$ 11,102,529	\$ 6,959,782	\$ 4,142,747
Project Cost in 2015		\$ 9,882,369	\$ 5,882,390
Escalation		\$ 642,354	\$ 382,355
Project Cost in 2019	\$ 16,789,468	\$ 10,524,723	\$ 6,264,745

NASF- Net Assignable Square Feet: excludes all circulation, walls and service space.

BGSF- Building Gross Square Feet: includes all area within outside surface of exterior walls.

Cost assumptions in the model have been reviewed by a Cost Consultant². As minor changes have been made to the space list and assumptions about parking, the final figures in this document vary from those prepared by the Cost Consultant, but are sufficiently accurate for the purposes of strategic facility planning.

All assumptions in this document and the model should be reviewed and updated prior to subsequent stages of planning and design.



² Town of Ladysmith, New City Hall, Order of Magnitude Estimate; Hanscomb Limited; January 07, 2016

PARAMETERS

CONSTRUCTION TO PROJECT COST- CITY HALL

In calculating a project cost, a number of assumptions have been made. The following table outlines assumptions for the City Hall portion of the project.

<u>Building Construction</u>				\$	5,398,034	
Average Shell Cost				\$	194.96	
Average Fit-out Cost				\$	95.04	
Average Shell+Fit-out				\$	290.00	
<u>Parking Summary</u>						
Struct Pkg- PD					0 spaces	
Sheltered					0 spaces	
Surface Parking					7 spaces	
<u>Parking Construction</u>				\$	142,081	
Struct Pkg- PD				\$	-	
Sheltered				\$	-	
Surface Parking				\$	142,081	
<u>Site Construction</u>				\$	618,984	
On Site Development		\$	25.00	\$	465,350	per BGSF
Demolition		\$	12.00	\$	60,564	per BGSF
Landscaping		\$	5.00	\$	93,070	per BGSF
<u>Building & Site Construction</u>				\$	6,159,099	
<u>Other Construction</u>				\$	800,683	
G.C. Management Fee			3.0%	\$	184,773	% of Subtotal Const'n
Div 1 General Conditions			10.0%	\$	615,910	% of Subtotal Const'n
Subtotal Construction Costs				\$	6,959,782	
<u>Soft Costs</u>				\$	1,983,538	
Consultant Design Team			10.0%	\$	695,978	% of Const'n Total
Disbursements			2.5%	\$	173,995	% of Const'n Total
Design Construction Contingency			5.0%	\$	347,989	% of Const'n Total
FF&E			5.0%	\$	347,989	% of Const'n Total
Offsite Development			5.0%	\$	347,989	% of Const'n Total
Permits & Licenses			1.0%	\$	69,598	% of Const'n Total
Ladysmith DCC		\$	7.95	\$	-	\$ per bgsf
Regional District DCC		\$	0.811	\$	-	\$ per bgsf
<u>Other Costs</u>				\$	939,049	
Project Manager- Civic Building			2.0%	\$	178,866	% of Combined Total
General Overhead Rate			5.0%	\$	447,166	% of Combined Total
Taxes			3.5%	\$	313,016	% of Combined Total
Project Cost in 2015				\$	9,882,369	



PARAMETERS

CONSTRUCTION TO PROJECT COST- LIBRARY

Similar assumptions are outlined for the Library portion of the project.

<u>Building Construction</u>				\$	3,233,631	
Average Shell Cost				\$	202.49	
Average Fit-out Cost				\$	106.12	
Average Shell+Fit-out				\$	308.61	
<u>Parking Summary</u>						
Struct Pkg- PD					0 spaces	
Sheltered					0 spaces	
Surface Parking					14 spaces	
<u>Parking Construction</u>				\$	118,177	
Struct Pkg- PD				\$	-	
Sheltered				\$	-	
Surface Parking				\$	118,177	
<u>Site Construction</u>				\$	314,340	
On Site Development		\$	25.00	\$	261,950	per BGsf
Demolition						
Landscaping		\$	5.00	\$	52,390	per BGsf
<u>Building & Site Construction</u>				\$	3,666,148	
<u>Other Construction</u>				\$	476,599	
G.C. Management Fee			3.0%	\$	109,984	% of Subtotal Const'n
Div 1 General Conditions			10.0%	\$	366,615	% of Subtotal Const'n
Subtotal Construction Costs				\$	4,142,747	
<u>Soft Costs</u>				\$	1,180,683	
Consultant Design Team			10.0%	\$	414,275	% of Const'n Total
Disbursements			2.5%	\$	103,569	% of Const'n Total
Design Construction Contingency			5.0%	\$	207,137	% of Const'n Total
FF&E			5.0%	\$	207,137	% of Const'n Total
Offsite Development			5.0%	\$	207,137	% of Const'n Total
Permits & Licenses			1.0%	\$	41,427	% of Const'n Total
Ladysmith DCC		\$	7.95	\$	-	\$ per bgsf
Regional District DCC		\$	0.811	\$	-	\$ per bgsf
<u>Other Costs</u>				\$	558,960	
Project Manager- Civic Building			2.0%	\$	106,469	% of Combined Total
General Overhead Rate			5.0%	\$	266,171	% of Combined Total
Taxes			3.5%	\$	186,320	% of Combined Total
Project Cost in 2015				\$	5,882,390	



PARAMETERS

ESCALATION

It is important to acknowledge the impact of escalation on the costs of a project. This portion of the document outlines the assumptions and impacts for City Hall and the Library.

Escalation Assumptions		
From beginning	To beginning	% Escalation/Yr
Year 2015	Year 2016	0%
Year 2016	Year 2017	3%
Year 2017	Year 2018	3%
Year 2018	Year 2019	3%
Year 2019	Year 2020	3%
Year 2020	Year 2021	3%
Year 2021	Year 2022	3%
Year 2022	Year 2023	3%
Year 2023	Year 2024	3%
Year 2024	Year 2025	3%
Year 2025	Year 2026	3%

ESCALATION ASSUMPTIONS- CITY HALL

Project Cost in 2015		\$ 9,882,369
Duration of Construction	14 months	
Target Year for Construction		Year 2017
Escalation of Construction Costs		\$ 208,793
Escalation Other		
Construction Period		\$ 243,592
Portion of const period	50%	
Rate	0.50%/mo	
Soft Cost Multiplier	1.42	
Escalation		\$ 642,354
Escalation in Percent	7%	
Project Cost in 2019		\$ 10,524,723

ESCALATION ASSUMPTIONS- LIBRARY

Project Cost in 2015		\$ 5,882,390
Duration of Construction	14 months	
Target Year for Construction		Year 2017
Escalation of Construction Costs		\$ 124,282
Escalation Other		
Construction Period		\$ 144,996
Portion of const period	50%	
Rate	0.50%/mo	
Soft Cost Multiplier	1.42	
Escalation		\$ 382,355
Escalation in Percent	6%	
Project Cost in 2019		\$ 6,264,745



PARAMETERS

SPACE LIST

A detailed space list for all components is shown on the following pages.

SPACELIST	2014	2020	Unit	FP	Remarks	
	HC	HC	#Unit	NASF	NASF	
Front of House	2.00	2.29			1,815	
<i>Workplace</i>	HC	HC	#Unit	NASF	NASF	
CUSTOMER SERVICE COORDINATOR	1.00	1.00	1	70	70	LEBLANC, JENNIFER-JO
CUSTOMER SERVICE REP	1.00	1.00	1	70	70	ECK, SAMANTHA
<i>Prorated HC & Workplace</i>		0.29			21	
<i>Ancillary</i>						
Public Area			1	600	600	
Gathering Place			1	600		
Visitor Side of Reception			1	405	405	
Entry Vestibule			10 lin ft	5		
Waiting, per person			6	15		
Floor Storage 48d			8 lin ft	8	Childrens' Play	
Desk- Computer 48			1	18	Self-help Terminal	
Floor Storage 24d			12 lin ft	4	Brochures/Pamphlets	
Floor Storage 24d			8 lin ft	4	Displays/Memorabilia	
Surge Space			15	7	Overflow queueing- 15 p	
Transaction Counter			3	63	189	15 lin ft counter, incl w/c stn
Meeting- 8p			2	160	320	
Staff Side of Reception			1	140	140	
Coats/Outerwear			4 lin ft	5		
Plotter/Scanner			1	38		
Counter 24d /lin ft			8 lin ft	5	Collating/peripherals	
Shelving 4w x 1.5d			2	20	Storage/holding	
Council Chambers	-	-			1,172	
<i>Ancillary</i>						
Entry Vestibule			1	5	5	
Surge Space			12	7	84	
Washroom- Accessible			2	45	90	
Council Chamber			1	835	835	
Council Table			1	450	12 p	
Desk 72			1	47	Recording Secretary	
Council Viewing			1	265	20 p	
Counter 24d /lin ft			15 lin ft	5		
Beverage Counter			1	40	40	
Floor Storage 36d			13 lin ft	6	78	Room setup storage
Copy/Print- Sm			1	40	40	



PARAMETERS

- continued

SPACELIST	2014	2020		Unit	FP	Remarks
	HC	HC	#Unit	NASF	NASF	
Administration	13.00	13.88			1,896	
<i>Workplace</i>	HC	HC	#Unit	NASF	NASF	
CITY MANAGER	1.00	1.00	1	150	150	MALLI, RUTH E
ADMIN COORDINATOR (Corp Svcs)	1.00	1.00	1	100	100	BOUMA, SUSAN
DIRECTOR OF CORPORATE SERVICES	1.00	1.00	1	140	140	BOWDEN, SANDY
MANAGER OF ADMINISTRATIVE SERVICES	1.00	1.00	1	120	120	WINTER, JOANNA
ADMINISTRATIVE ASSISTANT - HR	1.00	1.00	1	70	70	OGDEN, JOAN
MANAGER OF HUMAN RESOURCES	1.00	1.00	1	140	140	COUSINS, KAREN
Mayor's Office	1.00	1.00	1	150	150	
Councillors' Office	6.00	6.00	2	100	200	Shared among 6 p
<i>Prorated HC & Workplace</i>		0.88			106	
<i>Ancillary- Corporate Services</i>						
Shelving 4w x 1.5d			1	20	20	Mail Cubbies
Corporate Records			1	210	210	
Shelving- Records			10	10		Rationalize with bsmt storage
Cabinet 36			1	14		
Counter 24d /lin ft			4 lin ft	5		Staging area
Floor Storage 36d			10 lin ft	6		
Utility Cart			1	18		
Print/Copy/Mail			1	260	260	Main print/copy
Copy/Print- Med			1	80		Doc disposal/recycle under
Counter 24d /lin ft			8 lin ft	5		Mail
Shelving 4w x 1d			6	15		Paper & forms storage
Floor Storage 36d			8 lin ft	6		Staging/storage
Information Technology			1	230	230	Server Room
Desk 60			1	38		
File Cab- Lateral 42			2	14		
Server/Network Racks			3	27		
Primary HVAC			1	42		
Backup HVAC			1	24		
Fire Suppression Tank			1	18		

- continued

SPACELIST	2014	2020		Unit	FP	Remarks
	HC	HC	#Unit	NASF	NASF	



PARAMETERS

Financial Services		7.00	8.03			1,142	
Workplace		HC	HC	#Unit	NASF	NASF	
DIRECTOR OF FINANCIAL SERVICES		1.00	1.00	1	140	140	ANDERSON, ERIN
MANAGER OF ACCOUNTING SERVICES		1.00	1.00	1	120	120	FUKAKUSA, GERALD
REVENUE ACCOUNTANT		1.00	1.00	1	100	100	KIRKLAND, BETH
PAYROLL SPECIALIST		1.00	1.00	1	70	70	FRAME, DOREEN
FINANCIAL SERVICES COORDINATOR		1.00	1.00	1	100	100	COPP, CAMELIA
ACCOUNTING TECHNICIAN		1.00	1.00	1	100	100	MCLENNAN, KARI-ANNE
ACCOUNTS PAYABLE COORDINATOR		1.00	1.00	1	100	100	SCHNEIDER, JOANNE
<i>Prorated HC & Workplace</i>			1.03			107	
Ancillary							
Document Centre				1	27	27	
Plotter/Scanner				1	38	38	
Counter 24d /lin ft				6 lin ft	5	30	Collating/peripherals
Cabinet 30				1	10	10	Payroll
Bookcase 32				1	10	10	Payroll
Vault				1	190	190	
	Shelving- Records			12	10		Rationalize with bsmt storage
	File Cab- Vertical Legal			2	9		
	Bookcase 36			2	12		
	Counter 24d /lin ft			6 lin ft	5		
Development Services		6.00	6.90			1,124	
Workplace		HC	HC	#Unit	NASF	NASF	
DIRECTOR OF DEVELOPMENT SERVICES		1.00	1.00	1	140	140	ADAMS, FELICITY
SR PLANNER/DEV. APPROVALS SUPER		1.00	1.00	1	100	100	BRINKMAN, LISA
SR BUILDING INSP/BYLAW COMPLIANCE		1.00	1.00	1	70	70	BOLLINGER, COLIN
PLANNER		1.00	1.00	1	70	70	DAVIES, ANGELA
ADMINISTRATIVE ASSISTANT - DEV SERVICES		1.00	1.00	1	70	70	WEBBER, DIANE J
BYLAW COMPLIANCE		1.00	1.00	-	70	-	HAYDEN, MARK
<i>Prorated HC & Workplace</i>			0.90			81	
Ancillary- Development Svcs							
Document Centre				1	27	27	
Plotter/Scanner				1	38	38	
Cabinet 48				1	24	24	o/s FA office
Bookcase 32				2	10	20	i/s FA office
File Cab- Lateral 30				2	10	20	i/s FA office
File Cab- Lateral 42				1	14	14	Reception; fire resistant?
Ancillary- Bldg Inspection							
Building Reference				1	450	450	
	File Cab- Vertical Legal			1	9		Tom's office
	Counter 24d /lin ft			6 lin ft	5		Tom's office- reference manuals over
	Counter 24d /lin ft			5 lin ft	5		Tom's office- tools, storage under
	Plan Files			1	37		In Lunch room
	File Cab- Vertical Legal			15	9		Tom's 'Dungeon'
	File Cab- Lateral 42			1	14		Tom's 'Dungeon'
	Plan Files			2	37		Tom's 'Dungeon'
	Rolled Drawing Holder			2	7		Tom's 'Dungeon'
	Table- 72			1	43		Tom's 'Dungeon'
	File Box			10	7		Tom's 'Dungeon'



PARAMETERS

- continued

SPACELIST	2014	2020		Unit	FP	Remarks
	HC	HC	#Unit	NASF	NASF	
Engineering	3.00	4.57			639	
<i>Workplace</i>	HC	HC	#Unit	NASF	NASF	
DIRECTOR OF INFRASTRUCTURE	1.00	1.00	1	140	140	MANSON, JOHN
SENIOR ENGINEERING TECHNOLOGIST	1.00	1.00	1	100	100	SLATER, PHIL
ENGINEERING ASSISTANT	1.00	1.00	1	70	70	PINNINGTON, CHRIS
GIS/Asset Management Technician		1.00	1	70	70	New Position 1
<i>Prorated HC & Workplace</i>		0.57			54	
<i>Ancillary</i>						
Engineering Reference			1	205	205	
File Cab- Vertical Legal			1	9		Phil's office
File Cab- Lateral Fire Resist			1	14		John's office
Rolled Drawing Holder			3	7		2 John, 1 Phil
Plotter/Scanner			2	38		1 plotter, 1 scanner
Plan Files Fire Resist			1	26		w/plotter
Bookcase 36			2	12		Equip 1- John, 1- Phil
Counter 36d /lin ft			6 lin ft	6		Reference manuals over
Staff Support	-	-			681	
<i>Workplace</i>	HC	HC	#Unit	NASF	NASF	
<i>Ancillary</i>						
Lker/Shwr Rm <6, ace'ble			1	196	196	End-of-Trip w/5 lockers
Staff Room			1	365	365	
Counter 24d /lin ft			18 lin ft	5		Counter w/sink, fridge, microwave
Table- 96			1	58		
Side Chair			10	12		
Sofa Seating			4	18		
Table- Side			2	13		
Outdoor Patio				435	-	Sheltered, orient to sun and outlook
Counter 24d /lin ft			12 lin ft	5		
Table- 72			2	43		
Side Chair			12	12		
Floor Storage 96d			12 lin ft	12		
Bicycle Storage- Staff			1	120	120	Secure, sheltered, near staff entry
Floor Storage 24d			30 lin ft	4		



PARAMETERS

- continued

SPACELIST	2014	2020		Unit	FP	Remarks
	HC	HC	#Unit	NASF	NASF	
Building Support	-	-			950	
<i>Workplace</i>	HC	HC	#Unit	NASF	NASF	
<i>Ancillary</i>						
Loading Dock			1	145	145	
Floor Storage 96d			10 lin ft	12	120	Staging area; fenced
Housekeeping Closet			3	30	90	Distributed
First Aid Room			1	100	100	
Communication Closet			2	95	190	Stacked vertically
Maintenance Storage			1	170	170	
Counter 36d /lin ft			8 lin ft	6		Work bench
Floor Storage 24d			12 lin ft	4		Bulk boxed
Floor Storage 36d			12 lin ft	6		Cleaning equipment
Garbage & Recycle			1	135	135	
Wall Mount			8 lin ft	2		Brooms/shovels
Counter 36d /lin ft			8 lin ft	6		Recycle Staging
Totes			8	9		
Floor Storage 36d			8 lin ft	6		
Garbage & Recycle- Outdoor				205	-	
120 litre cart			4	13		
4 yd Dumpster			2	76		
Finance Storage	-	-			900	
<i>Workplace</i>	HC	HC	#Unit	NASF	NASF	
<i>Ancillary</i>						
Finance- 7 Years' Storage			1	515	515	South end of Basement
Shelving 4w x 1.5d			18	20		
File Cab- Vertical Legal			2	9		
Floor Storage 36d			8 lin ft	6		
Counter 24d /lin ft			5 lin ft	5		Staging Area
Floor Storage 48d			8 lin ft	8		Staging Area
Finance- Older Records			1	385	385	Middle of Basement
Shelving 4w x 1.5d			10	20		
Shelving 4w x 2d			5	23		
Floor Storage 36d			12 lin ft	6		
Administration Storage	-	-			1,112	North end of Basement
<i>Workplace</i>	HC	HC	#Unit	NASF	NASF	
<i>Ancillary</i>						
File Cab- Vertical Legal			5	9	45	
Shelving 4w x 1.5d			5	20	100	90 file box capacity
Shelving 4w x 1.5d			40	20	800	720 file box capacity- Corp Svcs
Shelving 4w x 2d			2	23	46	
Floor Storage 24d			8 lin ft	4	32	
Counter 24d /lin ft			5 lin ft	5	25	Staging Area
Floor Storage 48d			8 lin ft	8	64	Staging Area
Retail	-	-			500	
<i>Ancillary</i>						
Net Rentable 1			1	500	500	



PARAMETERS

SPACELIST	2014	2020		Unit	FP	Remarks
	HC	HC	#Unit	NASF	NASF	
Library-Entry/Circulation	-	-			705	
<i>Ancillary</i>						
Entry Vestibule			1	180	180	
Floor Storage 96d			15 lin ft	12		
Circulation Desk			1	250	250	
Transaction Counter			3	63		
Bookcase 36			2	12		
Utility Cart			2	18		
Reference Desk			1	100	100	
Desk 72			1	47		
Bookcase 36			2	12		
File Cab- Lateral 42			2	14		
Literacy/OPAC/Self Check/Print Release			1	175	175	
Computer-VIRL			2	25		Literacy
Computer-VIRL			2	25		OPAC
Computer-VIRL			2	25		Self Check
Computer-VIRL			1	25		Print Release
Library- Public Use	-	-			7,665	
<i>Ancillary</i>						
Collection Area			1	3,770	3,770	
Shelving Library			290	13		
Childrens			1	1,250	1,250	
Shelving Library			96	13		
Teen			1	520	520	
Shelving Library			40	13		
Use & Study			1	970	970	
Seating-VIRL			12	30		Study Seating
Seating-VIRL			12	30		Lounge Seating
Computer-VIRL			10	25		Self Check
Meeting			1	960	960	
Meeting- 12p			2	255		Study Rooms
Multipurpose-VIRL			1	450		Multipurpose
Washroom-VIRL			2	40	80	
Washroom, Family-VIRL			1	100	100	
Balance of Space			1	15	15	
Library- Back of House	3.00	3.00			1,803	
<i>Workplace</i>						
Offices	3.00	3.00	3	100	300	
<i>Ancillary</i>						
Workroom			1	1,153	1,153	
Staff Breakroom			1	350	350	
Counter 24d /lin ft			14 lin ft	5		
Table- 72			1	43		
Side Chair			6	12		
Locker			6	11		
Table- Side			2	13		
Sofa Seating			4	18		



STREAMLINING

Improvements to customer service processes are an integral part of the culture of Ladysmith civic staff. In parallel with the planning process for the redevelopment of City Hall, a 'Streamlining'³ initiative was implemented. The application of 'lean systems' theory to customer service processes was used to demonstrate, on a 'pilot project' basis, the potential for improving staff effectiveness.

At a general level, information was generated in terms of:

- DEMAND-
- DESIGN FOR DEMAND- generating more effective ways to deliver customer service to satisfy *high volume, predictable* demands.
- IMPLEMENTATION- the ongoing process of *continuous improvement*.

This initiative was focused on beginning to establish a baseline understanding of 'Demand' for Ladysmith, as well as to identify several candidates for consideration in subsequent, more detailed work.

BLIND SPOTS

An important element of this process was the identification and correction of *blind spots*. We are often 'blind' to the way we do things- they're simply how they've always been done, or an extension of what was already in place to satisfy another demand. As the term implies, we are often unable to *see* our own blind spots, so we can help others in this process by beginning to notice how they go about satisfying demand.

CUSTOMERS

In beginning to understand demand in 'lean service' terms, it is important to identify the generators of demand, the 'customers'. Each part of the organization serves a variety of customers, each of whom generates demand.

A number of lists were generated in work sessions and included information about:

- *Who*- types of customers;
- How they might be *grouped*; and
- '*Key Groups/Customers*' in terms of those who generate high volumes of predictable demand.

The focus of the early part of the process was to expand staff understanding about several key demands that were identified, in order to select one or more *initiatives* for more detailed development.



³ Streamline Customer Processes- Lean Systems; May 2012; Process Four...

LEAN SYSTEMS THINKING

There are a number of concepts to consider, in analyzing customer processes from a *lean systems thinking* point of view, which emphasizes process flow and waste issues. They include:

- Work is what we do to satisfy demand
- Design for predictable, high volume demands
- Work involving multiple steps and processes can be described in terms of *value streams*
- Always look at work and demand from the *customer* point of view
 - What matters to them?
 - Design a system that helps customers extract value
- In identifying work processes or value streams to streamline, there are a number of things to look for, including:
 - Wait times
 - Multiple approvals
 - Duplication
 - Bottlenecks
 - Hand-offs
 - More information than required
 - Multiple locations
 - Rework

Many of the concepts, as well as much of the language, were drawn from ‘Systems Thinking in the Public Sector’⁴, as well as from the writings of Taichi Ohno⁵, who created the foundations for ‘lean systems’ design. For a more detailed understanding and description of underlying objectives, please refer to the literature.

FINANCIAL SERVICES

A number of processes were identified for several departments in the organization, including:

- Corporate Services;
- Financial Services; and
- Parks, Recreation & Culture.

⁴ Systems Thinking in the Public Sector, John Seddon; 2008; Triarchy Press, UK

⁵ Toyota Production System; Taichi Ohno, 1988; Productivity Press, NY, NY



FINANCIAL SERVICES- continued

Several processes in each department were detailed and examined at a relatively general level of detail. In consideration of the constraints of time and resources, processes for Financial Services were selected for a more detailed level of analysis to assess viability for implementation.

- Purchase Orders
- Inventory System
- A Primer for GL Codes

Two others, 'Tax Certificates' and 'Water Consumption Inquiry' were also being examined but then set aside at the time as relatively 'effective' in terms of complexity and resource requirements.

PURCHASE ORDERS

Current procedures required the same process be followed for all purchases, regardless of cost. This meant an item costing a few dollars was subject to the same scrutiny as one costing thousands. The procedure involved many separate steps and the involvement of several staff multiple times before completion. A cursory examination of the process clearly illustrated the end cost of inexpensive items becomes exorbitant when staff time is considered. There were also significant time delays, which invite staff to circumvent protocols in seeking to expedite project work.

GENERAL DESCRIPTION

This initiative was intended to streamline the purchasing process. The proposed changes are described in terms of:

- Eliminate significant documentation and processing costs by setting thresholds below which
 - Purchase orders will *not* be required; and
 - Invoices will *not* be required.
- Develop policies and protocols to govern purchases that fall below these two thresholds.
- Standardize pre-approval thresholds by position type.
- Reduce the number of cycles and people required to complete documentation.
 - Departmental *administrative* staff will create Vadim entries and coordinate information
 - Documentation including quotes and details to be retained in originating Department
 - Upon receipt of invoice, Finance will forward a scanned copy to the Department
 - Department administrative staff will review and confirm invoice details, including receipt of item
 - Approval of invoice emailed by Department Manager
 - Finance to 'attach' emailed approval to Vadim entry
 - Invoice amount entered into upcoming batch and processed for payment



INVENTORY SYSTEM

The existing inventory system is unwieldy and consumes significant time and resources in order to maintain an acceptable standard of accuracy. As a result the current system is not only time consuming and frustrating to all, but significantly increases per item cost to Ladysmith.

- The current system operates as follows:
 - Staff order inventory items
 - Items get put into shed
 - Invoice comes to AP and gets scanned to PW Admin
 - Items are entered as 'received' into Vadim
 - When workers need items, they take from inventory
 - They are *supposed* to mark down whatever they take on their timesheets, regardless of item cost
 - Timesheets get scanned into PW Admin
 - At this point, items are to be entered as 'sold' into Vadim
 - If all items that are taken are accounted for and all items that are received are entered immediately, inventory *should* always balance
 - Inventory *does not* balance and significant effort is required each year to correct information gaps
- Challenges
 - No one 'owns' inventory; no accountability
 - Too many hands can take from inventory; no internal control
 - When items need to be counted, PW has to call on whoever they can to count, usually resulting in miscounting and counters not knowing items
 - Not all items kept in one place; some inside, some outside
 - Some duplicates in list
 - Lack of manpower to maintain system tightly and efficiently
 - Lack of knowledge in how system must run and importance of its accuracy

STREAMLINING

GENERAL DESCRIPTION

This initiative was intended to streamline the inventory control system and make it easier for people to get the items they need. Proposed characteristics include:

- One or two people permitted to give out items
- Person that manages it should care about its accuracy more than Finance
- Invoices and timesheet information to be entered upon receipt
- Need to set a threshold and define
 - Items below threshold defined as ‘*stock*’
 - Items above threshold defined as ‘*inventory*’
- All *inventory* tracked from ‘received’ through ‘sold’ status
- Only carry emergency items
- *Inventory* list needs to be cleaned up, such as:
 - Duplicates purged
 - Inactive items deleted
 - Items under threshold deleted and expensed from current lists
 - Descriptions need to be modified to be true and accurate
 - *Inventory* items need to be labeled with item# and description
- Smaller items need to be in
- Inventory needs to be counted and balanced quarterly

A PRIMER FOR GL CODES

Staff can often be uncertain about which GL codes should be used. Telephone calls, email enquiries, and direct consultation are all ways for staff to attempt to identify the correct code. Responding to queries, as well as reviewing and correcting codes is time consuming and redundant. Delays in completing transactions are frustrating to end-users.

GENERAL DESCRIPTION

This initiative was intended to improve the ability of internal customers of Financial Services to extract the information they need. Code descriptions will be ‘translated’ into lay terms and made available electronically.



IMPLEMENTATION

After soliciting review and comments through a discussion paper, initiatives were developed in greater detail. They were be described in terms of ‘value stream mapping’.

The past few years have seen the implementation of a number of initiatives.

Attachment A



MEMORANDUM

Date: May 8, 2020
To: Guillermo Ferrero, Ladysmith Chief Administration Officer
cc:
From: J.P. Raulot-Lapointe – Land Economics Senior Consultant
Justin Barer – Land Economics Lead
File: 1616.0020.01
Subject: New Town Hall Development – Scenario Financial Analysis

1.0 INTRODUCTION

This brief report provides a review of the financial implications of building a new Town Hall for the Town of Ladysmith, reviewing multiple concept scenarios at three locations.

The current Town Hall no longer fits the needs of the community, and Town Hall employees are now working out of multiple locations in off-site leased office space as the existing Town Hall building is too small.

However, building a new Town Hall is expensive, and Ladysmith is considering a range of options including adding commercial space, and / or rental residential, to a new build in a bid to offset costs (both capital and operating). This has been done successfully in other jurisdictions, including on Vancouver Island. The Town is also considering opportunities to sell current municipal assets – including the existing Town Hall – to raise equity for development of a new structure.

Each of the development options is defined and the financial implications reviewed. The scenarios considered in this analysis are as follows:

- Buller Street Site:
 - Developing a new Town Hall on the Buller Street site (i.e. a stand-alone Town Hall, without ancillary civic, commercial or residential space)
 - Developing a new Town Hall on the Buller Street site, with equity from the sale of the existing Town Hall site used for this development
 - Developing a new Town Hall with integrated Library on the Buller Street site, incorporating equity from selling the old Town Hall site
 - Including a small retail component with the development of a new Town Hall and Library on the Buller Street site, plus incorporating equity from selling the old Town Hall site
 - Including rental residential, with the development of a new Town Hall, Library, and retail space on the Buller Street site, incorporating equity from selling the old Town Hall site

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- Works Yard or Machine Shop:
 - Developing a new Town Hall at either the Town Works Yard or within the Machine Shop structure in the Waterfront Area Plan (WAP) area, incorporating the equity from selling the old Town Hall site *and* the Buller Street site to fund the works
 - Including a new library with the development of a new Town Hall on either the Works Yard or within the Machine shop, incorporating the equity from selling the old Town Hall site and the Buller Street site
 - Including retail space within the development of a new Town Hall and Library on either the Works Yard or within the Machine shop, incorporating the equity from selling the old Town Hall site and the Buller Street site

When the first draft of this report was completed in early March 2020, the COVID-19 pandemic was only on the periphery of our collective radar in British Columbia. Since then, it has become apparent that the pandemic is significantly affecting, and will continue to, affect the economy of British Columbia, both this year and likely for the coming 2+ years at least. It will significantly impact a number of sectors, including tourism, retail and real estate sales. Impacts on these sectors will likely influence some of the assumptions presented in this document which were used to inform financial analyses, but at this point the degree of impact is unknown.

Commentary regarding the potential impacts and implications of COVID-19 are presented in these callout boxes at points throughout the document.

2.0 TOWN HALL DEVELOPMENT ASSUMPTIONS

2.1. BASE ASSUMPTIONS

Some of the basic parameters for developing a new Town Hall in Ladysmith come from the “City Hall Optimization Project” study prepared by *Process Four* in 2016. That report assumed that the new Town Hall would be developed on the Town-owned lands at the intersection of First Avenue and Buller Street (i.e. the Buller Street site). That site is comprised of four adjacent lots with a total site area of approximately 28,800 square feet.

To control costs, it was assumed that all parking would be surface parking, and therefore much of the staff parking would have to be located off-site. The costs for this off-site parking was not included in the overall cost estimate.

Some key assumptions that come from this study, adopted in this analysis, are: (1) Town Hall size requirements, and (2) on-site parking assumptions:

- New Town Hall will be approximately 20,000 square feet in all scenarios
- If a new library is included in the development, it is assumed to occupy 10,000 square feet
 - The Vancouver Island Regional Library would add \$3.5 million of equity to the development if it was part of the project.

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- Onsite parking would be limited to the minimum number of stalls required for visitors. All staff parking is assumed to be located off-site to reduce development costs.
 - In the financial analyses, 7 on-site parking stalls are assumed for Town Hall, with another 26 parking stalls for staff to be located off-site
 - For the library, 14 parking stalls are assumed for visitors to be located on-site. All library staff parking would be located off-site.

All on-site parking stalls are outdoor surface parking stalls, as underground stalls are cost prohibitive.

2.2. ADDITIONAL ASSUMPTIONS

2.2.1. Construction Costs (Hard Costs)

The construction costs used in these analyses are sourced from the 2020 *Altus Construction Cost Guide*. The cost guide estimates that Municipal Office buildings would range between \$295 and \$415 per square foot, for a development in Vancouver. For this analysis we begin with the highest cost of \$415 per square foot (deemed a ‘worst case’ scenario) but have made a downward adjustment of 15% to account for generally lower construction costs on the mid-island compared to Vancouver.

Construction costs for the library are estimated to be between \$320 and \$475 per square foot, with the lower range applicable where a library is located within a shared building. As we anticipate that inclusion of a library as part of a future Town Hall would see that library function incorporated within the Town Hall structure, a cost of \$320 per square foot for the library was assumed in this analysis.

The following table highlights the different construction costs used for various development components considered. It should be noted that only hard costs are included below, and the areas are approximate to those used in the financial analyses.

Table 1: Construction Cost Assumptions

Construction Cost Comparison			
	Cost per sq. ft.	Area (Sq. Ft.)	Total Hard Cost
Town Hall	\$350	20,000	\$7,000,000
Library	\$320	10,000	\$3,200,000
Retail	\$200	3,500	\$700,000
Residential	\$211	40,000	\$8,440,000

Note: Only hard costs included. Does not include soft costs

Surface parking construction costs were assumed to be \$7,000 per stall.

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2.2.2. Borrowing Costs

All scenarios include debt financing to pay for the development of Town Hall, and other components (library, etc.). The borrowing assumptions used include:

- Borrowing interest rate of 2.26%¹
- Amortization period of 35 years

Beyond the goal of building a new Town Hall, the Town of Ladysmith has \$2.2 million of debt servicing as of 2018, and other priorities that should be kept in mind which will also require borrowing.

Additional borrowing may also be required to provide sewer, water and other infrastructure for the Waterfront Area Plan.

3.0 VARIABLES INFLUENCING DEVELOPMENT SCENARIOS

There are a few variables that have been considered in establishing the different scenarios for development:

Inclusion of a New Library

Including a new library in any scenario will add approximately 10,000 square feet to the development, as well as the requirement for 14 parking stalls.

Including a new library would also bring \$3.5 million in equity to the development.

Inclusion of Commercial Space

If commercial space is included, it is assumed that this component would be retained by the Town (i.e. not sold as a strata parcel), and leased at \$20 per square foot.² While different sites are considered for Town Hall development, commercial lease rates are held constant across scenarios. This assumes that a location adjacent to / embedded within a Town Hall (and potentially a library), would be attractive for a coffee shop, a small restaurant, or other personal / professional service providers. It is assumed that commercial space would add approximately 3,500 square feet to the development.

Inclusion of Residential space for Rent

It was assumed that any residential space added to a Town Hall development would be comprised of units for rent (versus condominium units for sale). It was considered that strata residential units above Town Hall could create a number of conflicts between the Town of Ladysmith and the strata unit owners, so strata units were not included as a potential scenario.

While rental units would not provide an immediate financial benefit to the project (i.e. they do not generate an up-front infusion of equity), rental residential units would generate annual cashflow, supporting mortgage payments. Alternately, these units could be sold to an

¹ Municipal Finance Authority, long term lending rate

² Note that an alternate scenario, not tested in this analysis, would see the Town sell strata parcels within the new development.

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investor / operator, who would own and operate the units long-term. This is likely not the ideal scenario, as the Town would not retain control over a component of the project.

Sale of Existing Town Hall site

The existing Town Hall site could be sold to help provide equity to pay for the development of a new Town Hall. Residual valuations for this site were prepared assuming it were re-zoned prior to sale to allow for a 4-storey residential development, with no requirements for affordable housing units, and assuming that all units were sold as condos at market rates. Current zoning is C-2. By re-zoning prior to sale, the Town would be able to capture more value.

An FSR of 3.0 was assumed for the site under new zoning, which entails a total buildable area of approximately 30,000 square feet. This size of building could house 22 apartment units averaging close to 1,200 square feet in size. It was assumed the units would sell for \$415 per square foot. The construction cost estimate used has a significant impact on land value. The estimate used (\$211 per square foot), assumes some structured parking, which reduces land value. The residual value of the site, given these assumptions, is close to \$335,000. The land is currently assessed at \$235,000. If we were to assume 100% surface parking, the residual land value would climb to over \$1 million.

Unit sale prices are based on research conducted in the early part of 2020, and do not account for potential market implications from COVID-19. The pace of real estate sales has been negatively affected by the pandemic. Significant job losses and other economic headwinds are likely to lead to lower unit prices in the near-term, which would in turn reduce the price that a prospective developer would be willing to pay for a development site.

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Sale of Town-owned Buller Street site

The Town-owned Buller Street site could be sold to provide equity for the development of a new Town Hall. The residual valuation of the Buller site assumes zoning for a 4-storey residential development, with no requirements for affordable housing units.

An FSR of 3.0 was assumed for the site, which results in a total buildable area of approximately 86,000 square feet. This size of building could house 63 apartment units averaging close to 1,200 square feet. It was assumed the units would sell for \$415 per square foot. The construction cost estimate used has a significant impact on land value.

The estimate used, \$211 per square foot, assumes some structured parking, which reduces land value. The residual value of the Buller site, given these assumptions, was close to \$1.2 million. The assessed value of the land, not including improvements, of the Buller site is \$706,000.

As with the Town Hall site, unit sale prices are based on research conducted pre-COVID-19. Uncertainty around unit price demand and absorption would likely lead to lower land prices for a prospective buyer today.

Developing on the Town-owned Works Yard or in the Machine Shop Building

The other options are to (a) develop atop the Works Yard building, or (b) build Town Hall within the Machine Shop Building in the Waterfront Plan Area. Developing on either site may introduce the following complexities:

- Speaking with developers, it was suggested that adding a single floor to an existing building (as contemplated at the Works Yard) is not commonly done. It was suggested that most developers would typically choose to demolish the existing building and start from scratch.
- Also, estimating the costs of developing Town Hall within the Machine Shop building was difficult without having an experienced developer or cost consultant visit the building with engineers. Developers that were interviewed suggested that developing within similar heritage building shells often created construction costs that were similar to a new build.

Both scenarios were considered with similar parking assumptions, where only a minimum of parking stalls were included on-site and in the cost assumptions. The original parking assumption does leave the question of where the balance of staff would park. It is possible that either the Works Yard or Machine Shop scenarios may be better able to address the question of where staff will park, through provision of surface parking on nearby lands.

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4.0 TOWN HALL DEVELOPMENT SCENARIOS – DEVELOPING ON BULLER SITE

Different combinations of the variables discussed in section 3.0 produced a variety of scenarios that are summarized below. For each financial scenario, the key variable to note is the size of the annual debt payment that would need to be serviced.

4.1. DEVELOPING TOWN HALL ON BULLER SITE – NO ANCILLARY USES

No Equity (100% Financing)

The first scenario considers the development of only Town Hall on the Buller site. This scenario assumes a building of approximately 20,000 square feet, housing only Town Hall functions.

Key findings:

- Construction costs: \$8.6 million (assuming \$350 per square foot construction costs and including financing costs)
 - This includes 7 surface parking stalls as per the Process Four report.
- Equity: assumes \$0 in equity available
- Annual Payment: approximately **\$350,000**

Selling Current Town Hall site (Equity Transfer)

This scenario assumes that the current Town Hall site is sold, at highest-and-best-use, with equity used to help pay for the development of a new Town Hall on Buller site. All costs assumptions are the same as above.

Under this scenario, the annual mortgage payments would be reduced to approximately **\$330,000**.³

COVID-19 uncertainty will almost certainly reduce the price that the current Town Hall site would sell for, thus reducing equity and increasing debt. The Town would likely be in a better position to postpone sale of this asset until such time as economic growth returns and there is stability in the market.

4.2. DEVELOPING TOWN HALL WITH LIBRARY ON BULLER SITE

The second scenario looks at including the library within the new Town Hall development on Buller Street. Including the library adds 10,000 square feet of built space (at a lower per square foot cost) as well as \$3.5 million in equity contribution.

This scenario also assumes that the current Town Hall site would be sold to help fund the project, with assumptions as previously outlined.

Key findings:

³ Note that if development costs for a new condominium building at the Buller Street site are reduced (e.g. through provision of all parking at-grade), the residual land value would be considerably higher, with a resultant additional infusion of equity (and thus lower mortgage payment) for the new Town Hall.

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- Construction costs: \$12.5 million assuming \$350 per square foot construction costs for Town Hall and \$320 per square foot for the Library component of the building. This includes financing costs.
 - This cost estimate includes 7 surface parking stalls for Town Hall and an additional 14 surface parking stalls for the Library, as per the Process Four report.
- If it was assumed that \$3.75 million in equity was invested in the development, including \$335,000 from the sale of the Town Hall site, and \$3.5 million from the Library, the \$12.5 million in capital costs would require an annual mortgage payment of approximately **\$350,000**.

4.3. DEVELOPING TOWN HALL WITH LIBRARY AND RETAIL ON BULLER SITE

This scenario looks at adding a small retail component to the development of a new Town Hall with the Library. A Town Hall and Library project would attract many visitors, so the retail space in the project would likely be sought after. In this scenario 3,500 square feet for retail space was added. It is assumed that retail space could command a lease rate of \$20 per square foot. Further, it is assumed the Town would retain ownership of the retail space and the revenue would be direct towards debt payment.

This scenario also assumes that the current Town Hall site would be sold to help fund the project, under terms previously outlined.

Key findings:

- Construction costs: \$13.7 million assuming \$350 per square foot construction costs for Town Hall and \$320 per square foot for the Library component of the building and \$250 per square foot for the retail space. This includes financing costs.
 - This cost estimate includes 7 surface parking stalls for Town Hall and 14 surface parking stalls for the Library, as per the Process Four report. An additional 10 parking stalls were added to accommodate clients of the retail businesses.
- If it was assumed that \$3.75 million in equity was invested in the development, including \$335,000 from the sale of the Town Hall site, and \$3.5 million from the Library, the \$13.7 million in capital costs would require an annual mortgage payment of approximately **\$400,000**.
- The retail space would generate an average annual revenue of \$70,000 over the 35-year life of the mortgage, which would reduce the average mortgage payment to **\$330,000** per year.

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4.4. DEVELOPING TOWN HALL WITH LIBRARY, RETAIL AND RENTAL RESIDENTIAL ON BULLER SITE

This scenario looks at building a four-storey building on the Buller site, with the top two storeys comprising rental residential units. An FSR of 3.0 was assumed, which would allow for 40 residential units averaging 1,000 square feet per unit. The average 1,000 square foot unit was assumed to rent for \$1,500 per month, or a \$1.50 per square foot. Similar rates were found for newer units in Ladysmith online.

Similar to the retail space, it is assumed the Town would retain ownership of the residential space and the revenue would be used to help pay the mortgage.

This scenario also assumes that the current Town Hall site would be sold to help fund the project.

Key findings:

- Construction costs: \$29.5 million assuming similar construction costs as the previous scenario, as well as, \$211 per square foot for the residential space. This includes financing costs and the assumption of structured / semi-underground parking stalls on the sloping site.
 - This cost estimate includes 7 parking stalls for Town Hall, 14 parking stalls for the Library, 10 for retail space, and 50 stalls for the residential tenants. Reducing the parking ratio for the residential spaces will cut costs and likely simplify the development design.
- \$3.8 million in equity is assumed, including \$335,000 from the sale of the Town Hall site, and \$3.5 million from the Library, the \$29.5 million in capital costs would require an annual mortgage payment of approximately **\$1 million**.
- The retail space would generate an average annual revenue of \$70,000 over the 35-year life of the mortgage, while the residential units would generate an average annual revenue of approximately \$800,000. These sources of revenue would reduce the average mortgage payment to **\$200,000** per year.

Adding both retail and residential to the development brings the annual mortgage payment to the lowest rate compared to all other scenarios considered, but this larger development also includes the highest capital costs and the most risk.

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5.0 DEVELOPING ON WORKS YARD / IN MACHINE SHOP

The options of developing on the Works Yard site or within the existing Machine Shop building are both intriguing options, mostly because both options permit the sale of the Buller site to allow for that equity to be invested in the development.

Note again that we do not recommend pursuing sale of the Buller Street site at this time, given COVID-19 related market uncertainty and the likely discount that would be commanded by any prospective buyer.

There is also the potential that developing on the Works Yard or within the Machine Shop will reduce construction costs; however, both these scenarios present important unknowns. For this reason, developing on both sites assume the construction costs associated with a new build.

Regarding the Works Yard, developers interviewed suggested it is unusual to build additional storeys on an existing one storey building. There would be significant unknowns regarding the structure of the existing building that developers would typically prefer to demolish the existing building and start fresh.

Regarding the Machine Shop, renovating a historic building can present a number of challenges, including rebuilding the foundation and refurbishing the shell of the building. Refurbishing the 'Salt Building' in Vancouver's Olympic Village was a very expensive project, in part because of the costs of rebuilding the foundation. For these reasons, and the unknown quality of the existing building, it was recommended by developers to assume the costs of refurbishing the Machine Shop would be similar to a new build.

Given the above, the Works Yard and Machine Shop scenarios were assumed to have similar construction costs.

Three scenarios for the Works Yard / Machine Shop were considered, including developing only a new Town Hall, a Town Hall with a Library, as well as incorporating retail space in the development. Residential was considered inappropriate for both locations.

5.1. TOWN HALL ONLY ON WORKS YARD / MACHINE SHOP

This scenario considers only a new Town Hall constructed at either the Works Yard or Machine Shop. The construction costs are assumed to be \$8.6 million, including financing costs, the same as scenario 4.1.

The equity assumed in this scenario includes the proceeds from sale of the existing Town Hall site and the Buller site. Taken together, the sale of these properties would raise an estimated \$1.5 million based on residual valuations. Note again that this figure could be increased if construction costs are reduced through elimination of structured parking.

Also note however, that COVID-19 market uncertainty could significantly reduce the valuation of these parcels in the near-term.

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Assuming that \$1.5 million in equity were invested in the development, the \$8.6 million in capital costs would require an annual mortgage payment of approximately **\$290,000**.

5.2. DEVELOPING TOWN HALL WITH LIBRARY ON THE WORKS YARD / MACHINE SHOP

This scenario looks at including the library with the new Town Hall development on either the Works Yard or within the Machine Shop. Including the library adds 10,000 square feet of built space (at a lower per square foot cost) as well as \$3.5 million in equity.

This scenario also assumes that the current Town Hall site and the Buller site would be sold to help fund the project, bringing the total equity available to \$5 million.

Key findings:

- Construction costs: \$12.5 million including financing costs.
 - This cost estimate includes 7 surface parking stalls for Town Hall and an additional 14 surface parking stalls for the Library, as per the Process Four report.
- If \$5 million in equity were invested in the development, the \$12.5 million in capital costs would require an annual mortgage payment of approximately **\$300,000**.

5.3. DEVELOPING TOWN HALL WITH LIBRARY AND RETAIL ON WORKS YARD / MACHINE SHOP

This scenario looks at adding a small retail component to the development of a new Town Hall and the Library either on the Works Yard or within the Machine Shop. This scenario also involves selling both the existing Town Hall site as well as the Buller site.

Key findings:

- Construction costs for this scenario would equal \$13.7 million including financing costs.
 - This cost estimate includes 7 surface parking stalls for Town Hall and 14 surface parking stalls for the Library, as per the Process Four report. An additional 10 parking stalls were added to accommodate clients of the retail businesses.
- If \$5 million in equity were invested in the development, the \$13.7 million in capital costs would require an annual mortgage payment of approximately \$350,000.
- The retail space would generate an average annual revenue of \$70,000 over the 35-year life of the mortgage, which would reduce the average mortgage payment to approximately **\$280,000** per year.

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6.0 SCENARIO COMPARISON

The primary basis for comparing the various scenarios is the required annual mortgage payment. This payment varies based on total capital costs, assumed equity availability, revenue opportunities (e.g. rental residential, commercial), and overall project size.

Table 2 below provides comparative statistics for development, under varying scenarios, at the Buller Street Site.

Table 2: Buller Street Site - Comparative Figures for Town Hall Development Scenarios

Scenario - Develop on Buller Site	Equity Inputs	Construction Cost	Annual Mortgage Payment	Average Annual Revenue (over 35 years)	Effective Annual Mortgage Payment
Town Hall *	\$0	\$8,440,000	-\$350,000	\$0	-\$350,000
Town Hall **	\$340,000	\$8,440,000	-\$330,000	\$0	-\$330,000
Town Hall + Library ***	\$3,840,000	\$12,320,000	-\$350,000	\$0	-\$350,000
Town Hall, Library, Retail	\$3,840,000	\$13,480,000	-\$400,000	\$70,000	-\$330,000
Town Hall, Library, Retail, Residential	\$3,840,000	\$28,330,000	-\$1,010,000	\$810,000	-\$200,000
* No equity					
** Using equity from selling existing Town Hall Site					
*** Using equity from selling existing Town Hall Site & Library investment					

Looking at the scenarios presented above, the project that includes both retail and residential has the opportunity to bring the annual mortgage costs down the most, but as mentioned previously, this scenario also involves the most risk.

Note again that equity inputs would likely be reduced if sale of the current Town Hall site is pursued amidst COVID-19 market uncertainty. This would bring the debt requirement up in all scenarios.

Table 3 presents costs and mortgage payments required for each development scenario on either the Works Yard or within the Machine Shop.

Given the extra equity that is assumed from sale of the Buller site, the effective annual mortgage payment is expected to be lower if developing on the Works Yard or within the Machine Shop.

Achievable sale prices of either or both of the Town Hall and Buller sites will likely be hampered by COVID-19 market uncertainty in the near-term.

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Table 3: Machine Shop or Works Yard – Comparative Figures for Town Hall Development Scenarios

Scenario - Develop in Machine Shop or Works Yard	Equity Inputs	Construction Cost	Annual Mortgage Payment	Average Annual Revenue (over 35 years)	Effective Annual Mortgage Payment
Town Hall *	\$1,510,000	\$8,440,000	-\$290,000	\$0	-\$290,000
Town Hall + Library **	\$5,010,000	\$12,320,000	-\$300,000	\$0	-\$300,000
Town Hall, Library, Retail	\$5,010,000	\$13,480,000	-\$350,000	\$70,000	-\$280,000
* Using equity from selling existing Town Hall site & Buller site					
** Using equity from selling existing Town Hall Site & Buller Site, and Library investment					

However, the ultimate construction costs involved with either of these scenarios remain an unknown. It is possible that developing within the Machine Shop could be less expensive than a new build, in which case the annual mortgage payments would be lower.

- An analysis of the foundation and the structure of the Machine Shop could provide more certainty of the potential costs involved with refurbishing the building.

7.0 DISCUSSION

There are several outstanding questions and considerations that should be taken into account when considering the next steps for the Town Hall development project: What level of risk is the Town of Ladysmith willing to accept with this development?

- Would Ladysmith consider selling the retail or residential components of a new Town Hall mixed-use project as strata parcels?
- Are there means to increase the residual valuation of the Buller Street and current Town Hall site through either decreased construction costs, increased revenues, or both?
- What are the construction costs involved with redeveloping the Machine Shop or potentially adding on to the existing Works Yard building?
- Would the Vancouver Island Regional Library pay rent to help reduce mortgage costs?
- What amount of borrowing is Ladysmith willing or able to accept, particularly given other capital commitments and needs which will require borrowing?

The Town of Ladysmith has several significant projects ongoing, including a priority intent for remediation, servicing, and subsequent lease or sale of development parcels in the Waterfront Area Plan. It also intends to invest in renovation of the Machine Shop. Given these commitments and priorities, there is a rationale to invest in this effort by locating a new Town Hall within the Machine Shop.

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- Significant investments in the Machine Shop will be required before the structural upgrades to the building are complete. It is understood that project costs have increased \$450,000 beyond the budgeted \$1.752 million. It is also understood there have been questions regarding the future uses within the Machine Shop building once renovations are complete. By placing a new Town Hall in the building (along with other users), the Town would be leveraging its investments in this asset.
- Locating City Hall in the Machine Shop would also be a direct investment in catalysing waterfront investment and development. Waterfront development is a clear priority for the Town, and one that will require important decisions around infrastructure investment strategies. If Town Hall (and other uses) were located in a refurbished Machine Shop, this would send a strong message to the market around the Town's priorities and commitment to achieving waterfront development.
- Locating Town Hall in the Machine Shop would bring significant traffic to the waterfront lands and highlight the attractiveness of one of the Town's most important assets. A new Town Hall in the Machine Shop would be expected to bolster the land values of the waterfront lands.

The realities of COVID-19 and its impact on real estate, retail, and tourism should be a consideration regarding the strategy taken to develop a new City Hall in Ladysmith.

Given the uncertainties in the real estate sector, it is likely not prudent to sell developable land in the near-term, particularly in scenarios where the developer would be considering a commercial component. The scenarios considered in the financial modelling include potential equity from sale of the Buller Street and / or existing City Hall site. Sale of these parcels should be postponed until there is a return of market stability.

The analyses presented here are premised on important assumptions, including parking stalls required, construction costs, rental rates, and levels of equity that all have significant impacts on the final cost of the project. Urban Systems will be happy to review all the assumptions used with the Town of Ladysmith to refine our estimates at a future date, as required.

URBAN SYSTEMS LTD.

J.P. Raulot-Lapointe, MBA
Senior Consultant – Land Economics



Justin M. Barer, M.Pl., MCIP, RPP
Lead – Land Economics