

Report to Council



Date: March 19 2018
File: 1810-30
To: City Manager
From: Robert Parlane, Parks & Buildings Planning Manager
Subject: Smith Avenue (Library Parkade) Offices Renovation and Fit Out

Recommendation:

THAT Council receives, for information, the report from the Parks & Buildings Planning Manager dated March 19, 2018, with respect to Smith Avenue (Library Parkade) Offices Renovation and Fit Out;

AND THAT the 2018 Financial Plan be amended to include up to \$625,000 from the Civic Facilities Reserve, for the renovation and fit out of the Smith Avenue offices;

AND FURTHER THAT the 2018 Financial Plan be amended to reduce the annual operating budget by \$59,300 as outlined in the Financial/Budgetary Considerations section of this report.

Purpose:

To seek Council's approval to amend the 2018 Financial Plan in order to proceed with the renovation and fit-out of the Smith Avenue offices.

Background:

The space under consideration is the lease space located at the southwest corner of the Library Parkade. Since constructed, it has been used by several different tenants, the most recent was the Green Room Bistro, which closed in 2014. Located away from the main thoroughfare of Ellis Street, it is more challenging to lease as a retail space.

Known by a variety of names, it will be referred in this report as the Smith Avenue offices. The renovation of the Smith Avenue offices is the final phase of the Library Parkade addition, and its' reuse for municipal staff has now been identified as the best use for the future of this space.

A group of Active Living & Culture Division (AL&C) staff have been located at a leased space on Glenmore Drive since 2012. The term for this lease ended in December 2017, and was extended for an additional three months to the end of March 2018. There is no opportunity to

extend this lease further. Other staff from the AL&C team were located on Level 3 of City Hall, however this space is also required for the expansion of other departments.

The long-range space solution for up to fourteen AL&C staff is to house staff from Social Development, Strong Neighbourhoods, Cultural Services, Partnerships and Grants & Special Projects in the Smith Avenue offices. The remaining staff from the Glenmore location (Community & Neighbourhood Services) are being relocated to Parkinson Recreation Centre.

In the interim, the AL&C team are temporarily housed in offices in the Garden Level of City Hall.

The Smith Avenue offices are a favourable solution for the AL&C staff team for the following reasons:

- The location provides good public access and visibility for the important services provided by this team. It is also in close proximity to other public services located at City Hall and in the downtown core.
- Frequent relocations have been a challenge for this team in the past few years, both for staff and the public accessing these services. Moving into a space which is city-owned, rather than leased, reduces the likelihood of the team having to move again in the near future.
- Rather than having this team fragmented in multiple locations, they are housed together. Having staff from Social Development, Strong Neighbourhoods, Cultural Services, Partnerships and Grants & Special Projects co-located in one office facilitates: shared clerical support, operational synergies, and administrative efficiencies.
- For the first time since 2008/09, Cultural Services offices will be within the Cultural District. An accessible, storefront location creates more opportunities for interaction with the cultural community, and eliminates the need to commute for meetings. This will save significant staff time and expense.

The existing space is 140m², but long and thin with a 27.5m street frontage, and a high ceiling with a sloping soffit. The space requires significant work to bring it to current code for a basic shell, including insulation to the internal walls and soffit, new HVAC system, sprinkler system, new washroom, and new glazing and entrance door to one exterior bay. From this basic shell the fit-out works will provide four offices, a small four person meeting room, ten workstations and a small kitchenette. It also includes furniture, fixtures, security, data and other costs associated with the relocation.

The estimated cost for these total works is \$625,000, which is split approximately \$300,000 for the renovation of the shell, and \$325,00 for the fit-out, furniture, equipment, etc. Due to the inherent risk of unknown problems associated with any renovation within an existing shell, and the volatility of today's construction economy, these estimates also include a 12% construction contingency. Should the contingency not be required, the funds would remain in the Civic Facilities Reserve.

Financial/Budgetary Considerations:

In the 2016 Financial Plan Council authorized renovations to the commercial unit at the Library Plaza Parkade in the amount of \$160,000 to be funded from the Parking Reserve. The

intent was to recoup the costs over seven years through a market lease at approximately \$23,000 per year. The current cost estimate identifies, due to the existing deficiencies, that this figure was insufficient to bring the space up to shell standard for lease, and that \$300,000 would be necessary.

Staff have now determined that the existing commercial unit would be better utilized as office space for municipal use, so funding from the Parking Reserve is no longer appropriate as the City doesn't entertain internal rental transfer payments. Given the new use of the facility, staff are now recommending that the renovation and fit-out of the Smith Avenue offices be funded 100 per cent from the Civic Facilities Reserve.

Annual lease costs for the Glenmore Drive offices were approximately \$48,000, with an additional \$18,000 shared external operating costs (property tax, snow clearing, landscaping, etc) and \$13,000 for utilities and internal maintenance. The ongoing utility and maintenance costs for the Smith Avenue offices are estimated at \$19,700. Therefore, as of March 31, 2018 the City's Financial Plan will be amended by the difference of \$59,300, as these funds are no longer required.

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Parking Services Manager
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Considerations not applicable to this report:

Legal/Statutory Authority
Legal/Statutory Procedural Requirements
Existing Policy
Personnel Implications
Communications Comments

Submitted by:
Robert Parlane, Parks & Buildings Planning Manager

Approved for inclusion:



Alan Newcombe, Divisional Director, Infrastructure

Attachment 1 - Smith Avenue offices - Floor Plan
Attachment 2 - Smith Ave Offices Presentation

cc: Divisional Director, Infrastructure
Divisional Director, Financial Services
Divisional Director, Active Living & Culture
Divisional Director, Community Planning & Strategic Investments
Divisional Director, Corporate Strategic Services
Director, Strategic Investments
Infrastructure Operations Department Manager
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