



Subject: New Town Hall 2024 Alternative Design and Location Options

Report Number: OPD 24-057

Department: Operations and Development Department

Submitted by: Jonathon Graham, Director of Operations & Development; Cephas Panschow, Development Commissioner; Laura Pickersgill, Executive Assistant

Meeting Type: Council Meeting

Meeting Date: Monday, October 21, 2024

RECOMMENDATION

- A. THAT report OPD 24-057 titled “New Town Hall 2024 Alternative Design and Location Options” be received; and [Council to select option]

- B. THAT staff continue with the detail design of 10 Lisgar representing a complete demo and rebuild authorizing the Director of Operations and Development to execute +VG Architect’s proposed Amended Services Work Request No.1, dated July 30, 2024, in the amount of \$82,131.00 (excluding HST) where this overage will be funded through the Tax Rate Stabilization Reserve; **OR**

- C. THAT staff refine location options including investigating any necessary preliminary negotiations options through to the appropriate due diligence and feasibility of the following alternative locations for a New Town Hall:
 - a. Option 2: Greyfield Site (Northeast corner of Brock and Harvey streets; and
 - b. Option 4b – 4 Elm Street (East Elgin Concrete/Long Point Region Conservation Authority building - South); andStaff to provide a report, including any potential agreements, to Council for review and consideration.

BACKGROUND

In 2019, Council considered three options for a New Town Hall under a Design/Build and Leaseback scenario. Generally, the building sizes ranged from 25,025 square feet to 27,198 square feet with estimated 30 year Total Lease Costs ranging from \$23.8 million to \$25.1 million. In December 2019, Council terminated the Design/Build and Leaseback process and directed options for a new corporate space for the Town with lower costs to be examined overall.

Subsequently, three options were presented to Council in 2022, based on a [Town Hall Steering Committee Recommendation](#), that generally consisted of the following:

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- Option A – 200 Broadway (Town Centre Mall),
- Option B – 10 Lisgar Avenue (Customer Service Centre); and
- Option C – Greyfield Site (northeast corner of Brock and Harvey Streets).

An estimated cost for each location along with the pros and cons for each was provided.

The Town Hall Steering Committee identified Option C as their preferred option for the New Town Hall where at the time of the identified report from the CAO's office in 2022 the "*Maximum Scenario*" Initial Capital Cost was \$8,247,733 (excluding HST). However, at the February 28, 2022 Council meeting, Council did not accept/endorse the recommendation and directed that other options to be reviewed.

At the June 16, 2022 Council meeting, Council directed staff to complete an environmental investigation at the "Greyfield Site". This work was subsequently completed.

At the special meeting of Council held on April 6, 2023, Council directed staff to focus efforts on providing options for the New Town Hall to be located at 10 Lisgar Avenue.

An [information report](#) was presented to Council on July 8th 2024, summarizing current efforts and findings to date in regards to Detail Design of the Town's New Town Hall. Subsequently Town Council carried the following motion through a recorded vote:

"Resolution # 2024-336

Moved By: Councillor Parker

Seconded By: Councillor Parsons

A. THAT report OPD 24-048 titled "July 2024 – New Town Hall Project Status Update" be received as information; and

B. THAT Council direct/select Option 3 to finalize the New Town Hall's Design Development process.

Option 3 represented a complete demo & new two (2) storey build with basement on the 10 Lisgar site.

At the August 12, 2024 regular council meeting and in consideration to a [New Town Hall - Design Scope Change Update](#) report presented to Town Council the following resolution was passed:

Resolution # 2024-379

Moved By: Councillor Luciani

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Seconded By: Deputy Mayor Beres

THAT Item 14.6.4 be referred to staff for a report that includes alternative location options, sale details for 10 Lisgar, and furnishing costs.

Carried

The recommendation which was referred back included the following:

THAT Council direct the Town’s Director of Operations and Development to proceed with +VG Architect’s proposed Amended Services Work Request No.1, dated July 30, 2024, in the amount of \$82,131.00 (excluding HST); and

THAT Council direct the above overage amount to be funded through the Tax Rate Stabilization Reserve.

This report on potential alternative locations for a new Town Hall is being brought forward for Council’s consideration.

DISCUSSION

As advised in the past to Council, and in a continued effort to meet Council’s goal to reduce/minimize (overall) costs, Value Engineering will become more prevalent through the Construction Document stage through to Tendering. To this effect, Council may consider the following market trends towards known construction cost:

Township of Zorra		Township of East Zorra-Tavistock	
Footprint (Sq. Ft.)	19,250.2	Footprint (Sq. Ft.)	13,422
Township Office (Sq. Ft.)	11,953.4		
Child Care (Sq. Ft.)	7,296.8	Tender Bid	\$5,575,000
Design Bid Amount	\$5,899,752	Architect Fee	\$198,000
Change Orders & Pending Change Orders	\$745,653	Change Orders & Pending Change Orders	N/A
Total Design Build Cost + Change Orders	\$6,645,405	Total Bid Amount & Architect Fees	\$5,773,000
Cost/Sq. Ft.	\$345	Cost/Sq. Ft.	\$430

Alternative Location Options

Option 1 - 10 Lisgar Avenue – Current Direction and Staff Recommendation

The current direction to staff would be to continue with the demolition and renovation of the current Customer Service Centre building located at 10 Lisgar Avenue. This would be subject to +VG's recently considered Amended Services Work Request No.1, dated July 30, 2024, in the amount of \$82,131.00 (excluding HST) as attached.

Furthermore and through previous reports to Council, this was the most recent option considered and was subsequently deferred upon further consideration toward location overall. This site does offer close proximity to the downtown and the Town already owns the land and building. If the project is to continue forward within this location staff is recommending to demolish and completely rebuild a New Town Hall at a current and updated (as of Sept. 12, 2024) Order of Magnitude \$17,913,000; however in application of valued engineering and in accounting for inflation the New Town Hall cost can be further refined to an estimated \$13-15 million as subject to detail design. Additionally, Council may consider a future amenities option/allowance that is completely discretionary towards landscape at an added cost \$750,000 (see Appendix A - Order of Magnitude (Demo/Rebuild)).

However, upon conducting additional due diligence, additional concerns have been identified including:

- The property with the building “as-is” is worth significant value and demolishing the building would reduce that value to “land value” only, which would be significantly less than the current value (\$3 million (+/-) compared to \$1 million (+/-))

Figure 1 – 10 Lisgar Ave Property



Option 2 – Greyfield Site (Northeast corner of Brock and Harvey streets) – Recommended For Further Investigation in Alternative Option

Please note that this site is formally known as *Option C – Greyfield Site* (Northeast corner of Brock and Harvey streets) from a previous report to Council in 2022, [Town Hall Steering Committee Recommendation](#).

The Greyfield site offers the opportunity to construct a stand-alone building with access to more surrounding parking and was, at that time, the most cost effective option.

While this was the recommended option in 2022 from the former Town Hall Steering Committee, there were concerns at the time related to the cost of completing such a project. In order to change to this location, staff would need to work with +VG in a scope change.

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This site also has a few items to be addressed including:

- Minor contamination of the subsoil;
- Constrained by the North/South Hydro Line that runs along the West side of the Canada Post building and the East/West Hydro line that runs from Harvey Street to Lisgar Avenue;

The Lands are within the Ground Lease for the Town Centre Mall and will require negotiation with SBLP Tillsonburg Town Centre Inc (Salthill) in terms of obtaining a release to use the lands, any replacement parking that may be requested by Salthill. Nevertheless, this site is Town owned and, should development be determined to be feasible through the due diligence process, it could offer the lowest cost option for a New Town Hall where in consideration of this proposal +VG has offer the attached Appendix B - Order of Magnitude Greyfeild update. Furthermore applied valued engineering through detail design would reduce construction cost further in estimated \$11-13 million as subject to detail design.

Figure 2 – Municipal Parking Lot at Brock/Harvey Streets (the Greyfield Site)



Option 3 – 200 Broadway (Town Centre Mall) – Not Recommended

The proposal provided for space in the Town Centre Mall included renovating the existing location with the addition of an entrance and customer service wickets on the Broadway frontage of the mall with the majority of space and staff being located on the second floor of the Town Centre Mall.

Staff are not recommending that this option be revisited due to a variety of factors:

- The Town does not own the building and has recently terminated an over 40 year lease arrangement with the mall owner after the original plan was for the Town to be an anchor tenant for 10 years;
- The leasehold improvements required to update the Town's former office space were more expensive, both in total and per square foot costs, than the current construction cost estimate for a new Town Hall;
- Ownership of the Town Hall is more desirable than continuing a leasing arrangement;
- New development is underway in the mall that may make the original proposal no longer possible
- This would take away retail space for the downtown core;
- Lack of designated parking for Town Hall visitors, lack of visibility and less than ideal access into the potential office space.

Option 4a – 4 Elm Street (East Elgin Concrete/Long Point Region Conservation Authority building) – Not Recommended

The current registered owner T. Van Leeuwen acquired the 4 Elm Street property from the Long Point Region Conservation Authority in 2018 and has approached the Town with a proposal to sell the 5.3 Acre property, which includes a 12,000 square foot building with an additional 6,000 square foot basement, the total cost of acquiring this property could be in excess of \$5 Million, which is not cost effective.

Based on the dated nature of the 4 Elm St building, significant renovations would be required as well as a 10,000 to 15,000 square foot expansion. At \$500 per square foot, an expansion of 10,000 square foot would add another \$5 Million in cost plus the renovation costs for the existing building, which could be around \$3.6 Million at \$300 per square foot. All in, this proposal could cost the Town in excess of \$14 Million for a half new/half refurbished facility.

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Certainly, the property is quite large and could accommodate the Town's current and future growth needs, but it seems like a significant amount of funding required for an older building.

Another option reviewed would be to align the Public Works building at 20 Spruce Street with Elm St property and sell existing property. (since the 4 Elm Street property is within the Forest Hill Industrial Park). However, as the existing 20 Spruce Street property is approximately 5 acres on its own, it doesn't appear that the use could be relocated to a similarly sized property, particularly if other town uses are relocated to this property as well.

Figure 3 – 4 Elm St (East Elgin Concrete)



Option 4b – 4 Elm Street (East Elgin Concrete/Long Point Region Conservation Authority building - South) – Recommended For Further Investigation in Alternative Option

The 4 Elm Street property does lend itself to another opportunity, that being to seek to purchase the current excess lands totaling approximately 2.3 Acres to the South of the existing building and parking lot (see Figure 4 below). This greenfield site is located on the corner of Highway 19 and Lincoln Street and provides high visibility and is one of

the largest sites available for development. If these lands could be acquired construction costs would likely be the lower end due to less complexity for developing compared to a downtown or infill development site.

Figure 4 – 4 Elm Street (Greenfield Site)



Option 5 – 57 & 43 Harvey St (Municipal Parking Lot) – Not Recommended

This proposal provided for space within the vicinity of the Town Centre Mall where the location is currently occupied by a parking lot(s).

Staff are not recommending that this option be used due to a variety of factors:

- Generally this site is the smallest site in consideration
- Constrained by the North/South Hydro Line that runs along the West side of the property line.
- Constrained by the North/South watermain and stormwater sewer with Cat Alley (i.e. a set back will be required)

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- The Lands are within the Ground Lease for the Town Centre Mall may require negotiation with SBLP Tillsonburg Town Centre Inc (Salthill) in terms of obtaining a release to use the lands (subject to legal cost), any replacement parking that may be requested by Salthill.

Figure 6 - 57 & 43 Harvey St (Municipal Parking Lot)



Sale of 10 Lisgar Avenue

If the decision is to have the Town Hall elsewhere than at 10 Lisgar Avenue, this property would be sold to generate revenue, which could help offset the costs of the proposed New Town Hall.

The appraisal done in 2021 offered a value of approximately \$3 million for that property. Given that this appraisal is over three years old and as subject to current market conditions it is very plausible that the value has slightly decreased. Regardless, the 10 Lisgar Avenue property is clearly worth more with a building on it than just as land value

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and generating even \$2.5 Million while avoiding demolition and site preparation costs would create a significant change in the financial proforma for a new Town Hall

Finding a site that can be acquired for less than the sale value of the 10 Lisgar Avenue or that does not impose a requirement to replace parking (as may be requested for any Ground Lease lands) is key. Based on this analysis, it appears that the Greyfield Site at Brock/Harvey or the excess lands on the South side of the 4 Elm Street property are the best options to pursue further. Hence, staff are seeking Council's authorization to explore both of these potential sites further, including potential negotiations with the property owners/Lessee subject to bringing any potential agreements back to Council for review and consideration within a time frame of 2-6 months (+/-).

CONSULTATION

Chief Administrative Officer, Development Commissioner, Chief Building Official, CAO's Executive Assistant, Director of Finance/Treasurer, Senior Leadership Team (at touch points) and effected Town staff through the staff consultation period.

FINANCIAL IMPACT/FUNDING SOURCE

Relative to total sunk cost to date and at the time of preparing this report, **\$220,338** has been incurred per the contract of **\$770,220** (excluding HST). Furthermore and subject to the schedule identified in +VG's contract where if an alternative location is ultimately chosen said scheduled would have to be revisited where essentially the Town would begin the Design Development stage again with scope creep to the Schematic Design if so determined. This scheduled effect would at a minimum add 3 to 4 months to the process where Town admin staff would remain scattered in different locations resulting in prolonged inefficiencies including the extension of leases at 51 and 55 Brock St as necessary.

Preliminary Milestone Schedule
(To be further developed with Client)

	Phase	Dates
1	Schematic Design modifications if required	April 1, 2024 to April 19, 2024
2	Design Development	April 22, 2024 to June 17, 2024
3	Construction Documents	June 24, 2024 to August 30, 2024
4	Tendering and award of Tender	September 2, 2024 to September 27, 2024
5	Construction/Contract Admin	October 7, 2024 to December 15, 2025
6	Project Close-Out	December 22, 2025 to January 30, 2026

Nevertheless and in a continued effort to meet Council's goal to reduce/minimize (overall) costs, Value Engineering will become more prevalent through the Construction

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Document stage (**Item 3**) through to Tendering (**Item 4**). To this effect, staff will continue to bring updated reports to Council prior to Tendering.

Lost Opportunity

There has been a variety of surveys, studies and projects conducted in fulfilling this project per the current/proposed location 10 Lisgar Ave and staff are recommending that a firm direction be established to eliminate having to undergo more costly surveys, studies or projects.

Studies undergone:

- Geotechnical investigation (10 Lisgar Ave)
- Mechanical and Electrical Design (10 Lisgar Ave)
- Structural Analysis (10 Lisgar Ave)
- Land Survey (10 Lisgar Ave)
- Etc...

Future and/or Immediate Cost

Subject to the original agreement with +VG and in consideration to an alternative site location, an Amended Services Work Request would be required in order to proceed/restart detail design. Therefore, cost impacts are anticipated to be similar to previously presented Amended Services Work Request No.1, dated July 30, 2024, in the amount of \$82,131.00 (excluding HST) where staff is seeking Council's direction to proceed with the necessary Amended Services Work Request, in principle, but not to exceed \$90,000 (excluding HST).

Furnishing Costs

At the time of preparing this report furnishing costs remain static as a direct correlation to the overall build and the total square footage of the proposed New Town Hall (yet to be refined and as subject to site location). However, standard application would suggest that an additional \$700,000 or \$30per square foot will be required to "outfit" the New Town Hall.

Fire Coms/Dispatch - Possible Funding

In discussion and evaluation of the current space needs where if the Fire Coms/Dispatch's primary location continues to be preferred within the New Town Hall it has been confirmed that in this instance facility construction and renovations were not grantable through the most recent awarded NG911 funding.

CONSOLIDATED SUMMARY

Consolidating the options and to summarize the information provided throughout this report, Council may consider the following:

Option	Address	Lot Size (acres)	Investigations & Due Diligence Estimate	Additional Comment(s)	Attachment
1	10 Lisgar Avenue Maintaining a complete demo & new two (2) storey build with basement	1.14	Subject to \$82,131.00 (excluding HST) +VG scope change	<ul style="list-style-type: none"> - Engineered fill required - Sanitary sewer conflict minimized - Basement - 3D scan fees unrecoverable - Loss of some fees already accrued. 	<p>Appendix A Order of Magnitude (Demo/Rebuild)</p> <p>Estimated Construction Cost \$17,913,000</p> <p>Valued Engineering Est. \$13-15 million</p>
2	Grey Field Site (Northeast corner of Brock and Harvey streets)	1.33	<p>Refined Geotechnical \$35,000</p> <p>Site Plan Development/Survey \$40,000</p>	<p>Requires a complete redesign and Scope Change cost from +VG</p> <p>May require negotiation with Salthill.</p> <p>Hydro Line Relocation Required at an additional cost of \$250,000</p>	<p>Appendix B Order of Magnitude (Greyfeild)</p> <p>Estimated Construction Cost \$15,838,513</p> <p>Valued Engineering Est. \$11-13 million</p> <p>10 Lisgar Sale Est. (Revenue) \$2-3 million</p>
3	200 Broadway (Town Center Mall)	N/A	<p>See Council Report Town Hall Steering Committee Recommendation</p>		
4	4 Elm Street	4.a = 5.4 while			No Attachments

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		retaining existing building 4.b = 2.31 vacant land	Geotechnical \$40,000 Site Plan Development/Survey \$40,000		Estimated Construction Cost Unknown
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Option	Address	Lot Size (acres)	Investigations & Due Diligence Estimate	Additional Comment(s)	Attachment
5	57 & 43 Harvey St.	0.85 (+)	Geotechnical \$40,000 Site Plan Development/Survey \$40,000	Most likely will require negotiation with Salthill. Alley/Building setbacks are a concern. Hydro Line Relocation	No Attachments Estimated Construction Cost \$16,000,000

CORPORATE GOALS

How does this report support the corporate goals identified in the Community Strategic Plan?

- Lifestyle and amenities
- Customer service, communication and engagement
- Business attraction, retention and expansion
- Community growth
- Connectivity and transportation
- Not Applicable

Does this report relate to a specific strategic direction or project identified in the Community Strategic Plan? Please indicate section number and/or any priority projects identified in the plan.

Goal – The Town of Tillsonburg will strive for excellence and accountability in government, providing effective and efficient services, information, and opportunities to shape municipal initiatives.

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Strategic Direction – Position Tillsonburg as a leader in the municipal sector.

Priority Project – *Immediate Term* – Consolidated Town Hall initiative.

ATTACHMENTS

Appendix A - Order of Magnitude (Demo/Rebuild)

Appendix B - Order of Magnitude (Greyfeild)

Amended Services Work Request No.1