



Meeting Date: February 15, 2023

Submitted by: Michael Di Lullo, CAO and Scott Mairs, Director of Community of Facility Services

Report No: CAO-5-2023

Subject: Municipal Office Renovation Project

Recommendation:

THAT Report CAO-5-2023, re: Municipal Office Renovation Project be received;

AND THAT the project budget be approved, as amended, for a total cost of \$5,716,689.00;

THAT Council approve amending the Reserve and Reserve Fund Policy to include an additional reserve fund; Municipal Office Build Fund;

AND THAT the Director of Corporate Services be directed to amend the existing policy effective February 15, 2023;

AND FURTHER THAT the transfer from the following reserve funds to the Municipal Office Build Fund be approved.

- \$1,400,000 from the Building Department Reserve Fund; and
- \$1,500,000 from the Build Middlesex Reserve Fund; and
- \$250,000 from the Administrative Support Reserve Fund; and
- \$2,566,689 from the Buildings and Facilities Reserve Fund.

Purpose:

The purpose of this report is to bring a project update on the Municipal Office Renovation Project and to secure additional funds to move ahead with tendering this spring and construction this Summer.

Background:

At the September 21, 2022 Council meeting, Report CMS-15-2022 was approved to proceed with renovations and additions to the municipal office in Coldstream.

Since the adoption of the project charter, staff have secured the services of VG Architects to assist with the design of the municipal office. As previously noted, the initial proposal from September 2022 consists of the following:

- Phase 1: – A 5,500 ft² two storey addition that will become the new home of the Building, Engineering and Planning Departments.
- Phase 2 – A 2,000 ft² addition that will become the new Council Chambers.
- Phase 3 – Interior renovations of existing office space (approximately 7,250 ft²).

After working with the design architects, staff have now updated (and lessened) the overall design scope of the project and as shown in the appendix, outlines the updated design of the municipal office renovation project.

The total construction area is approximately 12,351 square feet with over 8,356 square feet of demolition, 6,303 square feet of renovations and just under 6,048 square feet of additional space being added.

- A 4,048 ft² addition that will become the new home of the Senior Management Team, Building, Engineering and Planning Departments.
- A 2,000 ft² addition that will become the new Council Chambers.
- Interior renovations of existing office space (approximately 5,493 ft²). Furthermore, an interior renovation of the existing entrance, corridors and parts of common areas shared with the community centre (approximately 810 sf).

Since initially brought forward, the plans have been significantly changed whereby the project (still) consists of the two additions to the building for new office space (albeit all on one floor), along with a new Council Chambers. The interior renovations have been minimized with fewer renovations focused solely on the central lobby, customer service counter, core office area, new accessible washrooms, and a new lunchroom area.

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Analysis:

Based on the updated design appended to this Report, staff have worked diligently to keep cost control at the forefront recognizing the inflationary and building pressures. The project charter approved a total project cost of \$4,300,000.00 including construction and Architect Fees.

The preliminary order of magnitude construction costs, (Class D estimate), based on all the renovations/additions was projected in excess of \$6,400,000.00. As we've continued to work and refine the design scope, many changes and reductions have occurred to bring the project cost in line. Some of these changes include reducing the footprint area of the Council Chambers, limiting the amount of renovations to the interior offices leaving many intact/untouched, doing away with sustainable features such as increased light and bringing the furnishings costs in-line where we can reuse as much as possible. This project was based on the decision to maintain the municipal office in Coldstream and not move to another location (being Komoka). Staff recommend that we continue to proceed with this renovation project and make the appropriate changes that will provide for current and long-term future needs.

Financial Implications:

As noted in the Project Charter, the total project budget has been identified by staff at \$4,300,000, which includes soft costs such as architectural/engineering fees and construction. The project is to be funded from the following areas:

- Building Department Reserve Fund: \$1,000,000
- Build Middlesex Reserve Fund (proceeds of the DFH land sale): \$1,000,000
- Building and Facility Reserve Fund: \$2,300,000

Since working with the design architects, reductions have been made as noted above with the project budget now set at **\$5,716,689.00**. To make up this difference in funds, additional funds are required and staff are proposing that the funds be withdrawn as follows:

- Building Department Reserve Fund: \$1,400,000
- Build Middlesex Reserve Fund (proceeds of the DFH land sale): \$1,500,000
- Building and Facility Reserve Fund: \$2,566,689
- Administrative Support Reserve Fund: \$250,000

This project is being paid by funds set aside in reserves and is not impacting the tax levy.

Current Reserve Fund balances as of January 1, 2023:

- Building Department Reserve Fund: \$3,759,307.12
- Build Middlesex Reserve Fund (proceeds of the DFH land sale): \$4,659,988.04
- Building and Facility Reserve Fund: \$8,595,128.77
- Administrative Support Reserve Fund: \$295,862.07

Strategic Plan:

This matter aligns with following strategic priorities:

- Sustainable Infrastructure and Services

Staff recognize that cost control is important and front/centre to see projects come to fruition. We have been working diligently with the design architects to make adjustments and keep costs at the forefront as we prepare to issue the tender to proceed with construction.

If approved, the timelines to proceed will remain on track with a tender release in Spring 2023, construction throughout the remainder of the year and into next year with completion by Summer 2024.

Attachments:

Attachment – Updated Municipal Office Design Drawing