

State of Good Repair - Asset Preservation for Civic Centres and Major Office Buildings

(City Council on December 14, 15 and 16, 1999, amended this Clause by adding thereto the following:

“It is further recommended that, as part of the State of Good Repair Program, the Chief Administrative Officer, in consultation with the Energy Efficiency Office (EEO) and the Toronto Atmospheric Fund (TAF), be requested to investigate the following and report thereon to the Administration Committee by June 2000:

- (1) the feasibility of incorporating energy efficiency retrofits into building upgrades that reduce operating costs and energy consumption for Civic Centres and major civic office buildings; and*
- (2) the possible use of revolving loan funds from TAF and other financial institutions to finance these retrofits.”)*

The Administration Committee recommends the adoption of the following report (November 23, 1999) from the Chief Administrative Officer:

Purpose:

To set out a three year program of asset preservation investments for major municipal office structures utilized for civic accommodation purposes. This report deals with the building envelope and major mechanical and electrical support systems. Costs for internal tenant spaces are in a companion report entitled the Master Plan for Office Accommodation.

Financial Implications and Impact Statement:

Work is to commence in 2000 and provision has been made in the Capital Works Budget for the year 2000 – \$4.35 million, together with provision for recovery of \$248,000 from the Board of Education with respect to Scarborough Civic Centre; the second and third years of this state of good repair program will be included in the 2001 and 2002 capital budgets respectively.

The Chief Financial Officer and Treasurer has reviewed this report and concurs with the financial impact statement.

Recommendations:

It is recommended that:

- (1) the short term program for State of Good Repair/Asset Preservation as summarized in Schedule A be approved;

- (2) the Executive Director of Facilities and Real Estate Division develop a five-year program with a ten-year projection for a State of Good Repair for Major Facilities program. The funding envelope developed include the works shown in Schedule A;
- (3) the financial elements of this report be forwarded to the Policy and Finance Committee for consideration during the 2000 Budget process; and
- (4) the appropriate City officials be directed to take the necessary action to give effect thereto.

Background:

This is one of a series of reports in the context of the Master Plan for Civic Accommodation. It acknowledges that the seven former civic headquarters and two former Hydro facilities must be utilized on an on-going basis, in the short term and, therefore, needed maintenance must occur. This capital program applies solely to the building envelopes and environmental conditions of these facilities and is not directly related to internal accommodation plans for the buildings.

The Master Plan deals with a number of other buildings which are also discussed in this report.

Comments:

1.0 Industry Standards:

Typically, owner landlords in the commercial development industry undertake capital programs for asset preservation every 10 – 12 years; and budget for changes, usually termed tenant improvements, on an annual basis.

This is a planned process to undertake changes which lower operating costs and ensure the stability of value. Such changes take advantage of improvements in industry equipment and practices and in recent years are heavily oriented to reduction in operating costs for both labour and energy consumption (particularly in non-use periods). Such programs recognize that manufactured products have a given lifespan; that replacement parts get to be in short supply; and eventually equipment wears out, is prone to failure, and must then be replaced.

Local government has generally not considered state of good repair programs as a priority and therefore has postponed such repairs on an almost indefinite basis. Municipalities create new facilities but do not regularly implement programs to ensure that existing physical assets are kept in good condition.

There will always be a 'churn factor' in occupation requirements which requires minor tenant improvements as change occurs. This type of expenditure is part of the work included in the Master Plan for Civic Accommodation.

2.0 Capital Upgrades:

2.1 Civic Centres:

The table below shows when these facilities were built, when additions were made (if applicable) and the useable square footage of each, being comprised of the net rentable square footage able to be used for office purposes as defined by the Building Owners and Managers Association's (BOMA) standards, together with the space utilized as Committee Rooms and Council Chambers.

Location	Built	Additions	Useable sq. ft.
York Civic Centre	1949	1962 and 1974	60,528
Etobicoke Civic Centre	1958	1975 and 1976	125,096
City Hall	1965	-	456,115
Scarborough Civic Centre*	1974	-	221,426
North York Civic Centre	1979	1989	228,487
East York Civic Centre	1991	-	59,986
Metro Hall	1992	-	615,152

* includes (former) Scarborough Board of Education portion.

This table shows that these structures are not really 'historic' in the classic sense (although some have been designated as such) but rather are symbolic both with respect to the area's former municipal structure and also the era in which each was built.

For the most part, they are typical of civic government buildings of their respective eras, which tended to produce proportionally less effective workspace and higher operating costs than in traditional office buildings. Greater efficiency has been designed into more recent structures, recognizing a more pragmatic approach in changing financial climates.

Examination of the major civic facilities shows that varying standards of operation and maintenance have been applied over the years. The Civic Centres have been, in general, well enough maintained on a daily basis but most suffer from a general lack of recent, planned capital upgrades, making it very difficult to harmonize diverse operating conditions.

A realistic multi-year program should be set in place now particularly with respect to building envelopes, mechanical, electrical and HVAC systems. Such maintenance should be undertaken every 10 – 12 years. If quality materials and design are used in a consistent manner, the somewhat longer cycle may prevail. At this time the industry standard is \$15/square foot of useable space on a 10 year cycle maintenance program.

2.2 Operational Administrative Facilities:

An overview of the status of the major operational administrative facilities was also undertaken. Fire/Ambulance Headquarters at 4330 Dufferin Street was last modified in 1994 and is scheduled for further modification (approved by Council in May of this year). The Communication Centre at 703 Don Mills Rd. was modified for its current uses in 1994. If some minor defects are now corrected, neither requires any major investment. The Records and Archives facility at 255 Spadina Road was built in 1988 and, because of the need for controlled environmental conditions, careful attention was paid at that time to both the building envelope and operating systems. Again, a capital investment is not yet required.

2.3 The Major Boards and Commissions:

Police Headquarters at 40 College Street was built in 1987 and was occupied in phases until 1992. Some capital investments will be required in the not too distant future. TTC Headquarters at 1900 Yonge Street is now fully occupied and an assessment of the building's condition was made three years ago. All required works identified by the assessment have either been completed or are in progress.

2.4 The Hydro Buildings:

The surplus Hydro buildings which have potential for civic use have also been examined. The former Etobicoke Hydro building at 2 Civic Centre Court, built in 1967, is in need of work and is identified as part of the program.

The building at 1530 Markham Road, built in 1983 and occupied by the former Scarborough P.U.C. in 1984, has had its original, somewhat ineffective, operational systems replaced in phases in the intervening period and today operates satisfactorily.

3.0 Phasing of Short Term State of Good Repair:

All capital works recommended for short term phased action are listed in Schedule-A with that portion that is the Board of Education's responsibility with respect to the Scarborough Civic Centre identified. Recognizing the potential for change suggested in the Master Plan, the 'ideal' state of good repair program for facilities in Etobicoke, York and North York has been significantly scaled back. The City will only undertake works at these three facilities that are considered essential to maintain health and safety standards, until such time as future direction in the districts is determined by Council. The work recommended for these buildings includes such items as repairs to stop basement flooding and leaking roofs, maintaining functional heating and cooling systems and addressing fire code deficiencies. The funding proposed will give staff the ability to respond to emergencies.

The short term program set out in this report will not see the end of the requirement for capital investment. Schedule A provides estimates for required works beyond the short term, that have been identified thus far.

It is recommended that an on-going state of good repair program be put in place. The development of such a program should consider all major facilities and seek to establish a reasonably consistent value for this collective work on an annual basis in order to avoid overly large peaks and valleys in ongoing expenditures. The Executive Director of Facilities and Real Estate will be developing a five year program, with a 10 year projection for state of good repair, for all major facilities.

Once the facilities required for accommodation purposes have been brought to a state of good repair, an expenditure of \$30 million every ten years, or \$3 million per year can be anticipated, based on the industry standard of \$15 per square foot on a ten year cycle.

Conclusions:

Council determined when it considered the original Concept Plan for Civic Accommodation (in February of 1999) that selected leases should, wherever possible, be terminated and staff consolidated in the Civic Centres and other facilities owned by the municipality. A review of these facilities now shows that an investment of \$4.35 million is required to put them in good physical condition.

A short term capital works program has been developed for inclusion in the capital budget in each of the next three years, beginning in the year 2000, to improve the existing building envelopes and mechanical and electrical systems of the facilities to be utilized. Further upgrades will be required at a later date. A regular cyclical program needs to be put in place which will establish a reasonably consistent value for annual State of Good Repair work.

Contact:

Susanne Borup, Executive Director of Real Estate and Facilities, (397-4156)

Insert Table/Map No. 1
Schedule A

Insert Table/Map No. 2
Schedule A

The Administration Committee also submits the following communication (November 29, 1999) from Councillor Jack Layton, Don River:

Recommendations:

It is recommended that as part of the State of Good Repair Program, the Chief Administrative Officer, in consultation with the Energy Efficiency Office (EEO) and the Toronto Atmospheric Fund (TAF) investigate:

- (1) the feasibility of incorporating energy efficiency retrofits into building upgrades that reduce operating costs and energy consumption for Civic Centres and major civic office buildings; and
- (2) the possible use of revolving loan funds from TAF and other financial institutions to finance these retrofits;

and report to the Administration Committee by June, 2000.

Background:

Wonderful opportunities exist, through energy retrofits, to:

- (i) increase the quality of civic buildings;
- (ii) reduce the City's energy costs; and
- (iii) help meet City Council's stated target of reducing the City's CO₂ emissions by 20 percent by 2005.

Through the Better Buildings Partnership (BBP), the Energy Efficiency Office and the Toronto Atmospheric Fund have gained wide-ranging experience in helping private sector building owners significantly decrease operating costs through energy efficiency retrofits and in finding financing for these initiatives. These retrofits are effectively self-financing since they are paid for by the energy savings. Depending on the financial instruments used, these retrofits have a pay back period ranging from three to seven years.

The Administration Committee also submits the following communication (November 29, 1999) from the City Clerk:

Recommendations:

The Office Consolidation Sub-Committee recommends that:

- (1) consideration of Recommendation No. (11) of the report (November 23, 1999) from the Chief Administrative Officer respecting Master Plan for Office Accommodation be deferred until January, 2001; and

- (2) the reports (November 23, 1999) from the Chief Administrative Officer, as amended by Recommendation No. (1), be adopted.

The Office Consolidation Sub-Committee reports, for the information of the Administration Committee, having requested the Chief Administrative Officer to:

- (1) report to the Office Consolidation Sub-Committee on the total cost of all leased office properties, the square footage and the terms of each lease;
- (2) report to the Office Consolidation Sub-Committee, for information purposes only, on the approximate number of funded or actual employees within the corporation, by office space required;
- (3) further report to the Office Consolidation Sub-Committee on the relocation of the day care centre, credit union and public library, presently located on the ground floor of City Hall;
- (4) report to the Office Consolidation Sub-Committee on three additional meeting rooms in the concept plan for the ground floor of City Hall;
- (5) expedite the Terms of Reference for the proposed Working Groups set out in Recommendation No. (6) of the report (November 23, 1999) from the Chief Administrative Officer respecting Master Plan for Office Accommodation; and
- (6) report to the Toronto Community Council on the impact of the proposal for the short-term relocation of district operations to Metro Hall.

Background:

The Office Consolidation Sub-Committee, on November 29, 1999, had before it reports (November 23, 1999) from the Chief Administrative Officer respecting:

- (1) Master Plan for Office Accommodation;
- (2) Civic Space Associated with Civic Centres; and
- (3) State of Good Repair/Asset Preservation for Civic Centres and Major Civic Office Buildings.

The Chief Administrative Officer made a presentation to the Sub-Committee respecting the foregoing.

The Sub-Committee's recommendations and actions are noted above.

The Administration Committee, reports for the information of Council, having also had before it:

- (i) an overview report (November 23, 1999) from the Chief Administrative Officer respecting the three reports entitled “Master Plan for Civic Accommodation”, “Civic Spaces Associated with Civic Centres”, and “State of Good Repair/Asset Preservation for Civic Centres and Major Office Buildings”; and
- (ii) a publication entitled “Strategy and Standards for Office Space and Ergonomics, dated November, 1999, prepared by the Office Space Strategy Team, which was distributed to Members of the Administration Committee at its meeting on November 30, 1999.

The Chief Administrative Officer gave an overhead presentation to the Administration Committee in connection with the foregoing matter.

The following Members of Council appeared before the Administration Committee in connection with the foregoing matter:

- Councillor Tom Jakobek, East Toronto;
- Councillor Jane Pitfield, East York; and
- Councillor David Shiner, Seneca Heights.