



## Report to Council

Department: Office of the CAO  
Division: Office of the CAO  
Date: September 3, 2024  
Prepared by: Doug Sweet, Chief Administrative Officer  
Report Number: Office of the CAO-2024-08  
Subject: Town Hall Expansion and Consolidation  
Number of Pages: 18

### Recommendation(s)

**That** Office of the CAO Report CAO-2024-084 entitled Town Hall Expansion and Consolidation prepared by Doug Sweet, Chief Administrative Officer dated September 3, 2024, be **received**, and

**That** Council **direct** Administration to proceed with issuing tender documents for the construction and expansion of the current Town Hall with a post budget approval in the amount of \$6,331,075 as per the financial plan as listed in report CAO-2024-08

### Purpose

**To receive Council's approval to move forward** on issuing tender documents to expand and renovate the current Town Hall footprint.

### Background and Discussion

Council, during the 2016 budget deliberations, approved funding for an office

accommodation review and life cycle report to be conducted for Essex Town Hall and the Gesto Office building.

The purpose of the review was to allow Council and Administration to understand the financial resources that would be necessary to maintain the existing facilities (Essex Town Hall and Gesto Office Building) for the next 3 to 5 years. The Town issued a Request for Proposal in May 2016 and Stephenson Engineering was awarded the project in July 2016.

The proponent was required to prepare a report detailing the current conditions and expected maintenance costs for the Essex Town Hall and the Gesto office building. As well, an office accommodation review was to be conducted at Essex Town Hall and the Gesto office building and what would be required to combine staff from the two facilities into one location.

### **Town Hall**

The current Essex Town Hall is a single-story building that was built in 1967, with approximately nine hundred and fifty square metres (950 sq.m) of total floor area for offices, and a council chamber. Prior to amalgamation in 1999 the facility was utilized as the Essex Town Hall as well as the main offices for the local police force. The Essex Town Hall is situated on 1.65 acres of land located in Essex Centre at 33 Talbot Street South. The following 4 departments are located within the Town Hall complex and consist of 43 full time staff plus the

#### **Mayor's office:**

- Office of the CAO – Human Resources, Communications and Legal and Legislated Services
- Corporate Services Department – Administration, Finance, Information Technology and Water Billing
- Infrastructure Department Administration – Administration, Public

Works, Drainage, GIS

- Community Services Department - Administration.
- **Mayor's Office and Council Chambers.**

### **Gesto Offices**

The current Gesto Office Building is a single-story building with approximately five hundred and ninety square metres (590 sq.m) of total floor area for offices. Prior to amalgamation in 1999 the facility was utilized as the Town Hall for Colchester North Township. The Gesto Building is situated on .47 acres of land located at 2610 County Road 12. The Development Services department is located within the Gesto Office Building and consists of approximately 15 staff which include full time and part time staff for the following divisions:

- Administration for Development Services
- Planning
- Building and Bylaw
- Economic Development

Based on the review, Stephenson Engineering recommended that capital reinvestment to maintain existing conditions at both facilities is not a prudent **use of Town's funds, as both buildings significantly fall short of program and space requirements, and no longer function well.**

The detailed programming per department was summarized and ideal total square footage was obtained. The existing Town Hall building has a deficit of at least one thousand- and forty- meters square (1,040 m<sup>2</sup>) or eleven thousand, one hundred and ninety-four square feet (11,194 ft<sup>2</sup>) to meet current and future

space requirements. In total Twenty-one thousand, four hundred and sixteen square feet (21,416) or one thousand, nine hundred and ninety square meters (1,990 sq. m) would be required to have all administrative staff at Town Hall and Gesto Offices be situated at one facility.

Stephenson Engineering also recommended that to make the operations and the customer service experience for the Town of Essex run more efficiently, it is necessary to improve communications and relationships by consolidating all major departments and divisions into the same building.

The Stephenson report also presented an option to build a new Town Hall facility (estimate \$17-\$20 million in 2016) to accommodate current and future staff, but the cost was prohibitive and not feasible. Based on this, the previous term of Council recommended that a future expansion of the current Town Hall would be able to occur at the current Town Hall site, and council of the day took steps to allow for future expansion by moving the Tot Park to the Essex Centre splash pad location, and also purchasing the former daycare property adjacent to Town Hall to allow for additional parking required with an expansion.

In 2021, during the pandemic, the provincial government provided grant funding to municipalities to reconfigure municipal facilities to provide separation for staff and the public. The Town was successful in receiving grant funding and the Town hired Architecttura Architects to design new customer care areas and expand the customer entrance. To create these designs Architecttura was tasked to create more efficient areas and provide a design that would be part of a future Town Hall Expansion. Architecttura Architects lasered the entire Town Hall building to have accurate measurements to create the 3 new customer service areas – Clerks, Finance and Water Billing and they also developed a conceptual renderings and drawings) for future Town Hall expansion (Appendix A and B). In addition, the former large meeting room was

converted to office space for the infrastructure area, leaving only one small meeting room at Town Hall.

As the Town has grown there has been several challenges in having two separate administration buildings. The cost to maintain two facilities, lack of synergies and communication between departments, struggle to provide capacity for coverage during vacations, sick days, etc., and the public not knowing what facility to go to for their concern or having to go to both facilities for their issue. In addition, at both facilities all usable space has been converted to office space, but this has created other challenges such as insufficient council chambers for a municipality this size, no meeting space, inadequate lunchroom space for the number of staff working at the facilities, no storage space, and HVAC issues for proper air flow circulation. An expansion of the current Town Hall would also require a unified HVAC system for the entire building to allow proper circulation and be more energy efficient. The proposed expansion would include a second **story addition above the expanded portion at today's** costs to ensure Town Hall is able to accommodate growth for the next 10-20 years.

**Finally, as part of the current council's new Strategic Plan 2023-2027, Council identified one of their four major goals/pillar as "Responsible and People-Focused Government" with the goal to "Deliver friendly customer service in an efficient, effective, and transparent manner while providing an exceptional working environment for our employees."**

In order to achieve this goal and to move forward with a proposed Town Hall expansion and consolidation, Administration at the November 6, 2023 council meeting requested from Council that they direct Administration to develop a business case to fund the construction of a Town Hall expansion which would include the selling of the Gesto office building and that all funds from the sale

go towards the capital cost of the Town Hall expansion. At the meeting council passed the following resolution:

**Resolution Number R23-11-433**

**Moved By: Councillor Allard, Seconded By: Councillor Hammond**

That Office of the CAO Report 2023-04 entitled Town Hall Expansion and Consolidation prepared by Doug Sweet, Chief Administrative Officer dated November 6, 2023, be received; and

That Council approve the current Town Hall footprint as the location for Town Hall Expansion and Consolidation; and

That Council direct Administration to develop a business plan to fund the expansion and consolidation which would include the selling of the Gesto Office Building and utilizing the sale funds toward the expansion capital costs; and

That Council award the development of construction drawings to Architecttura Architects and Engineers in the amount of \$398,750.00 plus HST for the Town Hall Expansion and HVAC upgrades, to be funded through the Landfill Reserve; and

That the proceeds from the sale of the Gesto Office be transferred to the Landfill Reserve including interest. **Carried**

Based on this direction Architecttura Architects have developed construction ready drawings and have provided a CLASS B budget based on these detail drawings. To ensure a total cost of the expansion is presented, Administration has obtained pricing on additional anticipated costs such as permitting, furniture, information technology equipment, and landscaping. A total budget amount of \$6,331, 075 is proposed for the expansion of Town Hall, and a

financial business plan was developed based on these costs.

It is important to note that in 2016 Stephenson Engineering estimated that a new Town Hall in 2016 may cost in the range of \$17-\$20 million to accommodate the current staff as well as growth. It is anticipated that based on inflation since 2016 a new Town Hall would be in the range of \$23-\$25 million. Administration feels the current proposed option for an expansion of the Town Hall by consolidating the Gesto Office facility, is a practical option for the Town of Essex, and this option accommodates today's staffing requirements but with the addition of the second floor it allows for growth for the next 10-20 years.

**Financial Impact**

The estimated costs and proposed funding for the expansion of Town Hall is detailed below.

	<b>Proposed Funding Sources</b>				
<b>Estimated Project Cost*</b>	Development Charge Reserve	Asset Management Reserve	Miscellaneous Revenue	Long-term Debt	Investment Income
\$6,331,075	\$100,000	\$416,750	\$350,000	\$2,886,880	\$2,577,445

\*This cost includes all construction, permitting, furniture, information technology equipment and landscaping.

It should also be noted that the Town's Consultant has indicated that should the project be delayed by one year, the escalation in project costs could be upward of \$640,000.

Debt Impact

As per the Town's Debt Management Policy, Council must approve debt requests that fall outside of the approved Operating and Capital Budgets.

Long-term debt per the policy should be used once:

1. The Tax Rate/and or User Rate is considered: it is determined that the supported budget cannot accommodate the expenditure without a large fluctuation (rate shock) to the tax or user levy.
2. Reserve Balances are evaluated: reserves must be evaluated, and their projected balance deemed not appropriate to fund the project.
3. Potential Grant Revenue maximized: all grant sources have been identified, executed, and maximized.

Administration has evaluated all three scenarios above and in relation to each formulated the below comments:

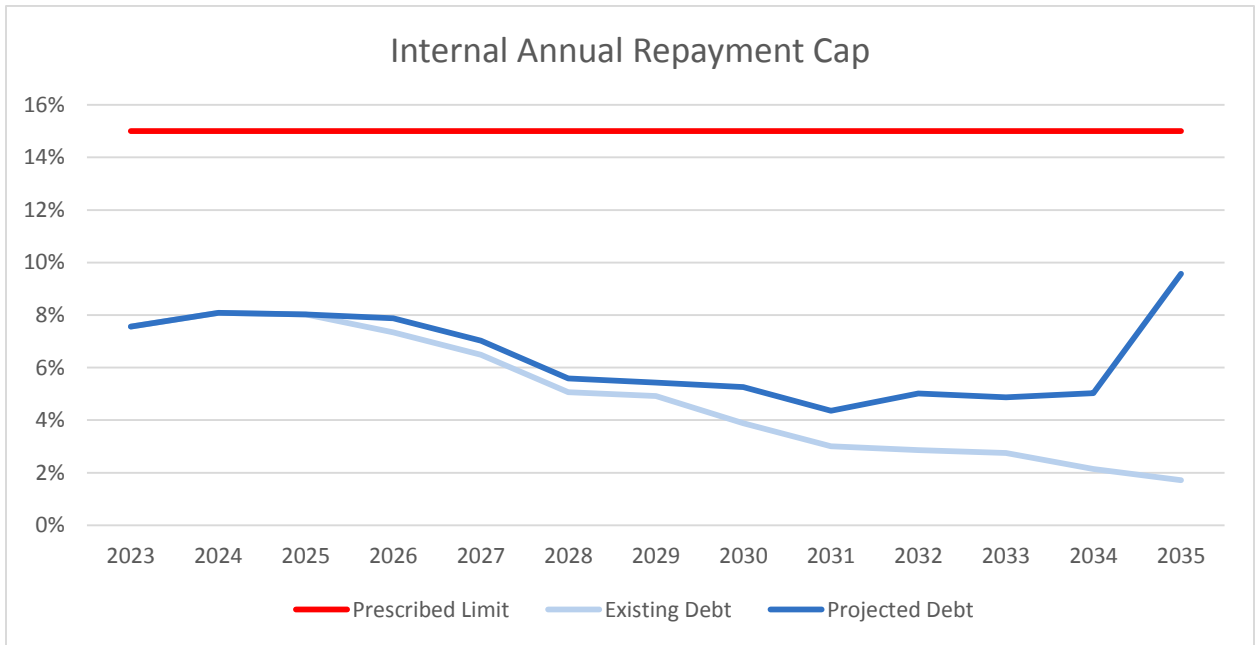
1. An additional debt ask of the entire cost of the project could cause rate shock given it alone (without other upcoming budget considerations) could equate to 2%. Given this, a portion of Investment Income has been dedicated to reducing the need for debt as seen above. Given the anticipated use of new investment income, we consider the projected impact to the tax rate to be nominal.
2. All impacted reserves have been forecasted out to a 10-year end horizon (2035). The Asset Management Reserve requires the most careful consideration given it is currently underfunded as per our 2023 adopted Core Asset Management Plan. This reserve has only been used to fund replacement or upgrade of existing infrastructure of the Town Hall Expansion, in accordance with the Town adopted Reserve Management Policy. Development Charges represent a nominal portion of the project, and this Reserve is permitted by legislation to enter a small deficit if necessary to fund the cost of the project until the charges have been collected. Other reserves are not considered to have appropriate balances to



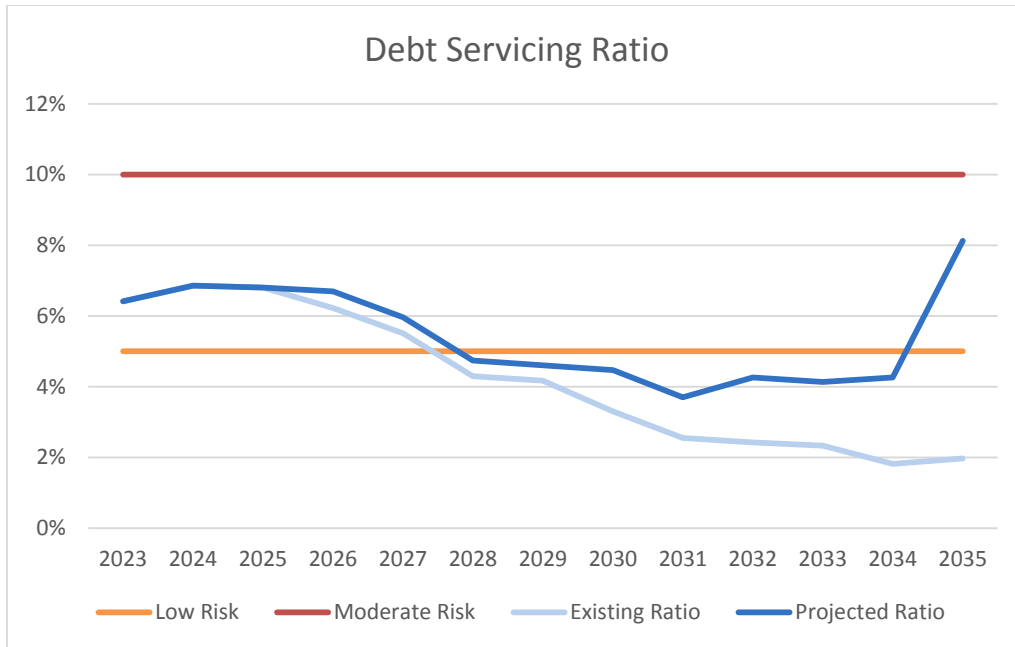
fund the project currently, or their prescribed use per the Reserve Management Policy does not align with the nature of the project.

3. All grants have been considered and unfortunately this project does not currently qualify for available streams. Miscellaneous revenue, such as the sale of other municipal facilities have been included in the above funding.

While not necessary per the Debt Policy, Administration also projected out the **Town's internal annual repayment cap (IARC) per the debt policy (being 15% of own source revenues net of other long-term debt costs)**. With this debt the forecasted IARC is under the prescribed limit is as below:



Also considered in the additional debt ask was the review of Ministry prescribed debt indicators all of which remain relative to their existing ratio levels as seen below:



## Consultations

Kate Giurissevich, Director of Corporate Services

Jake Morassut, Director of Community Services

Kevin Girard, Director of Infrastructure Services

Lori Chadwick, Director of Development Services

Joe Malandrucolo, Director of Legal and Legislative Services

Architettura Architects and Engineers

## Link to Strategic Priorities

- Embrace asset management best practices to build, maintain, and continuously improve our municipally owned infrastructure.
- Leverage our Town's competitive** advantages to promote jobs and economic investment.
- Take care of our natural environment and strengthen the sense of belonging to everyone **who makes Essex "home"**.
- Deliver friendly customer service in an efficient, effective, and transparent manner while providing an exceptional working environment for our employees.
- Build corporate-level and community-level climate resilience through community engagement and partnership and corporate objectives.

## Appendix A – Conceptual Renderings Town Hall Expansion



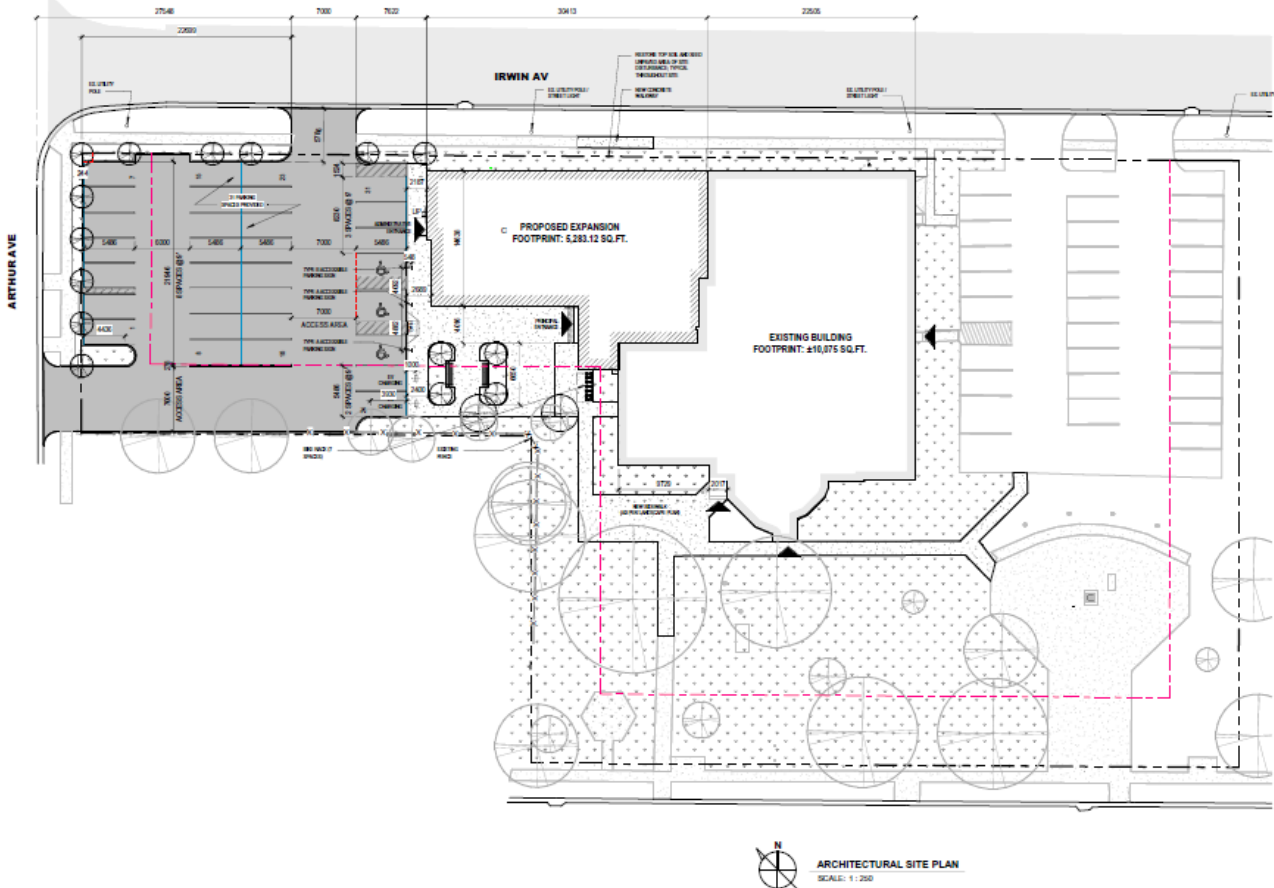




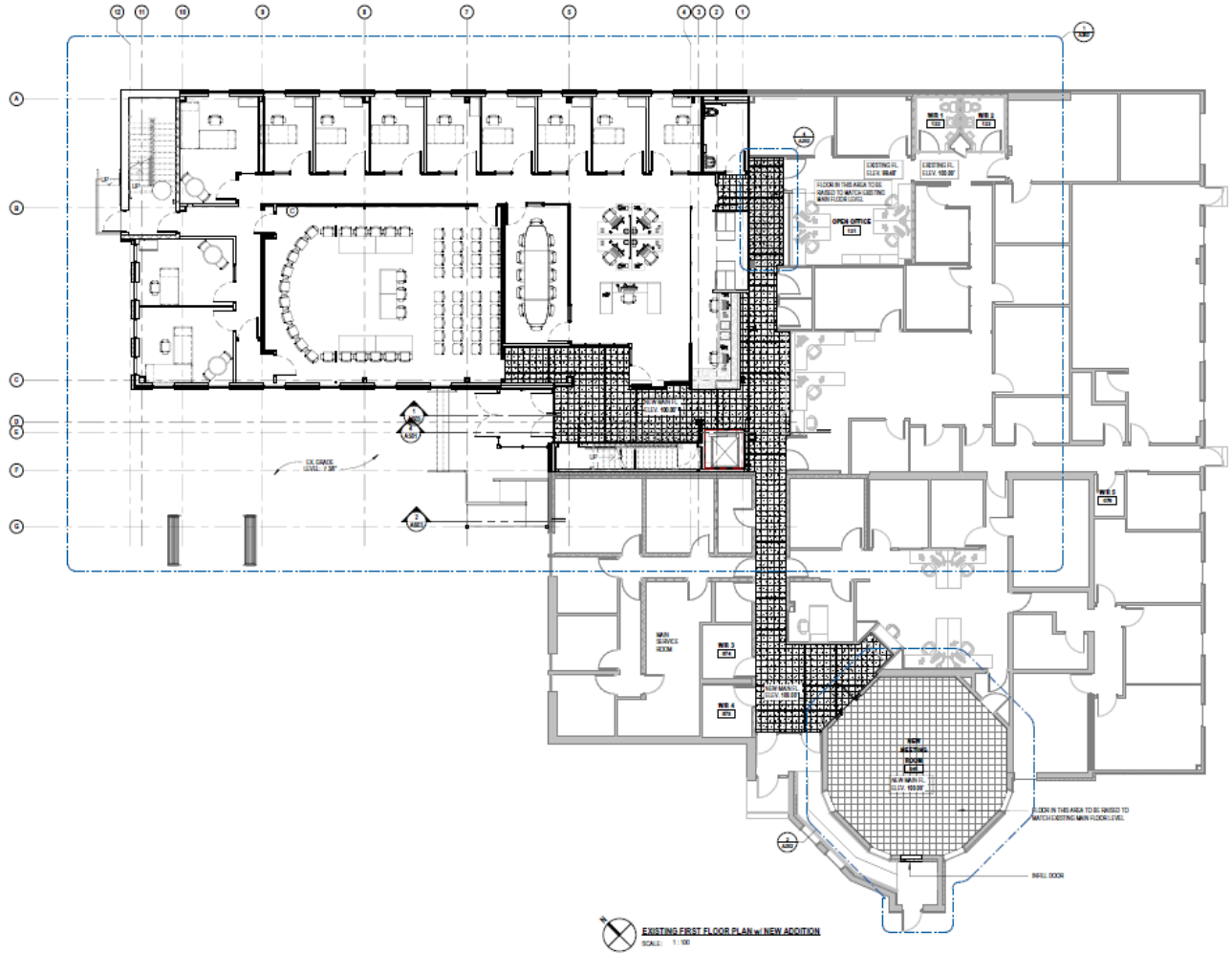


# Appendix B – Conceptual Floor Plans

- Expanded Footprint and Parking

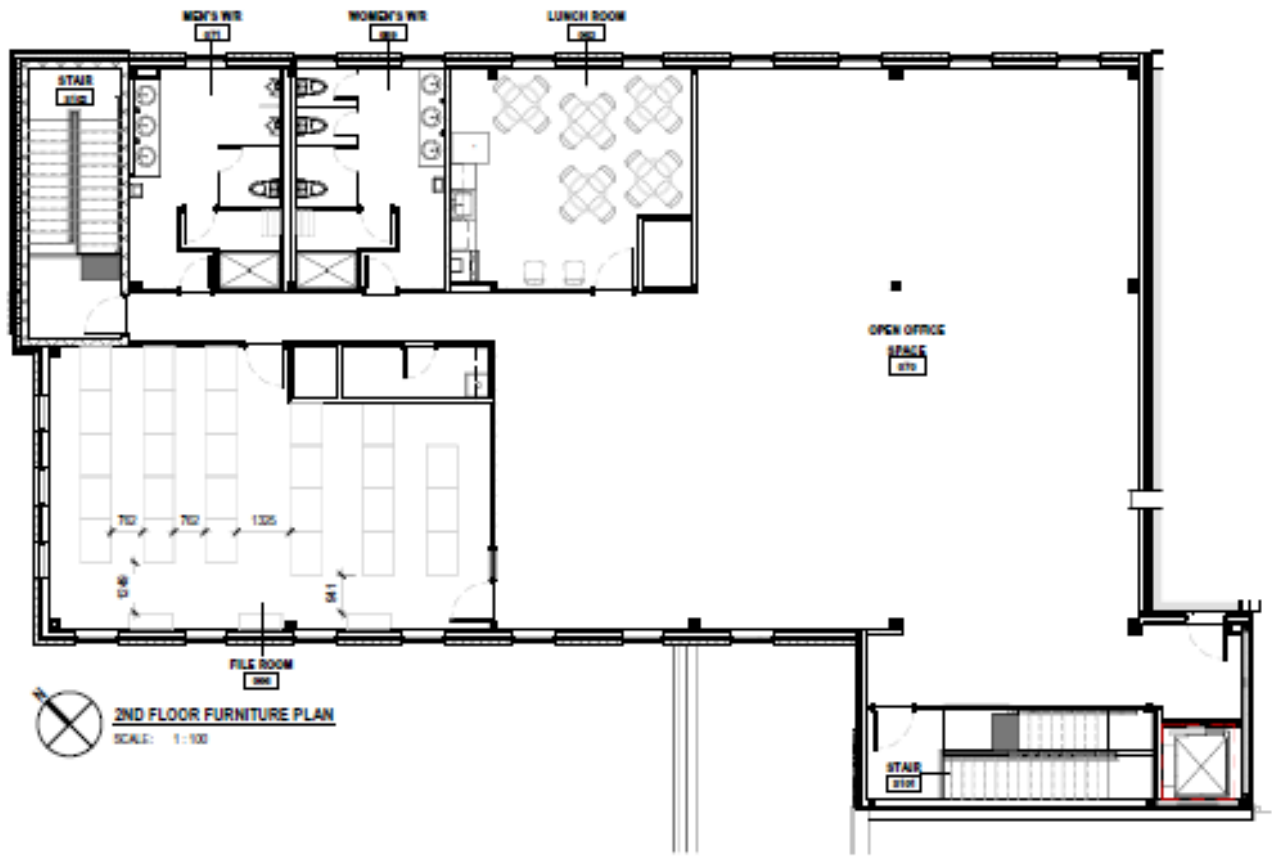


- Proposed Expansion Layout – 1st Floor





- Proposed Expansion Layout – 2nd Floor



- Proposed Expansion Layout – Council Chambers

