



Hamilton

**CITY OF HAMILTON**

**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Economic Development Division**

<b>TO:</b> Mayor and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> WARD 15
<b>COMMITTEE DATE:</b> January 15, 2014	
<b>SUBJECT/REPORT NO:</b> Hamilton Technology Centre (HTC) - Maintenance and Repairs (PED14005) (Ward 15)	
<b>SUBMITTED BY:</b> Joe-Anne Priel Acting General Manager Planning and Economic Development Department	<b>PREPARED BY:</b> Neil Everson (905) 546-2424, Ext. 2359
<b>SIGNATURE:</b>	

**RECOMMENDATIONS**

- (a) That the required maintenance and repairs on the Hamilton Technology Centre (HTC) totalling \$223,000 be approved for 2014.
- (b) That the costs of this maintenance and repairs be funded from the Economic Development Investment Reserve Fund Account No. 112221.
- (c) That a Reserve be created and be used to fund capital improvements and maintenance for the Hamilton Technology Centre. That this reserve be funded through surpluses generated by the Hamilton Technology Centre.

**EXECUTIVE SUMMARY**

The Hamilton Technology Centre (HTC) is a 20 year municipal asset that is in dire need of investment in required maintenance which is necessary to return the facility to Class A status and once again increase its occupancy rate above 90%. In the absence of a capital budget for this facility over the last two decades, emergency repairs and basic maintenance has been conducted on an “as needed” basis and funded from other

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accounts in the Economic Development Division and the Public Works Department. Estimates of the cost required for immediate maintenance is \$223,000.00

***Alternatives for Consideration – See Page 4.***

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS**

**Financial:** This expenditure will reduce the Economic Development Investment Reserve Fund by \$223,000, resulting in a remaining balance of \$1,367,723.

**Staffing:** N/A

**Legal:** N/A

**HISTORICAL BACKGROUND**

The Regional Municipality of Hamilton-Wentworth's 40,000 s.f. Greater Hamilton Technology Incubator (GHTECH) was opened in 1993 in the Flamborough Technology Business Park. The facility consisted of 28,000 s.f. of leasable space and 12,000 s.f. of common area. Two significant mistakes were made prior to its opening. First, the projected \$4 M construction cost of the facility was underestimated and the then Manager of Business Development made the decision to reduce construction costs by eliminating specified design features. The second error was the failure to provide the facility with a capital budget for annual maintenance and repairs.

By 2001, the debt on the GHTECH was retired after annual payments of \$600,000/year over a period of approximately seven years. In order to keep the facility operational, significant emergency capital improvements were funded by the Public Works Department, Facilities Division and remainder of major repairs and routine maintenance through the raiding of operating budgets within the Economic Development Division.

The Hamilton Technology Centre (formerly GHTECH), now entering its 21<sup>st</sup> year, desperately requires the following capital improvements: 1) replacement of the parking lot; 2) re-caulking of all the skylights; 3) selected window replacements; 4) painting of hallways and vacant units; and, 5) replacement of outdated and worn carpets.

Since 2011, the HTC has provided temporary accommodations to the Flamborough Municipal Centre and the Hamilton Police Services, both of which were previously located in the former Flamborough Town Hall. Leasing premises elsewhere in Flamborough for these two uses would have required unbudgeted costs for the municipality. Instead, the HTC provided the 1,754 s.f. of space at no cost and forfeited the potential revenue of \$38,424 associated with this space.

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Since the HTC's construction in 1993, the incubator has been responsible for the development of 72 companies with more than 290 employees upon departure from the facility. Traditionally, the HTC has operated between 90% - 95% occupancy. New companies are offered a three year lease with the option for renewing for another three years at the end of their first term. This policy exists to ensure that fledgling companies can emerge from their embryonic stage and be able to "graduate" from the incubator into the community. Further, this turnover of businesses is necessary in order to accommodate new companies seeking the start-up benefits of this facility.

The graduation of 12 companies in the last year has resulted in 9,000 s.f. of vacant space (31%) out of a total of 28,000 s.f. of leasable space at the HTC. Aggressive marketing efforts are currently underway to lease the remaining space but the absence of a capital budget to complete the necessary maintenance, beautification and upgrades is making the attraction of new small businesses more difficult.

**POLICY IMPLICATIONS / LEGISLATED REQUIREMENTS**

N/A

**RELEVANT CONSULTATION**

- Public Works Department, Facilities Division;
- Planning and Economic Development Department, Growth Management Division;
- Corporate Services Department, Capital Budgets.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

The Hamilton Technology Centre (HTC) was established with the specific purpose of attracting and growing new technology based companies in Hamilton. Since 1992, HTC has been ranked as one of the premiere incubators in the country. However, with the absence of a capital budget and insufficient funds for maintenance and repairs the facility has begun to look dated.

High technology companies today expect Class "A" facilities when conducting their site selection process. In order to remain competitive with other incubators in the region (i.e. McMaster Innovation Park) and increase the occupancy rate, the appearance and quality of the facility must be comparable to similar buildings.

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In order to accomplish this, the HTC immediately requires the following capital improvements:

- Caulking of all the skylights \$ 18,000
- Painting of the Atrium \$ 35,000
- Replacement of Parking Lot \* \$170,000

Total Estimated Cost \$223,000

\*The 2014 paving of Innovation Drive located within the Business Park in which HTC resides, provides the opportunity for significant savings by including it in the City's tender for the road resurfacing.

**ALTERNATIVES FOR CONSIDERATION**

- Status Quo: Continued decline and damage to the facility due to neglect and poor maintenance. Inability to lease currently vacant space without necessary improvements.
- Sale of HTC: The sale price would be considerably less without the necessary repairs and maintenance required on the building and property.

**ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN**

**Strategic Priority #1**

A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

**Strategic Objective**

- 1.1 Continue to grow the non-residential tax base.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

**Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

**Strategic Objective**

2.3 Enhance customer service satisfaction.

**Strategic Priority #3**

Leadership & Governance

*WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.*

**Strategic Objective**

3.4 Enhance opportunities for administrative and operational efficiencies.

**APPENDICES / SCHEDULES**

None.

NE/dkm