



INFORMATION REPORT

TO:	Chair and Members General Issues Committee
COMMITTEE DATE:	August 8, 2016
SUBJECT/REPORT NO:	Downtown Office Accommodation (PED16175 / PW16060) (Ward 2)
WARD(S) AFFECTED:	Ward 2
PREPARED BY:	Raymond Kessler (905) 546-2424 Ext. 7019 David McCullagh (905) 546-2424 Ext. 1647 Delfina Duarte (905) 546-2424 Ext. 6627
SUBMITTED BY:	Jason Thorne General Manager Planning and Economic Development Department (905) 546-4339 Rom D'Angelo Director, Facility Management & Capital Programs Public Works Phone: (905) 546-2424 Ext. 4617
SIGNATURE:	

Council Direction: Not applicable

Information:

In the Downtown core, the City of Hamilton occupies over 560,137 square feet of space (excluding Public Health Services and Libraries), used for office and administrative purposes. Of this space, the City leases approximately 184,863 square feet, with agreements that will come to maturity between 2018 and 2021. Additionally, in 2018, the newly renovated Provincial Offences Administration building will become available at 50 Main Street East (the “Old Courthouse”). The building will be 112,000 square feet

**SUBJECT: Downtown Office Accommodation (PED16175 / PW16060) (Ward 2) -
Page 2 of 4**

in size and to be used as courtroom space, Provincial Office administration and additionally the top three floors (50,000 square feet) are reserved for other City office space. Therefore, the future needs of approximately 135,000 square feet of space must be addressed as leases expire between 2018 and 2021.

Table 1 below provides a summary of the Downtown office space occupied by the City. Collectively 721 employees are currently accommodated within these locations.

Table 1: Summary of Office Space in Downtown Core

Building	Address	Occupants (Department or Division)	Est. Staff	Area (S.F.) (Gross)	Expiry Date
Leased Portfolio (Not including Libraries and Public Health Services)					
Commerce Place	21 King St. W. (Suites 1200, 1101)	Risk Management	10	3,107	Aug. 2019
		Legal Services	55	12,417	
John Sopinka Courthouse	45 Main St. E.	Provincial Offences Administration	28	16,034	Mar. 2018
City Centre	77 James St. N. Suite 250	Planning and Economic Development (includes Finance)	86	26,439	Oct. 2020
	Suite 320 & 325	Public Works Human Resources	140	20,381	Jan. 2021
	Suite 400 (not including Storage)	Public Works (includes Finance)	208	63,185	May 2021
		City Manager - Audit	10		
Standard Life	120 King St. W. (Suite 900 & 975)	Human Resources	68	15,762	Aug. 2019
		Finance	63	19,138	Nov. 2019
First Place (City Housing Hamilton building)	350 King St. E.	Housing Services	53	8,400	Sep. 2021
Sub-total Leased			721	184,863	
Owned Portfolio					
New POA Building	50 Main St.	POA Admin + Courtrooms	N/A	62,000	
		Available for office use	TBD	50,000	
Lister Block	28 James St. N.	Various	271	77,084	
City Hall	71 Main St.	Various	489	167,990	
Central Library (IT Only)	55 York Blvd.	IT Division	66	18,200	
Sub-total Owned			826	375,274	
Current Total Downtown Office Portfolio			1,547	560,137	
Summary of Space Required between 2018 and 2021:					
(Maturing leased) 184,864 square feet – (Space available in Provincial Office Administration) 50,000 square feet =134,863 square feet plus projected growth					

At the April 27, 2016 City Council meeting, a motion was approved for staff to investigate opportunities for the redevelopment of underutilized City Hall lands for, among other things, City office requirements.

Additionally, recommendation (f) of the “City Hall Renovation Plan and Downtown Accommodation Strategy Report” (PD05088 / PW03010(c) / FCS03064(c)) dated May 2, 2005 stated:

“That a long term accommodation strategy be approved, in principle, providing for the construction of a second office tower of approximately 250,000 square feet, integrated with the existing renovated City Hall and including a new parking structure; this new facility to be targeted to start construction in 2018 and all subject to an acceptable capital financing plan”.

Given Council’s direction, and that such a large amount of City-occupied office space is coming to maturity within the next five years, now is an opportune time to develop a strategic accommodation plan and to explore all options.

With the oversight of the Portfolio Management Committee, staff have initiated such a review under the following guiding principles:

- Maximum utilization of owned facilities;
- Space rationalization and optimization of footprint, both leased and owned, including implementation of space standards, interdepartmental synergies and consideration for future program requirements;
- Efficient operational performance including maintenance costs;
- Long term asset management planning requirements (Capital renewal);
- Environmental impacts (green building (LEED) / energy efficiency / carbon foot print); and,
- Flexibility and innovation to meet the City’s changing culture.

Through a competitive procurement process (Request For Quotes or Roster Assignment), staff will engage the services of an architect with space management expertise to develop a Master Office Accommodation Plan (MOAP) that considers the above noted guiding principles as well as reviews the office portfolio holistically to study efficiencies. The MOAP cost is estimated between \$100,000 and \$150,000 and funding will be requested through the 2017 capital budget submission process.

As part of the review, staff will be examining a number of options for meeting the City’s office space needs, including:

1. acquisition of an existing building;
2. construction of new space on existing City land or acquired land;
3. leasing of space; and,
4. entering into private/public joint venture(s) for new or existing space.

**SUBJECT: Downtown Office Accommodation (PED16175 / PW16060) (Ward 2) -
Page 4 of 4**

The MOAP will provide the requisite needs assessment and help guide the decision on the most viable option to meet the City's needs. The MOAP is targeted for completion by mid-2017, with options for a supporting real estate strategy to follow.

Other Considerations:

The MOAP will also give consideration to several other initiatives that may have accommodation implications, including:

- HSR bus storage and maintenance facility;
- Non-public facing yards and space review;
- West Harbour;
- LRT;
- Downtown Hamilton parking lots disposition strategy;
- Investigation of redevelopment opportunities of underutilized City Hall lands; and,
- Public sector-owned commercial space partnership opportunities consultation.

RK/DM/RD/DD/Im