



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Energy, Fleet & Facilities Management Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	December 7, 2018
SUBJECT/REPORT NO:	Capital Lifecycle Renewal – Hamilton Farmer’s Market (HFM) (PW18090) (Ward 2)
WARD(S) AFFECTED:	Ward 2
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SUBMITTED BY:	Rom D’Angelo, C.E.T.; CFM Director, Energy, Fleet and Facilities Management Public Works Department
SIGNATURE:	

RECOMMENDATION

That \$550,000 be approved as part of the 2019 Capital Budget for the replacement cost of the end-of-life Fresh Air Supply Fan unit; a critical piece of mechanical equipment which services the Hamilton Farmers’ Market, currently not included in the block funding and deemed as a priority within the facility.

EXECUTIVE SUMMARY

The objective of Report PW18090 is to provide staff recommendation and information necessary for the decision of lifecycle renewal funding, specifically for replacement of the Fresh Air Supply unit and ancillary components (i.e. electronic automation controls) at the Hamilton Farmer’s Market (HFM) as part of the 2019 capital budget. Currently, the HFM does not fall under any of the 3 facility Block Funding categories (Corporate, Recreation or Entertainment). HFM is a standalone program that requires special funding considerations.

On July 12, 2018, staff presented Report PW18065 – “Capital Lifecycle Renewal - Strategic Renewal of Facilities” to the Public Works Committee, which outlined a capital backlog of over \$216M (excluding the Farmers’ Market), and annually growing in the Facilities Management portfolio. This translates to significant end-of-life infrastructure currently failing or at risk of failing. Report PW18090 details such challenges at HFM.

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Public Works staff uses the software called Asset Planner to proactively manage the lifespan of all building components and track their replacement costs. Because the backlog of unfunded end-of-life facility assets across the portfolio exceeds \$216M and grows annually, it is not practical to show most end-of-life items within the 10-year capital budget. However, due to the high number of complaints from HFM vendors, staff identified Farmer's Market projects within the 10-year capital budget as unfunded in 2016, 2017 and 2018. The most urgent, unfunded item from a Public Works perspective is replacement of the roof (& skylights). That said, due to current fiscal constraints, HVAC (Fresh Air Supply Unit) was identified by HFM vendors as the priority in 2019. Other lifecycle replacements identified as urgent include the freight elevator and dock levellers.

The Canadian Infrastructure Report Card (CIRC) target annual infrastructure reinvestment range for facilities is 1.7%-2.5% of the replacement cost in order to sustain facility infrastructure condition at current levels. The latest capital funding levels do not support a sustainable facility condition at HFM, as well as the broader Facilities Management portfolio of over 450 owned facilities. In order to sustain facility infrastructure condition and help to prevent further deterioration, annual funding for HFM would need to be considered on a stand-alone basis or a new block funding category considered.

The following are considerations for investment into infrastructure renewal at HFM:

1. End-of-life assets;
2. Public perception & reliability;
3. Funding gap at HFM;
4. Funding gap across the organization.

Alternatives for Consideration – See Page 6

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: The cost of the lifecycle renewal project to replace the Fresh Air Supply Unit along with ancillary components at the Hamilton Farmer's Market (HFM) is anticipated to be \$550k. The total cost of all urgent priority capital projects in the next 2 years at Hamilton Farmer's Market for assets which have reached or exceeded end-of-life is anticipated to be \$2.52M as follows in Table 1:

Table 1: Estimated Cost replace End-of-Life items at HFM

Requested Item	Cost
Fresh Air Supply Unit	\$ 550,000
Roof & Skylights	\$1,140,000
Freight Elevator	\$ 420,000
Dock Levellers	\$ 200,000
Design & Permits	\$ 210,000

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Total \$2,520,000

The capital sustainability of the HFM has yet to be resolved. Currently there is no annual capital funding model in place for HFM. It is not anticipated that this significant increase to Facility block funds can be accommodated through the 2019 capital budget process and therefore this report focuses on HFM priorities.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND

Hamilton Farmer's Market was originally constructed in 1979 (nearly 40 years old). The entire facility totals approximately 55,000 square feet and some of its infrastructure is interconnected with the Central Library. Select infrastructure was replaced in a major renovation which completed in 2011; however, there are remaining building components of the facility that dates back to the original installation date of 1979.

The 2011 renovation had a specific focus and limited funding. The project scope was quite limited to match the limited budget. The focus of the project at the time was specific to handwashing and food washing infrastructure. The consideration was resolved through the installation of water supply and sanitary infrastructure into individual vendor stalls, as well as the addition of grease interceptors as part of the project. A new community kitchen and shared program space with the Hamilton Public Library was created to establish HFM as a downtown public destination. Accessibility was also provided in relation to AODA legislation and accessibility requirements of Ontario Building Code, introduced in 2008. The 2011 major renovation included other infrastructure improvements such as plumbing improvements, electrical capacity increases, new glazed façade with colour-changing LED lights and energy-efficient lighting retrofit. The 2011 renovation did not include replacement of:

- HVAC – Fresh Air Supply Unit #8;
- Freight Elevator;
- Roof & Skylights;
- Dock Levellers.

When HFM vendors and public continued to raise concerns from 2014-2018 regarding the aged infrastructure, City staff identified HFM within the 10-year capital plan in 2016, 2017 and 2018 as an un-funded program and started a detailed engineering investigation in early 2018. City staff retained engineers to provide recommendation on the most urgent lifecycle renewal requirements at the site and for budget quotes.

In addition, On July 12, 2018, Public Works Committee received Information Report PW18065– Capital Lifecycle Renewal - Strategic Renewal of Facilities (City Wide) which detailed the City of Hamilton's aging facility infrastructure and the shortfall in annual funding required for infrastructure renewal.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

While staff continues to take all reasonable measures to ensure public & staff safety, the Occupier's Liability Act sets forth responsibilities of a property owner. There is a duty of care to see that persons entering on the premises are reasonably safe while on the premises. This duty applies to the condition of the property as well as activities carried out on the property. The City also has an obligation as an Owner and Employer under the Occupational Health & Safety Act to ensure that workplace facilities are provided and maintained and that reasonable precautions are taken to protect the health & safety of Workers. There is a consideration of food handling at Hamilton Farmer's Market when looking at the roof leak.

If the lifecycle condition of the roof, fresh-air supply unit & freight elevator continues to deteriorate indefinitely without action, it may potentially lead to impacts to the program at HFM at some point in the future.

RELEVANT CONSULTATION

The following Departments have reviewed and contributed to this report:

City Manager's Office, Revenue Generation

- Was engaged in providing content relating to HFM governance and program.

Public Works, Engineering Services, Asset Management

- Was engaged in benchmarking Facilities capital renewal data and projections and on State of the Infrastructure.

Corporate Services, Risk Management

- To review the Risk Management implications in the report.

Corporate Services, Finance & Administration / Corporate Services, Financial Planning and Policy

- Was engaged in reviewing the financial section of the report, as well as financial recommendations.

Consultation with HFM Manager & External Vendors

Public Works staff has consulted at length with the HFM Manager currently reporting to Corporate Services. The HFM Manager has been working with the 56 external vendors to address their concerns and raise those concerns to the City's attention. One of the primary concerns of the vendors is air temperature and air quality. The fact that the market has no HVAC zones, with no balancing, means that in some areas it's too warm (West side) while in other areas are too cold (East & Central side). Air temperature and velocity are not controlled. Vendors are also disrupted due to roof leaks. Roof leaks onto at least 3 vendors selling food diminished the customer experience. Furthermore, vendors cannot deliver products without the function of the freight elevator and dock-leveler. Vendors are requesting that their concerns be addressed. Select vendors have indicated that they might not pay rent due or will take legal action due to these issues.

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ANALYSIS AND RATIONALE FOR RECOMMENDATION

The following is the multi-point rationale for funding life-cycle renewal at HFM:

1. End-of-Life Assets:

Assets recommended for replacement have reached or exceeded the end of their recommended life at HFM as follows:

- HVAC: Fresh Air Supply Unit #8 and its controls are approaching 40 years of life. There is significant variability of temperature throughout the market space. Several vendor complaints originate due to temperature and ventilation health concerns. This request has been identified as the highest priority to HFM vendors;
- Roof & skylights: Most sections of the roof & skylights are original to 1979 facility construction have exceeded their design service life and are leaking. Deferring the replacement of the roof can lead to damage to the facility and escalating costs as a result of premium work done in an emergency. HFM vendors are concerned about leaks above their food handling areas and potential for slip & fall. This item is also the highest priority to Public Works staff;
- Freight Elevator: Elevator modernizations are due every 20-25 years. The Freight elevator at HFM dates back to 1979 and is overdue for modernization. Vendors rely on the freight elevator to unload and load their trucks;
- Dock Levellers: Dock levellers are end-of-life and require frequent repair. Vendors rely on dock levellers to unload and load their trucks with produce.

2. Public Perception & Reliability:

Over 1 million people visit HFM per year, yet key facility infrastructure at HFM has reached end-of-life with poor reliability. When the roof is actively leaking, or ventilation and HVAC temperature control is poor, public and vendors takes notice of this. City staff has received reports of breathing-related sickness and health complaints due to the high velocity air and significant fluctuation in temperature. Deferring renewal of failing infrastructure has the potential to contribute to a negative perception among vendors and the public.

3. Funding Gap at HFM:

The Hamilton Farmer's Market (HFM) was constructed in 1979. The facility and its infrastructure are now nearing 40 years. Many years have passed where funding has not been sufficient to keep up with all capital renewal requirements.

There is a shortfall between the capital funds required to address the infrastructure backlog and available funding sources. Capital funding at HFM is extremely limited.

4. Funding Gap Across the Organization:

Given that there is no annual capital block funding allocated to the HFM to address the facility's aging condition, prioritization has become more challenging and important. Replacements at HFM must also be compared to priorities within the rest of the organization in order to manage limited funds.

Therefore, even when prioritizing the most critical items first, such as the HVAC, roof & skylight, freight elevator, and dock leveller, there remains a significant gap in capital funding at HFM. The capital sustainability has yet to be resolved.

ALTERNATIVES FOR CONSIDERATION

Besides the recommended option the following alternatives have been provided for consideration:

Alternative 1 – Fund all urgent lifecycle renewals at HFM, totalling \$2.52M as part of the 2019 capital budget. All of the recommended lifecycle renewals in Report PW18090 are for assets which are currently beyond useful life and fail regularly. There is value to the City in completing all of the items in one tender.

Alternative 2 - Fund the top two priorities, fresh-air supply unit and the roof/skylight at the HFM, totalling \$1.86M (construction \$1.69M + design & permits \$170k) as part of the 2019 Capital Budget and manage the risk of deferring the other components beyond their life cycle (freight elevator and dock leveller).

Alternative 3 – Status quo or deferral. Status quo or deferral is not recommended. Without approving funds towards the recommended lifecycle renewal, it will not be possible to address the following concerns:

- End-of-life assets; and,
- Public perception & reliability; and,
- Funding gap at HFM; and,
- Funding gap across the organization.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Healthy and Safe Communities

Hamilton is a safe and supportive city where people are active, healthy, and have a high quality of life.

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Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

None.