

# INFORMATION REPORT

<b>TO:</b> Mayor and Members General Issues Committee	<b>WARD(S) AFFECTED:</b> Ward 2
<b>COMMITTEE DATE:</b> April 4, 2012	
<b>SUBJECT/REPORT NO:</b> Lynwood Charlton Centre (CM12005)	
<b>SUBMITTED BY:</b> Chris Murray City Manager	<b>PREPARED BY:</b> Paul Johnson (905) 546-2424 ext 5598
<b>SIGNATURE:</b>	

**Council Direction:**

On January 25, 2012, Council passed a motion regarding report PED12002, which read as follows:

*“That the Application for an Amendment to Hamilton Zoning By-law No. 6593 for Lands Known as 121 Augusta Street be deferred, to the April 11th Council meeting to allow Staff to report to the General Issues Committee regarding the investigation and collaboration for an alternative location that meets the needs of Lynwood Charlton Centre, the City of Hamilton, and most importantly the young women that will be supported by this facility.”*

The information provided below summarizes the process, findings and conclusions of the joint effort of City staff and Lynwood Charlton Centre staff and Board members to investigate alternative locations.

**Information:**

The Process:

Following the motion by Council, a working group was formed with representatives from the City of Hamilton and Lynwood Charlton Centre to develop a work plan to explore alternative locations.

Facilitation of the process occurred through the City Manager’s Office (Neighbourhood Development). As the discussions progressed, staff from various City departments assisted with technical support and attended meetings as required. This included staff from Public Works (Facilities) and Planning and Economic Development. Input was also provided by the Portfolio Management Committee as the current Charlton Hall facility is a City-owned asset.

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(Outstanding Business List Item)**

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The first step was to understand the parameters of an alternative location search and Lynwood Charlton Centre provided that outline to the working group (Appendix A). In summary, the key parameters were:

- Located near ancillary services
- Approx. 10,000 square feet
- Provide high quality space for residential (8 individuals bedrooms) and day treatment program (classrooms, clinical space)
- Meet Ministry of Children and Youth Services regulations (i.e. size of bedrooms, number of washrooms, access to green space etc.)
- Fully accessible
- Financially viable

The parameters discussion was helpful in setting the context for our alternative property search. It reinforced that the most positive outcome for the program delivered by Lynwood Charlton Centre was to combine the residential program (known as Charlton Hall) with broader day treatment programs occurring both at Charlton Hall and the facility at 121 Augusta Street.

Discussions also took place regarding financing and it was noted that Lynwood Charlton Centre did have funds set aside for renovations (approximately \$500,000). Should Lynwood Charlton Centre find an alternative location and sell 121 Augusta Street there would be some additional resources available. What level of funds would be available from the sale was difficult to estimate given the value of the property, the current mortgage and the fact that the facility is co-owned by the Ministry of Children and Youth Services and Lynwood Charlton Hall.

Given the parameters and the timeframe, the working group agreed to examine three options that the group felt offered the strongest possibility for finding an alternative location. Those options were:

*Option 1 – Separating the Uses*

While the desired outcome was an integrated facility for residential and day treatment programs, this option explored the feasibility of separating the uses but keeping the programs in close proximity. Exploring this option allowed for more flexibility in terms of the size of facilities and also recognized that the day treatment programs already located at 121 Augusta Street were not subject to zoning amendments.

*Option 2 – Alternative Properties*

Lynwood Charlton Centre agreed to undertake a property search. A commercial property search was conducted by Effort Trust and used the parameters outlined in Appendix A as a guide. The property search focused both on Lynwood Charlton Centre's preferred area (a central downtown neighbourhood) as well as properties across the lower and upper city. Lynwood Charlton Centre also worked with the

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Ministry of Children and Youth Services to explore whether any other child and youth residences in Hamilton were available for purchase.

*Option 3 – Renovation of Current Charlton Hall Facility*

Through the Public Works Department (Facilities), the City of Hamilton facilitated a meeting to review the possibility of renovating the current Charlton Hall facility (52-56 Charlton Avenue West) to meet the future needs of Lynwood Charlton Centre. The current facility is a City-owned asset and Charlton Hall is the sole tenant of the facility. The facility management consultant who had provided the condition assessment report on Charlton Hall in October, 2011 was invited to participate in this process and provide advice regarding the best course of action should the parties agree to move forward on this option.

The Findings:

*Option 1 – Separating the Uses:*

To be successful with this option, the day treatment program at 121 Augusta Street would need to be sustainable and the residential program would have to be located nearby.

To sustain 121 Augusta Street, Lynwood Charlton Centre would need to find a tenant to occupy approximately 5,000 square feet (half of the building). Initial investigations did not reveal any partners who were in need of a location for services that complemented the existing day treatment programs already being delivered by Lynwood Charlton Centre. In addition, it was felt that few, if any, community partners would be able to commit to a long-term lease agreement which would be a requirement of Lynwood Charlton Centre in order to ensure the viability of the day treatment facility.

For the residential program, no properties suitable for an eight bed residential facility were available close to 121 Augusta Street. If the residential program was to remain at 52-56 Charlton Avenue, then significant renovations would also be required (as noted in Appendix B).

*Option 2 – Alternative Properties:*

The commercial property search revealed one potential property. It was located centrally and provided the suitable square footage to accommodate the residential and day treatment programs. An initial review of the property by the Planning and Economic Development Department indicated the property was zoned to permit up to 20 residents and the Department is not aware of any other residential care facilities in proximity to the property that would impose any restrictions based on radial separation. The property is listed in excess of \$1M and would require significant renovations (estimated to be at least \$1M). The property is also currently occupied.

A review of other child and youth residences in the City of Hamilton found no facilities that were available and suitable.

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*Option 3 – Renovation of Current Charlton Hall Facility:*

Assistance with the discussion related to renovating the current Charlton Hall Facility was provided by staff from Public Works (Facilities) and Gerald Evans from Evans Consulting. Evans Consulting had previously provided a Building Condition Assessment report for the property. Summary advice from Evans Consulting is provided in Appendix B.

At the meeting we began by reviewing the Building Condition Assessment report with the consultant and two pieces of information were brought forward. First, the total costs associated with completing the work outlined in the Building Condition Assessment were clarified (see pg. 3 of Appendix B). The estimates provided in October, 2011 did not include certain costs and contingencies.

More importantly, advice was provided that simply repairing the current facility may not be the correct solution going forward. Because the current facility is not in concert with the Lynwood Charlton Centre program, the opinion of the consultant was that investing large amounts of cash into the current design of the facility would not be a practical approach. Instead, a more aggressive renovation may be required that would repair the exterior of the building, upgrade the building's infrastructure and reconstruct the interior architectural elements to meet the functional requirements of the Lynwood Charlton Centre. The size of the facility (approximately 17,000 square feet) provides enough space to meet the needs of Lynwood Charlton Centre.

Initial estimates indicate a renovation of this magnitude could be in excess of \$2.5M. This estimate is based on the exterior and infrastructure costs outlined in the Building Condition Assessment and estimated per square foot costs of interior renovations to buildings of this type. It is important to note that detailed cost estimates based on a design were not completed as part of this initial investigation.

Conclusion:

Despite exploring a number of options, no location was identified that cost neutral (or near to cost neutral) alternative for Lynwood Charlton Centre.

To move forward on either the potential alternative property identified in the property search or to undertake a substantial renovation of the current location would require significant investments of cash towards the project. To date, neither Lynwood Charlton Hall nor the City has the resources in place to move forward on any potential alternatives identified in this report.

## **LYNWOOD CHARLTON CENTRE**

**121 Augusta Street**

### **Alternative Property Search Parameters**

**The following parameters articulate the requirements of an alternate site:**

#### **Facility Location:**

- Ideally located in a central downtown neighborhood, walking distance to core services
- Must have or capacity to meet required zoning regulations

#### **Facility Space Size:**

- Minimum 10,000 square feet of space, with the capacity to separate into two 5,000 square foot bundles (Day Treatment classrooms and Residence area)
- If on two floors, fully accessible (elevator or lift plus ramps)

#### **Parking:**

- Sufficient parking for 15-18 spaces

#### **Green Space:**

- Green space on site or close proximity to public green space to meet Ministry regulations

#### **Facility Functional Space:**

- Space for 8 individual bedrooms, and sufficient personal bathrooms for 8 teens
- Living space to accommodate normal daily routines including dining room, TV room, craft/games room
- Work space to accommodate family visiting room, staff offices, food storage, laundry room, etc.
- Spatial requirements must meet Ministry for Children and Youth Services licensing regulations and Lynwood Charlton standards of care.
- Must have handicapped accessibility

#### **Financial Requirements:**

- Must be financially viable for the Centre
- Must consider that the Centre is already tied to a mortgage at the Augusta site and cannot afford to purchase an additional site without assistance to manage the current obligations, unless the Augusta site is sold or rented (revenue to carry the overhead costs)



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March 6, 2012

**Subject:** CITY OF HAMILTON  
CHARLTON HALL  
52-56 Charlton Avenue West

## Introduction

A meeting was held at the current Charlton Hall facility, February 27, 2012 with members of Lynwood Charlton Centre and the City of Hamilton to review the content and implications of the Building Condition Assessment Report submitted by Evans Consulting & Management Services October 2011.

The content of that meeting suggested that the information contained in the Building Condition Assessment (BCA) might be used to form a project that would implement all of the work identified in the report. The purpose of this Appendix is to clarify the content of the Building Condition Assessment report, to put some context on the objective of a BCA and to provide additional insight into some alternatives for the facility known as the Charlton Hall in the City of Hamilton before creating the project.

These comments and recommendations are to be appended to our original report as a result of that meeting.

## Clarification

The purpose of a Building Condition Assessment is to give the owner of the building an evaluation of their asset at a given point in time. Building Condition Assessments (BCA) typically cover the basic disciplines used in the design, construction and maintenance of a facility; Architectural, Structural, Mechanical, Electrical and specialty items.

The premise behind a BCA is that every building component has a predictable finite life. Some of the caveats to that concept are the quality of the maintenance program, the consistency of the capital investment, and the intended use versus the actual use of the facility.

A Building Condition Assessment identifies existing deficient conditions in logical groupings and priorities, associated recommended corrections and corrective costs. Costs and predicted service life standards are based on industry standard databases.

A comparative industry indicator/benchmark used to indicate the relative physical condition of a facility is the Facility Condition Index (FCI). The FCI is expressed as a relation of the cost of remedying existing



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deficiencies and capital renewal requirements to the current replacement value. The FCI scale is a range of 0-100%, with the higher FCI values representing poorer facility condition. A fair to good facility is generally expressed as having an FCI of 10-15%.<sup>1</sup> These percentages are adjusted by each organization based on the standards they wish to employ within their asset holdings.

Assuming the Charlton Hall has a replacement value of 2.2 Million Dollars, the FCI for this facility would be approximately 50%; which is an extremely high percentage. For this reason, we would recommend that the City of Hamilton explore all opportunities to improve the property for its 'highest and best use'.

## The Condition Assessment Summary

The Building Condition Assessment financial summary shows a future investment requirement of approximately \$1.2 million in the Charlton Hall over the next ten year period. The report breaks down the expenditures into 5 priorities, noting that immediate expenditures, and some of the items listed in year one are a combination of code compliant issues and life safety concerns (page 12). As one assesses the types and priorities of the expenditures, there is a further rationale as to why costs have accelerated so quickly over time to bring such a large expenditure to bear on the owner.

**Firstly**, the life safety, building and fire codes have changed over time to require more stringent regulations to protect the occupant. **Secondly**, the facility is no longer being used as a residence, but as a shelter type facility. Under the Ontario Building Code, the building would be (in our opinion) classified as Group C occupancy; shelter for women, hostels and lodging houses. **Thirdly**, the building has significant deferred capital maintenance issues that have not been resolved due to a shortage of funds. The envelope of the building is not 'tight', with constant moisture penetration and migration, issues with rodent infestation (squirrels, raccoons) and structural concerns; these are very costly when dealing with the challenges of a 3 storey building. Those issues have accelerated over time.

Although the City and the Tenant have made attempts to reduce the extent of the maintenance problems, it has been a challenge when repairing one section of the building and not having the funds to complete all of the work that is associated with the repair. An example is the roof and soffit. The roof has been repaired, but the soffit and fascia work was a patch that does not solve the entire problem.

**Discussion during the meeting** seemed to indicate that there may be an interest to rejuvenate the facility and to create a project to undertake all of the work identified in the BCA as a onetime capital project. The exercise of a building condition assessment does not consider this approach. If a project were undertaken of this scale, soft costs in addition to the work requirements need to be added to the budget. Our estimate for those soft costs would be as follows:

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<sup>1</sup> Taken from Asset Lifecycle Modeling Publication

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Description	Estimate
General Requirements (BCA)	\$1,200,000
Design and Project Mgmt Fees	150,000
Design – A&E,	
Project Mgmt Fees	
Allowances	150,000
Construction Contingency	
Abatement costs and testing	
Inflationary Costs 5% (depending on project start)	
Total Estimate	\$1,500,000

The result of the Building Condition Assessment indicates that the Facility Condition Index is far too high and suggests that continuing to make repairs on an ongoing basis may not be the correct solution going forward. We suggest that there comes a point where the strategy has to consider a more holistic approach. Continuing to invest large amounts of cash into a facility *that is not in concert* with the program requirements, in our opinion, is not a practical approach.

### In our opinion...

Although not part of the initial scope of work, we are providing some additional comments for consideration beyond the building condition assessment report.

Alternatives include;

- A) Do nothing – **increases liability to all parties involved.** – NOT VIABLE
- B) Implement the building condition assessment findings – does not respond to the building's functional needs, is contrary to the Facility Condition Index and it is possible the tenant will eventually leave.
- C) Renovate the building entirely to fit the need. – Would need to explore this option to determine if renovating is cost prohibitive.
- D) Sell the asset at a below market cost. – Always an alternative.

### Alternative C – Renovate the Building

In our opinion, we believe that the City of Hamilton, along with Lynwood Charlton Centre, could explore the merit of renovating the current Charlton Hall facility to meet their accommodation needs. An aggressive renovation would include conducting many of the repairs identified in the BCA report such as the exterior of the building, upgrading the building's infrastructure (water/sanitary, heating,



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and electrical elements) and reconstructing the interior architectural elements to meet the functional requirements of Lynwood Charlton Centre.

In this case, we are assuming that the purpose of the building is to more readily meet the needs of Lynwood Charlton Centre's future functional program needs, at the same time as upgrading to meet the life safety and building codes. The program functional needs and exact design details have not yet been defined, and are an integral step in determining the costs associated with the extent of the renovations required. As an example, the building has a kitchen facility. It will be costly to move that kitchen and to update it. Changes to interior walls will have structural implications that may also be costly and so on.

Therefore our approach would be as follows:

1. Confirm that the building footprint, location and the overall square footage meet the need of Lynwood Charlton Centre before continuing to develop a project plan of any type.
2. Determine the Lynwood Charlton Centre's role in this exercise; it is important to have some commitment early on in the process.
3. Utilize the Building Condition Assessment Report as part of the project planning process.
4. Create a project plan that considers the following assuming that the building is to remain with the Lynwood Charlton Centre.
  - a. Create a project team for the eventual use of the facility. Establish a plan for the building that meets all of the functional needs and serves the long term (15-20 years) for the facility;
    - i. Renovate the building totally inside and out; take the facility back to the building shell and redesign based on the functional need. **Our recommendation** would be to maintain the envelope of the building *as much as possible* throughout the design and the eventual renovation. Include in the project plan scope items such as the detached coach house, landscape design and grounds changes (City Planning will want some changes here); parking requirements and so on. Even if the project becomes phased because of costs, these items should be included in the total project design.
    - ii. Expect additional items that did not turn up on the BCA; flooring, wall changes, ceiling changes; these have been upgraded recently, but using laminate flooring to cover over current conditions.
    - iii. Consider implications of existing legislation and new code requirements; Accessibility for Ontarians with Disabilities, Ontario Fire Code, Ontario Building Code, Municipal Bylaws etc.



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- iv. Engage the appropriate planning and design professionals to **provide specific detailed cost estimates** that maximize the use of the facility based on a conceptual design. **Do not go beyond the conceptual design** stage until there is agreement on the scale and scope and cost of the project. Be generous with contingencies and allowances. Buildings of this vintage are full of surprises in a renovation environment.
  - v. Consider impacts in the Community and pressures that will come to bear once the project is announced or identified. The Local Heritage Committee will have an interest in the project along with other Community Associations. These Groups and the City's Planning Department will have additional requirements that need to be heard. **It is important to identify those hidden costs early on in the process.** As an example, the windows in the building all have to be changed; they are beyond their useful life. If the Local Heritage Committee has any voice in the type and style of the architectural components, there will almost certainly be an added cost.
5. Confirm the project, and move forward with design and eventual execution of the tender, construction and occupancy.

## Alternative D – Sell the Facility

Although demolition of the building and reconstructing on the same site has been mentioned, we see this alternative as not being as viable; **in our opinion**, the City of Hamilton should sell the asset before going to this alternative. The Facility is not beyond revitalization, it is in need of a large cash infusion.

Respectfully

Gerald W. Evans, AIHM  
Evans Consulting & Management Services