

INFORMATION REPORT TO COUNCIL

Report Prepared By: Mike Gregory, Communications and Engagement Specialist
 Reviewed By: Allison McCarrick, CAO
 Meeting Date: January 23, 2024
 File No: 4200-20
 Re: Buller Street Revitalization Project

RECOMMENDATION:

That Council receive for information the report dated January 23, 2024, regarding the Buller Street Revitalization Project.

EXECUTIVE SUMMARY:

The construction of a new City Hall has been a strategic priority of both the current and previous Councils for close to ten years. Attempts to make the priority a reality have involved consultant work delivering three separate, yet similar proposals, for three different Councils. As each proposal has failed to materialize, the ability of the Town to provide efficient services and superior customer service to its citizens is compromised further.

The Town is currently in a position to move ahead with this priority in a strategic and financially prudent fashion by combining the project with a much-needed housing development.

This report is to provide the “why” the Town requests to borrow funds on a Town-owned land revitalization project.

PREVIOUS COUNCIL DIRECTION:

CS 2015-249	2015-07-06	That Council: 1. Enter into a loan agreement with the Municipal Finance Authority for an amount up to \$920,000 for a maximum period of 5 years, ending in July 2020, to purchase the properties located at 721 1 st Avenue, 12 Buller Street, 20 Buller Street, and 26 Buller Street, Ladysmith, as authorised by section 175 of the Community Charter; 2. Acknowledge that, in accordance with section 175 of the Community Charter, the term of this loan may not be extended without the approval of the electors; and, 3. Amend the Financial Plan accordingly.
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INTRODUCTION/BACKGROUND:

The current Ladysmith City Hall at the corner of Roberts Street and Esplanade Avenue opened to the public in 1952, operating as a shared building with both the RCMP detachment and the library board.

Since that time, the Ladysmith community has grown from a population of 2,094 residents to 8,890 residents in 2021, as well as almost 500 businesses.

Over this period the Town has been the primary occupant of the civic building, while the other entities have long since moved on to buildings that more adequately accommodate their respective operational capacities and functions.

Due to the age of the building, capital funds continue to be allocated to maintain City Hall in a state that is appropriate for employees to serve the public.

Including a new City Hall as part of the proposed Buller Street Revitalization Project will allow the Town to deliver excellence in customer service through the consolidation of civic offices in the heart of downtown while offering the public a missing middle housing initiative.

A potential partnership with the Provincial and Federal governments is in the early stages and may not come forward again. This funding approval would allow the Town to proceed with the Buller Street Revitalization Project, which is proposed to include housing, civic offices and institutional space.

The approval to borrow is a long process of up to 6 months and is also a pivotal step. Without the borrowing, the City Hall would be delayed once again.

Consolidation of Office Space

The existing City Hall is on the Town's heritage register and occupies a prominent location at the corner of Roberts Street and the Trans-Canada Highway. However, City Hall has reached its maximum capacity for office space and its useful life as a City Hall.

According to the Official Community Plan (OCP), between 2021 and 2050, the population is expected to grow at an estimated annual rate of 1.2% to reach a total of 10,125 people by 2030, 11,345 by 2040, and 12,712 people by 2050.

Due to the limited space at City Hall, Development Services, which currently has eight staff, leases a building at Roberts and 2nd Avenue. The annual cost of leasing this office space was \$32,277 in 2023.

Additionally, staff in areas such as Information Technology, Bylaw, Protective Services and Engineering do not currently have offices at City Hall. They are spread among varying Town-owned buildings within Ladysmith.

A new City Hall would consolidate staff from these areas under one roof, thereby improving the Town's overall efficiency in carrying out business and responding to resident inquiries.

In addition, municipal governments across BC continue to take on new responsibilities. Local governments are now responsible for managing regulatory changes, grant-based funding for new programs, health and social services, climate change mitigation, emergency services and housing. These new responsibilities demand an increase in staff, resources and capacity and the current strained office space allocation will not be able to accommodate these increases.

Current Condition of City Hall

As already mentioned, the availability of usable space in City Hall is an ongoing challenge, and the building is at a maximum capacity. Individual offices are too small to conduct a meeting of more than two people and therefore the previous Council Chamber is used for this purpose. This space is booked daily and is at its capacity for use. Council meetings have been moved to the Ladysmith Resources/Senior's Centre building to safely accommodate the public's participation at Council meetings and public hearings.

In addition, City Hall does not have enough space to house and keep safe all of its corporate files. As a result, the Town stores some of its corporate files off-site at an annual cost of just under \$8,000.

City Hall also lacks a shipping and receiving area, resulting in packages and other deliveries being stored in corridors, creating obstacles and posing safety issues. This makeshift storage accommodation reduces the accessibility for patrons using the back entrance, and generally adds clutter and disorganization.

The Accessible BC Act requires that organizations develop a plan to "identify, remove and prevent barriers to individuals in or interacting with the organization". City Hall is currently not an accessible building. The back door entrance is the only stair-less access point to the building, but once inside, internal stairs make it impossible for people with poor mobility to access the front desk or to make payments. Washrooms are not equipped to handle wheelchairs. The new city hall will be fully accessible.

Upgrades to City Hall

Council approved \$435,000 as part of the 2023 Capital Budget to complete necessary improvements to the building.

A review of the building determined that investments in a new roof, windows and HVAC system were all required if the Town were to ensure the continued operation of City Hall at the current location.

The proposed improvements quickly became necessities -in recent months, City Hall was forced to close to address flooding caused by the aging roof. The failing roof drains that were causing leaks inside the building were replaced with a completely new system.

In addition, the recent cold snap has underscored the need to deal with the building's heating and cooling inefficiencies. These temperature inconsistencies are currently being addressed.

The upgrades to City Hall have progressed steadily throughout the latter half of 2023, highlighted recently with the completion of the windows and roof.

It is anticipated that these upgrades will make City Hall a functional and comfortable space for a new potential tenant if the Buller Street Revitalization Project were to proceed in the future.

Public Attendance Space at Council Meetings

Due to the COVID-19 pandemic and requirement for additional physical distancing space, Council transitioned to meeting in the Seniors Centre building rather than the City Hall Council Chambers. This also provided the necessary meeting space at the City Hall for operational use.

The Town invested \$92,000 in the municipally-owned Seniors Centre (630 2nd Avenue) to adequately accommodate the return to in-person Council meetings.

These funds were allocated from the Provincial government COVID relief funds and were used to purchase a new audiovisual system and other IT upgrades.

While the capacity at the Seniors Centre is an improvement over the former Council Chambers at City Hall, it still does not adequately accommodate a larger public hearing and it is still not cost effective due to meeting set up/take down costs and extra janitorial requirements.

A meeting requiring greater capacity would need to be held at either Aggie Hall, or a hall rental, such as Eagles Hall. A new City Hall would allow for meetings to occur at one location while avoiding the additional costs that are necessary when changing venues.

City Hall as a Strategic Priority

The Town's purchase of the Buller Street property in 2015 was the first step forward in one day achieving Council's long-standing strategic priority to build a new City Hall.

The project is included in the current Council's 2023-2026 Strategic Plan and is being brought forward now by staff after a potential partnership with senior levels of government was identified to include high-density housing.

The unprecedented synergy of resources and capital funds on a redevelopment project of this type will likely never occur again in Ladysmith if the Town were to abandon its interest.

The project aligns with the Ladysmith Official Community Plan, which supports optimizing infill development in the downtown as this area is already walkable and provides good access to employment opportunities, shops, services, and other amenities.

The revitalization of Buller Street would mark a significant economic investment in the downtown area, creating temporary jobs during construction and ultimately much-needed housing as our community grows.

Since purchasing the property, funding has been directed for both staff and consultants to study the configuration of City Hall, using assumptions for both institutional, commercial and/or housing space.

These consultants' reports were received by previous Councils, including cost estimates which have increased exponentially.

The construction of a new City Hall has been expressed in these reports as a necessary inevitability for the reasons described in detail above, and costs will only continue to rise.

A 2016 report to Council by Process Four explained how municipalities should make an effort to limit the number of visits between facilities. Ladysmith requires customers to make multiple trips to receive information or complete transactions, thereby creating inefficiencies in our administrative processes, frustrating patrons and contributing to more vehicle trips.

In 2017, Council asked staff to bring forward a financial strategy and spacing requirements for a new City Hall. Staff were also directed to explore partnerships for the project and despite these discussions taking place, no decision was ever reached on how to proceed, although project timing and financial restraints may have been contributing factors.

In 2020, Urban Systems prepared an update looking at options for a new City Hall. The report included a financial analysis showing escalating costs and a range of options for commercial, and / or rental residential, noting the success of this model in other jurisdictions. Potential partnerships were explored in this scenario, with no further action. Again, project timing and financial restraints may have been contributing factors.

The City of Rossland recently completed Rossland Yards, a different type of partnership development that includes a City Hall. An artist rendering and an image showing the completed build has been included as an example of what can be accomplished through partnership.

SAMPLE ONLY



The above artist rendering and project photo is not the design of the proposed Buller Street Revitalization Project and is only being provided as an example of a civic building combined with residential development through government partnerships.

Rossland Yards is the result of a partnership between the Province through BC Housing, the City of Rossland, Columbia Basin Trust, the Federation of Canadian Municipalities' Green Municipal Fund and non-profit operator the Lower Columbia Affordable Housing Society (LCAHS). The mixed-use building features Rossland City Hall on the ground level with 37 housing units above.

The COVID-19 pandemic resulted in a change to how society views office space and in-person gatherings, such as meetings. The Town modified the front counter of our offices to safely reopen to the public. As mentioned, Council meetings were shifted to the Seniors Centre until a new permanent solution can be reached in the new City Hall.

Staff capacity and the configuration of City Hall in its current state continues to expose the town staff and patrons to risk if another outbreak were to occur again in the future.

The “why” of including a new City Hall in the Buller Street Revitalization Project is presented now to Council, and the community, with eight years of exploratory studies and a strong case to move ahead with the backing of potential partners.

The short answer to “why” fund a new City Hall within the Buller Street Revitalization Project

- Increase the effective and efficient provision of public services.
- Increase operational workspace capacity.
- Increase operational efficiency.
- Provide fiscal responsibility.
- Deliver sound asset management.
- Increase housing supply.

- Implement an overdue strategic priority.

The “what and how” will be brought back to Council and the public if the funding is approved.

FINANCIAL IMPLICATIONS:

Project borrowing

The Town’s portion of the project (i.e. the cost of constructing the City Hall portion) is estimated to be approximately \$13.5 million dollars and is not eligible for grant funding. As the cost is greater than the limit set in the *Municipal Liabilities Regulation*, the Town is required to obtain electoral approval to debt finance this amount.

For a municipality to borrow funds, it must adhere to specific Provincial borrowing legislation. A municipality’s debt servicing costs (principal and interest payments) cannot exceed 25% of the specific municipal revenue.

The Town currently has 5 long-term debt agreements. As of December 31, 2023, there was:

- \$1,185,000 owing on the RCMP detachment building from 2006,
- \$5,312,000 owing on the Water Filtration Plant from 2019,
- \$673,000 owing on Water improvements from 2012, and
- \$6,500,000 owing on the Waste Water Treatment Plant from 2016.

The debt servicing costs (interest and principal) for these executed long-term borrowings in 2023 was \$1,133,293. There is an additional \$6.2 million dollars in approved debt for Water Supply Improvements, though this debt has not been executed and the Town does not pay interest or principal payments.

The Town also borrowed monies to fund the purchase of 3 fire trucks. The total debt outstanding at December 31, 2023 for the fire vehicles was \$2.8 million and the debt servicing costs for these trucks was \$217,668 in 2023.

This proposed debt is expected to add an additional \$860,520 in debt servicing payments for a total of \$3,534,456 in debt servicing payments including unexecuted debt. This amount is less than the latest Provincially approved legislative cap on debt servicing for the Town of \$4,870,390.

LEGAL IMPLICATIONS:

The municipal borrowing process is highly legislated through the *Community Charter*¹.

CITIZEN/PUBLIC RELATIONS IMPLICATIONS:

The process for public input regarding this potential project begins once the preliminary steps have been taken for loan approval via a borrowing bylaw. “Town of Ladysmith City

¹ Community Charter s.179 & 180

Hall Loan Authorization Bylaw 2024, No. 2166” appears later in tonight’s agenda. Once Bylaw No. 2166 receives first three readings and approval from the Inspector of Municipalities, the process for engaging the public via an Alternative Approval Process (AAP) will be brought back to Council and citizen engagement will begin shortly thereafter.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS:

The Finance Department will lead the borrowing process and Corporate Services will lead the AAP.

ALIGNMENT WITH STRATEGIC PRIORITIES:

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|---|---|
| <input checked="" type="checkbox"/> Core Infrastructure | <input type="checkbox"/> Economy |
| <input type="checkbox"/> Official Community Plan Implementation | <input type="checkbox"/> Leadership |
| <input type="checkbox"/> Waterfront Area Plan | <input type="checkbox"/> Not Applicable |

I approve the report and recommendation.

Allison McCarrick, Chief Administrative Officer