

DATE: April 19, 2018**FILE:** 0890-20/Integrated Admin Bldg**TO:** Chair and Directors
Regional District Board**FROM:** Russell Dyson
Chief Administrative OfficerSupported by Russell Dyson
Chief Administrative Officer*R. Dyson***RE: Comox Valley Regional Office Building Tender Process**

Purpose

The purpose of this report is to provide the board with an update on the Comox Valley Regional District (CVRD) regional office building project and seek approval to proceed to tender.

Recommendation from the Chief Administrative Officer:

THAT the Comox Valley Regional District proceed with publically tendering the contract for the construction of the Comox Valley Regional Office building.

AND FURTHER THAT a staff report with the results of the tender and complete financial analysis of the project be brought back to the board for consideration.

Executive Summary

The corporate offices are an extremely important aspect of CVRD operations as the centre of activity for staff and elected officials, in housing key assets such as information technology infrastructure, fleet vehicles and corporate records in order to provide services to the public.

The current leased office space has some significant challenges and analysis has shown that construction of a new CVRD owned building provides multiple benefits to the community. CVRD has been working closely with project partners, specifically the City of Courtenay and School District 71 (SD71) to develop the Comox Valley Regional Office building project.

- The board-adopted financial strategy for the construction of the project involves utilizing the existing lease payment amounts and existing annual reserve contribution towards the funding of the project long-term debt costs.
- KMBR Architects have recently completed the construction document phase.
- A Class B cost estimate has been received and indicates that the project costs should be in line with the financing strategy and what has been included in the financial plan.
- Staff are recommending to proceed to tender and that a staff report be brought to the board with the results of the tender process to consider award of contract.
- The staff report will include a detailed financial analysis to determine whether the project meets the board's objectives.

Prepared by:

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Concurrence:

T. Ian Smith

T. Ian Smith, MCE
General Manager of Community Services

Background/Current Situation

The corporate offices are an extremely important aspect of regional district operations as the centre of activity for staff and elected officials on the CVRD board, Comox-Strathcona Regional Hospital District (CSRHD) and Comox-Strathcona Waste Management Service (CSWM) boards, in housing key assets such as information technology infrastructure, fleet vehicles and corporate records in order to provide services to the public.

In 2001, the CVRD had to vacate the administration offices located on Headquarters Road for safety reasons and were moved into leased premises on 17th Street in Courtenay. The Headquarters Road building was subsequently demolished. In 2002, the CVRD administration offices were moved into the current premises on Comox Road under a five year lease. The lease has been renewed several times at a current annual lease cost of approximately \$330,000 and is forecasted to increase in the future.

The leased premises are located in the floodplain and since 2014 have been subject to several flooding threats and, at times, evacuation has been required and access by staff has been restricted by high flood waters. As a provider of local government services, it is not in the best interest of the taxpayer to have their service provider unavailable at such critical times.

In May 2016, the CVRD, in collaboration with the City of Courtenay and SD71, entered into a land purchase and exchange agreement for a site located on Harmston Avenue between 6th Street and Cumberland Road with the intent to construct a regional office building on the property.

In November 2016 the board adopted a financial strategy for the construction of the project utilizing the existing lease payment amounts and existing annual reserve contribution towards the funding of the project long-term debt costs. KMBR Architects were retained to develop the design of the new building and have recently completed the construction document phase. The updated designs are included in Appendix A as well as some conceptual 3D renderings to illustrate the look and feel of the building and site.

Staff have worked closely with the project's design team to use cost effective materials, systems and building techniques and to undertake value analysis on the project so as to reduce overall costs as much as possible. In addition, the building has been designed to be energy efficient in order to reduce utility costs such as electricity and natural gas. Further cost savings strategies will continue to be explored prior to tendering the project.

A project budget of approximately \$11.7 million was identified during the financing strategy development in 2017 and has been used to develop the 2018-2022 financial plan. A Class B cost estimate has been received and indicates that the project costs are within 10 per cent of the project budget. As such, staff are recommending to proceed to tender and that a staff report be brought to the board with the results of the tender process to consider award of contract. The staff report will include a detailed financial analysis based on tender results and forecasted operations and maintenance costs to determine whether the project meets the board's objectives.

Policy Analysis

At their November 29, 2016 meeting the board carried the following motions:

THAT the financial strategy for the construction of the Comox Valley civic centre-regional office building project utilize the existing lease payment amounts and existing annual reserve contribution towards the funding of the project long-term debt costs;

AND FURTHER THAT the long-term debt costs and borrowing terms be finalized upon receipt of Class C cost estimates;

AND FURTHER THAT the financial strategy be implemented through the establishment of a general administration function specific for the purpose of constructing, managing and operating a Comox Valley civic centre-regional office building;

AND FINALLY THAT an alternate approval process be conducted with respect to the establishment of a service for the Comox Valley civic centre-regional office building and required loan authorization bylaw.

At their May 30, 2017 meeting the board carried the following motions:

THAT the board support the schematic design, as included in Appendix B of the staff report dated May 24, 2017, to proceed to the public engagement and detailed design development process;

AND FURTHER THAT the board send a letter to the City of Courtenay Council requesting their design feedback regarding potential interest in a shared board room/council chambers and Emergency Operations Centre by the end of June 2017;

AND FURTHER THAT the board send a letter to the School District 71 board, providing an update on the current design timeline and seeking their confirmation by the end of June 2017, as to whether they are interested in pursuing the development of administration space for the School District at this time in the Comox Valley Civic Centre;

AND FURTHER THAT the long-term debt costs and borrowing terms be based upon the Class D cost estimate;

AND FINALLY THAT \$1,500,000 in Community Works Funds be committed to the Comox Valley civic centre project to be funded equally from the community works fund reserves for Electoral Area A, B and C (excluding Hornby and Denman Islands).

Options

The board has the following options:

1. Proceed to tender and bring results to board prior to award of contract.
2. Proceed to tender and award contract if within financial plan.
3. Do not proceed to tender and provide direction to staff.

CVRD staff have worked extensively with the design team and project partners to develop this project in a cost effective manner which will realize multiple benefits to the community. Option 1 allows the project to proceed to the tender stage and to consider the results prior to award of contract and as such is the recommended option.

The CVRD regional office building is included in the board's strategic priorities chart as a "Now" priority.

Financial Factors

In August 2017 the Alternate Approval Process (AAP) obtained elector approval and the board adopted the bylaw necessary to borrow \$8.2 million. Staff have reviewed the financial strategy and using the Municipal Finance Authority's indicative interest rates for 30 year borrowing have determined that borrowing of \$8.2 million can be funded from the existing lease payments and building reserve contribution of \$505,000.

There is space within the building that could be used to generate revenue, including the boardroom, multipurpose room, meeting rooms and the data centre (server space). Staff will be working with partners such as the City of Courtenay, SD71 and others to further define these revenue opportunities.

Legal Factors

While the property is zoned appropriately for "government office", variances for setbacks, landscaping and parking are required. A development variance permit application has been submitted to the City of Courtenay. The project will be subject to approval of this development variance permit as well as a road closure/acquisition from the city.

Regional Growth Strategy Implications

The project is being designed to meet Leadership in Energy and Environmental Design (LEED) Gold standards, but not seek certification.

Intergovernmental Factors

The CVRD has been working closely with project partners including the City and SD71 to purchase the property, undertake the design and investigate shared space opportunities. Shared space synergies include the boardroom, multipurpose room and EOC as well as a data centre (server room).

Interdepartmental Involvement

The architect has worked closely with the CVRD's internal project team and executive management team to develop the design of the office based on departmental operational requirements.

Citizen/Public Relations

The architect has worked closely with the CVRD's communication staff to undertake public engagement during the design process in line with the engagement plan approved by the board at their September 2016 meeting. This included open houses and surveys, print advertisements, social media posts and neighborhood letters.

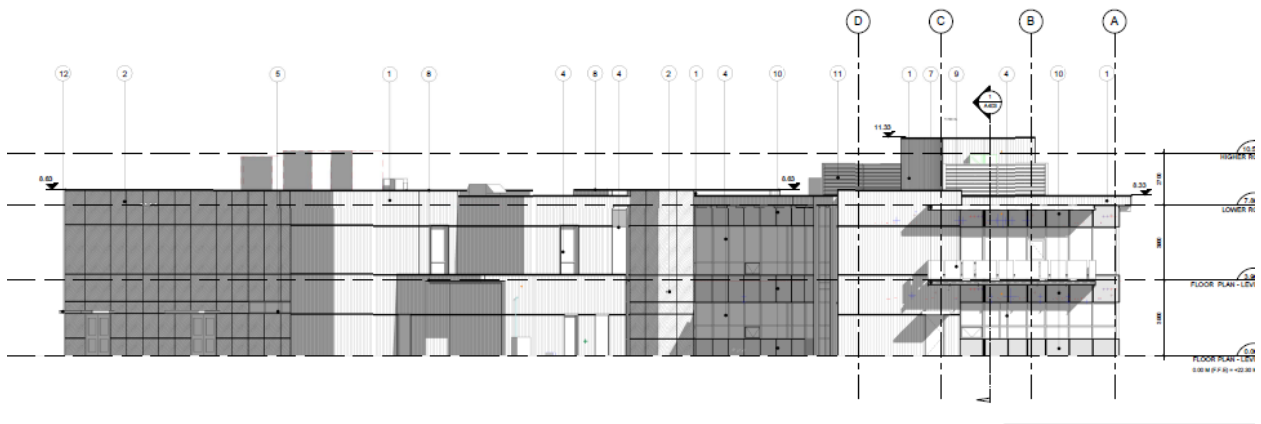
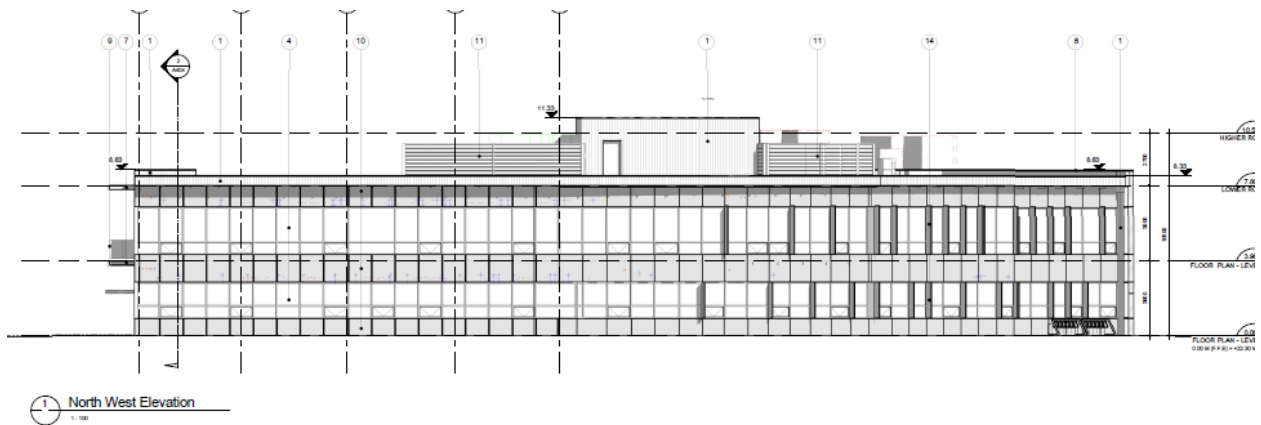
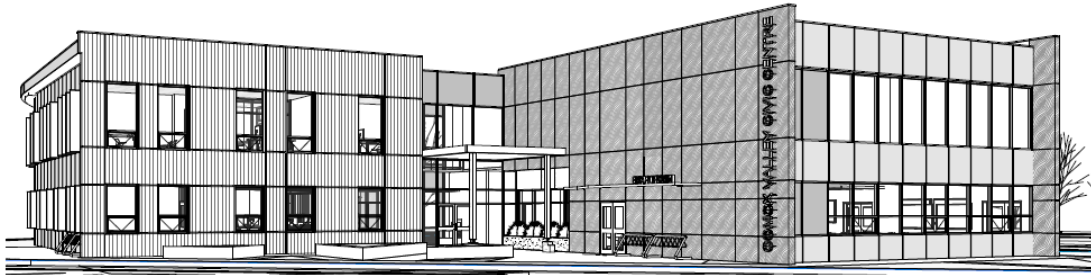
The completed design takes into consideration the residents and staff feedback through the design engagement process. The feedback provided focused on a more west coast feel, adjusting the colour and striving for LEED Gold Standards. Upon award of a contract further communication will be provided to residents regarding the next steps.

Attachments: Appendix A – "Images of the Detailed Design of the Regional Office Building"

Appendix A

Architectural Design

770, HARMISTON AVENUE
COURTENAY, BRITISH COLUMBIA, V9N 2X6





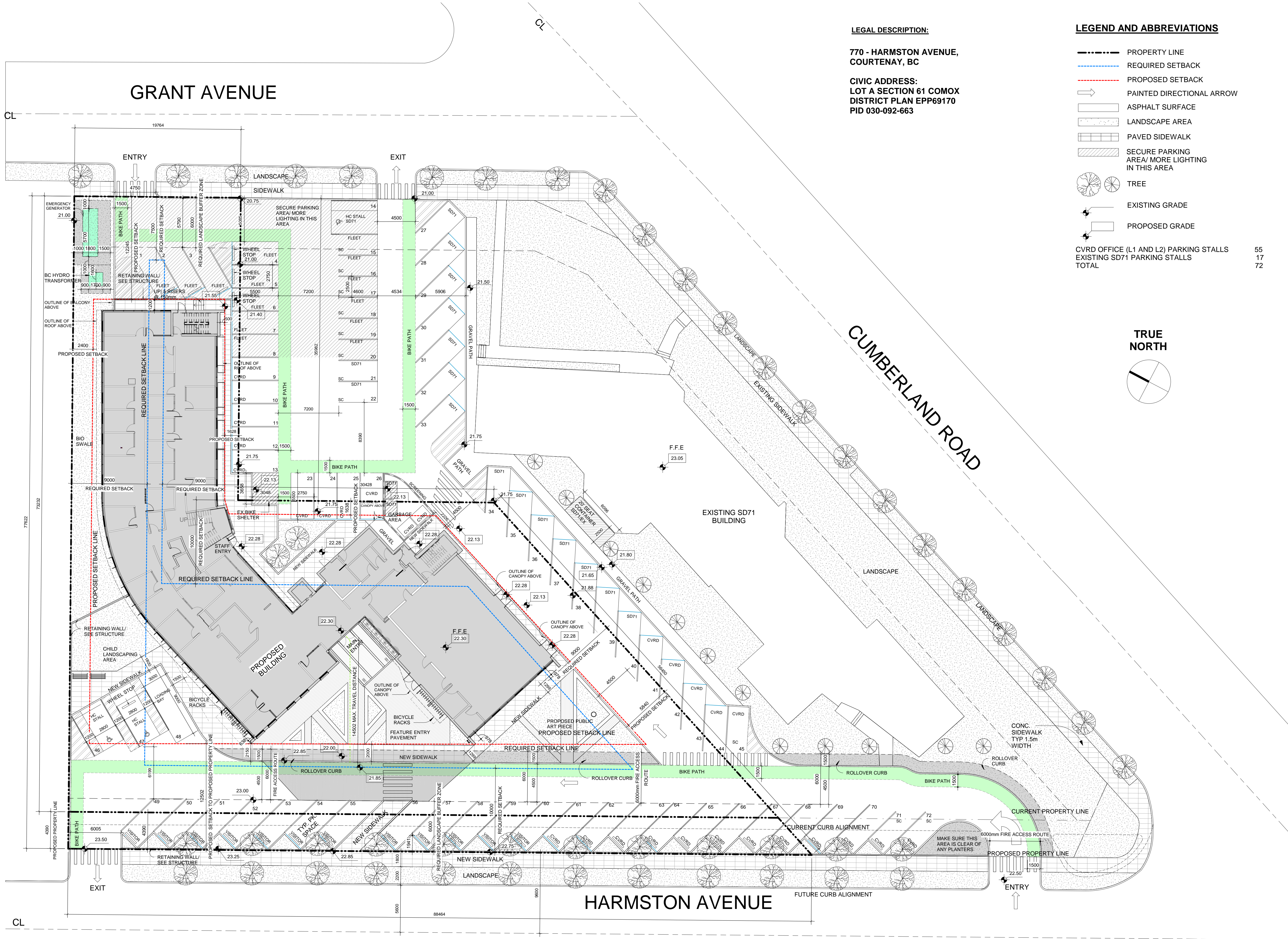
3D Rendering Concepts



Site Plan

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LEGAL DESCRIPTION:

770 - HARMSTON AVENUE,
COURTENAY, BC

CIVIC ADDRESS:
LOT A SECTION 61 COMOX
DISTRICT PLAN EPP69170
PID 030-092-663

LEGEND AND ABBREVIATIONS

- PROPERTY LINE
- REQUIRED SETBACK
- PROPOSED SETBACK
- PAINTED DIRECTIONAL ARROW
- ASPHALT SURFACE
- LANDSCAPE AREA
- PAVED SIDEWALK
- SECURE PARKING AREA/ MORE LIGHTING IN THIS AREA
- TREE
- EXISTING GRADE
- PROPOSED GRADE

CVRD OFFICE (L1 AND L2) PARKING STALLS
EXISTING SD71 PARKING STALLS
TOTAL

55
17
72

TRUE
NORTH

REVISION - RECORD		
No.	DATE	DESCRIPTION
01	2017-11-16	50%-60% DESIGN DEVELOPMENT
02	2018-03-23	85% BUILDING PERMIT
03	2018-04-06	ISSUE FOR BUILDING PERMIT

ISSUE FOR BUILDING
PERMIT

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PROJECT TITLE:
COMOX VALLEY
REGIONAL DISTRICT
CIVIC CENTRE

CLIENT:
CVRD/ 770,
HARMSTON AVENUE

DRAWING TITLE:
SITE PLAN

PROJECT NUMBER:
16294

DRAWN: MT SCALE: As
indicated

DATE: 09/06/17

DRAWING NUMBER:

A100