

PROPERTY MATTERS

TRANSITIONING FROM TODAY TO TOMORROW

EXECUTIVE SUMMARY

The size of the report presents a formidable task to examine the detail of valuable material. To assist with your review an extensive executive summary has been prepared. The executive summary outlines the scope, methodology, analysis, and conclusions supported by the main report. The key recommendations that follow represent the core of the report findings.

A) SUMMARY OF REPORT RECOMMENDATIONS

This report has taken the position that the City's vision, value and stated strategic direction should take precedent to an evaluation and space recommendation based purely on cost. Over the 25 year span of the various cost analysis the "do nothing" option would be the least expensive space solution. It does not however, make it the right choice for Kingston. This report concludes that the right choice is an option that would see City Hall repurposed with a public and governance focus supported by a new administrative centre in the downtown core, using a social service campus solution at Montreal Street. Counter Street would remain, for the time being as Utilities Kingston prime location.

To this end the Asset Management Group recommend that:

1. City Hall be retained and repurposed to accommodate uses more in keeping with its design and original use, namely governance and meeting/public use
2. Governance functions and all municipal department administrative functions be centralized to the greatest degree possible
3. An administrative centre (approximately 60,000 sq ft.) owned by the City be secured in the downtown core within a short walking distance of City Hall. Having an administrative centre within a short walk of City Hall would support the centralized administrative function recommendation. A downtown core administrative centre would further support the corporate strategic direction regarding downtown revitalization. Through a Request For Information process various opportunities could be considered that may or may not include all of the Queen Street property currently owned by the City.

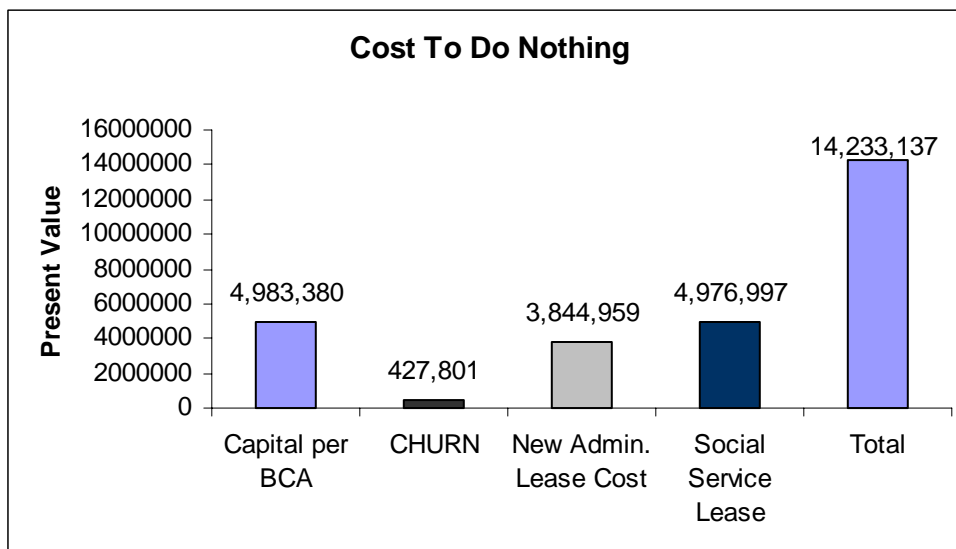
4. Social Service functions are centralized to create a campus approach for service delivery. The Montreal Street location should be retained and additional office space (approximately 19,000 sq ft.) acquired or created to address urgent and immediate space supply/demand issues.
5. The Counter Street property be retained. Its core purpose to support of all Utilities Kingston functions combined with a satellite client service centre to support the City of Kingston's services requiring citizen interaction, namely call centre and bill payment functions. A further review of this property will be required as the Division Street property is programmed for Operations use.
6. A short term space solution be implemented at the Midland Avenue location, suitable to address 18-24 month need and that the Midland Avenue property be readied for sale.
7. To fill all medium to long term space requirements that the City of Kingston pursue ownership space options in favour of conventional lease arrangements.

B) COST OF STATUS QUO: THE DO NOTHING APPROACH

Before considering the details leading to the recommendations noted above, an understanding of the cost to pursue the status quo, or alternatively named the “do nothing” scenario was undertaken. . If the recommended long term space solution was based solely on “cost” the Asset Management Group would have no choice but to recommend the “do nothing” option. However non quantifiable costs, when taken with the need to compliment and support the new corporate vision and strategic direction lead to the exclusion of the “do nothing option” as a recommendation.

The status quo or “do nothing” option would see the retention of virtually all facilities included in the study. The Queen Street properties would be decommissioned once the police have vacated the building. The space supply/demand and adjacency issues would continue. As additional office space is needed, class B or C space would be rented. Increased fragmentation of administrative functions would likely result as the number of administrative locations grows.

The graph that follows details the costs associated with the status quo option. This analysis, has been based on a 25 year time period. The accompanying chart provides a description of the hidden costs of pursuing the status quo solution. Although the costs are not wholly quantifiable they warrant consideration.



THE COST OF A 'DO NOTHING' SOLUTION IS A COMPILATION OF FOUR AREAS, NAMELY:

CAPITAL PER BUILDING CONDITION ASSESSMENT:

The building condition assessment numbers of \$4,983,380 have been extrapolated from the attached engineering report and have been expensed over a 5 year period for all facilities hard targeted for Phase One MAP.

CHURN RATE:

(Churn is the ratio of the number of employees moved annually compared to the total employees of the organization)

Based on a conservative churn rate of 15%, a staff count of 561 and an average fully burdened churn cost per person of \$5K, the churn dollars carried in this analysis are estimated to be 420K over a 36 month period. The churn rate and the associated costs are currently not tracked or managed centrally. The IFMA 2003 benchmark for Government has been applied against the 15%.

LEASE SPACE PREMIUM:

(Social Service leases space shown separately for Admin Space due to subsidy consideration.)

The financial analysis of the status quo solution recognizes that Social Services will be successful in attracting 50% subsidy dollars for ongoing operating costs at a leased facility. Based on the staff growth projections provided by Social Services staff, this analysis assumes an additional 7,000 square foot (currently partially housed at Stephen Street) lease requirement for years 1 through 5, a 19,000 sq.ft. lease requirement for years 6-25. The administration lease space was added as follows. Year one 10,000 sq ft, year 5 15,500 sq ft and year 10 through twenty five 21,000 sq ft. A triple net lease was assumed having an initial lease rate of \$8.70 psf. Government does not pay the cost of Realty Tax when it occupies space it owns, conversely Government would be required to pay Realty Tax in space it leases. Realty taxes in the downtown core are estimated to be \$ 3.33 psf.

The analysis assumes the Queen Street location will have the identical capital expenditures completed to ready it for sale and the cost of these repairs would be funded through proceeds from the sale of the property. Any additional funds assumed to result from the sale of the property have not been included in this financial analysis. It is expected that any additional funds would be credited to the cost of the new police headquarters development.

IMPLICATIONS OF A 'DO NOTHING' SOLUTION HIDDEN COSTS:

The financial analysis of the status quo solution does not include the costs associate with the items listed below and marked with a ***\$ - TBD** (to be determined) which were difficult to quantify at the time of the writing of this report and are therefore not included in the financial analysis. Nevertheless these items need to be recognized as a "hidden cost" to the "do nothing" solution.

Should the City of Kingston choose to 'do nothing' and the status quo is maintained the following can be expected:

IMPLICATION	FACILITY/ GENERIC	HIDDEN COST
The capital costs identified through the Building Condition Assessment report will need to be spent on the entire infrastructure as a determination regarding which facilities to keep/intensify/decommission and/or sell have not been made	GENERIC	
*\$ Increased operating expenses can be expected as the staff to square foot ratio climbs beyond both government and private sector benchmarks	GENERIC	TBD
*\$ Significant space constraints at some locations both immediate and over the next 12-24 months will need to be addressed – perhaps with leasing as the only viable option left to the City along with the inability to manage operating and capital costs associate with same	GENERIC	TBD
Churn rate can be expected to increase and the associate costs for same	GENERIC	TBD
*\$ Staff morale could be adversely affected by yet another consultants report that has not resulted in action	GENERIC	TBD TBD
*\$ Continued adjacency issues and therefore increased travel time and costs	GENERIC	TBD
*\$ Parking issues for staff and the public will continue at both Midland and City Hall	MA AND CH	TBD
*\$ Inequity in space and furniture standards and the costs associated with same (resources/dollars)	GENERIC	TBD
*\$ Strain on an already burdened mechanical and physical plant at some locations (Midland/City Hall and Montreal Street)	GENERIC	TBD
*\$ Identified environmental issues not addressed therefore City of Kingston still at risk and will be required to carry funding to mitigate	QS	TBD
*\$ Capital funding could continue to be diverted as Council and senior staff not sure what accommodation direction will be pursued	GENERIC	TBD
*\$ Capital repairs deferred as properties have not been hard targeted for either decommissioning, sale or repurposing	GENERIC	TBD
*\$ As working conditions deteriorate the loss of talented staff and an inability to hire qualified new staff could become a very real, tangible and costly issue	GENERIC	TBD
*\$ Accessibility issues not address/deferred, continued risk to the City of Kingston	GENERIC	TBD
*\$ The City will pay more than it should for accommodation costs as leasing will be the only space option available to Kingston	GENERIC	TBD
Inability to respond to reduced temporary/short term accommodation costs if temporary solutions are explored in an ad hoc rather than cohesive fashion	GENERIC	TBD
Significant security risks at City Hall	CH	TBD

CH – City Hall MA – Midland Avenue CS – Counter Street MTL.S – Montreal Street

QS – Queen Street

The status quo or “do nothing” option is the least expensive alternative. There are risks that have been detailed above that have possible hidden cost implications that have been excluded in the “do nothing” financial analysis, but if quantified, would result in the cost projection of the ‘do nothing’ scenario being higher than recorded here. Although cost is regularly viewed as the key or overriding determinant in decision making, the historical significance of City Hall, the downtown core revitalization, Kingston’s corporate strategic view for the future and the centralization of administrative and like functions supports a solution that is considerate of these factors as well as pure dollars.

C) NARROWING THE FOCUS

Five facilities were hard targeted for MAP PHASE ONE review. From these five facilities 172 space options were identified, which were narrowed to 50 and then to 4 solutions that have been considered in detail. The 172 space options that were considered and subsequently discarded in favour of the recommendations presented are attached to this executive summary. The Montreal Street review revealed an important key for all space recommendations. It was determined that any space option must include Montreal Street and as a result, an independent decision on the handling of Montreal Street would be required. This has been further discussed under the section entitled Montreal Street Considerations.

‘Narrowing the Focus’ is divided into two distinct sections, namely property specific and non property specific recommendations.

The following criteria enabled the Asset Management Team to narrow the number of property specific space options from 172 to 4.

PROPERTY SPECIFIC RECOMMENDATIONS:

1) CITY HALL - INCLUDED IN ALL OPTIONS- WHY?

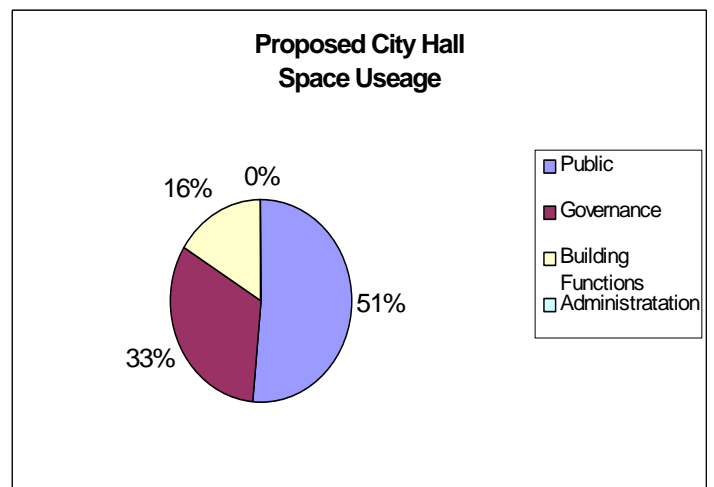
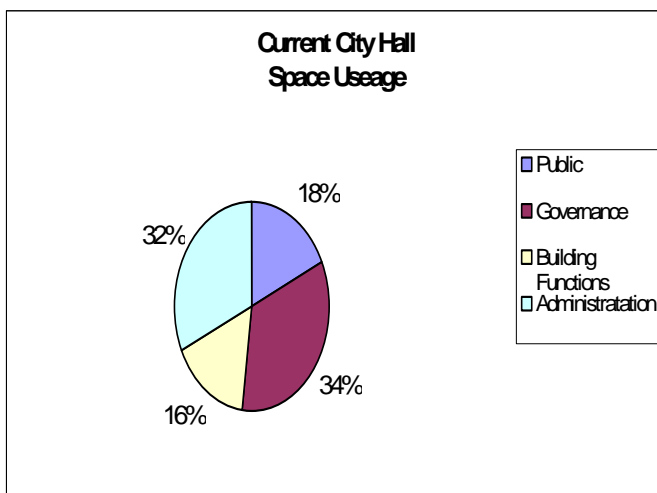
- ✓ Historic significance and heritage showpiece
- ✓ National Historic Site
- ✓ Value as a Meeting Place
- ✓ Supports downtown core vision
- ✓ Inability to redevelop or sell
- ✓ Property has been maintained for long term retention
- ✓ Staff like the building
- ✓ Facility is central for councilors and taxpayers
- ✓ Operating expenses commensurate with a Heritage property
- ✓ Property is owned free and clear

CITY HALL RECOMMENDATIONS – WHAT?

- ✓ retain governance functions at this facility
- ✓ retain meeting place functions at this facility
- ✓ repurpose and focus on three primary functions
 - 1) public use/meeting space
 - 2) governance
 - 3) governance supporting administration
- ✓ relocate non governance supporting administration personnel out of City Hall
- ✓ centralize all governance functions at City Hall
- ✓ implement AMG property specific space and facilities management recommendations over the next 18-24 months
- ✓ accommodation task force tasked to provide definition of public use

- ✓ accommodation task force tasked with determining possible backfill public use solutions
 - ✓ CAO to define the final functions to be included in 'governance category of space use'
- For the purpose of this report governance functions included
- mayor and councilors with support staff
 - CAO and direct support staff
 - Clerks Department
 - Legal Department
 - Commissioners and direct support staff

The following two graphs illustrate current and proposed space usage for City Hall. The floor space was categorized to include Public Use and Meeting Rooms, Governance and Governance Administration.



MONTREAL STREET RECOMMENDATIONS – INCLUDED IN ALL OPTIONS – WHY?

- ✓ Central location with ease of access for client
- ✓ Facility recently renovated and in good condition
- ✓ Land size suitable for expansion and ample parking
- ✓ Able to support a Social Service Campus model which will allow for consolidation of other social service business units thereby freeing up space at other administrative centers
- ✓ A decision to pursue additional space is not encumbered by any by-law issues and action can be taken quickly

MONTREAL STREET RECOMMENDATIONS: WHAT?

- Commence immediate and formal discussions with CAS regarding their continued interest in the facility
- If CAS have made other arrangements to address their space issues negotiate a mutually acceptable exit strategy and program CAS space for City use
- If CAS would like to participate in the expanded space solution recommendation commence space programming and costing of new/retrofit space
- Implement immediate short term space solutions
- implement AMG property specific space and facilities management recommendations over the next 18-24 months

COUNTER STREET RECOMMENDATIONS – INCLUDED IN ALL OPTIONS: WHY?

- ✓ Central location for service provision
- ✓ Facility is in good condition
- ✓ Access by residents – new customer service centre installed
- ✓ Greater connectivity between UK and the City of Kingston is expected
- ✓ Significant review required of this property and functionality as the program for the Division Street Operations Centre is developed
- ✓ Facility is easily accessible by bus appreciated by both residents and staff
- ✓ The facility and adjacent lands lends itself well to current use
- ✓ Would accommodate all UK staff if space standards were applied uniformly
- ✓ Relocation of this use would be costly and the question of where and for what net return needs to be considered carefully before this property is sold – a redevelopment opportunity might net the UK and the City the same/better return

COUNTER STREET RECOMMENDATIONS – WHAT?

- program space to accommodate immediate growth
- commence immediate review of operations functions with a view to harmonizing these functions with other 'like' City functions in preparation of Division Street lands development
- implement AMG property specific space and facilities management recommendations over the next 18-24 months

MIDLAND AVENUE RECOMMENDATIONS – SELL – WHY?

- ✓ Location most suitable for development community
- ✓ Access by all other clientele and staff not ideal
- ✓ Facility does not meet space needs today or for the future 1:182 staff to square foot ratio
- ✓ Condition of the property and surrounding lands (good resale value)
- ✓ Property free of debenture and has good resale value
- ✓ Opportunity to centralize governance administrative staff
- ✓ Opportunity to centralize all other administrative staff in new 'purpose built' office space
- ✓ On site short term space solutions can be accommodated without the need to lease space
- ✓ Did not provide any cost advantage through its continued use

QUEEN STREET RECOMMENDATIONS – RETAIN – WHY?

- ✓ Police occupy the building and will for the next 24 months and until their new Divisional building is constructed
- ✓ Sale or redevelopment opportunities cannot be considered in isolation of the cost of the environmental clean up identified to be between \$350K and \$500K
- ✓ Property is a short walk from City Hall
- ✓ Land and buildings are owned and are free and clear of debenture
- ✓ Ability to amass adjacent lands
- ✓ Temporary swing space until a new administrative centre is secured in the downtown core

QUEEN STREET RECOMMENDATIONS – WHAT?

- Commence work with the Accommodation Task Force and finalize the space use/functionality of City Hall
- Queen Street should be considered as the administrative centre but in concert with other creative development opportunities that may be possible through a partnership with the private sector. A Request For Information for an administrative centre

(approximately 60,000 sq ft) in the downtown core would help to frame the various alternatives available.

- Issue an RFI for the provision of 60,000 B class office space in the downtown core
- The RFI should permit the use of the Queen St and Midland Avenue properties in anyway it may help develop a viable creative solution.
- Ascertain exact cost of environmental clean up and timelines for same

DIVISION STREET LANDS – WHAT/WHY?

Although not expressly included in the MAP review AMG needed to consider the implications of the development of the Division Street property. To that end a high level review was undertaken and it was determined that:

- ✓ a new Police headquarters building could be co-located on the lands with a consolidated UK, City of Kingston Operations function
- ✓ a preliminary massing study indicates that the lands would be large enough to also include an administrative centre
- ✓ the Division Street lands might be considered for an administrative centre

An option was developed for an administrative centre at this location, although the ability to meet the centralizing recommendation is weak, the option does provide an alternative that has cost advantages.

LEASE VS OWNERSHIP – WHY?

The lease option in the AMG analysis indicates there is a higher cost to leasing than to own. The own versus lease decision is a surprisingly controversial topic and for the City of Kingston is no exception. Most corporations frame their own/lease decision around factors of flexibility, control and financial merit. While it is generally accepted that leasing starts out to be more economical, ownership becomes more beneficial the longer a user occupies a building. This is essentially due to the fact that ownership acts as an inflation hedge and fixes the cost of the original investment, while leasing exposes the user to market increases. The owning/leasing break even point varies with market conditions but generally comes in between 10 and 14 years. Optimal leasing periods are generally well below this timeframe benchmark. Considerable interest has been expressed for the City to lease space in favor of owning same. To assist in the decision making process the City might want to consider the 'conditions' for ownership including:

- ✓ Size of the asset – for ownership consideration the occupant/user should be large enough to fill all or most of the building being considered
- ✓ Length of occupancy – generally a corporation should consider its space requirements over at least a 10 year period in order for ownership to be feasible
- ✓ Certainty of occupancy – if certainty over a long term use of the space is in question ownership becomes a less attractive option
- ✓ Owner specific improvements – the greater the degree of specialized space and facilities requirements an organization has the greater the need for control and therefore ownership
- ✓ Market cycle timing – one of the better ways to know where you are in a market cycle is to look at the ratio of building prices to their replacement costs – a rudimentary but useful tool is therefore to compare current or projected per m2 building value versus replacement cost in any particular market
- ✓ Technology – the rate of change in the City of Kingston is considerable, there will be a need to ensure maximum flexibility of space and the technology to support diverse programs
- ✓ Available cash – the ability to borrow from reserves for a long term investment
- ✓ Tax position – 1) governments do not pay Realty taxes on space they own , they do however pay a proportionate psf tax contribution to Landlords of buildings in which they are tenants
2) owners of real estate realize the financial benefits of tax deferral through depreciation of the improvements (land is not depreciable)

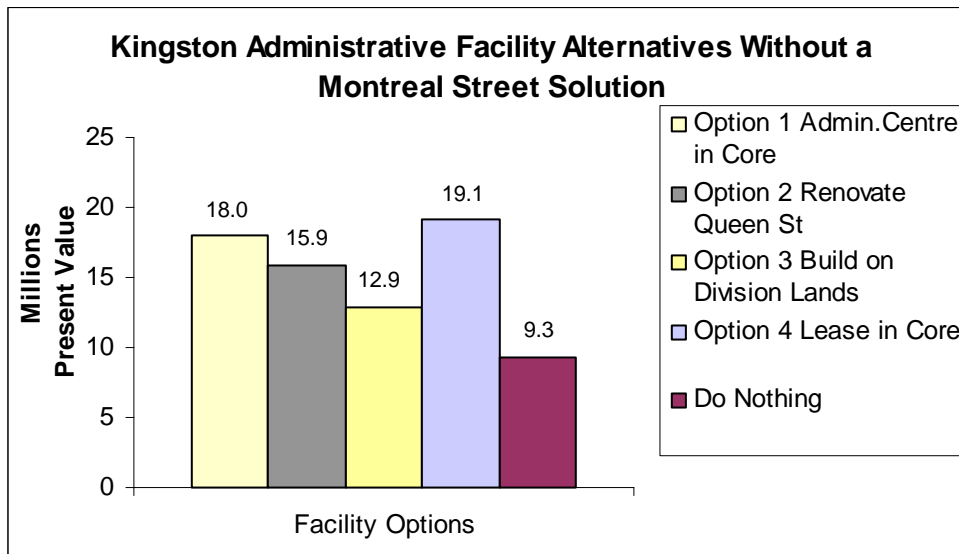
- ✓ Ownership and control – there is no doubt that ownership gives the user/occupant of the real estate the control not available through leasing
- ✓ Value – the owner of a building, like any asset, is entitled to all of the building’s appreciation in value
- ✓ Corporate identity – owning real estate provides the occupant/user with the marketing benefits of building signage and corporate visual identity, control over the facility’s physical aspects such as design, image and maintenance
- ✓ Pride of ownership – for all occupants and citizens
- ✓ Leasing opportunities – unused space can be leased in the short term to help offset the cost of construction
- ✓ Real estate management – the City of Kingston does have in-house expertise in the day to day management of real estate and issues of facilities/property management

In summary there seems to be a tendency to lease commercial space when business growth is unpredictable, this can not be said for the City of Kingston. Ownership makes sense for organizations that have the financial resources to commit to long term investment and are not in need of quick exit strategies. It is therefore recommended that the City of Kingston adopt an “ownership” mandate for space solutions that exceed 10 year occupancy.

THE FIVE ADMINISTRATIVE CENTRE SPACE OPTIONS CONSIDERED IN THIS REPORT INCLUDE THE FOLLOWING:

(Montreal Street Considerations Follows)

Option Number	In All Options	In All but Modified	Variable	Option Name	Present Value
Option 1	City Hall -governance Build New Police HQ Build New Ops Centre Counter for UK	Montreal St	Downtown Core Admin. Centre	Option 1 Downtown Core Admin Centre	\$17,973,966
Option 2	City Hall -governance Build New Police HQ Build New Ops Centre Counter for UK	Montreal St	Queen Reno	Option 2 Queen Reno Admin Centre	\$15,916,461
Option 3	City Hall -governance New Police HQ New Ops Centre Counter for UK	Montreal St	Division Street	Option 3 Division Build Admin Centre	\$12,858,966
Option 4	City Hall -governance New Police HQ New Ops Centre Counter for UK	Montreal St	Downtown Lease only	Option 4 Lease only Admin Centre	\$19,084,187



The analysis depicted on the above graphs shows that an administrative centre solution in the downtown core is 'not the least expensive' space solution. The least expensive solution would be the "do nothing" approach. However, there are great many other significant corporate issues that would still need to be addressed which have been spoken to in greater detail earlier in this executive summary. The 'hidden' cost of doing nothing combined with the need to address space demand and adjacency issues would continue to be a challenge for the City of Kingston.

Building a new 60,000 sq. ft. administrative facility on the Division Street Lands may be the most cost effective space solution but it is not supportive of the downtown core revitalization program. If the Government is not a driver in this regard there are very few either private or public sector organizations that would have the critical mass to make revitalization a reality in Kingston. The Options that include a Queen Street solution would be supportive of the revitalization program.

The lease option in this analysis indicates there is a higher cost to leasing than to own. The notion that leasing is more expensive than owning is further supported in greater detail earlier in this executive report. It is AMG's recommendation that conventional leases are not considered to resolve the City of Kingston's medium to long term space issues.

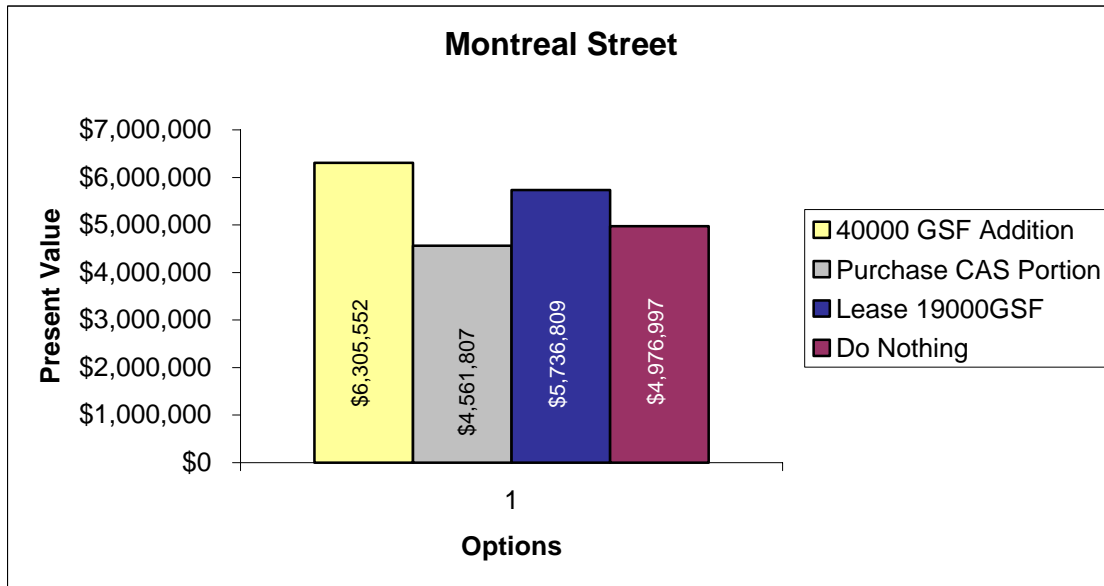
MONTREAL STREET CONSIDERATION

Asset Management Group separated out the Montreal Street location, and has treated this property as a 'stand alone' issue and recommendation. A 25 year net present value analysis was undertaken for the administration centre option, this analysis did not include Montreal Street, it is understood that all options have a Montreal Street space solution and that whatever administrative centre solution is selected it will be made independent of the approach used for Montreal Street.

The Asset Management Group created a 25 year NPV for the three Montreal Street space options, the results of which are contained in the chart below. The analysis considered

Appropriate sharing of capital costs with CAS and a 50% subsidy factor for operating related costs. The following chart summarizes the results.

Montreal Street Alternatives			
Option A	40,000 sqft addition to existing structure and continue co-ownership with CAS	\$6,305,552	
Option B	Purchase Existing facility from CAS	\$4,561,807	includes cover the leaseholds at the new CAS location
Option C	Continue in existing structure and lease additional space as needed	\$5,736,809	Another location with 19000 sq ft (could be difficult to find in Montreal St area)



The Montreal Street facility has been recommended for continued and expanded administrative use. A review of the option to build an addition was discussed at length and a review of the facility and space plan was undertaken by Mill and Ross Architect in October of 2002. It is the opinion of the Asset Management Group that the work undertaken some 19 months ago was accurate and should be considered in the 'go forward' plan for this property. It is the recommendation of the AMG that other Social Service City Hall functions be relocated to the Montreal Street facility once either Option A or B is selected. The space projections indicate that Social Services will require 47,000 GSF and Children's Aid Society will require 36,000 GSF. The inclusion of CAS in this report presumes that Montreal Street joint ownership relationship

would continue and that CAS would be a willing partner and participate to grow the facility to accommodate all three users. Alternatively the CAS portion of the Montreal Street facility could be purchased. The additional space afforded by the purchase would support all Social Services projected future space needs.

The status quo or do nothing option would include a continued use of Montreal Street as it is today including major and minor renovation to the entire building, together with leasing options that would be necessary to accommodate immediate and future growth. Based on our findings and those of Mill and Ross, 19,000 square feet of retable space would be required, some immediately. A further review of the market and costing for a portable or sprung structure would be required. It would appear that 19,000 square feet of contiguous space is not available within the desired proximity of Montreal Street. The sprung structure, or portable options are viable but would need to be priced through an RFP process before ruling this option out.

There is no definitive recommendation dealing with the three options. All three alternatives should be considered. The least expensive of the alternatives would be the purchase of the CAS portion of Montreal Street. A formal discussion with CAS should quickly determine whether there is any interest in them selling their interest in the building and moving. Simultaneously a request for proposal (RFP) for portable structures at Montreal Street could be prepared. The possible use of a prefabricated portable structure may provide an affordable alternative if CAS does not wish to contemplate a sale of their interest in the building/lands.

Following a decision from CAS and cost projections resulting from an RFP a report should be prepared for senior staff and council that would outline the next steps to be taken to address the critical and immediate space demand issues at this location, and to support the notion of a social service campus for the reasons already outlined earlier in this report.

D) SHORT TERM RECOMMENDATIONS: WHAT TO DO NOW

Criteria were developed to help short list the 'go forward' recommendations from 55 to 35, namely:

- Can be implemented with little down time/disruption to staff
- Short term recommendations will require some capital investment very little of which will be lost when implementing medium/long term recommendations
- Recommendations can be implemented within a 24 month window
- Recommendations will address the most pressing immediate space/adjacency issues
- Council approval not necessary for some recommendations

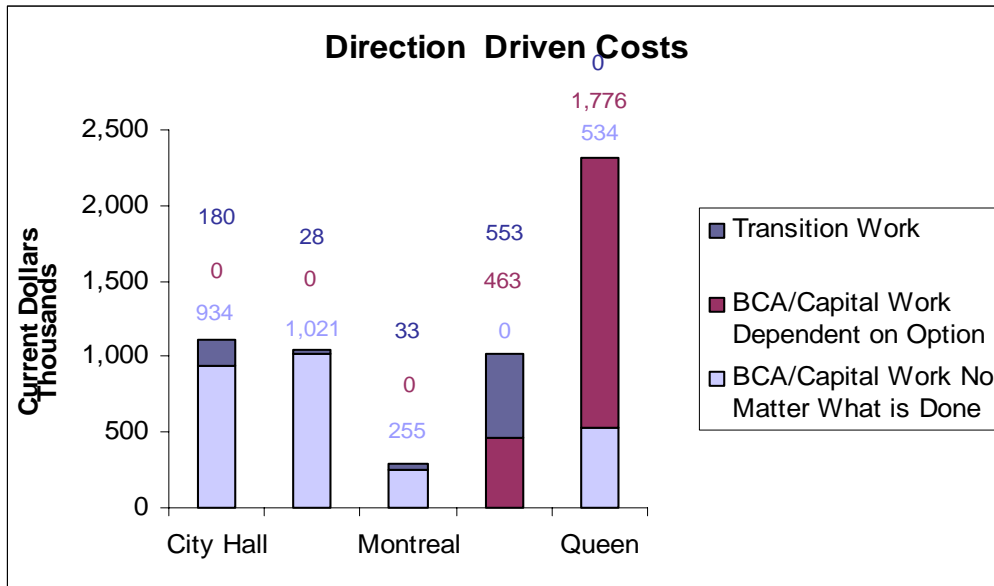
RECOMMENDATION	BUILDING/ GENERIC	COST
Relocate 2-3 Operations Staff from City Hall to a works yard or Counter Street	CH/CS	\$15 000.00
Retrofit Operations space on the first floor at City Hall to accommodate staff	CH	\$18 000.00
Relocate Commissioner of Planning and Development with immediate staff to the area vacated by Operations at City Hall (2-3 staff)	CH	\$ 8 000.00
Retrofit Operations space to accommodate a lockable multipurpose room for use by visiting P&D and Operations staff	CH	\$ 5 000.00
Retrofit P&D Commissioner's vacated space at Midland Avenue	MA	\$ 8 000.00

RECOMMENDATION	BUILDING/ GENERIC	COST
Relocate Lease administrator from Operations to the Legal department at City Hall	CH	\$ 1 000.00
Relocate the Heritage Planner from Midland to City Hall	CH	\$ 1 000.00
Retrofit the area currently occupied by Human Resources to accommodate finance staff (payroll) being moved from Counter Street	CH	\$30 000.00
Retrofit the space at the rear of the City Hall facility (Market Square) currently occupied by Human Resources, Commissioner of Finance and Records Management to accommodate cash counters/parking ticket payment	CH	\$40 000.00
Retrofit Midland to accommodate two/three small meeting rooms	MA	\$ 8 000.00
Move archival storage from the mezzanine level at Midland Avenue off site	MA	\$15 000.00
Rationalize desk side storage at Midland by conducting a filing cabinet audit and moving files to the mezzanine level at Midland	MA	\$20 000.00
Redesign the Clerk's office, remove dated material and fit out a private meeting space within the office envelop	CH	\$ 6 500.00
Develop a washroom use policy and have it endorsed by council – ensure tour bus operators are aware of the change in policy – have the buses stop at the Train Station	GENERIC	INTERNAL
Reconfigure public counters at City Hall (lobby/parking) the side entrance and counter currently used by records management could be repurposed to handle parking ticket payments and address security, adjacency and public access issues. The space freed up could be repurposed for security, way finding and other lobby counter way finding visual identity program for all buildings	CH	\$20 000.00
Decommission underutilized storage cabinets at City Hall and Midland Avenue-fit out space to accommodate either people or multipurpose spaces	CH/MA	\$25 000.00
Develop way finding visual identity program for all buildings	GENERIC	\$ 3 500.00
Create a staff parking committee to explore solutions to the parking issues that have been identified at City Hall	GENERIC	INTERNAL
Install lighting at the rear of Midland Avenue and create staff parking area	MA	\$ 3 500.00
Conduct an RFP for 7,000 square feet to replace Stephen Street	MTL.S	\$ 2 500.00
Commence negotiation with the owner of Stephen Street for a short term or month to month lease	MTL.S	INTERNAL
Conduct an RFP for a short term sprung structure/demountable building or mobile facility for Midland Avenue, Montreal Street and Counter Street	MA/MTL.S/C S	\$ 2 500.00
Negotiate flexible lease terms and conditions for both CAS and Social Services/Children's Services – negotiate an exit strategy for both	MTL.S	INTERNAL

RECOMMENDATION	BUILDING/ GENERIC	COST
Commence programming for new service model at an expanded Montreal Street location, price new construction and renovation for existing space	MTL.S	\$20 000.00
Price out IT server farm relocation/staff rationalization compare in house/outsourced – some work has already been done in this regard	CS	\$ 3 500.00
Develop and implement a furniture and space standards program	GENERIC	\$ 3 000.00
Implement a furniture purchasing policy that will force staff to buy standard	GENERIC	INTERNAL
Decommission part of the lunchroom (s) at City Hall and Counter Street and fit out the balance with top grade vending and coffee machines – retrofit decommissioned space with workstations/multipurpose areas/meeting rooms	CS/CH	\$20 000.00
Lease 24 – 36 month sprung structure/portable pod 10 000 sq. ft for Midland Avenue	MA	\$150 000.00 /per year \$25 000.00 sunk cost
Develop a policy regarding rationalization of office space throughout the Corporation to accommodate 12 month space needs	GENERIC	INTERNAL
Develop a Municipal Master Accommodation Plan policy and have same endorsed by Council (own vs. lease)	GENERIC	INTERNAL
Adjust 2004 capital and operating budgets to accommodate medium and long term space recommendations	GENERIC	INTERNAL
Negotiate short term lease extension to Stephen Street property	MTLS	INTERNAL
Develop “repurposing” City Hall methodology and timeline for Accommodation Taskforce	CH	\$15 000.00
Develop staff to square foot ratio for all City owned facilities	GENERIC	\$25 000.00
TOTAL		\$ 794,000.00

CH – City Hall MA – Midland Avenue CS – Counter Street MTL.S – Montreal Street QS – Queen Street

The graph that follows is a snapshot of the information detailed in the above chart



E) CONCLUSIONS/ RECOMMENDATIONS:

The Asset Management Group recommends that:

1. City Hall be retained and repurposed to accommodate uses more in keeping with its design and original use, namely governance and meeting/public use.
2. Governance functions and all municipal department administrative functions are centralized to the greatest degree possible.
3. An administrative centre (approximately 60,000 sq ft.) owned by the City be secured in the downtown core within a short walking distance of City Hall. Having an administrative centre within a short walk of City Hall would support the centralized administrative function recommendation. A downtown core administrative centre would further support the corporate strategic direction regarding downtown revitalization. Through a Request for Information process various opportunities could be considered that may or may not include all of the Queen Street property currently owned by the City.
4. Social Service functions are centralized to create a campus approach for service delivery. The Montreal Street location should be retained and additional office space (approximately 19,000 sq ft.) acquired or created to address urgent and immediate space supply/demand issues.
5. The Counter Street property is retained. Its core purpose to support of all Utilities Kingston functions combined with a satellite client service centre to support the City of Kingston's services requiring citizen interaction, namely call centre and bill payment functions. A further review of this property will be required as the Division Street property is programmed for Operations use.
6. A short term space solution is implemented at the Midland Street location, suitable to address 18-24 month need and that the Midland Street property is readied for sale.

7. To fill all medium to long term space requirements that the City of Kingston pursue ownership space options in favour of conventional lease arrangements.
8. For the purpose of moving forward with City Hall modifications the CAO be requested to define the positions and support to be included within the Governance function that will be located in the repurposed City Hall.
9. For the purpose of moving forward with City Hall modifications the Accommodation Task Force be asked to define the public use functions required of City Hall
10. Short term recommendations for City Hall (noted in “What to do Now” section of Executive Summary) be implemented over the next 24 month
11. Short term recommendations for Midland Avenue (noted in “What to do Now” section of Executive Summary) be implemented immediately.
12. Prepare a request for information (RFI) seeking solutions to providing a 60,000 sq.ft. downtown core administrative centre within close proximity of City Hall.
13. Council approval to prepare an agreement to purchase CAS's part ownership of the Montreal Street property. Agreement of Purchase to be formally submitted to CAS Board of Directors.