



# 160 Dudley Capital Projects

March 21, 2022





## Purpose

- Propose a management strategy for the next 20 years for 160 Dudley Avenue that maximizes its utility and value for the City
- Illustrate why 160 Dudley Avenue is an ideal location for an innovative public sector facility; comprising a new Fire Station (FS), combined with leased space for a private recreation business, private school or another compatible use
- Present the anticipated costs, timelines and risks of delivering the projects recommended to realize this strategy
- Obtain approval to proceed as recommended by Staff

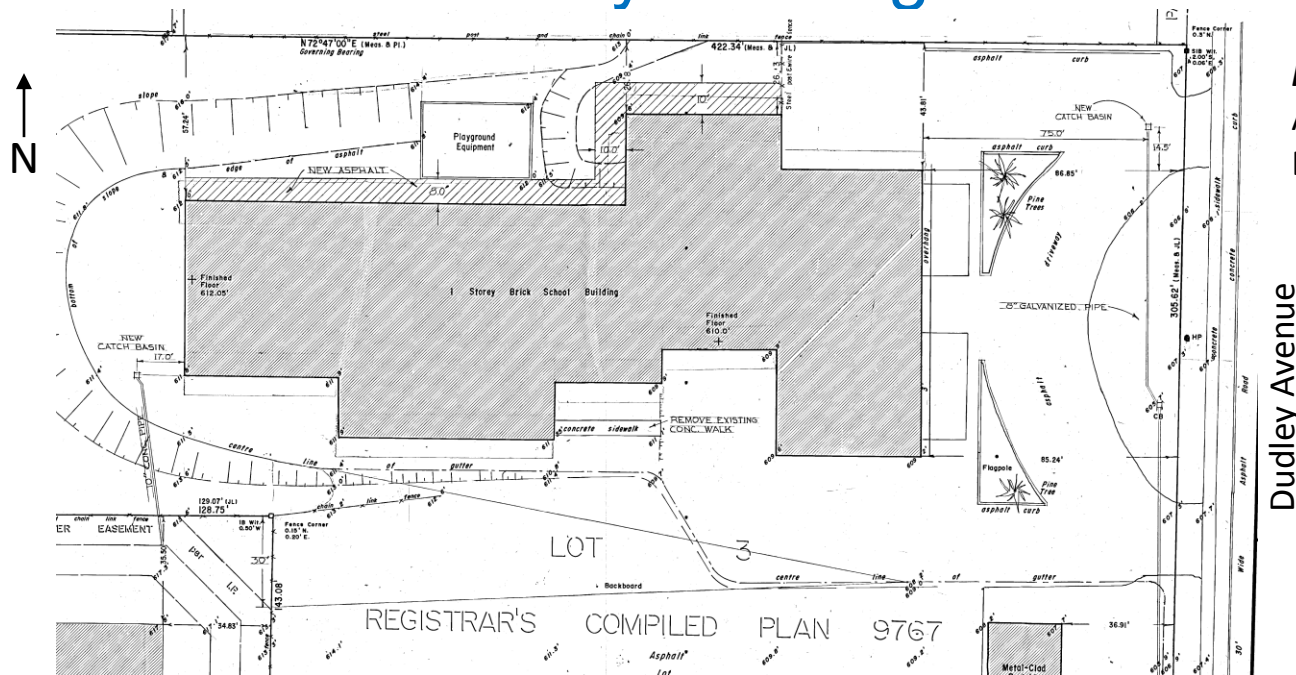


## 160 Dudley Ave Background

- Former YRCSB school site, 2.6 acres in SW Thornhill, built in the 1950's, 20,000 sq ft including gymnasium, purchased by City in 2015
- Competitive process to select a tenant in 2016 was undertaken and awarded, lease terminated by City in December 2020 due to non-performance
- Site is currently occupied by two tenants, annual revenue is \$117,000
- Roof is in poor condition and must be replaced immediately, remainder of asset is in poor to fair condition, some deficiency correction is required
- Asset is under utilized and needs a management strategy to maximize its value to the City



# 160 Dudley Existing Site Plan



**Property Information**  
Area: approx 2.6 acres  
Building: 20,000 sq. ft.

Dudley Avenue



# Proposed Management Strategy for 160 Dudley

Two Capital Projects to maximize the value of the asset for up to 20 years

1. Adaptive re-use of approx. 20% of 160 Dudley to deliver on a portion of Phase 1 of the 2022-2025 Fire Deployment Strategy
2. Life Cycle (LC) Renewal (replacement) of the Roof and some interior deficiency correction to ensure this asset can continue to be an income property for the City

Lease the remaining 75% of the space at market rates to a compatible tenant for up to 20 years, in five year mutually (landlord and tenant) agreeable renewable tranches to ensure opportunities for flexibility

Consider redevelopment/sale when major capital repairs or replacements are required, at an appropriate time to maximize land value for the City



## Fire Master Plan

- Council endorsed a Master Fire Plan in 2012
- Fire Chief Grant prepared and presented a modern deployment strategy that would satisfy the service levels in the Master Fire Plan
- This strategy was presented to the Fire Response Task Force on Nov. 18, 2021 and was endorsed
- The strategy was then presented to Council at Budget Committee in confidential session on Dec. 3, 2021 and received unanimous support
- Phase 1 of the approved deployment plan is for the period of 2022-2025 and focuses on our fire response for single-family residential buildings



## 160 Dudley Avenue Site

- The fire deployment strategy identified the need to target a four minute response time for Southwest Thornhill
- 160 Dudley Avenue site was recommended as part of the plan because it is a City-owned property and ideally located to meet the service level of four minute response time required
- The site also positions the City well for future emergency response related to increased intensification in the area and the Yonge Subway
- Dudley currently has two short-term tenants; the building requires a new roof and the addressing of deficiencies arising from previous tenancy
- Redevelopment of Dudley is anticipated in the future once the Yonge Subway is completed and land value has maximized; a plan to manage this asset and derive optimal use in the interim is currently needed



# Fire Master Plan + Dudley Avenue

## Project 1:

- The first phase of capital construction will include the building of the Dudley Fire Station and redeployment of existing staff and equipment to the new facility
- This station will house one fire truck and subway response infrastructure
- To accommodate the new Fire Station, a portion of the Dudley Ave building will be renovated and an apparatus bay added to the front of the building
- Remainder of 16,000 sq ft is available for a compatible private sector tenant, provided the building envelope (landlord responsibilities) is renewed





# Proposed Dudley FS - Efficiency & Resilience

## Efficiency

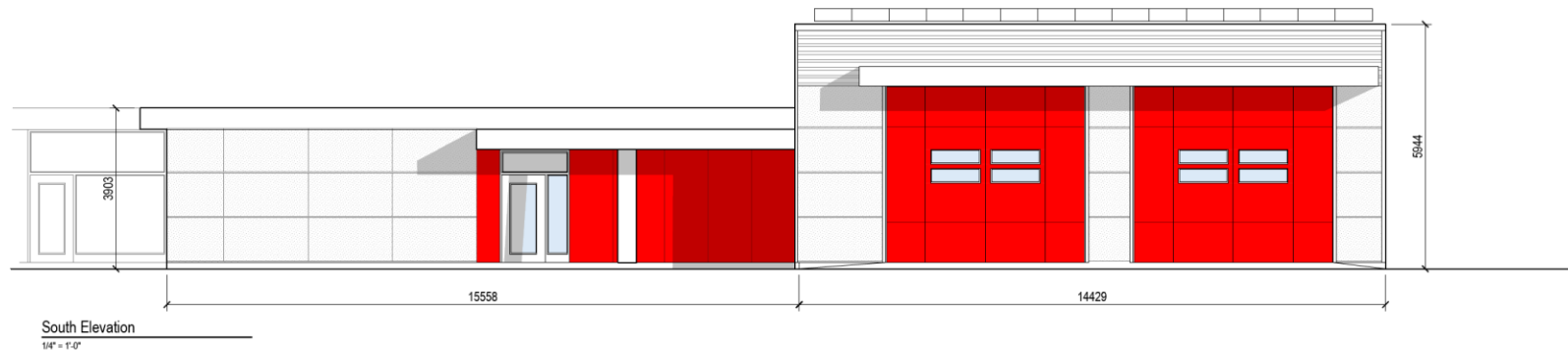
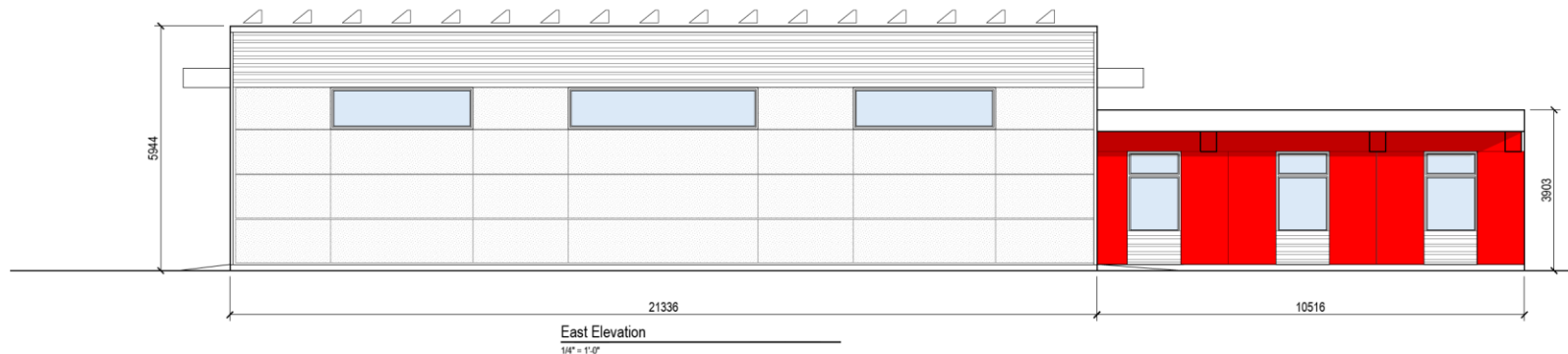
- FS layout has been optimized for Markham Fire's basic needs
- 4,214 sq ft of adaptive re-use and renovation of the front of the existing building
- 3,424 sq ft of new additional space for apparatus bay ("big box" style)
- Retaining as much of the existing building as possible
- Reduced utilities and Carbon Tax from high performance building envelope, air source heat pump and solar panels (LEED items)

## Resilience

- Post disaster structure, built stronger to ensure essential service continuity
- Full back-up power

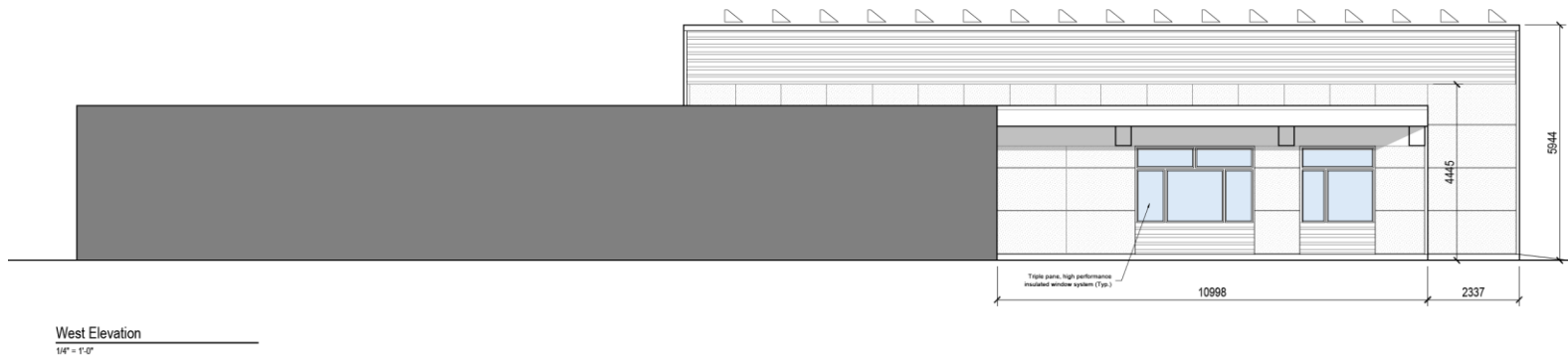
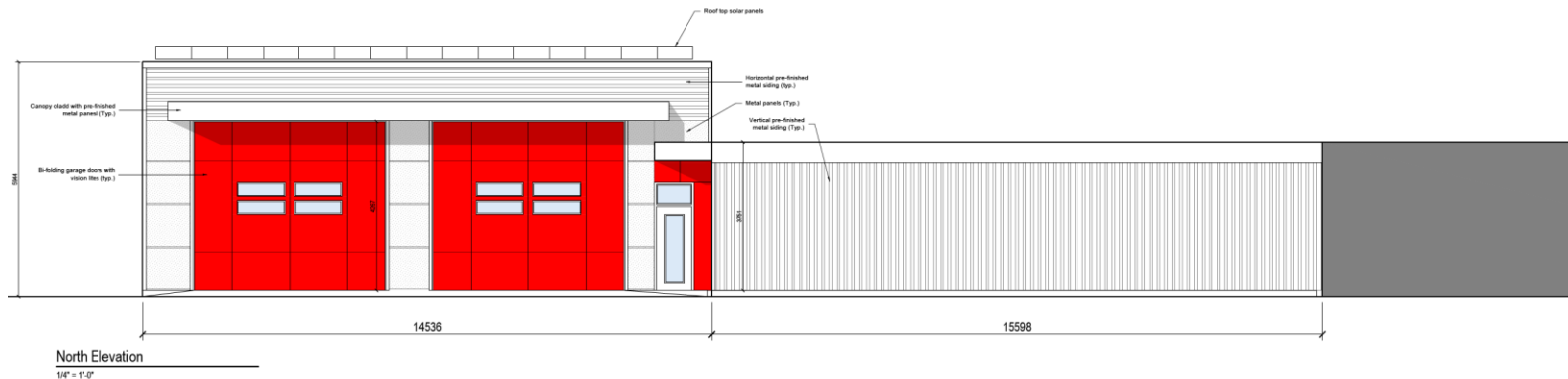


# Project 1 – Dudley Fire Station Concept



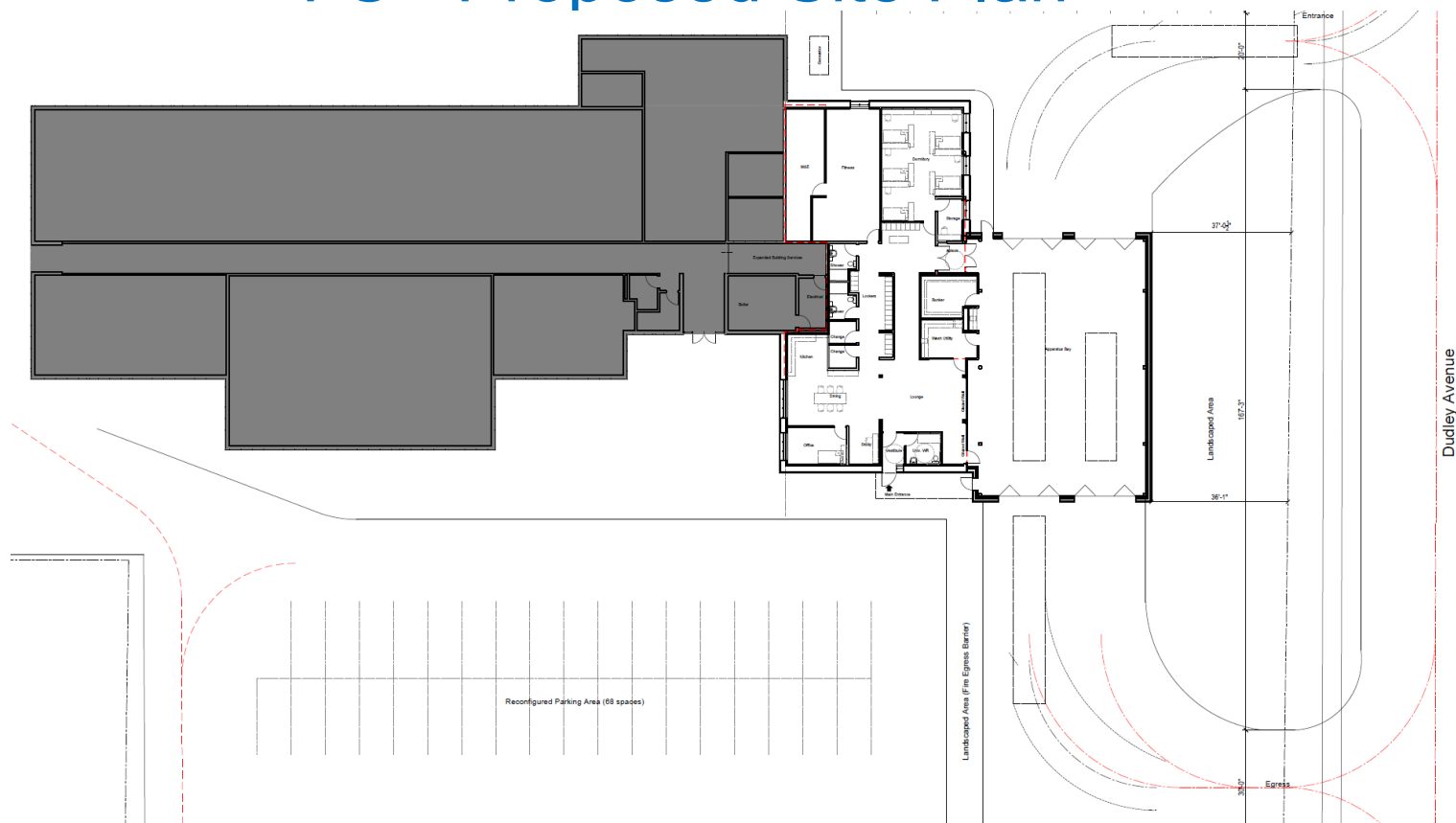


# Project 1 – Dudley FS Concept



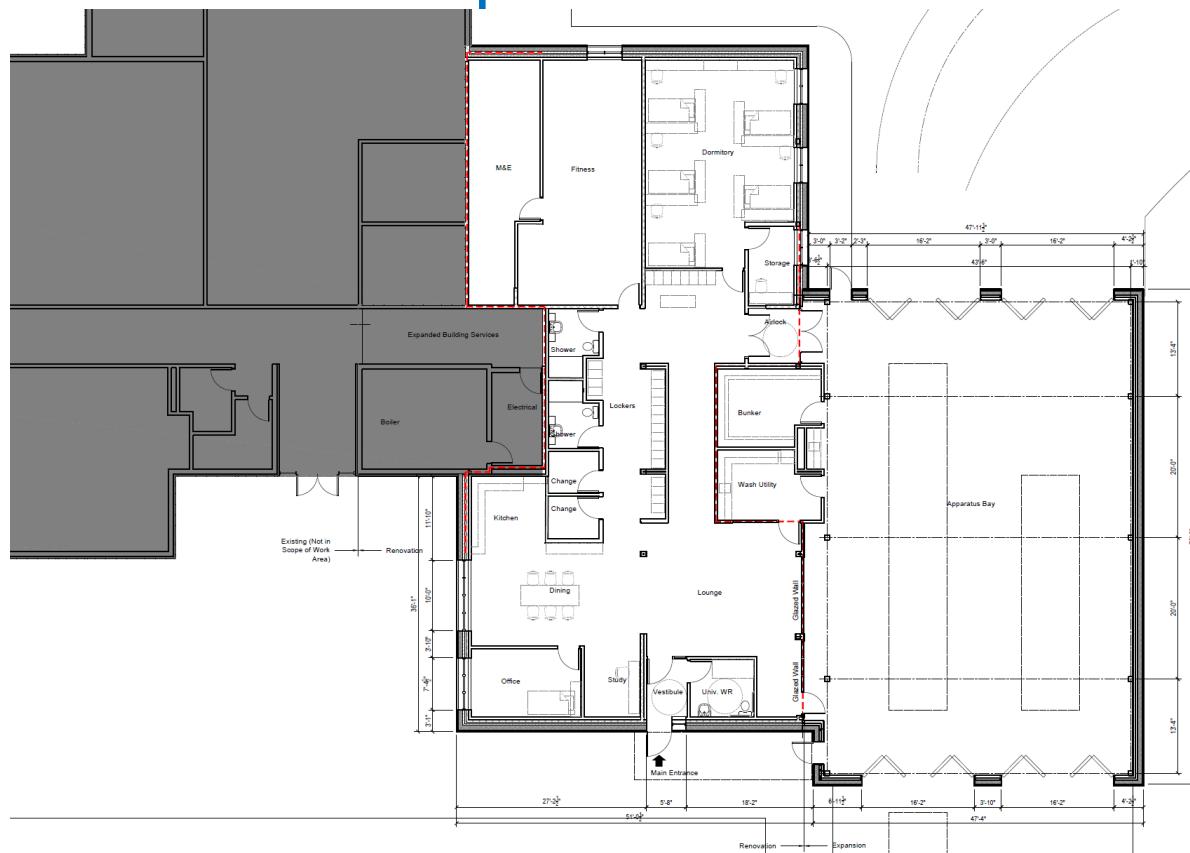


## FS - Proposed Site Plan





## FS – Proposed Floor Plan



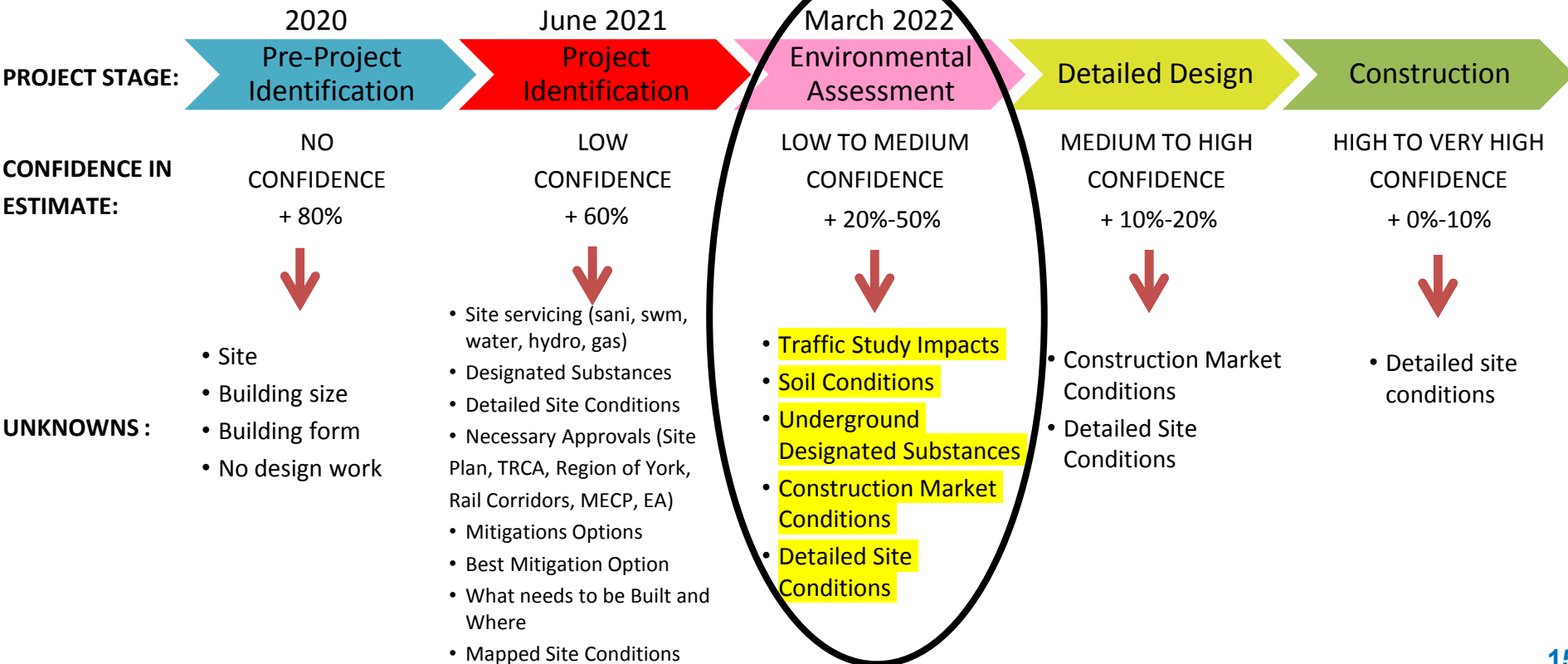


## FS Cost Estimate

|                                    | Description                        | Budget<br>inclusive of<br>HST Impact |
|------------------------------------|------------------------------------|--------------------------------------|
| <b>Hard Costs</b>                  | Building - Class D Cost Estimate   | \$3,275,200                          |
|                                    | Site Development                   | 751,000                              |
|                                    | Features and Misc.                 | 1,381,700                            |
|                                    | <b>Subtotal Hard Costs</b>         | <b>\$5,407,900</b>                   |
| <b>Soft Costs</b>                  | Design and Contract Administration | 410,700                              |
|                                    | Permits                            | 45,900                               |
|                                    | Other Consultants                  | 35,600                               |
|                                    | Internal Recoveries                | 155,300                              |
|                                    | <b>Subtotal Soft Costs</b>         | <b>\$647,500</b>                     |
|                                    | <b>Subtotal Hard + Soft Costs</b>  | <b>\$6,055,400</b>                   |
|                                    | Contingency (25%)                  | 1,513,800                            |
| <b>Total Budget - Fire Station</b> |                                    | <b>\$7,569,200</b>                   |



## FS Risk Profile





## Dudley Fire Station - Capital Cost Discussion

- \$450/sq ft for 3,424 sq ft new build (high bay, post disaster, metal/panel system structure) - \$1.54M total
- \$399/sq ft for 4,214 sq ft renovation with some post disaster reinforcement as required by the Ontario Building Code - \$1.68M total
- Above unit costs do not include site development, landscaping, hazardous material management, FFE or tender escalation – \$2.1M total
- Meets City policy of LEED Silver included, LEED Gold recommended as stretch target – will support lower utility costs and reduced Carbon Tax
- \$695/sq ft for 7,638 sq ft facility, for hard costs of \$5.3M (exclusive of HST) not including consulting, permitting, internal recoveries (soft costs) or contingencies
- \$990/sq ft for **a total cost of \$7.569M** (hard and soft costs and contingency)





## Capital Costs for Comparable Facilities

- Cornell FS 99 - \$4.16M (2010) or \$6.35M / \$577/sq ft\*
  - York Region EMS - \$4.2M (2019) or \$5M / \$950/sq ft\*
  - Toronto FS 144 - \$8M (2020) or \$9.6M / \$743/sq ft\*
  - Oakville FS 8 - \$10.4M (2020) or \$12.48M / \$1,248/sq ft\*
- Pre-Pandemic

\*Adjusted to end of 2021 cost based on Ontario Construction Price Index for non-residential buildings. Includes final hard costs, excludes land and soft costs.



## Extension of Design Contract

- Concept design and Class “D” Cost estimate was completed by Ron Awde Architect
- Detailed design is the next step, followed by Contract Admin during construction
- Staff recommend non-competitive contract award to Ron Awde Architect based on:
  - Technical Expertise
    - Successfully completed several projects of similar size and scope
    - Firm is already very familiar with the facility, the client and the design intent
  - Proven Track Record
    - Firm has consistently worked on design and renovations at Markham Fire Stations since 2015
    - Successful in delivering these projects and have strong working relationships with City Staff
  - Procurement has confirmed the price is very competitive for this type of service, the quote is 6.5% of the estimated construction cost which is in the low end of the percentage range for Architectural services



## Project 1 Summary

- Construction of a new Fire Station at 160 Dudley achieves Fire Master Plan objectives
- 160 Dudley is an existing and under-utilized City asset
- Staff are proposing an efficient and resilient facility, and will explore further opportunities to reduce costs during detailed design and in project delivery
- \$7.569M is a reasonable cost estimate with a 25% contingency for unknown risks
- Leaves 16,000 sq ft available for a private sector tenant to generate an ongoing revenue stream for the City
- Allows redevelopment of the site in future



## Project 2 – Life Cycle Renewal & Rental Revenue

- Roof is beyond end of life and needs replacement; funds are available from Life Cycle Reserve
- Paving was recently replaced, as was the HVAC system (some deficiencies remain)

**By making this additional investment in Dudley, the City will be able to attract a longer term quality tenant, paying a higher rental rate for the remainder of facility**



## Project 2 Proposal: Revenue Opportunity

- Lease remainder of premises (approximately 16,000 sq ft) to a commercial tenant with market exposure via real estate brokerage community
- Annual Net Revenue to the City expected:  $\$20/\text{sq ft}/\text{yr} \times 16,000 \text{ sq ft} = \$320,000/\text{year}$ .
- Net Rent Revenue over 20 year term: \$6.4M

### Assumptions

- Property rezoned to permit broad commercial uses including private school
- Market demand remains robust
- Yonge North Subway extension is not delayed or cancelled
- Landlord can offer Tenant improvement allowance as incentive, if required
- Landlord responsibilities such as roof replacement are addressed
- Increases in rent throughout the term are offset by vacancy periods
- Tenant compatibility with Fire Station use



## Project 2 – Life Cycle Renewal of Roof Required



Significant ponding, numerous roof leaks throughout facility, patching attempts have not been successful.



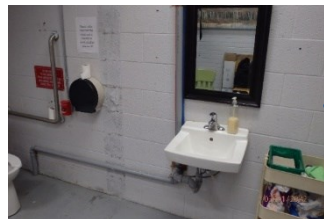
## Project 2 - Interior Deficiencies



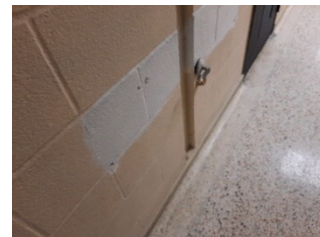
Drop ceiling required  
for Accessible  
Washroom



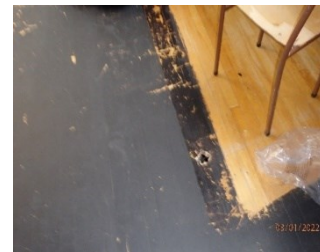
Urinals in Men's  
Washroom



Plumbing and hot/cold  
water pipes are exposed  
in washroom



Building has no Water  
Fountain/Bottle Filling  
Station. Old one not  
existing.



Hole in the stage floor

Misc. other areas need  
HVAC/duct/heat and  
lighting



## Life Cycle Renewal – Project 2 Cost Estimate

| Description   |                                       | Budget<br>inclusive of<br>HST Impact |
|---|---------------------------------------|--------------------------------------|
| <b>Life Cycle</b>                                       | Whole roof replacement                | \$980,000                            |
|   | Interior (washrooms, paint, flooring) | 110,000                              |
| <b>Total Budget - Life Cycle Repair and Replacement</b> |                                       | <b>\$1,090,000</b>                   |





## Project 2 - Summary

- Replace roof and address deficiencies for \$1.1M
- Roof replacement will be coordinated with FS construction to ensure efficiency in delivery of both capital projects
- With roof replaced, recent paving and HVAC improvements capital needs for this facility are expected to be minimal for the next 20 years
- Enables \$6.4M in lease revenue over 20 years



## Proposed Management Strategy Summary

Two Capital Projects to maximize the value of the asset for up to 20 years:

1. Adaptive re-use of approx. 25% of 160 Dudley to deliver on a portion of Phase 1 of the 2022-2025 Fire Deployment Strategy for \$7.569M
2. Life Cycle Renewal (replacement) of the Roof and some interior deficiency correction to ensure this asset can continue to be an income property for the City for \$1.1M

Lease remaining 75% of the space at market rates to a compatible tenant for up to 20 years, in five year mutually agreeable (landlord and tenant) renewable tranches to ensure opportunities for flexibility. Expected net revenue of \$6.4M for 20 years

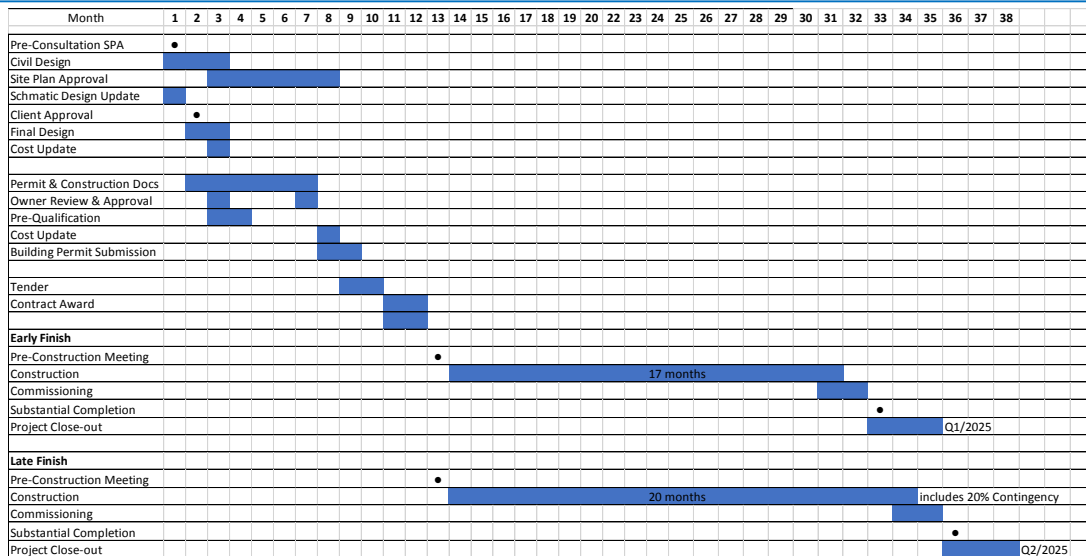
Evaluate redevelopment/sale in the future or when the roof and paving will likely need major repairs or replacement and if it is an appropriate time to maximize land value for the City



## Proposed Capital Project Timeline

Project duration anticipated to be about three years and two months (including 20% schedule contingency) from approval.

- One year for design, permits and tendering.
- Two years for construction and commissioning,





## Recommendations

1. THAT the presentation entitled “160 Dudley Capital Projects, March 21, 2022” be received; and
2. THAT the site of 160 Dudley Ave. and proposed concept design of the Dudley Markham Fire Station be approved; and,
3. THAT Staff proceed with detailed design development to tender ready documents; and,
4. THAT the goal of achieving LEED Silver Certification be established for this project and Staff be authorized to consider LEED Gold if it can be achieved within budget; and,
5. THAT the tendering process for Architectural/ Engineering design services be waived, in accordance with Purchasing By-Law 2017-8, Part II, Section 11.1(c), Non-Competitive Procurement which states “when the extension of an existing Contract would prove more cost effective or beneficial”; and,

**NEXT**



## Recommendations

6. THAT Staff be authorized to award the contract for Architectural/ Engineering design services to Ron Awde Architect in the amount of \$451,773.70 (inclusive of HST impact); and,
7. THAT Staff be authorized to proceed with pre-qualifying bidders and issuing the construction tender; and,
8. THAT a new 2022 capital project be established for the Design and Construction of the Dudley Fire Station in the amount of \$7,569,200 (inclusive of the HST impact), and that the project be funded from the Development Charges Reserve Fund; and,
9. THAT a new 2022 Capital budget be established for 160 Dudley Roof Replacement and Interior Repairs in the amount of \$1,090,000 (inclusive of the HST impact), and that the project be funded from the Lifecycle Repair and Replacement Reserve Fund; and
10. THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.



End