

HAMILTON POLICE SERVICES BOARD
- RECOMMENDATION -

DATE: 2016 August 26

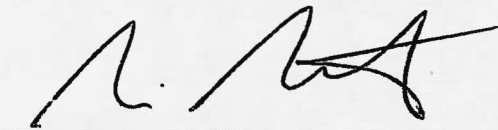
REPORT TO: Chair and Members
Hamilton Police Services Board

FROM: Eric Girt
Chief of Police

SUBJECT: *2016 Capital Expenditure Report – Facilities Space Needs*
(PSB 10-064c; see also PSB 10-064b, PSB 10-064a, PSB 10-064, PSB 10-011, PSB 10-039 and PSB 10-066)

RECOMMENDATION:

- 1) That the Board request the City of Hamilton approve the Investigative Services Division project through the 2017 Capital Budget process.
- 2) That the financing strategy attached as “ISD Financing Plan” be approved and referred to the City for the 2017 Capital Budget Process.



Eric Girt
Chief of Police

FINANCIAL / STAFFING / LEGAL IMPLICATIONS:

FINANCIAL – As was previously identified, the cost of constructing a new police facility for Investigative Services which also includes the forensics laboratory was estimated at \$15 million. This amount identifies the actual construction costs only and was based on industry average costing of approximately \$300.00/ft² first identified in 2010. The Board approved this on 27 September 2010 (*see PSB 10-064*). With a partial basement included, the total area of the proposed facility is currently 62,754 ft². Construction costs are estimated to be \$15,987,838.

Funding spent/committed to this project to date includes \$1,312,334.00 for property acquisition and \$1,453,394.00 for the consulting/architecture stage – a total of \$2,765,728.00.

Separate funding in the amount of \$1,500,000 was approved previously. On February 15, 2012, City Council approved (FCS 12023) the allocation of \$1.5 million for the design and consulting phase of the new ISD facility. The \$1.5 million was funded as follows: \$750,000.00 from the City of Hamilton's 2012 Capital Budget unallocated provision and \$750,000.00 from the Police Capital Reserve (#110065). As a result, a tender was issued by the City of Hamilton for architectural services associated with the ISD facility and a purchase order issued to Stantec Architects in the amount of \$1,250,000.00 on August 26, 2014.

With the exception of the Mosque property, the City of Hamilton (COH), on behalf of the HPS, now owns this entire city block bounded by Rebecca St., Mary St., Catharine St. N. and Wilson St. The Board approved the final payment for the purchase of these properties on 21 January 2013 (*see PSB 10-039a*). The purchase of the involved provincial properties contains a clause that the said properties must be used for municipal purposes and cannot be resold. If the properties are no longer required, then the sale is reversed and the province re-assumes ownership. The value of this property when transferred was done so at market assessment following appraisals.

The estimated construction costs are now **\$15,987,838** (previously \$15MM). Demolition, environmental and geotechnical is currently estimated at **\$2,150,674**. The provincial lands that were acquired by the city were previously remediated by the Province however lower levels of concentration of various contaminants were legislated in 2011 requiring additional clean-up of most of the fill. Previous "hot spots" that were not previously remediated now require remediation-these are areas around existing infrastructure or near the foundation of the previous Downtown Mosque. The city parking lot that forms part of the land holding had never been remediated. Options are currently being investigated with the city to risk manage the environmental concerns and reduce the costs. An extremely high water table adds complexity to the geotechnical issues; upstream contamination adds contamination to the site while pollution from the site may contribute to the contamination of other sites downstream from the property. The high water table also increases the construction costs due to the addition of waterproof caissons and dewatering during construction adding an estimated cost of **\$850,000.00**.

The fixtures, furnishing and equipment (FFE) of the facility, including the required specialized laboratory equipment as well as audio visual and communication network equipment (switches) is projected to be **\$2,043,143**.

Permits and Approvals are estimated to be **\$179,878**.

The City of Hamilton Project Management fee is estimated to be \$600,000 for this project. The project, design, escalation and construction contingencies currently are estimated by the cost consultant at \$2,923,436. The project and design contingencies reduce as the program and specifications are further developed. Escalation is currently identified by the cost consultant at \$30,000/month. The initial cost estimates were first introduced in 2010. Each year of delay has added \$360,000 to the project or \$1,980,000 since first presented. Project escalation costs based on a 19 month construction schedule are included in the contingency.

The estimated required funding for the balance of this project is identified in the chart below:

Description of Activities	Total Project Costs
Construction	\$15,987,838
Demolition, Environmental, Geotechnical	\$2,150,674
FF & E	\$2,043,143
Permits and Approvals	\$179,878
City of Hamilton Project Management	\$600,000
Contingency (Project, Design, Escalation and Construction)	\$2,923,436
HST	\$438,240
Total Estimated Cost	\$24,323,209

These estimates are based on the 100% Contract Document Estimate from the cost consultant and input into the COH Cost Control Log.

This clearly delineates the construction costs, soft costs and contingencies. A City of Hamilton Cost Control Log giving greater detail is attached to this report.

This report also includes details on the ISD costs of debt financing and its impact on HPS annual operational budget. See ISD Cost of Debt Financing – Projection Report.

STAFFING – n/a

LEGAL – n/a

BACKGROUND:

The Hamilton Police Service has an immediate need for in excess of 60,000 ft² of additional space.

The highest priority within this deficit as identified in 1996 by Carruthers and Shaw Partners for the organization in regard to the facility needs is the construction of a new Forensic Identification Laboratory. Additionally, a major disconnect currently exists within the Investigative Services Division (ISD) caused by this division having to work out of three separate facilities. The component of ISD assigned to central station is further segregated within the facility. The structural grouping of related police functions is one of the most important aspects of the Investigative Services function. Subsystem components that depend on each other, including supervision, or are similar in nature, must be located in close physical proximity. For this reason, it was recommended that the new facility be "use" specific and that it house the entire Investigative Services Division under one roof. This also addresses the larger issue of the space needs deficit relative to the entire police service.

Attached to this board report is a separate report that addresses the need for municipal police forensic services and the risks, challenges and limitations associated with relying on other agencies to perform forensic services for Hamilton. It also defines the role of the Center of Forensic Services (CFS) in relation to municipal policing.

As a result, the Police Services Board approved the acquisition of property bounded by Mary, Wilson, Rebecca and Catharine Streets (*see PSB 10-011, PSB 10-039 and PSB 10-066*).

This parcel of land was approved by the Board as the preferred available site for the new Investigative Services Division police facility (*see PSB 10-064*). This report, which received unanimous Board approval, also requested inclusion of \$15 million in the 2011 City of Hamilton Capital Budget for construction costs.

All land, with the exception of the Downtown Mosque, is now owned by the City of Hamilton, on behalf of the HPS. The Police Services Board supported a motion (*see PSB 14-091*) at the September 2014 Board meeting requesting Council approval to negotiate for the purchase of the Mosque property located at 96 Wilson St. This was approved by the Police Services Board, but was not approved by City Council. The Downtown Mosque has since relocated to a new location and the former Downtown Mosque is now vacant and remains for sale.

Focused teams were developed and the project has progressed to the end of the design and development stage. The project team has completed all design and has prepared contract specifications that will be sent to procurement and legal for their review once funding for the construction of this project has been approved.

The tender approval and award would be expected in the spring of 2017. Once awarded, the construction period is estimated to be 19 months.

The costing estimates used in this report are based on cost consultant report (A. W. Hooker), a sub-consultant retained by Stantec as part of their tender submission. The costings are based on the April 21, 2016 Hamilton Police Services, New Investigative Services Division, 100% Contract Document Estimate (Rev. 0).

HPS staff has kept in close communication with the Beasley Neighborhood Association and made presentations in April and October 2015 as well as two meetings at central station in July 2016.

The floor space of the new facility is 43,310 ft² above ground and 19,421 ft² below ground. The above grade component is two stories; the main floor being 26,975 ft² and the second floor 16,335 ft². Parking is approximately 10,000 ft².

The facility is designed as a two story structure to ensure operational effectiveness. The synergies with each of the branches within Investigative Services were fully evaluated to ensure that the spacial relationships were re-established. A three story facility was considered but operationally, a two story complex was needed to create the efficiencies and communications needed in this environment.

The main floor has a public lobby, gender neutral washrooms and a meeting room suitable for hosting Police Service Board meetings, media releases on major incidents, police operational activities or for police related public meetings. The remainder of the facility is secure space and not open to the public. The main entrance is located on the N/E corner of the property and will include a memorial to fallen officers.

As mentioned, forensic labs were one of the major drivers for this project. The guiding principles of the forensic branch ensures the cross contamination of scene, victim and accused never happens. Evidence handling is minimized to prevent the distribution of DNA from lab to lab. For this reason, the forensic branch needed to be the prime tenant on the ground floor. The technical crimes analysis provides services directly to forensics and needed to be able to use the evidence reception suite. The balance of the main floor deals with victims of crime that must attend to give evidence or be photographed. The ability to bring victims into a welcoming facility without creating additional stress is paramount.

The second floor is primarily investigative (homicide, vice and drugs etc.) as well as administrative. These branches share information back and forth on a daily basis. Much of the space is open concept to further enhance the information sharing.

The basement contains 26 parking spaces, locker rooms, weight room and mechanical/electrical rooms. The locker space and weight room were moved into the basement which is less expensive to construct relative to the above ground space. A basement was not part of the initial consideration of this project however; onsite parking for the 51 ISD service vehicles was not possible or acceptable to the Beasley Neighborhood Association. Parking was already an issue at central station that has seen the need for police service vehicles to now park on Rebecca and further the elimination of the visitor's parking lot converted to service vehicle parking.

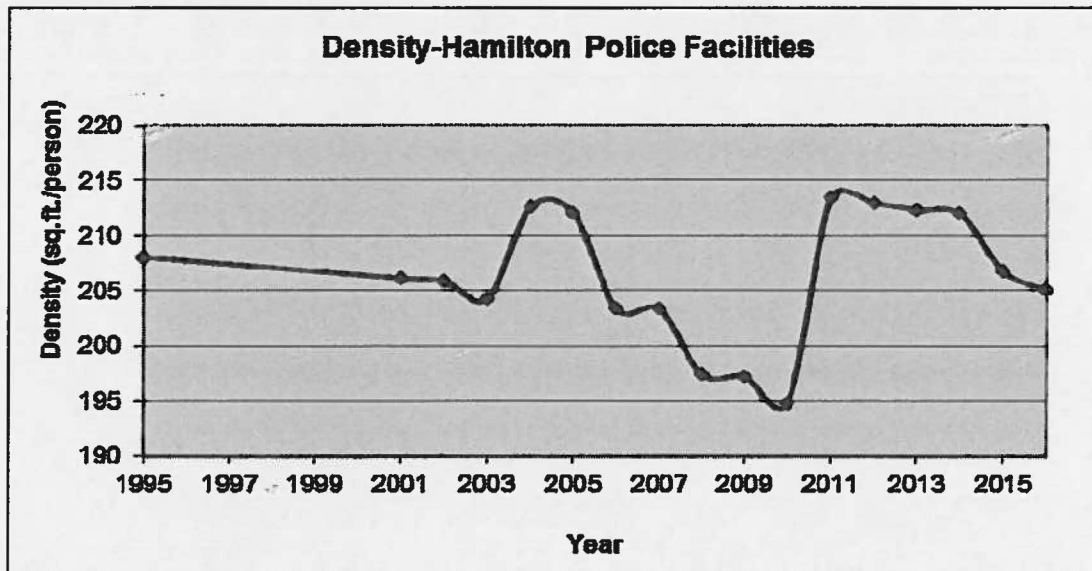
Prisoners are received in the basement and then moved via elevator to interview rooms on the 1st and 2nd floors.

The addition of the basement parking (10,000 ft²) is the main reason the facility size increased from 50,000 ft² to 62,754 ft². The meeting room and office for the Police Service Board administrator also were not part of the original program and added 1,030 ft². In essence, the program remains very close at 51,724 ft² vs. the original estimated 50,000 ft². The original program determined from needs assessment and programing interviews conducted by the architects and the HPS facility team initially identified a space requirement of 89,208 ft² in November 2014. This new space has been value engineered to the existing 62,754 ft² through significant space and cost cutting initiatives by the project team.

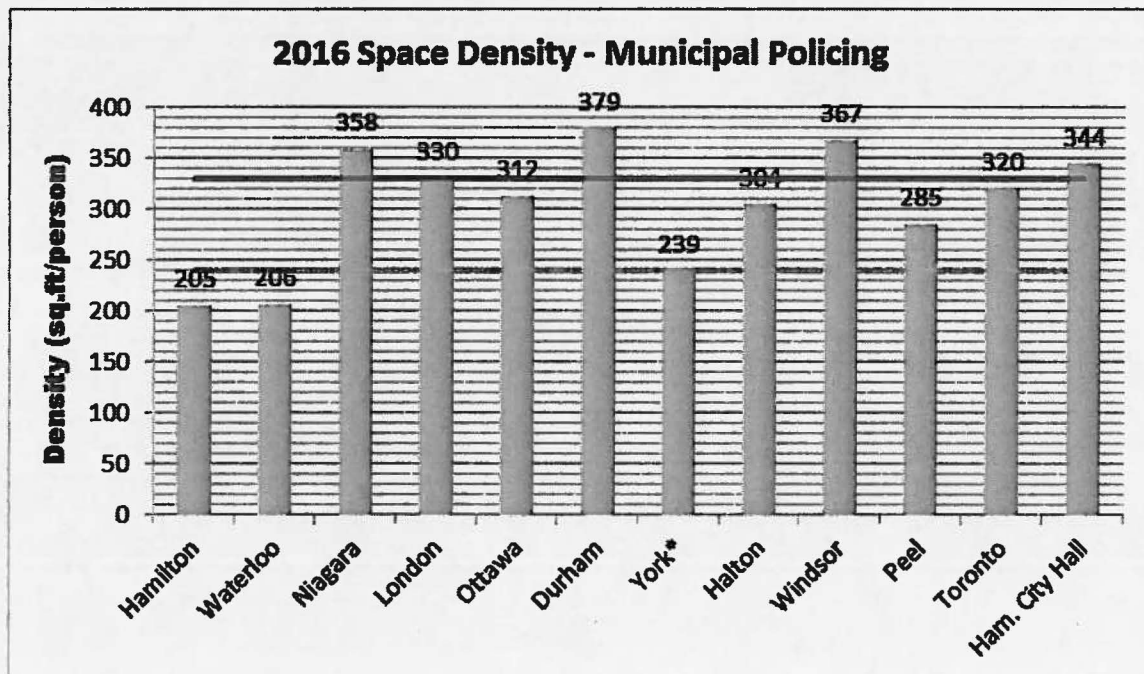
The net/gross factor for this facility is 1.31 which indicates a highly "efficient" use of the space. This net/gross ratio relates usable office space to non-functional space such as hallways, lobby, mechanical etc. Parking is always excluded from the net/gross. Typical labs have a general net/gross of 1.6 while office/police space is typically 1.45. This facility is very "tight" from a design perspective and reflects significant concessions in order to deliver a facility that would not exceed the net usable space required for the programming of the needs of the Investigative Services Division.

Acceptable space density for police facilities ranges from a low of 240 ft²/person to a maximum of 330 ft²/person (Carruthers Shaw and Partners, Headquarters Space Allocation Plan,2001). Anything less than 240 ft²/person results in discomfort and inefficiency. Anything above 330 ft²/person is reflective of a facility that has too much room growth. The HPS currently employs 821 sworn and 296 civilian members totaling 1117 members with land holdings of 229,000 ft² resulting in a space density of 205 ft²/person. This is significantly below minimum recommended space density of 240 ft²/person. The addition of 52,000 ft² increases the space density of the service to 252 ft² /person which is just within the acceptable range. The space density of the new ISD facility at 52,000 ft² usable is 278 ft² /person. Both these densities are below the recommended medium of 285 ft² /person.

The following table shows the consistent decrease in space density for the Hamilton Police Service. The increase 2004 corresponds to the opening of new Station 30 while 2011 corresponds to the opening of the new Multi-Agency Training Academy.



The following table compares space density for other similar police agencies. It clearly shows that Hamilton is below the minimum acceptable space density of 240 ft² /person. In contrast, the space density for Hamilton City Hall based on 167,990 ft² and 489 employees is 344 ft² /person.



*York currently leases substantial space and has requested an additional 100,000 ft² to be added to the facilities portfolio.

The heating and cooling needs will be supplied through direct connections with Hamilton Community Energy (HCE) as part of their district heating system. This is a substantial cost saving to the project. HCE provides highly energy efficient hot and chilled water for building environmental systems. Geothermal was also investigated by HCE but determined to not be economically viable due to the small available space for the geothermal field.

HCE will also be supplying standby power (dual fuel generator) to this project.

The architectural team is delivering a facility that is aesthetically appealing and will act as a catalyst for future development in this area. The materials that are being selected will stand up to the rigors of a 24/7 police operation while being economically responsible to the taxpayers. The new design is extremely flexible to adapt to the ever changing investigative services techniques and demands placed on the investigative services, and policing, by ever changing technologies. Provisions have been made to provide a green space walkway from Beasley Park, through the north side of the police property and into the newly proposed green space in the current COH car park #1 on John Street.

The HPS continues to actively pursue funding/grant opportunities with both the federal and provincial governments. Significant support has been received from HPS Board Chair Lloyd Ferguson, at both the provincial and federal levels; however proposals to access funds through the *New Build Canada Fund: Provincial-Territorial Infrastructure Component, National/Regional Project* were not successful. Staff continues to seek out funding opportunities for this project however the probability of success is low.

The following is a summary of the Investigative Services that will be moving out of the existing facilities.

ISD branches moving	Area (ft²)
Forensic Garage	1,300
Forensics	3,979
Major Crime/Vice Drugs	7,200
Youth/CAB	3,078
Holding Cells	900
Intelligence	2,010
Guns and Gangs	300
Coroner	138
Dom. Violence	146
Total Stn 10	19,051
Fraud	4,100
Tech Crime	500
Ice/Polygraph	300
Auto Squad	1,300
Total Stn 30	6,200
Old Mountain Station	10,000
Total old Stn 30	10,000
Overall Total Coming out of 3 Stations and MATA	35,251ft²

The total space currently occupied by Forensics at central station is 5,279 ft² of the total 35,251 ft² of the Investigative Services Program. With a net/gross factor of 1.31 the space allocation at the new facility is 46,178 ft² plus basement parking of 10,000 ft² equals 56,178 ft² compared to the actual 62,754 ft². The difference of 6,576 ft² is the growth built into the new facility into areas such as forensics and technology crime.

Staff has been asked to comment on how the existing space at stations 10, 30 and 488 Upper Wellington will be utilized after construction of the new ISD facility and the potential cost impact of required renovations.

The following is a summary of how space will be reallocated at stations 10 and 30. A graphical representation is attached to this document. Note that 488 Upper Wellington will be declared surplus and the proceeds used to reduce the cost of construction of the new Investigative Services facility.

Expansion	Growth (ft²)
Fleet and Radio takes over Forensic Garage and Parking	1,745
Fleet takes over Auto Squad Garage	1,300
Victim Services expands into PSO	350
PSO expands into part of Forensics	1,000
Human Resource testing and interview rooms expands into Forensics	3,000
Communications to Vice and Drugs	1,000
Computer Services to Communications	500
Records expands into part of CSS	1,000
Traffic expands into part of CSS	1,350
Wire tap moves into Major Crime	3,200
Communications already noted above	
Holding cells remain	600
Div 1 Project Rooms, expand DSO, SLO, HEAT, Crime Mgrs	2,310
Div 1 Admin moves to action-no space impact	
Action moves to part of Intelligence-no space impact	
Community Mobilization to Youth & Div 1 Admin	1,000
HR moves from MATA to 3rd floor Action	2,400
CasePrep/Telephone Report from 30 to Fraud (less tech crime)	1,734
Case Prep/Telephone returned to project rooms	2,366
Tech Crimes retained at mountain	500
Surplus of Mountain	10,000
Total Expansion space filled	35,355 ft²

Almost all of the internal moves that have been identified are low cost and do not require significant renovations. This work would be completed by the police facilities staff, supplemented by contractors if required, and staged to allow the upfitting of one area at a time to allow the work to be completed without affecting the 24/7 operation of policing. The exception to this is the Communications branch move which was separately identified as a need to allow for projected growth and included in the 10 year capital cost submissions as a separate project.

Much of central station already requires updating and is currently 40 years old. HPS are currently participating with the COH to have all police facilities included in the Building Condition Assessment program under the COH facilities group. This program addresses the long term replacement requirements of building envelope and mechanical systems over 20 years. A final report is expected to be completed in the fall of 2016.

It is expected that many of the internal moves would be scheduled to coincide with the already needed aesthetic and age related renewals identified in the COH 20 year renewal program. The cost of internal renovations and renewal would be minimal and accomplished primarily by HPS staff within the operational budgets. The exception to this is the communications move which has a separate capital charge already in place as part of the capital budget submission which is partially funded by development charges.

HPS staff were asked to consider lease vs. own, in particular, should the forensic facility (15,000 ft²) be constructed and the remaining 47,000 ft² be leased. Generally, leasing is only considered when short term ownership is to be realized unless a compelling business situation suggests otherwise. Leasing is always more expensive than ownership for assets that are kept for a longer period of time such as municipal facilities.

In order to compare long term lease vs. own costs, staff obtained leasing and upfitting costs from Mr. John Hamilton from the COH Real Estate section. The annual lease cost @ \$20.00/ ft² is \$940,000/yr. with one time upfitting costs ranging between \$25-\$30/ ft² equaling \$1.175MM to \$1.41MM. The cost of leasing and upfitting at 15 years is \$15MM. The cost of construction of 47,000 ft² @ \$330.00/ ft² is \$15.5MM. The cost of leasing would equal the cost of construction in just 15 years.

The future value of this construction based on the current escalation rate of 3% after 15 years is \$24,148,000 plus the \$15,600,000 that would have been paid for lease and upfitting.

Mr. Ray Kessler, Manager of the Real Estate Services for the City of Hamilton was also consulted and provided insight into rapid demand for leased and owned space in the downtown core. Mr. Kessler also provided a copy of the City of Hamilton Portfolio Management Strategy report prepared by Metropolitan Knowledge International. The report provides principles for the evaluation and Management of the City's real estate portfolio. Section 4.4 on page 30 identifies leasing and evaluation criteria. "City as a Tenant-For a municipality, leasing real property assets is generally only appropriate for short-term uses. Entering a lease should only be considered if a business case exists for doing so." Two identified criteria for consideration includes:

- Does the program have an anticipated lifespan of less than 10 years?

- Does the program have better than a 25% probability of not being renewed at the end of its mandate?

Life cycle costing is very important in determining lease vs. own. For this reason, most municipal assets are almost always owned as has been the practice in the City of Hamilton. Pumping stations, sewage and water plants, arenas, city halls, fire and police are generally owned and not leased. Leasing becomes a viable option for short term accommodations such as the rebuilding of city hall or for programs such as community policing centers that may be strategically placed in neighborhoods for a time period or eliminated altogether due to changing technologies and service delivery models.

New Construction, not leasing, is recommended for all permanent police facilities.

EG/D. Bowman

cc: Superintendent James Anderson, Corporate Services

Dan Bowman, Manager, Fleet/Facilities & Supplies

John Randazzo, Chief Accountant, Finance

Superintendent Ryan Diodati, Division 20

Attachments

ISD Financing Plan

Investigative Services Division (ISD) Financing Plan

Hamilton Police Service Board has previously approved the ISD facility project. Hamilton City Council approved the project based on the contingency of a tri-party funding agreement with the Provincial and Federal Governments.

The HPS has attempted to pursue funding from the Provincial and Federal governments with unsuccessful results. The HPS continuously seeks other funding opportunities and one option is to fully fund the project through debt issuance process with the City of Hamilton.

Currently, the Police ISD Reserve balance is \$6,549,236. The following table shows the breakdown of the reserve balance:

Description	Amount
From Police Capital Reserve – Approved by PSB/City Council	\$1,200,000
2014 Police Operating Surplus – Approved by PSB/City Council	900,000
Mountain Station (Rymal) Recovery	823,488
2015 Earned Interest	37,137
Closing of Capital Project – Land Acquisition	(637)
2015 Police Operating Surplus - Approved by PSB	<u>3,589,248</u>
Total Police ISD Reserve Balance – August 2016	<u>\$ 6,549,236</u>

This reserve balance will be used to help fund the project. In addition, proceeds from the sale of the Upper Wellington Station would also be used towards the project and reduce the annual debt charge.

The following Table lists the funding sources for the ISD Project:

ISD Project Funding Sources

Estimated Cost of the ISD Project	\$ 24,323,210
Less: Police ISD Reserve	(6,549,236)
Development Charge Reserve	(3,000,000)
Estimated Proceeds from Sale of Upper Wellington Station	<u>(600,000)</u>
Levy Funded Debt Borrowings	<u>\$ 14,173,974</u>

(Source: Provided by City of Hamilton's Finance Dept.)

Based on the above estimated tax-supported levy funding requirement of \$14,173,974, at the City's 2.5% budgeted interest borrowing rate, and a 15 year amortization period, the Net Debt Charge on HPS annual operating budget is \$1,144,782.

This ISD net Debt Charge would not be realized until the Year 2020 when the Mountain Station debt charge is fully paid for and amortized in 2019.

The HPS annual operating budget currently includes \$716,000 Net Debt Charge for the Mountain Police Station (Rymal Rd). With the Mountain Station being fully paid and amortized in 2019, the budgeted \$716,000 will remain in 2020 and applied to offset the ISD Facility debt charge.

The following table summarizes the zero (\$0) impact on the annual Police Operating Budget:

ISD Facility Debt Charge	\$1,144,782	0.75%
Currently Budgeted Debt Charge – Mountain Station (Rymal Rd)	(716,000)	(0.47%)
Reallocation of Operational Funds	<u>(428,782)</u>	<u>(0.28%)</u>
Total Incremental Budget Impact	\$ <u>0</u>	<u>0.0%</u>

(Please note: Percentages are based on the approved 2016 HPS Budget)

In conclusion, there is zero (\$0) impact to the Hamilton Police Service annual Operating Budget.

City Clerk's Division COUNCIL FOLLOW-UP NOTICE

TO: Lois Morin
Administrator,
Hamilton Police Services Board

DATE: July 8, 2016

FROM: Stephanie Paparella
Legislative Coordinator, Office of the City Clerk

SUBJECT: Hamilton Police Service's Investigative Services Building

Please be advised that, at its meeting of July 8, 2016, Council approved Item 18 of the General Issues Committee Report 16-017, which read as follows:

18. Hamilton Police Service 2015 Year-End Operating Surplus (Item 9.2)

WHEREAS, the City of Hamilton has approved the Hamilton Police Investigative Services Division Headquarters Building capital project;

WHEREAS, the City of Hamilton's approval and \$5 million commitment is contingent upon matching funding from Federal and Provincial Governments,

WHEREAS, the City of Hamilton funding commitment consists of the following funding sources:

Police Capital Reserve 110065	\$1,200,000
Debt savings from the Central Mountain Station	\$800,000
Police Development Charge (DC) Reserves	\$1,500,000
Proceeds from the Sale of Mountain Station 30	\$600,000
Debt Financing or the 2014 Police Budget Surplus	\$900,000
TOTAL	\$5,000,000

WHEREAS, in 2015 Hamilton Police Services reported a year-end operating surplus of \$3,680,948;

WHEREAS, Hamilton Police Services' Operating Budget Surplus (Deficit) Retention Policy requires any surplus to initially be transferred to the Hamilton Police Service Tax Stabilization Reserve;

WHEREAS, the Hamilton Police Service Tax Stabilization Reserve has a target balance of approximately \$7 million;

WHEREAS, the Hamilton Police Service Board approved transferring the 2015 surplus to the Hamilton Police Investigative Services Division Headquarters

Building capital project, exceeding Council's approved funding cap of \$5 million, while maintaining a reserve balance far below the \$7 million target;

WHEREAS, the City of Hamilton has authority for the establishment and use of Reserves per section 290 of the *Municipal Act*;

THEREFORE BE IT RESOLVED:

- (a) That Hamilton Police Service be requested to transfer the 2015 year-end operating budget surplus back to the Hamilton Police Service Tax Stabilization Reserve;
- (b) That Hamilton Police Service staff and City staff be directed to report to the General Issues Committee, prior to the 2017 Capital Budget process, as to the status of the request to the Federal and Provincial governments requesting matching funding for the Hamilton Police Investigative Services Division Headquarters Building capital project; and,
- (c) That staff be directed to report to the General Issues Committee with an outline of the differences between renovating the existing Investigative Services Building versus building a new Investigative Services building, prior to the 2017 Capital Budget process.

Thank you!