

To: Warden and Members of County Council

From: Director of Public Works

Demolition of County-Owned Facility at 92 Light Street

RECOMMENDATION

1. That County Council authorize the demolition of the County-owned 92 Light Street facility at an estimated cost of \$584,000 to be funded from the Facilities Reserve, as outlined in Report No. PW 2023-09.

REPORT HIGHLIGHTS

- The purpose of this report is to seek Council authorization to demolish the County-owned building located at 92 Light Street in Woodstock which was originally constructed in the 1960's, has been vacant since approximately 2014 and does not currently afford desirable or functional leased space in its current form.
- Since 2014, the County has spent approximately \$303,700 in operational costs to maintain this facility in fair condition which now requires significant capital investment (in excess of \$1,005,000) to adequately maintain the facility in a useful asset state.
- Through the removal of this facility, the County will eliminate the ongoing annual basic heating and building system operating costs (approximately \$50,000/year) expended at this site, and will also open up the possibility of more diverse development options in the future, which may align with the Master Housing Strategy goals as outlined in Report No. [HS 2022-10](#).

Implementation Points

Upon approval of the recommendation contained in this report, contractors will be engaged through the County's procurement process to provide pricing to complete the required demolition work. Once pricing is received, and as long as it aligns with the project budget, the work will be awarded to the low bidder. A detailed execution plan will be developed to ensure the complexities of demolition timing are fully planned out, as excessive noise cannot impact operations of the adjacent Courthouse during business hours, and local by-laws prohibit work that generates excessive noise after 9:00 p.m.

Financial Impact

The demolition project would require an estimated \$584,000 as described in Table 1 below. It is proposed that the estimated amount be funded from the Facilities Reserve, which has a budgeted 2023 year-end balance of approximately \$1.3 million. Considering the Facilities reserve is currently underfunded by \$6.7 million based on the target balance, elimination of all future necessary improvements required for this building through its demolition will assist in reducing this funding gap.

Table 1 – Detailed Costs for the Proposed Demolition of 92 Light Street

| 911090 – DEMOLITION OF 92 LIGHT STREET | |
|--|------------------|
| Description | Amount |
| Base Demolition & Disposal (incl. after hours premium) | \$400,000 |
| Designated Substance Survey | 10,000 |
| Designated Substance Abatement Allowance | 100,000 |
| Subtotal | \$510,000 |
| Non-Refundable HST (1.76%) | 9,000 |
| Contract Administration (~5%) | 25,000 |
| Project Contingency and Servicing Costs | 40,000 |
| Estimated Total Project Cost | \$584,000 |

The demolition costs are inflated based on the need for any work resulting in excessive noise having to be completed in a restrictive fashion outside of regular business hours so as to not impact Court operations, yet not late enough to impact nearby residential areas that are adjacent to the site. While staff will work with the Court and contractor to identify opportunities to conduct as much work as possible during regular hours to reduce costs where possible, the duration of the project will be considerably increased due to the noise restrictions and allowable work times. As part of the base demolition cost, the scope will also include a target waste diversion rate of 85% and the contractor will submit material slips to verify performance.

In the fall of 2022, a significant roof drain leak was discovered on the south portion of the building. As a result of this leak, there was interior water damage that caused visible mould development that requires mitigation. In December of 2022, a designated substance survey report was completed for the portion of the facility that was affected by the roof drain leak, which confirmed the presence of mould and lead paint, but was negative for asbestos. Prior to any demolition activities, a larger assessment will be required to determine the full extent of any hazardous materials throughout the rest of the building. Once a full report is completed, there will be a better understanding of the required abatement, and its associated allowance, prior to tendering of a demolition contract.

As a follow up to the roof drain repairs, a quote was received to remediate the water damage which was in excess of \$50,000. In addition, it was determined that the roof above the south section of the building requires immediate repairs to prevent future leak failures, which will cost approximately \$45,000. While this needs to be addressed, staff don't believe this brings good value without having a prospective tenant or use for the building.

Due to the timing of the roof drain leak and subsequent investigations and discoveries, staff were not able to include this request as part of the 2023 *Business Plan and Budget*. If full demolition is not approved, the County will need to spend close to \$100,000 in 2023 to address these immediate issues.







Communications

Any demolition contracts will be procured through the County's public bidding system where the project will be advertised to attract interested contractors. Upon tender close and contract award, all tender results will be publicly posted.

After contract award, County staff will work with the contractor to develop an execution plan to undertake the work. Once a preliminary plan is agreed to, it will be shared with relevant stakeholders including the occupants of the Courthouse (CBRE and Ministry of the Attorney General), Southwestern Public Health, Oxford County Archives and the adjacent residential occupants. Communication to these affected stakeholders will outline the project scope, execution activities, safety precautions, working times and anticipated overall project length. The project team will also work with the City of Woodstock's building department to secure the appropriate demolition permits prior to site mobilization.

Given this site's public visibility and the profile of its former role in the community as the Children's Aid Society building, the County will inform the general public through social media and the County website. Residents in the immediate vicinity will receive a community update delivered to their homes.

Strategic Plan (2020-2022)

| | | | | | |
|---|---|---|---|---|---|
|  |  |  |  |  |  |
| WORKS WELL TOGETHER | WELL CONNECTED | SHAPES THE FUTURE | INFORMS & ENGAGES | PERFORMS & DELIVERS | POSITIVE IMPACT |
| | | 3.iii. | | | |

DISCUSSION

Background

The County-owned building at 92 Light Street was originally constructed in the 1960's and has been vacant since approximately 2014, when the Children's Aid Society relocated to their new facility in Woodstock. Since its vacancy, the building has slowly deteriorated over the years due to lack of use, as major maintenance activities have been deferred due to lack of tenancy.

Without a current operational use, nor a future vision for the space, staff have deferred planned rehabilitation activities, as significant investments in an unused space was not justified. A summary of the required capital upgrade expenditures is identified below in Table 2.

Table 2 – 92 Light Street 10 Year Planned Expenditures

| Expenditure | Year | Cost |
|--------------------------------------|--|--------------------|
| Stucco Repairs | 2017 (deferred due to vacancy) | \$125,000 |
| Elevator Modernization | 2017 (deferred due to vacancy) | 100,000 |
| Fire Suppression | 2017 (deferred due to vacancy) | 80,000 |
| Site Paving | 2017 (deferred due to vacancy) | 100,000 |
| Roof Replacement | 2018 (deferred due to vacancy) | 220,000 |
| Furnace Replacement | 2018 (deferred due to vacancy) | 20,000 |
| Rooftop Unit Replacement | 2018 (deferred due to vacancy) | 25,000 |
| Fire Alarm System | 2018 (deferred due to vacancy) | 50,000 |
| Brick Face Masonry Repairs | 2020 (deferred due to vacancy) | 10,000 |
| Substructure Repairs | 2022 (deferred due to vacancy) | 10,000 |
| Water Supply Repairs | 2023 (deferred due to vacancy) | 40,000 |
| Power Supply Repairs | 2025 (will be deferred due to vacancy) | 50,000 |
| Metal Siding Replacement | 2028 (will be deferred due to vacancy) | 100,000 |
| SUB TOTAL | | 930,000 |
| Inflationary Adjustment (~8%) | | 75,000 |
| TOTAL | | \$1,005,000 |

In addition to the major maintenance that has been deferred, the building currently has an annual operating cost of approximately \$50,000 to run basic heating services and maintain systems such as the elevator and security/fire alarm. These systems are required to be operational for insurance purposes, and basic maintenance is conducted to preserve the building as best as possible. The budgeted operations amount for 2023 is approximately \$52,000, and annual expenses are anticipated to raise to \$60,000 by 2027. A summary of annual expenditures since the building was vacated is listed below in Table 3.

Table 3 – 92 Light Street Annual Expenditures

| Year | Operational Costs | Capital Costs |
|--------------|--------------------------|----------------------|
| 2015 | \$18,600 | |
| 2016 | 29,700 | |
| 2017 | 40000 | |
| 2018 | 36,600 | |
| 2019 | 36,300 | |
| 2020 | 44,000 | |
| 2021 | 41,000 | |
| 2022 | 57,500* | |
| 2023 | 52,000** | 95,000*** |
| TOTAL | \$355,700 | \$95,000 |

**Estimated as 2022 actuals have not yet been finalized.*

***Budgeted amount for 2023.*

****Estimated cost for mould issues and partial roof repair, required to be funded from the Facilities Reserve.*

In late 2022, County staff had addressed a roof drain leak that contributed to the higher maintenance costs in that year. To keep costs down, only necessary work to get the roof drain water tight was completed, however it was later discovered that the leak resulted in mould growth in the south end of the building. A contractor has provided a quote in excess of \$50,000 to address the mould issues. In addition, it was noted that the roof section over the south portion of the building is in very poor shape and needs immediate action to address further leaks or other failures. A quote has been received for \$45,000 to replace this section of roof, and between these two costs the total funds required in 2023 is \$95,000 to address immediate issues. Overall staff feel these funds would be better spent on demolition due to the overall condition of the building and lack of tenancy plans.

Due to the timing of the issue and investigation, this could not be included in the 2023 budget. Further to that, during the investigation, it was determined that the roof above the south section of the building requires replacement to avoid additional leaks through the structure itself. This is a portion of the roof replacement project identified in Table 2 that was originally scheduled for 2018 and has now been deferred for five years and is now beginning to fail.

Comments

Report No. **PW 2018-34** was presented to County Council on June 27, 2018 requesting funding to proceed with the demolition of this facility. However, the report was not approved at that time. Since then, close to \$200,000 has been spent on basic operations and the building is no closer to finding a permanent use and has continued to deteriorate.

Since that time, County staff have worked with many potential parties who expressed interest in utilizing the space, however to date no tenancy agreement has been reached. The building layout is restrictive and does not allow for much flexibility without significant renovation due to the interior wall being structural. In addition to the challenges of an inefficient layout for a user group to operate in, the building is also an inefficient structure from an energy consumption standpoint.

The original building was constructed in the 1960's and has been compartmentalized with numerous additions. The building was originally constructed as a single storey on grade. Renovations have been done over the years that added a second storey to part of the original building. Another renovation, including a three-storey addition and below-grade basement, was constructed and attached to the original building.

Furthermore, the site has been identified as a potential future affordable housing project, as outlined in Report No. HS 2022-10. While this identification was preliminary and at a high level, staff believe the current building layout and associated structural components are restrictive in terms of supporting residential redevelopment, thereby requiring significant expenditures to modify and renew the existing structure.

Based on this, staff believe it will be more economical to dispose of the building and return the site back to green space, which may offer more efficient development opportunities in the future, either for housing or another use, while immediately mitigating ongoing operational costs. At this point, it is believed that any potential affordable housing projects associated with the Master Housing Strategy would be at least 2-3 years out.

During this same timeframe, the County can expect to spend an additional \$165,000 in operating costs over the next three years as well as approximately \$100,000 in near term capital costs to repair the immediate mould and roof issues at a minimum. Other longer term capital costs of other deferred and future required capital upgrades totalling approximately \$1,005,000 are required to restore the existing building to good condition.

Conclusions

Based on the current condition of the facility, the anticipated cost of the maintenance backlog to return the space to a useable condition, and the fact that there is no identified use nor interest for the space with its layout challenges, staff recommend allocating the requested funds to proceed with demolition.

SIGNATURES

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Original signed by

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