



Town of Newmarket
395 Mulock Drive P.O. Box 328,
Newmarket, Ontario, L3Y 4X7

Email: info@newmarket.ca | Website: newmarket.ca | Phone: 905-895-5193

Mulock House Budget Update Information Report to Council

Report Number: INFO-2023-03

Department(s): Financial Services, Engineering Services

Author(s): Bill White, Project Management Leader – Mulock Property; Mike Mayes, Director, Financial Services & Treasurer

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In accordance with the Procedure By-law, any member of Council may make a request to the Town Clerk that this Report be placed on an upcoming Committee of the Whole agenda for discussion.

Executive Summary

Staff Report 2021-30 established a budget of \$40.0 million for the Mulock Park project, including design, soft costs, and a Council contingency, but excluding work for the Mulock House and offsite parking. This budget and Capital Spending Authority was approved in April 2021, based on a preliminary estimate to execute the work described in the Master Plan approved in Staff Report 2021-29.

Budget is proposed to complete design, and procure construction services to make the house ready for occupancy in time for planned park opening in 2025. Using previously approved Capital Spending Authority, the proposed increase is \$11.0 million. Dedicated funding is available for the requested Capital Spending Authority. The proposed approach ensures that there is no project impact on property tax rates.

Purpose

This report presents a proposed budget for design and construction of previously planned Mulock House project work to implement the Mulock Property Master Plan.

Background

Mulock Park Master Plan

Phase 1 of the Mulock Property Master Plan was presented in Staff Report 2020-36. Phase 2 was presented in Staff Report 2021-29 and endorsed by Council in April 2021.

Delivery of the Master Plan is divided into four main projects:

1. **Mulock Park Project:** Design and construction of the park, skate trail, greenhouse conservatory, site servicing and maintenance building.
2. **Mulock House State of Good Repair Project:** Design and construction of roof and electrical upgrades.
3. **Mulock House Adaptive Re-Use Project:** Design and construction works to renovate the Mulock House and make it ready for tenancy and public occupancy.
4. **Mulock Park Off-Site Parking Project:** Design and construction of approximately 200 off-site parking spaces on the adjacent Hydro Corridor.

Preparation of detailed design documents for the park including contract drawings and specifications are nearing completion, with construction expected to commence in mid-2023 and be completed in late 2025.

Mulock House State of Good Repair Project

Prior engineering investigations of the house had identified risks including deterioration of the roof, foundation, verandah, and electrical grounding systems.

As design development has advanced, additional information from our design team indicates that the verandah and foundation work may be safely deferred and included with the Mulock House Adaptive Re-Use for best design coordination. Electrical work is complete and roofing replacement will be complete in mid-2023.

Mulock House Adaptive Re-Use Project

The Mulock Property Master Plan recommended renovation of the Mulock House to suit a wide range of uses. The Mulock House is expected to be ready for occupancy when the Park opens for public use. Architectural design services for this project have been awarded to the Ventin Group (Toronto) Limited, operating as +VG Architects. Subsequently, a key Memorandum of Understanding was signed with the Art Gallery of Ontario to develop the second floor as a gallery space. A multi-year budget is required to complete design for this work in late 2023 or early 2024, so that the associated construction work may commence, proceed continuously and be completed in time for the targeted park opening in 2025.

Discussion

Spending Authority is Required

Spending authority previously provided through Staff Report 2021-30 expressly excluded work on the Mulock House and Off-Site Parking projects. Subsequently, Staff Report 2022-19 established spending authority for initial phases of design consulting for the Mulock House Adaptive Re-use. The report noted that spending authority for additional architectural and engineering services and construction would be requested separately as part of future years' budget approvals, as project scope was refined.

Table 1 summarizes the additional expenditures for spending authority now being proposed:

Table 1: Proposed Additional Spending Authorities

Project Task	EXPENDITURE (\$ million)				
	2022	2023	2024	2025	Total
House Adaptive Re-Use – Design & Consulting Services During Construction	0.0	0.0	0.2	0.2	0.4
House Adaptive Re-Use - Construction	0.0	1.0	5.0	4.6	10.6
Total	0.0	1.0	5.2	4.8	11.0

Funding sources are discussed in the following sections.

Proposed Costs are Realistic and Competitive

Gross floor area of the proposed Mulock House renovation is approximately 1,300 m² (14,000 square feet) total. Capital cost equates to approximately \$9,615/m².

As part of project planning, staff undertook a comparative review of seven projects for adaptive re-use of historical buildings, undertaken by southern Ontario municipalities since 2009. Correcting for inflation, the estimated capital cost of these projects ranged from \$7,305/m² to \$13,885/m², with an average cost of \$10,335/m².

Based on this analysis, the capital cost falls below average for similar projects and is considered reasonable and cost effective.

The present request is based on the consultant’s Class D estimate (±30% accuracy). Since the construction will be a multi-year process, it is necessary to establish multi-year spending authority so that the design team has a target baseline cost for design decisions. Total project cost is estimated \$12.5 million, including completion of design, construction, soft costs such as material testing, furnishings, and fixtures.

Funding for Capital Spending Requested

In consultation with Financial Services staff, funding sources are summarized in Table 2, below:

Table 2: Funding Sources

Funding Source	EXPENDITURE (\$ million)				
	2022	2023	2024	2025	Total
Building Canada Fund (gas tax top-up)	0.0	1.0	3.4	0.0	4.4
Mulock House Heritage Fund	0.0	0.0	1.8	2.6	4.4
Mulock Park Reserve	0.0	0.0	0.0	2.2	2.2
Total	0.0	1.0	5.2	4.8	11.0

* Previously approved

These values are in addition to the \$0.5 million funding previously approved from gas tax rebates, and \$1.0 million transferred from the previously approved State of Good Repair Capital Spending Authority.

Bill 23, the Ontario *More Homes Built Faster Act, 2022* does not directly impact these funding sources. **The proposed approach would ensure that there is no impact on property tax rates.**

In addition to these approaches, staff will identify and apply for external grant funding opportunities which may potentially reduce impact on the funding sources in Table 2.

Conclusion

The proposed budget will permit a generational investment, through completion of adaptive re-use design and construction of the Mulock House. Multi-year funding and spending authority must be established to permit completion of construction in 2025.

Based on the magnitude of this project, it is important that staff provide annual updates on the funding of the project as part of the annual budget process. Flexibility has been built into the funding to allow for realignment with other financial initiatives.

Funding is available to support the total proposed \$11.0 million Capital Spending Authority increase.

Business Plan and Strategic Plan Linkages

Providing budget and spending authority furthers Council's Strategic Priority for Extraordinary Places and Spaces, by authorizing funding and spending authority for interim stages necessary to implement the Mulock Property Master Plan.

These forecasts further Long-Term Financial Sustainability by working towards multi-year capital budgets.

Additionally, the Mulock Park Project furthers Vibrancy on major corridors through providing a critical anchor to the urban centres as they develop.

Consultation

The content of this report has been developed in collaboration with Financial Services, Parks & Facilities Services, Corporate Communications, and Engineering Services.

A public engagement process is anticipated to provide information at the Schematic Design stage in spring and summer 2023. Additionally, Engineering Services anticipate continued regular updates through the Mulock Property Task Force, updates to the Mayor and Council and to the public through normal means including the Town website, information reports, and annual budget updates.

Human Resource Considerations

None.

Budget Impact

Operating Budget

The Mulock Park can be built with no additional tax impact, and the operating budget required to support the park is being phased in annually by a planned allotment of \$250,000 of assessment

growth each year for 5 years. Operating costs will be verified as construction proceeds and programming becomes more defined.

This estimate does not include programming costs. At this time, it is assumed that these costs will be offset by user fees and assessment growth. These could be dealt with in future budgets starting in 2024.

Capital Costs

Design of the Mulock House Adaptive Re-Use Project will require an increase in Capital Spending Authority of \$1.0 million in 2023, \$5.2 million in 2024, and \$4.8 million in 2025. Dedicated funding is available.

Attachments

None.

Contact

For more information on this report, contact Peter Noehammer at 905-953-5300, ext. 2201, pnoehammer@newmarket.ca

Approval

Mike Mayes, Director, Financial Services/Treasurer
Sepideh Majdi, Acting Director, Engineering Services
Peter Noehammer, Commissioner, Development & Infrastructure Services
Esther Armchuk, Commissioner, Corporate Services
Ian McDougall, Chief Administrative Officer