



Budget Request

THAT (FM0003) Drill Hall Renewal - Corporate Building Maintenance be included as a Tier-2 Capital Project in the Multi-year Capital Budget

AND THAT Drill Hall Renewal be upgraded from an “Other Consideration” to a “Full Project” in the City’s Downtown Renewal Plan

Background Details

Process to Date

In 2019, Metrolinx originally purchased the property with the stipulation that they must ensure the preservation and restoration of the Drill Hall through a collaborative effort with the community. This responsibility was later transferred back to the City as part of their financial contribution to enhance GO train services in Guelph. The unused Drill Hall was identified as a stranded asset in a staff report to Council.

Beginning in 2020, primary stabilization efforts were initiated and were successfully completed by 2023, with an investment exceeding \$5 million. The full rehabilitation of the building is pending a review of potential future uses, before the remaining renovation work can be finalized.

Extensive public engagement took place, culminating in the completion of the Guelph Drill Hall Market Findings Report in 2021. This report revealed that private sector developers had no interest in the Drill Hall. However, multiple community-user groups expressed their willingness to partner with the City to repurpose the Drill Hall for community use.

A Request for Expressions of Interest for the Drill Hall was issued in the summer of 2023 with two respondents,

- The Guelph Chamber of Commerce together with the Business Centre of Guelph Wellington and Innovation Guelph with a submission for a 'Business Hub' and,
- the Guelph Centre for Visual Art, a community organisation established specifically in response to the Drill Hall REOI to develop a 'Community Artspace'

Both applications indicated a requirement for the City to complete rehabilitation of the Drill Hall to a habitable condition in order to proceed with their proposals. Final rehabilitation and adaptive reuse of the Drill Hall is NOT currently included in the long-term Capital Plan.

Policy / Reporting Timeline

April 19, 2010 - CDES-2010-A.24 "Guelph Transportation Terminal: Purchase of 72 Farquhar Street property by Metrolinx-GO"

THAT (b) at the time of redevelopment Metrolinx-GO will carry out the detachment of the Drill Hall building from the remainder of the building complex and provide for the retention and rehabilitation of the Drill Hall in an integrated means which considers adaptive reuse of the Drill Hall;

AND THAT Metrolinx-GO enter into discussions regarding establishing collaborative community partnerships of an adaptive reuse of the Drill Hall property either on a lease basis or a severance basis.

October 2017 – Enhanced GO Service by Metrolinx

The funding required from the City for the expansion of Metrolinx GO Train service to Kitchener via Guelph was offset through a sequence of in-kind real estate transactions. This included the transfer of ownership of the Drill Hall back to the City, along with the associated obligations for adaptive reuse.

Metrolinx provided the City with approximately \$675,000 to begin restoration and stabilization.

October 21, 2019 - IDE-2019-103 "Real Estate Assets Information," report on Stranded Assets.

- *Stabilization works are required to prevent further building deterioration.*
- *Design for stabilization works is underway and the construction cost is \$2M with expected completion at the end of 2020.*
- *Additional costs would be incurred to renovate the stabilized building for use. The restoration is estimated at \$4M - \$5M and currently not included in the long-term capital plan.*
- *Next Steps: Complete the stabilization works ... review potential future uses prior to commencing any renovation work.*

October 4, 2021 - Subject Real Estate Assets Update

Currently the City has committed approximately \$2 million to stabilize this building, and another \$2.5 million in funding is required to complete the stabilization works.

Next Steps: Complete the stabilization works in 2022 and prepare a solicitation for proposals from community user groups for use of the Drill hall in accordance with the recommendations from the Market Sounding study.

The building is to be secured after stabilization until either a suitable community user group can provide a proposal that benefits the community, is in alignment with the Downtown Secondary Plan, and is financially viable without City support. Alternatively, the City can include the required \$5 million in funding required to bring the building to a restored state in a future capital plan upon Council direction. The operating costs to secure this building are projected to be \$15,000 per year for utilities (heat and ventilation) and general building / property upkeep.

Capital Budget History

City of Guelph Capital Projects 2019

Project - FM0003 Drill Hall Renewal - Corporate Building Maintenance

Project Description - The purpose of this project is to undertake stabilization of the Drill Hall located at 72 Farquhar Street, Guelph, Ontario. To “stabilize the Drill Hall” funds will be expended on work intended to increase the life of the building, prevent further deterioration and prepare the building for additional future restoration work that would make the building useable. The funds are not for beautification of the facility but to address existing architectural, structural, mechanical and electrical issues.

2019 – 2021 Budget \$600,000

Approved Capital Investment Strategy

2020-2028 Capital Forecast - Facility renewal and expansion

Preparation of facility space and location needs assessment, structural condition assessments, accessibility improvements and security system renewal to ensure on-going integrity, access and safety of all facilities for staff and the public.

Assessment and repair of Drill Hall as contractually agreed to with Metrolinx (funded by \$600,000 previously approved by Council for repayment of the Metrolinx obligation).

Council Reports

Second Quarter 2021 Budget Monitoring Report

Construction has begun on stabilization work at the Drill Hall, however, an additional \$2.5 million is required to complete this project. Metrolinx is planning for work to begin on track expansion and parking lot upgrades next to the Drill Hall. If the City is unable to complete the required foundation stabilization work prior to Metrolinx commencing their work, additional time delays and costs will be incurred. There will also be significant risk of further building damage and de-stabilization during Metrolinx’s planned work. If the City’s stabilization works are delayed and subsequently coordinated around Metrolinx’s schedule the earliest completion date for the Drill Hall stabilization work would be 2023 extending the

time the building is un-inhabitable causing additional financial pressure on the City. Due to the time sensitive nature of this project, the Executive Team has approved the reallocation of approved funds from un-started 2021 projects and will re-budget those projects in the 2022 capital budget (see Attachment-2 for details). This reallocation will come before Council for approval in the 2021 Year-end Budget Monitoring Report. Completion of stabilization work will also align with the Drill Hall market sounding report which will be coming before Council October 4, 2021 as part of the Real Estate Assets Report.

Stabilization work on the Drill Hall has also seen additional cost pressures and additional budget is required to complete this project in a timely and efficient manner. Staff are working to mitigate these increases where possible however Council will be asked to approve any necessary budget increases in the 2021 Year-end Budget Monitoring Report.

2021 Year-end Capital Budget Monitoring Report

Drill Hall Assessment and Repair (\$1.6 million) expenditure

Drill Hall Assessment and Repair (\$2.5 million) transfer additional funds required for building stabilization.

First Quarter 2022 Budget Monitoring Report

Strategic priority project FM0003 Drill Hall Assessment and Repair (\$2.2 million) commitment

Second Quarter 2022 Budget Monitoring Report

FM0003 Drill Hall Assessment and Repair (\$2.2 million) expenditure.

Third Quarter 2022 Budget Monitoring Report

FM0003 Drill Hall Assessment and Repair (\$2.3 million) expenditure.

2022 Year-end Capital Budget Monitoring Report

In 2022, \$920 thousand of CCBF (previously Federal Gas Tax) funding was allocated to Drill Hall Assessment and Repair (FM003)

2023 Second Quarter 2023 Budget Monitoring Report

(FM0003) – Drill Hall Assessment and Repair – the historic building has been stabilized and can now be repurposed for community use.

[Downtown Renewal Program](#)

The Downtown Renewal program includes several complex multi-year projects and initiatives. Each of these projects is working towards the same goal of creating a revitalized and transformed Downtown.

The Drill Hall restoration and rehabilitation is currently listed as, “Other considerations”