

**Subject: Ādisōke Project Update**

**File Number: ACS2024-IWS-IS-0002**

**Report to Finance and Corporate Services Committee on 6 November 2024**

**and Council 13 November 2024**

**Submitted on October 28, 2024 by Carina Duclos, Director, Infrastructure Services, Infrastructure and Water Services**

**Contact Person: Tara Blasioli, Manager, Ādisōke OPL-LAC Joint Project, Infrastructure and Water Services**

**(613) 580-2424 x23970, Tara.Blasioli@ottawa.ca**

**Ward: Citywide**

**Objet: Mise à jour du projet Ādisōke**

**Numéro de dossier : ACS2024-IWS-IS-0002**

**Rapport présenté au Comité des finances et des services organisationnels**

**Rapport soumis le 6 novembre 2024**

**et au Conseil le 13 novembre 2024**

**Soumis le 28 octobre 2024 par Carina Duclos, directrice, Services d'infrastructure, d'infrastructure et des services de l'eau**

**Personne ressource: Tara Blasioli, Manager, Ādisōke OPL-LAC Joint Project, d'infrastructure et des services de l'eau**

**(613) 580-2424 x23970, Tara.Blasioli@ottawa.ca**

**Quartier: À l'échelle de la ville**

**REPORT RECOMMENDATION(S)**

**That the Finance and Corporate Services Committee recommend that Council:**

- 1. Receive this report for information;**

- 2. Approve the use of existing budget authority of \$1,200,000 for the fit-up of food and beverage spaces for a commercial venture, with social benefits incorporated, to be recovered through future revenues;**
- 3. Approve additional budget authority of \$600,000 for the fit-up of food and beverage spaces, to be recovered through future revenues; and**
- 4. Approve the segregation of the budget authority of \$1,800,000 for the fit-up of the food and beverage spaces to a separate capital account.**

## **RECOMMANDATION(S) DU RAPPORT**

**Que le Comité des finances et des services organisationnels recommande au Conseil municipal:**

- 1. prenne connaissance du présent rapport;**
- 2. approuve l'utilisation de l'autorisation budgétaire actuelle de 1 200 000 dollars pour l'aménagement d'espaces de restauration (nourriture et boissons) dans le cadre d'une activité commerciale, avec avantages collectifs, qui sera recouverte grâce aux futures recettes;**
- 3. approuve l'autorisation budgétaire supplémentaire de 600 000 dollars pour l'aménagement d'espaces de restauration (nourriture et boissons), qui sera recouverte grâce aux futures recettes; et**
- 4. approuve la division de l'autorisation budgétaire de 1 800 000 dollars pour l'aménagement d'espaces de restauration (nourriture et boissons) dans un compte d'immobilisations distinct.**

## **BACKGROUND**

On June 13, 2018, Council approved the Implementation Plan for the Ottawa Public Library and Library and Archives Canada Joint Facility report ([ACS2018-PIE-IS-0007](#)), now called Ādisōke. Through an executed Governance Agreement between all parties, the City was set as the Project Authority to manage the implementation of this new facility, with oversight by an Executive Steering Committee comprised of the City, Ottawa Public Library and Library and Archives Canada. The project team has committed to keeping Council informed about the project on a biannual basis. Most recently, on June 12, 2024, Council received the Ādisōke Project Update [ACS2024-](#)

## [IWS-IS-001](#).

On October 27, 2021, Council approved the Ādisōke Project Update and Procurement Tender Results ([ACS2021-PIE-IS-0006](#)). This report included a recoverable budget authority of \$1,200,000 for the fit-up of food and beverage spaces, to be repaid through future revenues. Fit-up includes the design of the space, plus the purchase and set-up of necessary equipment.

Earlier that year, on [February 10, 2021](#), Council directed that as part of the City's COVID-19 economic recovery efforts, social procurement opportunities be considered where appropriate. The intent was to ensure that citizen-led economic efforts, local social procurement capacity building and job creation initiatives were included in the City's overall recovery strategy.

In response to the Council directive, and with social procurement opportunities being of importance to the Ādisōke project partners, the recoverable budget authority of \$1,200,000 for the fit-up of the food and beverage spaces was approved with the intent that the project team develop a plan for a social enterprise organization to manage these spaces.

Despite having identified a social enterprise in 2022 for the Ādisōke opportunity specifically, by late 2023, negotiations were not successful. This outcome is in-line with information presented to Council in the 2023 Procurement Year in Review report ([ACS2024-FCS-PRO-0001](#)) where the City identified a lack of capacity in some areas of the social enterprise market. The inclusion of social benefits remains of paramount importance to the project team. The clients and the project team continue to look for opportunities to pursue social benefits as part of this endeavor.

## **DISCUSSION**

This report will provide Council with an overall project update on Ādisōke. The report will highlight construction progress to date, review the schedule and budget, and will offer an update on the key risks being monitored by the Project Management Office.

In 2021, Council approved \$1,200,000 ([ACS2021-PIE-IS-006](#)) for the fit-up of the food and beverage spaces. The fit-up includes the design of the space, plus the purchase and set-up of necessary equipment. This funding was approved on the premise that the business opportunity be run by a social enterprise and with the cost to be recovered through future revenues. The report will discuss the efforts made by the project team to

secure a social enterprise for this endeavour and will explain the need to move to a more traditional vendor model.

In a more traditional commercial model, the vendor is typically responsible to pay for the fit-up the food and beverage spaces. However, given the widespread challenges in the food and hospitality industry post COVID, owners are more often funding the fit-up, and recovering the cost through future revenues to help alleviate financial pressures from these industry providers. The project team, with endorsement from Ādisōke’s Executive Steering Committee, is recommending the City continue to fund the fit-up with the switch to a commercial vendor. This report will ask Council to approve the use of the existing budget authority of \$1,200,000, plus an additional \$600,000 as a direct result of cost escalation. The total amount of \$1,800,000 will be recoverable through future revenues.

**Construction progress**

Construction has been progressing well over the past months. The roof structure is complete while other roofing elements, such as the installation of the solar panels and insulation, remains ongoing. Exterior scaffolding has been placed to install building envelope items including insulation, air vapour barrier, stone. Most of the windows have been installed, all of which include design elements from one of the Indigenous public art commissions for the facility.

Inside the atrium of the building, scaffolding is also up, as the contractor prepares to install interior glass finishes and much of the wood millwork.

**Schedule**

The project remains on schedule with, the expected public opening of summer 2026.

**Budget**

Table 1 provides a summary of the overall project budget as of September 30, 2024, illustrating partnership contributions.

Table 1: Overall Project Budget as of September 30, 2024

	City/Ottawa Public Library	Library and Archives Canada	Total
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<b>Budget</b>	200,595,585	132,653,863	333,249,448
<b>Actual</b>	122,463,344	74,354,640	196,817,983
<b>Committed</b>	60,578,643	48,044,030	108,622,673
<b>Available Project Budget</b>	17,553,598	10,255,193	27,808,792

The “Actual” line item represents funds that have been spent to date, whereas “Committed” are funds secured against purchase orders for work that has not yet commenced.

There remains a total of \$27,808,792 in “Available Project Budget”. While these funds have not been committed formally, they are set aside for planned future work. In 2025, much of these funds will go towards the purchase of furniture, fixtures and equipment needed to outfit this facility.

The project remains on budget.

**Food and Beverage Spaces**

Ādisōke will include a ground floor café, a full-service catering kitchen, and a fifth-floor restaurant space for pop-ups and special events. Following a Council directive to consider social procurement opportunities where appropriate, the project team began working on a plan for a social enterprise to manage food and beverage services.

In September 2020, the project team met with the LeBreton Flats Community Benefits Network (now the Ottawa Community Benefits Network) to begin discussions about incorporating community benefits into the Ādisōke project. Thereafter, in early 2021, the project team engaged with the Centre for Social Enterprise Development and Ottawa Community Foundation’s Social Enterprise Platform and, with their support and coordination, discussed the food and beverage opportunity with a variety of local social enterprise service providers.

Although no single organization with sufficient capacity was initially identified, the team continued to engage with community partners and was able to identify a potential social enterprise vendor in March 2022. Between 2022 and late 2023, PMO worked with the vendor however negotiations were not successful and the project team altered course to expand the market of potential service providers, while including community benefits in the process.

In 2021, a public workshop was held with several local organizations as a means of gauging capacity and interest. The workshop demonstrated interest from the local social enterprise industry, however no single organization had sufficient experience or capacity to undertake this level of effort. The desire to work with a social enterprise for this opportunity remained a goal of the project team and the project partners. As such, work continued to on-board a social enterprise with the support and endorsement of a community foundation, as well as a retail consultant.

In August 2023, after more than 14 months of collaborative efforts with the social enterprise, a proposal was received. The proposal was unable to meet the requirements for the project and in December 2023, negotiations were not successful. The project team, with endorsement from the project's Executive Steering Committee, has since decided to move toward a more traditional, commercial approach to procurement of food and beverage services. The inclusion of social benefits remains of paramount importance to the project team and project partners. As such, the procurement process will seek a vendor that incorporates measurable social benefits into their existing business model.

To better understand market conditions, a Request for Information was put out to market on February 5, 2024. The purpose was to gauge overall market capacity, existing levels of inclusion of social benefits, and general interest in Ādisōke food and beverage opportunities. The Request for Information resulted in three submissions, all of which demonstrated genuine interest and were able to show the inclusion of social benefits as part of their current operations. The submissions were also reviewed by a third-party retail consultant, and with experts in the food and beverage industry.

In a typical private commercial vendor arrangement, the successful proponent would pay for the fit-up of the food and beverage spaces. However, given the widespread challenges in the food and beverage industry post-COVID, having these spaces already fit-up on day-one helps set this opportunity up for success, as it limits the amount of required up-front capital from potential vendors. This has been validated by third party retail consultants and is becoming more common within the industry.

Given the challenges the industry is continuing to face, and despite the change from a social procurement model to a commercial one, the project team recommends that the City completes the fit-up of the food and beverage spaces and recover costs from future revenues. Due to inflation and other market pressures, the estimate for fit-up has increased and this report requests that Council approve an amount of \$600,000, in addition to the \$1,200,000 previously approved, for a total recoverable budget of

\$1,800,000. This amount will be repaid to the City through future revenues from commercial entities. Initial projections developed by a retail consultant suggest this can be repaid to the City over 10 years, subject to lease agreements and events.

If approved by Council, the existing \$1,200,000 in the Ādisōke capital account (911451 OPL-LAC Joint Facility) will be moved to a new fit-up account with the full authority of \$1,800,000. Given that the work is being delivered as part of the Ādisōke project, the overall project authority will be updated from \$333,249,448 to \$333,849,448.

### **Risk Management**

Risks exist on all types of projects. Being able to identify key risks, assess their probability, and to mitigate against those risks, are key elements when planning for the success of a project.

The Infrastructure and Water Services Department (IWSD) has a proactive approach to risk management. Given the scale and scope of this project, risk review is done frequently, at all levels of the project team. Regular focus meetings on risk are extended to the project partners for full transparency and further discussion. Risk review remains a standing item on the project's Executive Steering Committee's agendas.

Both schedule and budget remain as standing items on the project's risk register. These are monitored closely, with the assistance of a third-party specialist. These on-going reviews help to identify any potential gaps in scheduling or budgeting activities, which allow for mitigation strategies to be implemented. The project is tracking on schedule and on budget.

Another item that has been closely monitored is Ādisōke's connection to the Federal Government's District Energy System being implemented by Public Services and Procurement Canada. While all the underground infrastructure has now been installed, the broader energy system will not come on-line until later in 2025. Since Ādisōke requires temperature and humidity control inside the building to facilitate millwork, Public Services and Procurement Canada have implemented a temporary solution, at no cost to the City, to bridge the gap until the final system comes on-line. The temporary system is nearing completion, and Ādisōke will be ready for temperature control in the coming weeks.

### **Continued Workplan for 2025**

#### **Construction**

Construction on the facility will progress with the installation of the glazing, completing details of the roof, installation of stonework and other elements that will make Ādisōke watertight. Inside the facility, work will continue on mechanical, electrical and plumbing components, and with temperature control inside the building, millwork will commence.

### Updates to Council

The Project Management Office will continue to report back to Council on a biannual basis with an overall project update, identifying when major milestones have been achieved, and provide a review of key risks.

### **FINANCIAL IMPLICATIONS**

If the report recommendations are approved, the previously approved \$1,200,000 will be removed from capital account 911451 OPL-LAC Joint Facility and a new account will be created for the fit-up with the full authority of \$1,800,000. This will be repaid to the City through future revenues from commercial entities and the overall project budget for Ādisōke will be updated from \$333,249,448 to \$333,849,448.

Initial projections developed by a retail consultant suggest that the \$1,800,000 can be repaid to the City over 10 years, subject to lease agreements and events. The final payback period will form part of the negotiation when a preferred vendor has been secured.

### **LEGAL IMPLICATIONS**

There are no legal impediments to adopting the recommendations set out in this Report.

### **COMMENTS BY THE WARD COUNCILLOR(S)**

This is a city-wide report.

### **CONSULTATION**

Consultations and engagement activities continue to be undertaken throughout the project lifecycle.

### **ACCESSIBILITY IMPACTS**

The City of Ottawa is committed to ensuring accessibility for persons with disabilities and older adults. The development of the Ādisōke project is guided by a legislated accessibility framework that includes the City's Accessibility Policy, the *Accessibility for Ontarians with Disabilities Act, 2005* and the *Integrated Accessibility Standards*



*Regulation, O.Reg. 191/11*, the City of Ottawa Accessibility Design Standards, as well as the *Ontario Building Code*. This will also include all accessible procurement requirements for the goods, services and facilities acquired as part of the new food and beverage spaces in the library, incorporating accessible design, criteria and features.

Extensive consultation also took place with the Accessibility Advisory Committee (AAC) who have expressed support regarding the inclusion of numerous accessible features throughout the building. The AAC will equally be provided with an update regarding accessible programming considerations.

## **ASSET MANAGEMENT IMPLICATIONS**

The information documented in this report is consistent with the City's Comprehensive Asset Management (CAM) Program objectives. In the future, the Ādisōke Library will be added to the inventory of assets and financial forecasts included under the Library Services Asset Management Plan.

## **INDIGENOUS, GENDER AND EQUITY IMPLICATIONS**

The project partners will continue to build on the strong relationships established with Kitigan Zibi Anishinābeg and the Algonquins of Pikwakanagan First Nation as programming for the facility begins to be planned. Programming for Ādisōke is led by OPL and LAC, with Project Management Office playing a supporting role. To that end, the team have invited our partners from the Anishinābe Algonquin Nation to continue discussing plans for use of space in Ādisōke, room naming opportunities and the types of programs and services to be offered.

Recent communications and engagement activities include:

- [Announcements](#) of Indigenous artists who will be providing artwork for Ādisōke through the Indigenous Public Art Program
- Launch of the [first feature story](#) in a series profiling the Indigenous artists providing artwork for Ādisōke
- Publication of an [Anishinābemowin Algonquin language series](#) on social media and adisoke.ca
- Ongoing publication of “storey-telling” [feature stories](#) on adisoke.ca
- Site tours for elected officials and community partners
- Regular outreach to residents through monthly construction progress updates and seasonal newsletter, distributed by email and published on adisoke.ca.

This level of outreach and collaboration will continue for the remainder of the project.

### **RISK MANAGEMENT IMPLICATIONS**

There are risk implications. These risks are outlined throughout the report and being proactively tracked and managed.

### **TERM OF COUNCIL PRIORITIES**

This report supports the following strategic priorities identified in the 2023-2026 Term of Council Priorities:

- A city that has affordable housing and is more liveable for all;
- A city that is more connected with reliable, safe and accessible mobility options
- A city that is green and resilient
- A city with a diversified and prosperous

### **DISPOSITION**

Following Council approving this report, as outlined, the project team will continue to provide regular updates to Council.