

Report to / Rapport au:

**Ottawa Public Library Board
Conseil d'administration de la Bibliothèque publique d'Ottawa**

April 9, 2019 / 9 avril 2019

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File Number: OPLB-2019-0402

**SUBJECT: Ottawa Public Library Development Charges – 2019 Projects Listing
Update**

**OBJET: Redevances d'aménagement pour la Bibliothèque publique
d'Ottawa – Mise à jour des listes de projets de 2019**

REPORT RECOMMENDATIONS

That the Ottawa Public Library Board:

- 1. Approve the Development Charge project lists as per Appendix 1 – Area-specific Development Charge Projects, and Appendix 2 – City-wide Development Charge Projects; and,**
- 2. Direct staff to forward appendixes 1 and 2 to the City of Ottawa for inclusion in the 2019 Development Charges By-Law Update report to Ottawa City Council for consideration.**

RECOMMANDATIONS DU RAPPORT

Que le Conseil d'administration de la Bibliothèque publique d'Ottawa :

- 1. Approuve les listes de projets associés aux redevances d'aménagement figurant à l'annexe 1 (projets associés aux redevances d'aménagement**

propres à un secteur) et à l'annexe 2 (projets associés aux redevances d'aménagement à l'échelle de la Ville);

2. **Demande ensuite au personnel de transmettre ces annexes à la Ville d'Ottawa pour qu'elle les inclue dans le rapport de mise à jour 2019 du règlement municipal sur les redevances d'aménagement destiné au Conseil municipal.**

BACKGROUND

In keeping with the Public Libraries Act, RSO 1990, c.P.44, other relevant statutes, laws, and good governance practices, the Ottawa Public Library Board (OPLB) retains accountability for the full range of decisions affecting the organization except those delegated to the Chief Executive Officer through Board Policy 002 - OPLB, Delegation of Authority. In the Delegation of Authority Framework, Table 1 – Delegation of Authority, item 6, the OPLB has authority to “Approve the Development Charges (DC) project listing.” The purpose of this report is to advise the Board of the Development Charge (DC) process in a Library context, to explain the recommended projects in Appendix 1 and Appendix 2, and to seek Board approval of the project listings as required prior to City Council deliberation of the 2019 DC-Bylaw Update report.

Development Charges Act

Development charges are one-time fees levied by municipalities on developers of new residential and non-residential properties. These charges provide funding to support infrastructure needs resulting from population growth and subsequent residential and commercial expansion, and the necessary infrastructure networks. DCs are made possible through the Ontario [Development Charges Act, 1997, S.O. 1997, c. 27](#). (DCA). The DCA provides a legislated set of requirements and guidelines that must be followed for any municipality choosing to enact and maintain a DC By-Law. The City of Ottawa has maintained a Development Charges By-Law (DC By-Law) since pre-amalgamation. The most relevant points of the DCA and the City's DC By-Law with respect to OPL include:

General principles

- The DCA directs that any By-Law encompass a ten-year forecasted window and is updated each five-year period unless repealed or expired prior;
- The DCA provides for periodic amendment;
- The DCA requires geographic areas that experience population growth and DC revenues be defined within the municipal DC By-Law. The City of Ottawa DC By-Law defines the required geographic areas specific to the City of Ottawa as:
 - Inside the Greenbelt (IG) – public space;
 - Outside the Greenbelt (OG) – public space;
 - Rural (R) – public space; and,
 - City-Wide (CW) – Library Materials.
- The DCA states that a municipality must establish a reserve fund for each service to which the development charge relates, and;
- Library Services are categorized within the DCA as a “soft service”. These are subject to a 10 percent deduction of total capital costs and therefore allowable funding.

Prior to enactment or update of a DC By-Law

- The DCA requires a 10-year historic average level of service cap for each municipal service established or updated;
- The DCA requires that there shall be at least one public meeting regarding the DC By-Law for which there is a minimum of 20 days notice;
- The DCA requires a background study to be completed and made available to the public at least two weeks in advance of the meeting and a minimum of 60 days prior to enactment and must contain;
 - estimates of anticipated costs;
 - type and location of development;
 - calculations as prescribed by the DCA;
 - long term capital and operating costs of services related to the by-law;
 - an asset management plan; and,
- The DCA states that a development charge by-law must be passed within one year of completion of a background study.

City of Ottawa DC By-Law and OPL

OPL benefits from shared services provided by the City of Ottawa. Individual external boards, such as OPL, are reliant on the City to provide for the overall process, stewardship, and governance of the DC By-Law including delivery of the background study, public notices and meetings, calculations, and obtaining City Council approval. During the process of implementing or updating the DC By-Law, OPL provides the City with the updated public space, library materials, and equipment inventories required to calculate the 10 year historic average level of service cap for Library services.

In interim years where the DC-By-Law is not under review or update, OPL staff ensures that growth studies, capital plans, facilities plans, and other relevant frameworks are updated to support current project listings for periodic DC By-Law reviews. The OPL Board approves revised project lists derived from these updated documents prior to City Council deliberation for each five-year period. In 2019, the DC By-Law is being updated. In 2024 a full review of the DC By-Law will be required. During a 10-year period, the OPL Board is required to approve updated or revised project listings twice.

At its meeting in January 2014 the OPL Board established an ad-hoc working group to review future capital funding priorities. In February 2014, based on recommendations from the ad-hoc working group, the Board approved a strategy for future DC reviews and updates in the Development Charges Strategic Framework (DCSF) (OPLB-2014-0014) report. In March 2014, the Development Charges Strategic Framework – Projects Listing (OPLB-2014-0023) report was approved by the Board resulting in the following projects filed with the City of Ottawa as the current OPL DC project listing.

- (OG) South Urban Expansion - \$12M
- (IG) Central Library Facility Services - \$ 6M
- (OG) East District Expansion - \$ 3M
- (CW) Library Materials – 2015-2024- \$14M
 - Total \$35M

In 2016, the OPL Board approved the Library Facilities Framework and Investment and Growth Planning Study (OPLB-2016-0181) report. In this report, the OPL Board;

- Approved the Facilities Framework;
- Approved a Branch Priorities list;

- Received the Library Facilities Investment and Growth Planning Study (Danix, 2016); and,
- Directed staff to use the recommendations within the Facilities Investment and Growth Planning Study to prepare the Development Charges Project Listings in 2018.

As part of the City of Ottawa DC By-Law, the OPL projects listed in 2014 are due to be updated as a component of the periodic review requirement of the DCA.

DISCUSSION

Maximum Allowable Funding Envelope

In accordance with the direction given by the Board in 2016 and the pending 2019 DC By-Law Update, in September 2018, staff updated the 10-year historical average level of service for public space, library materials, and equipment. The updated 2018 inventories were forwarded to the City of Ottawa resulting in a new average service level per capita of \$318 compared to \$310 in the 2014 study. The average service level per capita multiplied by anticipated population growth of 115,000 persons through 2029 results in a maximum allowable funding envelope of \$36.5M.

The gross capital cost estimates in Appendix 1 and Appendix 2 total \$44.9M. This total is reduced by DC funds which have already been collected in the amount of \$13.3M. The gross capital cost estimate for all projects is \$31.6M and is within the maximum allowable funding envelope of \$36.5M.

Public Space priorities

Library Facilities Investment and Growth Planning Study (LFIGPS)

The LFIGPS updated and extended the previous 2011 study to incorporate growth analysis for all areas of the city, including urban and rural, and the need for appropriately-sized facilities to serve these communities over the next 20 years. The LFIGPS excluded analysis and recommendations relating to a new Central Library as this work was being completed under a separate planning stream.

The primary growth component of the LFIGPS detailed the results of a library service needs assessment. The data used in the study emanates from detailed analysis of the City's growth projections and is consistent with both the City Official Plan and the DC

background study released on March 15, 2019. 2016 projections identified high levels of growth in the south suburban district (Riverside South/Barrhaven) with significant levels of growth in the east (Orléans) and in the west (Kanata/Stittsville) suburbs. Smaller amounts of growth were identified in the central urban areas inside the Greenbelt (resulting from intensification). Finally, small amounts of growth were also seen in the rural districts. During the period from 2011 through 2016, areas of growth remained consistent.

In light of these findings and a recent 2019 re-verification of growth areas and rates, staff recommend addressing forecasted service gaps through a program of new branches in Riverside South, “East Urban”, North Gower, and “Barrhaven South”. Following in Table 1 is a summary of the changes to all proposed projects listed in Appendix 1 and Appendix 2, 2014 compared to 2019.

Table 1 – Appendix 1 and 2 Summary of Changes

Projects - 2014	Projects - 2019	Status
South Urban Library Expansion	Riverside South Library - 904629	Project in planning phase.
Central Library Facility Services	Summary of Authorized DC Debt - Principal and Interest Payments – 909923 OPL-LAC Joint Facility	DC funding used for OPL-LAC Joint Facility
East Urban Community	East Urban Community Library - 900974	Planning phase funded in 2019 Annual Budget
Library Planning Studies		Growth Study completed in 2016
West District Library - Debt Payments	Summary of Authorized DC Debt - Principal and Interest Payments - 904628 West District Library	Debt never issued
	North Gower Library (20% Expansion) - 908692	New project, 6-10 year window
	Barrhaven South Library - 907059	New project, 6-10 year window

Further discussion in the following pages of this report provides details of the comments in Table 1.

Area-specific Projects (Appendix 1)

The proposed, updated area-specific project listing for the period 2020-2029 totals \$23.7M. The projects listed take into consideration all of the previous Board approvals and directions regarding facility priorities and strategic data. The geographical areas in which these projects are planned and the estimated timing are listed below.

- (OG) - Riverside South – 2020-2024
- (OG) - East Urban – 2020-2024
- (R) - North Gower – 2025-2029
- (OG) - Barrhaven – 2025-2029

Riverside South

A 15,000 square foot facility in the Riverside South community is OPL's current new branch priority. The estimated total cost of the facility is \$12M. Growth capital funding has already been collected in the amount of \$9.99M. After the non-DC amount of \$1.01M is deducted from the total cost, no further DC funding remains to be collected. Non-DC amounts required will be funded through the OPL annual capital envelope or the Library Reserve. Further details will be brought forward for OPL Board review and approval through the annual budget process.

"East Urban"

The "East Urban" branch is estimated at 7,500 square feet. The facility is anticipated to be collocated with an existing City of Ottawa community centre. In 2019, OPL received \$400K in DC funds for planning purposes. An additional \$3.34M has already been collected. After the non-DC amount of \$453K, the amount remaining to be collected through DCs is \$736K.

North Gower

North Gower branch expansion is estimated in the six-to-10-year window as per Appendix 1. The North Gower branch is also identified as a renewal priority in the LFIGPS. For DC purposes, a 20 percent increase in public space is supported by new growth in the community. This project would increase the branch space by 20 percent

from 2,364 square feet to more than 2,800 square feet. Staff have explored alternative locations, but no firm plan has yet been confirmed to expand this branch. The total project cost estimate specific to expansion is \$2M. \$200K in non-DC funding will be required, leaving \$1.8M to collect prior to any construction.

“Barrhaven South”

A new “Barrhaven South” branch is also planned in the six-to-10-year window of this By-Law review. There are no firm details to report on this project other than an estimated total cost of \$6.5M for a library facility of 7,500 square feet.

Summary of Authorized DC Debt

Also listed in Appendix 1 is \$36K for authorized principal and interest payments on DC debt. This debt line was added to the West District Library project (now known as the Beaverbrook branch expansion) in 2012 as a funding contingency able to absorb any unforeseen costs. This is a common accounting practice used by the City. The West District Library project is now complete and debt was never issued. The \$36K will be removed from accounting rosters through the Works in Progress (WiP) process in June 2019. The WiP process is an annual due diligence exercise to ensure that capital accounts are closed in a timely manner. Surplus or deficit funding remaining in a capital account at its closing is transacted back to the Library Reserve account.

Table 2 is a summary of the funding status for each of the projects listed in Appendix 1.

Table 2 – Area-specific Funding Summary

Revised Facility Growth 2020 - 2024	Approved Budget to Date \$000	DC's Collected to Date \$000	DC's to be Collected 2020-2024 \$000	Non-DC Budget	Total Project Cost \$000
904629 Riverside South Library - DC	1,000	9,990	0	1,010	12,000
900974 East Urban - New Branch Const.	400	3,344	736	453	4,933
908692 North Gower Library Expansion	0	0	1,800	200	2,000
907059 Barrhaven - New Branch Const.	0	0	6,025	725	6,750
Total Facility Gross Capital Cost Estimate	1,400	13,334	8,561	2,388	25,683

City-wide Projects (Appendix 2)

The library material portion of the DC project listing is available in Appendix 2 and totals \$21.24M. The definition of library materials with respect to DC funding includes all items that can be borrowed by customers and the equipment required to facilitate their circulation throughout the library system. Of the \$21.24M, \$8.41M will support new library materials for the area-specific projects identified in Appendix 1. The funding will also support incremental city-wide population growth by adding to overall OPL library material holdings. The remaining \$12.84M is for authorized principal and interest payments on DC debt which will be issued for the Ottawa Public Library – Library and Archives Canada Joint Facility (OPL-LAC) Joint Facility.

Summary of Authorized Debt - OPL-LAC Joint Facility

In the June 2018 report to Council, Implementation Plan for the Ottawa Public Library and Library and Archives Canada Joint Facility (ACS2018-OCC-OPL-0001), staff noted that there would be an update to the Development Charges Background Study in 2019. The development charge associated with the new Central Library had been calculated on an addition of 10,000 square feet to the existing building. The revised plans estimate 133,000 for the new facility compared to 90,000 for the existing facility, a difference of 43,000 square feet. Therefore, the 2019 background study needs to take into account the addition of 33,000 square feet that was not previously included. This represents 25 percent of the total associated to growth.

The estimated debt servicing cost for the OPL share of the new Central Library is \$6.4 million annually, for 20-year debt at 4.5 percent, and is expected to start in 2022. 25 percent of \$6.4M is \$1.6M per year. Over the 2020 – 2029 period there would be eight years of debt servicing payments for a total of \$12.8M.

In both Appendix 1 and Appendix 2, the timing and cost estimates for each project indicated is approximate and subject to change as circumstances change.

CONSULTATION

There were no public consultations undertaken for the purposes of this report. Key internal consultations were undertaken with staff from the City of Ottawa.

LEGAL IMPLICATIONS

There are no legal implications associated with this report.

RISK MANAGEMENT IMPLICATIONS

There are no immediate risk implications related to this report. Long-term risks include insufficient level of service ratios to support sustained growth and service level requirements in suburban and rural geographies. There are three challenges that development charge calculations present:

- 1) The maximum “quantity” on which the development charge fee schedule is based is the past 10-year historic average level of service provision, not the current quantity.
- 2) The maximum “quality” at which the development charge fee schedule is based is the unit value of the inventory, averaged over the past 10 years, not the current value.
- 3) A 10% statutory deduction must be applied against the growth-related costs that are included in the development charge calculation but the deduction may be higher based on benefit to existing development factors.

In response to these shortcomings of the DCA, OPL and the City have consistently taken mitigating measures to build the Library Reserve account. A significantly funded Library Reserve account may then support, to some extent, additional future service level gaps where DC funding is not available, unforeseen expenditures, and facility renovations that are required for reasons other than population growth.

FINANCIAL IMPLICATIONS

There are no direct financial implications resulting from this report. However, approval of the DC by-law project listing will provide OPL with the portion of funding required for future growth-related projects. OPL has developed a financial continuity tool that considers all facets of fiscal stewardship. As future growth does or does not occur, OPL management remains aware of the financial impacts to operations and responsiveness to growth.

ACCESSIBILITY IMPACTS

There are no accessibility implications associated with this report.

TECHNOLOGY IMPLICATIONS

There are no technological impacts resulting from this report.

BOARD PRIORITIES

The report responds to Board strategic priorities:

- Spaces for community, collections, and creation,
 - Sustain collaborative and flexible physical spaces across the Library system.

SUPPORTING DOCUMENTATION

Appendix 1: Area-specific Development Charge Projects

Appendix 2: City-wide Development Charge Projects

DISPOSITION

Upon approval, Appendix 1 and Appendix 2 and the resulting motion number and appendices will be provided to the Program Coordinator - Development Charges, City of Ottawa Planning, Infrastructure & Economic Development Department for inclusion in the 2019 Development Charge Update report for City Council deliberation.

Library staff will ensure that growth studies, capital plans, facilities plans, financial plans, historical average level of service, and other relevant documents and frameworks are updated to support the next revision of DC project listings required in 2024 as per the DCA and DC By-Law.