

Document 1

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
19 October 2021 / 19 octobre 2021**

**and Council
et au Conseil
27 October 2021 / 27 octobre 2021**

**Submitted on October 13, 2021
Soumis le 13 octobre 2021**

**Submitted by
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Ward: SOMERSET (14)

File Number: ACS2021-PIE-IS-0006

SUBJECT: Ādisōke Project Update and Procurement Tender Results

OBJET: Le point sur le projet Ādisōke et résultats de l'appel d'offres

REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend that Council approve the following:

- 1. Receive the report for information.**
- 2. Approve additional budget authority of \$65,560,163 for Library and Archives Canada (LAC)'s share of the joint facility which is fully funded from the federal government;**
- 3. Approve additional \$35,907,679 budget authority for the City share of the joint facility to be funded by Tax Support Debt;**
- 4. Approve additional \$27,969,266 budget authority for Ottawa Public Library share of the joint facility:**
 - a. \$16,000,000 to be funded by Library Reserves;**
 - b. \$11,969,226 to be funded by Development Charge Debt;**
- 5. Approve additional budget authority for the fit up of food and beverage spaces of \$1,200,000 to be recovered by retail revenues;**
- 6. Approve a \$910,753 budget transfer from IO# 908141 ORAP Albert Street - Bronson Avenue - Slater Street; and**
- 7. Approve additional budget authority of \$9,692,580 for the City-owned underground parking facility to be funded by Tax Supported Debt, with the debt servicing funded from net parking revenues.**

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil d'approuver ce qui suit :

- 1. Prendre connaissance du rapport, à titre d'information.**
- 2. Approuver une autorisation budgétaire supplémentaire de 65 560 163 \$ pour la part de Bibliothèque et Archives Canada (BAC) destinée à l'installation partagée, laquelle somme est financée intégralement par le gouvernement fédéral;**
- 3. Approuver une autorisation budgétaire supplémentaire de 35 907 679 \$ pour la part de la Ville destinée à l'installation partagée, laquelle somme doit être financée par la dette payée à partir des recettes fiscales;**

4. **Approuver une autorisation budgétaire supplémentaire de 27 969 266 \$ pour la part de la Bibliothèque publique d'Ottawa destinée à l'installation partagée :**
 - a. **16 000 000 \$ devant être financés par les réserves de la BPO**
 - b. **11 969 226 \$ devant être financés par la dette des redevances d'aménagement**
5. **Approuver une autorisation budgétaire supplémentaire de 1 200 000 \$ pour l'aménagement de locaux de services d'aliments et de boissons, laquelle somme doit être récupérée par les recettes de vente au détail;**
6. **Approuver un virement budgétaire de 910 753 \$ provenant du compte n° 908141, PARO rue Albert — avenue Bronson — rue Slater;**
7. **Approuver une autorisation budgétaire supplémentaire de 9 692 580 \$ pour l'aire de stationnement souterraine appartenant à la Ville, le service de la dette devant être financé par les recettes nettes de stationnement.**

EXECUTIVE SUMMARY

The report seeks Council approval for additional funding for the project in response to increasing economic pressures that are driving up costs generally in the region. The tendering process was completed on September 9, 2021. Two pre-qualified applicants successfully completed the Request for Tender for the fixed price bid process: EllisDon and PCL, the lowest bid was PCL. The bid price results in an increase to City and Ottawa Public Library costs by \$36M and \$28M respectively.

This increase in costs can be attributed to the escalation in the Ottawa construction market since the estimate was developed in 2016. The initial estimate developed in 2016 included a 10 per cent escalation contingency but actual observed construction inflation in Ottawa, as outlined by Statistics Canada to mid-point construction is currently in excess of 65 per cent, which has been confirmed by third-party quantity surveyor. The 55 per cent difference in anticipated inflation versus actual is the cause of the increase from the original project estimate and the actual project costs.

Canada is experiencing a significant increase in construction costs due to COVID-19 impacts. A combination of material shortages and commodity escalation, supply chain slowdowns and pressures, labour implications and a superheated market, have all been described by the Ottawa Construction Association and observed in recent City tenders as has been communicated to Council.

The report also provides an update on public and Indigenous consultation. The comments and discussion have resulted in a design that is inclusive and reflective of the Project Team's collaboration with more than 7,000 Indigenous peoples, Ottawa residents and Canadians from across the country. For example, construction materials will be locally sourced, a land acknowledgement will be displayed at the East Albert Entrance and all wayfinding signs will be translated into Anishinābemowin, French and English.

During discussions with the Anishinābe Algonquin communities, the giving of a name for the Joint Facility was offered. After considering the naming policies of the two organizations, the Executive Steering Committee gratefully accepted the name Ādisōke (AH-di-SO-kay), an Anishinābemowin word that refers to the telling of stories, for the name of the Joint Facility. The name was announced this past summer.

RÉSUMÉ

Le présent rapport vise à obtenir l'approbation du Conseil pour un financement supplémentaire destiné au projet, en réponse aux pressions économiques croissantes qui font augmenter les coûts de façon générale dans la région. Le processus d'appel d'offres a pris fin le 9 septembre 2021. Deux candidats présélectionnés ont été retenus dans le cadre de la demande de soumissions pour le processus d'appel d'offres à prix fixe : EllisDon et PCL, ce dernier ayant proposé l'offre la plus basse. Le prix des soumissions entraîne pour la Ville et la Bibliothèque publique d'Ottawa une hausse de coûts de 36 millions de dollars et de 28 millions de dollars respectivement.

Cette hausse de coûts peut être attribuée à la montée des prix du marché de la construction à Ottawa depuis la réalisation de l'estimation initiale en 2016. Cette estimation initiale comprenait une prévision de dix pour cent pour l'indexation, mais l'inflation réelle observée dans le secteur de la construction à Ottawa, telle qu'elle est décrite par Statistique Canada à mi-parcours de la construction, est actuellement supérieure à 65 pour cent, ce qui a été confirmé par un métreur tiers. La différence de 55 pour cent entre l'inflation prévue et l'inflation réelle est la cause de l'écart entre l'estimation initiale du projet et la valeur réelle de la soumission.

Le Canada connaît une hausse importante des coûts de construction en raison des répercussions de la pandémie de COVID-19. L'association de la pénurie de matériaux et de la hausse du prix des produits de base, les ralentissements et les pressions sur la chaîne d'approvisionnement, les répercussions liées au marché du travail et le marché en surchauffe ont été décrits par l'Association de la construction d'Ottawa et observés dans les récentes soumissions faites à la Ville, comme il en a été fait mention au Conseil.

Le rapport fait également le point sur les consultations auprès du public et des Autochtones. Les commentaires et les discussions ont donné lieu à une conception inclusive et reflétant la collaboration de l'équipe de projet, avec plus de 7 000 Autochtones, résidents d'Ottawa et Canadiens de partout au pays. À titre d'exemple, les matériaux de construction seront approvisionnés localement, un énoncé de reconnaissance du territoire sera affiché à l'entrée est de la rue Albert et tous les panneaux d'orientation seront traduits en anishinābemowin, en anglais et en français.

Au cours des discussions avec les communautés algonquines Anishinābe, il a été proposé de donner un nom à l'installation partagée. Après avoir examiné les politiques relatives à l'attribution des noms des deux organisations, le Comité directeur d'orientation a accepté avec beaucoup de gratitude le nom Ādisōke (AH-di-So-ké), un terme anichinābemowin qui désigne l'art du récit, pour le nom de l'installation partagée. Le nom a été annoncé cet été.

BACKGROUND

On February 8, 2017, City Council approved the Central Library Development: Ottawa Public Library-Library and Archives Canada Joint Project report ([ACS2017-OCC-OPL-0001](#)). This report established that the City of Ottawa's new, modern Central Library will be located at 555 Albert Street and constructed as a design-bid-build facility in partnership with Library and Archives Canada, subject to Government of Canada and City Council approvals and funding.

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](#)). This report recognized the City of Ottawa's participation in the partnership for the Ottawa Public Library and Library and Archives Canada Joint Facility. The report also established the authority to proceed with procuring the project and established a project budget that included \$104M for the City and Ottawa Public Library, \$71M for Library and Archives Canada and \$18M for Parking. This report gave delegation of authority to proceed with the procurement, and construction of the Joint Facility. This report and the authority requests contained within are a result of the tender price increasing the cost of the project outside of the delegated authority.

The partnership between the Ottawa Public Library (OPL) and Library and Archives Canada (LAC) is unprecedented, as it represents a major public service hub between a municipal central library and a federal library and archive institute. Central libraries are landmark destinations that showcase magnificent designs, modern flexible spaces, and establish cities on the world stage. The Joint Facility's iconic design has created a completely unique public facility and new architectural typology in the City of Ottawa. As

a once in a lifetime new build adjacent to the national parliamentary district, this 100-year design represents a truly democratic facility, where everyone regardless of status can enjoy world class collections, programming, spaces, and architecture.

The project partners - City of Ottawa, Ottawa Public Library and Library and Archives Canada - established a Governance Agreement in 2018, binding the partners to project objectives and funding obligations. The Agreement also established the City of Ottawa as the Project Authority to manage and oversee project implementation.

Based on these authorities in early 2018, the City issued an international competitive proposal for an architectural firm to design the project. The request for proposal clearly outlined the partners' expectations that the project would have extensive public and Indigenous consultation and the building be of iconic architectural significance befitting a G7 capital city. The result of the competitive process was the award of the design contract to Diamond Schmitt Architects in joint venture with KWC Architects.

Public consultation

Working in collaboration with the design and architecture firms, the project partners set out to undertake the most comprehensive public consultation in the City of Ottawa's history. This resulted in a collaboratively designed facility that incorporates the shared and unique values of the partners, as well as the needs and desires of the community who will use and benefit from the facility.

The objective of public engagement was to ensure that the public and stakeholders were consulted in a meaningful way, and that a broad spectrum of input was collected to inform the vision for this new, iconic modern facility. Workshops were held to gather information on topics such as site and building context, exterior and interior materials, public art, the relationship between OPL and LAC spaces, landscape design and iconic features.

Since 2015, more than 7,000 people have provided valuable input that has helped inform and inspire all aspects of the Joint Facility – inside and out. Residents from Ottawa and across Canada, including individuals of many diverse backgrounds and local Anishinābe Algonquin communities and Indigenous organizations, provided inspiration and feedback on the facility design and programming.

Public input has helped to ensure design excellence that meets and exceeds community and national expectations. The Project Team heard the following recommendations: that the building be constructed from locally sourced and sustainable materials, that the design should blend into the natural escarpment and surrounding environment, that the space be inclusive and welcoming for everyone, that the culture of

Indigenous Peoples be respectfully and honestly showcased as an important step towards reconciliation, that programing should be reflective of the community's needs, and many more valuable insights.

Indigenous consultation was also successfully held both locally and nationally; it was significant in scale and unprecedented in the City's history, resulting in a building that will reflect Anishinābe Algonquin and Indigenous design influences throughout.

Preliminary meetings between the Project Team and the Algonquins of Pikwakanagan and Kitigan Zibi Anishinabeg First Nations focused on building relationships and trust. These discussions were a cultural exchange focused on learning from Indigenous knowledge and history. Again, what the Project Team heard has influenced the design: the building will reflect nature through the design elements of water, stone and wood, the curvature of the roof will represent the flow of the Ottawa River, the facility will include a large central gathering space and the building will be made of sustainable materials.

Indigenous consultation has resulted in a stunning, iconic facility incorporating elements that were not initially considered including Indigenous meeting areas, green walls, Indigenous plantings, permanent land acknowledgement, wayfinding wheel and much more. It was described by Anishinābe Algonquin engagement participants at the Design Reveal as "how consultation with Indigenous people should be run."

The partnership that resulted from engagement with local Anishinābe Algonquin communities not only led to significant design inspiration, but a commitment that the facility would be home to ongoing engagement and collaboration between Ottawa Public Library, Library and Archives Canada and the Anishinābe Algonquin people. Some of the manifestations of this commitment includes:

- Smudging permitted in the facility
- All wayfinding signs translated to Anishinābemowin, as well as French and English
- A land acknowledgement displayed at the East Albert Entrance
- A video showcasing Anishinābe Algonquin history played in the facility
- Inclusion and showcasing of Anishinābe Algonquin and Indigenous art and literature

Naming

During discussions with the Anishinābe Algonquin communities, the giving of a name for the Joint Facility was offered. After considering the naming policies of the two organizations, the Executive Steering Committee gratefully accepted the name Ādisōke (AH-di-So-kay) for the name of the Joint Facility, as announced this past summer.

Ādisōke is an Anishinābemowin word that refers to the telling of stories. Storytelling is the traditional means by which Indigenous peoples share knowledge, culture, and history over generations. Ādisōke is a meaningful and fitting name for the Joint Facility, as storytelling represents the coming together of knowledge, history, discovery, culture, creativity, collaboration, and connections. Ādisōke also evokes what is at the heart of the partner institutions: Library and Archives Canada as a keeper of Canadian and Indigenous stories, and Ottawa Public Library's use of stories to build community and transform lives by inspiring learning, sparking curiosity, and connecting people.

From this point forward, the report will refer to the OPL-LAC Joint Facility by its new name, Ādisōke.

DISCUSSION

Project Update

In the summer of 2020, the Project Team tendered the first stage of construction for Ādisōke. In October 2020, the early works project was awarded and began preliminary construction works onsite to excavate in preparation of the main tender. The early works package was completed at the end of May 2021.

On February 8, 2021, the federal government announced a commitment of an additional \$20M to make Ādisōke a Net Zero Carbon building. This will enhance the LEED® Gold Standard, and resulted in significant design enhancements to the Facility including triple glazing windows, rooftop and building integrated solar panels, an interior green wall, etc.

During the project design phase, the partners commissioned ARUP, the design team's mechanical, engineering and sustainability consultant, to undertake a pandemic design report offering recommendations for design changes and operational implications in consideration of COVID-19 and future pandemics. Several of these design modifications, including touchless doors and stairwell configurations that will allow for one way usage were implemented in the design. OPL and LAC continue to review and consider the operational recommendations as they develop operational plans for Ādisōke.

The City of Ottawa Public Art Program undertook an International Public Art Call and selected Jason Bruges Studio as part of an Art Jury Selection process. The world-renowned team of artists have created an exciting signature artistic piece in the Central Gathering Space to welcome guests into the building. The Public Art Program has also secured an Indigenous Public Art Curator to help oversee the multiple Indigenous art calls currently being undertaken that will be incorporated throughout the facility.

Design Development

As noted above, the two-year design process began with a very successful public and Indigenous engagement process. The design team, as well as representatives from the partners participated in bi-weekly design meetings. These meetings were supplemented by comprehensive engagement with accessibility experts and operations staff from OPL, LAC and the City of Ottawa to ensure that the final design met all the programming requirements. The Design and Contract Documents were extensively reviewed by third-party expertise including Quantity Surveyors, Structural and Building Envelope Engineers, Commissioning Agents, as well as internal City Architects, Mechanical and Electrical Engineers, and Landscape Architects. Third-party expertise was also procured to review the bid documents as part of Tender Bid Analysis.

Throughout the design process, the Project Team was aware that Ottawa's superheated construction market and the continued impacts of COVID-19 were putting considerable pressure on the project budget. Consequently, throughout the design process, the project team undertook a series of comprehensive Value Engineering exercises and made significant design changes to generate savings. These savings are estimated at approximately \$100 million and include architectural design efficiencies, material substitutions, millwork, and fixture modifications, etc.

Throughout these Value Engineering exercises, it was considered critical to maintain the building's approved program requirements and core building architectural aesthetic, as this has been informed by public and Indigenous engagement

The design and contract documentation were completed in April 2021 and included in the tender package to the pre-qualified General Contractors.

Procurement of Ādisōke

Ādisōke was tendered via a design-bid-build stipulated sum (fixed price) procurement model, which is the City's standard form of tender/contract for facility construction.

Given the size and complexity of the project, the facility was procured in a four-stage procurement process:

Stage 1: Request for Pre-Qualification (RFQ): This resulted in pre-qualifying General Contractors against a set of rated objectives (July 2020);

Stage 2: Request for Tender (RFT) for Early Works Packages: Included shoring, excavation, and site remediation work, which would start in Q4 2020 (September 2020);

Stage 3: Industry Engagement: Two engagement sessions with each of the pre-qualified respondents and any of their chosen industry partners (Summer 2020 and Winter 2021):

- for the provision of project-specific market intelligence relating to project scope, budget, schedule, and quality considerations generally, and;
- through commercially confidential meetings, to inform and assist the Project Team in validating their cost and schedule assumptions.

Stage 4: Request for Tender (RFT) for Facility Construction: An RFT was issued to the pre-qualified respondents, seeking a firm price for the construction of the Ādisōke Facility (May 17, 2021).

Each stage of the procurement process has been managed by City Supply Services and overseen by a Fairness Commissioner.

Stage 1 resulted in the pre-qualification of the following three General Contractors (in alphabetical order):

1. EllisDon
2. PCL Construction
3. Pomerleau

In advance the release of the Request for Tender, Pomerleau withdrew from participating in the tender, referencing other project commitments and project size and complexity.

On September 9, 2021, the tender period closed, and bids were received from the two remaining pre-qualified General Contractors, EllisDon and PCL. These bids include the fixed price proposed for the facility.

The low-price bid from PCL results in an increase to the City and OPL costs of the facility by \$64M, from \$104M to \$168M resulting in a total project cost of \$334M. The parking costs also increased by \$10M (to \$28M from the 2016 estimate of \$18M approved in 2018), but as parking capital is paid back through revenues there is no

impact to the City's financial position as the parking business plan estimates full repayment of the parking debt and breakeven in operations within four years.

The difference between actual cost and the initial estimate can be attributed to escalation in the Ottawa construction market. The initial estimate developed in 2016 included a 10 per cent escalation contingency. However, actual observed construction inflation in Ottawa, as outlined by Statistics Canada, and estimated to early 2023 (mid-point construction) to account for contractor contingencies and the timing of sub-trade and material delivery is currently in excess of 65 per cent, which has been confirmed by a third-party quantity surveyor. The 55 per cent difference in anticipated inflation versus actual is the cause for the difference between the original project estimate and the actual project value.

Canada is experiencing a significant increase in construction costs due to COVID-19 impacts. A combination of material shortages and commodity escalation, supply chain slowdowns and pressures, labour implications and a superheated market, have all been described by the Ottawa Construction Association and observed in recent City tenders as has been communicated to Council.

In Ottawa, the situation is particularly acute as the General Contractor market for a project of this size and complexity is limited. This is exacerbated by several other large-scale projects underway in Ottawa including the Parliament Hill renovation and Stage 2 LRT.

During the design development phase, the Project Team hired two independent consultants to review the market conditions in relation to the project design. Turner Townsend and Altus both identified to the Project Team that material costs are currently impacted significantly by market conditions and significant increases in commodity and material pricing.

The Ottawa Construction Association has also confirmed their experiences with several supply issues:

- Increases in prices by 10-40 per cent so far for steel, sheet metal and several other commodities
- Difficulty obtaining some materials, causing schedule delays
- Shortage of skilled labourers in many sectors
- Significant cost increases for insurance policy renewals

All of these market pressures have been exacerbated by the COVID-19 pandemic, with supply chains and labour markets further challenged.

Affordability

The Chief Financial Officer / Treasurer, working with City and OPL staff, has reviewed the additional costs and has recommended that the additional pressures for the project be paid as outlined below. The Chief Financial Officer / Treasurer has confirmed that this debt amount is affordable within the Council-imposed debt ceiling of 7.5 per cent for tax supported debt servicing as a percentage of own source revenues, through a combination of retiring debt, taking advantage of the preferential interest rates, and extending the debt to 40 years which better aligns to the life of the building.

City of Ottawa	2016 Estimate (Approved in 2018)	2021 Actual Cost	Source of Funds for increase
OPL	\$31M	\$59M	\$28M from Reserves and Development Charge Debt.
City	\$73M	\$109M	\$36M from City Wide Tax Supported Debt.
Total	\$104M	\$168M	

As outlined in the Financial Implications section it is also recommended that the project authority include an additional \$1.2M for fit up for the food and beverage retail spaces because of the anticipated use of social enterprise to manage these spaces. This will be repaid through retail revenues shortly after building opening. Additionally, the total project authority will include an additional \$1M which is a transfer from the Albert/Slater Widening project for scope transferred from that project to Ādisōke.

Cost of Ādisōke Relative to Comparative Projects

To further validate Ādisōke costs, the Project Team undertook a comparison of similar constructed major cultural facilities and compared it to Ādisōke, using unit rate construction costs for 2016 and 2023.

As demonstrated below, Ādisōke remains to the middle/low end of cost per square foot relative to similar facilities. It should be noted that this positive relative position is maintained while having the highest “Environmental Target” with a Net Zero Carbon status.

Table 2: Ādisōke cost relative to similar facilities

	\$ / sq. ft - Q2 2023⁽¹⁾⁽²⁾	Environmental Target
Winnipeg Human Rights Museum	\$2,204	LEED Gold
National Music Centre, Calgary	\$1,252	LEED Silver
Vancouver Art Gallery	\$1,250	LEED Gold
Calgary Central Library	\$1,053	LEED Gold
EEEL, University of Calgary	\$1,092	LEED Platinum
Taylor Family Library, University of Calgary	\$991	LEED Gold
Surrey Library, Vancouver	\$884	LEED
The Sheldon & Tracy Levy Student Learning Centre, Toronto	\$864	LEED Gold
Ādisōke	\$822	Net Zero Carbon & LEED Gold
Rimai Modern, Saskatoon	\$769	LEED Silver
Grande Bibliothèque, Montreal	\$800	-
Halifax Central Library, Halifax	\$679	LEED Gold

(1) Location adjusted to Ottawa-Gatineau Area

(2) Rate based on Statistics Canada CPI from Q2 2016 - Q2 2021, Projections by Turner Townsend

Implications of Not Proceeding

Understanding that the tender price was likely to exceed the initial cost estimate, the City Project Team has reviewed the options and implications if Council were not to approve the additional funds requested. It should be first noted that the partners have expended approximately \$30M to date on designing, managing, and initiating

preparatory construction works for the projects. In all scenarios of not proceeding, a significant portion of those funds are not recoverable.

The options of not proceeding include: cancel this tender and re-design and re-issue at a future date or cancel the project altogether and explore alternative options for the Central Library. Both of these options involve considerable delay, inflationary delay costs, and redesign costs as the Central Library requires a new home as the existing facility has been sold.

Additionally, the City has a legal agreement (the Governance Agreement) with Library and Archives Canada to develop and implement the Facility. Both Default and Non-Default Termination provisions are included in the Governance Agreement, and each of these reflects the long term commitment that the project represents by requiring the payment of compensation to either the non-defaulting or non-terminating parties for the funds expended on the project to the date of termination, as well as the reasonable costs incurred to restructure the project after the termination.

Project Schedule

The initial project schedule anticipated official opening in 2025. The Project Team has undergone an extensive engagement process with the General Contractors to determine the most financially efficient and realistic construction schedule given the implication of COVID-19 on labour and material supply. Consequently, the project schedule has been modified to have the official opening in Summer 2026. As the existing lease for the Main branch at 120 Metcalfe can be extended without penalty to the end of 2026, the Project Team does not anticipate any implications to the schedule change.

Retail Spaces

Ådisōke will include three retail spaces: a ground floor café, a fifth-floor restaurant, and a gift shop, along with supporting spaces including a commercial kitchen for the restaurant and a catering kitchen to support food services throughout the facility.

On February 10, 2021, Council directed that as part of the City's COVID-19 economic recovery efforts, that social procurement opportunities be considered as part of projects initiated by other levels of government, 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. Shortly after this announcement, the Project Team hosted a workshop with several local organizations outlining the retail opportunity for the facility and gauging capacity and interest. The primary conclusion of the workshop showed serious interest in the Social Enterprise

industry, but no single organization has sufficient experience or capacity to undertake this level of effort.

The Project Team recommends continuing to work collaboratively with The Centre for Social Enterprise Development, the Ottawa Community Foundation and various retail and food social enterprise organizations in Ottawa to develop a plan for the management of the food and beverage retail spaces by a social enterprise organization(s). This approach requires additional funds be secured to pay the incremental fit-up costs (~\$1.2M) for the retail operation, which would be paid back from revenues. In a typical private sector arrangement, these fit-up costs would normally be paid by the private sector operator. The Project Team recommends that the City pay these costs that will be repaid, receiving full revenues from retail operation until these costs are repaid.

Next Steps

With approvals, the Project Team will move ahead with awarding the main construction contract and preparing for the start of construction later this fall. Project updates will continue with all stakeholders.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

Public consultation has been a priority of the Ādisōke project since the beginning of the project. The public has had the opportunity to be involved in each step of development. Since 2015, more than 7,000 members of the public provided feedback on the project through formal consultation opportunities, using a variety of methods, including public meetings and electronic information gathering.

The public will be kept informed through the construction period, using best practices from other large-scale City projects.

COMMENTS BY THE WARD COUNCILLORS

This is a City-wide report – not applicable.

LEGAL IMPLICATIONS

On the first recommendation in this Report, there is no legal impediment to Council receiving this Report for information.

On recommendations two (2) through seven (7) in this Report, there is no legal impediment to Council approving the additional budget authorities or budget transfers.

RISK MANAGEMENT IMPLICATIONS

There are risk implications. These risks have been identified and explained in the report and are being managed by the appropriate staff.

ASSET MANAGEMENT IMPLICATIONS

The information documented in this report is consistent with the City's Comprehensive Asset Management (CAM) Program objectives.

FINANCIAL IMPLICATIONS

As in 2018, staff is recommending a funding strategy for the additional budget authority, which can be accommodated without increasing taxes. Additional funding sources were identified to reduce the net debt requirement and by taking advantage of the lower interest rates and extending the loan term to align with the life of the asset, estimated annual debt servicing amounts remain the same as what was approved in the 2018 report.

Additional sources identified include the following:

Development Charges: An increased funding contribution was included in the current 2019 DC Background Study to recover the growth-related project costs associated with constructing a new central library based on the 2018 financial implementation plan for this project. The 2019 forecasted growth-related funding contribution was projected to be \$20M or 25% of the City's overall debt financing requirements. As described in this report, there is a forecasted increase in the overall growth-related debt servicing share of \$11.97M to fund this joint project. This additional debt authority request will be offset by extending the term of the debenture issuance to 40 years. In conjunction with lower projected borrowing rates, this will allow the City to maintain the current annual development charge servicing component at the forecasted total while still recovering the total eligible growth-related budget authority within the 2019 funding envelope, thus not requiring an amendment to the by-law.

Library Reserves: \$1 million was committed from Library Reserves in 2018. In 2020, due to savings from closures during COVID, the Library realized a \$5 million surplus which was committed to the Central Library project. An additional \$4 million surplus is projected for 2021. Furthermore, staff have identified \$7

million in funds to be secured through a targeted OPL Fundraising campaign between now and 2025.

Revenue: The requested budget authority includes an additional \$1.2 million for fit up for the food and beverage retail spaces because of the anticipated use of social enterprise to manage these spaces. This will be repaid through retail revenues forecast to be recovered within four years.

Budget Transfer: The total project authority also includes an additional \$911 thousand which is a transfer from the Albert/Slater Widening project for scope transferred from that project to Ādisōke

All of these additional sources of funding help to reduce the City's net debt requirement. Furthermore, staff recommend a debt strategy that better aligns the debt term with the life of the asset with a debt term of 40 years; does not increase the City's debt levels by replacing debt that is maturing over the next five years; and takes advantage of estimated lower interest rates. In 2018, the annual debt servicing estimate of \$6.4 million for the building and \$1.2 million for the parking facility was based on interest rates of 4.5 per cent, debt term of 20 years and debt issuance in 2023. The revised strategy assumes a debt term of 40 years, debt issuance in 2026 and lower estimated interest rates of 3.86 per cent. This would effectively maintain the estimated building debt servicing at \$6.5 million annually and the estimated annual debt servicing for the parking facility at \$1.2 million, which keeps debt servicing well below the 7.5 per cent limit established by Council and the City's overall debt levels remain the same, by replacing maturing debt with this new debt.

The following table summarizes the sources of funding for the total budget authority sought:

Table 3 – Building Budget Authority Required and Recommended Funding

	Original Estimate	Total Revised Cost
LAC Contribution for Share of Building	\$70,584,200	\$136,144,363
Proceeds from Sale of Land	20,000,000	20,000,000
Reserves	1,000,000	17,000,000
Development Charge Debt	20,000,000	31,969,226
Revenue		1,200,000

Budget Transfer (IO#908141)		910,753
Debt	63,235,600	99,143,279
Total Funding Requirement	\$174,819,800	\$306,367,621

Table 4 – Parking Facility Budget Authority Required and Recommended Funding

	Original Estimate	Total Revised Cost
Reserves	\$3,634,100	\$3,634,100
Debt	14,465,900	24,158,480
Total Funding Requirement	\$18,100,000	\$27,792,580

ACCESSIBILITY IMPACTS

There are no accessibility implications associated with this report.

ENVIRONMENTAL IMPLICATIONS

The site has environmental constraints, and the construction budget for the new facility includes a cost to address site contamination.

TERM OF COUNCIL PRIORITIES

This report addresses the following 2019-2022 City Strategic Plan Priorities:

Thriving Communities – Support the development of the new Central Public Library:

- Communities have access to affordable recreation facilities and programs, and attractive signature public spaces.

Thriving Communities – We will continue our commitment to our response to the Truth and Reconciliation Commission's Calls to Action and the Missing and Murdered Indigenous Women and Girls inquiry's Calls for Justice:

- Ottawa is inclusive and culturally diverse.
- Ottawa's programs, services and facilities better reflect the needs of host nations, First Nations, Métis and Inuit.

Service Excellence Through Innovation – Promote consistent and more diverse representation through our public participation and engagement project:

- Public engagement and client insight are used to design and refine City Services.

Central Library Development was an approved 2015-2018 strategic priority for both the Board and Council.

- In June 2019, the OPL Board approved a 2020-2023 Strategic Plan, which included “Create the destination experience for the Ottawa Central Library” as a key component of “Redesign the Library Experience.”

DISPOSITION

Upon Council approval, staff from Planning, Infrastructure and Economic Development Department, Public Works and Environmental Services Department, Recreation, Cultural and Facilities Services Department, Financial Services Department, and Innovative Client Services Department will implement the recommendations of this report, including any actions directed by Council.