

Item No. 10.2.1
Halifax Regional Council
March 5, 2013

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: _____
Original Signed _____
COUNCILOR DAN KALISH, Chair, Audit and Finance Standing Committee

DATE: February 14, 2013

SUBJECT: Budget Increase – Project No. CBW00978 – Halifax Central Library

ORIGIN

Budget Increase – Project No. CBW00978 – Halifax Central Library Report, dated January 21, 2013 was received by the Audit and Finance Standing Committee on February 13, 2013.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Council approved, Dec 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

RECOMMENDATION

The Audit and Finance Standing Committee recommends that Halifax Regional Council approve an increase to Project No. CBW00978 – Halifax Central Library, in the amount of \$2,000,000 with funding available from:

1. Reserve withdrawal from Q318 - Central Library Capital Campaign and Development Operating Reserve, in the amount of \$600,000; and
2. Additional fundraising of \$1,400,000, as outlined in the Financial Implications section of this report.

BACKGROUND

In keeping with the requirement for reports related to budget adjustments to be reviewed by the Audit & Finance Committee, a report dated January 21, 2013 (Attachment 1) from the Director of Planning & Infrastructure was presented to the Committee on behalf of the Halifax Regional Library Board,

The report outlined the request to approve an increase to Project No. CBW00978 – Halifax Central Library by:

- 1) Use of the \$600,000 already transferred to the Reserve Account - Q318 - Central Library Capital Campaign and Development Operating Reserve- to fund a portion of the project budget for construction, materials, furniture and equipment for the Central Library.
- 2) Increasing campaign fund by \$1.4 million dollars, to a total of \$3.1 million, based on the terms and conditions outlined on page 4 of the staff report.

DISCUSSION

During the discussion Councillors noted the success the Central Library has had with respect to its fundraising efforts thus far. Ms. Fraser clarified that, if the ceiling for campaign funding were raised only money received from additional donors will be spent and the risk to the municipality is low. It was noted that the Halifax Regional Library has a comprehensive fundraising plan in place and are confident they will meet their targets.

FINANCIAL IMPLICATIONS

The financial implications associated with the above recommendations are contained in the attached report.

COMMUNITY ENGAGEMENT

Community engagement was undertaken for the design of the Central Library which included five community meetings and numerous focus groups.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications identified.

ATTACHMENTS

- 1. Staff report dated January 21, 2013 to the Audit & Finance Committee entitled **Budget Increase – Project No. CBW00978 – Halifax Central Library****
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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Matt Godwin, Legislative Assistant. 490-6521



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Item No.
Audit & Finance Standing Committee
February 13, 2013

TO: Chair and Members of Audit & Finance Standing Committee

SUBMITTED BY: Original Signed
Jane Fraser, Director, Planning & Infrastructure

DATE: January 21, 2013

SUBJECT: Budget Increase – Project No. CBW00978 – Halifax Central Library

ORIGIN

This report originates from a need to increase the project budget for the Halifax Central Library.

LEGISLATIVE/AUTHORITY

Halifax Regional Municipality Council approved, December 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; and the Halifax Regional Municipality Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.

RECOMMENDATION

It is recommended that the Audit and Finance Committee recommend that Halifax Regional Council approve an increase to Project No. CBW00978 – Halifax Central Library, in the amount of \$2,000,000 with funding available from:

1. Reserve withdrawal from Q318 - Central Library Capital Campaign and Development Operating Reserve, in the amount of \$600,000; and
2. Additional fundraising of \$1,400,000, as outlined in the Financial Implications section of this report.

BACKGROUND

On May 26, 2009, Halifax Regional Council passed the 2009-2010 operating and capital budgets which included the budget for detailed design and construction of the Central Library. On April 28, 2009, Council authorized staff to submit an application for funding under the Federal Infrastructure Build Canada Program for the Central Library. This application was successful and a priority announcement for funding the Central Library was made in December, 2009, at which time the Federal Government announced a maximum federal contribution of \$18.3 million with the Province providing \$13 million and HRM contributing \$24.3 million, for a total estimated cost of \$55.6 million. On March 30, 2010, Halifax Regional Council approved the funding strategy for the new Central Library.

The need for a modern facility to replace the outdated and undersized Spring Garden Road Memorial Public Library has been well-documented in numerous studies involving considerable public consultation.

The new Central Library will improve library services throughout the region in response to demand for service and provide a much needed cultural anchor for the Capital District. The new facility will provide spaces for community programming, comfortable seating, study/research areas and radically improved access to technology.

The building site is located on the southeast corner of the intersection of Spring Garden Road and Queen Street. As described by the Spring Garden Road/Queen Street Area Joint Public Lands Plan (2007), and reinforced in the Downtown Halifax Secondary Municipal Planning Strategy (HRM by Design), this site is of critical importance in downtown Halifax. It has a frontage on the premiere retail corridor in the Atlantic Provinces and enjoys the highest pedestrian traffic volumes east of Montreal. The site is also one of the busiest transit corridors in the region. The site will be developed with pedestrian primacy in mind, and the highest possible quality of public space design and amenity.

A Central Library within the HRM complements municipal strategic initiatives, including HRM by Design, the cultural plan, economic development and immigration strategies, youth engagement and infrastructure revitalization. It was the public's input from focus groups, public meetings and survey responses that identified the library site and drove the proposed building program, final theme and vision adopted for the new Central Library –“A Community Space. A Collaborative Vision”.

The Central Library was the first HRM facility to be designed through a community consultative process. The purpose of the public consultations was to create a highly participative interface between HRL/HRM, the architects and the public. It was a highly principled and transparent process that encouraged active and participative engagement of a broad and diverse demographic from the community. It engaged the community in confirming their desires and aspirations for the new library and has since been held up as an example of what public participation should be. Not only did it facilitate the public's involvement in the entire process, it also served to build a sense of community around the library. In addition to this process, the design team met with a

number of special interest groups including immigrants, African Nova Scotians, First Nations, teens, cultural organizations, accessibility advocates and other groups to ensure the voices of a wide section of library users and citizens were heard.

DISCUSSION

The new Central Library's building program and design has created a signature building that will be an enduring and instantly recognized Halifax landmark and civic treasure, embodying Halifax's civic values while conveying a sense of wonder, expectation, and discovery.

The project is on budget, 32 tenders have been awarded representing 83% of the estimated construction cost and the project is 38% completed. The building is scheduled to be weather tight by July 2013 and substantially completed by June 2014. Staff continues to manage the project so as to not exceed the approved budget and there continues to be a construction contingency to deal with any remaining financial risk.

The additional funding, as outlined in this report, is a request to increase the scope/quality of the project. It would allow the interior finishes to be completed to a level of design that meets the public's expectations. These design elements included:

- Flexible, functional, dynamic spaces;
- Accessible and welcoming;
- Green technology and eco-friendly;
- A design that will last for the next 100 years; and
- A design that reflects the aesthetic of the city.

The funding will provide a completed building interior that reinforces the signature design of the exterior and meets the expectations of a design originally presented by the design team and embraced by the public and community. The interior finishes would be revised by installing approximately 75,000 square feet of natural wood flooring and an architectural linear metal baffle ceiling system throughout the facility, which in turn would yield the additional benefits of enhanced durability and improved acoustics. The costs of these finishes are greater than budgeted and cannot be accommodated within the current project budget. These materials would be installed in lieu of the typical commercial finishes of vinyl floor/carpet and t-bar acoustic tile ceiling systems. The change will ensure the interior finishes meets the expectations of the public and reinforce the public's perception of a cohesive design and a completed facility that will become a Halifax landmark and civic treasure.

FINANCIAL IMPLICATIONS

The Halifax Regional Library Board and the Central Library Capital Campaign Steering Committee seeks Regional Council approval to expand the campaign fundraising to \$3.1 million, a \$1.4 million increase to the \$1.7 million which was approved in the Funding Strategy of March 2010.

The fundraising proceeds will be used to provide the quality of finishes required to complete the design as described above. Fundraising brings with it an element of financial risk. Staff cannot directly control the ability of individuals and corporations to donate. As the Library comes closer to being finished, it will become increasingly difficult to raise additional donations.

Currently, the Library Board is able to confirm that it is on track to raise the original \$1.7 million in fundraising. Therefore, the Library Board is willing to guarantee half the additional \$1.4 million of fundraising. Should that final \$1.4 million not be realized, the Library Board would repay half of any remaining amount through its appropriations over a five year period. For example, should only \$1.7m in fundraising be collected, the Library Board would transfer the \$700,000 through its operating appropriations within the next five years. HRM would be responsible for the remaining \$700,000. As identified in the original funding strategy report dated March 22, 2010, debt funding will have to be considered for any remaining cost. As well, other funding sources, such as reserves, will be reviewed if this becomes necessary.

At year end 2011/12, the Library transferred \$600,000 to Q318 - Central Library Capital Campaign Reserve. The Library is requesting to use this \$600,000 to fund a portion of this requested budget increase to the project budget for construction, materials, furniture and equipment for the Central Library.

Budget Summary: Project No. CBW00978 – Halifax Central Library

Approved Budget	\$55,600,000
Plus: Transfer from Reserve – Q318	\$ 600,000
Plus: Additional Fundraising	\$ 1,400,000
Balance	\$57,600,000
The total project cost for the new facility is estimated to be	\$57,600,000

Budget Summary: Project No. CBW00978 – Halifax Central Library

Cumulated Unspent Budget	\$10,340,283
Plus: Transfer from Reserve – Q318	\$ 600,000
Plus: Additional Fundraising	\$ 1,400,000
Balance	\$12,340,283*

*The balance of funds will be used for the construction of the Central Library.

Budget Summary: Q318 – Central Library Capital Campaign Reserve

Projected Net available March 31/13 balance (as of Dec 31/12)	\$ 841,174
Less: Withdrawal per recommendation of this report	\$ (600,000)
Projected Net Available balance for March 31/13	\$ 241,174

This report complies with the Municipality's Multi-Year Financial Strategy, the approved operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation. If approved, this will increase the gross project budget but not the net and also increase reserve withdrawals.

COMMUNITY ENGAGEMENT

Community engagement was undertaken for the design of the Central Library which included five community meetings and numerous focus groups.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications with this award.

ALTERNATIVES

Regional Council may decide not to approve the additional funding for the Halifax Central Library. This is not the recommended course of action as there will be a change to the Public's design expectations, which could result in a loss of community support and momentum.

ATTACHMENTS

None

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Terry Gallagher, Manager, Facility Development 476-4067

Report Approved by: **Original signed**
Judith Hare, CFP, Halifax Regional Libraries, 490-5868

Financial Review: **Original Signed**
Greg Keefe, Director of Finance & ICT, 490-6308
