

Administration Response to the Saskatoon Public Library Business Case

ISSUE

The Saskatoon Public Library (SPL) Board is proposing to construct a new central library in Downtown Saskatoon. The Library Board has conducted a business case for the project and presented the findings to a City Council Committee. The Committee directed the City Administration to provide additional information on the proposed project. Based on the business case, what implications does the proposed project have on financial, environmental, community well-being, and reconciliation issues? Are its estimated construction costs reasonable?

BACKGROUND

At its September 23, 2019, meeting, the Governance and Priorities Committee was provided with a presentation on the business case for a new central library, by the SPL Board. The Committee resolved, in part:

2. That the Administration submit a report to the Governance and Priorities Committee on the library business plan encompassing all factors in the review: Financial, Environment, Community Well-Being and Reconciliation and further to also include details on the impact to the City's debt level and future ability to borrow, mill-rate impact and any impact on the City's credit rating for future years before the 2020/2021 Preliminary Business Plan and Budget;
3. That, given the City's experience with two new major facilities, the Remai Modern and the new police station, the Administration submit a report on the Saskatoon Public Library's business case, in particular, the estimates in the business case related to construction and operation of the facility itself; and
4. That the Administration report back on open spaces in Saskatoon, for example, inventory, demand and availability, comparisons, projections and any other information that would be useful and relevant in determining what the city requires moving forward to accommodate the need of the citizens of Saskatoon.

CURRENT STATUS

The SPL Board is exploring the possibility of constructing a new central library to replace its existing facility in downtown Saskatoon. SPL has prepared a business case that identifies the benefits, costs, and other proposed features that the new structure may offer. Accordingly, City Council has requested additional information from the City Administration about the project before deciding on next steps.

DISCUSSION/ANALYSIS

City Administration has prepared four appendices that respond to the Committee's resolution. They attempt to provide a factual assessment of the issues raised so as to assist City Council in gaining a better understanding of the potential implications that the project may generate.

Financial Considerations

Appendix 1 provides the City Administration's analysis of the financial considerations as requested by Committee. Specifically, the appendix provides analysis and context on what a proposed new central library project may mean to the City's debt level, future ability to borrow, and credit rating. It also addresses the potential short-term property tax implications that the proposed project may generate.

As explained in Appendix 1:

- Borrowing for the proposed central library alone will not put the City over its approved debt limit of \$558 million.
- As at December 31, 2018, the City's actual debt was \$354 million. The current debt projection peaks at approximately \$439 million in 2025, based on several assumptions.
- The current debt projection does not include borrowing for other potential projects such as a new Downtown arena, a new Water Treatment Plant, or relocation of the City Yards. The inclusion of these projects combined with the proposed central library would extend the City over the current debt limit.
- Borrowing for the central library alone will not have any short-term impact on the City's "AAA" credit rating.
- Determination of the City's credit rating takes into account many factors. There is no set borrowing limit that would, in and of itself, reduce the credit rating from the current "AAA" status.
- The funding plan has phase-ins expected until 2026 of which \$2.37 million is for increased operating costs of running a new library and the remaining \$5.1 million in base funding will go towards principle and interest on a series of three 30-year loans projected at a 4.1% interest rate.
- For 2020, this phase-in represents a 2.57% increase in the property tax levied by the SPL Board.
- The library started phasing in funds in 2009 to their budget so that by the end of 2019 the operating base includes \$3.35 million per year. To date, \$13.04 million exists in the New Central Library reserve.

Building Costs

Appendix 2 provides the City Administration's analysis on the estimated construction costs of the proposed new central library. It compares these cost estimates against the actual costs for constructing the new Saskatoon Police Service Headquarters and the Remai Modern Art Gallery of Saskatchewan. As explained in Appendix 2:

- The construction costs identified in the SPL business case document appear reasonable in consideration of the building type, size, and limited program definition identified in the business case.

- The construction costs for the proposed new library and the two comparable facilities are within the cost index ranges noted in the SPL business case.
- The costs of these facilities will vary due to the significant difference in building requirements and amenities.

Community Spaces

Appendix 3 provides the City Administration's analysis on the existing inventory of community spaces. The bulk of the information was collected approximately five years ago, but has been updated to include known construction or additional inventory added. According to the analysis in Appendix 3:

- The total inventory for bookable community spaces in City-owned, operated, or supported facilities is estimated to accommodate 52,984 people.
- There are another 65 facilities with a total reported bookable space capacity to accommodate another 17,000 people. There are an additional 70 facilities that do not have a capacity identified. These additional 135 facilities include churches, schools, restaurants and clubs with private booking spaces, clubs, theatres, and galleries.
- Considering all factors, at this time, the Administration has no fact-based or anecdotal evidence to support the need for construction of significant additional general-use community space in the Downtown. As such, the Administration believes that the new central library design should minimize general-use community space.

Triple Bottom Line Evaluation

Appendix 4 provides a Triple Bottom Line (TBL) review of the proposed new central library relative to the existing Frances Morrison Library. The recently approved TBL City Council Policy has not come into force (it does so on January 1, 2020), nor does it apply to the SPL Board. The Administration chose to utilize this approach because the information requested by City Council aligned with the TBL approach. Although the TBL evaluation offers insights regarding how well the proposed and existing central libraries are meeting environment, community well-being, and reconciliation outcomes, the analysis does not compare how this project compares with other City Council or community priorities.

According to the analysis in Appendix 4:

- Many efforts have already been made by SPL to align the proposed new central library with environmental, social, economic, and governance outcomes.
- The proposed new central library would achieve greater TBL benefits than continuing to operate the existing central library in its current location.
- At this early stage of the project, SPL still has opportunities to make changes to the project that could result in additional positive TBL impacts.

IMPLICATIONS

Financial

The financial implications resulting from the proposed library project are addressed in detail in Appendix 1.

Environmental

The environmental implications for the proposed library project are partially addressed in Appendix 4. To complement that information, the Administration has conducted high-level estimates for the Greenhouse Gas (GHG) emissions generated by the existing Downtown library versus the potential emissions generated at the proposed new library, built to a LEED Gold Standard as described in the business case. For this analysis, only GHG's for energy are estimated at a high-level based on the proposed building size. The results of these estimates are as follows:

- Existing library consumption of natural gas and electricity combined, 78,000 ft² building:
 - 2017: 1,000 tonnes of CO₂e
 - 50 year cumulative impact: 50,000 tonnes of CO₂e
 - 0.012 tonnes CO₂e / ft²

- New Library built to LEED Gold Standards (based on recently constructed new Police Service Headquarters), 149,000 ft²:
 - One Year: 1,400 tonnes of CO₂e
 - 50 year cumulative impact: 70,000 tonnes of CO₂e
 - 0.0095 tonnes CO₂e / ft²

The analysis reveals that emissions per square foot for the proposed new library are substantially less than those in the existing Downtown library. However, the proposed new library is estimated to generate more emissions overall simply because the building is estimated to be double in size compared to the existing library.

Social

The social implications for the proposed library project are addressed in Appendix 4.

NEXT STEPS

Not Applicable.

APPENDICES

1. Financial Considerations for the Proposed New Central Library
2. Proposed New Central Library: Review of Building & Construction Costs
3. Inventory of Community Spaces
4. Triple Bottom Line Review for the Proposed New Central Library

Report Approval

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