



The Corporation of the Town of Milton

Report To:	Council
From:	Doug Sampano, Director, Facilities, Operations & Environment Glen Cowan, Chief Financial Officer / Treasurer
Date:	April 11, 2022
Report No:	COMS-002-22
Subject:	Main Library Expansion
Recommendation:	THAT Council provide Town staff direction with respect to the preferred scope to include as a part of the detailed design process for the Main Library Expansion, as described in more detail in report COMS-002-22.

EXECUTIVE SUMMARY

- The Milton Public Library's Main Street location opened to the public on June 7, 2011.
- An expansion to the Main Library was identified as part of the Milton Public Library (MPL) Master Plan and was included in the Town's most recent budget with design funding approved in 2022 and construction funding presented in 2023.
- Based on the estimated costs that are associated with MPL's vision for the expansion, a budget increase from \$5.1 million to \$14.2 million may be required.
- Drivers of the cost increase include, but are not limited to, enhancements to the existing library space, a café, a rooftop garden and a space for the bookmobile.
- Town staff and the MPL are preparing the terms of reference for a request for proposal process for design services, and given the degree of budget pressure identified, are looking for Council direction to ensure that the design process can be undertaken in a timely and cost efficient basis.
- Potential resolutions that Council could consider to guide the next steps related to this expansion are provided in this report, and the CEO of the MPL will be available to Council to provide any clarity required with respect to the rationale and need for the proposed facility elements.

REPORT

Background

An expansion to the Main library branch was identified as a growth-related need within the 2021 Development Charge Background Study. Funding for the design of the

Background

expansion was subsequently approved as part of the 2022 Capital Budget process, with the balance of required funding (construction, fixtures, equipment, etc.) identified in the forecast period in 2023.

Similar to the existing library space, the expanded facility space will be constructed and owned by the Town and leased to the MPL. In 2022 the scope of work for the expansion has been refined by the MPL as a part of the preparation for a request for proposal (RFP) process for design services. Based on the preliminary information available, a significant budget pressure is anticipated, and as such an update report is being presented to Town Council to seek direction prior to proceeding with the next steps for the expansion.

Discussion

The total cost estimate that was included in the Town's 2022 Budget and Forecast for the Main Library Expansion was \$5,053,250. This amount provided for design and construction, and aligns with the projected cost of a 2 storey addition of approximately 1,000 square metres in a standard that is consistent with the existing facility.

In 2022, discussions have occurred involving the Town and MPL in order to refine the scope to be included as part of the terms of reference for the RFP process. The MPL has requested that the following elements be included in the expansion project:

- A multi-level café with access to the exterior (to be operated by a third party vendor);
- A rooftop garden including a new elevator to ensure accessibility;
- An interior glass-enclosed space for the bookmobile;
- A 2 level conveyer belt for the MPL's circulation material in order to create efficiencies;
- Enhancements to the interior of the existing library space; and
- That the expansion is designed to operate on a zero carbon basis

Cost Considerations

As the conceptual or detail design phases have yet to begin, the cost estimates that are available at this stage should be considered preliminary and for order of magnitude. They may also continue to be affected by market conditions, as inflationary pressures and supply chain challenges are present in many sectors currently. The following table summarizes the budget identified as part of the 2022 Budget process, along with the updated estimate.



Discussion

Table 1 - Preliminary Capital Cost Estimate Comparison - Main Library Expansion*

	2022 Budget and Forecast	Revised	Difference
Contracts, Fixtures and Equipment	\$3,567,970	\$11,207,970	\$7,640,000
Professional Fees	\$693,280	\$1,500,000	\$806,720
Project Management, Contingency & Other	\$792,000	\$1,500,000	\$708,000
Total	\$5,053,250	\$14,207,970	\$9,154,720

* Note - excludes the new shelving, computer equipment and collection material that are separately identified in MPL's capital forecast in 2023 in a total amount of \$861,892

The estimated cost in relation to each of the facility elements noted above can be summarized as follows. It should be noted that the costing of the line items is inter-dependent, such that changes to one may have an impact to the others through the design process.

Table 2 - Preliminary Capital Cost Estimates by Facility Element

	Estimated Cost
Multi-level Café with access to exterior	\$900,000
Rooftop garden including a new elevator to ensure accessibility	\$600,000
Glass-enclosed space for the bookmobile	\$500,000
2 level conveyer belt	\$300,000
Enhancements to the interior of the existing library space	\$4,800,000
Zero Carbon Basis	\$540,000
Total	\$7,640,000

In addition to the initial capital cost, there will also be annual operating costs to be considered in relation to these elements. Those may include maintenance, utilities and other operating costs, as well as the additional annual lifecycle contributions that will be required to provide for future rehabilitation and replacement.

Funding Considerations

The Main Library Expansion project as identified in the 2022 Budget and Forecast was fully funded from development charges (DCs) in accordance with the Town's DC background study and by-law. The proposed incremental cost increase of \$9,154,720 will require a combination of both DCs and Town (non-growth) funding sources, with specific consideration for:

Discussion

- Elements that involve the enhancement of existing assets are not growth related and therefore not eligible utilizations of DCs;
- Elements that provide for a service level increase are also not eligible utilizations of DCs.

The Town's DC reserve funds for library services finished the year 2021 with a balance of \$6,640,934. After consideration for other commitments that have been previously identified, the cash flow shows the potential for approximately \$2,000,000 in potential funding capacity without the need to impact other planned initiatives and subject to future revenue collection levels.

With respect to the Town portion of any incremental capital cost, some of the alternatives that can be further assessed with respect to existing reserves include:

- Library Capital Reserve - following the transfers being recommend through the year end process, the 2021 year end balance amounts to \$1.2 million. The 10 year cash flow from the 2022 Budget suggests that approximately \$1.0 million could be available without impacting other planned initiatives, noting that if fully utilized there would be little flexibility left for other future needs;
- Infrastructure Renewal Reserve - Recreation, Facilities, Other - this reserve had a 2021 year end balance of \$7.9 million with gradual growth in the forecast period as the Town increases its investment in asset management. The existing and forecasted balances remain significantly below the target balance, which could create pressure as the Town's asset base ages;
- Growth Capital - Other Reserve - this reserve finished 2021 with a balance of \$3.8 million, which is approximately equal to its target balance. The 10 year forecast suggests that a portion of that balance may be available, noting that if utilized it may limit the flexibility that is left for other future needs.

Alternatively, the Town could choose to utilize debentures to support the Town share of the expansion. Through the 2022 Budget the Town's annual debt charges as a percentage of own source revenues were projected to remain within both the Town and Provincial policy limits. If selected, this alternative would translate to future property tax rate pressure to fund the resulting debt charges.

Process Considerations and Alternatives

The Town's facilities staff will manage the Main Library Expansion project and engage with the MPL throughout the project as the primary user of the resulting space. The next step is to finalize a terms of reference that can be used as the basis for a RFP process to secure the services of a firm to undertake the detailed design.



Discussion

The inclusion of a variety of facility elements in the design process (whether as mandatory elements or provisional) will have an impact on the amount of time required for the design process, along with cost implications for the Town. Given the degree of difference between the previously forecasted project budget and the updated cost estimate, direction from Town Council at this stage would be valuable in order to inform the terms of reference for the RFP and to ensure an efficient design process.

Should Town Council wish to proceed with the design process using the refined scope as recommended by the MPL, the following resolutions could be considered:

THAT Town staff proceed with a request for proposal process for the Main Library Expansion design with inclusion of the facility elements identified in report COMS-002-22.

THAT an updated project budget for the Main Library Expansion, currently estimated at \$14,207,970, be included in the 2023 Proposed Capital Budget and Forecast for consideration.

Should there be any proposed elements that Town Council wishes to be excluded from further consideration through the design process, the following resolutions could be considered with specific identification of those elements:

THAT Town staff proceed with a request for proposal process for the Main Library Expansion design with inclusion of the facility elements identified in report COMS-002-22, save and except for:

- Identify element to be excluded #1
- Identify element to be excluded #2
- Etc.

THAT an updated project budget for the Main Library Expansion be included in the 2023 Proposed Capital Budget and Forecast for consideration.

Council will have further opportunity to finalize the plan for the Main Library Expansion as the design process progresses and through the budget and tender processes. Staff will identify opportunities to classify certain elements as provisional items through those processes to allow for flexibility in managing the final product and cost similar to other projects like the Sherwood Community Centre.



Discussion

Next Steps

The design process is expected to be initiated in 2022. Subject to a future Council approval of the required funding for construction, a tender process could be undertaken as early as 2023 with completion of the expansion potentially as early as 2024.

Financial Impact

Funding of \$570,130 was approved in 2022 to allow for completion of the detailed design of the Main Library Expansion. A further \$4,483,120 was identified in the forecast in 2023 to provide for construction.

As outlined above, a significant capital budget increase may be required subject to the final scope that is approved by Council. Prevailing market conditions (examples - inflation and supply chain challenges) may also have further influence on the final capital cost. There will be operating budget impacts that are associated with the expansion of the library as well, including the annual lifecycle transfers that will be required to provide for the future rehabilitation and replacement of the assets. An updated project funding plan will be presented as part of the 2023 Budget process with consideration for the various potential funding sources that are outlined above.

Respectfully submitted,

Kristene Scott
Commissioner, Community Services

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Doug Sampano

Phone: Ext. 2547

Attachments

None

CAO Approval
Andrew M. Siltala
Chief Administrative Officer



Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.