

The following is a copy of **Clause G3 Administrative Report No. 13-2010** which was **ADOPTED** by City Council at its meeting held on **August 18, 2010**:

**G3) Capital Project 1788 – River Landing Destination Centre
Future Expansion Gallery Space
and Second Level Underground Parking
(Files CK. 4129-15 and CC. 4130-2)**

- RECOMMENDATION:**
- 1) that the Administration be authorized to change the program scope for the Art Gallery of Saskatchewan to include approximately 800 square metres of additional floor space for future gallery expansion (shell only) and a second level of underground parking;
 - 2) that an expenditure of \$210,000 for the future gallery expansion and \$300,000 for a second level of underground parking be approved for design of the expanded program scope for the Art Gallery of Saskatchewan, to be funded from the Major Recreational and Cultural Facilities Borrowing Plan; and,
 - 3) that the Administration report back to City Council at the completion of the Art Gallery of Saskatchewan design, all development costs that will include the future gallery expansion and second level of parking with a funding strategy, for Council approval, prior to the release of the construction bid tender.

BACKGROUND

Capital Project #1788 – River Landing Destination Centre includes the Art Gallery of Saskatchewan (AGS), a public gathering space and winter haven for River Landing visitors; areas complementary to an art gallery; an underground parking garage; and, an expansion of the existing Persephone Theatre.

A functional program plan approved by City Council (April 26, 2010) defined the City's expectations and represents general and specific instructions on the program requirements for building. During the development of the AGS functional program your Administration was asked to:

- Explore the potential of designing and building additional space that the gallery could “grow into” should there be a need to increase gallery programming space in the future; and,
- Maximize underground parking.

For the information of City Council, the City's current inventory of parking at River Landing Phase I is 56 off-street parking stalls under the Senator Sid Buckwold Bridge; and 69 on-street stalls on Spadina Crescent, 2nd Avenue, and Saunders Road. In addition, Parcel "Y" under the River Landing Village proposal identifies 250 public parking stalls.

In the South Downtown Parking Review report (2005) prepared by Stantec Consulting Ltd., it was identified that an additional 396 stalls would be required to satisfy demand for parking for Phase I. With the proposed addition of 250 public parking stalls at Parcel "Y", the shortfall is 146 stalls.

REPORT

Your Administration worked with Lundholm Associates Architects (LAA) to refine the earlier "program fit test" layout to verify the workability to increase gallery space within a defined functioning location, without compromising the function of the AGS during both interim and final use. The categories of use explored within the AGS development included: accommodating a shell space for future gallery use; an interim use; and, a fully fit-up art gallery program space.

In addition, LAA also developed an underground parking scenario that will accommodate up to 94 parking stalls on a second level of parking. Both the gallery space and underground parking scenarios project costs were estimated by BTY (Alberta) Ltd.

The program layout your Administration is recommending for the future gallery proposes the addition of 800 square metres of additional floor space on the third floor. The most economically feasible is a shell space, not useable until further investment.

Your Administration has contacted the design architect team Kuwabara Payne McKenna Blumberg Architects/Smith Carter Architects and Engineers Incorporated to identify the design cost for shell space and a second level of parking. They have confirmed in a letter dated August 5, 2010, that the additional design cost for architectural services is \$210,000 for the shell space and \$300,000 for the second level of parking.

FINANCIAL IMPACT

Project Cost

City Council, at its meeting of April 26, 2010, approved the functional program for the Art Gallery of Saskatchewan and the underground parking. The capital cost estimate (prepared by BTY (Alberta) Ltd.) presented was based on the approved functional program as follows:

Art Gallery Construction	\$ 40,700,000
Site Development	\$ 800,000
Contingency Allowance 8%	\$ 3,400,000
Project Administration/Design Fees	\$ 6,300,000
Fit-up Costs	\$ 1,800,000
Sub-total	\$ 53,000,000
Parking Garage	\$ 5,000,000
TOTAL	\$ 58,000,000

As reported at the April 26, 2010 meeting, the underground parking budget allocation was identified at \$5M, as the Administration held the remaining \$2M in the contingency allowance for the building. Preliminary estimates, generated by the cost analyst, indicate the previous budget (\$7M) is not able to fully fund the parking expectation of two levels of underground parking (the cost was in excess of \$10M). The program plan, included in the Request for Proposal release, identifies maximizing a single below-grade parking scheme.

Expanded Program Scope

The current estimated budget presented to City Council has no capacity to fund an expansion to the gallery exhibit area and a second level of parking. An additional \$510,000 in capital investment is required for design fees which will be included in the design services contract with Kuwabara Payne McKenna Blumberg Architects/Smith Carter Architects and Engineers Incorporated. Your Administration estimates that the cost of expanding the space of the Art Gallery of Saskatchewan and a second level of underground parking is approximately \$8 million, based on current market prices. However, completion of the design work will provide a more accurate cost of this proposed expansion to the project.

Your Administration is supportive of both initiatives and is recommending approval to proceed to add to the program scope for the design of the AGS as it provides for future expansion of the gallery exhibit area, and supports additional parking needs of River Landing. It is more economically feasible to invest in the design of these expanded program areas at the beginning of the project and integrate construction within the overall project.

Your Administration has reviewed its capacity to fund the additional program expansion. This project is currently funded under the Major Recreational and Cultural Facilities Borrowing Plan, whereby \$500,000 in assessment growth has been dedicated for a ten-year debt repayment for the years 2004 through 2012. Based on construction beginning in 2012, there is capacity available within the existing borrowing plan to fund the additional design and no additional dedicated assessment growth is required.

It should be noted that any additional borrowing for construction of the expanded scope for the AGS has not been included in your Administration's current borrowing plans. Your Administration cautions City Council that given the scale of this development, and the uncertainty regarding the future cost of construction and material when this project is tendered in 2012, the contingency allowance identified for this project may not be sufficient.

Should City Council approve expanding the program scope to include the addition of \$510,000 in design fees, your Administration will report back to City Council at the completion of the AGS design. All construction costs including the future gallery expansion and second level of parking will be reported with a funding strategy, for Council approval, prior to the release of the construction bid tender. It is anticipated that construction will not begin until 2012.

PUBLIC NOTICE

Public Notice is not required for the design of the expanded program scope; however, any increased borrowing for construction will result in the requirement for additional public notice.