

Museum Expansion Options Evaluation

During the 2016 budget deliberations City Council passed the following motion (PM09-2016):

“That CULTR-019 Museum Expansion be postponed (\$100,000 in 2017, \$347,000 in 2018 and \$2,056,500 in 2019)

That Administration present to Council in 2016 a high level concept plan that involves the preliminary scope of the museum expansion in St. Albert Place, options for the relocation of Finance 1 and CPS consideration of including the museum expansion as part of the Heritage Park Interpretative Centre capital charter CULTR-01 for 2018-2019”.

As this direction did not include any resources for external consultation it was generally understood that this evaluation would be high level and significantly assumption based. While administration did strive to be as detailed as possible in undertaking this evaluation the estimates have not been scrutinized and should therefore be considered utilizing “magnitude of scale”.

The following are the assumptions that were utilized in undertaking the various scenarios/options and the associated estimates:

1. New Construction Costs are calculated at \$600 per square foot. This macro number is intended to be as much of an “all in” amount that would include concept planning, detailed planning, building construction, parking construction, landscaping and project management. Any specialty items, if any, would be noted separately from this macro unit cost.
2. Renovation Costs were assumed at \$85 per square foot. For the purposes of this evaluation no amount was provided in respect to Landlord Tenant Improvements (TI) as it may relate to leased spaces. It is assumed that if any TI is provided it would simply improve the bottom line estimate.
3. Lease rate are estimated at \$38 inclusive of triple net costs.
4. Tenant operating costs are estimated at \$2 per square foot - primarily to cover janitorial costs.
5. All measurements are approximates.
6. Operating Costs noted are the “additional costs” anticipated, not the total operating costs associated with the facility operation.
7. Operating costs are estimated as 2% of construction costs for building maintenance costs, plus 2% of construction costs for building lifecycle costs, plus any programming costs.
8. The Museum Expansion and Gallery Expansion projects do not include the need or cost for additional staffing resources.
9. Land costs are estimated at \$600,000 per acre.
10. That the scenarios outlined within this report are independent of any other Civic Space decisions that may also be in the works. It is understood that some of the “moves” noted within this report may be accommodated in other space planning activities and if those come to fruition the estimates noted within this report may need to be adjusted.

While the intent of the review is primarily focused on how to approach expanding the size of the Museum, the evaluation focuses on four planned Growth Capital projects as they are, in some cases, interrelated. These four Growth Capital projects include: the Museum; the Branch Library; the Banque de Hochelaga/Gallery expansion; the Heritage Park Interpretive Centre.

For the purposes of this evaluation, five scenarios/options were reviewed that included:

1. Current Plan/Scenario of expanding the Museum into the Finance 1 area;
2. A scenario of moving the Museum and Gallery into the St. Albert Place Library space and building a new stand-alone Library;
3. A scenario of building the Museum in conjunction with the Heritage Park interpretive Centre;
4. A scenario of building the Museum as a “Greenfield” development;
5. A scenario of building a combined Museum/Gallery as a “Greenfield” development.

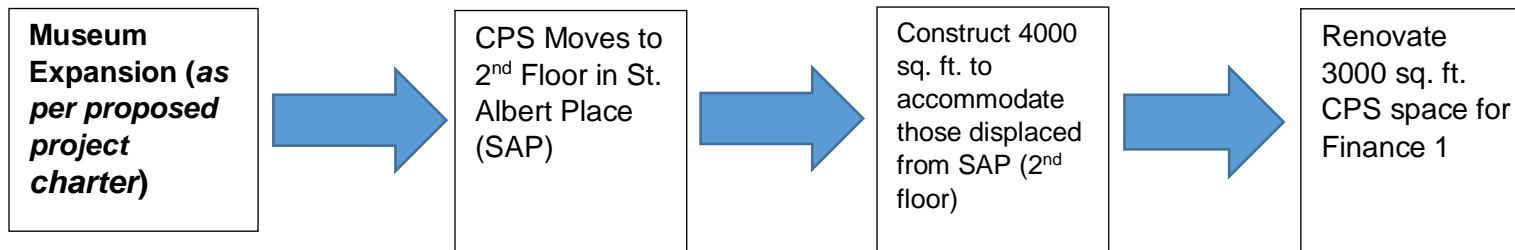
While the primary approach to each of these scenarios was reviewed based upon constructing the requisite buildings, for several scenarios a comparative leasing strategy have also been explored.

Finally to the best of administration’s ability, at this pre-concept stage, the net operational cost increases were estimated.

For the most part, the increases in operating costs are associated with the addition of physical building spaces which would result in increased building operational costs as well as building lifecycle maintenance costs.

Increased operating costs as they relate to staffing costs for the programming have been provided in areas where it is anticipated that there would be new services being added.

CURRENT STATE SCENARIO – Museum into Finance 1



Current State Scenario Description:

Within the 10 year Growth Capital Budget the Museum expansion is chartered to expand into the Finance 1 area on the first floor of St. Albert Place (SAP). In order for this to take place, a determination as to where Finance 1 would be relocated needs to be reached. For the purposes of this evaluation two scenarios for the relocation of Finance 1 have been explored.

The first scenario would keep Finance 1 in SAP, moving it to the current location of Community and Protective Services/Culture Services Offices. This move would require renovations of the CPS/Culture offices to accommodate the Finance 1 operations.

The concept of locating Finance 1 to this area would then require CPS/Culture offices to be relocated. It is reasoned that the Culture Services offices are best suited to remain within SAP given the numerous operational touch points that these staff are engaged within SAP. As the main floor of SAP would be fully occupied, the logical move would be to locate the CPS/Culture Services offices to the 2nd floor of SAP. In order to address this move, roughly 4,000 sq. ft. of office space on the 2nd Floor would need to be “decanted”. It is anticipated that minimal, if any, renovations would be required on the 2nd floor of SAP to accommodate the CPS/Culture Services offices.

The conceptual locating of CPS/Culture Services offices to the second floor would require an estimated 4000 sq. ft. of space acquired to accommodate those that would be displaced from St. Albert Place. This additional requirement could be accomplished through Building, buying or leasing of that space. For the purposes of this exercise administration has primarily focused on a build scenario. The following is the estimated costs of undertaking this scenario.

Current State Scenario - (Museum into Finance 1 ... continued)

Table 1	Description	Capital Estimate	Operating Estimate
	• Museum Expansion (as per proposed project charter)	\$2,503,600	
	• Move CPS to 2 nd Floor SAP	\$25,000	
	• Construct 4000 sq. ft. @ \$600 to accommodate those displaced from SAP.	\$2,400,000	\$96,000
	• Renovate CPS Space for Finance 1 3000 ft ² @ \$85 per sq. ft.	\$255,000	
	Total	\$5,183,600	\$96,000

Current State Scenario – Alternative Option

Should there be a willingness to consider moving Finance 1 to an external location in the downtown, some savings could be realized as there would be no need to renovate the CPS/Cultural Services space as that division/department would remain in place.

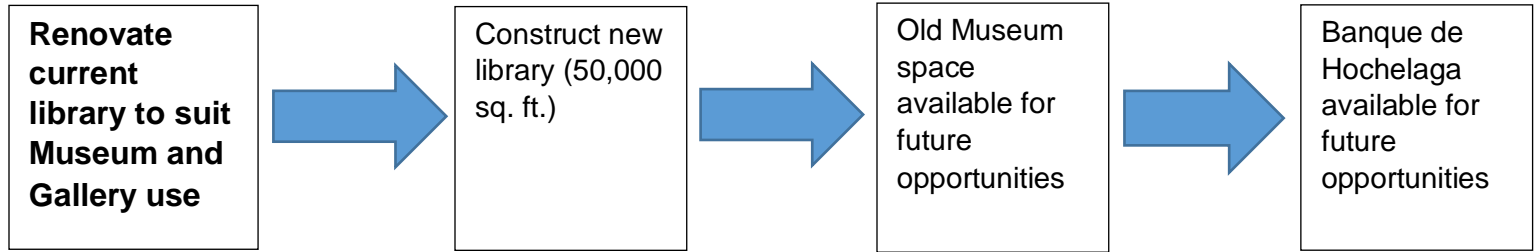
This Current State Scenario will be the benchmark starting point to compare other concepts against. The following Table 2 represents the total four planned Capital Growth projects.

Table 2	Project	Capital Estimate	Operating Estimate
	Museum	\$ 5,183,600	\$ 96,000
	Branch Library	\$ 17,000,000	\$1,200,000
	Gallery**	\$ 4,741,900	\$ 94,000
	Interpretive Centre	\$ 5,007,600	\$ 255,000
	Total	\$ 31,933,100	\$1,645,000

****Note:** A recent document “*Art Gallery of St. Albert: Barrier Free Options*” (David Murray Architect/Sturgess Architecture) has been produced which would see the construction cost of undertaking the barrier-free initiative to be between \$998,000 and \$1,200,000 depending which option is decided upon. The Capital Estimate figure above for the Gallery will need to be amended.

Alternative Scenario #1 (Museum and Gallery into SAP Library space/Stand-alone Library)

ALTERNATIVE SCENARIO #1 – Museum & Gallery into SAP Library space/Stand-alone Library



Alternative Scenario #1 Description:

This Alternative Scenario #1 would envision the Museum and the Gallery moving into the space currently occupied by the St. Albert Public Library in St. Albert Place. For this to take place, the Library would need to be located elsewhere. In this scenario it is suggested that rather than building a 23,000 sq. ft. Branch Library to complement the existing 27,787 sq. ft. Main Library, a new 50,000 sq. ft. library would be built. The following is the estimated costs of undertaking this scenario:

<u>Table 3</u>	Description	Capital Estimate	Operating Estimate
	Construct New Library 50,000ft2 @ \$600 per	\$30,000,000	\$1,850,000
	Library Moving Allowance	\$250,000	\$0
	Sub-Total	\$30,250,000	
	Renovate Library to Suit Museum & Gallery 25,000 sq. ft. @ \$85	\$2,125,000	\$0
	Specialty Displays for Museum	\$1,000,000	\$0
	Museum/Gallery Moving allowance	\$150,000	\$0
	Sub-Total	\$3,275,000	
	Total	\$33,525,000	\$1,850,000

Alternative Scenario #1 (Museum and Gallery into SAP Library space/Stand-alone Library ... continued)

Taking the above Alternative Scenario #1 into account, the development costs of the four Capital Growth projects would have a combined estimate as follows:

Table 4	Project	Capital Estimate	Operating Estimate
	Museum/Gallery	\$ 3,225,000	\$ 0**
	Library	\$ 30,250,000	\$1,850,000
	Interpretive Centre	\$ 5,007,600	\$ 255,000
	Total	\$ 38,482,600	\$2,105,000

(** Operating Costs would likely increase)

It may be possible to pursue this option through a **leasing** strategy for the space required for the library, although currently administration is not aware of a 50,000 sq. ft. space that is available. However, if the acquisition of capital funds is seen as a challenge and there is a desire to pursue a leased space option, Administration could undertake further research. The following is the estimated cost of a **lease** variation for the library space in the Alternative Scenario #1:

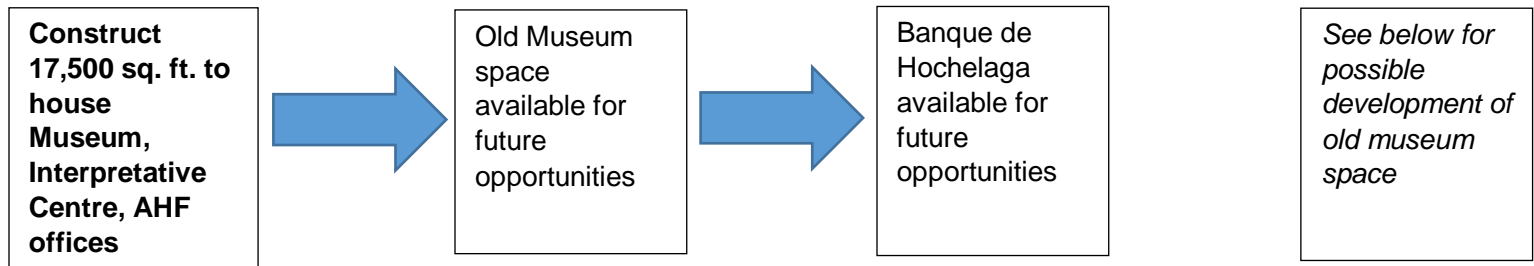
Table 5	Description	Capital Estimate	Operating Estimate
	• Lease 50,000 sq. ft. @ \$40 per sq. ft.		\$2,000,000
	• Tenant Improvements @ \$85 per sq. ft.	\$4,250,000	
	• Library Moving Allowance	\$250,000	
	• Staffing & Programming costs as per Library Estimate in Project Charter		\$650,000
	Total	\$4,500,000	\$2,650,000

The development costs, utilizing a **leasing** option for the library space would result in the combined estimate for the four Capital Growth projects under consideration:

Table 6	Project	Capital Estimate	Operating Estimate
	Museum/Gallery	\$ 3,225,000	\$ 0
	Library	\$ 4,500,000	\$2,650,000
	Interpretive Centre	\$ 5,007,600	\$ 255,000
	Total	\$ 12,732,600	\$2,905,000

Alternative Scenario #2 (Museum and Heritage Park Interpretative Centre)

ALTERNATIVE SCENARIO #2 – Museum & Heritage Park Interpretative Centre



Alternative Scenario #2 Description:

This alternative scenario could envision the development of a combined Museum and Interpretative Centre at the Heritage Park. It would see the building of a dual purpose facility of approximately 15,000 sq. ft. There is an additional possible variable and that is to add approximately 2,500 sq. ft. to accommodate the AHF headquarters (staffing) which would bring the required square footage up to 17,500 sq. ft. The following is an estimate cost of undertaking this scenario:

Table 7	Description	Capital Estimate	Operating Estimate
	• Construct 17,500 sq. ft. @ \$600 per sq. ft.	\$10,500,000	\$360,000
	• Museum Moving Allowance	\$100,000	
	• Specialty Displays for Museum	\$1,000,000	
	• Anticipated increased cost of Animation/programming cost as per Project Charter CULT-11		\$75,000
	Total	\$11,600,000	\$435,000

Alternative Scenario #2 (Museum and Heritage Park Interpretative Centre ... continued)

Taking this scenario into account the development costs of the four Capital Growth projects under consideration would have a combined estimate as follows:

Table 8	Project	Capital Estimate	Operating Estimate
	Museum/Interpretive Centre	\$ 11,450,000	\$435,000
	Branch Library	\$ 17,000,000	\$1,200,000
	Gallery**	\$ 4,741,900	\$ 94,000
	Total	\$ 33,191,900	\$1,729,000

****Note:** A recent document “*Art Gallery of St. Albert: Barrier Free Options*” (David Murray Architect/Sturgess Architecture) has been produced which would see the construction cost of undertaking the barrier-free initiative to be between \$998,000 and \$1,200,000 depending which option is decided upon. The Capital Estimate figure above for the Gallery will need to be amended.

In this alternative the current Museum space on the 1st floor east end of SAP would be vacant and available for opportunities. On the other hand, there could be an exploration of moving the Gallery into this space and include the Finance 1 space as part of this concept in order to improve the profile and opportunities for the Gallery. The following is the estimated costs of the variations of utilizing the SAP Museum space and potentially the Finance 1 space for the gallery:

Table 9	Description	Capital Estimate	Operating Estimate
	Renovate approximately 5,000sq. ft. SAP Museum space to suit gallery @ \$85 per sq. ft.	425,000	
	Allowance for moving Gallery	\$50,000	
	Sub-Total	\$475,000	
	Additionally, include Finance 1 Space, renovate approximately 3,000 sq. ft. @85/per	\$255,000	
	Relocate Finance 1 as per outlined in <i>Current State Scenario</i> outlined above construct 4,000 sq. ft. @ \$600 per sq. ft.	\$2,400,000	\$96,000
	Sub-Total	\$2,680,000	\$96,000
	Total	\$3,155,000	\$96,000

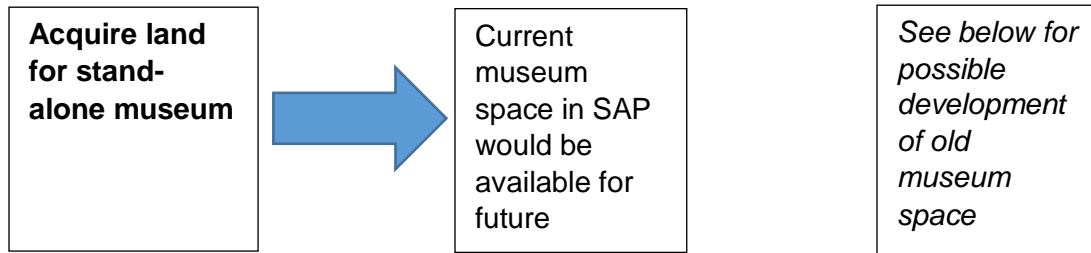
Alternative Scenario #2 (Museum and Heritage Park Interpretative Centre ... continued)

Taking this scenario into account the development costs of the four Capital Growth projects under consideration would have a combined estimate as follows;

Table 10	Project	Capital Estimate	Operating Estimate
	Museum/Interpretive Centre	\$ 11,450,000	\$435,000
	Branch Library	\$ 17,000,000	\$1,200,000
	Gallery	\$ 3,155,000	\$ 96,000
	Total	\$ 31,605,000	\$1,731,000

Alternative Scenario #3

ALTERNATIVE SCENARIO #3 – Museum as Stand-Alone “Greenfield”



Alternative Scenario #3 Description:

This alternative scenario envisions the construction of a new stand-alone museum within the community. This presumes the need to acquire lands although it is conceivable that a parcel of land that the City already owns (such as the Badger Lands) could be utilized. For the purpose of this evaluation it is assumed that a parcel of land would need to be acquired. The following is the estimated cost of undertaking this scenario:

<u>Table 11</u>	Description	Capital Estimate	Operating Estimate
	• Purchase 1.5 acres @ \$600,000 per sq. ft.	\$900,000	
	• Construct 10,000ft ² @ \$600 per sq. ft.	\$6,000,000	\$240,000
	• Specialty Displays for Museum	\$1,000,000	
	• Museum Moving Allowance	\$100,000	
	Total	\$8,000,000	\$240,000

Alternative Scenario #3 – (Museum as Stand-Alone “Greenfield” ... continued)

Taking this scenario into account the development costs of the four Capital Growth projects under consideration would have a combined financial estimate as follows:

Table 12	Project	Capital Estimate	Operating Estimate
	Museum	\$ 8,000,000	\$240,000
	Branch Library	\$ 17,000,000	\$1,200,000
	Gallery**	\$ 4,741,900	\$ 94,000
	Interpretive Centre	\$ 5,007,600	\$ 255,000
	Total	\$34,749,500	\$1,789,000

***Note: A recent document “Art Gallery of St. Albert: Barrier Free Options” (David Murray Architect/Sturgess Architecture) has been produced which would see the construction cost of undertaking the barrier-free initiative to be between \$998,000 and \$1,200,000 depending which option is decided upon. The Capital Estimate figure above for the Gallery will need to be amended.*

In similar approach as Scenario #2, this scenario results in the current museum space on the 1st floor of SAP being vacated and could be considered for the Gallery. If this variation is to be considered, and utilizing the information as outlined above, it would result in the combined financial estimate as follows:

Table 13	Project	Capital Estimate	Operating Estimate
	Museum	\$ 8,000,000	\$240,000
	Branch Library	\$ 17,000,000	\$1,200,000
	Gallery	\$ 3,130,000	\$ 96,000
	Interpretive Centre	\$ 5,007,600	\$ 255,000
	Total	\$33,137,600	\$1,791,000

Alternative #3 (Museum as Stand-Alone “Greenfield” ... continued)

It may be possible to pursue this option through a **leasing strategy** for the museum if a suitable 10,000 sq. ft. of space could be identified. The following is the estimated costs of a lease variation for the museum space are outlined below;

Table 14	Description	Capital Estimate	Operating Estimate
	• Lease 10,000 sq. ft. @ \$40 per sq. ft.		\$400,000
	• Tenant Improvements 10,000 @ \$85 per sq. ft.	\$850,000	
	• Specialty Displays for Museum	\$1,000,000	
	• Museum Moving Allowance	\$250,000	
	Total	\$2,100,000	\$400,000

The development costs, utilizing a leasing option for the museum space would result in the combined financial estimate for the four Capital Growth projects under consideration being as follows:

Table 15	Project	Capital Estimate	Operating Estimate
	Museum	\$ 2,100,000	\$400,000
	Gallery	\$ 4,050,000	\$ 94,000
	Interpretive Centre	\$ 5,007,600	\$ 255,000
	Library	\$17,000,000	\$1,200,000
	Total	\$ 28,157,600	\$1,949,000

The total cost of this variation could be further reduced by about \$900,000 if the Gallery project was to move into the SAP Museum space as outlined in Table 13.

Alternative Scenario #4 – (Museum and Gallery as “Greenfield”)

ALTERNATIVE SCENARIO #4 – Museum & Gallery as “Greenfield”



Alternative Scenario #4 Description:

This scenario envisions the construction of a new stand-alone Museum combined with a new Gallery space. In addition, it includes an office area of 2,500 sq. ft. to accommodate the AHF headquarters. This scenario would require the acquisition of land. It is conceivable that a parcel of land that the City already owns, such as the Badger lands could be utilized. For the purpose of this scenario it is assumed that a parcel of land would need to be acquired. The following is the estimated costs of undertaking this scenario:

<u>Table 16</u>	Description	Capital Estimate	Operating Estimate
	• Purchase 1.5 acres @ \$600,000 acre	\$900,000	
	• Construct 17,500 sq. ft. @ \$600 per sq. ft.	\$10,500,000	\$360,000
	• Specialty Displays for Museum	\$1,000,000	
	• Museum Moving Allowance	\$100,000	
	• Gallery Moving Allowance	50,000	
	Total	\$12,550,000*	\$360,000

*Note: The vacated Museum space in SAP would be available for future consideration, no costs have been added to this option.

Alternative Option #4 - (Museum and Gallery as "Greenfield" ... continued)

Taking this scenario into account the development costs of the four Capital Growth projects under consideration would have a combined estimate as follows;

Table 17	Project	Capital Estimate	Operating Estimate
	Museum/Gallery - New	\$ 12,550,000	\$360,000
	Branch Library	\$ 17,000,000	\$1,200,000
	Interpretive Centre	\$ 5,007,600	\$ 255,000
	Total	\$34,557,600	\$1,815,000

It may be possible to also pursue this option through a **leasing strategy** for a combined Museum/Gallery if a suitable 17,500 sq. ft. of space could be identified. The following is the estimated costs of a lease variation for the Museum/Gallery space are outlined below;

Table 18	Description	Capital Estimate	Operating Estimate
	Lease 17,500 sq. ft. @ \$40 per sq. ft.		\$700,000
	Tenant Improvements 17,500 @ \$85 per sq. ft.	\$1,487,500	
	Specialty Displays for Museum	\$1,000,000	
	Museum Moving Allowance	\$100,000	
	Gallery Moving Allowance	50,000	
	Total	\$2,637,500	\$700,000

Taking this scenario into account the development costs of the four Capital Growth projects under consideration would have a combined estimate as follows:

Table 19	Project	Capital Estimate	Operating Estimate
	Museum/Gallery - Lease	\$ 2,425,000	\$600,000
	Branch Library	\$ 17,000,000	\$1,200,000
	Interpretive Centre	\$ 5,007,600	\$ 255,000
	Total	\$24,432,600	\$2,055,000

Leasing Options

While the above outlined options conclude the scope of this review undertaken by administration, a final analysis was undertaken to look at what the projected capital and operational costs would be if the Library, Gallery and the Museum building/space needs could reasonably be accomplished utilizing leased space.

As the Heritage Park Interpretive Centre is a site specific project it would be the one project that would need to remain as a capital build by the City. The other three projects, those being the Museum, the Library and the Gallery could conceivably be accomplished through leased space.

The following is the estimated cost, utilizing the Interpretive Centre estimates from **Table 2**, the Library leasing information from **Table 5** and the combined Museum/Gallery leasing option from **Table 18**:

Table 20	Project	Capital Estimate	Operating Estimate
	Museum/Gallery (from Table 18)	\$ 2,637,500	\$600,000
	Branch Library (from Table 5)	\$4,500,000	\$2,650,000
	Interpretive Centre (from Table 2)	\$ 5,007,600	\$ 255,000
	Total	\$12,145.100	\$3,505,000

Financial Summary of Build and Lease Options

Build Options: In this high-level evaluation of the various alternatives presented and without any considerations of the pros, cons, benefits or challenges, the overall potential financial costs vary between \$30,255,000 and \$38,482,600. The corresponding net new operating impacts of these projects are estimated to range between \$1,645,000 and \$1,850,000. The high end of this net new operating impacts range would likely increase in Alternative Scenario #1 where the Museum/Gallery would move into the current Library space.

Lease Options: A brief evaluation of approaching these projects through a leasing strategy demonstrates that the same projects could be undertaken through an investment of approximately \$12,732,000 with an annual operating costs of approximately \$3,505,000

Build versus Lease Option

As noted above, it may be possible to accomplish the proposed projects either through traditional capital investment or through a leasing strategy.

The following analysis has been undertaken to ascertain how a leasing strategy may compare financially to a traditional build strategy. For this analysis the following assumptions have been employed:

- A total Capital cost of \$32 million is assumed
- Funding to cover the Capital costs would be through borrowing
- The borrowing is based on 20 year amortization and the rates set on May 12, 2016 as per the *Alberta Capital Finance Authority* website calculator
- The analysis of operating costs are for the building space only and do not include the Animation/staffing operating costs. Estimated building operating costs are as per the respective Project Charters attached to this Report
- For the leasing comparison it is assumed that an “all leasing model” would be utilized as per **Table 19**.
- The analysis of lease costs are for the building space only and do not include the Animation/staffing operating costs.
- For the leasing options the analysis is based on a 20 year period to correspond.
- The lease rate is held at a constant for the full 20 year period.

The observations noted from the analysis of these two possible approaches include the following (*the comparative analysis spreadsheets are attached as Schedules 1 & 2 to this report*):

- The total building cost associated with a build & own approach for the 20 year period is estimated to be around \$65 million.
- The total building cost associated with a lease approach for the 20 year period is estimated to be around \$71.5 million.
- The annual costs of associated with a build & own approach is estimated to be around \$3.25 million.
- The annual costs of associated with a leasing approach is estimated to be around \$3.57 million.

Conclusion

While Council's direction was to provide a "high level concept plan" for the Museum and the Interpretative Centre, the alternative scenarios detailed in the report include other cultural assets. This is due to their inter-connectedness and when proposing a move for one it causes a 'domino effect' for others.

In analyzing the scenarios detailed in the report, Administration looked at some of the recognized up and downsides of each option. We also reviewed several existing planning documents such as the *Cultural Master Plan*, the *Downtown Area Redevelopment Plan*, the *Heritage Sites Master Plan*, the *St. Albert Heritage Sites Functional Plan*, *Heritage Management Plan* and the *New Facility Priority Assessment Model*. In considering the ongoing development of the community and growing needs for city-owned assets it appears that some of the options noted above could be seen as reflecting the collective visions and requirements of these plans.

Currently, the existing cultural and heritage buildings are located, or within walking distance, of the downtown area. The *Cultural Master Plan* and the *Downtown Area Redevelopment Plan* recognize the importance of these assets and also having cultural institutions reside in a central location in the community.

In ensuring that arts, culture and heritage buildings are closely connected it creates synergies and encourages visitors to this area to participate in programs. In this manner, the Current State Scenario, Alternative Scenario #1 as well as Alternative Scenario #2 would meet the criteria of remaining in the downtown area.

Locating a combined Museum and Interpretive Centre (along with 2,500 square feet to accommodate the AHF offices) at the Heritage Park could provide additional synergies. In having the Museum as well as the Interpretive Centre located with the Grain Elevators and the Train Station provides a "one stop shopping" approach for visitors. This could well encourage increased attendance as families and school children need only make one journey to participate in all the respective programs. Additionally, it would mean that for the most part, AHF staff (other than Gallery staff) are located in this one area. Once Founders' Walk has been fully realized there will be a connected historical trail ending at an expanded Park with increased amenities to promote cultural tourism and enhance St. Albert residents' understanding of the history of the community.

There is a downside with Alternative Scenario #2 in that that a parcel of land to accommodate 17,500 square feet would need to be purchased up at the Heritage Sites. The Interpretive Centre is identified for the land currently being temporarily utilized for the Public Works Satellite Yard. The privately owned property in the centre of the site, on Meadowview Drive and although work has been

underway to acquire this additional land, to date this has not yet been successful. There is property to the west of the Site, currently owned by the Oblates. However, even if they were willing to sell this land it would require some redesign of the overall site plan.

This Alternative Scenario #2 also outlines the option of moving the Gallery into the vacated Museum space in SAP and enlarging the square footage into the Finance 1 area. This would provide the Gallery with increased visibility in SAP which already sees many visual arts participants utilizing the Visual Arts Studios on the main floor. Again, this could result in more effective collaborations and increased participation.

The “greenfield” options (Alternative Scenarios #3 and #4) pose some challenges with respect to location (away from the downtown area) and having current serviceable land at the city’s disposal. As stated above, moving the Museum away from the downtown area (and away from the Heritage Park/Interpretative Centre) would result in a dis-connect both in terms of programs and staff. Having cultural assets and staff at a distance requires constant travelling back and forth by vehicle to manage programs and face-to-face communication. The upside is that it is often the case in building new one can start with a blank slate while renovating a space that was never envisioned to provide a specific service can mean extensive renovations (e.g. Renovating the Library – Alternative Scenario #1) to suit the Museum and needing to ensure air-handling and storage that meet humidity levels as well as the preservation of artifacts) which might result in being more costly.

The question of lease versus build as outlined above has both pros and cons. Initially a lease alternative does not require significant funds up front, which can free up capital. If negotiated well, it could also place occupancy requirements in the landlord’s corner. However when looking at the costs over a 20 year period, the lease alternative is actually more costly (see Schedules #1 and #2). Additionally, there could be unanticipated increases or occupancy termination once the lease period has expired, requiring the city to look elsewhere to house cultural assets.

In some of the scenarios, Administration has proposed ideas for vacated space in SAP but there could be more ideas for utilization of this space, likewise for the Banque de Hochelaga. As this was a high level look at possible scenarios these alternatives were not fully explored in this Report. More work would need to take place to find the best ‘fit’ for the vacated spaces.

It could be said that the city is at a crossroads right now in terms of managing the needs of cultural and heritage assets. With the Museum, as well as the Library, severely space challenged and the Gallery needing to urgently work on its handicapped accessibility, it appears that a decision with respect to which path to take needs to be decided upon sooner rather than later. It is hoped that with the various high level scenarios outlined above it provides a somewhat clearer perspective on the most effective and efficient path to take.

Build Option - Fiscal Analysis

Building Operating Costs

Year	Capital	Library	Museum/ Gallery	Interpretive Centre	Annual Cost
1	2,122,968	584,200	360,000	180,000	3,247,168
2	2,122,968	584,200	360,000	180,000	3,247,168
3	2,122,968	584,200	360,000	180,000	3,247,168
4	2,122,968	584,200	360,000	180,000	3,247,168
5	2,122,968	584,200	360,000	180,000	3,247,168
6	2,122,968	584,200	360,000	180,000	3,247,168
7	2,122,968	584,200	360,000	180,000	3,247,168
8	2,122,968	584,200	360,000	180,000	3,247,168
9	2,122,968	584,200	360,000	180,000	3,247,168
10	2,122,968	584,200	360,000	180,000	3,247,168
11	2,122,968	584,200	360,000	180,000	3,247,168
12	2,122,968	584,200	360,000	180,000	3,247,168
13	2,122,968	584,200	360,000	180,000	3,247,168
14	2,122,968	584,200	360,000	180,000	3,247,168
15	2,122,968	584,200	360,000	180,000	3,247,168
16	2,122,968	584,200	360,000	180,000	3,247,168
17	2,122,968	584,200	360,000	180,000	3,247,168
18	2,122,968	584,200	360,000	180,000	3,247,168
19	2,122,968	584,200	360,000	180,000	3,247,168
20	2,122,968	584,200	360,000	180,000	3,247,168
	42,459,360	11,684,000	7,200,000	3,600,000	64,943,360

Leasing Option Fiscal Analysis

Lease and/or Building Operating Costs

Year	TI Capital	Library	Museum/ Gallery	Interpretive Centre	Annual Cost
1	796,112	2,000,000	600,000	180,000	3,576,112
2	796,112	2,000,000	600,000	180,000	3,576,112
3	796,112	2,000,000	600,000	180,000	3,576,112
4	796,112	2,000,000	600,000	180,000	3,576,112
5	796,112	2,000,000	600,000	180,000	3,576,112
6	796,112	2,000,000	600,000	180,000	3,576,112
7	796,112	2,000,000	600,000	180,000	3,576,112
8	796,112	2,000,000	600,000	180,000	3,576,112
9	796,112	2,000,000	600,000	180,000	3,576,112
10	796,112	2,000,000	600,000	180,000	3,576,112
11	796,112	2,000,000	600,000	180,000	3,576,112
12	796,112	2,000,000	600,000	180,000	3,576,112
13	796,112	2,000,000	600,000	180,000	3,576,112
14	796,112	2,000,000	600,000	180,000	3,576,112
15	796,112	2,000,000	600,000	180,000	3,576,112
16	796,112	2,000,000	600,000	180,000	3,576,112
17	796,112	2,000,000	600,000	180,000	3,576,112
18	796,112	2,000,000	600,000	180,000	3,576,112
19	796,112	2,000,000	600,000	180,000	3,576,112
20	796,112	2,000,000	600,000	180,000	3,576,112
	15,922,240	40,000,000	12,000,000	3,600,000	71,522,240