
Remai Modern Art Gallery of Saskatchewan 2015 Capital Budget Request

Recommendation

That an additional \$6.0M allocation to Capital Project 1813 – Remai Modern Art Gallery of Saskatchewan for the completion of the construction of the building, funded through the Civic Facilities Funding Plan, be approved.

Topic and Purpose

To request an additional allocation to the Remai Modern Art Gallery of Saskatchewan (Remai Modern AGS) capital project that is required for completion of the construction of the building.

Report Highlights

1. As the final business plans have been refined, changes to the floor plans were made to better address the business and operational requirements for the Remai Modern AGS, resulting in increased capital costs, but saving in long-term operating costs.
2. The capital project requires an additional \$6.0M to fund the remaining construction project of the Remai Modern AGS, bringing the total cost of the project to \$81.8M.
3. The approximate breakdown of the remaining construction costs include \$2.5M for outstanding building-related capital costs; \$1.5M for signage, lighting and furniture; and a \$2.0M contingency for unforeseen construction costs.
4. The increased cost of \$6.0M will be funded through the Civic Facilities Funding Plan.

Strategic Goal

This report supports the Strategic Goal of Asset and Financial Sustainability by ensuring the services the City of Saskatoon (City) provides are aligned with what our citizens expect and are able to pay.

Report

Reason for Additional Funding

The changes to the capital budget for the Remai Modern AGS are largely driven by the changes to better address the operating and business plans for the Remai Modern AGS. Changes to the floor plans will enable improvements to the security plan, saving approximately \$400,000 per year in operating costs, as well as improvements to floor plans for office and gallery space.

Total Project Costs

The capital project for the construction of the Remai Modern AGS requires additional funding of \$6.0M for the completion of the building, bringing the total project cost to \$81.8M.

The additional funding would enable the completion of the building construction, as well as cover items such as signage, lighting, additional furniture, gallery partitions, accommodation of additional staff on the fourth floor, and a revised contingency amount of \$2.0M.

Detail of Additional Costs

The following is the breakdown of the required funds:

<u>Item</u>	<u>Amount</u>
Outstanding building-related capital costs (changes and updates including floor plan configurations for security alterations, office space, expanded restaurant space, and gallery spaces)	\$2.5M
Signage, lighting, furniture to support business and operational requirements	\$1.5M
Contingency for any additional unforeseen construction costs that may occur between now and building completion	\$2.0M
Total	\$6.0M

Funding Plan

The existing project is funded by the Major Recreational and Cultural Facilities Funding Plan. This plan provided funding for River Landing Phase 1, the Shaw Centre, and the Remai Modern AGS. Funding was provided by dedicating \$500,000 of annual incremental tax revenues resulting from assessment growth from 2008 up to and including 2013.

Beginning in 2015, equivalent assessment growth tax revenues will be directed towards the Civic Facilities Funding Plan (which funds the Police facility, trunked radio system, two fire halls, the Civic Operations Centre, and Corporate Accommodations).

There is sufficient capacity within the Civic Facilities Funding Plan to fund the additional \$6.0M identified above.

Included in the current project funding is \$1.6M previously approved by City Council for project-related deferred costs. 100% of this will be funded by the Remai Modern AGS and still requires fundraising of \$0.9M. City Council agreed that the City would guarantee this, and if required, use the Reserve for Capital Expenditures as a back-stop.

The funding of the operational preparedness of the new gallery will be the responsibility of the Remai Modern AGS, including the transitional and branding initiatives.

Options to the Recommendation

City Council has the option to not approve the additional capital funding identified to complete the building construction. This would mean descoping the remaining construction to stay within the current capital budget and would likely result in a delayed opening of the Gallery.

Public and/or Stakeholder Involvement

The Administration has been working directly with the Remai Modern AGS management in identifying the budget and remaining scope of work.

Financial Implications

The financial implications are addressed in the body of this report.

Other Considerations/Implications

There are no policy, environmental, privacy, or CPTED implications or considerations, and a communication plan is not required.

Due Date for Follow-up and/or Project Completion

The capital budget request will be addressed during the 2015 Budget Review.

Public Notice

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

Written by: Kerry Tarasoff, CFO/General Manager, Asset & Financial Management Department

Reviewed by: Catherine Gryba, General Manager, Corporate Performance Department

Approved by: Murray Totland, City Manager

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