

Report to / Rapport au:

**Ottawa Public Library Board
Conseil d'administration de la bibliothèque publique d'Ottawa**

June 9, 2015 / 9 juin 2015

Submitted by / Soumis par:

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File Number: OPLB-2015-0061

SUBJECT: Central Library Development

OBJET : Construction de la Bibliothèque centrale

REPORT RECOMMENDATIONS

1. That the Ottawa Public Library Board approve the next stages of the Ottawa Central Library project as follows:
 - a. That the project be based on the Ottawa Central Library Program Framework outlined in Document 1, including the requirement that the Central Library be an estimated 132,000 gross square feet;
 - b. That "Option 4: New Build" outlined in the Ottawa Public Library Main Library Facility Business Case (Document 2) be the preferred option for Central Library development;
 - c. That the Central Area as set out in Document 3 be used as the basis for considering opportunities for a New Build;
 - d. That the implementation process set out in Document 4 be used as the basis for considering opportunities for a New Build; and,

- e. That the Board approve that \$800,000 (Internal Order #905105 Main Library Modernization) be used to further advance Central Library project facility and procurement planning in 2015 to permit the project to proceed in accordance with the timelines described in this report.
2. That staff be directed to report back to the Board no later than Q1 2016 with respect to the outcome of the first stage in the implementation process, specifically the preferred project delivery method.

RECOMMANDATIONS DU RAPPORT

1. Que le Conseil d'administration de la Bibliothèque publique d'Ottawa approuve les prochaines étapes du projet de la Bibliothèque centrale d'Ottawa, selon les modalités suivantes :
 - a. Que le projet soit fondé sur le cadre du programme de la Bibliothèque centrale d'Ottawa décrit dans le document 1, y compris l'exigence que la Bibliothèque centrale couvre une superficie estimée de 132 000 pieds carrés bruts;
 - b. Que l' « Option 4 : Nouvel édifice », décrite dans le dossier de décision de la Bibliothèque centrale de la Bibliothèque publique d'Ottawa (document 2) soit privilégiée pour la construction de la Bibliothèque centrale;
 - c. Que l'Aire centrale, décrite dans le document 3, soit privilégiée comme secteur de construction d'un nouvel édifice;
 - d. Que le processus de mise en œuvre décrit dans le document 4 soit privilégié dans les possibilités de construction d'un nouvel édifice;
 - e. Que le C.A. approuve le versement de 800 000 \$ (commande interne n° 905105, Modernisation de la Bibliothèque centrale) devant servir à faire avancer le projet de la Bibliothèque centrale et à planifier les achats en 2015, afin de permettre au projet de se dérouler conformément aux échéances décrites dans le présent rapport.

2. **Que le personnel soit chargé de rendre compte au C.A., au plus tard au 1^{er} trimestre de 2016, sur les résultats de la première étape du processus de mise en œuvre, plus précisément sur la méthode privilégiée de réalisation du projet.**

BACKGROUND

On July 7, 2014, the Ottawa Public Library Board (“the Board”) received Main Library Facility Planning report OPLB-2014-0063 that provided information and options for modernizing the existing facility – Option 1: Renewal, Option 2: Renovation, and Option 3: Redevelopment. Through this report the Board learned that:

1. Approximately 130,000 square feet of space is required to meet Main Library functional program requirements;
2. Modernization of current space on the existing site, as envisioned by the Board in November 2012, could not fit in the existing building spaces and respond satisfactorily to the program requirements;
3. Full redevelopment and maximum expansion of the existing site would be necessary to most closely meet all program requirements;
4. None of the options could resolve shipping and access deficiencies and all would fall short of accommodating all of the key public program components; and,
5. While cost estimates factored in contingencies, there are significant risks and unknowns when renovating an older building. Order of magnitude costs provided for comparative purposes are likely to increase, rather than decrease, through subsequent detailed planning and cost refinement.

In response, the Board approved Motion No. 20140707/3 directing staff to undertake further planning studies including development of a business case to analyse the relative merits of proceeding with any of the modernize options for the Main Library versus building a new facility of 130,000 square feet, either alone or through public-private partnership opportunities that might take advantage of any new builds proximate to Light Rail Transit access. The scope of this work, referred to as the Central Library Project – Response to 20140707/3 Board Motion (“the Project”) included the following:

- Identifying City-owned sites in proximity to public transit that have the potential to accommodate the full 130,000 square foot functional program requirements for the Main Library;

- Preparing blocking plans for a new Main Library as part of a potential mixed-use development on the identified sites;
- Developing Class D project cost estimates for both the City and potential private sector components associated with each of the blocking plans;
- Undertaking current real estate appraisals to determine the estimated value of the OPL/City's existing property holdings at 120 Metcalfe/191 Laurier and the value of the potential private sector property rights associated with each of the blocking plans;
- Establishing the preliminary net project development costs for the Main Library and the relative financial viability of the private sector component, relative to the estimated value of the property rights, associated with each of the blocking plans;
- Identifying the City site/blocking option with highest potential value (least net development cost) to the OPL/City and establish this site option as the Public Sector Comparator for initiating a potential request for proposals (RFP) process with respect to constructing a new Main Library under a public/private sector partnership (a P3 design, build, and finance model process);
- Preparing a preliminary financial pro forma for the Main Library component of the Public Sector Comparator option that takes into account not only the development costs and revenues but also ongoing operating/maintenance costs and lifecycle renewal costs in relation to existing funding provisions; and,
- Identifying a potential RFP process with the Public Sector Comparator being a base option but with flexibility for the private sector to respond with alternative non-City owned site options that may provide equal or additional value to the OPL/City.

Staff were directed to report back to the Board in 2015. OPL staff worked with the appropriate City of Ottawa departments to undertake the research to respond to this direction, engaging external consultants as required for specific expertise and independent analysis. All activities in the Board's direction were completed as part of the Project.

This report presents the Board with the results of the direction, bringing together the research conducted and information gathered throughout this process into a series of recommendations designed to advance the Central Library project.

Where the information is considered confidential as it relates to the acquisition or disposition of land, or if disclosure could prejudice the Ottawa Public Library's ("OPL") or City of Ottawa's ("City") competitive position on this file as it progresses, details have been excluded.

To provide additional context with respect to the current Main Library facility, the City and OPL own the property known as 120 Metcalfe Street. In 1973 the City and Board entered into a 60-year lease (based on an original 10-year term plus five 10-year renewal terms) agreement for the air rights above, and the parking garage subsurface rights below the Library, with the owner of the Sir Richard Scott office tower at 191 Laurier Avenue West. Through a provision in the original contract, OPL leases office space in 191 Laurier Avenue for administrative use. OPL is currently in the fifth term of the original 60-year contract.

DISCUSSION

The Project's scope of work included two key planning studies – Program Framework (Document 1) and Business Case (Document 2) - which are summarized below. A comprehensive public engagement process was within the scope of the Program Framework. The Project was undertaken following Council's approved Project Management process.

Program Framework

Library Strategies International LLC (LSI) was engaged to validate the functional requirements from the 2014 planning process to use in developing a Program Framework for the Central Library. This study first evaluated the previous data and assumptions that resulted in a proposed 130,000 square foot library in the context of best practices, future trends, demographics, and public input. This input was used to build the Program Framework; those results were then applied in the development of the Business Case.

Project Planning Assumptions

A modern Central Library is envisioned as a downtown community-based creative learning library with roles both as a downtown branch and a city-wide service. Planning assumptions were based on trends that will influence future public library service, implications for service needs and community wants and desires, and ongoing sustainability of library operations. Planning assumptions included:

- User-friendly, safe, accessible, welcoming, and customer-driven;
- Flexible spaces achieved through effective, intuitive design;
- Creation of inviting and comfortable spaces through the use of natural light;
- Self-service enabled by technology;
- Robust wireless service to support Internet access throughout the facility with the capacity to easily expand or adapt to meet future needs;
- Ability for some components to be open when the library is closed; and,
- Maximum program requirements of 130,000 gross square feet.

Development of Program Framework

The work done by LSI, together with OPL and City staff, included a review of library usage data as well as past studies in light of trends and best practices in public library services internationally.

A comprehensive public engagement process was conducted during the study. This included focus groups, key stakeholder interviews, idea boards, and a public meeting that was webcast live and provided opportunities for online input. Employees were engaged through focus group meetings and an online survey. Common themes emerged through the engagement process including:

- Building ambiance;
- Outdoor spaces;
- Accessibility;
- Café/Restaurant/Coffee Lounge;
- Creation/learning/meeting spaces;
- Performance, presentation spaces;
- Traditional spaces;
- An intergenerational space; and,

- Collections.

Frequent comments around each theme are detailed in Appendix A of Document 1. Input received through the public engagement process was reflected in the Program Framework.

Program Summary

LSI indicated that, although there are no standards for library space requirements, a reasonable size for a Central Library in a city of one million residents, based on best practices and current trends would range from 130,000 to 200,000 square feet or more. The proposed Program Framework is based on 132,000 gross square feet, which provides for an appropriately sized Central Library for Ottawa given its large geography, strong library branch system, the increasing use of new technologies, and customer needs. Current Main Library facility (120 Metcalfe Street) and administrative spaces (housed in the 191 Laurier Avenue office tower) total 109,000 gross square feet; a 132,000 gross square foot Central Library would represent a 21% increase. In addition, OPL currently has approximately 20,000 square feet of corporate function spaces in other library facilities that would continue to exist in these locations.

Although the overall space is the same size as what was proposed in 2014, based on public input and a review of trends and best practices, there are some key changes in how spaces would be used. Most public spaces have increased in size including Teens, Children, Creative Center, Ottawa Center, and Community Meeting areas. Corporate and Building Services spaces have been reduced. The use of space, as well as associated square footage, is detailed in Table 1. Overall, the Program Framework identifies 83% public spaces and 17% non-public spaces.

Table 1: Central Library Program Framework Summary

Component	Gross Square Feet
Public Entrance Primary point of entrance providing movement in and out of the library.	748
Marketplace	10,753

Component	Gross Square Feet
Welcome center and primary destination. Includes primary service point, check-out and holds pickup services, new and popular materials, gallery space, FOPLA retail shop, security services.	
Café / Coffee Bar Retail venue for food and beverage service at the Central Library. Requires extended hours of access when library is closed.	725
Adults Provides space for fiction, non-fiction and media collections, access to technology, and space for reading, quiet study, browsing, and relaxation. Includes small group spaces, tutoring rooms and a learning lab. Location of the Business Hub.	36,323
Children's Discovery Center Provides collections, technology, educational and recreational resources, programs and activities for children from infancy through age 12. Includes an early literacy activity hub, school-age discovery space, program space, and an exhibit area.	10,333
Teen Zone Exciting, collaborative and comfortable space that appeals to teens and their interests. Includes spaces for collections, gaming, creation, studying and hanging out.	4,088
Creative Center Open and flexible space supporting media creation. Includes a recording studio, a media production studio, a technology fabrication space, and industrial creation space, and a messy creation space.	3,548
Technology Commons Centralized area for public computer and Internet access, electronic device lending, computer training, and a digital sandbox for	4,054

Component	Gross Square Feet
showcasing new technology.	
Ottawa Center The defined space for Ottawa collections and genealogy. Includes spaces for exhibitions, technology, and quiet research.	6,480
Community Meeting Meeting/event spaces for public and library use, ranging in size from small meeting rooms accommodating fifteen people to a large event space for 200 - 250. Includes spaces to support functions, e.g. a kitchen or servery, green rooms. Requires extended hours of access for use when the library is closed.	12,581
Corporate Work and amenity spaces for Central Library staff and key corporate and administrative services.	10,542
Materials Handling Non-public space where returned library materials will be discharged, sorted, and prepared for re-shelving or shipping to another library location. Location of automated sorter system.	2,841
Building Services Supports back-of-house functions including shipping and receiving, facilities and maintenance.	5,737
SUB TOTAL	109,751
Grossing Factor (20%)	21,951
GRAND TOTAL	132,000

The components identified in the Program Framework align with trends and best practices as demonstrated in both OPL's expanded Beaverbrook Branch which opened

in August 2014, and the Halifax Central Library (“HCL”) which opened in December 2014.

The 130,000 square foot HCL replaced a much smaller downtown branch. The HCL is a downtown library that also serves as a City-wide resource, and provides support to the library system. With its award-winning architecture, the HCL has become a civic landmark and community destination for the whole city. Pre-opening, it was estimated that the HCL would receive about 700,000 visits in its first year of opening; based on actual visits in the first months of opening, the projected number of visits has increased to more than 2 million.

The Regional Municipality of Halifax, like Ottawa, was created through amalgamation. Halifax has a population of about 400,000 with three-quarters located in urban areas. Halifax has an even larger geography than Ottawa including a large rural area. The Halifax Public Libraries system has 14 locations compared to Ottawa’s 33 branches.

The proposed Ottawa Central Library program framework was compared to the Halifax Central Library. While the population of Ottawa is more than twice that of Halifax, the actual sizes of the functional areas of the HCL are very comparable to those of the proposed framework for Ottawa. There are some differences which include:

- Ottawa’s area for children is smaller. This can be explained by Ottawa’s demographics including greater numbers of children in suburban areas with strong local branches.
- Ottawa’s population tends to be both highly educated and wired. OPL’s areas for creative activities, technology, local history and genealogy, and community meeting spaces are larger than those in Halifax, reflecting public feedback, and the application of trends and best practices.

It is important to note that the new Halifax Central Library has been extremely successful in meeting and exceeding community expectations of what a Central Library should be.

Program Framework Recommendations

The Program Framework concludes with the following recommendations:

1. Use the program framework and recommendation for a Central Library of an estimated 132,000 gross square feet as the basis for the future library.

2. Use the program framework to commission the development of a detailed architectural building program for the Central Library.
3. Continue to involve Ottawa residents in planning for the Central Library through a broad public and staff engagement process.

Staff recommend that the consultant's recommendation 1 be approved by the Board, and that, by way of this report, staff be directed to proceed with items 2 and 3 in the next phase of project planning.

Business Case Development

To inform the Board's decision on how to proceed with Central Library planning, a Request for Proposal for professional consulting services was undertaken. The services of Grant Thornton (GT) were engaged to develop a Business Case (Document 2) to assess and compare the Board-directed options for the Central Library. The scope of this work included qualitative analysis, risk assessment, and quantitative analysis that developed a financial model used to compare potential development options on a whole-life cost basis over a 36-year term which includes a six (6) year development period and a thirty (30) year operational period. Results of the analyses support the recommendations on a preferred development option and implementation process.

Five (5) development options were considered in the Business Case analysis. These are summarized in Table 2.

Table 2: Central Library Development Options

Option	Summary
0. Status Quo	Maintains existing configuration and finishes. Improvements limited to the minimal requirements for life cycle and infrastructure and accessibility compliance. <ul style="list-style-type: none">• 109,000 square feet• Does not meet Program Framework requirements
1. Renewal	Renewed and refreshed facility with the same overall look and feel as the current building. Includes cosmetic changes and updated building systems. The building's exterior remains

Option	Summary
	essentially unchanged. <ul style="list-style-type: none"> • 109,000 square feet • Does not meet Program Framework requirements
2. Renovation	Renovation of the existing facility through redesigning, expanding and refreshing the current space. Significant changes to interior to improve delivery of modern library services. Includes changes to the building entrance and exterior facade and a minor expansion. <ul style="list-style-type: none"> • 115,000 square feet • Minimally meets Program Framework requirements
3. Redevelopment	Enhanced street presence through a maximum expansion and stripping the building down to its structural shell. Results in a new facade and almost like-new building. <ul style="list-style-type: none"> • 131,000 square feet • Moderately meets Program Framework components
4. New Build	New build on a new site <ul style="list-style-type: none"> • 132,000 square feet • Fully meets Program Framework requirements

Completion of the Business Case was dependent on the gathering of a significant amount of new information by staff, as directed by the Board in July 2014, including:

- Development of whole-life costing forecasted over the entire analysis period;
- Identification and evaluation of City-owned sites, in proximity to light rail transit;
- Preparation of blocking plans for a new Central Library as part of a potential mixed-use development on City-owned sites;
- Development of Class D project cost estimates for the blocking plans;

- Completion of current real estate appraisals to estimated value of the OPL/City's existing properties;
- Establishment of the preliminary net project development costs on a preferred City-owned site; and,
- Identification of the City site/blocking option with highest potential value (least net development cost) for use as the preferred site option for a New Build.

Site Identification for Option 4: New Build

Central Library development Options 0 - 3 are based on the existing Main Library facility and site. In order to develop whole life costing for Option 4: New Build, it was necessary to identify City-owned sites in proximity to rapid transit with the potential to accommodate the full functional program requirements.

Geographic Boundaries

The Central Library is a downtown library which provides services to Ward 14 (Somerset) and other proximate residents, as well as serving a large day-time office worker population and visitors to Ottawa. To establish an appropriate geographic area for considering opportunities for Option 4: New Build, the boundaries of the Central Area Land Use ("Central Area") designation of the Official Plan, also shown as Area "A" on Schedule 1 of Zoning By-law 2008-250 (Document 3) were used.

In 2007-2008, a previous OPL planning study established downtown area boundaries for a central library of Nicholas Street/Rideau Canal, Bronson Avenue, Wellington Street, and Gloucester Street. In the eight years since that study was conducted, a number of significant changes have occurred resulting in reconsideration of those boundaries, including:

- Development of the Confederation Light Rail Transit Line;
- Board direction to investigate potential for a public-private partnership initiative;
- The need for a site that can accommodate a 130,000 square foot library with excess development capacity to attract and accommodate a development partner; and,

- The evolution of the downtown west precinct resulting from the development of Claridge lands in Lebreton Flats, the Request for Qualifications for the development of additional National Capital Commission lands, and the proposed Windmill Developments plans for the Chaudière and Albert islands.

It is proposed that the geographic area for evaluating and screening opportunities for Option 4: New Build is based on the Central Area. Additional rationale includes:

- This area is the economic and cultural heart of Ottawa based on a unique combination of employment, government, retail, housing, entertainment, and cultural facilities;
- Proximity to LRT stations – within 400 metres walking distance of a planned station but no greater than 600 metres walking distance as per the City's Transit Oriented Development Guidelines (2007).

Application of Central Area boundaries allows the City to cast a wider net to consider exciting and innovative opportunities for a New Build library from both the private and public sectors. In addition, this area does not require parking for a Central Library allowing flexibility for construction cost efficiencies.

Identification of Preferred City-Owned Site

Seven (7) City-owned sites (vacant or with existing City buildings) were identified within proximity to the City's new Confederation Light Rail Transit Line Stations. Further refinement and evaluation of the sites was undertaken to choose the most suitable site to use in the Option 4: New Build that would represent the highest potential value to the City (i.e. the lowest net project cost) within a mixed-use development scenario.

For this exercise, a two-stage site assessment approach was used.

Stage 1: Gating Assessment: Each identified City-owned site was required to receive a minimum of 70 points total out of 100 points when evaluated against all gateway categories to proceed to the second stage. The gateway criteria were:

- Site Physical Capacity (accommodate minimum 30,000 square foot floor plate, external plaza, and additional mixed-use development rights for purchase);
- Walking distance from a Light Rail Transit Station; and,
- Within the Central Area (Schedule 1, Area "A" Zoning By-law 2008-250).

Stage 2: Further Assessment: The site options that met the minimum gating assessment threshold were further evaluated using the following criteria:

- Site Context (e.g. proximity to parks and green spaces, adjacent land uses);
- Development readiness (e.g. suitable zoning or planning support for zoning and/or Official Plan amendments to support mixed-use development);
- Encumbrances (e.g. legal, environmental, servicing); and,
- Contributions to other civic initiatives (e.g. intensification at transit stations, secondary plan objectives, catalyst for economic stimulus).

The seven City-owned sites evaluated were 7 Bayview Road, 557 Wellington Street, 156-160 Lyon Street, 110 Laurier Avenue West, 70 Clarence Street, 300 Coventry Road, and 141 Bayview Road. Two of the seven City-owned sites (i.e. 7 Bayview Road and 557 Wellington Street) met the Stage 1 Gating assessment. Of these, the preferred site (i.e. 557 Wellington Street) scored significantly higher following the combined tabulation of the two-stage evaluation. The preferred site scored higher in terms of its better location and proximity to the administrative core of the Central Area, enhanced site context as a civic focal point, less costly to develop, and more development ready.

The City-owned preferred site was then used for the purposes of qualitative and quantitative analysis related to Option 4: New Build in the Business Case.

Qualitative Analysis and Risk Assessment Approach

Qualitative analysis and risk assessment evaluate key criteria that may not have a direct financial influence but are nonetheless highly impactful in the assessment of a particular project option. The rated scores reflect the effectiveness of each option to align with the Project objectives and associated risks to the OPL and the City.

Assessment criteria as outlined on pages 39-40 of the Business Case (Document 2) were grouped into four sections (Business Drivers, Design/Technical, Project Delivery, and Financial) with a total of 17 evaluation criteria and then assessed against two considerations: alignment with objectives and, risk to the City and OPL.

Alignment with objectives was scored on a scale of 1 to 5, representing weakest to strongest alignment respectively. Risk was assessed and scored against criteria using a three-point scale (Low, Medium, or High).

In order to reflect the relative importance of a criterion to the project objectives, each criterion was assigned a weight, represented as a percentage adding up to a total of 100%. The scores generated through the assessment exercise were then multiplied by the applicable weightings to calculate the overall risk adjusted qualitative score for each criterion.

Options that achieved less than 50% of the maximum possible qualitative assessment score relative to the alignment with the project objectives, before risk considerations, were not considered further in the risk assessment or financial analysis processes.

Qualitative Analysis and Risk Assessment Conclusions

Option 0: Status Quo and Option 1: Renewal - Both options did not meet 50% of the maximum possible qualitative assessment score, before risk assessment, of the project objectives and were not considered further.

Option 2: Renovation and Option 3: Redevelopment - Both of these options have a relatively high risk associated with construction given the nature of retrofitting an aging building and potential complexities given the existing partnering relationship.

Option 4: New Build is the preferred alternative for the delivery of the project as it achieved the highest risk-adjusted qualitative score. This option represents the best alignment with the strategic objectives and is expected to be relatively lower risk as compared to the other options under consideration. Option 4: New Build allows OPL to effectively achieve its vision for a Central Library, is able to provide all of the modern library services by meeting all of the functional program requirements, and provides excellent potential for innovative design.

As a result of the qualitative analysis and risk assessment, Option 2: Renewal, Option 3: Redevelopment, and Option 4: New Build passed the assessment and proceeded to the financial analysis stage. The results of the Qualitative Assessment scoring are outlined on Page 7 of the Business Case and summarized in Table 4 of this report.

Financial Analysis

As part of the 2014 Board report, order of magnitude costs were developed to establish total project costs for Options 1 - 3. The estimates at that time were Option 1: Renewal - \$40 million, Option 2: Renovation - \$50 million, and Option 3: Redevelopment - \$70

million. Further due diligence to validate and refine these costs was undertaken in 2015 as part of the Business Case exercise.

Total estimated overall project costs in 2017 dollars were prepared externally for all five options (including Option 0: Status Quo and Option 4: New Build) based on a traditional design-bid-build implementation approach (detailed in Document 2). The Project Cost estimates, which are summarized in Table 3, include Hard Costs (e.g. construction), Soft Costs (e.g. consultants), Fees and Permits, and Furniture and Equipment.

Table 3: Total Estimated Overall Project Costs

	Option 0: Status Quo	Option 1: Renewal	Option 2: Renovation	Option 3: Redevelopment	Option 4: New Build
Estimated Cost	\$20 million	\$46 million	\$65 million	\$86 million	\$86 million

In order to undertake financial analysis for the Business Case, detailed whole-life costing assumptions were assembled for each project option. Whole-life costs are all future expenditures associated with building, maintaining, life cycling, and operating a facility – this includes both operating and capital costs over a specified term, as well as the forecasted revenues. Detailed assumptions were developed for each option to feed into the whole-life costing exercise including:

- Definition;
- Identification of temporary location if required (In Options 2 and 3, construction would require lengthy closing of the existing Main Library);
- Operating budget implications and projections including library operations and maintenance and repair of the facility;
- Projected lifecycle costs to keep the facility in a state of good repair;
- Capital project costs including hard and soft costs; and,
- Site disposal costs and projected asset residual value at 2050.

This data was then assigned to various cost categories (i.e. Total Capital Costs, Total OPL Lifecycle Costs, Total Facility Lifecycle Costs, Total Library Operating Costs, Total Facility Operating and Maintenance Costs, Total Projected Revenues, Total Site

Disposal Revenues / Opportunity Costs, Residual Value of the Building Asset) and used to build the financial model over a thirty-six year period from 2015-2050. The thirty-six (36) year period includes a six (6) year development period and a thirty (30) year operational period.

A financial summary was prepared which demonstrates the Net Present Value (NPV) for each project option. NPV analysis is a standard analytical approach which allows organizations to assess which is the better option among multiple alternative options from a financial perspective. In this case, the cash flows realized over the entire analysis period were forecasted and then discounted based on a forecasted borrowing rate of 5%. The financial analysis concluded that Option 4: New Build represents the most favourable highest Net Present Value (i.e. the lowest net present costs).

Option Analysis Conclusions

The overall assessment score combined the outcomes from the qualitative analysis, risk assessment, and financial analysis. The calculation assumed that both qualitative/risk considerations and financial considerations are equally important in decision-making.

Option 2: Renovation involves a lower upfront capital investment than Option 4: New Build. However, there is a requirement for a major lifecycle investment to the 191 Laurier Avenue office tower and parking garage after the handover of the assets to OPL and the City in 2034. This, as well as the negligible residual asset value in 2050 given the limited extension of the facility's useful life under this option results in an estimated net present cost of this option that is greater. Also, this option only minimally meets Program Framework requirements.

Option 3: Redevelopment aligns with most of OPL's strategic objectives but represents a higher risk as compared to Option 4: New Build. The redevelopment of the existing facility would be constrained by the current conditions of the building and site, as well as potential issues concerning the air rights above the existing building which could restrict the ability to increase the space of the library in order to meet functional requirements. Also, despite the significant investment and redevelopment, this option is not able to meet all of the functional requirements.

From a financial perspective, Option 3: Redevelopment has a higher estimated net present cost as compared to Option 4: New Build. This is primarily a result of the higher facility operating and lifecycle costs, as well as the need to renovate 191 Laurier Avenue (office tower and parking garage) in order for these assets to generate desired

revenues when ownership reverts to the OPL and City at the end of the term of the existing sixty-year contract in mid-2034.

The overall conclusion is that Option 4: New Build is the preferred alternative for the delivery of the Central Library project. This option represents the best alignment with OPL's strategic objectives and is expected to be relatively lower risk as compared to the other options considered. Option 4: New Build has the lowest estimated net present cost for project delivery, taking into account the expected residual value of the asset at the end of the analysis period (2050), the opportunity to realize proceeds from the existing property and surplus development rights of the preferred site, and lower lifecycle investments required over the medium- to long-term. In addition, this is the only option that does not require a temporary service relocation so is least disruptive to customers of the current Main Library.

A series of sensitivity analyses were also conducted to understand the potential impact of changes in certain key variables on the financial analysis outcome. Option 4: New Build was still found to have the highest overall assessment score when its estimated project cost was increased or when the City's borrowing rates increased.

Table 4: Combined Scoring summarizes the outcomes of the risk-adjusted qualitative and financial assessments of the five options.

Table 4: Combined Scoring

Project Options	Project Options				
	Opt. 0 Status Quo	Opt. 1 Renewal	Opt. 2 Renovation	Opt. 3 Redevelopment	Opt. 4 New Build
Weighted Qualitative Score without Risk Assessment * 10	13.90	16.40	25.20	35.80	48.50
Maximum Possible Weighted Qualitative Score * 10	50.00	50.00	50.00	50.00	50.00
Total Qualitative Score without Risk Assessment (%)	27.80%	32.80%	50.40%	71.60%	97.00%
Proceed to the Risk Assessment?	No	No	Yes	Yes	Yes
Risk adjusted qualitative score	N/A	N/A	19.25	28.20	65.00

Maximum possible score	N/A	N/A	75.00	75.00	75.00
Risk adjusted qualitative score (%)	N/A	N/A	25.67%	37.60%	86.67%
Proceed to the quantitative analyses?	No	No	Yes	Yes	Yes
Net present value of costs and revenues	N/A	N/A	\$165.15M	\$183.84M	\$155.99M
Cost savings (relative to Option with the highest net present cost)	N/A	N/A	\$18.69M	-	\$27.85M
Financial Analysis Score	N/A	N/A	10.17%	-	15.15%
Overall Assessment Score	N/A	N/A	17.92%	18.80%	50.91%

Implementation Process

Project Delivery Method - Potential Options

In order to provide a comparison with the options for modernizing the existing facility, the Business Case assessed Option 4: New Build, for the purposes of the project option analysis, on a base case delivery method (Method A) using the following assumptions:

- The new Central Library facility would be constructed on a City-owned site using a traditional design-bid-build delivery method;
- The estimated construction costs and value of the surplus development rights would be based on building a new Central Library facility on the preferred City-owned site;
- Surplus development rights on the new library site and the OPL/City's interests in the existing property at 120 Metcalfe/191 Laurier would be sold to a third party; and,
- Upon substantial completion, the OPL/City will take ownership of the facility and would be responsible for its long-term operation and maintenance.

In response to the Board's direction to analyze the relative merits of building a new Central library facility either alone or through public-private partnership opportunities, the Business Case identifies several implementation methods for delivering a new facility. In addition to the base case option used in the project option analysis (Design-Bid-Build + Sale of Development Rights), four (4) other potential partnership opportunities were identified:

Method B1: Design-Build (“DB”) + Partner Development on City-owned Site

- Partner with a private sector consortium which will construct the new Central Library facility on a design-build basis in conjunction with the development of the surplus property rights on the preferred City-owned site. In this option the City would finance, own, and maintain the library facility and the consortium would purchase the surplus property rights on the preferred City-owned site and the OPL/City's interests in the existing property at 120 Metcalfe/191 Laurier. This would be a similar arrangement as the one currently being used for the Arts Court Redevelopment project.

Method B2: DB + Partner Development on Alternative Site

- Partner with a private sector consortium which will construct the new Central Library facility on a design-build basis in conjunction with a development on a property provided by the consortium. In this option the City would finance, own, and maintain the library facility and the developer would purchase the entire preferred City-owned site for a further development project, as well as the OPL/City's interests in the existing property at 120 Metcalfe/191 Laurier.

Method C1: Design-Build-Finance-Maintain (“DBFM”) + Partner Development on City-owned Site

- This option would be similar to Method B1 except that the consortium would also finance and maintain the new library facility under a long-term contractual arrangement between the City and the consortium. Ownership would revert to the City at the end of the contractual arrangement.

Method C2: DBFM + Partner Development on Alternative Site

- This option would be similar to Method B2 except that the consortium would also finance and maintain the new library facility under a long-term contractual arrangement between the City and the consortium. Ownership would revert to the City at the end of the contractual arrangement.

In summary, the Design-Bid-Build + Sale of Development Rights base case option (Method A) and Methods B1 and B2 would involve short-term contractual arrangements for the design and construction of the library facility and for the sale of OPL/City assets. Methods C1 and C2 would involve long-term contractual arrangements between the City and the consortium for financing and maintaining the library facility.

Project Delivery Method Conclusions

The Business Case identifies an implementation process for establishing the most suitable project delivery and procurement method to achieve value for money. All five procurement and delivery methods identified have their own unique advantages and challenges. Each option involves a deal structure that allows for different levels of partnership between the City/OPL and the private sector, and leads to a different risk allocation between the two parties. In order to make a sound decision on which procurement and delivery model is the most suitable, the City and OPL should consider conducting further analysis to assess the potential models from a Value for Money (“VFM”) exercise as well as market soundings to determine interests for potential partnership opportunities.

An effective and efficient procurement process would result in the delivery of the required library facility and ultimately deliver excellent value for money. Also, given the size and complexity of the project, the procurement process should include the following stages: combined Request for Information (“RFI”) and Request for Expression of Interest (“REOI”), Request for Qualification (“RFQ”), and Request for Proposal (“RFP”). This approach would align with the P3 process established by the City's P3 Policy, Guidelines and Procedures (“P3 Policy”).

Business Case Recommendation

Based on the conclusions of the Business Case staff recommend that the Board approve Option 4: New Build as the preferred option for Central Library development. Option 4 best aligns with OPL’s strategic objectives, has the lowest net present cost when compared to the other options, and represents the most efficient and effective option for Central Library development.

NEXT STEPS

Considerable work has been done to compare the base case option for constructing a new Central Library on the preferred City-owned site in relation to the options considered for modernizing the existing facility. This work will be useful as part of the P3 screening and assessment processes for evaluating the potential delivery method options to determine an appropriate delivery option and associated procurement method.

It is recommended that a four-stage implementation process be adopted (detailed in Document 4) to establish a business case for an appropriate delivery method and procurement process with respect to the potential partnership Method. Work to date is not sufficient to complete the full screening and assessment requirements outlined in the City's P3 Policy. The level of information, regarding site investigations, building design details, construction estimates, and market interest, is not yet sufficiently detailed to establish the full scope of a new Central Library project and the associated appropriate budget estimate, or affordability assessment, for the delivery of the preferred option for consideration, and approval, by the OPL Board and Council.

Detailed analysis will be required as part of Stage 1 to refine the net development costs of a new build library on the preferred City-owned site for the purposes of formulating a Public Sector Comparator ("PSC"). In order to proceed with development of the PSC, staff recommend that the Central Area (Document 3) be used as the basis for consideration of opportunities for a New Build Central Library.

The PSC will then be used to inform the development of the procurement process for purposes of:

- Comparing and evaluating the costs of other opportunities / proposals on alternative sites; and,
- Gauging the level of interest for partnership opportunities on the preferred City-owned site.

Ultimately, the objective will be to formulate and assess the costs of a new build library on the preferred City-owned site to the greatest extent possible. The development cost information will then be used to:

- Measure and evaluate opportunities for a new build library on the preferred City-owned site; and/or,
- Evaluate proposals for a new build library on alternative sites received from the private and/or public sector through a selected procurement implementation strategy.

Staff recommend that the Board approve the initiation of the implementation process (summarized in Table 5 and further outlined in Document 4) to determine the preferred project delivery method as the first stage in this process, and to report back to the Board no later than Q1 2016.

A public engagement process has been included as a deliverable in Stages 1, 2 and 3.

Table 5: Recommended Implementation Process

Process	Key Deliverables	Schedule
Stage 1:	<ul style="list-style-type: none"> Request for Information Further site investigation Develop RFQ process Investigate other funding sources 	<ul style="list-style-type: none"> Report on Stage 1 results, including recommendations to Board and Council by Q1 2016 for approvals to move to Stage 2
Stage 2	<ul style="list-style-type: none"> Request for Qualifications Refine PSC Develop Request for Proposal process 	<ul style="list-style-type: none"> Report on Stage 2 results, including recommendations to Board and Council for approvals by Q3 2016 to move to Stage 3
Stage 3	<ul style="list-style-type: none"> Request for Proposal 	<ul style="list-style-type: none"> Report on Stage 3 results, including recommendations to Board and Council for approvals by Q1 2017 to move to Stage 4
Stage 4	<ul style="list-style-type: none"> Dependent on Stage 3 results 	<ul style="list-style-type: none"> Construction starts spring 2018

Central Library Project: Planning Phase

As part of the City's Term of Council Priorities, the Board will seek Council approval for the development of a Central Library as a 2015 - 2018 Council strategic initiative. Pending Council approval, development of a Central Library would become a project, and move from the project initiation phase to project delivery which is comprised of three phases – planning, design and implementation.

This will be an OPL project with reports and recommendations coming forward to the Board for approval and recommendation to Council, as required. Project delivery of the Central Library, will be managed internally by a special projects team in the Infrastructure Services Department (similar to Arts Court) comprised of OPL and City subject matter experts.

Capital funding is required to support Central Library project planning in 2015. Existing capital funding of \$800,000 is available (Internal Order #905105 Main Library Modernization) to contribute to necessary activities including project planning studies, project management functions and public consultation. Funding for additional planning requirements will be included as part of the OPL 2016 capital budget submission for Board and Council consideration.

CONSULTATION

A comprehensive public engagement process was included as detailed in this report.

A Project Management approach which followed City Council's 2014 direction was applied for this phase of Central Library planning, including development of a Project Charter. An inter-departmental Project Steering Committee provided guidance and direction and the project was centrally coordinated through a dedicated Ottawa Public Library ("OPL") Project Manager supported by City of Ottawa subject matter experts from Infrastructure Services, Finance Department, Real Estate Partnership and Development Office, and Supply Branch. Regular updates on the status of the Project were provided to the Board.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations of this report.

RISK MANAGEMENT IMPLICATIONS

Option 4: New Build as expressed in this report best reduces the risks to the OPL and City in the delivery of this project. The primary risks for this project moving forward focus on budgetary and scheduling impact from the yet-to-be determined procurement methodology, as well as the availability, encumbrances, and location of potential sites. Considering other major projects undertaken by the City, the funding affordability of proceeding with a new Central Library represents a significant risk.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report. There are sufficient funds in the existing capital budget to fund 2015 requirements. Capital funding requests for 2016 will be brought forward through the 2016 budget process.

ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

BOARD PRIORITIES

In 2013, OPL conducted the *Imagine* campaign giving customers an opportunity to indicate what they want in their library of the future aligned to central themes of Learning, Leisure, Celebration, Creation, and Community Development. In April 2015, the Board approved 2015-2018 Strategic Priorities which affirmed OPL's continued focus on responsiveness to community needs and customer-centric services. The Central Library Development report supports the Board's approved strategic priority of SPACES for community, collections, and creation: Develop an inclusive, dynamic Central Library enabling creation and learning. In April 2015, the Board also approved the Central Library as OPL's key priority initiative for recommendation for inclusion in the City of Ottawa's 2015 – 2018 Term of Council priorities.

SUPPORTING DOCUMENTATION

Document 1: Ottawa Central Library Program Framework May 2015. (*Issued separately*)

Document 2: Business Case Ottawa Public Library Main Library Facility May 2015. (*Issued separately*)

Document 3: Central Area (Area "A" set out in Schedule 1 of Zoning By-law 2008-250). (*Immediately follows the report*)

Document 4: Central Library Development Implementation Process. English and French (*Immediately follows the report*)

DISPOSITION

Pending Council approval of the Central Library Development in the Term of Council Priorities, OPL staff will work with City of Ottawa staff to undertake the activities outlined in this report for reporting back to the Board by Q1 2016.