

**Report to / Rapport au:**

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

**October 10, 2017 / 10 octobre 2017**

**Submitted by / Soumis par:  
Monique Désormeaux, Deputy Chief Executive Officer / Directrice générale  
adjointe**

*Contact Person / Personne ressource:  
Richard Stark, Manager, Facilities Development / Chef de service,  
Développement des installations  
(613) 580-2424 x 32175, [Richard.Stark@bibliooottawalibrary.ca](mailto:Richard.Stark@bibliooottawalibrary.ca)*

**File Number:** OPLB-2017-1002

**SUBJECT: Rosemount Branch Renewal**

**OBJET: Renouvellement de la succursale Rosemount**

#### **REPORT RECOMMENDATIONS**

**That the Ottawa Public Library Board:**

- 1. Receive the Business Case: Ottawa Public Library Rosemount branch (Document 1); and,**
- 2. Direct staff to include the renewal of the Rosemount branch in the Ottawa Public Library capital budget submission for 2018.**

#### **RECOMMANDATIONS DU RAPPORT**

**Que le Conseil d'administration de la Bibliothèque publique d'Ottawa :**

- 1. Prenne connaissance du dossier d'analyse : Bibliothèque publique d'Ottawa, succursale Rosemount (Document 1); et**

- 2. Charge le personnel d'inclure ce renouvellement dans la soumission du budget d'immobilisations de la Bibliothèque publique d'Ottawa pour l'an 2018.**

## **BACKGROUND**

Rosemount branch is the oldest Ottawa Public Library (OPL) branch still operating in its original building. It was built in 1918, expanded in 1932 and last renovated in 1982. On May 14 2012, the Ottawa Public Library Board ("the OPL Board") approved the Facilities Planning Committee Report which identified Rosemount branch as the second of eight facility renewal priorities to be included in the nine-year capital forecast and future planning (2013-2021). OPL's renewal priorities were subsequently updated by the OPL Board on September 6, 2016 (OPLB-2016-0181) and Rosemount branch is now the number one renewal priority for 2016-2021 with a renewal status designation of "Renovation."

The 2014 OPL capital budget included \$100K to undertake project planning for renewing Rosemount branch. Several planning studies were undertaken to determine the optimal option for renewal. In 2015, the Expansion Feasibility Study, completed by external consultants, found there was no opportunity for significant expansion on the current site. The branch is on a small site and the building is legal non-conforming. This means that the current building has the right to continue the existing land use, which was permitted at the time it was built, but that is no longer permitted under the current zoning rules. The Expansion Feasibility Study also noted that if the branch was demolished, current zoning would only permit the construction of a much smaller building due to existing setback requirements.

The Expansion Feasibility Study was followed by several building analyses that contributed to a final Preliminary Design Study Report (September 23, 2016) completed by external consultants. This report identified and outlined the optimal approach to address building conditions and accessibility issues, and to increase program activities through flexible space design, while at the same time modestly increase public floor space through the repurposing of existing space, and the replacement and expansion of the entranceway. An order of magnitude costing to undertake this significant renewal was estimated at \$2 million.

In the Spring of 2016, Jeff Leiper, Councillor, Ward 15, Kitchissippi, funded a public consultation process to “gain a better understanding of what users desire from their Rosemount Library.” The summary of this consultation, “Report on Consultation Findings of: Rosemount Library: The Next Chapter,” found that a majority of the participants were in favour of moving into a new, larger facility (10,000-15,000 sq. ft.), but in close proximity to the current location.

On September 6, 2016 the OPL Board received the Library Facilities Investment and Growth Planning Study Report (OPLB-2016-0181). This report summarized growth projections for Ottawa into 12 zones. Rosemount branch was included in the Central West Zone; this zone had a low ranking in terms of service growth gap projected to 2031. The service growth gap was calculated by comparing existing library space in each zone with the projected amount of space required to accommodate population growth in 2031.

The 2017 OPL capital budget included an additional \$100K for planning related to a renewal or potential new build of the Rosemount branch. Particularly given this is a 100-year-old facility, it was prudent to undertake the development of a comprehensive business case to fully investigate the advantages and disadvantages of investing in the current facility versus the feasibility of relocating to a new site. The purpose of this OPL Board report is to report back to the OPL Board on the results of the direction to undertake this business case analysis in 2017 with recommendations forming part of the 2018 budget process.

## **DISCUSSION**

To inform the OPL Board’s decision on how best to proceed with Rosemount branch renewal, a Request for Proposal for professional consulting services was undertaken. The services of Boxfish Consultants were engaged to develop a Business Case (Document 1) to assess and compare the renewal options for the Rosemount branch. The scope of this work included qualitative analysis, risk assessment, and quantitative analysis. These were used to develop a financial model to compare potential development options on a whole-life cost basis covering the construction period followed by a 25-year term. Results of the analyses were used to support recommendations to the OPL Board on a preferred renewal option.

Four factors were used to summarize the key benefits and costs of each potential option: portfolio affordability, project affordability, service levels, and location. These factors are detailed on pages 6-7 of the Business Case.

An examination of all potential options led to the identification of six (6) renewal options for further consideration:

#### Option 1: Rehabilitation on Site

Several planning studies have been undertaken with respect to the Rosemount branch facility, culminating in the Preliminary Design Study Report (September 23, 2016). The complete undertaking of the proposed improvements and building modifications outlined in this report were estimated by the City of Ottawa's Infrastructure Services department as being in excess of \$2 million.

#### Options 2, 3, and 4: Relocation to Parkland

The City of Ottawa's Corporate Real Estate Office (CREO) examined all municipal lands in the Kitchissippi Ward. No surplus lands exist at this time. Nevertheless, the consultant examined vacant public lands, currently being used as part of larger parklands. A conceptual option was developed based on these lands and is referred to as the "Parkland Option." Three forms of construction financing were compared for the relocation to parkland scenario resulting in Options 2, 3 and 4.

#### Option 5: Relocation and Expansion of Public Facility

The consultant also examined a number of municipal facilities in the study area including community centres, arenas, and social housing complexes, which could be available for relocation and expansion. Some have adjacent space which could be considered for use for a new build Rosemount branch. One facility was further examined as a conceptual option.

#### Option 6: Lease Commercial Space

An existing lease option was identified and costed as part of the business case analysis.

Finally, the Business Case notes that privately-owned sites were also examined, but did not reach the short list of options due to significant costs and risks particularly in regard

to land acquisition, building demolition and land remediation. This resulted in poor assessments on the affordability factors.

### Financial Analysis

A financial model was prepared to assess and compare all six options. The model is a long-term cash flow forecast of capital and operating pressures, offset by the revenues. Insufficient revenue creates an affordability gap. The term period consists of the multiyear construction period followed by 25 years of operation.

The report reviewed potential alternate revenue opportunities in the form of Development Charge funding, local fundraising, and potential land sale proceeds. No additional revenues could be confirmed for this project through these sources.

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:

- Base rent costs and projections;
- 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; and,
- Capital project costs including hard and soft costs.

This data was then assigned to the respective cost categories and used to build the financial model over a 25-year period.

A financial analysis was prepared which demonstrates the Net Present Value (NPV) for each project option. NPV analysis is a standard analytical approach that allows organizations to assess which is the better option among multiple alternative options from a financial perspective.

The financial analysis determined that Option 1: Rehabilitation on Site ranked first as the lowest cost option. In addition, this option was the only one that met the affordability factor. These results are detailed in Figure 8 of the Business Case.

## Risk Analysis

Risk analysis evaluates 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 degree to which each option aligns with the stated project objectives and associated risks to OPL.

Risk factors as outlined on pages 22-24 of the Business Case were grouped into five categories: Policy, Planning & Procurement; Design; Construction; Operations & Maintenance; and Finance & Economics. Each factor was weighted separately with each risk being assigned a score of 1 to 5, with 1 being the lowest residual risk to OPL, and 5 being highest. The combined weighted average of each option was then rank ordered to assess the range of possible risk options.

Figure 9, Summary of Risk Analysis of the Business Case identifies the Option 6: Lease Commercial Space Option as having the lowest combined risk ranking. The next lowest was Option 1: Rehabilitation on Site.

## Option Analysis Conclusions

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

The overall conclusion is that Option 1: Rehabilitate Rosemount on its existing site is the preferred option for the Rosemount branch. This option represents the best alignment with OPL's strategic objectives, and is expected to be cost effective and relatively lower risk when compared to most of the other options considered. Of the six options analyzed in the business case, Option 1 was the sole option that was affordable.

Table 1: Combined Scoring below summarizes the outcomes of the financial and risk rankings, and combined weighted scoring for the six options.

Table 1: Combined Scoring

Option	Contract Type	Financial Rank	Risk Rank	Weighted Score	Final Rank	Affordable?
1. Rehabilitation 18 Rosemount	Construction Management	1	2	2	1	Yes
2. Relocation to Parkland Option	Construction Management	2	5	4	2	No
3. Relocation to Parkland Option	Design-Build-Finance	3	4	4	2	No
4. Relocation to Parkland Option	Build-Lease to Own	5	3	4	5	No
5. Relocation and expansion of Public Facility Option	Construction Management	4	6	5	6	No
6. Lease commercial space	Lease	6	1	4	2	No

### Business Case Recommendation

All six options require a significant financial investment to implement. OPL has an annual pay-as-you-go capital funding envelope of \$2.6 million. With 33 branches, system-wide service pressures, and competing priorities, the preferred option is the one that is the most affordable: to renovate the existing facility.

Based on the conclusions of the Business Case, staff recommend that the OPL Board approve Option 1: Rehabilitation on Site as the option for the renewal of the Rosemount branch. This aligns with the OPL Board's previous direction (OPLB-2016-0181) to rank Rosemount as the number one renewal priority for 2016-2021.

### NEXT STEPS

Considerable planning work that has been done to reach this point will be useful in moving forward into the renovation and renewal of the Rosemount branch.

Pending OPL Board approval of the recommended option, the key next steps to advance this project are:

- 2018 Budget Approval – Q4 2017

- Architect Selection – Q1 2018
- Public Consultation – Q2-Q3 2018
- Construction Tender and start of Construction – Q4 2018 - Q1 2019
- Construction Completion – Q4 2019 - Q1 2020

In accordance with OPL practices, and to minimize disruption to customers, library depot services will be offered through an alternate location during the construction closure period.

### **CONSULTATION**

The project was centrally coordinated through an Ottawa Public Library Manager supported by City of Ottawa subject matter experts from Corporate Real Estate Office and the Planning, Infrastructure and Economic Development Department.

The Business Case approach and methodology was reviewed with Chair Tierney and Trustee Sweet (as a former member of the OPL Board Facilities Renewal and Growth Planning Study Ad Hoc Committee). Additional meetings were held with Chair Tierney and Councillor Leiper, and later with representatives of a special interest group.

### **LEGAL IMPLICATIONS**

There are no legal implications associated with this report.

### **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

### **FINANCIAL IMPLICATIONS**

There are no financial implications associated with this report. Implementation of the recommended approach will inform the Library's 2018 budget.

### **ACCESSIBILITY IMPACTS**

All renewal and new construction must comply with the City of Ottawa's Accessibility Design Standards (November 2015) which is used to apply the Accessibility for Ontarians with Disabilities Act (AODA, 2005).



## **TECHNOLOGY IMPLICATIONS**

There are no technology implications associated with this report.

## **BOARD PRIORITIES**

The Rosemount branch renewal aligns with the OPL Board's 2015-2018 strategic priority of "SPACES for community, collections, and creation," part of the direction to "Sustain collaborative and flexible physical spaces across the library system." This also aligns with the OPL Board's Branch Renewal Priorities (2016-2021) which identified Rosemount branch as the number one renewal priority.

## **SUPPORTING DOCUMENTATION**

Document 1 Business Case: Ottawa Public Library Rosemount Branch, Boxfish Consultants, September 18, 2017.

## **DISPOSITION**

Upon approval of the proposed Rosemount branch renewal, staff will incorporate this priority into the 2018 budget planning process.