



Ottawa Central Library Development Project

OPL-LAC Partnership Assessment Report

December 2016

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Introduction

Context

Deloitte LLP (“Deloitte”) was engaged by Ottawa Public Library (“OPL”) to assist in the assessment of a potential partnership between OPL and Library and Archives Canada (“LAC”) to develop a joint facility under the Ottawa Central Library Development Project (the “Project”). The joint facility, upon completion, would accommodate both the OPL central library and certain functions of LAC.

This report outlines the partnership assessment approach and rationale, as well as a recommendation on whether or not a partnership between OPL and LAC is preferable for the Project.

Project Background

Ottawa Central Library Development

In recent years, OPL has faced significant challenges in transforming its library services to keep up with rapidly developing technology, increasing customer expectations and changing demographics in the greater Ottawa area. Furthermore, the existing Main Branch facility, the largest and busiest branch in the OPL system was opened in 1974 and is in need of replacement to deliver modern library services and be more accessible. In order to respond to these issues, the City of Ottawa (the “City”) and OPL have decided, based on a series of investigations and analyses, to develop a new, modern, dynamic Central Library facility in the Central Area¹ of Ottawa. The new facility will replace the existing aging Main Branch facility and function as a community-based creative learning library, serving both the roles of a local branch and a citywide service. Upon completion, the new facility is expected to:

- Be user-friendly, safe, accessible, welcoming and customer-focused;
- Offer flexible spaces achieved through effective and intuitive design;
- Create inviting and comfortable spaces through the use of natural light; and
- Enable self-service through technology.

OPL envisions the new facility to be:

- An innovative, iconic and significant civic building that will function as a local library branch and a citywide service;

¹ Defined as 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.

<http://documents.ottawa.ca/sites/documents.ottawa.ca/files/documents/cap089614.pdf>

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- A destination for all residents and visitors to the Nation's Capital; and
- A conveniently-located and architecturally distinct building.

In July 2015, the new Central Library development was approved as a 2015-2018 Term of Council Priority. The Project is considered to be a transformational project and a City-building initiative for Ottawa.

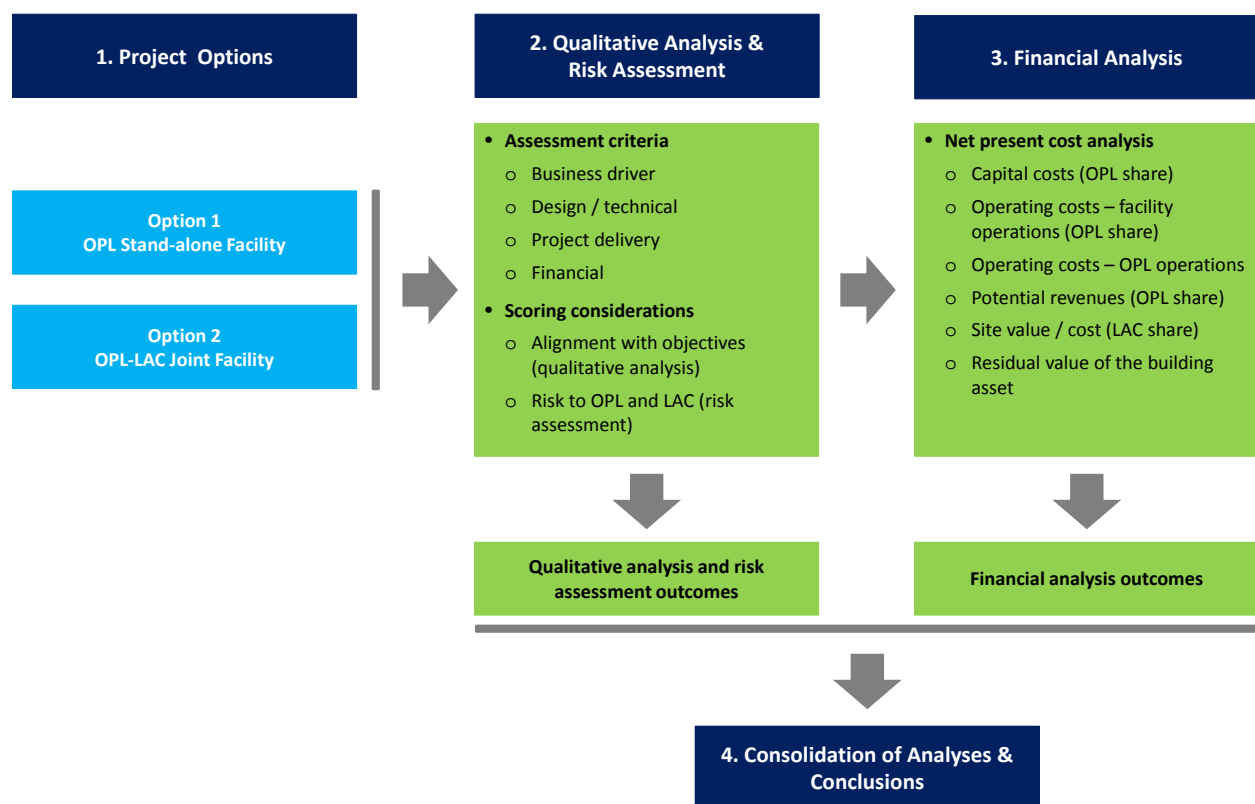
Partnership with Library and Archives Canada

In January 2016, OPL and LAC announced an intention to investigate and explore the potential opportunity for partnership to jointly develop an OPL-LAC facility that will accommodate both the planned OPL central library and certain functions of LAC. The assessment of the feasibility and benefits of developing a joint facility has been undertaken in parallel with the selection of a preferred Project site and the P3 screening assessment for the Project.

Partnership Assessment Approach

Overall Approach

In order to determine if the development of an OPL-LAC Joint Facility is the preferred solution for the Project, the following analyses were conducted to assess the two Project options (i.e. OPL Stand-alone Facility vs. OPL-LAC Joint Facility) from both qualitative and quantitative (financial) perspectives, taking into consideration the risks associated with each Project option.



The approach applied for each of the analysis components is detailed in the following sections.

Option Analysis

Project Options

A Project option analysis compares the benefits, costs and challenges of potential Project options. It is important to identify and develop a clear definition of each considered Project option at the beginning of the analysis. Based on the discussions with OPL and LAC, as well as the Board Direction received on March 8, 2016, the following Project options have been developed to assess the potential partnership between OPL and LAC.

Option 1 – OPL Stand-alone Facility

Under the OPL Stand-alone Facility option, OPL will develop a stand-alone Central Library facility on a selected site. The new facility is expected to meet OPL's vision and mission and provide all of the programs and customer services that are planned for the new facility. The stand-alone Central Library facility will not include any LAC program components.

OPL and the City will conduct the planning, design and procurement processes, manage the delivery and operations of the new Central Library facility and bear the associated costs.

Option 2 – OPL-LAC Joint Facility

Under the OPL-LAC Joint Facility option, OPL and LAC will work as an integrated team to develop a consolidated functional program which will address the needs of both OPL and LAC individual and joint programs.

OPL (along with the City) and LAC will jointly conduct the planning, design and procurement processes of the joint OPL-LAC facility. The two organizations will also work together to manage the delivery and operations of the new facility. Costs associated with the development, construction and operations of the joint facility will be shared between OPL and LAC. A cost sharing framework is currently under development by OPL and LAC.

Qualitative Analysis and Risk Assessment

Approach

Assessment Criteria

The qualitative analysis evaluates each Project option against criteria that are not directly cost related but are highly important for achieving the strategic objectives of the Project.

To enable the assessment of the benefits and challenges associated with the two Project options, a list of 17 qualitative assessment criteria grouped into four categories (business drivers, design / technical, project delivery and financial) was developed. Furthermore, in order to reflect the relative importance of a qualitative criterion to the Project, each criterion was assigned a weighting, represented as a percentage adding up to 100% for all of the criteria. Please see the qualitative analysis and risk assessment matrix for details.

Qualitative Analysis and Risk Assessment Workshops

Two interactive workshops were held with representatives from OPL, the City and LAC to conduct the qualitative analysis.

Workshop 1 – Finalization of the Assessment Criteria and Weightings

The workshop participants reviewed and finalized the assessment criteria and weightings to ensure they fully reflected the strategic objectives of OPL and LAC on this Project.

Workshop 2 – Assessment of the Project Options

The participants then assessed the Project options against each criteria, taking into account two different considerations:

- Alignment with Project objectives; and
- Risk to OPL and LAC.

For alignment with objectives, each Project option was assessed against each criterion and scored on a scale of 0 to 5, as follows:

- 0 = not aligned
- 1 = partially aligned
- 2 = moderately aligned
- 3 = substantially aligned
- 4 = fully aligned
- 5 = exceeds expectations

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The scores were then multiplied by the applicable weighting to calculate the qualitative analysis score for each of the criteria.

Each Project option was then scored and assessed on a three point scale to consider the risk of not meeting a criterion, denoted as low risk (L), medium risk (M) or high risk (H).

The two considerations were evaluated independently. For example, a Project option may score 5 in terms of being highly compatible with the objective; however, it may contain a high degree of risk in achieving the objective, in which case the option would be scored as high risk against the criteria.

The two considerations were then combined to produce a risk weighted score. Weightings for risk were applied as follows:

- High risk (H) = 0.5
- Medium (M) = 1.0
- Low risk (L) = 1.5

The qualitative assessment was conducted on a consensus basis, leveraging the expertise and Project knowledge of OPL, the City and LAC. The inputs and rationales discussed were recorded in detail during the workshops and then documented in the qualitative analysis and risk assessment matrix starting on the following page.

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Qualitative Analysis and Risk Assessment Matrix

Item	Assessment Criterion	Description	Weighting	OPL Stand-alone Facility		OPL-LAC Joint Facility	
				Align.	Risk	Align.	Risk
1.0	Business Drivers		35%				
1.1	Achieving OPL's vision for the new facility	<p>This criterion assesses the level by which each Project option meets or exceeds OPL's vision for the new facility.</p> <p>Vision:</p> <p><i>"Our Central Library will be an inclusive, dynamic home for creativity and learning.</i></p> <p><i>In April 2015, the Ottawa Public Library Board committed to developing an inclusive, dynamic Central Library enabling creation and learning.</i></p> <p><i>The Ottawa Central Library is envisioned as an innovative, iconic and significant civic building. It will function as a local library branch and a citywide service. It will be a destination for all residents and visitors to our Nation's Capital. Combining form and function, the structure will be conveniently-located and architecturally distinct.</i></p> <p><i>A library for the future, the Ottawa Central Library will be a place that:</i></p>	10%	4	M	5	L

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Item	Assessment Criterion	Description	Weighting	OPL Stand-alone Facility		OPL-LAC Joint Facility	
				Align.	Risk	Align.	Risk
		<ul style="list-style-type: none"> • <i>Inspires learning and fosters collaboration from the moment you walk in;</i> • <i>Sparks curiosity with displays, exhibits, presentations and other visual elements; and</i> • <i>Offers many multi-use spaces to connect people.”</i> 					
1.2	Meeting the functional program requirements and responding to the service delivery requirements	This criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to deliver a facility that meets all functional program requirements and effectively responds to the service delivery requirements.	10%	4	L	5	L
1.3	Realizing the benefits of a new facility	This criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to maximize the benefits of the new facility to provide a richer customer experience (e.g. larger public areas, integrated program, joint service offering, etc.), realize increased business opportunities (e.g. higher customer volume, expanded customer reach, etc.) and/or optimize the business operations.	15%	4	L	5	M

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Item	Assessment Criterion	Description	Weighting	OPL Stand-alone Facility		OPL-LAC Joint Facility	
				Align.	Risk	Align.	Risk
2.0	Design / Technical		26%				
2.1	Achieving design excellence for a landmark facility	This criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to design and deliver a facility that demonstrates design excellence (e.g. integration of natural features into site design, utilization of natural lighting in the building, design a landmark / signature building within the City's Central Area, etc.)	7%	4	L	5	L
2.2	Achieving an efficient design that will address all of the technical and functional requirements of the operating model	This criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to develop an efficient and innovative design solution that meets all unique technical and functional features required by the OPL and LAC operating models.	7%	4	L	4	M
2.3	Ease of planning and implementing future lifecycle activities	This criterion assesses the impact of each Project option on the ease and efficiency of planning and implementing future lifecycle of the facility.	4%	4	M	4	L
2.4	Ease of managing the ongoing facility operations and maintenance	This criterion assesses the impact of each Project option on the ease and efficiency of ongoing operations and maintenance of the facility.	4%	4	L	3	L

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Item	Assessment Criterion	Description	Weighting	OPL Stand-alone Facility		OPL-LAC Joint Facility	
				Align.	Risk	Align.	Risk
2.5	Achieving flexibility of the facility	This criterion assesses the level by which each Project option allows the facility to be flexible in order to address the growing and changing needs of OPL or OPL/LAC (as the case may be), in the future.	4%	4	L	5	L
3.0	Project Delivery		25%				
3.1	Managing the planning, design and procurement processes and obtaining approvals	This criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to effectively and efficiently manage the planning, design and procurement processes and obtain all required approvals in a timely fashion.	7%	4	M	4	H
3.2	Achieving effective governance of the Project	This criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to establish and operate an effective governance structure and processes for the Project.	7%	4	M	4	M
3.3	Selecting and obtaining a Project site	This criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to select and obtain an appropriate site for the facility and resolve all site related issues in a timely fashion.	4%	3	H	3	H

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Item	Assessment Criterion	Description	Weighting	OPL Stand-alone Facility		OPL-LAC Joint Facility	
				Align.	Risk	Align.	Risk
3.4	Managing the design implementation and construction risks and on-schedule delivery of the facility	This criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to effectively and efficiently manage the design implementation and construction risks associated with the Project and deliver the facility within the required timetable.	4%	4	M	4	H
3.5	Efficient management of transition and moving-in	This criterion assesses the impact of each Project option on the continuous operation and service provision of OPL or OPL/LAC (as the case may be) during the transition and moving-in period.	3%	4	L	4	M
4.0	Financial		14%				
4.1	On-budget delivery of the facility	This criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to effectively manage the Project costs and minimize the potential for cost overruns.	5%	4	M	4	M
4.2a	Attracting government funding	This criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to attract and obtain government funding for the Project (e.g. government grants, etc.).	3%	4	M	5	L

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Item	Assessment Criterion	Description	Weighting	OPL Stand-alone Facility		OPL-LAC Joint Facility	
				Align.	Risk	Align.	Risk
4.2b	Attracting private funding	This criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to attract and obtain private funding for the Project (e.g. naming rights, donations, partnership revenues, etc.).	1%	3	H	3	M
4.3	Maintaining the long-term value of the facility asset	This criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to maintain the long-term value of the facility asset.	5%	3	H	4	M

Please see Appendix 1 of this report for detailed commentary on the qualitative scores and risk assessment.

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Conclusion of the Risk-Adjusted Qualitative Analysis

Weighted Scores	OPL Stand-alone Facility	OPL-LAC Joint Facility
Weighted Qualitative Score without Risk Assessment * 10	39	44
Risk Adjusted Qualitative Score * 10	47.5	51.1
Maximum Possible Risk Adjusted Qualitative Score * 10	75	75
Total Risk Adjusted Qualitative Score (%)	63.3%	68.1%

Scoring Rationale:

- The total risk adjusted qualitative score (%) was calculate by dividing the risk adjusted qualitative score for a specific Project option by the maximum possible risk adjusted qualitative score.

Based on the above qualitative analysis and risk assessment, the OPL-LAC Joint Facility option is the preferred Project option from a qualitative perspective.

In summary, from a qualitative perspective, an **OPL-LAC Joint Facility** is expected to allow OPL to exceed its vision for the new facility, provide a richer customer experience and broaden OPL's customer reach. This option also provides higher potential for achieving an efficiently designed, landmark facility which will be flexible enough to allow OPL to respond to future changes in business needs. The additional stakeholders and complexity associated with an OPL-LAC Joint Facility increases the risk to Project management and delivery. However, this risk could be managed through a clearly established partnership agreement between OPL and LAC and a strong governance of the Project. Furthermore, a partnership with LAC, a prestigious federal organization, could potentially increase the opportunity to attract both public and private funding and increase the likelihood of maintaining the long-term value of the facility, when compared against the OPL Stand-alone Facility option.

The **OPL Stand-alone Facility** option is fully aligned with the strategic business objectives, allowing OPL to achieve its vision and meet the functional program and service delivery requirements. As with an OPL-LAC Joint Facility, the OPL Stand-alone Facility also allows for an efficient and iconic design solution. However, given the potential challenges and constraints associated with the OPL Stand-alone Facility, the risks of obtaining funding and implementing an effective lifecycle program over the long-term operational stage are greater when compared with the OPL-LAC Joint Facility.

Financial Analysis

Approach

The financial analysis involved a comprehensive assessment of the net present cost associated with each of the Project options. The rationale behind the assessment is to compare the estimated net present cost of the OPL Stand-alone Facility to OPL's portion of the net present cost of the OPL-LAC Joint Facility.

The net present cost associated with each Project option was calculated using a discounted cash flow model. Capital and operating cash flows over the 36-year analytical term (2016 – 2051 inclusive) were discounted to January 1, 2016 using a discount rate of 3.5%, the City's current discount rate for planning and forecasting. Furthermore, the fiscal year for the City ends on December 31. All of the cost and revenue cash flows have been assumed to occur on the last day of the City's fiscal year.

Assumptions

In order to carry out the financial analysis, a detailed whole life cost estimate was developed by OPL and LAC, working in conjunction with the relevant City divisions, Project technical team and external costing consultant (Turner & Townsend), for each of the OPL Stand-alone Facility and OPL-LAC Joint Facility options. The whole life cost estimates were presented in the format of cash flow projection, based on the anticipated timelines of the Project.

The estimated cash flows were grouped into five categories, as summarized below, based upon the nature of the cost items.

Facility Capital Cost Assumptions

As a part of the OPL-LAC project planning process, detailed capital cost estimates were developed by OPL and LAC, with support from Turner & Townsend, based on the conceptual blocking outline prepared by Ajon Moriyama Architect utilizing the functional program requirements prepared by Resource Planning Group Inc. The capital cost estimates contain the following key elements:

- Base construction costs including contingencies and escalation;
- Consultant fees;
- Development costs;
- Project delivery costs for external project managers; and
- Taxes.

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Facility Operating Cost Assumptions

The facility's operating and maintenance cost estimates were jointly developed by OPL and LAC based on the operating and maintenance requirements for the new Central Library and taking into consideration the budget data of the current facilities and projections for the class of facility envisioned. The cost estimates include the following key elements:

- Purchased services;
- Materials and supplies;
- Utilities; and
- Labour.

Facility Lifecycle Cost Assumptions

The facility's lifecycle cost estimates were developed jointly by the City's Asset Management Division, OPL and LAC. The Lifecycle profile was based on the capital maintenance and renewal requirements for the various elements of the Central Library, including:

- Exterior/site works;
- Structural;
- Building envelope;
- Building interior;
- Electrical;
- Mechanical;
- Life safety;
- Elevating devices;
- Accessibility;
- Furniture;
- Shelving / cabinets;
- Technology;
- Program equipment;
- Building / kitchen / exterior equipment; and
- Parking.

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OPL Operating Cost & Revenue Assumptions

OPL's operating cost and revenue estimates developed by OPL include the following key elements:

- Library operations expenses
 - Compensation, benefits and overtime;
 - Purchased services;
 - Materials and supplies;
 - Financial charges; and
 - Activity allocations.
- Revenues
 - Advertising;
 - Sundry;
 - Fines (excluding parking);
 - Other short term rentals;
 - Makerspace revenue;
 - Non-resident fees;
 - Photocopy fees;
 - Replacement charges;
 - Cafe/vending machines;
 - Tenant rent - air rights (existing building); and
 - Tenant rent – garage (existing building).

Site Cost for LAC Portion of the Joint Facility

For the purposes of this analysis, the City-owned exemplar site (located at 557 Wellington Street and bounded by the Confederation Line, Albert Street and Commissioner Street) was used for the assessment. The LAC portion of the estimated site value has been included in the OPL-LAC Joint Facility option as potential revenue to OPL.

Residual Value of the Building Asset

The useful life of the new Central Library is expected to be approximately 60 years. For the purpose of this analysis, the residual asset value of the facility in 2051 was estimated based on the expected approximate remaining life of 30 years at that time for both OPL Stand-alone Facility and OPL-LAC Joint Facility. It should be noted that the residual value of the asset under the OPL-LAC Joint Facility option included only the OPL portion of the facility.

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Cost and Revenue Sharing between OPL and LAC

For the purpose of this analysis, a preliminary cost and revenue sharing mechanism was developed by OPL and LAC in order to assess the OPL portion of the net Project costs associated with the OPL-LAC Joint Facility. Please note that the detailed cost sharing framework is still under discussion by the two organisations therefore the final cost and revenue sharing approach may be different from what was used in this analysis. However, OPL and LAC envision it will follow the same principles.

Financial Analysis Results

No Parking Lot Scenario (Base Case Scenario)

For the base case scenario, it has been assumed that the facility does not include an underground parking lot. Under this scenario, the financial analysis indicated that the net present cost of the OPL-LAC Joint Facility option is approximately \$13M less than that of the OPL Stand-alone Facility option.

Financial Analysis (No Parking Lot)	Project Options	
	OPL Stand-alone Facility	OPL-LAC Joint Facility
Net Present Cost	\$272.8M	\$260.0M
Cost Saving (relative to the option that has the higher Net Present Cost)	--	\$12.8M
Financial Analysis Score (%)	0%	4.7%

Scoring Rationale:

- The estimated cost saving associated with a Project option was calculated by comparing the net present cost of a specific Project option with the higher net present cost between the two Project options.
- The financial analysis score (%) was calculated by dividing a specific Project option's cost saving by the higher net present cost between the two Project options.

The financial analysis indicated that the OPL-LAC Joint Facility option remains the preferred option for the Project.

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Including Parking Lot Scenario (Alternative Scenario)

An alternative scenario taking into account the underground parking lot has also been analyzed. Under this scenario, the financial analysis indicated that the net present cost of the OPL-LAC Joint Facility option is approximately \$15M less than that of the OPL Stand-alone Facility option.

Financial Analysis (Including Parking Lot)	Project Options	
	OPL Stand-alone Facility	OPL-LAC Joint Facility
Net Present Cost	\$293.7M	\$278.8M
Cost Saving (relative to the option that has the higher Net Present Cost)	--	\$14.9M
Financial Analysis Score (%)	0%	5.1%

The financial analysis indicated that the OPL-LAC Joint Facility option remains the preferred option for the Project.

Conclusion

Conclusion of the Partnership Assessment

No Parking Lot Scenario (Base Case Scenario)

The following table summarizes the outcomes of the qualitative and financial assessments of the two Project options under the base case scenario:

Assessment (No Parking Lot)	Project Options	
	OPL Stand-alone Facility	OPL-LAC Joint Facility
Weighted Qualitative Score without Risk Assessment * 10	39	44
Risk Adjusted Qualitative Score * 10	47.5	51.1
Maximum Possible Risk Adjusted Qualitative Score * 10	75	75
Total Risk Adjusted Qualitative Score (%)	63.3%	68.1%
Net Present Cost	\$272.8M	\$260.0M
Cost Savings (relative to the option that has the higher Net Present Cost)	--	\$12.8M
Financial Analysis Score (%)	0%	4.7%
Overall Assessment Score	63.3%	72.8%

Scoring Rationale:

- The overall assessment score (%) was calculated as a sum of the total risk adjusted qualitative score and financial analysis score.
- The overall assessment score combines the outcomes from the qualitative and risk analysis and financial analysis. The calculation assumes that both qualitative/risk considerations and financial considerations are equally important in the decision making process.

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Including Parking Lot Scenario (Alternative Scenario)

The following table summarizes the outcomes of the qualitative and financial assessments of the two Project options under the alternative scenario:

Assessment (Including Parking Lot)	Project Options	
	OPL Stand-alone Facility	OPL-LAC Joint Facility
Weighted Qualitative Score without Risk Assessment * 10	39	44
Risk Adjusted Qualitative Score * 10	47.5	51.1
Maximum Possible Risk Adjusted Qualitative Score * 10	75	75
Total Risk Adjusted Qualitative Score (%)	63.3%	68.1%
Net Present Cost	\$293.7M	\$278.8M
Cost Savings (relative to the option that has the higher Net Present Cost)	--	\$14.9M
Financial Analysis Score (%)	0%	5.1%
Overall Assessment Score	63.3%	73.2%

Summary

The Overall Assessment Scores indicated that the **OPL-LAC Joint Facility** option is the preferred approach for the Project. An OPL-LAC Joint Facility is expected to allow OPL to exceed its vision for the new facility, provide a richer customer experience and broaden OPL's customer reach. This option also provides higher potential for achieving an efficiently designed, landmark facility which will be flexible enough to allow OPL to respond to future changes in business needs. The additional stakeholders and complexity associated with an OPL-LAC Joint Facility increases the risk to project management and delivery. However, this risk could be managed through a clearly established partnership agreement between OPL and LAC and a strong governance of the Project. Furthermore, a partnership with LAC, a prestigious federal organization, could potentially increase the opportunity to attract both public and private funding and increase the likelihood of maintaining the long-term value of the facility.

Furthermore, the OPL-LAC Joint Facility option has a lower estimated net present cost for the development and long-term operations of the facility, as compared to the OPL Stand-alone Facility option. Some synergies and cost savings could potentially be achieved through the partnership and cost sharing with LAC.

Appendix 1 – Commentary on Qualitative Scores and Risk Assessment

1. Business Drivers

1.1 Achieving OPL's vision for the new facility – this criterion assesses the level by which each Project option meets or exceeds OPL's vision for the new facility.

Vision:

“Our Central Library will be an inclusive, dynamic home for creativity and learning.

In April 2015, the Ottawa Public Library Board committed to developing an inclusive, dynamic Central Library enabling creation and learning.

The Ottawa Central Library is envisioned as an innovative, iconic and significant civic building. It will function as a local library branch and a citywide service. It will be a destination for all residents and visitors to our Nation's Capital. Combining form and function, the structure will be conveniently-located and architecturally distinct.

A library for the future, the Ottawa Central Library will be a place that:

- *Inspires learning and fosters collaboration from the moment you walk in;*
- *Sparks curiosity with displays, exhibits, presentations and other visual elements; and*
- *Offers many multi-use spaces to connect people.”*

Qualitative Scores:

A newly built OPL Stand-alone Facility is expected to fully align with OPL's vision. Therefore, it scored 4 out of 5.

Compared to a stand-alone facility, a joint OPL-LAC facility is expected to exceed OPL's vision, as it is envisaged that a joint facility will provide more opportunities and additional value through:

- The potential for joint OPL-LAC programs;
- More public areas for customer use;
- Broader customer reach;
- Richer customer experience; and
- Increased opportunities for design innovation due to the larger size of the joint facility.

Therefore, the OPL-LAC Joint Facility scored 5 out of 5 for exceeding the objective.

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Risk Assessment:

An OPL Stand-alone Facility represents a medium risk to achieving the vision as site, size and budget constraints increase the risk that OPL may not be able to fully achieve its vision.

An OPL-LAC Joint Facility represents a low risk to achieving the vision as a larger facility, a city and federal partnership, greater support for the facility, as well as enhanced business opportunities (joint programming, expanded customer reach, etc.) make it more likely for OPL to achieve its vision.

- 1.2 **Meeting the functional program requirements and responding to the service delivery requirements** – this criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to deliver a facility that meets all functional program requirements and effectively responds to the service delivery requirements.

Qualitative Scores:

An OPL Stand-alone Facility is expected to fully align with this objective as the new facility will be designed to fully accommodate the functional program requirements which are driven by the service delivery requirements. Therefore, the option scored 4 out of 5 for fully aligning with the objective.

An OPL-LAC Joint Facility is expected to provide more opportunities and flexibility that allow OPL to not only meet the functional program requirements, but also better respond to client service delivery requirements by providing a richer customer experience. Therefore, the option scored 5 out of 5 for exceeding the objective.

Risk Assessment:

Size and budget constraints associated with the OPL Stand-alone Facility could pose a risk to OPL's ability to fully deliver the functional program and service delivery requirements, however, overall the risk was considered low, as the design can be tailored based on the constraints to ensure all requirements are satisfied.

An OPL-LAC Joint Facility also represents a low risk for the same reasons outlined above.

- 1.3 **Realizing the benefits of a new facility** – this criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to maximize the benefits of the new facility to provide a richer customer experience (e.g. larger public areas, integrated program, joint service offering, etc.), realize increased business opportunities (e.g. higher customer volume, expanded customer reach, etc.) and/or optimize the business operations.

Qualitative Scores:

A new, modern OPL Stand-alone Facility is expected to allow OPL to realize many benefits, especially by virtue of improved customer experience, increased customer volume, increased business opportunities, ability to integrate with the community and more efficient business operations. Therefore, the option scored 4 out of 5 for fully aligning with the objective.

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The partnership with LAC is expected to further enhance the customer experience, drive greater increases in customer volume due to national presence and introduce additional business opportunities not achievable with a stand-alone facility. Therefore, the OPL-LAC Joint Facility scored 5 out of 5 for exceeding the objective.

Risk Assessment:

An OPL Stand-alone Facility represents a low risk as OPL is in full control of developing the functional program and service offerings and optimizing the business operations. Additionally, a new, well designed facility in and of itself will drive increased customer volumes and enhance the customer experience.

An OPL-LAC Joint Facility represents a medium risk as although the option provides greater opportunities for a richer customer experience and increased business opportunities, it introduces additional risk to the optimization of the business operations due to the challenges associated with coordinating and integrating the services and business models of the two organizations.

2. Design / Technical

- 2.1 **Achieving design excellence for a landmark facility** – this criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to design and deliver a facility that demonstrates design excellence (e.g. integration of natural features into site design, utilization of natural lighting in the building, design a landmark / signature building within the City's Central Area, etc.)

Qualitative Scores:

The new OPL Stand-alone Facility is expected to be an iconic landmark building in the City's Central Area. This principle will guide the design development, thereby enabling the achievement of design excellence. As such, this option scored 4 out of 5 for fully aligning with the objective.

In the case of an OPL-LAC Joint Facility, LAC shares OPL's vision with respect to the design and development of a landmark facility. Furthermore, owing to the larger size of a joint facility, it is expected to provide greater opportunities for design innovation and attract the interest of leading architects in the industry. Therefore, the option scored 5 out of 5 for exceeding the objective.

Risk Assessment:

Given that the new facility will be a new build, and the fact that there is a shared view of developing a landmark facility between OPL and LAC, and that the organizations will be in control of the design requirements, both the OPL Stand-alone Facility and OPL-LAC Joint Facility represent a low risk in terms of achieving design excellence.

- 2.2 **Achieving an efficient design that will address all of the technical and functional requirements of the operating model** – this criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to develop an efficient and innovative design solution that meets all unique technical and functional features required by the OPL and LAC operating models.

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OPL-LAC PARTNERSHIP ASSESSMENT REPORT

Qualitative Scores:

A new OPL Stand-alone Facility is expected to meet all of the technical and functional requirements of OPL's business operations. OPL's needs are reflected in the functional program developed and will become the basis of the design development. Therefore, the option scored 4 out of 5 for fully aligning with the objective.

In the case of an OPL-LAC Joint Facility, all unique technical and functional requirements required by OPL and LAC are addressed in the joint functional program developed, which will then be reflected in the building design. Therefore, the option also scored 4 out of 5 for fully aligning with the objective.

Risk Assessment:

An OPL Stand-alone Facility represents a low risk as the design should be able to address all of OPL's needs in an efficient manner with opportunities for design innovation.

An OPL-LAC Joint Facility represents a medium risk as both OPL and LAC have their own unique technical and functional requirements (e.g. security, temperature and humidity, separate shipping and receiving, etc.). The number of unique requirements is likely to lead to challenges in developing an integrated and efficient design solution that will accommodate the needs of both businesses.

- 2.3 **Ease of planning and implementing future lifecycle activities** – this criterion assesses the impact of each Project option on the ease and efficiency of planning and implementing future lifecycle of the facility.

Qualitative Scores:

Both the OPL Stand-alone Facility and OPL-LAC Joint Facility are expected to allow for efficient planning and implementation of future lifecycle of the facility. Therefore, both options scored 4 out of 5 for fully aligning with the objective.

Risk Assessment:

An OPL Stand-alone Facility represents a medium risk as, based on historical experience, it can be challenging to achieve the proper investment in lifecycle and renewal for public sector facilities.

An OPL-LAC Joint Facility represents a low risk as there will be an enhanced Project facility management framework (e.g. joint building committee, facility development and management agreement, lifecycle reserve account, etc.) and additional disciplines (from both federal and municipal authorities) in place to augment the planning and implementation of lifecycle of the facility over the long term.

- 2.4 **Ease of managing the ongoing facility operations and maintenance** – this criterion assesses the impact of each Project option on the ease and efficiency of ongoing operations and maintenance of the facility.

OTTAWA CENTRAL LIBRARY DEVELOPMENT PROJECT
OPL-LAC PARTNERSHIP ASSESSMENT REPORT

Qualitative Scores:

An OPL Stand-alone Facility should allow OPL to plan and perform standard facility operations and maintenance as required. Therefore, the option scored 4 out of 5 for fully aligning with the objective.

A Joint OPL-LAC Facility will include both shared and dedicated infrastructure, which to a certain extent complicates the planning and implementation of the facility operations and maintenance. OPL and LAC currently apply different facility management approaches and standards. This will require coordination between the two organizations in order to develop an integrated facility operations and maintenance protocol. Also, OPL currently uses in-house staff, while LAC uses outsourced contractors for facility operations and maintenance. The staffing and associated union issues also need to be carefully addressed. Given the above considerations, this option scored 3 out of 5 for substantially aligning with the objective.

Risk Assessment:

Both the OPL Stand-alone Facility and OPL-LAC Joint Facility represent a low risk to performance of facility operations and maintenance once a clear protocol is established.

- 2.5 **Achieving flexibility of the facility** – this criterion assesses the level by which each Project option allows the facility to be flexible in order to address the growing and changing needs, of OPL or OPL/LAC (as the case may be), in the future.

Qualitative Scores:

Flexibility is one of the key requirements of OPL for the design of the new OPL Stand-alone Facility. It is expected that the new facility will be designed in such a way so as to allow maximum flexibility for repurposing space (e.g. open concept design, mobile furniture, etc.) to meet changing needs in the future. Therefore, the option scored 4 out of 5 for fully aligning with the objective.

An OPL-LAC Joint Facility has the additional benefit of providing the opportunity to share and repurpose space between OPL and LAC, allowing OPL to increase or decrease capacity depending on future business needs. Therefore, the option scored 5 out of 5 for exceeding the objective.

Risk Assessment:

Given that flexibility will be a key area of focus in the facility planning and design, and LAC's agreement in principal to share space between the two organizations, the risk of achieving this objective was considered low for both the OPL Stand-alone Facility and OPL-LAC Joint Facility.

3. **Project Delivery**

- 3.1 **Managing the planning, design and procurement processes and obtaining approvals** – this criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to effectively and efficiently manage the planning, design and procurement processes and obtain all required approvals in a timely fashion.

OTTAWA CENTRAL LIBRARY DEVELOPMENT PROJECT

OPL-LAC PARTNERSHIP ASSESSMENT REPORT

Qualitative Scores:

Proper project management practices will be followed to ensure that the OPL Stand-alone Facility is effectively managed and delivered on schedule. Therefore, the option scored 4 out of 5 for fully aligning with the objective.

With respect to the OPL-LAC Joint Facility, both OPL and LAC are committed to effective and efficient Project management. A strong Project management team with an effective governance structure should be able to ensure that the Project remains on schedule. As such, the option scored 4 out of 5 for fully aligning with the objective.

Risk Assessment:

Given the size and complexity of the Project, the challenges associated with the site selection, and the multiple stakeholders and approval processes involved in the Project (e.g. OPL Board, City Council, etc.), the OPL Stand-alone Facility represents a medium risk to effectively managing the Project processes and obtaining approvals.

Compared to the OPL Stand-alone Facility, an OPL-LAC Joint Facility involves even more stakeholders and approval processes (e.g. OPL Board, City Council, LAC senior management, Treasury Board, etc.), which introduces additional challenges to Project management and poses a high risk of not being able to complete the Project processes or obtain the required approvals in a timely fashion.

- 3.2 **Achieving effective governance of the Project** – this criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to establish and operate an effective governance structure and processes for the Project.

Qualitative Scores:

Given the support of the City to this Project and strong strategic alignment between OPL and LAC for the new facility, both the OPL Stand-alone Facility and OPL-LAC Joint Facility allow for the achievement of effective governance of the Project. As such, both options scored 4 out of 5 for fully aligning with the objective.

Risk Assessment:

Given the size, complexity of the Project and the significant number of stakeholders involved in the Project, the OPL Stand-alone Facility was considered medium risk to implement an effective governance structure for the Project.

For an OPL-LAC Joint Facility, while the partnership agreement between OPL and LAC may somewhat mitigate the risks to effective governance, the increased number of stakeholders involved in the Project results in the OPL-LAC Joint Facility representing a medium risk.

- 3.3 **Selecting and obtaining a Project site** – this criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to select and obtain an appropriate site for the facility and resolve all site related issues in a timely fashion.

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OPL-LAC PARTNERSHIP ASSESSMENT REPORT

Qualitative Scores:

OPL and LAC are aligned in relation to site selection criteria. An official site selection process has been conducted jointly by the two organizations, which involved significant public consultation and Project team due diligence. However, concerns over a potential lack of available sites in the Core of the City and the challenge of identifying a site that meets all of the requirements, result in both options scoring 3 out of 5 for substantially aligning with the objective.

Risk Assessment:

For the reasons set out above, both the OPL Stand-alone Facility and OPL-LAC Joint Facility were considered high risk in terms of selecting and obtaining a site in a timely fashion.

- 3.4 **Managing the design implementation and construction risks and on-schedule delivery of the facility** – this criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to effectively and efficiently manage the design implementation and construction risks associated with the Project and deliver the facility within the required timetable.

Qualitative Scores:

It is expected that project management best practices will be applied regardless of the Project option selected. Both the OPL Stand-alone Facility and OPL-LAC Joint Facility should allow for effective management of the Project during construction and an on-schedule delivery of the new facility. Therefore, both options scored 4 out of 5 for fully aligning with the objective.

Risk Assessment:

Given the size and complexity of the Project, an OPL Stand-alone Facility was considered medium risk in terms of on-schedule delivery.

Compared to the OPL Stand-alone Facility, the OPL-LAC Joint Facility involves more complex design solutions and technical requirements, more Project stakeholders and more reporting and approval processes (e.g. for change orders), all of which pose a high risk to on-schedule delivery of the Project.

- 3.5 **Efficient management of transition and moving-in** – this criterion assesses the impact of each Project option on the continuous operation and service provision of OPL or OPL/LAC (as the case may be) during the transition and moving-in period.

Qualitative Scores:

With effective planning and Project management, both the OPL Stand-alone Facility and OPL-LAC Joint Facility should allow for a smooth transition and moving-in when the new facility achieves substantial completion. Therefore, both options scored 4 out of 5 for fully aligning with the objective.

OTTAWA CENTRAL LIBRARY DEVELOPMENT PROJECT

OPL-LAC PARTNERSHIP ASSESSMENT REPORT

Risk Assessment:

The OPL Stand-alone Facility was considered low risk as the transition and moving-in approach will not be very much different from any major library moving into a new location.

The need for additional coordination, joint training, joint development of operational and development protocols, alignment of overlapping systems and the more onerous nature of federal transition requirements and certifications increases the risk for an OPL-LAC Joint Facility to medium risk.

4. Financial

- 4.1 On-budget delivery of the facility – this criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to effectively manage the Project costs and minimize the potential for cost overruns.

Qualitative Scores:

Given that OPL and LAC are fully in agreement for achieving an on budget delivery, with effective planning and Project management in place, both the OPL Stand-alone Facility and OPL-LAC Joint Facility should be delivered within the planned budget. Therefore, both options scored 4 out of 5 for fully aligning with the objective.

Risk Assessment:

With appropriate planning, strong Project management and adequate contingency, the risk of budget overruns should be manageable. However, the risk of unknowns and potential challenges associated with the OPL Stand-alone Facility, given its size and complexity, is still significant. Therefore the option was considered medium risk.

All of the risks set out above for the OPL Stand-alone Facility also apply to an OPL-LAC Joint Facility. The additional stakeholders and increased approval processes may serve to reduce, to a certain extent, the risk of major scope changes, however given the additional complexity and risks associated with a joint facility, overall the level of risk is also considered medium.

- 4.2a **Attracting government funding** – this criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to attract and obtain government funding for the Project (e.g. government grants, etc.).

Qualitative Scores:

Considering the Project is a priority of the City, the OPL Stand-alone Facility is likely to obtain the required government funding. Therefore, the option scored 4 out of 5 for fully aligning with the objective.

Having LAC, a prestigious federal organization, as part of the OPL-LAC Joint Facility could increase the potential of attracting additional government funding sources including federal funding. Therefore, the option scored 5 out of 5 for exceeding the objective.

OTTAWA CENTRAL LIBRARY DEVELOPMENT PROJECT

OPL-LAC PARTNERSHIP ASSESSMENT REPORT

Risk Assessment:

Given the significant amount of funding required for the Project and the City's budget constraints, the OPL Stand-alone Facility was considered medium risk to achieve this objective.

Entering into a partnership with LAC could increase the chance and reduce the risk of obtaining government funding, therefore the OPL-LAC Joint Facility was considered low risk.

- 4.2b **Attracting private funding** – this criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to attract and obtain private funding for the Project (e.g. naming rights, donations, partnership revenues, etc.).

Qualitative Scores:

Historically it has been challenging for OPL to achieve significant levels of private sector funding through donations, naming rights, partnership revenues, etc. Therefore, the OPL Stand-alone Facility scored 3 out of 5 for substantially aligning with the objective.

An OPL-LAC Joint Facility is likely to attract national attention, which may lead to an increased level of donations and revenue generating partnership arrangements, however, LAC has more stringent rules relating to naming rights. Overall, this option also scored 3 out of 5 for substantially aligning with the objective.

Risk Assessment:

The risk of obtaining private funding for an OPL Stand-alone Facility is considered high as historically OPL has not had a high level of success raising private funding.

Given the consideration that the national significance of the OPL-LAC Joint Facility may increase the level of private funding that can be raised, the risk for this option was considered medium.

- 4.3 **Maintaining the long-term value of the facility asset** – this criterion assesses the level by which each Project option allows OPL or OPL/LAC (as the case may be) to maintain the long-term value of the facility asset.

Qualitative Scores:

As a new building, the OPL Stand-alone Facility should be subject to a comprehensive maintenance and lifecycle plan to preserve the long-term value of the asset. That said, historically it has been challenging to implement proper lifecycle for public sector assets. For this reason the OPL Stand-alone Facility scored 3 out of 5 for substantially aligning with the objective.

A comprehensive joint maintenance and lifecycle plan will also be developed for the OPL-LAC Joint Facility. Furthermore, the partnership agreement between OPL and LAC is expected to obligate both organizations to commit to proper maintenance and lifecycle of the facility. This joint commitment would help ensure the proper implementation of the facility maintenance and lifecycle, as well as maintain the long term value of the asset. Therefore, this option scored 4 out of 5 for fully aligning with the objective.

OTTAWA CENTRAL LIBRARY DEVELOPMENT PROJECT
OPL-LAC PARTNERSHIP ASSESSMENT REPORT

Risk Assessment:

The Stand-alone Facility represents a high risk as, based on historical experience, it could be challenging to achieve commitment for, and proper investment in, lifecycle and renewal for a public facility.

As mentioned above, the partnership agreement and joint commitment of OPL and LAC would decrease the risk of delayed lifecycle. Additionally, the OPL-LAC Joint Facility could potentially obtain a higher priority for capital funding allocation given the Project's high profile. For these reasons the risk of achieving this objective was considered medium for the OPL-LAC Joint Facility.



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