

**Report to
Rapport au:**

**Finance and Economic Development Committee / Comité des finances et du
développement économique
June 5, 2018 / 5 juin 2018**

**and Council / et au Conseil
June 13, 2018 / 13 juin 2018**

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Soumis le 29 mai 2018**

**Submitted by
Soumis par:**

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE **File Number:** ACS2018-PIE-IS-0007

SUBJECT: Implementation Plan for the Ottawa Public Library and Library and Archives Canada Joint Facility

OBJET: Plan de mise en œuvre du projet de l'installation commune de la Bibliothèque Publique d'Ottawa et de Bibliothèque et Archives du Canada

REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend that City Council:

1. Approve the City of Ottawa's participation in the partnership for the Ottawa Public Library and Library and Archives Canada Joint Facility ("the Joint Facility"), as outlined in this report and summarized in Document 1, and
 - a. Delegate authority to the City Manager to negotiate, finalize and execute the Governance Agreement: Ottawa Public Library and Library and Archives Canada Joint Facility ("Governance Agreement") on behalf of City Council;
 - b. Delegate authority to the City Manager to amend the Governance Agreement, as well as any related agreements, such as the Reciprocal and Co-Owners Agreement, on behalf of both the City and the Ottawa Public Library Board, based on the recommendation from the Executive Steering Committee, as outlined in this report; and
 - c. Delegate authority to the City Manager to appoint the City's representative on the Executive Steering Committee if required;
2. Approve the Implementation Plan for the next phases of the design-bid-build procurement of the Joint Facility, as outlined in this report and as follows:
 - a. Delegate authority to the City Manager to undertake the actions necessary to proceed through each stage of the procurement process for any matters where there is no pre-existing delegated authority, including finalizing any contract awards and amendments, within the Council-approved budget and in accordance with the

City's Procurement By-law, regulations and policies, and as recommended by the Executive Steering Committee;

- b. **Direct the Project Management Office staff to provide updates to Members of Council as each major project milestone is achieved, including the reporting of the exercised delegated authority exercised, as described in this report;**
3. **Delegate authority to the General Manager of the Recreation, Cultural and Facility Services Department to complete a business case on the cost-benefit of City and Library participation in the federal district energy program, and to negotiate, finalize and execute an agreement with Public Services and Procurement Canada to provide district energy services to the Ottawa Public Library and Library and Archives Canada Joint Facility, only on recommendation from the Executive Steering Committee and based on a positive business case and environmental benefit, as described in this report.**
4. **Approve additional budget authority of \$148.8 million for the Joint Facility, such that the total project budget is \$174.8 million, to be funded as outlined in this report, including the sale of land, as follows:**
 - a. **Approve the sale of land at 120 Metcalfe Street and 191 Laurier Avenue West, as described in this report and as follows:**
 - i. **Declare part of Property (A) being legally described as part of Lots 50 and 51, North Laurier Avenue, Registered Plan 3922, being all of PIN 04115-0103 containing a surface area of approximately 1,845 square metres (19,860 square feet) and shown as Parcel 2 on Document 2 attached and known as 120 Metcalfe Street, as surplus for the purpose of disposal;**
 - ii. **Approve the sale of Property (A) being the existing Main Library branch comprising the lands declared surplus in Recommendation 4.a.i (120 Metcalfe Street), together with the lands declared surplus by the Ottawa Public Library (191 Laurier Avenue West), as described in this report and shown in Document 4, to Outcore Equities Incorporated and Archean Capital Investments Limited C/O Slate Properties Incorporated for \$20,000,000 pursuant to a Letter of Interest that has been**

executed between the City, Ottawa Public Library and Slate Properties;

- iii. Designate a portion of the lands known as 191 Laurier Avenue West (120 Metcalfe Street) as a Municipal Capital Facility for the provision of a Public Library under Section 110 of the *Municipal Act, 2001* as outlined in this report;
 - iv. Implement the Municipal Capital Facility designation by way of a Municipal Capital Facility Agreement between the City of Ottawa and Slate Asset Management Inc. and enact a by-law in accordance with the requirements of the *Municipal Act, 2001*, and as outlined in this report; and
 - v. Delegate authority to the City Manager, in consultation with the City Clerk and Solicitor, to finalize and execute the Municipal Capital Facility Agreement.
- b. Approve the sale of a portion of the lands at 557 Wellington Street to Library and Archives Canada, as outlined in this report and as follows:
 - i. Declare a portion of Property (B), being approximately 39 per cent of the future Joint Facility site, legally described as all of PIN 04112-0027 and Part of PIN 04112-0005 containing a surface area of approximately 9,569 square metres (103,000 square feet) subject to final survey and shown as Parcels 1,2,3 and 4 on Document 3 attached and known as 557 Wellington Street, as surplus for the purpose of disposal;
 - ii. Approve the sale of the land outlined in Recommendation 4.b.i (39 per cent of 557 Wellington Street), to Her Majesty the Queen for \$3,490,500, pursuant to the terms and conditions detailed in the Governance Agreement between the City of Ottawa, Ottawa Public Library and Library and Archives Canada.
- c. Waive the following clauses from the Disposal of Realty Property Policy and Procedures and the Affordable Housing Land and Funding Policy:

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande que le Conseil municipal

- 1. approuve la participation de la Ville d'Ottawa au partenariat de l'installation commune de la Bibliothèque publique d'Ottawa et de Bibliothèque et Archive Canada (« l'installation commune »), telle que décrite dans le présent rapport et résumée dans le document 1; et**
 - a. délègue au directeur municipal le pouvoir de négocier, de finaliser et d'exécuter l'entente de gouvernance « Installation commune de la Bibliothèque publique d'Ottawa et de Bibliothèque et Archives du Canada » (« l'entente de gouvernance ») au nom du Conseil municipal;**
 - b. délègue au directeur municipal le pouvoir de modifier l'entente de gouvernance et les ententes connexes, telle l'entente de réciprocité et de copropriété, aux noms de la Ville et du conseil d'administration de la Bibliothèque publique d'Ottawa, suivant la recommandation du comité directeur exécutif, comme le précise le présent rapport; et**
 - c. délègue au directeur municipal le pouvoir de nommer le représentant de la Ville au comité directeur exécutif, le cas échéant;**
- 2. approuve le plan de mise en œuvre des prochaines phases de l'approvisionnement de l'installation commune, suivant le modèle conception-soumission-construction, comme le précise le présent rapport et comme suit :**
 - a. déléguer au directeur municipal le pouvoir de prendre les mesures nécessaires pour exécuter chaque phase du processus d'approvisionnement pour toute question ne relevant pas déjà d'un pouvoir délégué, y compris la finalisation d'adjudications et de modifications des contrats, dans le cadre du budget approuvé par le Conseil municipal et conformément au Règlement sur l'approvisionnement et aux règlements et politiques connexes de la Ville, ainsi qu'aux recommandations du comité directeur exécutif;**
 - b. charger le Bureau de gestion de projets de présenter aux membres du Conseil des mises à jour à chaque étape importante du projet, y**

compris un compte rendu du pouvoir délégué exercé, comme le précise le présent rapport;

3. délègue au directeur général du Service des loisirs, de la culture et des installations le pouvoir de monter un dossier de décision sur les coûts-avantages de la participation de la Ville et de la Bibliothèque au programme énergétique de quartier du gouvernement fédéral, ainsi que de négocier, de finaliser et d'exécuter une entente avec Services publics et Approvisionnement Canada (SPAC) pour la fourniture de services énergétiques de quartier à l'installation commune de la Bibliothèque publique d'Ottawa et de Bibliothèque et Archives Canada, seulement sur la recommandation du comité directeur exécutif et moyennant un dossier de décision favorable et des avantages pour l'environnement, comme le précise le présent rapport;
4. approuve une autorisation budgétaire additionnelle de 148,8 millions de dollars pour l'installation commune de la Bibliothèque publique d'Ottawa et de Bibliothèque et Archives Canada, établissant le budget total du projet de l'installation commune à 174,8 millions de dollars à être financé tel qu'énoncé dans le présent rapport, y compris par la vente des terrains, comme suit :
 - a. approuver la vente du terrain situé au 120, rue Metcalfe, et au 191, avenue Laurier Ouest, tel que décrit au présent rapport et comme suit :
 - i. déclarer partie de la propriété (A), dont la description officielle est partie des lots 50 et 51, avenue Laurier Nord, plan enregistré 3922, constituant la totalité du NIP 04115-0103 d'une superficie d'environ 1845 m² (19 860 pieds carrés), désigné parcelle 2 sur le document 2 ci-joint et correspondant au 120, rue Metcalfe, excédentaire aux fins de l'aliénation;
 - ii. approuver la vente de la propriété (A) correspondant à la succursale centrale de la bibliothèque actuelle, composée des terrains déclarés excédentaires dans la recommandation 4.a.i (120, rue Metcalfe), et des terrains déclarés excédentaires par la Bibliothèque publique d'Ottawa (191, avenue Laurier Ouest) et décrits dans ce rapport, à Outcore Equities Incorporated et Archean Capital Investments Limited par l'intermédiaire de Slate Properties Incorporated, pour 20 000 000 de dollars aux termes

d'une lettre d'intérêt réalisée par la Ville, la Bibliothèque publique d'Ottawa et Slate Properties;

- iii. désigner partie des terrains correspondant au 191, avenue Laurier Ouest (120, rue Metcalfe) immobilisation municipale destinée à l'emplacement d'une bibliothèque publique en vertu de l'article 110 de la Loi de 2001 sur les municipalités, comme le précise le présent rapport;**
 - iv. appliquer la désignation d'immobilisation municipale, dans le cadre d'un accord relatif aux immobilisations municipales entre la Ville d'Ottawa et Slate Asset Management Inc., et promulguer un règlement en vertu des exigences de la Loi de 2001 sur les municipalités et comme le précise le présent rapport; et**
 - v. déléguer au directeur municipal le pouvoir de finaliser et d'exécuter l'accord relatif aux immobilisations municipales en collaboration avec le greffier et avocat général de la Ville;**
- b. approuver la vente d'une partie des terrains du 557, rue Wellington, à Bibliothèque et Archives Canada, comme le précise le présent rapport et comme suit :**
- i. déclarer partie de la propriété (B), représentant environ 39 % du site de la future installation commune de la Bibliothèque publique d'Ottawa et de Bibliothèque et Archives Canada, dont la description officielle est la totalité du NIP 04112-0027 et partie du NIP 04112-0005, constituant une superficie d'environ 9569 m² (102 960 pieds carrés) sous réserve du levé définitif, désignée parcelles 1, 2, 3 et 4 sur le document 3 ci-joint et correspondant au 557, rue Wellington, excédentaires aux fins de l'aliénation;**
 - ii. approuver la vente du terrain décrit à la recommandation 4.b.i (39 % du 557, rue Wellington) à Sa Majesté la Reine pour 3 490 500 dollars en vertu des conditions précisées dans l'entente de gouvernance conclue entre la Ville d'Ottawa, la Bibliothèque publique d'Ottawa et Bibliothèque et Archives Canada;**
- c. suspendre l'application des alinéas suivants de la Politique sur l'aliénation des biens immobiliers et politiques afférentes et de la**

Politique sur les terrains et le financement pour les logements abordables :

- i. alinéa 1 (1.4) de la Politique sur l'aliénation des biens immobiliers et politiques afférentes, afin que tous les produits de l'aliénation de la propriété (A) du 120, rue Metcalfe, et du 191, avenue Laurier Ouest, et de la propriété (B), du 557, rue Wellington, soient affectés au financement du projet de l'installation commune BPO-BAC;
 - ii. alinéa 5 (5.1) de la Politique sur l'aliénation des biens immobiliers et politiques afférentes exigeant la publication d'un avis annonçant la proposition d'aliénation d'une propriété municipale; et
 - iii. alinéa 1 (1.2) de la Politique sur les terrains et le financement pour les logements abordables, afin d'exempter la présente aliénation de l'obligation d'affecter 25 % des produits nets des ventes à la Politique sur les terrains et le financement pour les logements abordables.
- d. déléguer au directeur municipal le pouvoir de négocier, de conclure, d'exécuter et de modifier, au nom de la Ville, les documents définitifs requis pour conclure les transactions immobilières en respectant les paramètres précisés au présent rapport;
- 5. approuve l'inclusion, dans l'approvisionnement de l'installation commune, d'un garage de stationnement souterrain de 200 places appartenant à la Ville, assortie d'une autorisation budgétaire de 18,1 millions de dollars, dont le financement, précisé au présent rapport, prévoit l'utilisation du solde de la réserve pour les frais relatifs aux exigences de stationnement.

EXECUTIVE SUMMARY AND BACKGROUND

Assumption and Analysis

This report recommends an implementation plan for the new Ottawa Public Library and Library and Archives Canada Joint Facility, which, if approved, will see a unique, landmark attraction, built to LEED® Gold standard and incorporating signature design elements based on public input, completed by the end of 2024. Situated as a signature facility in an area that is in the process of being renewed and revitalized the site will be accessible by light-rail, multi-use pathways for cyclists and pedestrians, and road for visitors who need to use a vehicle.

Financial Implications

Staff recommends a funding strategy for the \$174.8-million cost of the project, based on Class C construction estimates for procurement, which can be accommodated without increasing taxes. With the first \$26 million of budget authority already approved by Council in 2009, and a \$70.6-million contribution from Library and Archives Canada, the remaining \$104.2 million can be funded by using contributions from Library reserves (\$1 million), development charges (\$3.2 million) and proceeds from the sale of land (\$20 million) to reduce the debt funding requirements. With these offsets, the estimated additional debt financing required is \$80 million, with \$6.43 million in estimated annual debt servicing costs. The elimination of the City's Vacancy Rebate Program beginning in 2018 means that the \$6.9 million currently budgeted for the program will be available to be fully reallocated to other programs starting in 2019. This amount is sufficient to cover the full debt servicing costs for the building portion of the construction.

Staff recommends including a 200-space underground parking garage on the site, well below the minimum standards in the Transportation Master Plan. The \$18.1 million facility would be included as part of the procurement for the Joint Facility, but it would be solely owned by the City. The estimated revenues from the garage will pay for both its operating and capital financing expenses, making the facility cost-neutral.

If the recommended implementation plan outlined in this report is approved, staff will proceed to the next phase of procurement and work to finalize and execute the governance and related agreements with Ottawa Public Library and Library and Archives Canada in anticipation of signing those agreements and awarding the design contract in fall 2018.

Establishing the vision for Ottawa's new Central Library as a partnership with Library and Archives Canada

On January 31 and February 8, 2017 respectively, the Ottawa Public Library Board and City Council approved the Central Library Development: Ottawa Public Library-Library and Archives Canada Joint Project report (Ottawa Public LibraryB-2017-0101/ACS2017-OCC-Ottawa Public Library-0001). This established that the City of Ottawa's new, modern Central Library will be located at 557 Wellington Street, and built in partnership with Library and Archives Canada, subject to Government of Canada and City Council approvals and funding.

The City of Ottawa, Ottawa Public Library and Library and Archives Canada partnership, once finalized, will allow the Ottawa Public Library and Library and Archives Canada to design and build a unique facility that will enable each to provide their own services while taking advantage of shared spaces in a way that will enhance the experience for residents and visitors. Common areas will include outdoor spaces for programs and activities, shared meeting spaces, a café, a Friends Shop, several large multi-purpose spaces for programming and events, museum-quality spaces featuring exhibitions of rare and unique collections from Library and Archives Canada, traveling and community exhibitions and Ottawa Public Library and Ottawa community exhibitions, and a Genealogy Centre, which will have a one-of-a-kind research space offering services and collections from both the Ottawa Public Library and Library and Archives Canada.

The 557 Wellington Street site for the Ottawa Public Library and Library and Archives Canada Joint Facility is within the Escarpment District, a signature geological feature at the western gateway to the City's Central Business District. Located at the eastern edge of LeBreton Flats, the new facility will be located near homes and business as well as open green spaces, including the Garden of the Provinces. The natural ravine setting offers landmark visibility for the new building and scenic vistas from inside. Views to the north will overlook the ravine, parkland, and the historic aqueduct, including the heritage Fleet Street Pumping Station. It will also have unobstructed views of the Ottawa River. The facility will be visible from the Sir John A. Macdonald Parkway and be in the direct line of sight as one arrives into the city along the Portage Bridge. It will be the western-view terminus of Albert Street, just as the National Arts Centre acts as the eastern-view terminus. The Pimisi Light-Rail Transit Station is less than 300 metres away, and the site will be a focal point of the City's expanding cycling network. Future pedestrian access will be improved with planned road and intersection modifications along the Albert and Slater corridor to facilitate movement and support integration with the Central

Business District and residential neighbourhoods to the east and south.

The report also determined that the Joint Facility will be delivered through a design-bid-build procurement model, with the City of Ottawa acting as the project lead for the procurement and construction process, and as the primary funder of the City and Ottawa Public Library costs related to the project. It authorized staff to initiate the procurement for the design process, on the understanding that a contract would not be awarded until the Ottawa Public Library Board and City Council approve the Relationship Agreement (now called the Governance Agreement) and the Funding Strategy. In addition, City staff were given specific direction to bring forward a disposal strategy for the current Main Library branch building, take the necessary steps to assign the land at 557 Wellington Street, develop a funding strategy for the project, proceed with a parking study for the Joint Facility site, and return to the Ottawa Public Library and City Council with a recommended implementation plan.

Developing an Implementation Plan for the Ottawa Public Library and Library and Archives Canada Joint Facility

Following Council approval of the approach for the Joint Facility, a core Project Management Office was put in place to begin the procurement process. A Project Co-ordinating Team was established with representatives from the Ottawa Public Library, Library and Archives Canada, City departments (including Infrastructure Services, Corporate Real Estate, Finance, Planning, Parking, Transportation Planning, Survey/Mapping) and City projects that are being undertaken in the same area over the next several years (including the Confederation Line, the Combined Sewage Storage Tunnel, and the Albert and Slater Functional Design). The Project Co-ordinating Team meets monthly, to ensure that work on the Joint Facility proceeds with a thorough understanding of timelines and costs, and that both the risks and opportunities that may exist between the Joint Facility and other City projects are incorporated in the project plan.

Procurement update and Implementation Plan

To initiate the procurement, a notice of planned procurement for professional design services was released on March 24, 2017. It was overseen by the Fairness Commissioner who has been in place since the start of the new Central Library process in 2015. The first phase of the two-phase procurement process for the Joint Facility, the Request for Qualifications, opened on May 19, 2017 and closed on July 13, 2017.

Thirty-three submissions were evaluated, resulting in five shortlisted teams that will be invited to participate in the Request for Proposals process. The shortlisted teams are (in

alphabetical order): Diamond Schmitt Architects (Canada) - KWC Architects (Canada); Mecanoo International b.v. (Holland) - NORR Architects & Engineers Ltd (Canada); Patkau Architects (Canada) - MSDL Architects (Canada) – GRC Architects (Canada); Revery Architecture (formerly Bing Thom Architects) (Canada) – GRC Architects (Canada); and Schmidt/hammer/lassen/ architects (Denmark) - KPMB Architects (Canada) - Hobin Architecture Inc. (Canada). Each of these teams has a proven track record in architectural design excellence with projects of a similar size, scope and complexity. They all have relevant experience in buildings of national, provincial, institutional or civic importance, including libraries, archives, cultural institutions, performing arts centres or museums.

Staff is in the process of finalizing the Request for Proposals for the design development work. It is expected to be released to the shortlisted teams at approximately the same time as this report is made public. In addition to the functional components of the facility, which have already been established, the design firm selected will be required to hold a broad-based consultation on the look and feel of the building and public spaces. The facility will be designed to meet a LEED® Gold standard at a minimum. Given how close the Joint Facility will be to the Pimisi Light-Rail Transit station, it will be planned with low car ridership and parking assumptions, and with significant pedestrian and bike access as a priority. For example, the design Request for Proposals includes requirements to provide at least 120 covered bicycle parking spaces in convenient locations on-site, which is almost double the LEED® recommendation and three times what is required by zoning.

Staff will be seeking contract and budget authority to proceed with the procurement process, including awarding the design contract and subsequent construction contract, as described later in this report. If approved, the design process is expected to begin in early 2019, with the new Joint Facility completed by the end of 2024.

Related projects

The design and construction work for the Joint Facility will also recognize the significant amount of public and private development and construction that will be taking place in the area over the same time and planned for shortly after. This awareness will enable the City to recognize both value-engineering potential and connectivity opportunities of the related projects, while minimizing the risks associated with overlapping construction timelines. For example, the Albert and Slater Streets Post-Light-Rail Transit Repurposing Functional Design Study has already been approved by City Council; it recognizes the Joint Facility in the west section of the study area. Some land was taken

for the widening of the right of way and the construction timelines of this project will need to be coordinated. Similarly, the Combined Sewage Storage Tunnel goes underneath the library site, meaning that close attention to construction timelines will need to be paid, as delays could impact timelines for access to the Joint Facility. With respect to Confederation Line construction, staff have been able to plan good multi-use pathway connections between Pimisi Station and the library site, and there are works planned to improve connectivity with Booth Street Bridge. There are construction considerations here as well, as the light-rail transit tunnel abuts 557 Wellington Street, and Rideau Transit Group is currently using the site for construction staging and there is a need to move the cellular infrastructure servicing the tunnel to preserve the design integrity of the Joint Facility site.

With the arrival of light-rail transit and the redevelopment of LeBreton Flats, the surrounding neighbourhoods are expected to be revitalized, evolving into a more complete community with a variety of residential, employment, retail and community uses. The Joint Facility will be a landmark destination in the area, and providing quality pedestrian and cycling connectivity to it as the neighbourhoods between LeBreton Flats and the downtown core are developed is key. For example, City staff continue to have discussions with the National Capital Commission on their site immediately west of the Joint Facility site. While the commission has no immediate plans to seek a development project at that location, City staff and the commission have discussed the need to provide pedestrian connectivity through the site when it is ultimately developed. They are looking at the feasibility of building an interim pathway across the site until the commission develops the land. Other development and connectivity opportunities in the surrounding area include the Zibi (Chaudière and Albert Islands) mixed use community, the three high-rise, mixed use towers at 900 Albert Street, the mixed-use development at 400 Albert Street, the Claridge East Flats major development project, which includes a new park with pedestrian and cyclist connections to the future Pimisi Light-Rail Transit Station, and RendezVous LeBreton.

The Official Plan and Zoning By-law amendment applications related to the Joint Facility propose to position the lands currently known as 557 Wellington as a mixed-use designation, with a height limit of 40 metres. These applications are currently being processed, with recommendations to the Planning Committee expected in the coming months. A subsequent application for Site Plan Control will be submitted following the Request for Proposals process and after the preferred design has been completed.

In addition to the development and connectivity opportunities and considerations, the timing for the construction of the Joint Facility makes it a potential candidate for the

federal government's new district energy plan, the Energy Services Acquisition Project (ESAP). The project is designed to transform how the federal government delivers heating and cooling services in the National Capital Region so that it is cost competitive and enhances the safety and reliability of operations while improving the environmental performance of its infrastructure. Given that the City of Ottawa owns and operates buildings within the National Capital Region that could potentially connect to the project, and that the City is investigating potential cost saving, lower carbon energy alternatives based on its current energy usage and costs, staff have begun discussions with Public Services and Procurement Canada to determine the benefits of connecting some City buildings, including the Joint Facility, to district energy services. Participation would have an impact on the design, construction and operations of the facility. In this report, staff are seeking delegated authority to do a business case on the cost-benefits of the Joint Facility participating in the project, related to both the building itself and the programming. Staff are also seeking delegated authority to proceed with an agreement with Public Services and Procurement Canada to provide district energy services at the Joint Facility if, and only if, the business case works to the City's and Ottawa Public Library's advantage.

Updated cost estimates and funding strategy, and request for budget authority and disposal of property

The Central Library Development: Ottawa Public Library-Library and Archives Canada Joint Project report (Ottawa Public LibraryB-2017-0101/ACS2017-OCC-Ottawa Public Library-0001) approved in February 2017 estimated the cost of the approximately 216,000-square-foot facility to be \$168 million, not including a parking facility. These were Class D estimates, predicated on the design-bid-build project delivery method. With 133,000 square feet (61 per cent) allocated to the Ottawa Public Library and 83,000 square feet allocated to Library and Archives Canada (39 per cent), the City/Ottawa Public Library costs were estimated at \$99 million, and approved in principle, while the Library and Archives portion was estimated at \$69 million. The report anticipated that, based on the cost estimate, the worst-case scenario with respect to the City's contribution would be \$94.8 million in tax-supported debt financing. The increased operating pressure was estimated at \$1.8 million annually. Staff were directed to develop a funding strategy for the City/ Ottawa Public Library portion of the Joint Facility and report back with the intention of seeking project authority to proceed to the design stage of the project.

Since the February 2017 report, project costs have been reviewed and refined enough to allow City Council to establish budget authority for the design and construction of the

Joint Facility with this report. At the highest level, project costs, including the refinement to Class C estimates, have increased the total project cost by four per cent, or \$6.8 million (\$5.2 million for the City/Ottawa Public Library's portion). The cancellation of the Vacancy Rebate Program has freed up enough tax room to cover the annual debt financing costs for the City's share of the Joint Facility.

Specifically, the construction costs have been refined to Class C estimates, with the result that the total project cost for the Joint Facility is \$174.8 million. The refined estimates account for construction inflation of 3.5 per cent (2.9 per cent construction price index times a 1.25-year delay in the project), representing a \$3.4 million increase, protecting the size of the facility and project contingencies. Facility operations requirements have been refined, and the need to relocate the cellular infrastructure for the light-rail transit tunnel to protect the design integrity of the Joint Facility has been identified, accounting for the remainder of the increased cost estimates.

As City Council approved the first \$26 million of budget authority for the new library in 2009 (to be funded from debt), and most of that authority remains unspent, only approval of the additional budget authority of \$148.8 million is required in this report. The cost-sharing arrangement for the project provides for a \$70.6 million contribution from Library and Archives Canada for their 39-per-cent share, subject to Government of Canada project and expenditure approval, with the remaining \$104.2 million to be funded by the City and the Ottawa Public Library.

The recommended funding strategy for the City/Ottawa Public Library share of the Joint Facility outlined in this report uses contributions from Library reserves (\$1 million), development charges (\$3.2 million) and proceeds from the sale of land (\$20 million) to reduce the debt funding requirements. With these offsets, based on the Class C estimates and funding sources identified so far, the estimated debt financing required for the City/Ottawa Public Library portion, is \$80 million, rather than the \$95 million estimated in 2017. The \$6.43 million in annual debt servicing costs for the Joint Facility, if approved, will be paid for by City-wide taxes. Although this figure equates to a 0.5 per cent increase in taxes, the elimination of the City's Vacancy Rebate Program beginning in 2018 means that the \$6.9 million currently budgeted for the program will be available to be fully reallocated to other programs starting in 2019. This amount is sufficient to cover the full debt servicing costs for the building portion of the construction.

Staff believe this is the maximum debt authority needed, and they will continue to identify any potential funding sources that might further reduce the debt financing required for this project. As detailed later in this report, staff will investigate the potential

to include more development charge funding for the Joint Facility in the 2019 Development Charges Update, as the 2014 development charges were based on an increase of 10,000-square-foot increase in the facility, rather than the increase of 24,000 square feet increase estimated for the Library with this facility. As well, the Ottawa Public Library is currently developing a Fundraising Feasibility Study (using external consultants) to address the potential for both general and capital fundraising campaigns. The capital campaign would consider the Ottawa Central Library Project as its initial focus. The objective is to develop a business case that is measurable, achievable and representative of local conditions, and that will be used to determine the value for money (qualitatively and quantitatively) of a potential fundraising campaign. The Fundraising Feasibility Study will be completed in 2018. Finally, the February 2017 report indicated that staff would seek infrastructure grants from eligible federal and provincial programs, and this report incorporates the assumption that those efforts will continue.

Any additional revenue received from development charges, other levels of government or a fundraising campaign would help to reduce the overall debt requirement on the building. Any success in these efforts will be reflected as part of the annual budget process.

The annual operating pressure for the Ottawa Public Library space and enhanced service delivery is estimated to be \$1.865 million, which will be addressed as an additional pressure in the budget year in which the library becomes operational, or sooner if required.

As accounted for in the funding strategy and as directed, staff have developed a disposal strategy for the existing Main Library structure and leases for air rights and the parking garage at 191 Laurier Avenue West and 120 Metcalfe Street. The current Main Library, with the adjacent four-level parking garage, is a unique, complex bundle of property interests jointly owned by the Ottawa Public Library and the City, and subject to interconnecting lease interests. In addition, an air rights partnership exists with a third party, and this third party also holds a parking garage lease that runs concurrently with the air rights lease. These leasing arrangements began in 1973, when the City and Board entered into a 60-year lease agreement for the air rights above and the parking garage subsurface rights below the Library building, with the owner of the office tower built within the air rights. The original 60-year lease commenced on May 1, 1973, and consisted of the initial 10-year term, with five successive renewal terms of 10 years each. At the end of the 60-year option period on June 30, 2034, the office tower is scheduled to revert back and be jointly owned by the City and Ottawa Public Library. In

addition, the public parking lease would terminate, with control reverting back to the City and Ottawa Public Library.

The current owner of the office tower and holder of the air rights and parking garage leases is Slate Properties Inc., and the fourth (of five) renewal terms was recommended in the 191 Laurier Avenue/120 Metcalfe Street – Main Library – Lease Renewals report (ACS2014-PAI-REP-0014) approved by City Council on July 9, 2014. Based on external and internal appraisals, staff have been able to negotiate and recommend the sale of the site, along with the air rights lease, to the current owner of the office tower and holder of the leases, Slate Properties Inc. for a proposed \$20 million. Slate, which is familiar with the building and all its parcels, is offering flexibility in closing dates, as well as the ability for the library to remain at the facility until the Joint Facility is ready for occupation, and the ability to terminate the fourth and fifth floor lease upon occupancy at 557 Wellington Street. As part of the overall agreement, the existing air rights and parking garage leases between the City and Slate Properties will end, resulting in a loss of revenue to the Ottawa Public Library in the amount of \$486,000 annually. The library will lease the fourth and fifth floors at no charge, saving \$399,600 annually. Therefore, the short term (2018-2024) net operating impact of the sale will be an operating budget pressure of approximately \$86,400, which Ottawa Public Library will manage within its existing budget.

Described in more detail later in this report, the recommended agreement between the City and Slate Properties enables the library to remain in its current spaces until December 2024. The only costs to the Ottawa Public Library during this time, on the understanding that it will be declared a Municipal Capital Facility and apart from the operating pressure, will be the continued operation of the Main Library branch space. It also allows the City to realize market value for the property, which will be allocated to help fund the City and Ottawa Public Library's share of the Joint Facility.

With respect to assigning the land at 557 Wellington Street, staff have negotiated the sale of 39 per cent of that property to Library and Archives Canada (representing their portion of space, above ground only) for approximately \$3.49 million, which the funding strategy allocates to offsetting the debt required to fund the City and Ottawa Public Library's share of the Joint Facility.

Parking study results and recommendation

The February 2017 report identified that the Joint Facility's unique programming and landmark location would generate 1.68 million visits per year, noting that, given the limited public parking options in the surrounding area, some on-site parking would be

needed. Staff were directed to undertake a detailed study of the parking requirements for the Joint Facility, recognizing its proximity to the Pimisi light-rail transit station, and to report back with a recommendation.

The parking assessment was undertaken by MMM Group (now WSP Global). They reviewed four categories of parking: no parking, less than minimal parking (one to 150 spaces), minimal parking (151 to 250 spaces) and a typical to high amount of parking (251 spaces and more) as they related to cost (capital and operational) recovery, parking spillover from the Joint Facility into adjacent areas, and parking spillover from adjacent areas into the facility, the quality of other access modes and the possibility of attracting events.

The demand for vehicle parking spaces during peak periods was found to be between 200 and 309 (low- and high-end projections). The study concluded that the minimal parking range of 151 to 250 spaces had the most positive impacts and no negative impacts when evaluated against the other categories. Having the less than minimal amount of parking would have high potential of spillover parking in adjacent neighbourhoods, and would also impact the ability to attract visitors for special events during the day. The less parking provided, the more acute these issues would become, and a lack of available parking could influence the amount of visitors and the success of the facility.

Based on the results of the parking study, staff recommend constructing a City-owned underground parking garage with up to 200 parking spaces for vehicles, and including this requirement in the procurement process for the Joint Facility. This low-end projection of parking for 200 vehicles represents a modal share of 17 per cent of people driving. This is considerably lower than the city-wide Transportation Master Plan target of 50 per cent driving by 2031. It is also more aggressive than other City policies specific to light-rail transit or transit-oriented development, such as the Bayview District Community Plan (2013) and the Transit Oriented Development Plans for Lees, Hurdman, Tremblay, St. Laurent, Cyrville and Blair (2014), which identify the automobile modal share target to be 20 per cent.

The construction of a 200-space underground parking facility is based on the expectation that most visitors to the Library will arrive by public transit, bike, walking or a combination thereof, which is why the facility will provide bicycle parking well over what is required by zoning. It also recognizes that, given Ottawa's large geographical size and potential mobility issues of the aging population, commuting by automobile could be

the only choice for some residents, and that winter conditions also have an impact on the ability for some people to adopt alternate modes of transportation.

By way of comparison, it is conservatively projected that the Joint Facility will receive 4,800 visits per day compared to the current 2,000 visitors to the Main Library. There are more than 4,150 public parking spaces (on and off-street) within 400 metres of the existing Main Library branch, while at times there are fewer than 340 public spaces within the same distance of 557 Wellington Street. Moreover, 200 spaces are far less than typical City facilities (the City Hall parking garage has 850 spaces). Providing the minimum parking required at the time of construction would avoid the problems experienced at the Innovation Centre, which was built next to Bayview Station with insufficient parking, requiring the Innovation Centre to lease additional lands for parking after it was built.

The Class C construction cost estimate for the parking facility is \$18.1 million. On the assumption that the City retains 100 per cent ownership of the parking facility and that the City will fund 100 per cent of the capital and operating costs, the revenues generated by parking are expected to fully recover all of the related costs, with some of the upfront capital costs funded through the Cash-in-lieu of Parking Reserve.

The reserve, which has been largely untouched since 2013, has a balance of \$3.7 million. Staff recommend using this balance to help fund the new library parking facility, reducing the debt requirement and associated debt servicing costs for the parking garage. With this funding strategy, there would be \$14.5 million of debt financing required to fund construction, with annual debt servicing costs estimated at \$1.2 million. Operating costs for the parking facility are estimated at \$320,000 per year and lifecycle costs are estimated at \$4.2 million over the first 30 years, or an average of \$139,250 per year. Parking revenues are expected to bring in between \$1.7 to \$2.2 million annually, based on various rate scenarios for the 200-space parking facility. Based on these estimates, the revenues from the parking garage are sufficient to cover both operating and capital costs for the parking garage.

The federal government announces funding for the Joint Facility partnership

On February 28, 2018, the Government of Canada released its 2018 Federal Budget, which included proposed funding to support Library and Archives Canada's share of the Joint Facility. This announcement allowed the City of Ottawa, Ottawa Public Library and Library and Archives Canada to begin finalizing the Governance Agreement: Ottawa Public Library and Library and Archives Canada Joint Facility, as well as the

recommended Implementation Plan for the project, for the respective approval processes for each party.

Governance for the Joint Facility project is somewhat complex, as there are three specific parties: the City of Ottawa, Ottawa Public Library and Library and Archives Canada, each with their own governance considerations. Moreover, the federal government's approval processes are multi-layered, occurring in multiple stages and on different timelines. The federal government's fiscal year is from April 1 to March 31, while the City's fiscal year (noting that the Ottawa Public Library is funded through the annual municipal budget process) is January 1 to December 31.

Given these conditions, a Governance Agreement has been drafted that provides a framework to guide how the project will proceed, and how the approximately 40 secondary agreements related to construction and future operations will be developed. At the highest level, the Governance Agreement provides that the City owns the site and will continue to do so until the facility is constructed. At that point, a share of ownership will be transferred to Library and Archives Canada based on an approximate 61 per cent City and 39 per cent Library and Archives Canada split. Library and Archives Canada will provide its share of the cost of the facility, based on its percentage of ownership, as the project and construction progress. All project costs will be shared on this basis, with the exception of the parking garage, which, if approved, will be solely the responsibility of the City.

The City will provide all project management services to the project and a Joint Project Team will be established with representatives of all three parties to address day-to-day operational decision-making. Strategic oversight and major decision-making, such as the content and award of the Design Services Contract and the Construction Contract, as well as changes in the scope of those contracts, will be made by an Executive Steering Committee. The initial appointees to the Executive Steering Committee will be the City's General Manager of Planning, Infrastructure and Economic Development, the Chief Executive Officer of the Ottawa Public Library and the Librarian and Archivist of Canada on behalf of Library and Archives Canada. Delegates may be appointed by members of the team or committee to ensure that necessary decisions can be made at all times in accordance with the efficient timelines prescribed by the agreement.

The decision-making process for both the Executive Steering Committee and the Joint Project Team requires consensus. As a result, any two of the three parties cannot approve a change without the third party agreeing. As with all projects, a change cannot proceed or be approved unless there is sufficient budget available to pay for it. Dispute

resolution provisions provide for relatively swift settlement of any disputed matters through a tiered approach and do not allow for disputes between the City and Ottawa Public Library Board. The first stage is negotiations at the Joint Project Team, followed by negotiations at the Executive Steering Committee. If those two steps fail to resolve the dispute within 20 business days, the final steps are optional mediation and binding arbitration.

There are also provisions that set guidelines and timelines for concluding the reciprocal arrangements and agreements that will govern the operations of the Joint Facility after it is completed, with the same ratio of ownership applied and with the allocation of operational, lifecycle and maintenance costs based on the actual usage of the facility by the Ottawa Public Library and Library and Archives Canada.

Both default and non-default termination provisions are included, and each of these reflects the long-term commitment that the project represents by requiring the payment of compensation to either the non-defaulting or non-terminating parties for the funds expended on the project to the date of termination, as well as the reasonable costs incurred to restructure the project after the termination.

Although federal funding for the partnership for the Joint Facility has been announced, formal Government of Canada project and expenditure approvals for the planning and design phases are not expected until fall 2018, with the finalization of the Governance Agreement following shortly thereafter. Subsequent approvals will follow at different stages thereafter.

The February 2017 report anticipated approvals from the Ottawa Public Library Board and Council at both design award and construction contract award. Staff now recommend a different approach. Among the lessons learned about the potential impact of the different decision-making and approval processes between the municipality and our federal partners, is that those differences impact timelines in a material way, which can add months to each decision point. Given the sensitivity of the costs of construction related to delays, this report recommends that staff be given delegated authority and budget authority to proceed with both design and construction of the Joint Facility, as was provided for Arts Court. It is also recommended that delegated authority be given to the City Manager to negotiate, finalize and execute the Governance Agreement, on behalf of the City, and to amend the Governance Agreement, as well as the related agreements such as the Reciprocal and Co-Owners Agreement, and the dispositions of property on behalf of both the City and the Ottawa Public Library Board, based on the recommendation from the Executive Steering Committee. Assigning the delegated

authority in this manner is expected to reduce the risks of cost increases being caused by a delay in City and Ottawa Public Library approvals.

City Council and the Ottawa Public Library Board will be updated as each major milestone for the Joint Facility project is reached. As well, Members of Council and Board Trustees are identified as key groups in the stakeholder engagement plan to be developed and delivered by the design team. Regular updates and highlighted elements will be provided throughout the construction phase, and the City will undertake proactive communications regarding the construction impacts to the public.

DISCUSSION

Approve the City of Ottawa's participation in the Governance Agreement

That the Finance and Economic Development Committee recommend that City Council:

1. Approve the City of Ottawa's participation in the partnership for the Ottawa Public Library and Library and Archives Canada Joint Facility ("the Joint Facility"), as outlined in this report and summarized in Document 1, and
 - a. Delegate authority to the City Manager to negotiate, finalize and execute the Governance Agreement: Ottawa Public Library and Library and Archives Canada Joint Facility ("Governance Agreement") on behalf of City Council;
 - b. Delegate authority to the City Manager to amend the Governance Agreement, as well as any related agreements, such as the Reciprocal and Co-Owners Agreement, on behalf of both the City and the Ottawa Public Library Board, based on the recommendation from the Executive Steering Committee, as outlined in this report; and
 - c. Delegate authority to the City Manager to appoint the City's representative on the Executive Steering Committee if required.

On January 31 and February 8, 2017 respectively, the Ottawa Public Library Board and City Council approved the Central Library Development: Ottawa Public Library-Library and Archives Canada Joint Project report (OPLB-2017-0101/ACS2017-OCC-Ottawa Public Library-0001). This report established that the City of Ottawa's new, modern Central Library will be located at 557 Wellington Street, and constructed as a design-bid-build facility in partnership with Library and Archives Canada, subject to Government of Canada and City Council approvals and funding. The report included a

Relationship Framework, which would be the basis of the Governance Agreement for the Joint Facility project.

The Governance Agreement for the Joint Facility project must account for the fact that there are three specific parties: the City of Ottawa, the Ottawa Public Library Board and Library and Archives Canada, each with its own governance considerations. In addition, the federal government's approval processes are multi-layered, occurring in multiple stages and on different timelines. The federal government's fiscal year is from April 1 to March 31, while City's fiscal year (noting that the Ottawa Public Library is funded through the annual municipal budget process) is January 1 to December 31.

The drafted Governance Agreement reflects the principles in the approved Relationship Framework. At the highest level, the Governance Agreement provides that the City owns the site and will continue to do so until the facility is constructed. At that point, a share of ownership will be transferred to Library and Archives Canada based on an approximate 61 per cent City and 39 per cent Library and Archives Canada split. Library and Archives Canada will provide its share of the cost of the facility, based on its percentage of ownership, as the project and construction progress. All project costs will be shared on this basis, with the exception of the parking garage, which, if approved, will be solely the responsibility of the City.

The Governance Agreement also guides how the project will proceed, and how the approximately 40 secondary agreements related to construction and future operations will be developed. The City will provide all project management services to the project. Strategic oversight and major decision-making, such as the content and award of the Design Services Contract and the Construction Contract, as well as changes in the scope of those contracts, is provided by an Executive Steering Committee. The initial appointees to the Executive Steering Committee will be the City's General Manager, Planning, Infrastructure and Economic Development, the Chief Executive Officer of the Ottawa Public Library and the Librarian and Archivist of Canada on behalf of Library and Archives Canada. A Joint Project Team will be established with representatives of all three parties to address day-to-day operational decision-making. Delegates may be appointed by members of the team or committee to ensure that necessary decisions can be made at all times in accordance with the efficient timelines prescribed by the agreement.

The decision-making process for both the Executive Steering Committee and the Joint Project Team requires consensus. As a result, any two of the three parties cannot approve a change without agreement from the third party. Dispute resolution provisions

provide for relatively swift settlement of any disputed matters through a tiered approach and do not allow for disputes between the City and the Ottawa Public Library Board. The first stage is negotiations at the Joint Project Team, followed by negotiations at the Executive Steering Committee. If those two steps fail to resolve the dispute within 20 business days, the final steps are optional mediation and binding arbitration.

As with all projects, no change will proceed or be approved unless there is sufficient budget available to pay for it.

There are also provisions that set guidelines and timelines for concluding the reciprocal arrangements and agreements that will govern the operations of the Joint Facility after it is completed, with the same ratio of ownership applied and with the allocation of operational, lifecycle and maintenance costs based on the actual usage of the facility by the Ottawa Public Library and Library and Archives Canada.

Both default and non-default termination provisions are included, and each of these reflects the long-term commitment that the project represents by requiring the payment of compensation to either the non-defaulting or non-terminating parties for the funds expended on the project to the date of termination, as well as the reasonable costs incurred to restructure the project after the termination.

On February 28, 2018, the Government of Canada released its 2018 Federal Budget, which included proposed funding to support Library and Archives Canada's share of the Joint Facility. This announcement allowed the City of Ottawa, Ottawa Public Library and Library and Archives Canada to begin finalizing the Governance Agreement: Ottawa Public Library and Library and Archives Canada Joint Facility, as well as the recommended Implementation Plan for the project, for the respective approval processes for each party.

Although federal funding for the partnership for the Joint Facility has been announced, formal Government of Canada project and expenditure approvals for the planning and design phases are not expected until fall 2018, with the finalization of the Governance Agreement following shortly thereafter. Subsequent approvals will follow at different stages thereafter.

The February 2017 report anticipated approvals from the Ottawa Public Library Board and Council at both design award and construction contract award. Staff now recommend a different approach. Among the lessons learned about the potential impact of the different decision-making and approval processes between the municipality and our federal partners, is that those differences impact timelines in a material way, which

can add months to each decision point. Given the sensitivity of the costs of construction related to delays, this report recommends that staff be given delegated authority and budget authority to proceed with both design and construction of the Joint Facility, as was provided for Arts Court.

It is also recommended that delegated authority be given to the City Manager to negotiate, finalize and execute the Governance Agreement on behalf of the City, and to amend the Governance Agreement, as well as any related agreements, such as the Reciprocal and Co-Owners Agreements, on behalf of both the City and the Ottawa Public Library Board, based on the recommendation from the Executive Steering Committee. Assigning the delegated authority in this manner is expected to reduce the risks of cost increases being caused by a delay in City or Ottawa Public Library approvals.

The procurement has also been structured in a way that accommodates the multi-stage federal approval process and minimizes the potential negative cost impact of any delay in their approval timelines.

Procurement update and Implementation Plan for the Joint Facility

2. Approve the Implementation Plan for the next phases of the design-bid-build procurement of the Joint Facility, as outlined in this report and as follows:
 - a. Delegate authority to the City Manager to undertake the actions necessary to proceed through each stage of the procurement process for any matters where there is no pre-existing delegated authority, including finalizing any contract awards and amendments, within the Council-approved budget and in accordance with the City's Procurement By-law, regulations and policies, and as recommended by the Executive Steering Committee;
 - b. Direct the Project Management Office staff to provide updates to Members of Council as each major project milestone is achieved, including the reporting of the exercised delegated authority exercised, as described in this report;

The February 2017 report also determined that the Joint Facility will be delivered through a design-bid-build procurement model to allow for maximum control over design and construction, control over the budget as a fixed price is obtained before final construction contracts are awarded and a more streamlined implementation process.

The City of Ottawa was approved to act as the project lead for the procurement and construction process, and staff were delegated authority to initiate the procurement process for the design, subject to the understanding that a contract will not be awarded until the Ottawa Public Library Board and Council approve the Governance Agreement and the Funding Strategy.

The procurement process is based on standard practices and City by-laws, regulations and policies, and applicable provincial and municipal legislation. The procurement plan was developed by planning and infrastructure staff, working with Ottawa Public Library, Library and Archives Canada, Supply Services and a Fairness Commissioner (The Public Sector Company), and reviewed by external experts (Mott McDonald). It was designed to attract a significant number of qualified international and local proponents to design an iconic piece of architecture on a landmark site. The procurement for professional design services has three elements: the Notice of Planned Procurement, the Request for Qualifications and the Request for Proposals. Each stage would be overseen by the Executive Steering Committee and supported by a team of internal and external experts, as well as the Fairness Commissioner.

The Notice of Planned Procurement for the professional design services was released on March 24, 2017. This provided pre-notice of the upcoming procurement to the market, sending a signal that the City wanted to get the best response possible by providing adequate notice to potential bidders. The notice stated that the City intended to conduct a two-stage competitive process for the professional design services related to the Joint Facility project. The ideal team was to have a proven track record, and demonstrated capacity and capability to provide the City's requested services, including:

- Completion of a library and/or archives project of similar size, scope and complexity that demonstrates excellence in architectural design; other relevant project experience could include a building of national, provincial, institutional or civic importance such as cultural institutions, performing arts centres or museums;
- Demonstrated experience with public engagement and the ability to manage and conduct public consultations;
- Expertise in sustainable building practices and LEED® v4 certification; and
- The ability to work in both English and French.

The notice received significant interest. Two addenda were issued and the document was downloaded more than 130 times.

The Request for Qualifications was issued on May 19, 2017 and closed on July 13, 2017, with the process administered by Supply Services and overseen by the Fairness Commissioner. The request solicited interested parties to submit qualification submissions indicating their interest in, and qualifications for, the Joint Facility project. As outlined in the Request for Qualifications, following a technical evaluation of submissions, the top rated proponents were invited to participate in an interview process, the purpose of which was to expand on the criteria identified in the Request for Qualifications (such as technical expertise, design excellence, public engagement, communications strategy and integration of technology). The five top-rated proponent teams have been invited to participate in the next stage of the competitive selection process, the Request for Proposals.

The Request for Qualifications incorporated the vision of a modern, signature Joint Facility that is expected to become a civic and national destination that will provide a rich experience for all visitors, and include numerous public realm components and opportunities for shared programming. It also recognized the importance of the site as part of the Escarpment District, its proximity to the Parliamentary Precinct and light-rail transit, and its natural ravine setting with landmark visibility for the new building and scenic vistas when viewed from inside. The Joint Facility will be the western-view terminus of Albert Street, just as the National Arts Centre acts as the eastern-view terminus.

Thirty-three submissions were evaluated and eight firms were interviewed, with the end result being that five shortlisted teams will be invited to participate in the Request for Proposals. The shortlisted teams are (in alphabetical order): Diamond Schmitt Architects (Canada) - KWC Architects (Canada); Mecanoo International b.v. (Holland) - NORR Architects & Engineers Ltd (Canada); Patkau Architects (Canada) - MSDL Architects (Canada) – GRC Architects (Canada); Revery Architecture (formerly Bing Thom Architects) (Canada) – GRC Architects (Canada); and Schmidt/hammer/lassen/architects (Denmark) - KPMB Architects (Canada) - Hobin Architecture Inc. (Canada). Each of these teams has a proven track record in architectural design excellence with projects of a similar size, scope and complexity. They all have relevant experience in buildings of national, provincial, institutional or civic importance, including libraries, archives, cultural institutions, performing arts centres or museums.

Staff are finalizing the Request for Proposals for the design development work, and it is expected to be released to the shortlisted teams at approximately the same time as this report is made public. In addition to the functional components of the facility which have already been established, such as being built to a minimum LEED® Gold standard and

the requirement to incorporate Ottawa's indigenous culture and character, it will also recognize the site as a pedestrian and cycling hub. For example, the design Request for Proposals will include requirements to provide at least 120 covered bicycle parking spaces in convenient locations on-site, which is almost double the LEED® recommendation and three times what is required by zoning.

The Request for Proposals process will include a site visit, commercially confidential meetings, evaluation and, once the recommended proponent has been approved by the Executive Steering Committee in accordance with the Governance Agreement, the contract will be awarded. This is expected to occur in fall 2018.

The design process is expected to begin in early 2019 and, as articulated in the Request for Proposals, will include a robust public engagement and consultation process during the design development phase, to be led by the design team. The focus of public engagement at this stage will be on the look and feel of the building and the public realm components. It will be undertaken with an approach that will allow for responsiveness to the information and ideas received. In addition to the outreach to the general public, key stakeholders consulted will include the Indigenous community, the Friends of the Ottawa Public Library Association, Ottawa Public Library trustees and members of Council. Additionally, the National Capital Commission is a key stakeholder for Library and Archives Canada, and there will be a process established for design approvals for their portion of the Joint Facility. Library and Archives Canada's requirement for national consultations will be included in the plan.

The design team's consultation is just one part of an overall communications and public engagement plan being developed for the Joint Facility. The intent of this plan is to keep the public informed and as engaged as possible throughout the project, beginning in 2018 and ending when the facility officially opens. As can be expected, public engagement will be the focus through the design phase, when the focus will transition to public information through the construction period, using best practices from other large-scale City projects.

As the design work is undertaken, remediation and other site works will begin. Following the finalization of the design, the Request for Tender for construction services will be issued. Once the construction contract is awarded, the expectation is that construction will begin as soon as possible, with an anticipated completion date of late 2024.

City Council and the Ottawa Public Library Board will be updated as each major milestone is achieved and where there are any major changes or delays in project timelines. Further updates will be provided regularly throughout the construction phase.

There will also be public events scheduled where appropriate, such as ground-breaking and official opening.

The draft schedule is below:

Table 1: Draft project schedule

Project milestone	Planned completion
Ottawa Public Library Board and City Council project approval of Joint Facility in principle	Winter 2017
Government of Canada budget announcement for Library and Archives Canada portion of Joint Facility	Winter 2018
Ottawa Public Library Board and City Council approval of: Governance Agreement, funding strategy, parking recommendations, and disposal of 191 Laurier and 120 Metcalfe assets	Spring 2018
Zoning and Official Plan amendments for site location approved	Spring/Summer 2018
Government of Canada project approval and expenditure authority for Library and Archives Canada (including Governance Agreement)	Fall 2018
Design contract awarded and commencement of design work	Fall 2018
National Capital Commission design approval(s) (Library and Archives Canada)	2019/2020
Design work completed - Construction drawings tender ready	2020
Government of Canada expenditure approval for Library and Archives Canada	2020
Site works commencement (remediation)	2020
General contractor services contract awarded	2021

Construction commencement	2021
Substantial performance of construction	2024
Building fit-up and move-in	2024
Building in service (opened to public)	2024
Total completion of construction (clearing contract deficiencies)	2025
LEED® certification	2025

Related Projects

3. Delegate authority to the General Manager of the Recreation, Cultural and Facility Services Department to complete a business case on the cost-benefit of City and Library participation in the federal district energy program, and to negotiate, finalize and execute an agreement with Public Services and Procurement Canada to provide district energy services to the Ottawa Public Library and Library and Archives Canada Joint Facility, only on recommendation from the Executive Steering Committee and based on a positive business case and environmental benefit, as described in this report.

The site for the Joint Facility not only provides a uniquely beautiful natural setting, it is also being built in an area that is in the process of being renewed and revitalized. This will allow the design and construction work for the Joint Facility to recognize and take advantage of the significant amount of public and private development and construction that will take place in the area over the same time and planned for shortly thereafter – and for those projects to recognize the Joint Facility as they are conceptualized and built. Good planning and communications among all of the projects will enable major improvements to cycling and pedestrian connectivity through this area from the downtown core to City Centre, Mechanicsville and Hintonburg, and to the Ottawa River and the Parliamentary Precinct.

With the arrival of light-rail transit and the redevelopment of LeBreton Flats – including both the Claridge East Flats major development project and RendezVous LeBreton project, the surrounding neighbourhoods are expected to evolve into a more complete community with a variety of residential, employment, retail and community uses. City staff continue to have discussions with the National Capital Commission on their site immediately west of the Joint Facility site. While the NCC has no immediate plans to

seek a development project at that location, City staff and the commission have discussed the need to provide pedestrian connectivity through the site when it is ultimately developed, and they are looking at the feasibility of building an interim pathway across the site until the NCC develops the land. Other development and connectivity opportunities in the surrounding area include the Zibi (Chaudière and Albert Islands) mixed-use community, the three high-rise, mixed-use towers at 900 Albert Street and the mixed-use development at 400 Albert Street.

The Official Plan and Zoning By-law amendment applications related to the Joint Facility propose to position the lands currently known as 557 Wellington Street as a mixed-use designation, with a height limit of 40 metres. These applications are currently being processed, with recommendations to the Planning Committee expected in the coming months. A subsequent application for Site Plan Control will be submitted following the Request For Proposals process and after the preferred design has been completed.

As well, the City is working to determine both the value-engineering potential and connectivity opportunities of related City projects while minimizing the risks associated with overlapping construction timelines.

A core Project Management Office was put in place to begin the procurement process. A Project Coordinating Team was established with representatives from Ottawa Public Library, Library and Archives Canada, all of the City departments providing input and support for the project (including Infrastructure Services, Corporate Real Estate, Finance, Planning, Parking, Transportation Planning, Survey/Mapping), as well as City projects that are being undertaken in the same area over the course of the next several years (including the Confederation Line, the Combined Sewage Storage Tunnel and the Albert and Slater Functional Design). The Project Coordinating Team meets monthly to ensure that work on the Joint Facility proceeds with a thorough understanding of timing, timelines and costs, and that both the risks and opportunities that may exist between the Joint Facility and the other City projects are incorporated into the project plan. For example, the Albert and Slater Streets Post-LRT Repurposing Functional Design Study, already approved by City Council, recognizes the Joint Facility in the west section of the study area, where some land was taken for the widening of the right of way. The detailed design for the road is being undertaken, and the construction timelines of this project will need to be coordinated with that of the Joint Facility. Similarly, the Combined Sewage Storage Tunnel goes underneath the Joint Facility site, meaning that close attention to those construction timelines will also need to be paid, as delays in the tunnel project could impact timelines for access to the Joint Facility.

With respect to Confederation Line construction, staff have been able to plan good multi-use pathway connections between Pimisi Station and the Joint Facility site, and there are works planned to improve connectivity to Booth Street Bridge. There are construction considerations here as well, as the light-rail transit tunnel abuts 557 Wellington Street, and Rideau Transit Group is currently using the site for construction staging, and there is a need to move the cellular infrastructure servicing the tunnel to preserve the design integrity of the Joint Facility site.

In addition to the development and connectivity opportunities and considerations, the timing for the construction of the Joint Facility makes it a potential candidate for participation in the federal government's new district energy plan. The Energy Services Acquisition Project provides low-temperature hot water and chilled water district energy services to Federal Government buildings as well as non-federal buildings. The project is designed to transform how the federal government delivers heating and cooling services in the National Capital Region so that it is cost competitive and enhances the safety and reliability of operations while improving the environmental performance of its infrastructure.

Recently, Public Services and Procurement Canada approached the City to engage in the project to provide selected City of Ottawa buildings with district energy services. Given that the City of Ottawa owns and operates buildings within the National Capital Region that could potentially connect to the project, and the City is investigating potential cost saving, lower carbon energy alternatives based on its current energy usage and costs, staff have begun discussions with Public Services and Procurement Canada to determine the relative costs and benefits of connecting some City buildings to district energy services.

The general discussions are being guided by a Memorandum of Understanding between the City of Ottawa, led by the General Manager of Recreation, Cultural and Facility Service and Public Services and Procurement Canada. The memorandum, in general, requires that a business case on the cost and benefits be prepared for each facility to compare what the City is currently doing, or proposing to do, to heat and cool the building compared to the project option, including environmental benefits, and a risk analysis of the options. If validated to be cost equal or cost advantageous to the City and provide an environmental benefit, the project could provide district energy services to selected City of Ottawa facilities. The project would be responsible for the construction, operation and maintenance of the district energy facilities, including the energy transfer station constructed for that purpose and for lifecycle replacement of the generation and distribution infrastructure and all related costs.

Because the Joint Facility's participation would have an impact on the design, construction, and operations, staff are seeking delegated authority to develop a business case on the cost-benefits of the Joint Facility participating in the project. Given the cost sensitivity of construction delays, staff are also seeking delegated authority to proceed with an agreement with Public Services and Procurement Canada to provide district energy services at the Joint Facility if, and only if, the business case works to the City's and Ottawa Public Library's advantage, and it is supported by the Executive Steering Committee.

Budget authority and funding strategy

4. Approve additional budget authority of \$148.8 million for the Joint Facility, such that the total project budget is \$174.8 million, to be funded as outlined in this report, including the sale of land, as follows:
 - a. Approve the sale of land at 120 Metcalfe Street and 191 Laurier Avenue West, as described in this report and as follows:
 - i. Declare part of Property (A) being legally described as part of Lots 50 and 51, North Laurier Avenue, Registered Plan 3922, being all of PIN 04115-0103 containing a surface area of approximately 1,845 square metres (19,860 square feet) and shown as Parcel 2 on Document 2 attached and known as 120 Metcalfe Street, as surplus for the purpose of disposal;
 - ii. Approve the sale of Property (A) being the existing Main Library branch comprising the lands declared surplus in Recommendation 4.a.i (120 Metcalfe Street), together with the lands declared surplus by the Ottawa Public Library (191 Laurier Avenue West), as described in this report and shown in Document 4, to Outcore Equities Incorporated and Archean Capital Investments Limited C/O Slate Properties Incorporated for \$20,000,000 pursuant to a Letter of Interest that has been executed between the City, Ottawa Public Library and Slate Properties;
 - iii. Designate a portion of the lands known as 191 Laurier Avenue West (120 Metcalfe Street) as a Municipal Capital Facility for the provision of a Public Library under Section 110 of the Municipal Act, 2001 as outlined in this report;

- iv. Implement the Municipal Capital Facility designation by way of a Municipal Capital Facility Agreement between the City of Ottawa and Slate Asset Management Inc. and enact a by-law in accordance with the requirements of the Municipal Act, 2001, and as outlined in this report; and
 - v. Delegate authority to the City Manager, in consultation with the City Clerk and Solicitor to finalize and execute the Municipal Capital Facility Agreement.
- b. Approve the sale of a portion of the lands at 557 Wellington Street to Library and Archives Canada, as outlined in this report and as follows:
- i. Declare a portion of Property (B), being approximately 39 per cent of the future Joint Facility site, legally described as all of PIN 04112-0027 and Part of PIN 04112-0005 containing a surface area of approximately 9,569 square metres (103,000 square feet) subject to final survey and shown as Parcels 1,2,3 and 4 on Document 3 attached and known as 557 Wellington Street, as surplus for the purpose of disposal;
 - ii. Approve the sale of the land outlined in Recommendation 4.b.i (39 per cent of 557 Wellington Street), to Her Majesty the Queen for \$3,490,500 pursuant to the terms and conditions detailed in the Governance Agreement between the City of Ottawa, Ottawa Public Library and Library and Archives Canada.
- c. Waive the following clauses from the Disposal of Realty Property Policy and Procedures and the Affordable Housing Land and Funding Policy:
- i. Clause 1 (1.4) of the Disposal of Real Property Policy and Procedures to direct all revenues generated from the disposal of Property (A) 120 Metcalfe Street, 191 Laurier Avenue West and Property (B) 557 Wellington Street be allocated to the project funding for the new Joint Facility project;
 - ii. Clause 5 (5.1) of the Disposal of Real Property Policy and Procedures requiring notification to the public of the pending sale of a City property; and

- iii. Clause 1 (1.2) of the Affordable Housing Land and Funding Policy exempting this disposal from directing 25 per cent of the net sales revenue to the Affordable Housing and Funding Policy.
- d. Delegate authority to the City Manager to negotiate, conclude, execute and amend on behalf of the City, the final documents required to complete the real estate transactions, within the contractual and financial parameters outlined in this report.

The Central Library Development: Ottawa Public Library-Library and Archives Canada Joint Project report (OPLB-2017-0101/ACS2017-OCC-OPL-0001) approved in February 2017 estimated the project cost of the approximately 216,000-square-foot facility to be \$168 million, not including a parking garage. These were Class D estimates, predicated on the design-bid-build project delivery method and approved in principle by City Council at that time.

The report also identified the City as the primary funder of the City and Ottawa Public Library costs related to the project, given its status as a landmark, legacy building with city-wide appeal. With 133,000 square feet (61 per cent) allocated to the Ottawa Public Library and 83,000 square feet allocated to Library and Archives Canada (39 per cent), the City and Ottawa Public Library costs were estimated to be \$99 million, while the Library and Archives Canada portion was estimated at \$69 million. The report anticipated that, based on the project cost estimate, the worst-case scenario with respect to the City's contribution would be \$94.8 million in tax-supported debt financing. The increased operating cost was estimated at \$1.8 million annually. Staff were directed to develop a funding strategy for the City and Ottawa Public Library portion of the Joint Facility and to report back with the intention of seeking project authority to proceed to the design stage of the project.

Since the February 2017 report, project costs have been reviewed and refined to allow City Council to establish budget authority for the design and construction of the Joint Facility with this report. Specifically, the construction costs have been refined to Class C estimates, with the result that the total project cost for the Joint Facility is \$174.8 million, an increase of four per cent over the Class D estimates, or \$6.8 million (the City and Ottawa Public Library portion is \$5.2 million). The refined estimates account for construction inflation of 3.5 per cent (2.9-per-cent construction price index times a 1.25-year delay in the project), representing a \$3.4 million increase, with the size of the facility and project contingencies protected. Facility operations requirements have been refined as well, and the need to relocate the cellular infrastructure for the light-rail transit

tunnel to protect the design integrity of the Joint Facility has been identified, accounting for the remainder of the increased cost estimates.

Based on the City/Ottawa Public Library (61 per cent) and Library and Archives Canada (39 per cent) proportional shares of square footage, the City-funded portion of the total construction costs based on the revised Class C estimates is \$104.2 million compared to the \$99 million Class D estimates approved in principle in February 2017.

Table 2: Allocation of Funding Requirement for Ottawa Public Library-Library and Archives Canada Joint Facility

	City/Ottawa Public Library	Library and Archives Canada	Total
Site costs	\$2,773,600	\$1,773,300	\$4,546,900
Construction costs	\$81,116,300	\$50,317,800	\$131,434,100
Development/soft costs	\$21,973,000	\$15,002,600	\$36,975,600
HST at 1.76 per cent	\$1,863,200	-	\$1,863,200
Total cost	\$107,726,100	\$67,093,700	\$174,819,800
Land	(\$3,490,500)	\$3,490,500	-
Net funding requirement	\$104,235,600	\$70,584,200	\$174,819,800

With respect to the land value referenced in Table 2, this is based on Library and Archives Canada contributing their proportionate share (39 per cent) of the estimated value of the land at 557 Wellington Street (\$8.95 million). The 39 per cent share equates to \$3.49 million and, if the disposal of that portion of the site is approved as recommended in this report, the City's share of the total construction costs will be reduced by that amount.

Staff recommend that the budget for this project be established at this stage of procurement, prior to final contract award, in order for the project to proceed on time and to reduce the risk of construction escalation costs due to delays. Budget authority is therefore required for the total estimated construction cost of \$174.8 million. As City Council approved the first \$26 million of budget authority for the new library in 2009 (to

be funded from debt), and most of that authority remains unspent, this report is requesting only the additional budget authority of \$148.8 million. The cost-sharing arrangement for the project provides for a \$70.6 million contribution from Library and Archives Canada, subject to Government of Canada approval, reflecting their 39 per cent share, with the remaining \$104.2 million to be funded by the City and the Ottawa Public Library.

The recommended funding strategy was developed by first determining all known and confirmed funding sources, and then identifying the portion of the City and Ottawa Public Library share that will need to be debt financed once those sources have been deducted. This requirement was assessed against the affordability of that additional debt in consideration of the City's overall capital plan. This is a conservative approach in that staff based the estimates on the maximum amount of debt that could potentially be required to fund this project. There are other potential sources of revenue that could help reduce reliance on debt, such as an updated development charge, grants from other levels of government or a fundraising campaign. These are described later in this section of the report.

The known funding sources that are available and recommended to be applied to the Joint Facility are:

Sale of land – As considered in the February 2017 report and described later in this report, the City's Corporate Real Estate Office recommends that the City and Ottawa Public Library declare surplus its property interests in 120 Metcalfe Street and 191 Laurier Avenue West, which includes interests in the air rights and parking garage leases. The recommendation is to direct all revenues generated from the disposal of 120 Metcalfe Street and 191 Laurier Avenue West to the project funding for the Joint Facility. The agreed-to purchase price is \$20 million, with the City receiving \$10 million upon closing (anticipated to be this year) and \$10 million at the end of the library's occupancy, which is estimated to be at the end of 2024.

Development charges – The 2014 Development Charges Background Study identified \$3.24 million in eligible growth-related costs to build an additional 10,000 square feet onto the existing Central Library. This now provides \$3.24 million in development charge revenues for the new Joint Facility.

Library reserves – As of December 31, 2017, the uncommitted balance in the Library reserves was \$4.5 million. Staff recommend that \$1 million of those

reserve funds be contributed towards the City/Ottawa Public Library portion of the Joint Facility project costs.

With these offsets, based on the Class C estimates and funding sources identified so far, the estimated debt financing required for the City/Ottawa Public Library portion of the Joint Facility is \$80 million, rather than the \$95 million estimated in 2017.

Table 3: Estimated debt funding requirement

	Library Cost/(Revenue)	Parking Facility Cost/(Revenue)
City/OPL Share of Building	\$104,235,600	\$18,132,900
Reserves	(1,000,000)	(3,667,000)
Development Charges	(3,240,000)	-
Proceeds from Sale of Land	(20,000,000)	-
Total Debt Funding Requirement	\$79,995,600	\$14,465,900

Council, through the adoption of the Fiscal Framework, has endorsed the use of debt financing for identifiable legacy projects. Legacy projects are defined as one-of-a-kind projects that contribute to the overall quality of life in the city and will have long-lasting benefit. The Joint Facility project fits these criteria and has previously been classified as being a legacy capital works project.

The estimated annual debt servicing costs (principal plus interest costs) that will be required for the Joint Facility project, assuming a 20-year debt issue at 4.5-per-cent interest, is \$6.43 million. If approved, the debt servicing costs will be paid from City-wide taxes. Although this figure equates to a 0.5-per-cent increase in taxes, Council's elimination of the City's Vacancy Rebate Program beginning in 2018 means that the \$6.9 million currently budgeted for the program will be available to be fully reallocated to other programs starting in 2019. This amount is sufficient to cover the full debt servicing costs for the building portion of construction.

Staff believes this is the maximum debt authority needed. City and Ottawa Public Library staff have also identified other potential funding sources, outlined below, that will need to be pursued further. The potential revenue from these sources have not been

included in the proposed funding strategy, but if the City and Ottawa Public Library were successful in securing any of these funds, they would be allocated to the project to reduce the overall reliance on debt financing. The funding sources that will be pursued include:

2019 Development Charges Update - There will be an opportunity within the next Development Charges Background Study to increase the amount allocated from development charges, particularly since the 2014 charge was based on adding 10,000 square feet to the existing building, when the new plans estimate an increase of 24,000 square feet. Further analysis will be undertaken to substantiate Council's intent to fund the growth-related portion of the new building from development charges; while not exceeding the amount eligible under the historic level of service cap. Any unfunded growth-related costs involving the repayment of debt beyond the required 10-year planning horizon would be recovered under future by-laws.

Funding from other levels of government – The federal and provincial governments recently announced the next phase of infrastructure funding. One of the funding streams supports community, culture and recreation infrastructure. The federal and provincial governments have allocated \$407 million and \$336 million respectively to this stream over the next 10 years. To reduce the need for debt financing on this project, staff recommend that the City continue to approach both levels of government for a grant to contribute a percentage share of the net municipal funding requirement for the new library project from this infrastructure fund, as well as any other potential government funding streams that may be put in place over the life of the project.

Fundraising campaign – In 2015, the Ottawa Public Library conducted a preliminary investigation of fundraising potential. It was estimated at that time that approximately \$3 million could be raised, exclusive of the cost to develop and run a fundraising campaign. However, this review was completed prior to the decision for a new build and the Library and Archives Canada partnership was decided.

The February 2017 report indicated that one potential funding strategy to further offset the City/Ottawa Public Library portion of the debt financing costs for the new facility could be the development and implementation of a capital fundraising campaign. A study to analyze opportunities for an Ottawa Central Library capital fundraising campaign is currently underway. The study, expected to be

completed in 2018, will identify options, required resources and potential funding sources, plus make recommendations. Funds raised could be allocated as an additional funding source for this project or could be recognized as annual revenue to help offset increases in operating costs.

Any additional revenue received from development charges, other levels of government or a fundraising campaign would help to reduce the overall debt requirement on the building. Any success in these efforts will be reflected as part of the annual budget process.

The annual operating pressure for the Ottawa Public Library space and enhanced service delivery is estimated to be \$1.865 million, which will be addressed as an additional pressure in the budget year in which the library becomes operational, or sooner if required.

Disposal of property - 191 Laurier Avenue West and 120 Metcalfe Street.

As accounted for in the funding strategy and as directed in the February 2017 report, staff developed a disposal strategy for the existing Main Library structure, air rights lease and parking garage lease at 191 Laurier Avenue West and 120 Metcalfe Street.

The current Main Library branch building, with the adjacent four-level parking garage, is a unique, complex bundle of property interests jointly owned by the Ottawa Public Library and the City, and subject to interconnecting lease interests. The combined parcels are legally described as Lot 49 and Part of Lots 50 and 51, North Laurier Avenue, Registered Plan 3922 and shown as Parcels 1 and 2 on Document 2, attached. Parcel 1 was acquired by the Ottawa Public Library Board in 1922, and Parcel 2 was acquired by the City of Ottawa in 1903. Document 4 provides a breakdown of the interests in the property.

In addition to the joint ownership of the current Main Library building, an air rights partnership exists with a third party. The nature of this partnership dates back to 1973, when the City and the Ottawa Public Library Board jointly entered into a 60-year lease agreement (based on an original 10-year term plus five 10-year renewal terms) with Gillin Engineering and Construction Limited for the air space over the third floor of the Main Library. Gillin Engineering constructed a 206,726-square-foot 16-storey office tower, known as the Sir Richard Scott Building, within an air rights envelope and with rights of access to the ground level via a separate elevator lobby. This structure is municipally known as 191 Laurier Avenue West.

Concurrent to the development of both the Library building and the office tower, the City/Ottawa Public Library built a four-level parking garage below grade. The garage has 170 parking spaces with a shared ramp and separate loading areas for the library and the office building. The City/Ottawa Public Library entered into a parking garage Lease with the air rights tenant and leased the 170 parking spaces for use by the air rights tenant office subtenants. The lease for the underground parking spaces within the garage runs concurrently with the air rights lease. The office building is ensured of having parking to support its subtenants.

The parking garage lease requires that 60 spaces are reserved for the air rights tenant, 40 spaces for public parking assigned to the Ottawa Public Library and 20 spaces reserved for Ottawa Public Library staff, of which nine are currently used. All revenue generated from the parking use resides with the air rights tenant. The tenant is responsible for the daily garage operating expenses, with the Ottawa Public Library responsible for the utilities (hydro and natural gas) and the City is responsible for lifecycle repairs.

The current annual rent for the air rights is \$286,000. This is a net amount, given there are no operating costs. The current annual gross rent for the parking garage is \$230,000. The estimated annual operating cost for utilities within the parking garage is \$30,000, and it is provided for in the Ottawa Public Library operating budget. The parking garage life cycle costs, carried by the City, are completed over an amortized schedule. The annual life cycle expenses are forecast to cost \$115,000 on average over the next 17 years. After considering the utility costs, the parking garage and air rights leases produces approximately \$486,000 a year in revenues that are directed to Ottawa Public Library to offset operating costs.

At the end of the 60-year option period on June 30, 2034, the office tower is scheduled to revert back to and be jointly owned by the City and the Ottawa Public Library. In addition, the public parking lease would terminate, with control reverting back to the City and the Ottawa Public Library.

The current owner of the office tower and holder of the air rights and parking garage leases is Slate Properties Inc.(Slate) and the fourth (of five) renewal terms was recommended in the 191 Laurier Avenue/120 Metcalfe Street – Main Library – Lease Renewals report ([ACS2014-PAI-REP-0014](#)) approved by City Council on July 9, 2014.

With respect to the options for the disposal of the current Main Library site, the key element is that the library structure and the office building are not separate legal parcels. The component parcels are described and created under the air rights lease.

Disposing of the library component at 120 Metcalfe Street would also include the disposal of the air rights and parking garage leases connected to 191 Laurier Avenue West. As well, the joint ownership of the site has some complexity, as the Ottawa Public Library Board requires City Council consent and approval for property disposal and acquisition. Specifically, the *Public Libraries Act* states, “A board may, with the consent of the appointing council... (a) acquire land required for its purposes by purchase, lease, expropriation or otherwise; (b) erect, add or alter buildings; (c) acquire or erect a building larger than required for library purposes, and lease any surplus part of the building; and (d) sell, lease or otherwise dispose of any land or building that is no longer required for the board’s purposes.”

In accordance with City policies, staff undertook an internal circulation to determine whether the library facility and administrative space, together with the air and subsurface rights, were surplus to City programming needs. The results of the circulation indicated no requirement to retain the 84,092-square-foot library facility for an alternate City purpose, or the 18,240 square feet of rental administration space until June 30, 2034. Additionally, the circulation results did not identify a future need for a vacant 206,726-square-foot office building (air rights interest) and a four-level parking structure (garage lease interest) as of June 30, 2034. Based on the internal circulation, and in keeping with the Disposal of Real Property Policy and Procedures approved by Council in 2012, staff recommend that both the Ottawa Public Library Board and the City declare surplus its property interests in 120 Metcalfe Street and 191 Laurier Avenue West, including interests in the air rights and parking garage leases. To facilitate and simplify the disposal of this property, staff recommend that the Ottawa Public Library Board delegate its related rights to the City to dispose of the property in accordance with the recommendations in this report.

During the internal circulation process, Slate Properties was contacted as to their interest in acquiring the property. They expressed an interest in assembling all the property rights and City staff entered into informal discussions. The preliminary discussions revealed a number of practical and financial reasons for negotiating directly with Slate. These reasons included:

- A property acquisition would enable Slate Properties to better plan an office leasing strategy at 191 Laurier Avenue West and the lifecycle renewal program.
- Slate Properties has firsthand knowledge of the property, its overall operation and shared systems. They are better positioned than a third-party purchaser to assess investment risk.

- The ownership/lease structure adds complexity for a third-party purchaser as not all the property rights are acquired until 2034. This complexity creates risk, particularly in the renovation (adaptive reuse) of the library component, which has shared systems with the Slate Properties office tower, and in determining a reversionary value to the office component. A potential purchaser would likely account for unknown dealings with Slate Properties when formulating an independent value.
- The timing of a sale is less important to Slate Properties as they are contractually tied to the property until 2034. They indicated a willingness to accommodate the City/Ottawa Public Library's project schedule, including any potential construction delays at 557 Wellington Street.
- A sale to a third party (i.e. not Slate Properties) would not release the Ottawa Public Library from the lease obligation for the 18,240 square feet of administrative space until June 30, 2034. This obligation represents a remaining 16-year commitment at \$399,600 annually, adjusted for inflation on the operating costs with the base rent to be adjusted to a market rent in 2024 for the final 10 years of the term. Slate Properties was willing to adjust the lease payment and the timing of a sale, and terminate the lease to match the occupancy date at 557 Wellington Street.

A review of all the benefits and risks demonstrated to staff that, overall, Slate Properties was in a unique position to purchase all the property interests under terms that present the greatest value to the City/Ottawa Public Library. Slate Properties' knowledge of the building, together with the associated value uplift for the acquisition of all the property interests, made them the most logical purchaser. The flexibility offered by Slate Properties in closing, the library leaseback option, and the ability to terminate the fourth and fifth floor lease on occupancy at 557 Wellington Street (rather than on a specific date) placed Slate Properties in a preferential position. As well, exposing the 120 Metcalfe Street and 191 Laurier Avenue West property to the open market carries risks to the City's ability to attract a third-party purchaser willing to acquire only partial interests in the property until 2034 and within the time frame desired by the City and Ottawa Public Library.

Internal and external appraisals were commissioned to determine the value of the multiple interests in the property under various scenarios as of April 2018. After an analysis, the value estimate of \$20.65 million, based on receiving an empty office

building at the end of the air rights lease, was considered the most reasonable reflection of market value.

With that due diligence work completed, staff engaged in discussions with Slate Properties to determine if both parties could agree on reasonable financial and contractual parameters that would lead to an agreement of purchase and sale of the various property interests. The market valuation did not consider the benefits to the Ottawa Public Library offered by Slate Properties vis-à-vis the lease back of the library building and the flexibility offered on terminating the lease when the new Joint Facility is operational. The parties reached an agreement on those parameters and purchase price, which are identified in the Letter of Interest attached as Document 5 and highlighted below:

Purchase price: The parties have agreed on a purchase price of \$20 million. The City shall receive a \$500,000 deposit upon execution of the Purchase and Sale Agreement. A second payment to the City of \$9.5 million is due upon closing of the transaction. The remaining balance of \$10 million shall be credited at closing as a vendor takeback loan that shall be due to the City at the end of the library's occupancy at the subject properties.

Closing date: The closing date for this transaction shall be no later than June 1, 2018. Since the execution of the attached letter, timelines have shifted and Slate has accommodated these revised timelines. A closing date is expected within this calendar year of 2018.

Ottawa Public Library occupancy at the subject properties: The Ottawa Public Library may continue to occupy the Main Library space as well as the fourth and fifth floors until December 31, 2024. Since the attached letter has been executed, the proposed construction schedule has shifted and Slate has acknowledged and will accommodate that shift in the final documents. Slate Properties has agreed to rent those spaces to the Ottawa Public Library for a nominal charge. The Ottawa Public Library shall continue to be responsible for ongoing operational costs for the Main Library space but will not be responsible for any rent and operating costs for the fourth or fifth floors. Slate Properties has retained the right to terminate the fifth floor occupancy upon providing the City with 60 days' notice. The City has the ability to extend occupancies up to December 31, 2026, should the new library project be delayed; however, any extensions beyond 2026 will not be at a nominal rental rate.

Lifecycle costs: During the Ottawa Public Library's occupancy at the subject properties, the City and Slate Properties shall be responsible for their proportional share of the costs of any lifecycle components that must be addressed. A schedule of anticipated lifecycle improvements will be finalized as part of the Purchase and Sale Agreement.

As part of the overall agreement, the existing air rights and parking garage leases between the City and Slate Properties will be terminated. This will result in a loss of revenue to the Ottawa Public Library in the amount of \$486,000 annually. At the same time, the lease for the fourth and fifth floors will be terminated by Slate, and the Ottawa Public Library will sign a new lease to be able to remain on those floors at no charge. This action will result in annual savings for the Ottawa Public Library of \$399,600. Therefore, if the sale is approved, the short term net impact (2018 to 2024) will be an operating budget pressure of approximately \$86,400, which the Ottawa Public Library will manage within its budget.

Despite the minor budget pressure noted for the Ottawa Public Library, the overall agreement between the City and Slate Properties allows the City to realize market value for the property, which will assist in funding construction of the City and Ottawa Public Library's share of the new Joint Facility. The agreed purchase price reflects market value appraisals. Additionally, this agreement enables the Ottawa Public Library to remain in its current spaces until December 2024. The only costs to the Ottawa Public Library during this time will be the continued operation of the Main Library space as well as the operating pressure. No rent payments will be required for either the library space or the administrative space on the fourth and fifth floors. The obligation to pay rent on the administrative space until 2034 is removed, representing a significant cost avoidance saving to the Ottawa Public Library.

Disposal of property – a portion of 557 Wellington Street

The disposal of property rights within a future joint-use facility is a unique circumstance. To establish a benchmark value for the property to ensure municipal taxpayers receive the best value for its land in the negotiation process with Library and Archives Canada, internal and external market valuations were completed on the site with an effective date of April 2017. This process established a unit value of \$1,023 square metres (\$95 per square foot) for unencumbered developable land for the site. Using the market value appraisal as a guide, an initial amount of \$3,490,500 was determined for 39 per cent of the original site (8,754 square metres). This estimate of market value assumes full property interests in a clean development site.

The facility predesign work, which frames much of the terms and conditions within the Governance Agreement, provides for the City to construct on site, at its cost and with Council approval, a City-owned underground parking garage below the Joint Facility. Library and Archives Canada has agreed to the stratification of the site ownership and there would be no Crown interest in the site below grade (parking garage). The initial compensation should be adjusted downward to reflect the fact that the property rights to be transferred to the Crown will be stratified with the City retaining a 100 per cent ownership interest in the subgrade land component.

The site has environmental constraints, and the construction budget for the new library includes a cost to address site contamination. Site remediation is a joint project cost, with Library and Archives Canada contributing a 39 per cent share towards site clean-up, in accordance with the Governance Agreement. The estimate of market value assumes the site is free of environmental contamination and thus the value estimate \$3,490,500 should be adjusted downward to reflect the cost assigned to LAC for its share of the site remediation.

There are offsetting factors to the downward influences on the estimate of value. In March 2018, parts of the former Wellington Street right of way, no longer needed for the light-rail transit corridor, were added to the northern edge of the property increasing its size from 8,754 square metres (94,227 square feet) to 9,569 square metres (102,990 square feet) subject to final survey. The value estimate should be adjusted upward to reflect a 9.3 per cent increase in site size.

The initial value estimate is based on a transaction closing in April 2017. However, the closing and transfer of funds, as per the Governance Agreement, will be on the completion of the facility in late 2024. The delay in payment would support an upward adjustment to the LAC purchase price for the time value of money.

Based on the foregoing, City and LAC staff determined that the upward and downward pressures on the initial estimate of market value are essentially offsetting. The estimate of market value of \$3,490,500 is retained as a reasonable reflection of the costs and risks associated with a 39 per cent interest in the 557 Wellington Street as per the terms identified in the Governance Agreement.

Disposal of property – Delegation of authority and standard waivers for both properties

The sale of both the existing library at 120 Metcalfe Street and 191 Laurier Avenue West (Property A) and the partial interest sale of 557 Wellington Street (Property B) are based on the production of documents and final contracts. In order to finalize the transactions, staff are seeking delegated authority to negotiate, conclude and execute the final documents within the contractual and financial parameters set forth in the Letter of Interest with Slate Properties and in the Governance Agreement with Library and Archives Canada. In the event that staff are unable to complete these actions within the set parameters, staff would report back to the Ottawa Public Library Board, the Finance and Economic Development Committee and City Council.

Consistent with the funding strategy approved in principle in the February 2017 report and the recommendations in this report, City Council is being asked to waive Clause 1(1.4) of the Disposal of Real Property Policy and Procedures and Clause 1 (1.2) of the Affordable Housing Land and Funding Policy, and approve that all revenues (estimated to be \$23,490,500 in total) generated from the disposal of the current Main Library at 120 Metcalfe Street and 191 Laurier Avenue West and the portion of the Joint Facility site at 557 Wellington Street be allocated to the project funding for the new facility.

Council is also being asked to waive Clause 5 (5.1) of the Disposal of Real Property Policy and Procedures requiring notification to the public of the pending sale of a City property. Typically, the exposure of a property to the market place will attract the best price. As reported in the background section, in this case, the air rights tenant is essentially a business partner with the City and the Ottawa Public Library until 2034. The 1973 development agreement and air rights lease did not contemplate that the City/Ottawa Public Library would disengage and dispose of the site. There are no clauses in the air rights lease that address a potential sale to either the tenant or a third party. With the City and Ottawa Public Library seeking to dispose of the property, the logical first step was to contact the air rights tenant and measure their interest in acquiring the remaining property rights for 120 Metcalfe Street and 191 Laurier Avenue West.

With regard to 557 Wellington Street, the City is co-developing the site and selling a percentage as per the Governance Agreement. The policy to exposure to the open market was not relevant in this circumstance.

Temporary declaration of a Municipal Capital Facility for a portion of 120 Metcalfe Street and 191 Laurier Avenue West

The property located at 191 Laurier Avenue West consists of approximately 291,304 square feet. This report recommends a Municipal Capital Facility designation and associated municipal tax exemption be approved for only the portion of the property that will continue to be exclusively occupied by the Ottawa Public Library.

The total building area is broken down as follows:

- 206,726-square-foot office tower, 100 per cent leased to Slate Properties, less
 - 18,240 square feet, leased back to the City of Ottawa and Ottawa Public Library, being the fourth and fifth floors of the office tower
- 66,338-square-foot library space, 100 per cent occupied by the Ottawa Public Library
- 17,754-square-foot parking garage, 100 per cent leased to Slate Properties

As a municipal asset, the total 84,578-square-foot space occupied by the City is currently exempt from municipal property taxes. Upon disposal of the property, the space occupied by Ottawa Public Library would become taxable.

In order to minimize the cost to the City during the temporary leaseback period, designation of the existing 84,578 square feet of space (66,338-square-foot Main Library plus 18,240-square-foot fourth and fifth floors) to a Municipal Capital Facility to be exempt from taxes levied for municipal and school purposes is recommended. Subsection 110(6) of the *Municipal Act, 2001* permits the Council of a municipality to exempt taxes levied for municipal and school purposes on which the municipal capital facilities are located. The related Ontario Regulation 151/16 provides, in Subsection 2(1)11, that “municipal facilities for public libraries” are an eligible class of municipal capital facilities.

The 2016 property taxes attributed to the leased area were \$1.2 million or \$6.37 per square foot. Should the City-occupied space become taxable in the event of a temporary tenancy during the construction of the new location, the estimated annual cost to the City could be as high as \$539,461.

In order to sustain the cost savings of a property tax component applicable to a commercial lease, a designation of a Municipal Capital Facility and exemption of taxes levied for municipal and school purposes on the space occupied by the City is

recommended. While the fourth and fifth floors are currently leased back to the City, they also remain under City ownership and are generally exempt from municipal property taxes while owned and occupied by the City. Proceeding with a Municipal Capital Facility designation at this time, as opposed to waiting until the property has been disposed of, will alleviate a potential financial pressure to the City and Ottawa Public Library as it will ensure that the City's tax exemption continues. Therefore, it is recommended that the designation be set in place prior to disposal in order to continue the property tax exemption for the City.

Results of the Parking Study and inclusion of parking garage in the procurement for the Joint Facility

5. Approve that a 200-space, City-owned underground parking facility be included in the procurement for the Joint Facility, with budget authority of \$18.1 million, to be funded as outlined in this report, including the use of the remaining balance in the Cash-in-lieu of Parking reserve.

The February 2017 report identified that the Joint Facility's unique programming and landmark location would generate 1.68 million visits per year. Noting that, given the limited public parking options in the surrounding area, some on-site parking would be needed. Staff were directed to undertake a detailed study of the parking requirements for the Joint Facility, recognizing its proximity to the Pimisi Light-Rail Transit station, and report back to the Committee and Council with a recommendation.

Council-approved policies related to parking at the Joint Facility

Council has approved a number of policies with respect to the role of parking within the context of the City's Official Plan and other related master plans, specifically the Transportation Master Plan, the Municipal Parking Management Strategy and the Comprehensive Zoning By-law. These were all reviewed as part of the Parking Study and considered in the development of the staff recommendation. Also reviewed were the points of reference in other Council-approved planning documents, such as the Bayview District Community Plan (2013), the Escarpment Area District Plan (2008) and recent transit-oriented development plans.

All of these policies helped to clarify staff's approach to determining the level of parking staff believes is needed for this facility. Related highlights of the policy review are listed below.

The Transportation Master Plan

The plan identifies several directions that relate to the new Joint Facility. These include:

- Maximize transportation options for residents of all ages and abilities.
- Support a vibrant downtown by preserving transportation access with a focus on walking, cycling and transit.
- Help businesses and institutions remain accessible to clients and patrons, including those from outside Ottawa.
- Provide a range of travel options to suit different cultures and lifestyles.

The plan is specific with respect to the type of parking that is preferred. Underground parking is favoured over surface parking because underground parking allows for a greater percentage of the land to be allocated for the proposed use. This is supported in the Official Plan Amendment 150, which states that parking should be underground or in structures incorporating other uses.

The plan also proposes a 2031 target of a 50-per-cent-modal share for alternate modes (10 per cent for walking, five per cent for cycling, 26 per cent for transit and nine per cent for automobile passengers). This would represent a modal share decrease for automobile drivers from 55 per cent in 2011 to 50 per cent in 2031.

Finally, the plan includes a direction to implement the objectives of the Municipal Parking Management Strategy.

Municipal Parking Management Strategy

The Municipal Parking Management Strategy clearly supports the use of alternate modes of transportation. As the Transportation Master Plan, it also recognizes that cycling, walking and transit are not always going to represent an entire solution. It provides that a balance among all modes is required. This balance may favour alternate modes of transportation, but it also allows for those who will need to rely on driving for reasons related to necessity (such as due to mobility or proximity).

The strategy outlines the objectives of the City's Municipal Parking Management Program as follows:

1. Provide and maintain an appropriate supply of affordable, secure, accessible, convenient and appealing public parking.

2. Provide and promote affordable short-term parking services, and fair and consistent enforcement services, that support local businesses, institutions and tourism.
3. Promote, establish and maintain programs and facilities that encourage the use of alternative modes of transportation including public transit, car/van pooling, taxis, auto sharing, cycling and walking.
4. Support residential intensification and resolve parking problems within residential areas caused by significant traffic generators or conflicting uses of the roadway including implementing on-street permit parking programs to relieve area residents and visitors from parking regulations directed at the non-resident.
5. Ensure the revenues generated by the Municipal Parking Program are sufficient to wholly recover all related operating and life-cycle maintenance expenditures, contribute to a reserve fund to finance future parking system development, operation and promotion, and then assist in the funding of related initiatives to encourage the use of alternative modes of transportation.

The key consideration with respect to the Joint Facility was to determine the appropriate amount of visitor parking required to serve the programming. There is a two-fold alignment with the strategy in this case. First, there is the requirement to provide short-term parking in support of this important institution and its various functions. Second, in the absence of an appropriate alternate supply of public parking, there is the risk that not having an appropriate supply of short-term parking is expected to have negative impacts on surrounding areas. This is particularly a concern where there are nearby residential neighbourhoods that could see a spillover of traffic and parked vehicles. The impacts of this are magnified where there is already a limited adjacent supply of public parking.

The analysis that was conducted in the Parking Study helped clarify what is recommended as an appropriate parking supply at the Joint Facility, and also account for the surrounding supply of parking. On an ongoing basis, the objectives of the strategy will help guide the management of any public parking that might be included in this facility, for example, by prioritizing short-term visitor parking over long-term parking. The strategy allows for various tools to achieve this, including guidelines related to setting rates. The Comprehensive Zoning By-law

The Joint Facility site at 557 Wellington Street is located in Area Z as per Schedule 1A of the Comprehensive Zoning By-law. Due to the Joint Facility's close proximity to a

rapid transit station, there is no minimum requirement to provide parking at the Joint Facility. There is also no maximum parking requirement. That said, if the Joint Facility were located a few metres to the south on the other side of Albert Street, the minimum requirement for parking would be 250 parking spaces (based on 20,000 square metres of gross floor area).

The by-law also requires a minimum number of bicycle parking spaces (40 spaces) to be provided for the Joint Facility. Ensuring the provision of bicycle parking will help encourage more visitors and employees to cycle and would also support the Transportation Master Plan policies and Municipal Parking Management Strategy objectives by encouraging the use of alternative modes of transportation.

Other planning documents

The Bayview District Community Plan (2013) and the transit-oriented development plans for Lees, Hurdman, Tremblay, St. Laurent, Cyrville and Blair (2014) help to put into further context what the expectations should be with respect to the modal split that should be considered for the Joint Facility. In both cases, the automobile modal share target is 20 per cent, with the remainder comprised of 65 per cent transit and 15 per cent walking or cycling.

The Joint Facility site falls within the South LeBreton area in the Escarpment Area District Plan (2008). This plan's overall approach to parking is to consolidate and conceal parking so that it does not detract from the character of the area. Consistent with the Transportation Master Plan and Official Plan Amendment 150, new developments should provide parking internally. Per the plan, this could be achieved by providing underground parking or, where this is prohibitive due to cost, a portion of the parking may be located in the podium level of new buildings.

The Parking Study

The parking assessment was undertaken by MMM Group (now WSP Global). They reviewed four categories of parking: no parking, less than minimal parking (1 to 150 spaces), minimal parking (151 to 250 spaces) and a typical to high amount of parking (251 spaces and more) as they related to cost (capital and operational) recovery, parking spillover from the Joint Facility into adjacent areas, and parking spillover from adjacent areas into the facility, the quality of other access modes and the possibility of attracting events. They also undertook a case study review for similar facilities.

Case studies

A number of similar institutions were analyzed to get a sense of how they provide parking and to what extent access to parking and transit options are available. This review focused on recent central library constructions in Canada and the United States, as well as similar institutions in the National Capital Region.

Central library locations in other cities

The following libraries were included in this case study review:

Table 4: Library case study review

	Annual visitors (million)	Near rapid transit?	On-site parking	Off-street public parking within 200 metres	Off-street public parking within 400 metres
Halifax Central Library	1.9	No*	87	696	2,098
Montreal – La Grande Bibliothèque /Bibliothèque et Archives Nationales du Québec	2.5	Yes	385	1,200	2,390
Calgary Central Library (under construction)	TBD	Yes	0	1,404	2,590
Vancouver Central Library	6.9	Yes	638	1,069	4,664
Seattle Central Library	1.5	Yes	143	2,241	9,115
Joint Facility (projected)	1.7 to 2.2	Yes	TBD	0	60

*Served by more than 20 bus transit lines

The following is a summary of the results from this review:

- All the libraries are centrally located and are in cycling and pedestrian friendly environments.
- All the libraries provide on-site parking, except for the Calgary Central Library.
- All the libraries are within walking distance of high-order transit (subway or light-rail), except for the Halifax Central Library.
- The surrounding environments are all dense and there are many other uses in the area, including an abundance of off-street public parking facilities (office, retail, services, museum) within 200 metres of the library.
- There are numerous options for public parking (on-street and off-street) in the areas immediately surrounding the libraries.

Similar institutions in the National Capital Region

The following local institutions were examined as part of this review:

Table 5: Local institutions review

	Annual visitors (million)	On-site parking	Off-street public parking within 200 metres	Off-street public parking within 400 metres
Canadian Museum of History	1.6	580	178	574
National Art Gallery	0.3	420	0	191
Canadian War Museum	0.5	310	0	0
Canadian Museum of Nature	0.5	192	100	643
Joint Facility (projected)	1.7 to 2.2	TBD	0	60

The following is a summary of the results from this review:

- All institutions provide on-site parking, typically underground.
- All institutions are located in cycling and pedestrian friendly environments.
- All institutions are well served by transit, although some better than others.
- All institutions have capacity for special events in addition to core museum functions (lectures, concerts, receptions).
- Parking fees are geared towards long-term users not short-term users.
- The provision of public parking surrounding each institution varies.

Methodology

In order to assess the parking requirements for the new Joint Facility, the consultant followed a comprehensive and sequenced process that first identified and segmented the different user types (regular visitors, employees and attendees of special events). With the user types identified, the goal was to build typical parking demand profiles for each. In order to do so, the following steps were followed:

- Determine the number of users by type;
- Establish the distribution of users by time of day and day of the week;
- Determine the average length of stay for each user type;
- Project the driver modal share for each user type;
- Determine the impact of alternate sources of parking.

In following this process, low-end and high-end projections were derived across all variables, with the intent to establish a range of expected parking demand across the different time points.

Data from the Ottawa Public Library and Library and Archives Canada relating to employee parking, Ottawa Public Library client surveys, and regional origin-destination surveys were reviewed, along with survey data from recent parking studies in the downtown core. For Ottawa Public Library and Library and Archives Canada visitors, the driver modal share was conservatively estimated at 15 to 20 per cent to account for the impacts of light-rail transit and access to improved cycling and pedestrian infrastructure. The following modal splits were used:

Table 6: Modal splits

Visitors	Low-end	High-end
Ottawa Public Library	15 per cent	18 per cent
Library and Archives Canada	20 per cent	20 per cent

The higher modal split for Library and Archives Canada visitors was used because a higher proportion of this group are expected to be from out-of-town. This means that at the low-end, 85 per cent of Ottawa Public Library visitors and 80 per cent of Library and Archives Canada visitors are projected to use alternate modes of transportation.

By comparison, recent studies have produced some reference information on current driver modal share:

Table 7: Driver modal share

	Driver modal share
2016 Central Area Parking Study	27 per cent
2014 Centretown Local Area Parking Study	38 per cent
2011 Origin-Destination Survey	
Art Gallery District	45 per cent
War Museum District	38 per cent

As indicated earlier, the projected automobile modal share for visitors to the Joint Facility meets and exceeds the 20 per cent target modal share for transit-oriented developments.

For employees, the 23 per cent low-end driver modal share was estimated based on existing employee patterns, and the 38-per-cent high-end driver modal share was estimated based on existing modal share data from the LeBreton Flats area. Although the modal share data shows that there will be some employees that drive to the Joint Facility, no reserved employee parking or monthly parking would be provided.

A number of sources of information were used through the analysis process. These included:

- Ottawa Public Library-Library and Archives Canada Joint Facility Master Program (Resource Planning Group Inc., 2016);
- Ottawa Public Library client surveys (Nanos Research, 2015);
- Ottawa Public Library transactions from existing Main Library (2016);
- Data from Ottawa Public Library and Library and Archives Canada on employee shifts and parking;
- TRANS Committee Ottawa/Gatineau Origin-Destination Surveys (2005 and 2011);
- Parking Generation Handbook (Institute of Transportation Engineers);
- Central Area Parking Study survey and occupancy data (2016); and
- Centretown Local Area Parking Study survey data (2015).

Analysis

The methodology made it possible to identify the peak periods from the demand profiles. The peak is projected to occur at midday between noon and 2 p.m. on weekdays. The table below provides how many users are expected at the facility during the peak time, as well as the corresponding parking demand based on the driver modal shares that were used in the projection models. Service vehicles include any vehicle that is required on a continual basis. It has been determined that the new Joint Facility will require five reserved parking spaces for service vehicles (two for City of Ottawa Facilities staff and three for contractors).

Table 8: Peak time parking demand

	Low-end estimate		High-end estimate	
	Users at peak	Vehicles at peak	Users at peak	Vehicles at peak
Ottawa Public Library visitors	891	134	1,158	209

Library and Archives Canada visitors	150	30	175	35
Ottawa Public Library employees	103	25	103	40
Library and Archives Canada employees	90	21	90	35
Service vehicles		5		5
Total	1,234	215	1,526	324

Based on all inputs, at its busiest times, there are expected to be between 1,234 and 1,526 people at the Joint Facility. Using the low-end and high-end projections, this would result in a demand for between 215 and 324 vehicle parking spaces.

As detailed in the Master Program, special events will be held at the new Joint Facility. The following outlines the expected number of attendees per space at any one time:

- Foyer/entrance – Up to 300 attendees, but cannot be used to full capacity when the library is open (assuming up to 100 attendees when the library is open)
- Multi-purpose room – Auditorium style with up to 320 attendees
- Black box theatre – Up to 80 attendees
- Meeting rooms – Up to 120 attendees

Although smaller-scale events are accounted for in the user analysis above, the numbers do not account for major special events.

Large-scale special events could include anywhere from 300 to 800 attendees (up to 600 during the daytime and up to 800 during evenings and weekends) for events such as receptions, weddings, conferences and lectures. These events are most likely to occur in the evening or on the weekend, which are not expected to be the peak periods of regular Joint Facility visitors. All large-scale events occurring in the middle of the day will require specific event management, particularly if they occur during the middle of a

weekday. This could include communications and arrangements that would direct people to other modes of transportation or parking available elsewhere.

Location conditions

The Joint Facility site is very close to the future Light-Rail Transit Confederation Line. Pimisi Station will be located at the intersection of Booth Street and Albert Street, which is a three- to four-minute walk to the future library site (approximately 250 metres). This allows for the aggressive modal share projections to be used.

From a parking perspective, the existing public parking supply surrounding the site is extremely limited for both on-street and off-street parking. There are virtually no alternative public parking spaces within 200 metres. Within a 400-metre radius, there are currently approximately 270 to 365 on-street parking spaces, depending on the time period. The on-street parking consists of paid and unpaid parking with maximum time limits of one to three hours, depending on the street. Of the nearby on-street spaces, many are within residential areas on streets such as Cambridge, Lebreton, Bell and Arthur.

There are only two public off-street facilities within 400 metres, totalling 60 parking spaces. These two parking facilities include a City of Ottawa surface parking lot at 422 Slater Street (10 spaces) and a parking facility located at 473 Albert Street (50 spaces). There are several other public parking facilities located outside of the 400-metre radius, however, cost, distance and availability mean that it is unlikely that they would be used by library customers to any significant extent.

The existence of up to 360 public parking spaces in the general area does not mean that these spaces are available at any given point in time. In fact, when the Joint Facility is expected to be busiest on weekday in the midday and early afternoon, so too is existing parking demand in the area. The following chart shows the occupancy rates for on-street and off-street parking within a 400-metre radius during different time-periods.

Table 9: Occupancy rates for on- and off-street parking within 400 metres

Occupancy	Weekday afternoon	Weekday evening	Saturday afternoon	Sunday afternoon
On-street	88 per cent	46 per cent	69 per cent	69 per cent
Off-street	80 per cent	80 per cent	N/A	N/A

As such, there is limited capacity for the surrounding area to absorb parking demands generated by the Joint Facility. Moreover, any parking that is absorbed on-street could have a negative effect on adjacent neighbourhoods. As well, the area has a discontinuous street grid due to the escarpment, which makes vehicular access more complicated and potentially intrusive to the neighbourhoods if people are looking for parking.

The amount of parking demand that is expected to be able to be absorbed by the nearby public parking supply during the weekdays is 15 vehicles and on Saturdays is approximately 50 vehicles. Therefore, the peak parking demand in the parking facility could be reduced slightly during weekdays and on Saturdays.

Having gone through a systematic process to determine the expected demand for parking, it is now also clear how little of that demand can be absorbed by parking in the surrounding area. Taking everything into consideration, during a typical weekday, the peak parking requirements at the Joint Facility range between 200 (215 minus 15) at the low end and 309 (324 minus 15) at the high end. During a typical Saturday, the parking requirements for the Joint Facility range between 167 (low-end) and 241 (high-end).

These findings are based on current conditions. It is expected that the LeBreton Flats area will see considerable development in the coming years. Within a 400-metre radius of the new Joint Facility, there are currently four new developments proposed:

- LeBreton Flats East (Claridge) – five towers containing 1,600 residential units;
- 31 Cambridge Street North – proposed 18-storey building with 200 units;
- 400 Albert Street – proposed three towers of up to 27 storeys; and
- RendezVous LeBreton

There are also two other developments proposed within 800 metres of the subject site that will be located at 900 Albert Street. They would include three towers ranging from 32 to 65 storeys, as well as the Zibi development along the Ottawa River at Chaudière and Victoria Islands.

Additional public on-street and off-street parking may be included as part of these developments. However, these developments will also bring their own competing pressures. In reality, it is unlikely that there will be many new parking spaces created through these developments for library users, especially in the case of residential developments.

Recommendation for a 200-space underground parking garage

Based on the results of the Parking Study, staff recommend the construction of a City-owned underground parking garage with up to 200 parking spaces for vehicles, and including this requirement in the procurement process for the Joint Facility. This low-end projection of parking for 200 vehicles represents a modal share of 17 per cent of people driving. This is considerably lower than the city-wide Transportation Master Plan target of 50 per cent driving by 2031. It is also more aggressive than the other City policies specific to light-rail transit or transit-oriented development, such as the Bayview District Community Plan (2013) and the transit-oriented development plans for Lees, Hurdman, Tremblay, St. Laurent, Cyrville and Blair (2014), which identify the automobile modal share target to be 20 per cent. The study also recommended that bicycle parking should be provided in excess of zoning by-law requirements, with at least 100 to 125 bicycle parking stalls. The LEED® requirement would be between 66 to 86 stalls. The facility would also provide at least one spot to charge an electric car.

The construction of a 200-space underground parking facility is based on the expectation that most visitors to the library will arrive by public transit, bike, walking or a combination thereof, which is why the facility will provide bicycle parking well over what is required by its zoning. It also recognizes that, given the large geographical size of the City and potential mobility issues of the aging population, commuting by automobile could be the only choice for some residents, and that winter conditions also have an impact on the ability for some people to adopt alternate modes.

As noted above, the Parking Study found the demand for vehicle parking during peak periods was between 200 and 309. The study concluded that the minimal parking range of 150 to 251 spaces had the most positive impacts and no negative impacts when evaluated against the other categories. It observed that having less than the minimal amount of parking would have high potential of spillover parking in adjacent neighbourhoods, and would also impact the ability to attract visitors for special events during the day. It stated that the less parking provided, the more acute these issues would become, and that the lack of available parking could influence the amount of visitors and the success of the facility.

By way of comparison, it is conservatively projected that the Joint Facility will receive 4,800 visits per day, compared to the current 2,000 visitors to the Main Library. There are more than 4,150 public parking spaces within 400 metres of the existing Main Library, while at times there are fewer than 340 public spaces within the same distance at 557 Wellington Street. Moreover, 200 spaces are far less than typical City facilities

(the City Hall garage has 850 spaces). Providing the minimum parking required at the time of construction would avoid the problems experienced at the Innovation Centre, which was built next to Bayview Station with insufficient parking, requiring the Innovation Centre to lease additional lands for parking after it was built.

The Class C construction cost estimate for the parking facility is \$18.1 million. Staff recommend that this facility be 100 per cent City-owned, and be funded through a combination of Cash-in-Lieu of Parking Reserve and debt financing.

Specifically, the reserve is used for the acquisition, establishment, laying out or improvement of parking lots or facilities and other parking related activities. In 2013, City Council repealed the parking cash-in-lieu by-laws and, since then, the balance has remained relatively untouched except for the cost of a few small parking studies. The balance in this reserve is \$3.667 million, taking into account any outstanding commitments and budgeted 2018 expenditures. Staff recommend that this balance be used to help fund the new Joint Facility parking garage, which, in turn, will reduce the debt requirement and associated debt servicing costs for the parking garage.

If the reserves are used, there would be \$14.5 million of debt financing required to fund the construction of the garage, with annual debt servicing costs estimated at \$1.2 million. Operating costs for the parking facility are estimated at \$320,000 per year and lifecycle costs are estimated at \$4.2 million over the first 30 years, or an average of \$139,250 per year. Parking revenues are expected to bring in between \$1.7 to \$2.2 million annually, based on various rate scenarios for the 200-space parking facility. Based on these estimates, the revenues from the parking garage are sufficient to cover both operating and capital costs for the parking garage.

Summary

This report recommends an implementation plan for the new Joint Facility, which, if approved, will see a unique, landmark attraction, built to a LEED® Gold standard, and incorporating signature design elements based on public input, completed by the end of 2024. Situated as a signature facility in an area that is in the process of being renewed and revitalized, the site will be accessible by light-rail, multi-use pathways for cyclists and pedestrians, and road for visitors who need to use a vehicle.

Staff recommend a funding strategy for the \$174.8 million cost of the project, based on Class C construction estimates for procurement, which can be accommodated without increasing taxes. With the first \$26 million of budget authority already approved by Council in 2009, subject to Government of Canada approval, and a \$70.6 million

contribution from Library and Archives Canada, the remaining \$104.2 million can be funded by using contributions from Library reserves (\$1 million), development charges (\$3.2 million) and proceeds from the sale of land (\$20 million) to reduce the debt funding requirements. With these offsets, the estimated debt financing required is \$80 million, with \$6.43 million in estimated annual debt servicing costs. The elimination of the City's Vacancy Rebate Program beginning in 2018 means that the \$6.9 million currently budgeted for the program will be available to be fully reallocated to other programs starting in 2019, and this amount is sufficient to cover the full debt servicing costs for the building portion of the construction.

Staff recommend including a 200-space underground parking garage on the site, which is well below the minimum standards in the Transportation Master Plan. The \$18.1-million facility would be included as part of procurement for the Joint Facility, but be solely owned by the City. The estimated revenues from the garage will pay for both its operating and capital financing expenses, making the facility cost-neutral.

If the recommended implementation plan outlined in this report is approved, staff will proceed to the next phase of procurement and work to finalize and execute the governance and related agreements with Library and Archives Canada in anticipation of signing those agreements and awarding the design contract in fall 2018.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

Public consultation has been a priority of the Joint Facility project since the beginning of the project. The public has had the opportunity to be involved in each step of development. Since 2015, more than 5,000 members of the public provided feedback on the project through four formal consultation opportunities, using a variety of methods, including public meetings and electronic information gathering. This included:

- 2015 public surveys: 1,500 opinions were collected through in-person and online surveys on what is important in the development of a Central Library.
- 2016 site evaluation criteria: 176 in-person and 2,401 online participants shared what is important to them about where the Central Library should be located.
- 2016 Functional Building Program: 121 people participated in two in-person public meetings on the spaces and services in the new facility.
- 2017 public surveys: 1,000 opinions were collected through telephone and online surveys on the partnership with Library and Archives Canada, and the proposed location.

Recent consultation has also occurred on related works, such as the Albert and Slater Streets Post- Light-Rail Transit Repurposing Functional Design Study, and the Official Plan and Zoning By-law Amendment application for 557 Wellington Street. In addition, Councillor McKenney hosted a public open house on April 26, 2018 (with about 140 attendees) that focused on building complete communities and how the LeBreton Flats area is to evolve over time. This included the opportunity to comment on the active development application for 557 Wellington Street.

As outlined in the report, with the project moving into the design and construction phases, an overall communications and public engagement plan is being developed. The intent of this plan is to keep the public informed and as engaged as possible throughout the life of the project, beginning in 2018 and ending when the facility officially opens. Public engagement will be the focus through the design phase, when the focus will transition to public information through the construction period, using best practices from other large-scale City projects.

Consultation on the next phases of the Joint Facility project will include a robust public engagement and consultation process during the design development phase, to be led by the design team. This is expected to begin in 2019. The focus of the public engagement at this stage will be on the look and feel of the building and the public realm components. City Council and the Ottawa Public Library Board will be updated as each major milestone is achieved and where there are any major changes or delays in the project timelines. Further updates to all stakeholders and the public will be provided regularly throughout the construction phase. There will also be events scheduled where appropriate, such as ground-breaking and official opening.

There may also be federal consultation requirements that are specific to the Library and Archives Canada portion of the Joint Facility. Library and Archives Canada's requirement for national consultations will be included in the communications and engagement plan.

COMMENTS BY THE WARD COUNCILLORS

This is a City-wide report.

LEGAL IMPLICATIONS

The legal implications have been identified and addressed in the Governance Agreement that is discussed and summarized in the report. Any future legal implications will be addressed in the various secondary agreements that flow from the Governance Agreement and that will be prepared as the project progresses.

RISK MANAGEMENT IMPLICATIONS

There are risk implications. These risks have been identified and explained in the report and are being managed by the appropriate staff.

ASSET MANAGEMENT IMPLICATIONS

The information documented in this report is consistent with the [City's Comprehensive Asset Management \(CAM\) Program](#) objectives.

FINANCIAL IMPLICATIONS

The financial implications for the Joint Facility and the parking garage are each set out in the body of this report.

The following table illustrates the sources of funding and estimated debt funding requirement for the Joint Facility and the Parking Garage together for Council's approval:

Table 3: Estimated debt funding requirement

	Library Cost/(Revenue)	Parking Facility Cost/(Revenue)
City/OPL Share of Building	\$104,235,600	\$18,132,900
Reserves	(1,000,000)	(3,667,000)
Development Charges	(3,240,000)	-
Proceeds from Sale of Land	(20,000,000)	-
Total Debt Funding Requirement	\$79,995,600	\$14,465,900

Based on the 2018 adopted budget, the amount of debt servicing cost represents approximately 5.6 per cent of the City's own source funds. An additional \$1.2 billion in new debt would need to be issued before the debt servicing costs would reach the 7.5 per cent limit established by Council. Therefore, based on the projected total upper estimate of debt of \$94.5 million associated with the replacement of the main library including parking, future debt servicing costs can be accommodated within these limits. The estimated annual debt servicing costs (principal plus interest costs) that will be required, assuming a 20-year debt issue at 4.5 per cent interest is:

Table 10: Estimated debt servicing for 20-year debt term

	Building	Parking
Debt funding requirement	\$79,995,600	\$14,465,900
Annual debt servicing for 20-year debt	\$6,428,532	\$1,162,495

As noted in the report, the \$6.43 million in debt servicing for the building will be paid for by City-wide tax and the \$1.162 million for the parking facility will be recovered from net

parking revenues. The estimated net parking revenues of \$1.24 to \$1.74 million annually are sufficient to cover the debt servicing costs for the parking facility. The \$6.43 million per year from City-wide tax equates to a 0.5 per cent increase in taxes. In 2017, Council approved the elimination of the City's Vacancy Rebate Program starting in 2018. This means that the \$6.9 million currently budgeted for the program will be available to be fully reallocated to other programs starting in 2019. This amount would be sufficient to cover the full debt servicing costs for the building portion of the construction.

ACCESSIBILITY IMPACTS

There are no accessibility implications associated with this report.

ENVIRONMENTAL IMPLICATIONS

The site has environmental constraints, and the construction budget for the new library includes a cost to address site contamination.

TERM OF COUNCIL PRIORITIES

This report addresses the following Term of Council Priority:

HC 4 – Support Arts, Heritage and Culture, specifically HC43 Central Library Development.

SUPPORTING DOCUMENTATION

- Document 1: Summary of the Governance Agreement
- Document 2: Registered Plan for 120 Metcalfe Street and 191 Laurier Avenue
- Document 3: Survey of 557 Wellington Street
- Document 4: Property Interests at 120 Metcalfe Street
- Document 5: Letter of Interest for 120 Metcalfe Street and 191 Laurier Avenue West

DISPOSITION

Upon Council approval, staff will implement the recommendations of this report, including any actions directed by Council.