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**Ottawa Central Library Development
Project**

P3 Screening Assessment Report

December 2016

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Introduction

Context

Deloitte LLP (“Deloitte”) was engaged by the Ottawa Public Library (“OPL”) to facilitate the identification, assessment and selection process of a procurement model for the Ottawa Central Library Development Project (the “Project”). This report outlines the exercise completed to date and provides recommendations for next steps.

Project Background

Ottawa Central Library Development

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

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

OPL envisions the new facility to be:

- An innovative, iconic and significant civic building that will function as a local library branch and a citywide service;
- A destination for all residents and visitors to the Nation’s Capital; and
- A conveniently-located and architecturally distinct building.

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

¹ Defined as the Central Area Land Use (“Central Area”) designation of the Official Plan, also shown as Area “A” on Schedule 1 of Zoning By-law 2008-250.

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

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Partnership with Library and Archives Canada

In January 2016, OPL and Library and Archives Canada (“LAC”) announced an intention to investigate and explore the potential opportunity for partnership to jointly develop an OPL-LAC facility that will accommodate both the planned OPL central library and certain functions of LAC. OPL and LAC have been conducting analyses to assess the feasibility and benefits of developing a joint facility. Meanwhile, concurrent planning processes, including the procurement option assessment process, have been undertaken for both an OPL stand-alone Central Library (“OPL Stand-alone Facility”) and an OPL-LAC joint facility (“OPL-LAC Joint Facility”) (both will also be referred to as the “Central Library”).

Approach to Procurement Option Assessment

The key exercise at this stage of the Project is to identify the potential procurement options for the Project and assess whether the Project is suitable for a Public Private Partnership (“P3”) procurement model.

For the purpose of this exercise, it has been assumed that the new Central Library will be built on a City owned site located at 557 Wellington Street and bounded by the Confederation Line, Albert Street and Commissioner Street (the “Exemplar Site”).

The potential procurement options were identified jointly with OPL, LAC and the City, based on the procurement models that the City has used to deliver major infrastructure projects and the Federal procurement approaches for similar projects. As a result of this process, two primary procurement options were identified for the Project:

- A traditional procurement model (i.e. Design-Bid-Build; “DBB”); and
- A P3 procurement model (i.e. Design-Build-Finance-Maintain; “DBFM”).

Although other procurement models such as Construction Management, Design-Build and Design-Build-Finance plus Maintain were also discussed, they were considered to be derivatives of the DBB and DBFM models. At this stage of the Project, the procurement option assessment has been focused on determining the overall procurement approach that is most appropriate for the Project (i.e. a traditional vs. P3 procurement model).

A P3 screening exercise was conducted to assess the suitability of a P3 model for the Project. A P3 screening workshop was held with representatives from OPL, LAC and the City. A City standard P3 screening framework was provided by the Deputy City Treasurer Corporate Finance Branch (“City Finance”) and used to facilitate the workshop discussion for the OPL Stand-alone Facility; while a Federal standard P3 screening framework was provided by LAC and used to facilitate the discussion for the OPL-LAC Joint Facility. It is worth noting that both the City and Federal frameworks were developed based on the PPP Canada P3 screening approach.

Procurement Options

Two primary procurement options were identified for the Project: the traditional procurement approach (DBB model), and the P3 procurement approach (DBFM model). Both procurement models have been commonly used for development of major infrastructure projects in Canada.

Traditional Procurement Approach: Design-Bid-Build Model

Under the DBB procurement model, OPL and the City for the OPL Stand-alone Facility scenario or OPL, LAC and the City for the OPL-LAC Joint Facility scenario (both will be referred to as the “Project Sponsor” hereafter) would engage a Prime Consultant (architectural / engineering design firm) to develop a detailed design solution and contract documentation for the Central Library. The Project Sponsor would then engage a construction contractor, through a public competitive procurement process, to build the new facility in accordance with the developed design. During the construction period, the Project Sponsor along with the Prime Consultant would be responsible for the coordination between the design and construction, as well as any change orders and associated incremental costs caused by design deficiencies. Construction payments would be paid on a monthly basis by the Project Sponsor based on the progress of the construction (i.e. conventional progress payments). Upon substantial completion, the Project Sponsor would take over control of the new facility and would be responsible for its long-term operation, maintenance and lifecycle.

P3 Procurement Approach: Design-Build-Finance-Maintain Model

Under the DBFM procurement model, the Project Sponsor would engage a private sector consortium, consisting of an infrastructure developer, an architectural / engineering design firm, a construction contractor, a facility management company and financiers (collectively the “Private Sector Partner”) to design, build, finance and maintain the new Central Library facility on behalf of the Project Sponsor. The Project Sponsor would provide performance-based facility output specifications and design requirements for the new Central Library. The Private Sector Partner would develop a detailed design and construction solution for the facility based on the output specifications and requirements. Furthermore, the Project Sponsor would develop detailed facility management output specifications, which would be used by the Private Sector Partner to develop and implement a facility management and lifecycle program over a long-term operational period (e.g. 30 years).

Under this procurement model, the Private Sector Partner would be responsible for the coordination between design, construction and long-term maintenance and renewal of the new Central Library. Only a portion of the construction costs would be paid by the Project Sponsor at key construction milestones or, alternatively, at substantial completion of construction. The Private Sector Partner would be required to raise financing for the construction of the new facility and would be paid back partially through the construction milestone payments and/or a substantial completion payment. The remaining construction costs would be financed through private sector long-term financing and be repaid on a monthly basis during the operational period through a pre-

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determined availability-based payment mechanism. The payment mechanism would allow the Project Sponsor to apply deductions to the payments for underperformance of the entire, or any portion of the facility, to be measured based on the facility output specifications and facility management key performance indicators as specified in the Project agreement.

P3 Screening Assessment

OPL Stand-alone Facility

P3 Screening Assessment

A City standard P3 screening framework was provided by the City Finance and was used to facilitate the assessment of the suitability of a P3 procurement model for the OPL Stand-alone Facility scenario. An interactive workshop involving the OPL senior management and a representative from the City Finance was held to conduct the P3 screening assessment.

During the workshop, the following 12 key considerations were assessed:

1. Asset Life – what is the anticipated useful life (i.e. service life) of this asset?

Description: The duration of P3 contracts tends to be tied to the useful life of the asset and, in general, longer-lived assets tend to be better suited to a P3.

Assessment Comment: The Central Library would be a new building with an asset life significantly greater than 25 years, which is considered to be suitable for a P3 model.

2. Asset Complexity – how complex is the asset, with respect to both construction and operations / maintenance?

Description: P3s lend themselves to complex investments. Complexity can arise as a result of the nature of the asset, the site on which it will be constructed, or the number of distinct asset classes involved in the investment.

Assessment Comment: The Central Library would be an accommodation facility with a conveying system. Overall, the facility is not considered to be highly complex compared to other P3 projects such as light rail transit (which involves multiple asset classes) or hospitals (which involve critical and complex systems). Therefore, the benefits of having the Private Sector Partner coordinate and integrate facility components would likely not be as significant as compared to other P3 projects.

3. Outputs and Performance Specifications (Construction) – what is the availability of output specifications for the construction of the asset?

Description: P3s are characterized by the Project Sponsor setting their desired outcomes or outputs in the form of measurable technical output / service / performance specifications that provide the basis for performance-based contracts.

Assessment Comment: Construction outputs and performance specifications developed for other accommodation P3 projects could potentially be utilized for this Project. However, there is a lack of directly relevant precedent projects as no library facility has been delivered in Canada using a P3 model. This could impose some challenges and risks in the development of the P3 facility output specifications.

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4. Stability of Operational Requirements – are the long term operational requirements of the planned asset relatively stable and predictable?

Description: Assets with stable and predictable performance and maintenance requirements lend themselves to P3 delivery.

Assessment Comment: Certain operational requirements could be unstable and/or unpredictable due to the variety of visitors / clients the Central Library facility serves. The volume and types of visitors / clients expected to visit the facility is considered to be unknown / uncertain at this stage of the Project. This is a result of the fact that the services that would be offered at the new facility could be significantly different from those at the current OPL facility. This may result in material changes in the facility operational requirements, especially over a long-term operational period.

5. Performance Specifications and Indicators (Operations Period) – what is the availability of operations and maintenance-related performance specifications and indicators?

Description: Establishing and monitoring performance in relation to key performance indicators (“KPIs”) is an important element of performance based contracts, a foundational element of P3s.

Assessment Comment: Similar to the facility output specifications, the operational performance specifications and indicators developed for previous accommodation P3 projects could potentially be utilized for this Project. However, there is a lack of directly relevant precedent projects as no library facility has been delivered in Canada using a P3 model. This could impose some challenges and risks in the development of the P3 facility management output specifications.

6. Lifecycle Costs – can most of the full lifecycle costs of the asset, mainly related to construction and fit-up (i.e. project costs) and long-term operations, including maintenance, be quantified upfront with reasonable assumptions and/or availability of historic data?

Description: Lifecycle costs are a very important factor in the success of a P3 project. The Project Sponsor will pay for maintenance and/or operation through the P3 agreement and expects the asset to be well-maintained and efficiently operated at the lowest possible cost.

Assessment Comment: The full lifecycle costs of the Project have been developed with the highest possible level of accuracy. However, due to the lack of similar precedent projects and uncertainty associated with the forecast of volume and types of visitors / clients to the facility, it is difficult to accurately anticipate the lifecycle requirements and the impact of those visitors / clients on the daily operation and maintenance costs of the facility.

7. Revenue Generation – does the planned investment have inherent scope to generate any revenue?

Description: Revenue generation is not a requirement for a successful P3. However, where an asset could potentially generate revenue and reduce the burden on public funds, the P3 model is ideally suited to leveraging that potential.

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Assessment Comment: Given the nature of the public library services, it would be unlikely for the Private Sector Partner to accept any revenue risk.

8. Private Sector Expertise – how many private sector firms have the capacity to deliver and maintain this type of asset?

Description: The availability of private sector expertise is critical for two reasons: (1) ensuring a competitive bidding environment; and (2) ensuring that there is private sector capacity to perform the functions and manage the risks envisioned in the P3.

Assessment Comment: Given the nature of the clients it serves, OPL has very unique facility operations and maintenance requirements. There has not been any precedent library P3s delivered in Canada. Having said that, there would still be a number of private sector companies that would be capable of delivering and maintaining this type of facility using a P3 model.

9. Market Precedents – have investments with similar requirements and of similar size and scale been delivered through the P3 model?

Description: The existence of P3s for similar assets is a key indicator regarding the viability of a P3.

Assessment Comment: Although P3 libraries have been delivered overseas (e.g. in the U.K.), no library facility has been delivered in Canada using a P3 model.

10. Nature of Development Site – what is the nature of the development site (greenfield vs. brownfield) and what proportion of this investment involves the expansion / renovation of existing facilities / assets?

Description: In general, investments involving all new construction on previously undeveloped sites lend themselves to maximizing risk transfer to the private sector.

Assessment Comment: The Project is considered to be a new construction project and the Exemplar Site is considered to be a brownfield site.

11. Scope for Private Sector Innovation Gains – to what extent will the Project Sponsor be able to rely on output / performance-based requirements / specifications?

Description: The scope for private sector innovation is inversely related to the Project Sponsor's need to be prescriptive.

Assessment Comment: Based on the previous Request for Expressions of Interest ("REOI") and public consultation processes, OPL has identified a strong public desire to have an iconic design for the new Central Library. In order to ensure that the new facility fully meets the public's desire, OPL is inclined to be very prescriptive on the facility design requirements and have a strong level of "control" over the design details. It is difficult to achieve this goal by using the performance-based specifications for design development as the specifications may not be able to accurately address all of OPL's requirements. Furthermore, development of performance-based specifications could be challenging given the lack of precedent projects (i.e. library P3s) and template documents. OPL is aware of the importance of developing an innovative design. It was noted that design innovations would be achieved under a traditional

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approach through an interactive design development process and peer reviews.

12. Potential for Contract Integration – which elements of the potential P3 (i.e., design, build, finance, maintain, operate) can be integrated into one contract?

Description: One of the mechanisms by which P3s generate value is the integration of various elements of the potential P3 (i.e., design, build, finance, operate / maintain). The greater the potential for integration, the more likely a P3 will be viable.

Assessment Comment: Considering OPL's strong desire to control the design to allow for public involvement through a comprehensive and rigorous consultation process, it would be considered difficult to integrate the design component into the Private Sector Partner scope. Furthermore, due to the nature of the public library services, OPL would have significant concerns regarding a third party managing the facility operations and maintenance (i.e. integration of operations and maintenance into the Private Sector Partner scope). Therefore, only the integration of build and finance would be considered to be acceptable by OPL for this Project.

Assessment Outcome

The above described P3 screening assessment indicated that, although a P3 model could potentially benefit the Project by transferring certain design, construction and operational risks to the Private Sector Partner, there are significant concerns with respect to the following issues:

- **A library facility has not been delivered in Canada using a P3 model** – although library facilities have been delivered overseas using P3 models, this specific asset class has not yet been delivered and tested with a P3 model in Canada. The library operations have many unique features driven by the variety of client base it serves, which impose special requirements for the facility design and long-term operations and maintenance.

Experience gained from and template documents developed for precedent accommodation P3 projects in other asset classes could potentially be used for this Project. However, they would not fully address the unique challenges and issues facing a library facility.

Also, given the public nature of the library services and the potential negative impact of any service failure on OPL's reputation, OPL has significant concerns to develop and operate the Central Library using a procurement model that has not yet been tested with a library facility in Canada.

- **OPL has a strong desire to control the design details due to public considerations** – based on the previous REOI and public consultation processes, OPL has identified a strong public desire to have an iconic design for the new Central Library. In order to ensure that the new facility fully meets the public's desire, OPL is inclined to be very prescriptive on the facility design requirements and have a strong level of "control" over the design details. A process that would allow for public involvement through a comprehensive and rigorous consultation process will be conducted by OPL and the City.

Given the above considerations, it would be difficult to develop performance-based specifications that could accurately address all of OPL's requirements. OPL is aware of

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the importance of developing an innovative design. Design excellence could still be achieved under a traditional approach through an interactive design development process and peer reviews.

- **The facility may not be complicated enough to gain significant benefit from a P3 model** – although the Central Library would be an iconic building, it is not considered to be a very complex facility. It does not have many complicated building systems that require significant integration. The value for money that would be achieved for a P3 library project would likely be relatively low compared to more complex projects such as light rail transit (which involves multiple asset classes) or hospitals (which involve critical and complex systems).

Based on the above noted concerns, OPL and the City Finance have recommended that a traditional procurement model would be preferable for the development of an OPL Stand-alone Facility.

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OPL-LAC Joint Facility

P3 Screening Assessment

A Federal standard P3 screening framework was provided by LAC and was used to facilitate the assessment of the suitability of a P3 procurement model for the OPL-LAC Joint Facility scenario. An interactive workshop involving the OPL senior management, representatives from LAC and the City Finance was held to conduct the P3 screening assessment.

During the workshop, the following 14 key considerations were assessed:

1. Investment Size – what is the estimated capital cost of the proposed asset?

Description: Whether the asset's size / value in dollar terms is likely to be sufficiently large to offset the higher transaction costs that accompany the P3 approach?

Assessment Comment: The capital cost of the OPL-LAC Joint Facility is expected to be over \$160M, which is considered to be sufficiently large for a P3 model.

2. Private Sector Expertise – how many private sector firms have the capacity to deliver and maintain this type of asset?

Description: Whether there is sufficient private sector capacity to deliver the asset and to create a competitive bidding environment.

Assessment Comment: Given the nature of the clients OPL and LAC serve, both organizations have very unique facility operations and maintenance requirements. Although there has been an archives facility (Archives of Ontario at York University's campus in Toronto) delivered using a P3 design-build-finance-maintain model, there has not been any precedent library or combined library and archives P3s delivered in Canada. Having said that, there would still be a number of private sector companies that would be capable of delivering and maintaining this type of facility using a P3 model.

3. Market Precedents – have assets with similar requirements and of similar size and scale been delivered through the P3 model?

Description: Whether the P3 market has experience with assets of a similar nature in all phases of the asset's life cycle.

Assessment Comment: The Archives of Ontario at York University's campus in Toronto (approximately 130,000 sf.), which is smaller than the planned OPL-LAC Joint Facility (approximately 215,500 sf.), has been delivered using a P3 design-build-finance-maintain model. Furthermore, P3 libraries have been delivered overseas (e.g. in the U.K.). However, no library facility or combined archives and library facility has been delivered in Canada using a P3 model.

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4. Type of Infrastructure Site – how much of this asset involves new construction on a previously undeveloped site?

Description: Whether the nature of the asset lends itself to the effective transfer of risk owing to the nature infrastructure site.

Assessment Comment: The Project is considered to be a new construction project and the Exemplar Site is considered to be a brownfield site.

5. Scope for Private Sector Innovation Gains – to what extent will the performance-based output contracts specify deliverables?

Description: Whether the Project Sponsor's needs or expectations are compatible with realizing gains from private sector innovation.

Assessment Comment: Based on the previous REOI and public consultation processes, OPL has identified a strong public desire to have an iconic design for the new Central Library. In order to ensure that the new facility fully meets the public's desire, OPL is inclined to be very prescriptive on the facility design requirements and have a strong level of "control" over the design details. It is difficult to achieve this goal by using the performance-based specifications for design development as the specifications may not be able to accurately address all of the requirements of OPL and LAC. Furthermore, development of performance-based specifications could be challenging given the lack of precedent projects (i.e. combined library and archives P3s) and template documents. OPL is aware of the importance of developing an innovative design. It was noted that design innovations would be achieved under a traditional approach through an interactive design development process and peer reviews.

6. Security Requirements – are there considerable and complex security requirements associated with functioning of the asset?

Description: Whether security requirements are likely to pose an impediment to P3 procurement.

Assessment Comment: There are a number of rooms in the LAC area that require secret level security.

7. Potential for Contract Integration – which elements of the potential P3 (i.e. design, build, finance, operation and maintenance) can be integrated into one contract?

Description: The extent to which asset elements (i.e. design, build, finance, operation and maintenance) can be integrated into one contract.

Assessment Comment: Considering OPL's strong desire to control the design to allow for public involvement through a comprehensive and rigorous consultation process, it would be considered difficult to integrate the design component into the Private Sector Partner scope. Furthermore, due to the nature of the public library services, OPL would have significant concerns regarding a third party managing the facility operations and maintenance (i.e. integration of operations and maintenance into the Private Sector Partner scope). Although an integration of design, build, finance, operation and maintenance may not be a significant issue for LAC, only the integration of build and finance would be considered to be acceptable by OPL for this Project.

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8. Asset Life – what is the anticipated useful life (i.e. service life) of this asset?

Description: The expected useful life of the asset.

Assessment Comment: The Central Library would be a new building with an asset life significantly greater than 25 years, which is considered to be suitable for a P3 model.

9. Number of Asset Classes – is there any benefit in combining the procurement of different components into one contract, reducing the inherent interface and management risk involved in the commissioning of the asset?

Description: Implementation and scheduling complexity through the procurement of multiple asset classes or components that require different design and construction disciplines.

Assessment Comment: The Central Library would be an accommodation facility with a conveying system. As a joint facility, it would include both the OPL and LAC components. Overall, the facility is not considered to be highly complex compared to other P3 projects such as light rail transit (which involves multiple asset classes) or hospitals (which involve critical and complex systems). However, given the different design and operational requirements of OPL and LAC, there would still be benefits of having the Private Sector Partner coordinate and integrate the two facility components.

10. Performance-based Output Specifications (Construction) – what is the current status of the performance-based output specifications for the construction of the asset?

Description: The availability / accessibility of performance-based output specifications for the construction of the asset.

Assessment Comment: Construction outputs and performance specifications developed for other accommodation P3 projects could potentially be utilized for this Project. However, there is a lack of directly relevant precedent projects as no library facility or combined library and archives facility has been delivered in Canada using a P3 model. This could impose some challenges and risks in the development of the P3 facility output specifications.

11. Stability of Operational and Maintenance Requirements – are the long-term operation and maintenance needs of the planned asset relatively stable and predictable?

Description: Are stability and predictability of the operation and maintenance requirements for the asset.

Assessment Comment: Certain operational requirements could be unstable and/or unpredictable due to the variety of visitors / clients the Central Library facility serves. The volume and types of visitors / clients expected to visit the facility is considered to be unknown / uncertain at this stage of the Project. This is a result of the fact that the services that would be offered at the new facility could be significantly different from those at the current OPL and LAC facilities. This may result in material changes in the facility operational requirements, especially over a long-term operational period.

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12. Performance Specifications and Indicators (Operation) – are operation- and maintenance-related performance specifications and indicators available?

Description: The availability of performance specifications and indicators for the operation and maintenance of the asset.

Assessment Comment: Similar to the facility output specifications, the operational performance specifications and indicators developed for previous accommodation P3 projects could potentially be utilized for this Project. However, there is a lack of directly relevant precedent projects as no library facility or combined library and archives facility has been delivered in Canada using a P3 model. This could impose some challenges and risks in the development of the P3 facility management output specifications.

13. Rehabilitation costs – can most of the full rehabilitation costs of the asset, mainly related to construction, fit-up (i.e. investment costs) and long-term operation, including maintenance, be quantified upfront with reasonable assumptions and/or availability of historic data?

Description: Whether the Project Sponsor has sufficient information to develop a profile of the rehabilitation costs associated with the asset.

Assessment Comment: The full lifecycle costs of the Project have been developed with the highest possible level of accuracy. However, due to the lack of similar precedent projects and uncertainty associated with the forecast of volume and types of visitors / clients to the facility, it is difficult to accurately anticipate the rehabilitation requirements and the impact of those visitors / clients on the daily operation and maintenance costs of the facility.

14. Revenue generation – does the planned asset have inherent scope to generate any revenue?

Description: Whether the asset could potentially generate revenues and lessen its impact on taxpayers.

Assessment Comment: Given the nature of the public library and federal archives services, it would be unlikely for the Private Sector Partner to accept any revenue risk.

Assessment Outcome

The above described P3 screening assessment indicated that given the larger size of the OPL-LAC Joint Facility and higher complexity of integrating the two different operational components (i.e. OPL and LAC) into a single facility, the OPL-LAC Joint Facility could potentially benefit more from using a P3 model as compared to the OPL Stand-alone Facility. However, the benefits of using a P3 model for the Project may still not be as significant compared to more complicated asset classes such as light rail transit and hospitals.

Furthermore, OPL's concerns about using a P3 model would still be applicable to the OPL-LAC Joint Facility scenario:

- **A library facility has not been delivered in Canada using a P3 model** – although library facilities have been delivered overseas using P3 models and a smaller archives facility has been delivered in Ontario using a P3 design-build-finance-maintain model, a library

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facility or combined library and archives facility has not yet been delivered and tested with a P3 model in Canada. The library operations have many unique features driven by the varied client base it serves, which impose special requirements for the facility design and long-term operations and maintenance.

Experience gained from and template documents developed for precedent accommodation P3 projects in other asset classes could potentially be used for this Project. However, they would not fully address the unique challenges and issues facing a library facility.

Also, given the public nature of the library services and the potential negative impact of any service failure on OPL's reputation, OPL has significant concerns about developing and operating the Central Library using a procurement model that has not yet been tested with a combined library and archives facility in Canada.

- **OPL has a strong desire to control the design details due to public considerations**
Based on the previous REOI and public consultation processes, OPL has identified a strong public desire to have an iconic design for the new Central Library. In order to ensure that the new facility fully meets the public's desire, OPL is inclined to be very prescriptive on the facility design requirements and have a strong level of "control" over the design details. A process that would allow for public involvement through a comprehensive and rigorous consultation process will be conducted by OPL, LAC and the City.

Given the above considerations, it would be difficult to develop performance-based specifications that could accurately address all of the requirements of OPL and LAC. OPL and LAC are aware of the importance of developing an innovative design. Design excellence could still be achieved under a traditional approach through an interactive design development process and peer reviews.

- **The facility may not be complicated enough to gain significant benefit from a P3 model** – although the Central Library would be an iconic building, it is not considered to be a very complex facility. It does not have many complicated building systems that require significant integration. Even taking into consideration the integration of OPL and LAC components, the facility is still not considered to be as complicated as certain asset classes such as light rail transit (which involves multiple asset classes) and hospitals (which involve critical and complex systems). The value for money that would be achieved for a P3 library and archives project would likely be relatively low compared to light rail transit or hospital projects.

Based on the above noted concerns, OPL, the City Finance and LAC have agreed that a traditional procurement model would be preferable for the development of an OPL-LAC Joint Facility.

Next Steps

Next Steps

The Project Sponsor should further develop the procurement approach using its preferred procurement model to deliver the Project.

The Project Sponsor should further refine the Design-Bid-Build approach and conduct necessary due diligence to decide if a Construction Management or other comparable approach would be more suitable for the Project. Also, the Project Sponsor should consider including extra peer review and reengineering processes in the design development in order to further explore potential design innovations.

During the procurement and implementation stage of the Project, the Project Sponsor should develop and implement a rigorous project management framework to ensure on-time and on-budget delivery of a high-quality facility.



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