



STAFF REPORT ACTION REQUIRED

13.

Toronto Reference Library – Premium Rental Space Renovation – Award of Tender

Date:	February 22, 2016
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to request Toronto Public Library Board approval to employ the services of a General Contractor for the renovation of the Toronto Reference Library (TRL)'s Elizabeth Beeton Auditorium, two meeting rooms, and ancillary support spaces, as per Toronto Public Library (TPL)'s drawings and specifications. The purpose of these renovations is to make additional premium room rental space available at TRL that will diversify TPL's revenue streams and reduce the state of good repair backlog. None of these renovated spaces were included in the TRL Revitalization capital project. These renovations follow Board approval of a new Community and Event Space Rental Policy that endorsed new premium room rental rates for library spaces across the system, including rooms at TRL. The anticipated net revenue from the renovated premium spaces would pay for the construction costs associated with making the space attractive and functional for commercial rentals in approximately three years.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. awards the contract to the lowest bidder, Brown Daniels Associates, for the construction work to undertake the renovation of the Beeton Auditorium, two large meeting rooms and ancillary support spaces to facilitate premium room rentals located at the Toronto Reference Library at a cost of \$874,060, which includes a contingency of \$79,460 (excluding HST); and
2. authorizes and directs staff to take the necessary action to give effect thereto.

FINANCIAL IMPACT

The total amount of \$874,060, which is made up of the tender amount of \$794,600 plus the contingency of \$79,460 (excluding HST), is funded by the Multi-branch project in the 2016 capital budget, which is expected to be approved by Council on February 17-18, 2016.

The full cost of the renovation of \$874,060 is comprised of \$240,000 to address state of good repair issues and \$634,060 to make the space attractive and functional for commercial rentals.

The approved Community and Event Space Rental Policy included daily rental rates of \$450 to \$1,000 per day for the rooms being renovated. The projection is for utilization to increase after the first full year in 2017, from 20% to 30% for the smaller rooms, 20% to 30% for the Boardroom and 40% to 60% for the Beeton Auditorium. The first full year of operation is projected to gross approximately \$375,000 of revenues and after direct expenses, there would be an operating budget relief of \$198,000. After considering an allowance for capital replacement, which would be funded from the capital budget, the net return is approximately \$178,000. In the second full year of operation, the gross revenue is expected to be approximately \$526,000 and operating budget relief of \$285,000. After considering an allowance for capital replacement, the net return is approximately \$265,000. The \$634,060 cost of renovation to make the space attractive and functional for commercial rentals is expected to be recovered in approximately three years despite the fact that the rooms will frequently be used for library purposes. Debt funding charges are not allocated to TPL but are budgeted by the City.

The Director, Finance and Treasurer, has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

At the June 22, 2015 Board meeting the *Community and Event Space Rental Policy and Fee Schedules* were adopted. <http://www.torontopubliclibrary.ca/content/about-the-library/pdfs/board/meetings/2015/jun22/17-community-and-event-space-rental-policy.pdf>.

This policy included a new premier event space category that includes the Toronto Reference Library's Beeton Auditorium, the Boardroom, and other adjacent meeting rooms referred to as A2 and A3. Other premier rental spaces were also identified throughout the library system. These new premier event spaces will help to diversify revenue streams to support a sustainable library service, which is a Board strategic priority.

At the September 21, 2015 Board meeting, a recommendation to name a public meeting room on the main floor of the Toronto Reference Library, The Founders' Room was adopted. The report stated that: *this naming would help serve to recognize the exceptional contributions made to Toronto Public Library and to the Toronto Public Library Foundation by its founders Richard Boxer and Janet McKelvey since 1997.* This room will also be available as a premier rental space and will benefit from the interior refurbishment that is included in the scope of work for the construction contract.

BACKGROUND

The previous Strategic Plan recognized the need to “diversify revenue streams to support sustainable library services” as a key goal to address fiscal pressures. While the Library has developed a number of revenue-generating initiatives over the years, some more successful

than others, a key success in this area has been the hosting of events in the Bram & Bluma Appel Salon. These multifunctional event spaces at the Toronto Reference Library have generated significant profit since launching in 2010. The profits generated by the Salon contribute to costs of maintaining and enhancing library spaces and services without adding pressures to capital and operating budgets. As indicated in the Community and Event Space Rental Policy and Fee Schedules Board report, there is capacity at the Toronto Reference Library to create additional spaces that could be rented at a premium rate to generate revenue for the Library. These new rental spaces will leverage the operations, processes and staff expertise of the Bram & Bluma Appel Salon staff to organize and support these rentals.

In order to make the rooms attractive and functional for commercial use at premium rates it will be necessary to renovate and upgrade the Beeton Auditorium and the adjacent spaces. In addition to the Beeton Auditorium, two large meeting rooms will be upgraded, the Boardroom will be modified, administrative areas will be secured, and washrooms, a catering kitchenette, cloak room and crush space will be added. While this work will result in new premium event rental spaces that will diversify TPL's revenue streams, it will also address some state of good repair requirements at TRL.

COMMENTS

The success of the Salon in attracting significant commercial rentals for the Library led staff to consider if other premium rental opportunities were available at TRL. There are a number of reasons why increasing premium room rental space at TRL will be financially viable. The location at Yonge and Bloor makes commercial bookings very attractive; the Salon is nearing capacity booking and sometimes turns away business at peak times of the year; many commercial clients are interested in renting extra space to supplement the rooms available in the Salon; and the new multiple spaces provide flexible options for room use for businesses interested in conducting breakout sessions during an event. In order to determine if adding premium rental space at TRL was feasible, a business case was prepared to estimate the potential returns from renovating and renting out areas and additional rooms. The business case measured the cost to both manage room rentals and to operate the space when the rooms are used for commercial purposes. The spaces to be renovated include the Beeton Auditorium, rooms A2 and A3, the adjacent hall, foyer and doors, washroom, the construction of a catering kitchen, and the hallway areas outside of the Boardroom. The anticipated net revenue from the renovated premium spaces would pay for the construction costs associated with making the space attractive and functional for commercial rentals in approximately three years.

Beyond revenue generation, premier space rentals at Toronto Public Library will attract new audiences and raise the public's awareness of the Library and its missions. Premium space rentals compliment the Library's public service role by creating enhanced public space for use by individuals, communities and organizations while leveraging physical infrastructure for future revenue generation. Furthermore, the new renovated spaces also benefit the Library and the Foundation by providing enhanced rooms for public programs, meetings and other events.

State of Good Repair

The proposed renovation will not only create premium rental spaces, it also addresses a number of state of good repair issues, estimated at \$240,000, in this area of the building. These include washrooms adjacent to the Beeton Auditorium, exterior doors, and interior refurbishment. It should be noted that the recent completion of the TRL revitalization did not address these state of good repair issues.

Foundation

The renovation of the room that will be named The Founders' Room will also benefit the Foundation and TPL. Highlighting the contributions that donors have made to the Foundation through the naming of a public space will bring attention to a wider public and encourage more donations. Commercial clients in particular may become more interested in donating to the Foundation.

Architects for the project

Paul DaCunha Architects was hired to provide architectural services for the Beeton Auditorium Renovation project in July 2015, through a competitive request for quotation (RFQ) process.

Pre-qualified general contractors

Seven experienced contractors who have previously demonstrated success in building projects were pre-qualified and were invited to bid on the project. All of them attended a mandatory site meeting at the site of the project.

Call for Tenders

A Call for Tenders is used to obtain bids for construction, whenever the requirements can be precisely defined and the expectation is that the lowest bid meeting the requirements specified in the Call will be accepted. On January 11, 2016 the Call for Tenders was issued to seven pre-qualified bidders. The Bid documents, prepared by the Architects were supplied to all prequalified bidders. All bidders had to attend a mandatory information meeting on January 13, 2016. The bids documents comprised the following documents:

- List of Prequalified Bidders
- Instructions to Bidders
- Available Project Information
- Stipulated Price Bid Form
- Addenda issued prior to Bid Closing Time
- Agreement between Owner and Contractor
- Definitions given in the agreement
- General Conditions of the agreement
- Amendments to the Agreement
- Specifications as listed in the project manual and as listed in the list of drawings
- Drawings as listed in the list of drawings.

On February 4, 2016, the TPL received tenders from all seven of the pre-qualified general contractors and all were compliant. The lowest bid from Brown Daniels Associates was analysed to ensure all requirements outlined in the drawings and specifications were met:

- Pre-qualified bidder
- Attended mandatory site meeting
- Submitted a hard copy of the bid in a sealed envelope, which included:
 - A bid bond form, for 10% of bid price, valid for 60 days
 - An agreement to bond issued by bonding company (performance and labour & material bond)
 - Unconditional bid
 - Completed and sealed stipulated price bid form
 - Acknowledges all addenda issued as part of the call for tenders
 - Completed and dated unit prices bid form supplement
 - Completed and dated alternative prices bid form supplement.

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SIGNATURE

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