



That a report be forwarded to City Council recommending that the matter be referred to the Saskatoon Public Library Board requesting a report on the comparison of the proposal in relation to having some administration and housing of collection in other areas of the city that are less expensive.

The business case determined that the central library should continue to function as the hub of library operations. Decisions and factors which informed the functional program and therefore the business case analysis include:

1. A secondary storage location for a portion of the collection will result in a service reduction to the public, whereas increasing the size of the collection is intended to achieve a service enhancement.
2. A secondary storage location for the collection will result in a further reduction of operational efficiency and will result in additional operating cost increases.
3. The future of libraries is not definitively based on eBooks because Canadian copyright law does not support libraries in acquiring eBooks, and many people in our community don't have access to the technology required to use digital library materials.
4. The functional plan recommends the central library as the hub of all library operations to maximize operational efficiency and cost savings.
5. Public leadership in locating services and employees downtown is an essential component of downtown revitalization and densification.

Each factor considered is discussed below.

A secondary storage location for a portion of the collection will result in a service reduction to the public, whereas increasing the size of the collection is intended to achieve a service enhancement.

Based on usage statistics, the demand by patrons to borrow materials that are available on the shelves at the central library is high. In 2018, 85% of the 3.3 million circulations in Saskatoon was from materials located on the shelves, and only 15% of items borrowed were transported from one branch to another for patrons. Additionally, patrons who come to the library to access materials expect those materials to be available on-demand. If some materials were moved off-site, there would be multi-day delays in accessing materials. This would negatively impact people doing research and other time sensitive activities.

Severe space limitations have forced a portion of the collection at the current central library into storage within the same facility. Lack of access to this portion of the collection has created a negative service experience, as patrons want to browse and discover the collection. Materials in storage can only be found through searching the online catalogue, and can only be accessed with the assistance of an employee. In other words, patrons cannot browse the online catalogue in the way they can browse physical shelves. The new

central library seeks to reduce the proportion of the collection in storage, to maximize use and availability of the collection.

During our consultations, community input indicated a strong desire for an extensive collection that is accessible and available in a new central library.

A secondary storage location for the collection will result in a further reduction of operational efficiency and will result in additional operating cost increases.

Housing collection at a secondary location has cost increase implications:

- The hiring of new employees to permanently work in the storage facility.
- An increase in the number of employees at the central library will be required to receive, process, and ship these items to and from central storage.
- Increase in transportation costs and negative environmental impact resulting from moving the materials back and forth to the central library.
- Delays in service timelines (slower for patrons to receive their materials).
- Increase in facilities costs to operate and maintain a second location.

The analysis determined that a secondary site for collections was not feasible within SPL's operations and service objectives.

The future of libraries is not definitively based on eBooks because Canadian copyright law does not support libraries, and many people in our community don't have access to the technology required to use digital library materials.

Despite the growth in popularity of eBooks over the last decade, the demand for physical materials is still very high, and the future of eBook lending at libraries is unknown. As eBooks have become more popular, they have become more expensive and difficult for libraries to access. Currently, federal law only requires publishers to make physical copies available to libraries. The result is that many titles are not made available to libraries. When items are available, they are premium priced and include restrictions on the number of times the item can be borrowed.

Additionally, a considerable number of people do not have access to the devices required to access digital materials, even if they are available from the library. Maintaining a large and available physical collection into the future will be critical in creating equitable access to library services.

The functional plan recommends the central library as the hub of all library operations to maximize operational efficiency and cost savings.

KPMG & Colliers International assisted SPL in making the following cost analysis. It is based on the space and financial assumptions contained in the business case, and 2019 Q2 lease and occupancy rates in Saskatoon, in which current lease rates are low and vacancy is high.

Administrative space in the new central library is estimated to cost \$4.2 million in one-time capital costs. Financing and operating costs for the administrative space associated with a new central library over 30 years (2026-2056) are estimated to cost \$5.6 million.

Estimated lease costs to decentralize administration, based on median Class A and Class B lease and occupancy rates for Q2 2019 and a 2% annual inflation rate, are estimated to be

\$8.7 million over 30 years (2026-2055). One time tenant improvements of approximately \$0.4 million are also anticipated to be required, based on available benchmarks.

The difference between including administration in the new central library compared to an alternate site is a cost of \$700,000 (or less than .5% of the project cost) based on the current low lease rates. It is difficult to predict what may happen to lease costs in the next 30 years.

Also, it should be noted that for the purposes of this analysis, the capital costs for the new central library were projected using the **highest estimated costs**, whereas the projected lease costs were determined **using median lease costs**. Given that Saskatoon is currently a “tenant” market, this analysis is very sensitive to cost fluctuations.

In addition to the quantifiable costs, decentralizing administration, although difficult to quantify, will negatively impact operations in the following ways:

- Travel by staff, especially senior staff, will be required between locations to provide ongoing oversight, support and guidance, resulting in increased non-value added time/effort and increased mileage expense.
- Staff related supports such as general office supplies, meeting space, washrooms, copiers, and a kitchen will be required in both locations resulting in duplication of costs.
- Contract management, including related to facilities and utilities, will be duplicated resulting in duplication of work and cost.
- Negative impact on employee engagement and deteriorating a collaborative culture among front line and administrative teams impacting performance and achievement of outcomes.
- Reduces economies of scale to drive value through a centralized location resulting in increased cost.

Public leadership in locating services and employees downtown is an essential component of downtown revitalization.

A priority of the City is to make downtown a more attractive place to live, work, and play. Doing so requires public leadership. Decentralization doesn't align with the priority to support the downtown strategy, for which the new central library is intended to be a catalyst. Maintaining the employees (and adding new ones) to the downtown core will increase the densification of the area and contribute to revitalization.