

Request for Decision

Event Centre Development

Presented To:	City Council
Presented:	Tuesday, Aug 22, 2017
Report Date	Wednesday, Aug 09, 2017
Type:	Managers' Reports

Resolution

Resolution 1:

THAT the General Manager of Community Development be authorized to enter into the following agreements:

a. On a single-source basis with Cumulus Architects Inc for the development of a Site Design Strategy at a cost not to exceed \$387,000 plus applicable taxes, with costs to be shared by Gateway Casinos and Entertainment Limited and with 1915695 Ontario Limited (Zulich) such that the City's share does not exceed one-third of the total cost;

b. With Gateway Casinos and Entertainment Limited and with Zulich for sharing the cost of a site concept plan on terms satisfactory to the Chief Administrative Officer and Executive Director, Finance, Assets and Fleet;

Resolution 2:

THAT staff be authorized to submit a re-zoning application on behalf, and with the consent, of the property owner to include "public arena" as a permitted use;

Resolution 3:

THAT the General Manager of Community Development be delegated authority to negotiate, execute and subsequently amend or extend any agreements, including, without limitation, agreements for cost-sharing, professional and consulting services and for non-competitive purchases with a total acquisition cost of \$50,000 or more, including instruments, assurances and any other documents as may be necessary to complete the Event Centre Project subject to Council's approval of and in accordance with:

- A Site Design Strategy
- A financing plan
- Criteria used to evaluate proposals leading to the selection of a successful proponent to construct the Event Centre;

Signed By

Report Prepared By

Ed Archer
Chief Administrative Officer
Digitally Signed Aug 9, 17

Financial Implications

Ed Stankiewicz
Executive Director of Finance, Assets
and Fleet
Digitally Signed Aug 9, 17

Recommended by the C.A.O.

Ed Archer
Chief Administrative Officer
Digitally Signed Aug 9, 17

AND THAT a by-law be presented to formalize the decisions and authorities delegated to staff herein.

Relationship to the Strategic Plan / Health Impact Assessment

The Event Centre project aligns with the Corporate Strategic Plan in both the Quality of Life and Place, Priority B: "Maintain great public spaces and facilities to provide opportunities for everyone to enjoy." and Growth and Economic Development, Priority D: "Invest in large projects to stimulate growth and increase conferences, sports and events tourism, and celebrate cultural diversity."

Report Summary

This report recommends the creation of a site design strategy in collaboration with key stakeholders to facilitate an integrated design for the anticipated developments. It also recommends the delegation of authority for project approvals, subject to limits established by Council that include approval of the site concept, a financing plan and evaluation criteria for selecting a proponent to complete the Event Centre's construction.

Financial Implications

If approved as presented, the recommendations authorize the expenditure of up to \$387,000 plus applicable taxes and delegate authority to the General Manager of Community Development for decisions that advance the project according to limits established by Council, including a financing plan. Expenditures incurred in 2017 will be temporarily funded from the Tax Rate Stabilization Reserve pending the approval in the 2018 capital budget of the Event Centre financing plan. The project budget, when established, would be used to replenish the Tax Rate Stabilization Reserve.

Event Centre Development

Background

City Council has received a number of reports regarding a new Event Centre. The most recent, considered at its June 27th, 2017 meeting, established a preferred location and directed that a financing plan be included in the 2018 capital budget utilizing a number of funding sources that were described in the report. It authorized the execution of the Option to Purchase Agreement for the subject land and approved an honorarium to be paid to the unsuccessful bidders that were prequalified to bid on the Event Centre's construction.

Event Centre Project Update

The purpose of this report is to seek direction following Council's June 27th decision to select the Kingsway site for a new arena/event centre ("Event Centre").

Recommendations for Council's consideration include directions that would establish:

- Council's support for producing a Site Design Strategy and integrated concept plan, with appropriate third party support to undertake the work that ensures a cohesive development and a strong sense of place.
- Cost sharing terms with both Gateway Casinos and 1915695 Ontario Limited (Zulich) regarding site development.
- Authority for staff to submit a re-zoning application to permit a public arena on the Event Centre site on behalf of and with the consent of the property owner.
- Authority for the General Manager of Community Development to prepare, negotiate, review, amend or extend any agreements, including, without limitation, agreements for cost-sharing and for non-competitive purchases with a total acquisition cost of \$50,000 or more, instruments, assurances and any other documents as may be necessary to give full effect to the Project Agreement entered into with the successful proponent identified and to complete the Project subject to Council's approval of:
 - A Site Design Strategy
 - A financing plan
 - The criteria used to evaluate proposals leading to the selection of a successful proponent.

Council's Desired Outcome

Council approved the Kingsway site for the Event Centre based on criteria it accepted and its desire to create synergies with other possible uses, namely a casino and a hotel/conference centre, which would attract visitors from across the region. Further, it expects construction of these buildings to occur concurrently as much as possible.

Key Stakeholders

It is clear that the City of Greater Sudbury cannot, on its own, produce all the outputs required for achieving Council's desired outcome. Gateway Casinos is a key stakeholder. It intends to build a new casino in Greater Sudbury and has to participate in the work necessary for realizing the desired outcome. It has previously expressed its support for the Kingsway site. Gateway representatives have met with staff over the last several weeks to review how its plans and the City's plans can be co-ordinated.

1915695 Ontario Limited (Zulich) is another key stakeholder. As the landowner of the surrounding property, its development plans should complement both the City's and Gateway's plans. Staff have had several meetings with Zulich over the last several weeks to review how its plans can be co-ordinated.

Issues

Achieving Council's desired outcome involves addressing several issues:

- A comprehensive and integrated approach to site planning and development
- Land use planning approvals
- Project governance, resourcing and coordination

Comprehensive and Integrated Site Planning and Development

The Kingsway site is currently undeveloped and lacks a comprehensive plan. The choice to establish it as the location for the new Event Centre, Casino and Hotel, surrounded by other uses, presents an opportunity to prepare a comprehensive design strategy for all of the land holdings and an integrated concept plan for the Event Centre, Casino and Hotel sites. The strategy and plan will maximize the site's potential for achieving Council's desired outcome.

In collaboration with Gateway and Zulich, staff recommends investing in the creation of a Site Design Strategy. This would produce a vision for how the site, when developed, could best realize Council's desired outcome and would be used as the basis for land use planning applications for the Event Centre and Casino developments. Hotel and restaurant uses are currently permitted on the site.

Preliminary discussions suggest the Site Design Strategy would incorporate features (e.g. street network, blocks and lots, built form, public realm, urban design, etc) that allow the separate developments to produce an integrated sense of place. Rather than a traditional development approach that could produce neighbouring buildings but no unique shared space, Gateway and Zulich have expressed interest in collaborating on a strategy and plan to guide short and long term development opportunities. The intended result is a high quality, cohesive place. With such collaboration, all stakeholders share responsibility for creating a place that would make it a destination within the city and region. Several examples of such developments exist across North America.

Staff recommend a single-source award to Cumulus Architects for the completion of a Site Design Strategy. There is a time-limited opportunity to collaborate and integrate the Arena and Casino projects before development approvals for each project must proceed independently. Given the narrow window, there is insufficient time to accommodate a full RFP process for developing the Site Design Strategy. All three parties support the award to Cumulus Architects.

Cumulus is the architect for the Gateway Casino project. It is intimately familiar with Gateway's operational model, security and servicing needs. Casinos have strict design parameters, and these are the constraints in an integrated project that are the most challenging to overcome.

Cumulus would lead a team of consultants to prepare a Site Design Strategy, coordinate the background studies to modify existing approvals and/or apply for new development approvals, as required, and consult with all relevant stakeholders. This would produce a coordinated and comprehensive development approach between the City and the Gateway facilities. However, each stakeholder would pursue its own project under its own control thereafter.

The Strategy and Plan would take approximately 8 weeks to produce, including public consultation. The cost is anticipated to be \$387,000 plus applicable taxes. The City's share would be one third of the cost, or approximately \$130,000.

Land Use Planning Approvals

The zoning for the site does not currently permit a public arena (Event Centre) or casino. A Zoning By-law amendment and Site Plan is required to permit the Event Centre's construction. The Casino requires an Official Plan amendment, Zoning By-law amendment and Site Plan approval to permit its construction on the site.

Since Zulich continues to own the property, both the City and Gateway require its authorization to submit the necessary planning applications that would begin the official plan amendment and rezoning processes. Meanwhile, Zulich needs to construct the street that would allow access to the site. The road's completion is required before building permits can be issued and Event Centre or Casino construction could commence.

Project Governance, Resourcing and Coordination

Steering Committee

The Large Project Steering Committee established in 2016 to guide the analysis of the four large projects selected by City Council will remain in place for the duration of the work required to bring each project to a conclusion. Chaired by the Chief Administrative Officer, its role is to direct the progress of the projects and provide sufficient, appropriate information to support Council's decisions about all four large

projects. Catherine Matheson, General Manager of Community Development, is a member of the Steering Committee and will serve as Event Centre Project Sponsor.

The General Manager of Growth and Infrastructure, Tony Cecutti, will continue to participate on the Steering Committee. However, Mr. Cecutti's portfolio is exclusively designed to serve in a regulatory role relative to this project. With responsibilities for Planning Approvals, matters within the Ontario Building Code, matters related to roads, sewer and water infrastructure, and matters related to Source Protection, his role and portfolio have been specifically excluded from project execution to preserve the community's need for the municipality's regulatory role to be fulfilled.

Event Centre Stakeholders Functional Committee

Council's desired outcome requires collaboration with key stakeholders. Subject to further discussion with Gateway and Zulich, staff anticipate forming an Event Centre Stakeholders Functional Committee. The purpose of the Committee is to maintain a shared focus on achieving the vision established by the Site Design Strategy, communicate with each other about each party's progress and collaborate to ensure concurrent development occurs as much as possible.

Staffing Requirements

Generally, the development of an Event Centre is complex. Combined with the potential for coordinating parallel development work by Gateway Casinos and a hotel developer, current staff resources are insufficient to properly support the project.

For this project to successfully achieve Council's desired outcome and appropriately manage risk, dedicated resources need to be assigned to execute the work, manage the project schedule and work with key stakeholders. A Project Director will be assigned full-time to this project, reporting to the General Manager of Community Development. He/she will be responsible for designing and executing a project schedule, managing staff resources and contractors required for the work and collaborating with stakeholders. Where staff are reassigned to this project their regular duties will be backfilled where required, with funding provided by the project budget.

Delegation of Council's Authority

Staff recommends Council delegate authority to the General Manager of Community Development to approve documentation, negotiate terms and execute agreements that support the project's successful on-time completion. Such authority would be applied according to the Site Design Strategy and financial terms established by Council. Maintaining a project schedule that respects the pace associated with neighboring private developments requires delegated authority from City Council to the Project Sponsor.

This means, for example, that where the City may need to establish contract terms to give full effect to a Project Agreement, the Project Sponsor would be empowered to do

so. The additional documentation could include such items as agreements with lenders, warranty certificates, undertakings, and closing certificates, all of which are typical for large commercial transactions of this type. It would enable the award of the construction contract following an evaluation of proposals that used the criteria Council approved for inclusion in the RFP.

Further, the delegated authority would permit the Project Sponsor to establish and execute agreements with key stakeholders regarding risk management, scheduling and cost sharing. This would be particularly applicable, for example, when coordinating site preparation work.

Regular reporting to Council will continue throughout the project. Council would retain authority over the project's key decisions, namely the approval of a concept plan, a financing plan and the criteria used to evaluate proposals leading to the selection of a successful proponent. Meanwhile, delegating authority to the Project Sponsor establishes a single point of accountability and enables effective, timely coordination with key stakeholders.

Next Steps

Staff anticipate the following next steps:

1. Proceed with the development of the overall site strategy and integrated concept plan.
2. Planning approvals: for the City, this involves seeking a Zoning By-law amendment; for Gateway, this involves an Official Plan amendment and Zoning By-law amendment; for Zulich, this involves securing detailed engineering approval to proceed with the construction of the street and registration of a part of the draft approved Plan of Subdivision.
3. Update bid document as required to reflect results of Site Design Strategy.

References

City Council, June 27, 2016:

<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&agenda=report&itemid=1&id=1130>

City Council, April 11, 2017:

<http://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&agenda=report&itemid=23&id=1125>

City Council, March 7, 2017:

<http://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&lang=en&id=1124&minutes=1>

City Council, December 13, 2016

<http://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1034&itemid=12449&lang=en>

City Council, July 12, 2016

<http://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=943&itemid=10989&lang=en>