



TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON FEBRUARY 18, 2015
FROM:	WILLIAM C. COXHEAD MANAGING DIRECTOR OF PARKS AND RECREATION and LYNNE LIVINGSTONE MANAGING DIRECTOR OF NEIGHBOURHOOD, CHILDREN & FIRE SERVICES
SUBJECT	MEMORANDUM OF UNDERSTANDING – PROPOSED JOINT VENTURE TO CONSTRUCT and OPERATE A FACILITY BETWEEN CITY OF LONDON, THE YMCA of WESTERN ONTARIO and THE LONDON PUBLIC LIBRARY BOARD

RECOMMENDATION

That, on the recommendation of the Managing Director of Parks And Recreation and Managing Director of Neighbourhood, Children And Fire Services, and on the advice of legal counsel, the attached by-law **BE INTRODUCED** at the Municipal Council Meeting on February 26, 2015 to approve a Memorandum of Understanding with the YMCA of Western Ontario and the London Public Library Board with respect to a joint venture to construct and operate a community centre, recreation centre and a public library branch in Southwest London and to authorize the Mayor and the City Clerk to execute the said Memorandum of Understanding.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

July 21, 2014 – Item 11– Community & Protective Services Committee Agenda – Potential Partnership in the Southwest Multipurpose Recreation Facility.

BACKGROUND

Purpose

The purpose of this report is to provide an overview of the Southwest Multipurpose Recreation Centre project including its origin and steps achieved towards its construction and operation. This report will also advance Committee and Council understanding of the potential partnership between the City, the YMCA of Western Ontario and the London Public Library Board and lays out the principles in a Memorandum of Understanding between the parties for consideration.

Planning Context

The City's Parks and Recreation Strategic Master Plans, dating back to 2003, have identified a series of investments in multi-purpose community recreation centres in a planned way. Three recreation centres were proposed in the 2003 plan and reinforced in the 2009 update. To date:

- These centres have been identified in the 10 year capital plans and resources have and continue to be set aside systematically to support them over 12 years;
- The first project is now complete and operating successfully as a joint venture between the



City and the YMCA of Western Ontario at the *Stoney Creek Community Centre, YMCA and Library* in North/Northeast London;

- The current Southwest project, the second project in the sequence, is intended to serve the southwest area of the expanded city and is completely funded as of this year; and,
- The third of these projects was originally intended to be constructed in the East/Southeast area of the city. This project was split into two projects one in the East, and the second in the Southeast following intensive community consultation in 2011. These projects will be funded and commenced sequentially in 2016 and 2018 respectively.

Details of the Southwest Project

The Southwest Multipurpose Recreation Centre will include an indoor pool, double pad arena, gymnasium and community centre space and is targeted for design and construction process to begin in 2015. This centre is intended to serve as a recreation centre and community hub for the immediate neighbourhood(s) of Westmount, Talbot and Bostwick and as a destination recreation centre for the larger Southwest area of the city, including Byron, Riverbend, Lambeth, Longwoods, Southcrest and Highland.

Site Acquisition

In December of 2014 the City completed negotiations to acquire an 11 acre site, 7 acres of land as a donation and purchase of an additional 4 acres, to allow for the construction of the planned Southwest Multipurpose Recreation Centre as identified in the Parks and Recreation Strategic Master Plan (2003 and 2009). This site is located at 3080 Bostwick Road with frontage onto Southdale Road West. The property has been rezoned (November 2014) for the intended community uses and due diligence efforts by the City are nearing completion.

Master Plan Recommendations Regarding Partnerships.

The Master Plan recognizes a need for the City to pursue partnerships as a means of:

- containing capital and operating costs;
- sharing risks and increasing speed of delivery;
- expanding available capital;
- increasing revenues; and,
- improving cost efficiency and service delivery etc.

City seeks and finds two potential partners.

The City issued a request for expression of interest seeking not-for-profit organizations to consider partnering with the City in the development of the Southwest Multipurpose Recreation Centre. The YMCA of Western Ontario and the London Public Library Board were the two key respondents identified through this process. In July of 2014, Council authorized Civic administration to advance discussions regarding a possible joint venture for this new facility similar to the successful venture now operating at the Stoney Creek Community Centre, YMCA and Library.

The Memorandum of Understanding Between the Parties

Using a collaborative approach, Civic administration, the YMCA of Western Ontario (YMCA) and the London Public Library Board (Library) have developed a Memorandum of Understanding and agree in principle to the development of a Joint Venture community and recreation centre, arena and library that would provide numerous opportunities and services for residents in Southwest London and to the broader community.

Each partner will invest in the project. The City proposes to provide \$40,389,000 towards the project as identified in the 2010 – 2014 approved capital budgets. The YMCA has proposed to bring to the project an additional \$10,400,000 which will allow construction of additional space and the London Public Library Board is prepared to sell and close the Westmount Library Branch and build a new library as part of this project bringing another \$4,577,000. The total value of the combined City, YMCA and Library project will be approximately \$55,366,000.

The YMCA has commenced its fund raising campaign in support of their contribution to the capital construction costs.



The YMCA will operate the project, with the exception of the arena and library portions which are subject to a number of agreements. This Memorandum of Understanding identifies the types of agreements that will be developed and lays out the financial responsibilities of each of the parties. Detailed agreements will be developed over the next several months which will require Council, the YMCA Board and the Library Public Library Board approval before this Joint Venture can move forward.

Other Work to Date

A Request for Qualifications of architectural consultants was completed in June 2014 and Request for Proposal complete in January 2015. The City, YMCA and Library agreed on an architectural consultant to undertake the design of this facility. A separate report details this process and recommends the award of architectural services. Design of the facility and community consultations will commence following Council's award.

Project Timing

Construction on this project is scheduled to start in early 2016 with an anticipated grand opening in September 2018 to coincide with the start of the 2018/19 arena season.

The Memorandum of Understanding (attached as Schedule A to the Bylaw Appendix A) sets out the detailed agreements and the principles and understandings required to move forward with design, construction and operation of the facility/project.

Following is a summary of some of the key elements covered in the Memorandum of Understanding:

- 1) **The Joint Venture Partners and Agreement** (Sections 4 and 5)
The City, YMCA and the Library will form a Joint Venture partnership and the project will be held in the name of the Joint Venture. This agreement does not create a legal entity. It does however create a contract between the parties where the business of the Joint Venture (JV) is to construct and operate a facility. In this agreement, management of the JV, its powers and how business will be conducted will be set out, and construction process, timing, capital contributions and project interests will be determined.
- 2) **Management of the Joint Venture** (Sections 6 and 7)
The YMCA will be responsible for the day to day management of the recreation facility/project. The Library will be responsible for the management of its space in the project. The City will be responsible for the management of its space in the arena. The Joint Venture will be managed by an eight member management committee made up of City, Library and YMCA administration. The role of the Committee will be to provide direction in the running of the facility and to ensure that the agreements that have been established as part of the Joint Venture are being followed.
- 3) **Material Agreements** (Section 8)

YMCA Lease Agreement

This agreement, which is to be 40 years, will guide the responsibility of the parties and the operations of the Project through this period. The YMCA will lease the Project and will have exclusive of use the YMCA dedicated space and will share the balance of the space with the exception of the arena, service London and the library spaces.

The YMCA will be responsible for all operating costs of the Project less the arena and library dedicated spaces. Costs will include maintenance and capital repairs and day to day operation of the facility and property subject to the agreed upon standards for the life of this agreement. The City will make no other financial contributions other than payment of agreed upon user fees for City recreation programming and the ongoing capital and operating costs associated with the library and arena.



Program Services and Access Agreement

Building on the evolving model at Stoney Creek Community Centre, YMCA and Library, the City and YMCA will arrange programming and use of community space in the Facility subject to an agreement specifying what the scope and range of programs and services will be and how these services may be accessed by those wishing to participate in them. The Program Services and Access Agreement will:

- outline the mechanics of program delivery (e.g. who does what; how space for program services is allocated, etc.);
- address operations and financial models related to program services (e.g. options around how users “pay” to access services; what ‘user’ fees will be assigned for participation in various activities; etc); and,
- establish a working committee to oversee this Agreement, deal with any emergent operational issues, and continuously review the effectiveness of the program services and access practices.

The Agreement will be founded on the principles of encouraging the broadest possible use of the building and its services, while maintaining a sustainable and viable operational and financial model for the Facility.

Library Agreement

A portion of the project will be built and designed as a public library. The Library will have exclusive use of its space and will have access to the common areas and community rooms subject to agreements to be developed. The Library will pay to the YMCA a portion of the common area maintenance costs subject to negotiations and agreements.

Arena and Service London Agreement

Similar to the Library, a portion of the project will be designed and built as a twin pad arena. The City will have exclusive use of the arena space and will have access to the common areas subject to agreements to be developed. In addition, space may be dedicated within the premises to the City for its use as a Service London common counter to offer other municipal services yet to be determined. The City will pay to the YMCA a portion of the common area maintenance costs subject to negotiations and agreements.

4) **Construction of the Project** (Section 9)

The City will manage the tendering and construction process on behalf of the Joint Venture. The Management Committee made up of the City, YMCA and Library administration will have input into the design, tendering and consultant selection process.

5) **Operations and Maintenance** (Section 10 and 11)

The YMCA will be responsible for operating and maintaining the facility. They will be responsible for meeting standards set out in agreements and for funding the operations and capital maintenance to the building. Maintenance will be guided by a life cycle capital repair and replacement study.

The Memorandum of Understanding forms the basis for the detailed agreements that need to be developed. The Joint Venture that will be developed with the YMCA and Library is similar to that currently in place for the Stoney Creek Community Centre, YMCA and Library. That Joint Venture has worked very well and is in its 4th year of operations. The YMCA and Library agree with the terms set out in the Memorandum of Understanding.

FINANCIAL IMPACT

The **total estimated cost** of this project is approximately **\$53,866,000** inclusive of land and exclusive of furniture, fit out and equipment costs.

The City has an **approved capital project** set up in the general ledger as account RC2755 Southwest Multipurpose Recreation Centre in the amount of **\$40,389,000**. It should be noted that



the addition of the YMCA and the Library may change the share of non-growth costs for the common elements of the project (e.g., land, consulting fees, etc.). This may have an impact on the financial support from development charges and will be reported on within a future report on this project.

The YMCA will contribute \$10,400,000 inclusive of furniture and equipment.


The London Public Library's share of the project is **\$4,577,000** and will be partially or completely offset by the sale of the Westmount Library branch. Upon completion of the sale any surplus / shortfalls will be realized and a separate source of funding report will be completed at that time.

The operating model will see all revenues flow to the YMCA in the delivery of Spectrum programming on the City's behalf. The City will share the use of all public spaces in the facility with the YMCA in a manner that allows for broad access to programs and services through a pay as you go Spectrum program model and the YMCA membership model. In return for this shared access to the community centre and recreation spaces the YMCA will assume all operational and lifecycle maintenance capital costs for the project with the exception of the dedicated arena and library components that will be subject to their own agreements. Conservative estimates suggest that through the 40 year term of the agreements that the City can avoid more than 25 million dollars of operating and capital costs combined.

As noted the City will be responsible for the operating and life cycle maintenance costs for the arena. There will not be any incremental costs associated with the provision of ice surfaces as the City plans to decommission two single pad arenas when this arena is operational. It is expected the new arena will be more efficient than the 2 existing single pad arenas and will generate a net savings to the City.

CONCLUSION

Our conclusion remains the same as reported in July 2014. A partnership with the London Public Library Board and the YMCA of Western Ontario will create a synergistic hub of services at the new multipurpose recreation centre beyond the typical community centre, pool and arena uses originally contemplated without these partners. A broad spectrum of programming with a variety of access mechanisms will be provided building on our success and learnings from the Stoney Creek project. Construction efficiencies will be realized and go forward operational and capital costs will be avoided.

PREPARED and RECOMMENDED BY:	RECOMMENDED BY:
	
WILLIAM C. COXHEAD MANAGING DIRECTOR PARKS AND RECREATION	LYNNE LIVINGSTONE MANAGING DIRECTOR NEIGHBOURHOOD, CHILDREN, AND FIRE SERVICES
CONCURRED BY:	
MARTIN HAYWARD MANAGING DIRECTOR CORPORATE AND FINANCIAL SERVICES AND CITY TREASURER	

- c. David G. Munteer, City Solicitor
- Donna Baxter, Manager Policy & Planning Support
- Tony Kyle, Manager West Area Recreation Services
- Alan Dunbar, Manager, Financial Planning & Policy
- Shaun Elliott, CEO, YMCA of Western Ontario
- Susanna Krimmer Hubbard, CEO, London Public Library Board



APPENDIX A

Bill No.

By-law No.

A By-law to authorize a Memorandum of Understanding with the YMCA of Western Ontario and the London Public Library Board for the construction and operation of a multi-use community facility; and to authorize the Mayor and City Clerk to execute the Agreement.

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act, 2001* provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS it is deemed expedient for The Corporation of the City of London (the "City") to enter into a Memorandum of Understanding with the YMCA of Western Ontario and the London Public Library Board for the construction and operation of a multi-use community facility (the "Agreement");

AND WHEREAS it is appropriate to authorize the Mayor and City Clerk to execute the Agreement on behalf of the City;

NOW THEREFORE the Municipal Council of The Corporation of the City of London enacts as follows:

1. The Memorandum of Understanding attached as Schedule "A" to this By-law, being a Memorandum of Understanding among The Corporation of the City of London, the YMCA of Western Ontario and the London Public Library Board for the construction and operation of a multi-use community facility is hereby AUTHORIZED AND APPROVED.
2. The Mayor and City Clerk are authorized to execute the Agreement authorized and approved under section 1 of this by-law.
3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council , 2015

Matt Brown
Mayor

Catharine Saunders
City Clerk

First reading -
Second reading -
Third reading -