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<b>TO:</b>	<b>CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING ON June 21, 2016</b>
<b>FROM:</b>	<b>WILLIAM C. COXHEAD MANAGING DIRECTOR OF PARKS AND RECREATION and LYNNE LIVINGSTONE MANAGING DIRECTOR OF NEIGHBOURHOOD, CHILDREN &amp; FIRE SERVICES</b>
<b>SUBJECT</b>	<b>SOUTHWEST COMMUNITY CENTRE, YMCA AND LIBRARY JOINT VENTURE PROJECT</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director of Parks and Recreation and the Managing Director of Neighbourhood, Children and Fire Services, and with the concurrence of the Managing Director of Corporate Services and City Treasurer, Chief Financial Officer the attached By-law **BE INTRODUCED** at the Municipal Council Meeting to be held on June 23, 2016 to:

- a) authorize and approve a Joint Venture Agreement among The Corporation of the City of London, the YMCA of Western Ontario and the London Public Library Board, as appended to the said By-law as Appendix 'A'; and,
- b) authorize the Mayor and the City Clerk to execute the above-noted Agreement, and any related agreements substantially in the form attached subject to the approval of the City Solicitor.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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- Accessibility Advisory Committee (ACCAC) September 24, 2015 – Southwest Community Centre Design
- CPSC June 16, 2015 Construction Manager/General Contractor for the Southwest Community Centre, YMCA and Library
- CPSC February 18, 2015 - 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
- CPSC February 18, 2015 Architect to act as Prime Consultant for the Southwest Multi-purpose Recreation Centre
- CPSC July 21, 2014 Potential Partners in the Southwest Multipurpose Recreation Facility

<b>BACKGROUND</b>
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The Southwest Community Centre, YMCA and Library Project is scheduled to begin construction shortly. This project is a joint venture between the City of London, the YMCA of Western Ontario and the London Public Library Board. The terms of the arrangement are set out in a Joint Venture Agreement, the YMCA Lease Agreement, The Arena and Service London Lease Agreement, The London Public Library Board Lease Agreement and the three party Program Services and Access Agreement.

The purpose of this report is to advise Council of the basic elements of the Agreements forming the joint venture and to seek Council's authorization to enter into these agreements.



## The Project

The Southwest Community Centre, YMCA and Library includes an indoor pool, double pad arena, gymnasium, community centre space and Library and is scheduled for construction beginning in July 2016. 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.

### Building on the Memorandum of Understanding between the parties

In February of 2015, using a collaborative approach, Civic administration, the YMCA of Western Ontario (YMCA) and the London Public Library Board (Library) developed a Memorandum of Understanding and agreed 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 contribute to the project. The City proposes to contribute \$40,389,000 including furniture and equipment towards the project as identified in approved capital project RC2755 – Southwest Multipurpose Recreation Centre. The YMCA has proposed to bring to the project an additional \$9,200,000 which will allow construction of additional space. The London Public Library Board will dispose of the Westmount Library Branch and build a new library as part of this project, contributing approximately \$4,577,000. The total value of the combined City, YMCA and Library project will be approximately \$53,866,000. The YMCA will further contribute \$1,200,000 in furniture and equipment.

The YMCA will operate the project, with the exception of the arena and library portions which are subject to a number of agreements. The Memorandum of Understanding (MOU) identified the types of agreements that needed to be developed and laid out the initial financial responsibilities of each of the parties. Detailed agreements were to be developed which require Council, the YMCA Board and the London Public Library Board approval. This MOU formed the basis for the development of all the other agreements noted in this report.

### Project Status & Timing

Public information and consultation has been ongoing, detailed design nears completion and there is much excitement in the community about the project. Construction is scheduled to start in July 2016 with an anticipated grand opening in September 2018 to coincide with the start of the 2018/19 arena season. The City is managing the design, tendering and construction process. Representatives of the YMCA & Library have had input into the process and are comfortable with the project moving forward to construction.

### The Joint Venture Agreement and its schedules.

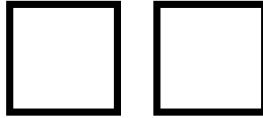
Following is a summary of some of the key elements of the joint venture and the material agreements.

#### 1) The Joint Venture Agreement (Appendix A to the By-law)

The City, YMCA and the Library by virtue of this agreement form a 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 occupy and operate a facility. In this agreement, management of the JV, its powers and how business will be conducted are set out and the construction process, timing, capital contributions and project interests are determined.

#### **Management of the Joint Venture** (JVA Section 3)

The YMCA is responsible for the day to day management of the recreation facility. 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 and the Service London area. The Joint Venture is to 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.

2) YMCA Lease Agreement (JVA Schedule “C”)

This agreement, which is for 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 use of the YMCA dedicated space and will share the balance of the space with the exception of the Arena and Service London and the Library spaces.

The YMCA will be responsible for all operating costs of the Project except those associated with the Arena, Service London 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 Arena and Service London Area and a proportionate share of the Common Area.

3) Arena and Service London Lease Agreement (JVA Schedule “D”)

A portion of the project has been designed and will be built as a twin pad arena. The City will have exclusive use of the arena space and will have access to the common areas. In addition, space may be dedicated within the premises for the City’s 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 project common element maintenance and capital costs as identified by percentage share in the agreement.

4) Library Lease Agreement (JVA Schedule “E”)

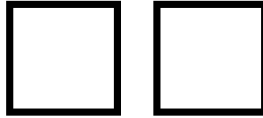
A portion of the project has been designed and will be built as a public library and will be leased to the London Public Library. The Library will have exclusive use of its space and will have access to the common areas and community rooms subject to agreements. The Library will pay to the YMCA a portion of the project common element maintenance and capital costs as identified by percentage share in the agreement.

5) Program Services and Access Agreement (JVA Schedule “F”)

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

- Outlines the mechanics of program delivery (e.g. who does what; how space for program services is allocated; etc.);
- Addresses 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,
- Establishes a working committee to oversee this Program Services and Access Agreement to deal with any emergent operational issues, and continuously review the effectiveness of the program services and access practices.

This agreement is 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.



## 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** (RC2755 Southwest Multipurpose Recreation Centre) in the amount of **\$40,389,000** including an allowance of \$300,000 for furniture and equipment.

**The YMCA will contribute \$9,200,000 to the project** and has allowed a further \$1,200,000 in furniture and equipment.

**The London Public Library's share** of the project is approximately **\$4,577,000**. Until the disposition of the existing Westmount Branch is finalized, the Library's source of funding will be debt financed. Any authorized but unissued debt will be reduced accordingly once proceeds from the Westmount Branch are realized. This will be clearly noted on future sources of financing. Any proceeds from the disposition of the Westmount Branch in excess of the Library's required contribution to this project will be contributed to the Library Facility Reserve Fund.

**The operating model** includes the following financial elements:

- YMCA will generate revenues through memberships, allowing access to typical YMCA membership based programming;
- YMCA will receive revenues from the delivery of 'pay-as-you-go programming' and community group rentals, accessible by the general public, which it manages/delivers as negotiated with the City;
- In return for these revenue opportunities, the YMCA will assume all operational and lifecycle maintenance capital costs for the project with the exception of the costs related to the dedicated and associated common spaces for the Arena, Service London Area and Library that are now the subject of their own Agreements within the overall Joint Venture Agreement.

Conservative estimates suggest that through the 40 year term of the agreements, the City can avoid more than \$25 million of operating and capital costs combined through this partnership.

As noted, the City will be responsible for the operating and life cycle maintenance costs related to the Arena and Service London areas, as well as a proportionate share of common area costs. Lifecycle maintenance requirements for these components will be included in future capital budgets. Incremental operating costs are not anticipated with the provision of the ice surfaces as the City plans to decommission two single pad arenas (Glen Cairn and Silverwood) when this twin pad arena is operational. While this facility will be larger, it is expected the new arena will be more efficient than the 2 existing single pad arenas. Additionally, it is expected that additional revenue potential will exist with this new state of the art facility. As a result, the net costs of operating this facility are expected to be comparable to operating the two existing single pad arenas.

It is similarly anticipated that the net operating costs of the Library component of this new facility will be comparable to the costs of operating the existing Westmount branch.

## CONCLUSION

This is a very exciting time in the life of this project. The Southwest Community Centre represents a significant milestone in Council's Strategic Plan where amazing culture and recreation experiences are prioritized and our community is strengthened by developing facilities like this one. This project also advances the steady pace set out in the Parks and Recreation Master Plan and over a decade of capital planning. We can only expect amazing opportunities for Londoners to meet, gather and participate in a community centre environment. The joint

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venture between the City of London, the London Public Library Board and the YMCA of Western Ontario will create a synergistic hub of services that could not be contemplated without these partners.

The terms and conditions for a successful partnership and the delivery of a broad spectrum of programming with a variety of access mechanisms for Londoners has been provided in the agreements.

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

- c. David G. Munteer, Assistant City Solicitor
- Donna Baxter, Manager Policy & Planning Support
- Tony Kyle, Manager West Area Recreation Services
- Alan Dunbar, Manager, Financial Planning & Policy
- Anna Lisa Barbon, Director Financial Services
- Kyle Murray, Senior Financial Business Administrator
- Andrew Lockie, CEO, YMCA of Western Ontario
- Susanna Krimmer Hubbard, CEO, London Public Library Board



Appendix A

Bill No.

By-law No. A.-

A by-law to approve a Joint Venture Agreement with the YMCA of Western Ontario and the London Public Library with respect to a joint venture recreation centre, arena and library in Southwest London and to authorize the Mayor and City Clerk to execute the said Joint Venture Agreement.

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 Subsection 5(3) of the *Municipal Act, 2001* provides that a municipal power shall be exercised by by-law;

AND WHEREAS it is desirous to enter into a Joint Venture Agreement with the YMCA of Western Ontario and the London Public Library with respect to a joint venture recreation centre, arena and library in Southwest London;

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

1. The Joint Venture Agreement among The Corporation of the City of London, the YMCA Western Ontario and the London Public Library substantially in the form attached as Appendix "A" to this by-law and subject to the approval of the City Solicitor is hereby authorized and approved.
2. The Mayor and City Clerk are hereby authorized to executive the Joint Venture Agreement and related agreements 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 on the    day of    2016.

Matt Brown  
Mayor

Catharine Saunders  
City Clerk

First reading –  
Second reading –  
Third reading –