

TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE
FROM:	JOHN M. FLEMING MANAGING DIRECTOR, PLANNING AND CITY PLANNER
SUBJECT:	INFORMATION REPORT ON OLD VICTORIA HOSPITAL LANDS REQUEST FOR PROPOSAL MEETING ON SEPTEMBER 26, 2016

RECOMMENDATION

That, on the recommendation of the Managing Director, Planning & City Planner, the Information Report on Old Victoria Hospital Lands **BE RECEIVED**, it being noted that a separate *in camera* recommendation report **BE CONSIDERED** regarding confidential matters related to a pending acquisition or disposition of land by the municipality per the *Municipal Act*.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- October 7, 2014 Planning and Environment Committee, "City of London Zoning By-law Review: Old Victoria Hospital Lands Zoning Study."
- August 26, 2014 Corporate Services Committee, "Old Victoria Hospital Lands: Request for Proposals Update."
- June 17, 2014 Planning and Environment Committee, "Old Victoria Hospital Lands Secondary Plan and Associated Official Plan Amendments. Old Victoria Hospital Lands Zoning Study."
- June 17, 2014 Corporate Services Committee, "London Health Sciences Centre South Street Campus Decommissioning." Confidential.
- June 9, 2014 Investment and Economic Prosperity Committee, "Old Victoria Hospital Development Plan Update."
- June 20, 2013 Planning and Environment Committee, "Draft Old Victoria Hospital Lands Secondary Plan."
- September 25, 2012 Investment and Economic Prosperity Committee, "South Street Campus Lands Redevelopment Process: Master Development and Secondary Plans."

REQUEST FOR EXPRESSIONS OF INTEREST PROCESS
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On June 9, 2014, the Investment and Economic Prosperity Committee directed Staff to undertake necessary steps to initiate a Request for Expressions of Interest (REOI)/Request for Proposals (RFP) process for the land sale and re-development of Phase 1 of the Old Victoria Hospital (OVH) Lands. Administration subsequently prepared the REOI and RFP to align re-development of the Old Victoria Hospital site with the identified objectives of the 2011 SoHo Community Improvement Plan (entitled *Road Map SoHo*) and the 2014 *Old Victoria Hospital Lands Secondary Plan*, as further noted in Appendix 'A' to this report. Figure 1, below, shows the Old Victoria Hospital Lands, generally located between Waterloo and Colborne Streets south of Hill Street in the SoHo neighbourhood.



Figure 1: Old Victoria Hospital Lands

The REOI process included the City charting new territory, by holding an international marketing and outreach campaign to garner interest for this large, complex, historically significant site at a major gateway to downtown. The REOI marketing and outreach program was undertaken on behalf of the City by the City's real estate advisor. Additionally, an open bidders' meeting and two (2) site tours were conducted in winter 2014.

The Request for Expressions of Interest document was released in October 2014. The REOI identified that only those proponents who were pre-qualified through their successful REOI submission would be invited to submit proposals in the second stage of the land disposition process, which would be the Request for Proposals (the RFP stage).

The City evaluated proponents' REOI submissions for completeness, financial information, and alignment with community objectives, including but not limited to the key objectives from the OVH Lands Secondary Plan as noted in Appendix 'A'.

Staff reported *in camera* to Council on the results of the REOI process in March 2015 before continuing with the RFP process at the direction of Council. In March 2015, a separate, public report on potential conservation of heritage resources was presented to Council. At that meeting, Council gave direction to proceed with conservation of three (3) heritage buildings on the OVH lands, if found feasible through the land dispositions (see Appendix 'A').

REQUEST FOR PROPOSALS (RFP)

Following the Council direction to continue to an RFP process with short-listed REOI respondents, the RFP document was prepared and released to qualified respondents in January 2016. The RFP document expanded upon the REOI and sought further information on the design concept, and financial information. The document outlined responsibilities and expectations of the City and respondents, and the procurement policies and rights reserved by the City. A draft version of an agreement of purchase and sale was also included in the RFP. The RFP will form the basis for future land sale and site development negotiations, which are to be entered into with a preferred RFP respondent.

The respondent interview stage of the RFP evaluation was concluded in summer 2016. Following the RFP interview stage, evaluation was undertaken by an inter-departmental staff team and external advisors.

External advisors to the Staff team included: process manager and planning advisor; real estate advisor; financial advisor; and fairness advisor. The process manager provided expertise gained from direct involvement in other complex land use planning and land disposition RFPs; the real estate advisor provided expertise regarding land appraisal, evaluation and related realty matters; the financial advisor provided expertise regarding financial capacity of the respondents; and the fairness advisor monitored the RFP process to ensure fairness and compliance with the terms of the RFP and the standards of public procurement.

Those REOI respondents that were invited to reply to the RFP were given the opportunity to pre-screen the RFP before its final release to ensure there were no terms within the RFP document that would prevent their participation in the RFP process.

RFP Evaluation

Staff and advisors have conducted the evaluation in accordance with the terms set out in the RFP. The RFP established evaluation criteria based on the following three categories of measurement:

- Part A: Design and Development Concept;
- Part B: Business Structure, Marketing, and Project Management; and
- Part C: Financial Submission.

Staff and advisors have identified a preferred respondent whose proposal demonstrates a strong alignment with design and development concepts and is within acceptable parameters for entering into negotiations towards an agreement of purchase and sale.

The Fairness Advisor monitored the RFP and its evaluation process. The Fairness Advisor has ruled that the process met the requirements of the RFP and the standards of public procurement. An Attestation of Fairness Letter from the Fairness Advisor is attached as Appendix B.

Further reporting to Council will occur upon completion of the negotiation process. In accordance with the REOI/RFP requirements for confidentiality agreements, public presentation of further information regarding the preferred respondent's proposal is precluded, as are the terms of that proposal, as it may pose the risk of significantly compromising the City's negotiating position with the preferred respondent.

CONCURRENT PROCESSES ON THE OVH LANDS
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Under separate cover, Council will receive *in camera* reports subject to Section 239 of the *Municipal Act* on the negotiations for the possible disposition of the OVH Lands.

A separate *in camera* report from the City Solicitor will also be presented at the September 26, 2016, SPPC meeting regarding negotiations for the on-going hospital decommissioning coordinated by the London Health Sciences Centre and the City.

In reply to previous Council direction, Staff will propose a list of architectural artefacts that may be retrieved from those buildings that have received Council demolition approval and may be retained to recall the Hospital's legacy to London. The proposed list will include costs associated with artefact removal and storage (currently not included in the budget). Staff will propose measures aimed at protecting heritage attributes during the decommissioning of the buildings that Council has directed to be retained.

CONCLUSION

The OVH Lands RFP established evaluation criteria for responses received based on the following three categories of measurement: Part A: Design and Development Concept; Part B: Business Structure, Marketing, and Project Management; and Part C: Financial Submission. Staff and external advisors have conducted the evaluation in accordance with the terms of the RFP. Based on the evaluation of the advisors and Staff, a preferred respondent has been identified. Staff will seek Council direction regarding next steps in the RFP process through a separate *in camera* report, noting the confidentiality agreements established through the REOI/RFP.

PREPARED BY:	SUBMITTED BY:
TRAVIS MACBETH, MCIP, RPP PLANNER II, LONG RANGE PLANNING AND RESEARCH	JIM YANCHULA, MCIP, RPP MANAGER, URBAN REGENERATION
RECOMMENDED BY:	
JOHN M. FLEMING, MCIP, RPP MANAGING DIRECTOR, PLANNING AND CITY PLANNER	

September 6, 2016
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- cc Martin Hayward, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer
 John Freeman, Manager, Purchasing and Supply
 Geoff Smith, Manager, Purchasing and Supply Operations
 Chris Ginty, Procurement Officer
 Bill Warner, Manager, Realty Services
 Bryan Baar, Manager, Realty Services
 Alan Dunbar, Manager, Financial Planning and Policy
 Dave Munteer, Assistant City Solicitor
 Geoff Belch, Corporation Counsel
 Paul Yeoman, Business Planning Process Manager
 Terry Grawey, Manager, Development Services and Planning Liaison

Appendix A:

OLD VICTORIA HOSPITAL LANDS REOI/RFP BACKGROUND

Property Disposition Direction

On June 9, 2014, the Investment and Economic Prosperity Committee directed Staff to undertake necessary steps to initiate a Request for Expressions of Interest (REOI)/Request for Proposals (RFP) process for the eventual disposition and re-development of Phase 1 of the Old Victoria Hospital (OVH) Lands (Figure 1, below). Administration subsequently prepared the REOI so as to align re-development of the Old Victoria Hospital site with the identified objectives of the 2011 SoHo Community Improvement Plan (entitled *Road Map SoHo*) and the 2014 *Old Victoria Hospital Lands Secondary Plan* (see Figures 2 and 3, below).



Figure 1: Aerial Photo of the Old Victoria Hospital Lands

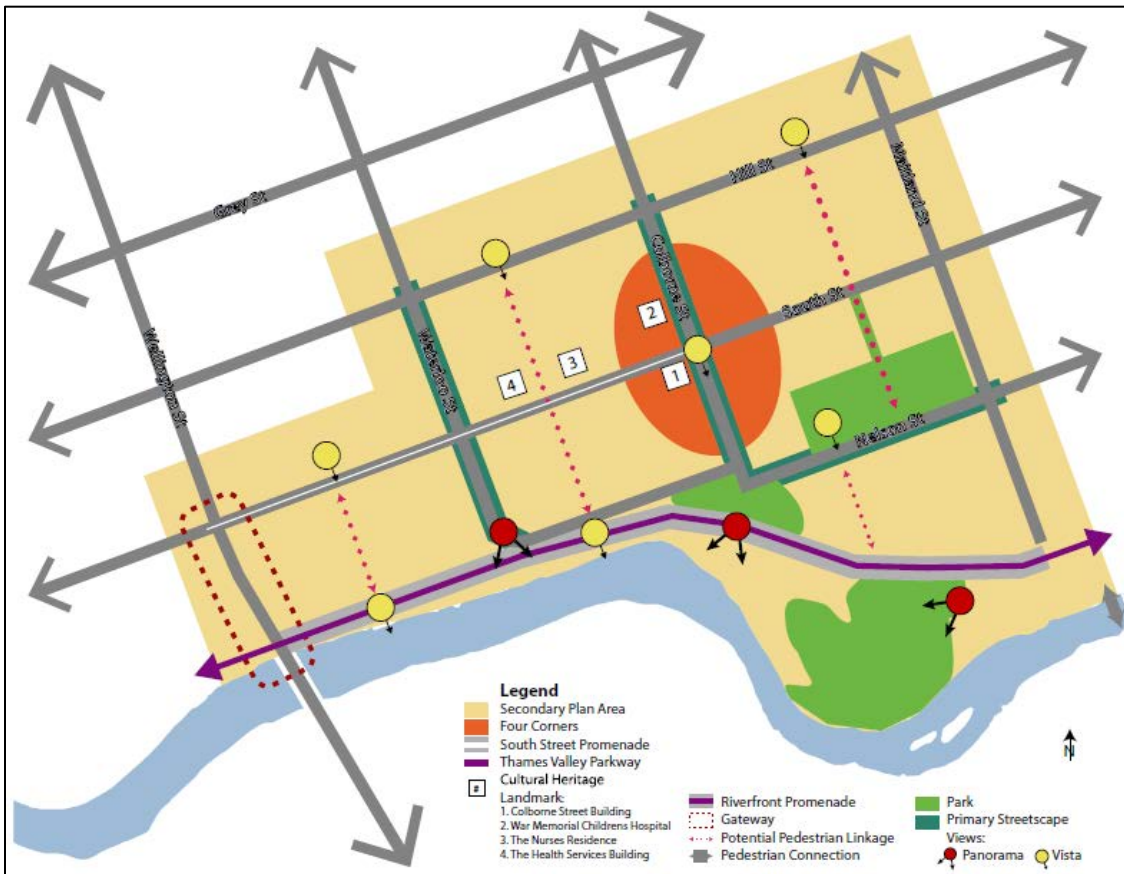


Figure 2: Community Structure Plan of Old Victoria Hospital Lands Secondary Plan

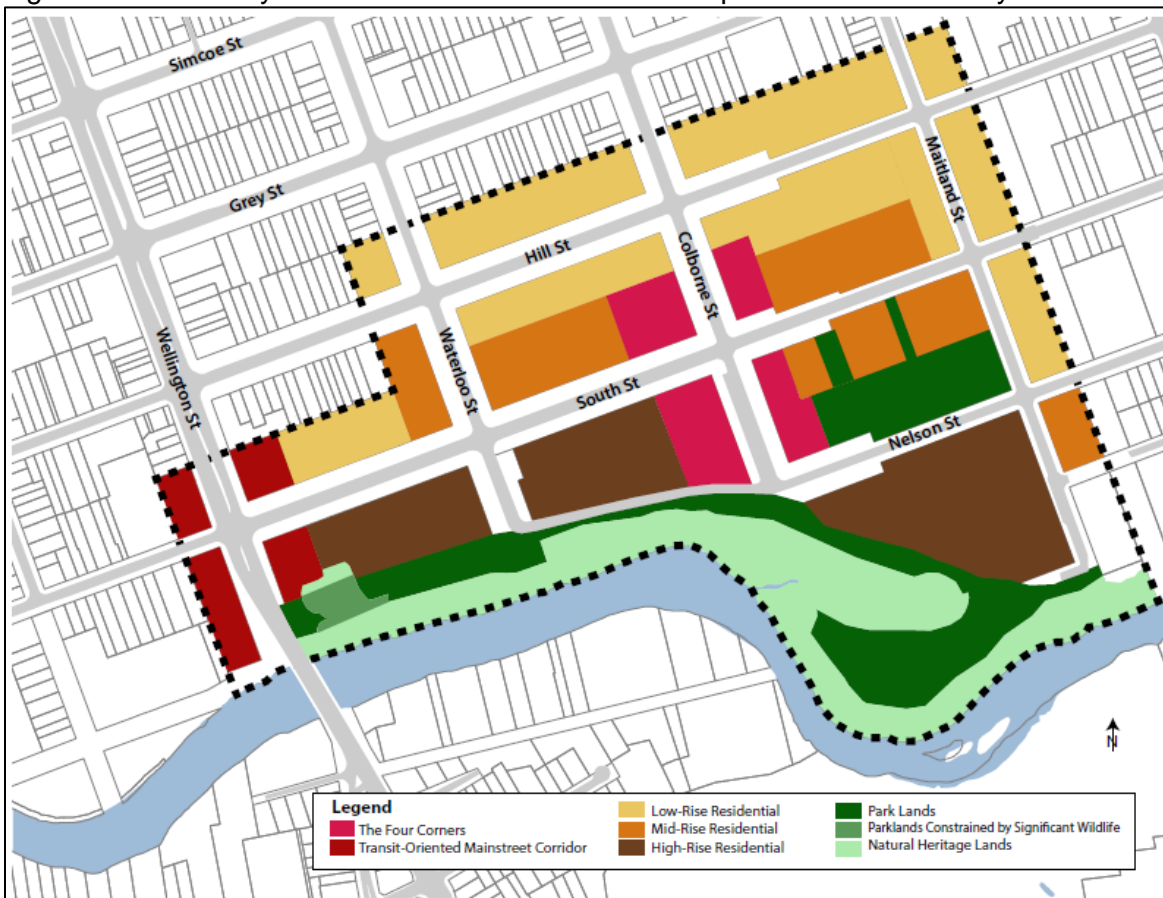


Figure 3: Character Area Land Use Designations of Old Victoria Hospital Lands Secondary Plan

Background Studies Undertaken for the Secondary Plan

As part of the preparation of the OVH Lands Secondary Plan, a number of studies were completed. The background studies completed include:

- Traffic Impact Study;
- Water Servicing Study;
- Storm/ Sanitary/ Water Servicing Study;
- Environmental Impact Study;
- Cultural Heritage Resource Study;
- Heritage Building Conditions Assessments; and
- Hydro-Geotechnical Evaluation.

Key Objectives for Developing the Old Victoria Hospital Lands

Through the *Roadmap SoHo Community Improvement Plan (CIP)* and the *Old Victoria Hospital Lands Secondary Plan*, the City identified a range of economic, social and environmental goals that form the basis for the REOI/RFP process and the disposition of the Old Victoria Hospital lands. Informed by the Background Studies, the key objectives for the OVH site include:

- Acknowledging a community legacy: to build upon the historical legacy of the hospital;
- Incorporating heritage conservation for key buildings;
- Providing a return on investment through tax assessment, land sales and regeneration of the lands with spin-offs for the SoHo and central London neighbourhoods;
- Creating employment opportunities;
- Creating a new urban neighbourhood;
- Taking advantage of existing servicing;
- Promoting design and architectural excellence;
- Demonstrating social and environmental benefits: enable sustainability and affordability;
- Realizing the Principles and Objectives of the Old Victoria Hospital Lands Secondary Plan, which are:
 - 1) **Creation of a Distinct Community;**
 - 2) **Fundamental Planning Principles and Urban Design;**
 - 3) **Retention of Cultural Heritage;**
 - 4) **Protection of Natural Heritage;**
 - 5) **Provide for a Range of Housing Choices;**
 - 6) **Provide for Safe and Efficient Transportation Systems;**
 - 7) **Environmental Sustainability; and**
 - 8) **Financial Viability/Sustainable Development.**
- Improving connectivity to the Thames Valley Corridor and enhance river and trail access; and,
- Achieving best value for the site.

Previous Council Directions on Cultural Heritage Conservation

The importance of the area's cultural heritage was noted in the Old Victoria Hospital Lands Secondary Plan through the expressed intent to "*preserve and incorporate heritage buildings identified for preservation in the Cultural Heritage Assessment, 2011 within new development blocks and within new buildings, where possible.*" Also, the Old Victoria Hospital Lands Secondary Plan recognized the importance of the intersection of South Street and Colborne Street as an important crossroads in the neighbourhood and recommended "*the incorporation of the War Memorial Children's Hospital building and the Colborne building into the development of the Four Corners in part, to recognize the historic significance and importance to the community of these buildings through designation under the Ontario Heritage Act.*"

To address cultural heritage and the buildings identified in Figure 4 (below), on March 2, 2015, the Planning and Environment Committee held a separate meeting regarding the heritage buildings. The public meeting evaluated the following heritage resources on the OVH site:

1. Colborne Building (1899);
2. War Memorial Children's Hospital (1922);
3. The Nurses Residences (1926 and 1927); and
4. Health Services Building (the former medical school, circa 1920).

As background studies to the OVH Lands Secondary Plan arranged between 2011 and 2014, building condition was assessed for each of these four (4) cultural heritage resources. Approximate costs identified for building conservation and restoration for new uses are listed below, noting that separate, updated reporting on costs and concurrent decommissioning processes will be presented in confidential reports to Council, per the *Municipal Act*:

- Colborne Building \$ 8 million;
- War Memorial Children's Hospital \$ 11 million (cost includes estimate for both the 1922 and 1945 wings);
- Nurses Residence \$ 17 to 21 million; and
- Health Services Building \$ 21 to 25 million.

Council directed conservation of the Colborne Building, War Memorial Children's Hospital (1922 wing), and Health Services Building through land disposition processes, if feasible. Each of the four buildings above is a listed heritage building in the City of London Inventory of Heritage Resources. The listing of a property or structure in the City of London Inventory of Heritage Resources indicates that the property satisfies certain approved criteria based on its architecture, history and context.

At March 2015 Council it was directed that the Nurses Residences (building # 3 in the Figure below) and several structures lining Hill Street would not be retained for conservation. Administration is working with the London Health Sciences Centre (LHSC) to prepare for the demolition of all but the cited buildings as part of the "Phase B" of decommissioning of the hospital lands.

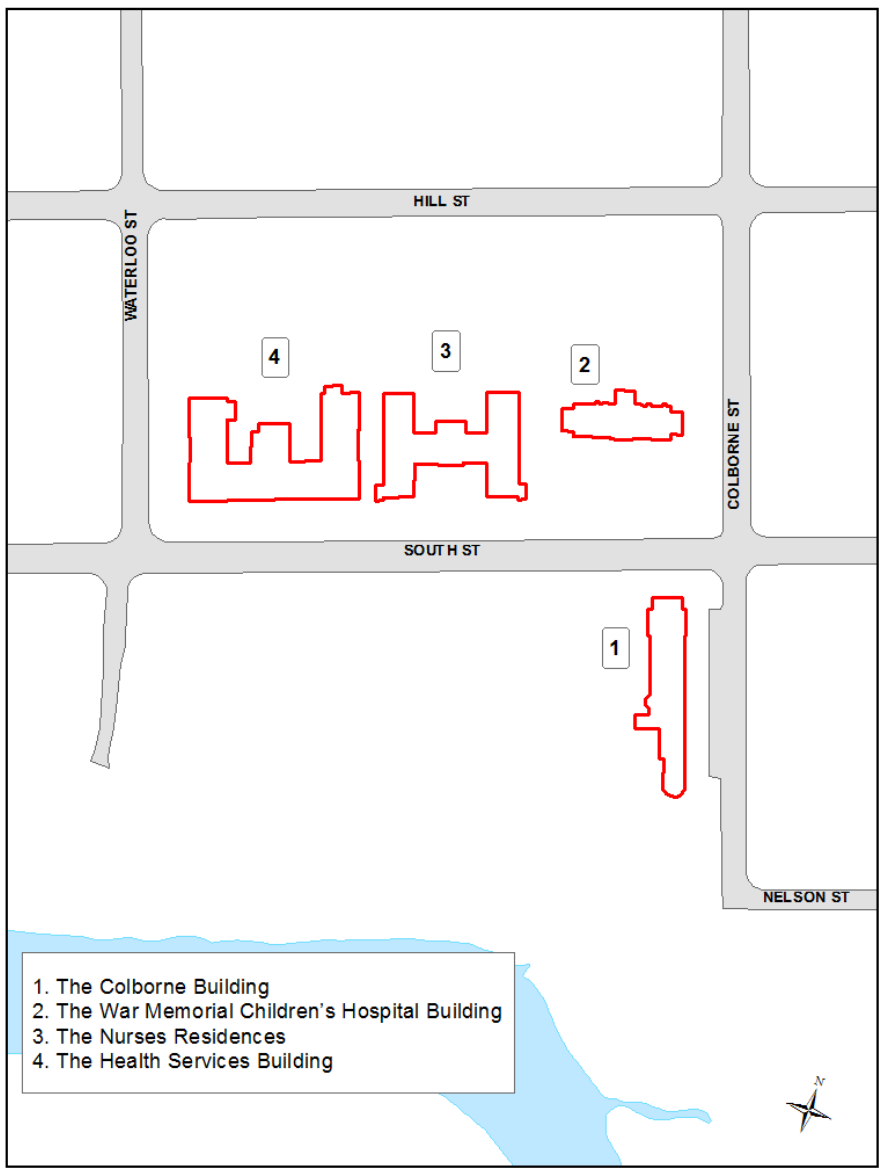


Figure 4: Heritage Resources

Appendix B:
Fairness Attestation Letter
Prepared by P1 Consulting Inc.



September 19th, 2016

Mr. Jim Yanchula
Manager, Urban Regeneration
City of London, Planning Services
206 Dundas Street, P.O. Box 5035
London, ON N6A 4L9

Subject: London Old Victoria Hospital Lands: Request for Proposals

Dear Mr. Yanchula:

P1 Consulting was retained to perform fairness auditing services and provide an independent attestation on the London Old Victoria Hospital Lands procurement process. Our mandate was to review and monitor the bid documents and communications, provide advice on best practices, review and monitor the evaluation and decision-making processes that are associated with the Request for Proposals (RFP) to ensure fairness, equity, objectivity, transparency and adequate documentation throughout the evaluation process.

The project includes the redevelopment and revitalization of the Old Victoria Hospital Lands, including the Site, as set out in the Old Victoria Hospital Lands Secondary Plan and as agreed upon by the City and the Preferred Respondent in final development agreements. It also includes the heritage restoration of the Colborne building. The redevelopment of the Site will play an important role in the long-term development of London's SoHo (South of Horton Street) community.

In our role as Fairness Monitor, P1 Consulting made certain that the following steps were taken to ensure a fair and open process:

- Compliance with the requisite procurement policies and procedures and the laws of tendering for the acquisition of services relating to public sector procurement;
- Adherence to confidentiality of bids, and the evaluation process;
- Objectivity and diligence during the procurement process in order to ensure that it was conducted in an open and transparent manner;
- Proper definition and use of evaluation procedures and assessment tools in order to ensure that the process was unbiased;
- Compliance of project participants with strict requirements of conflict of interest and confidentiality during the procurement and evaluation processes;
- Security of information;
- Prevention of any conflict of interest amongst evaluators on the selection committee;
- Oversight to provide a process where all bidders were treated fairly.

The Fairness Monitor actively participated in the following to ensure that the procurement process was conducted with openness, transparency, integrity and accountability:



Mr. Jim Yanchula
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- Project kick-off meeting;
- Review of the draft RFP documents;
- Review of the RFP Addendums,
- Review of the Respondents questions and request for clarifications;
- Monitor of the interview with the Respondent;
- Review of evaluation process and guideline; and
- Proposal receipt, bid evaluation, and the selection of the Preferred Respondent.

As the Fairness Monitor for the **London Old Victoria Hospital Lands RFP**, we certify that, at the time at which this report was prepared, the principles of fairness, openness, consistency and transparency have, in our opinion, been maintained throughout the procurement process. Furthermore, no issues emerged during the process, of which we were aware, that would impair the fairness of this initiative.

Yours truly,

A handwritten signature in cursive script that reads 'Jill Newsome'.

Jill Newsome
Lead Fairness Monitor

