

<b>TO:</b>	<b>CHAIR AND MEMBERS FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING ON MONDAY, NOVEMBER 26, 2012</b>
<b>FROM:</b>	<b>JOHN M. FLEMING MANAGING DIRECTOR-PLANNING AND CITY PLANNER</b>
<b>SUBJECT:</b>	<b>INFORMATION REPORT RFQUAL/RFP 12-35 ADAPTIVE RE-USE OF THE LONDON NORMAL SCHOOL 165 ELMWOOD AVENUE EAST</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Director of Planning and City Planner, the following Information Report regarding the results of the RFQUAL/RFP12-35 process for the adaptive re-use of the property located at 165 Elmwood Avenue, the former London Normal School **BE RECEIVED**.

It being noted that the YMCA of Western Ontario is the only proponent that fully met the requirements set forth in the City's Request for Proposals, and it being further noted that there has not been an identified municipal need for the building itself and that no funds have been identified to acquire the property or undertake the necessary Ontario Building Code and accessibility upgrades.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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Information Report, Finance and Administrative Services Committee, July 16, 2012

Information Report, Finance and Administrative Services Committee, March 26, 2012

Information Report, Planning Committee, August 21, 2006.

Municipal Council Resolution, December 6, 2005.

Delegation, Planning Committee, September 13, 2004.

<b>BACKGROUND AND HISTORY</b>
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- On being advised by the Province that Infrastructure Ontario was soon to initiate a process for the disposal of lands known as 165 Elmwood Avenue East, Municipal Council, at its session held on April 11<sup>th</sup>, 2012 resolved:
  - a) *Infrastructure Ontario (IO) BE ADVISED of the previous position of Municipal Council (September 24<sup>th</sup>, 2004) regarding the "Village Green", noting that this remains the position of the Municipal Council regarding this significant community open space;*
  - b) *Infrastructure Ontario (IO) BE ADVISED that Municipal Council considers the retention of the former Normal School and its adaptive re-use in an appropriate manner as important and significant to the City and the Old South community; and,*
  - c) *Infrastructure Ontario (IO) BE REQUESTED to provide a minimum of six months for the City to undertake a process to determine possible municipal needs and*

*potential community partners for the appropriate re-use of the Normal School building, and to undertake the due diligence required should the City wish to acquire the Normal School to ascertain the requirements and costs associated with ensuring that the building meets current Building Code and accessibility requirements for possible future public use*

*It being noted that no funds have been identified for the acquisition of the property.*

- The London Normal School is located at 165 Elmwood Avenue East in the Old South London neighbourhood. The site, which is owned by the Province of Ontario and managed by Infrastructure Ontario for the Ministry of Infrastructure, constitutes a full city block (of 5 acres) and contains a single 2.5 storey cut stone and brick building. The building faces north towards a formal landscape of pathways, shrubs and mature trees. On-site parking for sixty-two (62) vehicles is available to the rear of the building. To the south, the rear of the building faces an open green space (with a perimeter of mature trees (hereafter referred to as the “Village Green”);
- On April 19<sup>th</sup>, 2012 Infrastructure Ontario (IO) issued a Realty Disposal and Vacant Space Notice - the effect of which was to declare the former London Normal School surplus and available to the City of London. This action initiated a 90 day review period in which the City would be able to undertake its due diligence to evaluate if it wished to acquire the property. The 90 day review period was to expire on July 18<sup>th</sup>, 2012.
- While a previous internal liaison process had determined there was no City need for the building the City did reiterate its desire that the Village Green be conveyed to the City for parks purposes to address a local deficiency of parkland in the old south neighbourhood. It was the position of Infrastructure Ontario however that the London Normal School site would not be parceled off to facilitate the City’s request.
- On May 9<sup>th</sup>, 2012 City staff met with Infrastructure Ontario to discuss Council’s April 11<sup>th</sup>, 2012 resolution and various matters associated with the process that the City intended to undertake to find partners for the use and on-going operation of the Normal School. At this meeting a number of important issues were clarified including:
  - The City would initiate an Expression of Interest process to determine if there were any partners who could occupy and maintain the property;
  - While Infrastructure Ontario would not confirm in writing the extension of the 90 day review period, it did indicate that if the City was in a process to find partners for the use of the building it would allow this process to proceed;
  - It was confirmed that if the City was to acquire the formal Normal School, a provision of the Agreement of Purchase and Sale would include a Participation Agreement that expressly intends that there shall be no speculation with respect to any portion of the property;
  - As a provision of the Agreement of Purchase and Sale, if the City was to sell or proposed to sell a portion of the property within 20 years from the date of closing, then Infrastructure Ontario would have the right to repurchase the property at the same price as paid by the City or, in the alternative 100% of the profit from the sale by the City, less the aggregate of the cumulative total of any and all capital improvements to the property made by the City after the date of closing, any real estate commission payable by the City in disposing of the property, and any reasonable legal and accounting fess payable by the City in disposing of the property;
  - No acquisition price was set by the Province.
- On May 18<sup>th</sup>, 2012 the City of London responded formally to the Notice of Surplus Lands and informed Infrastructure Ontario that it would initiate an Expression of Interest process.
- Municipal Council, at its session held on July 25<sup>th</sup>, 2012 resolved:

*That, on the recommendation of the Director of Planning and City Planner, the following actions be taken regarding the potential acquisition and re-use of the property located at 165 Elmwood Avenue, the former London Normal School:*

- a) *The attached Expression of Interest to solicit community partners for the on-going operation and occupancy of the former London Normal School BE ENDORSED, subject to further administrative review, including Financing and Purchasing and Supply; and,*
  - b) *The staff report dated July 16<sup>th</sup>, 2012 BE RECEIVED for information; it being noted that an Expression of Interest has been provide to Infrastructure Ontario for their information; it being further noted that no funds have been identified for the acquisition of this building, or for any of the required building improvements.*
- In response to Council's direction of July 25<sup>th</sup>, 2012, the City initiated a two-step Expression of Interest/Request for Qualifications and Proposals process to identify possible community partners for the adaptive re-use of the London Normal School.

**WHAT WAS THE GOAL AND KEY OBJECTIVES OF THE EXPRESSION OF INTEREST/REQUEST FOR QUALIFICATIONS AND PROPOSALS PROCESS?**

- The goal of the Expression of Interest (EOI) process was to identify and select possible partners who may be asked to submit proposals to enter into agreements with the City of London to maintain and operate the London Normal School.
- Key objectives to the City's goal included:
  - The retention of the Village Green for neighbourhood park purposes;
  - To retain the identified heritage features of the existing structure;
  - To identify an adaptive re-use of the building that will be accessible, barrier-free and serve a long-term community benefit;
  - Minimizing the City's capital investment and business risk in the purchase and upgrading the London Normal School;
  - Identifying community partners with the demonstrated capacity and financial capability to operate and maintain the London Normal School;
  - To enter into a long-term leasing agreement for the use of the London Normal School building; and,
  - To encourage innovative partnerships between the private and/or non-profit sectors that will be a long-term success.

**HOW WAS THE PROCESS UNIQUE, HOW WAS IT ULTIMATELY "ROLLED OUT", AND WHAT WERE THE PROPOSED TIMELINES?**

- The Expression of Interest for the London Normal School is unique in that:
  - The City is not in ownership of the asset to which the EOI applies;
  - There has not been an identified municipal need for the building itself;
  - No funds have been identified to acquire the property or undertake the necessary Ontario Building Code and accessibility upgrades;
  - No municipal subsidies have been identified to support the on-going maintenance and operation of the facility; and,

- The EOI included provisions that provided for the consideration of community input in the evaluation process.
- The Expression of Interest process was divided into two phases – A Phase 1 Expression of Interest (EOI) and a Phase 2 Request for Qualifications (RFQUAL) and Request for Proposals (RFP). As a 2 Phase process, only applicants whom responded to the Phase 1 EOI would be considered in Phase 2.
  - The Phase 1 EOI served to identify private and/or non-profit entities that may be interested in operating and maintaining a London Normal School under the ownership of the City of London. The EOI identified the City’s goal and key objectives in the acquisition of the London Normal School and further served to provide information regarding subsequent steps to the process.
  - The Phase 1 EOI timeline was as follows:

EOI Release Date	August 7, 2012
Information and Site Tour	Week of August 13, 2012
EIO Closing Date	August 30th, 2012

- The Phase 2 RFQUAL/RFP sought confirmation of the proponent’s ability to maintain and operate the Normal School, including detailed financial information and detailed proposals for the adaptive re-use of the facility.
- The Phase 2 RFQUAL/RFP timeline was as follows:

RFQUAL/RFP Release Date	Week of October 2, 2012
Community Presentation	Week of October 22, 2012
Site Visit/Building Tour	Week of October 12, 2012
RFQUAL/RFP Closing Date	November 2, 2012
Evaluation Committee Meeting	November 6, 2012
Interview with Proponents	November 14, 2012
FASC Committee	November 26, 2012
Council Approval	December 11, 2012

- The Phase 1 EOI and Phase 2 RFQUAL/RFP process, which extended from August 7<sup>th</sup>, 2012 to November 2<sup>nd</sup>, 2012) was longer than a typical proposal timeline for a number of reasons including:
  - The complexity of the process;
  - The likelihood that no single proponent would be able to undertake the project (it was anticipated that it would require a group of partners); and
  - The request for partners is not a common practice and who the possible partners may be were not well known.

<b>RESPONSES TO THE PHASE 1 EOI AND PHASE 2 RFQUAL/RFP</b>
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- Three proponents responded to the Phase 1 EOI. While all respondents to the Phase 1 EOI were invited to participate in the Phase 2 RFQUAL/RFP process, only one chose to make a submission.
- Two proponents withdrew from the Phase 2 RFQUAL/RFP - one citing “short” timelines and the other concerns that the project “...may not be feasible from the perspective of a private sector participant only”.
- The YMCA of Western Ontario was the only proponent to submit an RFQUAL/RFP – the details and implications of which are detailed below.

## THE YMCA OF WESTERN ONTARIO PROPOSAL

The following components of the YMCA's submission are critical considerations in the evaluation of the proposal.

### **The Proponent:**

- The YMCA is not acting as a consortium but rather a single proponent. The YMCAWO has managed 5 major construction or renovation projects in the last five years including a joint venture with the City of London. The total value of these projects is in the order of \$47 million.
- Based on construction schedules and agreements with the City, the YMCA anticipates a public opening of the Normal School in 2014.

### **The Financials:**

- The relocation of existing programs to the London Normal School will ensure that the YMCAWO can commit \$450,000 per annum towards the operating costs of the building.
- The YMCAWO would be able to offer other fee based services and explore other collaborative arrangements and partnerships that would add to the revenue of the operations.
- The YMCAWO does not have the funds (in the Y's estimation to be about \$5 million) to make the necessary renovations to the interior of the building.
- The YMCAWO has indicated that it is willing to run a modest capital campaign to a maximum of \$400,000 to support the initial capital needs of the building. The YMCAWO does not have the funds to manage the remaining capital requirements.
- The YMCAWO is prepared to negotiate with the City for either a transfer of ownership or a long-term lease (20 years) that in either case contemplate the completion of the required interior renovations.
- The YMCAWO will work with the City to solicit senior levels of government to support this venture. It is further noted that the YMCAWO has been approached by individuals and groups expressing interest in establishing unique funding and/or collaborative arrangements including the issuing of a social bond.

### **The Use:**

- The YMCA of Western Ontario anticipates several uses for the Normal School building in their submission including:
  - Establishing a community space to support children, youth and families with resources and programs including after school programs for youth;
  - Establishing a YMCA Youth Centre of Excellence;
  - Relocating two existing licensed Child Care Centres;
  - Offering summer day camp programs;
  - Providing community meeting and gathering space;
  - Creating classrooms for a Language Instruction for Newcomer's to Canada (LINC) program;
  - Centralizing YMCAWO administrative staff in a single building; and,
  - Working with other community groups and businesses to utilize the building.

- It is anticipated that the building will operate 7 days a week during prescribed hours. The Normal School would be staffed by 50 full and part time YMCA employees and could expect to attract: 102 child care families; 60 camp families; and, 70-90 LINC participants. Expected enrolment in Community Programs and the Youth Centre of Excellence is unknown at this time.
- The proposed use would not require an amendment to the City's Official Plan or Z.-1 Zoning By-law.

**Impacts of the Proposed Use for the Building and the Village Green:**

- The YMCA anticipates that approximately 2500 square feet of the Normal School will be allocated for a community partner usage.
- Beyond accessibility and Fire Code requirements, the YMCA does not have any plans to add onto the exterior of the building.
- Building modifications would be necessary to provide for the anticipated programming including the addition of a kitchen and accessible washrooms. The majority of the YMCA's vision for other uses would include the restoration of the original spaces.
- The YMCA does not anticipate that any additional parking spaces beyond that currently provided would be required. The YMCA has further indicated that it is willing to explore with the community and the City the possibility of changing the parking entrance/exit from Marley Place to Wortley Road.
- The Village Green would be maintained as green space for the community at large to utilize. The YMCA Child Care and Day Camps may also use the green space but it is not proposed to be altered.
- Provincial child care licensing regulations require perimeter fencing of playground areas. The targeted area for the playground is northwest of the building and would not impede with the Village Green. The YMCA is open to suggestions from the City and neighbourhood as to the final playground location.
- The services to be provided will be delivered "with a mind to preserving the identified interior heritage elements". The use and programming should ensure that the Village Green remains as open space for the enjoyment of the community.

**THE CITY'S REVIEW OF THE PROPOSAL**

The critical elements of the proposal have been reviewed having consideration for the City's key objectives identified in the Phase 1 EOI and the Phase 2 RFQUAL/RFP:

**Key Objective #1 - The Retention of the Village Green for Neighbourhood Purposes:**

While the proposal anticipates the retention of the Village Green for open space purposes, the YMCA does envision the use of an area on the west side of the building for outdoor Child Care and Day Camp programming. Exterior alterations to the site are limited to fencing to provide for a playground enclosure to the northwest. No additional parking is anticipated.

**Key Objective #2 – The Retention of Identified Heritage Features**

While interior alterations are envisioned to provide for programming, the YMCA does not anticipate alterations to identified interior features. Accessibility and Fire Code requirements may necessitate certain exterior alterations to the existing building, such as an entrance ramp. The YMCA has no plans to add onto the exterior of the building.

**Key Objective #3 – The Proposal should identify an Adaptive Re-use of the Normal School that is accessible, barrier free and serving a long-term community benefit:**

The proposed use will provide for the establishment of community supportive services and programming serving both the local neighbourhood and the broader community. The proposal also notes that the YMCA will work with other community groups and businesses to utilize the building. While these “groups and businesses” are not specifically identified, the proposal allocates approximately 18% of the total floor plate for “community partners”.

**Key Objective #4 – The Proposal minimizes the City’s capital investment and business risk in the purchase and upgrading of the London Normal School:**

At this point, no acquisition price has been set by the Province (Infrastructure Ontario) for the Normal School property. As well, the proposal submitted by the YMCA of Western Ontario notes that the costs identified are for tenant improvements, and do not include the costs associated with accessibility upgrades or anticipated mechanical/building system upgrades.

No municipal funding has been identified for either the acquisition of this property, nor for the capital improvement associated with the building upgrades required to make the property “tenant-ready”.

**Key Objective #5 – The Proposal identifies community partners with the demonstrated capacity and financial capability to operate and maintain the London Normal School**

The YMCA of Western Ontario has provided preliminary information regarding the organization’s ability to partner with the City, however, additional information would be required as part of any negotiation process that the City might enter into with the YMCA of Western Ontario for the operation of the property.

**Key Objective #6 – To enter into a long-term leasing agreement for the use of the London Normal School Building**

The proponent has indicated a willingness to enter into a long-term leasing agreement with the City of London for the adaptive re-use of the London Normal School.

**Key Objective #7 – To encourage innovative partnerships between the private and/or non-profit sectors that will be a long-term success.**

The proposal includes information that demonstrates the proponent’s ability to bring together multiple community organizations and services to work together for the “better good” of the community. While the proposal is not specific in identifying a private and/or non-profit sector partner at this time, it demonstrates a history of such partnerships.

The YMCA of Western Ontario is currently a partner with the City at the Stoney Creek Community Centre.

**THE OLD SOUTH COMMUNITY ORGANIZATION’S REVIEW OF THE PROPOSAL**

- On July 25<sup>th</sup>, 2012 Council endorsed an Expression of Interest to solicit community partners for the on-going operation and occupancy of the former London Normal School. The EOI identified the municipal interest in retaining the building for public purposes. It also contained criteria for the partners that the City would work with as well as evaluation criteria to evaluate the strength of submissions received. Lastly, the EOI identified the role of the community in the EOI process.
- Three possible options for community input into the partner selection process were initially considered in the preparation of the EOI. Ultimately the EOI provided for a two-sided process wherein both the City and the community would have an evaluation team who would each evaluate all of the proposals using the same criteria. The proposals would be scored by each evaluation team and the results would then be combined to determine overall ranking.

- The results of the community review clearly indicate strong support of the proposal. The community provided the following comment:

*I can confirm that the conclusion shown below was approved at the OSCO Annual General Meeting last night, November 13 2012.*

***Our review of the feedback to the YMCA's submission for the Normal School indicates that a total of 13 points (out of a possible 15) ought to be accorded to this proposal.***

*Our score is a blend of input derived from two sources:*

- 1) Feedback solicited by OSCO at our October 24th public meeting where the Y proposal was presented to the public; and,*
- 2) An analysis of answers from the YMCA to questions devised by OSCO and included as part of the RFP/RFQ for the Normal School.*

*You may also consider adding a statement to the effect that the community is enthusiastic, ready, willing and able to help howsoever needed to bring this long awaited project to fruition.*

## CONCLUSION

The RFP process initiated by the City to solicit proposals for the adaptive re-use of the London Normal School property has resulted in a single qualified proponent-the YMCA of Western Ontario. This process, as agreed to with the Province, allowed the City to initiate this process to seek possible community partners for the adaptive re-use of the Normal School. The City will now need to advise the Province of the next steps in this process.

As the City has not yet identified funds for either the acquisition for the Normal School property, nor for the capital improvements required to address building code and accessibility issues, or any potential improvements identified by the YMCA of Western Ontario, the City must determine how it wants to proceed. Three possible options for the next steps are identified below.

### **Option 1-Acquire and Partner:**

This option will require that the City identify funds for both the acquisition and the capital improvements required for the adaptive re-use of the Normal School. On-going negotiation with both the Province and the YMCA of Western Ontario will also be required. This option would secure "The Green" for public use as it would be acquired by the City.

In order to pursue this option, the following actions are required:

- a. Infrastructure Ontario be advised that the City intends to purchase the Normal School property;
- b. Staff be directed to negotiate the acquisition of the Normal School;
- c. Staff be directed to negotiate a partnership agreement with the YMCA of Western Ontario for the operation of the Normal School; and,
- d. Funds be identified to both acquire and improve the property as part of the 2013 budget process.

### **Option 2-Do not Acquire/Do Not Partner:**

This option would be pursued if the City determines that because the results of the RFP process did not identify a partner with the ability to provide funds for either the acquisition of the property, or funds for the capital improvements required to upgrade the property, then the City will not be pursuing the acquisition of the Normal School property.

This option would allow the disposal of the Normal School through the Infrastructure Ontario property disposition process. While The Green is subject to a heritage easement, there are no guarantees that public access to the lands would be provided if the site is acquire by a private owner. Any change in use of the Normal School property other than the uses currently permitted in the Office (OF) Zone, which are professional

offices, a zoning by-law amendment, including public consultation and Council approval, will be required.

In order to pursue this option, the following actions are required:

- a. Infrastructure Ontario be advised that the results of the City's EOI/RFP process did not identify a partner with sufficient funds to acquire and improve the facility, and that the City has no identified municipal need for the property, so that the City will not be seeking to acquire the building and the normal IO property disposition process may proceed;
- b. Infrastructure Ontario be advised that the City requests that the heritage easement remain on both the building and the associated green space, and that public access to the green space be assured through the site disposition process; and,
- c. The YMCA of Western Ontario be advised that no further discussion will be required as the City is not acquiring the building.

**Option 3-Acquire Green and No Partner:**

This option is not likely a realistic option, as this has been the City's request to the Province since 2004 when the Normal School building was vacated. As recently as May, 2012, when staff met with representatives of Infrastructure Ontario, the position was that the green space and the building were not going to be separated, and that the Province considered the entire site as a single holding.

While this option is not recommended the following actions would be required:

- a. that the City confirm its previous position that there is an identified municipal need for "The Green" for park purposes, but does not have a municipal need for the building;
- b. staff be directed to negotiate with Infrastructure Ontario the acquisition of the Green; and,
- c. The YMCA of Western Ontario be advised that no further discussion will be required as the City is not acquiring the building.

The RFP process has resulted in the identification of a successful proponent should the City wish to proceed with the adaptive re-use of the Normal School. Depending on the option chosen, Staff will continue to discussions with the Province and the YMCA of Western Ontario.

**Acknowledgements:**

This report was prepared with the assistance of Robin Armistead-Culture Office, Bill Campbell-Facilities Services, Grant Hopcroft- City Manager's Office, Bill Warner-Realty Services and Terri Wyatt-Purchasing.

<b>PREPARED BY:</b>	<b>SUBMITTED BY:</b>
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cc. M. Hayward, City Treasurer  
J. Chaves, Infrastructure Ontario

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