

TO:	CHAIR AND MEMBERS CORPORATE SERVICES COMMITTEE MEETING ON JUNE 18th, 2013
FROM:	GEOFFREY P. BELCH CORPORATION COUNSEL
SUBJECT	LONDON HEALTH SCIENCES CENTRE SOUTH STREET CAMPUS DECOMMISSIONING

RECOMMENDATION

That, on the recommendation of City Solicitor's Office, the following action be taken with respect to the South Street Campus lands under lease to the LHSC:

- (a) The Agreement attached as Schedule "A" to this By-law, being a Lease Amending Agreement between the City and London and London Health Sciences Centre is hereby **AUTHORIZED AND APPROVED**;
- (b) The attached proposed by-law **BE INTRODUCED** at the Municipal Council meeting to be held on June 25th, 2013 to approve this agreement and to authorize the Mayor and Clerk to execute the Agreement; and
- (c) That the balance of this report **BE RECEIVED** for information.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Confidential Board of Control report dated December 10, 1997
Confidential Board of Control report dated December 3, 1998
Confidential Board of Control report dated June 16, 1999
Confidential Board of Control report dated September 30, 2009
Confidential Board of Control report dated November 4, 2009
Confidential Board of Control report dated October 20, 2010
Confidential Finance & Administration Committee report dated December 15, 2010
Confidential Finance & Administration Committee report dated May 4th, 2011
Confidential Finance & Administration Committee dated July 20th, 2011
Confidential Finance & Administration Committee dated December 12th, 2011
Confidential Corporate Services Committee dated April 9th, 2013

BACKGROUND

Purpose of Report

The purpose of this report is to seek direction from Council for the City to enter into an amending lease agreement with LHSC in respect of the South Street Campus. The amending lease agreement will provide the legal framework for the phased decommissioning of the South Street campus lands and establish the City's financial contribution to the decommissioning.

Issue#1: The status of the phased building demolition of the South Street Campus

As noted in earlier reports to Council the current 99 year lease with the Hospital, dated December 18, 1973, was premised on the assumption that LHSC would occupy the site until 2073. LHSC has decided to vacate the site. The City and LHSC have agreed to the phased decommissioning of the site. Under this approach LHSC would be the project manager of the demolition and would remove

the buildings on the site on a shared cost basis with the City.

As of February 28, 2013 LHSC vacated buildings 60, 61, 62, 63, 64, 65, 65A, 66, 68 and 69, (as shown on attached plan "Schedule "A") all south of South Street. LHSC will not vacate the buildings on the north side of South Street, being Buildings 50, 51, 55, 56 and 57 until about 2015. The War Memorial Children's Hospital (Building 52) is vacant and the Thames Valley Children's Centre (Building 53) has been sub-leased by LHSC for a child care use to another organization.

The buildings south of South Street, including Thameswood Lodge (Building 69) will form Phase A of the demolition. It is expected that Phase A will be tendered shortly and commence in September 2013. Phase B of the demolition will consist of all lands and buildings north of South Street. It is expected that Phase B will proceed in 2015-16.

In separate public reports brought forward to the Planning & Environment Committee on December 12th, 2011 the Planning Division provided City Council with an assessment of the heritage aspects of the site. The Planning Committee received two reports from the Heritage Architect, Alan Avis, outlining his assessment of the Colborne Building (Building 67) and the War Memorial Children's Hospital (Building 52). Council elected to retain these two buildings for reasons of heritage significance.

Issue#2: Funding the decommissioning

The City's contribution toward the decommissioning is capped at \$3,180,000. By resolution, dated, August 31, 2010 the City committed to pay an amount equivalent to the value of the City owned lands, being \$3,180,000, toward the removal of buildings on the site.

In addition, the amending agreement provides for the immediate purchase of land owned by LHSC consisting of two parking lots east of Colborne Street and the Thameswood Lodge lands for a total purchase price of \$685,500. Finally, the amending agreement provides the City with an option to purchase the Old Medical School at 370 South Street after Phase B of the decommissioning.

Removal of buildings will ensure the value of these lands can be maximized for future development purposes.

Conclusion

City Council's direction is sought to enter into the Amending Agreement, attached as Schedule A in order to provide the legal framework for the phased decommissioning of the site.

PREPARED AND RECOMMENDED BY:	PREPARED AND RECOMMENDED BY:
DAVID MOUNTEER SOLICITOR	GEOFFREY P. BELCH CORPORATION COUNSEL

**Encls. - Proposed By-law
Lease Amending Agreement**

c.c. Art Zuidema, City Manager
James Barber – City Solicitor