

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 15, 2015

Item 5, Report No. 17, of the Finance, Administration and Audit Committee which was adopted, as amended, by the Council of the City of Vaughan on December 15, 2015.

By approving the following:

- 1. That based on the results of the Stage 1 RFI15-500 Potential Public-Private-Partnership Opportunities at North Maple Regional Park and the recommendations of previous financial advisory reviews, that staff undertake a Park Master Plan process to clearly define the City's vision for development of the PPP lands and scope for potential recreation partnership opportunities on the balance of the parkland prior to proceeding with Stage 2RFP's for private partnership proposals; and***
- 2. That staff report back in February, 2016 with a draft Terms of Reference for the Park Master Plan process for Council review and approval;***
- 3. That staff continue parallel discussions with respondents A, B and C in respect of their respective visions for the North Maple Regional Park and bring back no later than Q2 2016 more fully developed P3 proposals for Council's review and consideration prior to any RFP process; and***
- 4. That the report of the Deputy City Manager, Planning & Growth Management and the Director of Parks Development, dated December 8, 2015, be received.***

5

**NORTH MAPLE REGIONAL PARK
RESULTS OF RFI 15-500
POTENTIAL PUBLIC-PRIVATE-PARTNERSHIP OPPORTUNITIES
AND PROPOSED GO-FORWARD PLAN
WARD 1**

The Finance, Administration and Audit Committee recommends:

- 1) That consideration of this matter be deferred to the Council meeting of December 15, 2015;**
- 2) That the presentation by the Director of Parks Development and C4, presentation material titled: "*North Maple Regional Park Results of RFI15-500 and Go-Forward Plan*", dated December 8, 2015, be received; and**
- 3) That Communication C1, Confidential Memorandum from the City Solicitor, dated December 3, 2015, be received.**

Recommendation

The Deputy City Manager, Planning & Growth Management and the Director of Parks Development, in consultation with the Chief Financial Officer & City Treasurer and the City Solicitor recommend:

- 1. THAT the summary and analysis of submissions received in response to RFI15-500 included in this report be received for information and that Council provide direction on a preferred go-forward plan for implementation of future phases of development at North Maple Regional Park.**

Contribution to Sustainability

Developing a long-term strategy to guide the planning and development of North Maple Regional Park (NMRP) demonstrates a coordinated and sustainable approach that is consistent with the priorities previously set by Council in Green Directions Vaughan, specifically:

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 15, 2015

Item 5, Finance Report No. 17 – Page 2

- Objective 2.2 To develop Vaughan as a City with maximum green space and an urban form that supports our expected population growth.
- Objective 2.3 To create a City with sustainable built form.
- Objective 3.1 To develop and sustain a network of sidewalks, paths and trails that supports all modes of non-vehicular transportation.
- Objective 4.1 To foster a City with strong social cohesion, an engaging arts scene, and a clear sense of its culture and heritage.

Economic Impact

Submissions received through the Stage 1 Request for Information (RFI) process confirm the market potential to generate funding for park development capital works and for park operations and maintenance (O&M) with the options previously presented to Council in September 2014 and June 2015. ***The submissions also confirm that aside from these sources (involving the sale/lease of City lands), no external sources of funding exist through conventional Public-Private-Partnership (PPP) approaches for the North Maple Regional Park project.***

Based on the submissions received, and as an alternative to conventional park development phased over a 15+ year timeframe, options for delivering the NMRP park project faster and at lower overall cost to the City involve extracting the value of a portion of the PPP lands along the Keele Street frontage in order to fund capital development costs. Additionally, revenues from the programming and permitting of park facilities, either by the City or through recreation partnership(s), will help to offset park O&M costs, however full offset funding is not anticipated based on traditional park revenue projections.

Communications Plan

Consultation with the community was essential to establishing the vision for NMRP. Continued community consultation including discussion with residents, user groups and stakeholders will continue to occur at various stages of implementation of the NMRP development.

The RFI process was advertised on the Bids and Tenders section of the City's website, Biddingo.com, Merx.com, P3 Canada, Ontario Public Buyers Association and Daily Commercial News. In addition, respondents to the previous NMRP Request for Expression of Interest process were also notified.

Purpose

The purpose of this report is to provide an overview of responses received through the Stage 1 RFI process and to obtain Council direction on a preferred go-forward plan for implementation of future phases of development at NMRP.

Key findings of this report include:

1. No viable conventional PPP opportunities were identified in response to RFI15-500
2. Confirmation of market interest in the private development of a portion of lands along the Keele Street frontage and potential interest in recreational partnerships

Background - Analysis and Options

Council at its September 10, 2015 meeting adopted the following recommendation from the Finance, Administration and Audit Committee meeting of September 8, 2015 (Item 16, Report No. 16, Recommendation 1 as amended):

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 15, 2015

Item 5, Finance Report No. 17 – Page 3

That a 2-Stage Public-Private-Partnership procurement process as outlined in this report be approved to identify potential interest in the North Maple Regional Park project, and that staff report back at the completion of Stage 1 for Council's consideration of all options for the future strategic use of the NMRP lands fronting Keele and/or other areas of the park for a potential Public-Private-Partnership, and long-term go-forward plan for the park.

Following direction from Council, RFI15-500 North Maple Regional Park Potential Public-Private-Partnership Opportunities was released on September 22, 2015 with a closing date of October 19, 2015. One (1) Addendum was issued on October 9, 2015 to extend the closing date to November 2, 2015 in response to questions from Respondents. The purpose of the RFI is to provide the City with information and clarity of market interest to inform the potential for and criteria desired in an RFP since the scope of PPP development options is not already defined.

A total of thirty-two (32) documents were picked up and four (4) responses submitted. Submissions were received from the following Respondents:

1. Buckingham Sports Properties Company, Toronto
2. Greenpark Group of Companies, Vaughan
3. HBNG Holborn Group, Vaughan
4. Ludus Theatrum Limited, Vaughan

Following the closing date, staff from Parks Development, Finance, Real Estate and Purchasing Services met with consultant John Davis from PPI Consulting (formerly Partnering and Procurement Inc.) to review the submissions to summarize the information provided for Council's consideration and direction. PPI is one of North America's leading procurement and project management consulting firms that specialize in supporting public sector clients with delivering fair and transparent procurement processes for complex projects.

The draft Terms of Reference for RFI15-500 approved by Council in September 2015 included a series of questions for Respondents to answer in order to assist the City in determining the potential market interest and viability of PPP opportunities for NMRP as an additional option to consider for the long-term go-forward strategy for park development. A copy of the final RFI15-500 document is appended as Attachment 1.

Summary of RFI Results

The following summary provides a high-level overview of the information received in the RFI submissions, based on responses to the questions listed in the RFI document. Optional Commercially Confidential Meetings (CCM's) were determined to not be required based on the information provided.

Submissions received through the Stage 1 Request for Information (RFI) process do not identify market potential for viable conventional PPP opportunities. However, the submissions received do confirm that the previously considered options to extract value from the private development of a portion of the PPP lands along the Keele Street frontage and for recreational partnerships are potential viable options for achieving Council's goals to advance NMRP faster and at a lower cost to the City than conventional park development.

Common themes of the RFI submissions:

- Interest and support for identified Option 3 Value Added Sale of Lands to purchase a portion of lands along the Keele Street frontage
- Significant interest to provide the services to develop the parkland assuming funding from use or sale of City lands was available

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 15, 2015

Item 5, Finance Report No. 17 – Page 4

- Creative conceptual responses including support for variances of identified Option 2 Recreation Partnership, for both indoor and outdoor recreational facilities;
- Potential conflicts with property or planning restrictions (i.e. easements, setbacks to adjacent uses, monitoring wells, and/or environmental restrictions)
- Sustained funding models were dependent on sufficient operating revenues at commercial rates
- Recommendation that any surplus revenues be retained in-trust to subsidize operations and lifecycle asset renewal (with City responsible to subsidize any potential short-falls)
- Desire for lands to be marketed with appropriate zoning and servicing in place
- Perception that the City will guarantee all risks associated with this project
- General lack of interest or commitment to provide operating and maintenance resources (outside of City sources) with emphasis on major interest in the design-build phases of the project
- Confirmation that with adequate funding in place the identified park development timeframe of 3-5 years could be achieved
- No philanthropic opportunities were identified

Options and Recommended Approach

As directed by Council, staff was asked to bring forward all options for consideration of the future strategic use of the PPP lands along the Keele Street frontage and a long-term go-forward plan for NMRP upon completion of the Stage 1 RFI process. The following options were identified in the previous report to the Finance, Administration and Audit Committee meeting of September 8, 2015 (Item 16 of Report No. 16). In addition to the three previously identified options, a new Option 4 Pursue Stage 2 Process for PPP Opportunities is provided based on the results of the Stage 1 RFI process.

Option 1. Conventional Approach to Park Development

This option includes development of the park in a phased approach where no debt is incurred and the DC Reserve remains in a positive balance. Full development of the park could not be fully completed in the short-term and would need to be phased over a longer period of time (i.e. up to 2031). Completion of the park development would also be subject to competing priorities such as the development of parks in the VMC and other intensification areas. The City would retain full ownership of the parkland and facilities and all associated user fee revenues.

Option 1.	Conventional Approach to Parkland Development
Revenue Potential:	Limited to user fees related to programming
Park Development Timing:	Phased Approach over 15+ years
Considerations:	<p>Advantages:</p> <ul style="list-style-type: none">• The City retains full ownership over all of the park lands• Retention of all user fee revenues• Control over design, budget, and quality• Retained control and maximized park frontage on Keele Street• Least conflict with ORM Conservation Plan• O&M costs are phased with marginal increase in property tax levy over time

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 15, 2015

Item 5, Finance Report No. 17 – Page 5

	<p>Disadvantages:</p> <ul style="list-style-type: none"> • Long-term park implementation scenario (over 15 years) • Limits development of other parks within the City due to limited funding sources
Summary:	<p>This option is considered a viable option; however, funding the capital development of NMRP would compete with other park development priorities and full build-out of the park would take many years to deliver (i.e. up to 2031)</p>

Option 2. Recreation Partnership

A recreational partnership is a partnership between a public entity and a private entity to provide recreational services such as hockey arenas or soccer facilities. These types of arrangements typically do not provide sufficient funding towards capital development of facilities and usually focus on operating and maintenance agreements for service delivery. The NMRP plan provides multiple opportunities for the City to consider recreational partnerships associated with the proposed park facilities, as well as the potential for consideration of other recreational partnerships (i.e. ice pads) based on the City's current and future needs and as substantiated through the RFI process. Further review of these opportunities can be undertaken through the Park Master Plan process.

Option 2.	Recreation Partnership
Revenue Potential:	Unlikely to significantly contribute to capital funding of the entire park, but may reduce O&M costs and provide future revenue
Park Development Timing:	Varies – Phased approach over 10 to 15 years depending on type and terms of partnership
Considerations:	<p>Advantages:</p> <ul style="list-style-type: none"> • May reduce to a limited extent the amount of DCs required to fund NMRP • May decrease O&M costs and could have access to additional revenue streams • Opportunity to develop a City-wide and potentially inter-city destination • Unlocks potential for integrated recreational destination associated with future mobility hub • The City's portion of O&M costs could be phased with marginal increase in tax levy over time <p>Disadvantages:</p> <ul style="list-style-type: none"> • Risks associated with short and long-term partnership commitments (i.e. economic and management commitments) • Portion of NMRP total area will be lost to the construction of PPP related facilities • Reduced park frontage to Keele Street and reduction in total parkland provision

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 15, 2015

Item 5, Finance Report No. 17 – Page 6

Summary:	This option was not considered advisable as a strategy to develop the entire park as per the recommendations of the Financial Advisory Review, however partial partnerships with non-for-profit partners may enrich the park programming while providing a platform to access funds and grants that otherwise would not be available to the City alone.
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Option 3. Strategic Positioning and Value-Added Sale of a portion of Lands

This option is based on a key recommendation of the Financial Advisory Review which identified the potential value-added sale of a portion of the PPP lands along the Keele Street park frontage as a strategy to generate funding to support capital development of NMRP. This recommendation was based on land values associated with Low-Density Residential development, however opportunities exist to explore potential land uses with higher densities or mixed-use scenarios (which may result in reducing the amount of land area to be sold), to be reviewed in conjunction with the proposed planning for the Block 27 Secondary Plan. Details for potential land use concepts and the City's desired vision for these lands can be explored through the Park Master Plan process. This option will give the City the greatest amount of certainty and control over end uses, in the least amount of time.

Option 3.	Strategic Positioning and Value-Added Sale of Lands
Revenue Potential:	Revenue from the sale of lands could facilitate most, if not all, the funding required to complete the entire NMRP plan, thus minimizing the need for DC's and 10% tax levy funding
Park Development Timing:	Full park development within 3-5 years
Considerations:	<p>Advantages:</p> <ul style="list-style-type: none">• Synergy with current Block 27 Secondary Plan process• Minimizes amount of parkland to be sold by maximizing land value potential• Opportunity to maximize public street frontage, views and access into the park• Increases potential to activate the park with greatest amount of City control to achieve a complementary and integrated development• Allows Parkland DC funding to be directed towards other priority projects• Potential taxation savings of \$3.5M (non-DC portion of \$35M estimated development costs)• Accelerates advancement of park development works• Potential opportunity for multiple development partner interests is possible depending on configuration and size of the parcel

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 15, 2015

Item 5, Finance Report No. 17 – Page 7

	<p>Disadvantages:</p> <ul style="list-style-type: none"> • Loss of strategic land holding that could be repurposed in the future for other purposes (e.g. institution, government accommodation, etc.) • The process of a transparent sale of lands may require some additional staff capacity or external resources (e.g. Fairness Commissioner) to ensure transparency and to manage any potential public criticism related to competitive disposition process. • Potential negative public perception of City's parkland being rezoned and earmarked for sale • Reduced park frontage to Keele Street • Reduction in total parkland provision per capita of active parkland at a city-wide level
Summary:	Due to the context of the current Block 27 Secondary Plan process and projected growth in this part of Vaughan, and the potential for significant returns on land value, this option is recommended to be given serious consideration in the context of a parks master planning exercise.

Option 4. Pursue Stage 2 Process for PPP Opportunities

This option is based on Council's request to further explore market interest and scope for potential PPP opportunities so that due consideration could be given to all options available to the City in addition to the identified three options. The results of the Stage 1 RFI15-500 process did not identify viable conventional PPP opportunities, however the submissions received did confirm market interest in Option 2 and Option 3. Further review of the potential of these options can be explored through the Park Master Plan process which is necessary to clarify the City's vision for these lands and scope of facilities prior to undertaking an RFP or series of RFP processes.

Option 4.	Pursue Stage 2 Process for Public-Private-Partnership Opportunities
Revenue Potential:	<p>Through the Stage 1 RFI process no external sources of funding were identified through a conventional public-private-partnership operating model but rather funding for capital park development could be generated through the sale or lease of lands.</p> <p>Potential capital funding for specific recreation partnerships were identified (e.g. ice pads), however no holistic recreational partnership opportunities were identified for the entire site.</p> <p>Funding for O&M could be provided through revenue from facility rentals and/or lease arrangements.</p>
Park Development Timing:	Full park development within 3-5 years

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 15, 2015

Item 5, Finance Report No. 17 – Page 8

Considerations:	<p>Advantages:</p> <ul style="list-style-type: none">• May capture additional market interest in the project with a Stage 2 RFP process <p>Disadvantages:</p> <ul style="list-style-type: none">• Information provided through RFI responses do not identify market potential for viable PPP opportunities• Third-party arrangement could complicate and delay the City's ability to advance park development• Restrictions on the balance of the parklands (e.g. ground water monitoring wells, ORM Conservation Plan) impact potential uses and implementation timeframe• Access and park frontage requirements may negatively impact PPP opportunities• Proceeding now with Stage 2 eliminates the other options which have been demonstrated to be more viable in meeting the City's objectives for the park including timely delivery of park development and viable funding source• Scope for Stage 2 RFP not yet defined
Summary:	<p>No viable PPP opportunities were identified through the Stage 1 RFI process. However based on the submissions received, confirmation was provided for market interest in the sale of lands along the Keele Street frontage and market interest in potential recreational partnerships on portions of the site.</p>

Next Steps and Go-Forward Plan

Based on the information received through the Stage 1 RFI process, direction is required before proceeding with a Stage 2 RFP process since no viable conventional PPP partnership opportunities were identified in Stage 1 and the scope for the future use of the Keele Street lands and/or recreational partnerships has not yet been clearly defined.

Submissions received in Stage 1 confirm that the previously identified options associated with extracting value from a portion of the PPP lands along the Keele Street frontage and the potential for recreational partnerships are viable options for helping the City achieve the goal of accelerating park development while reducing overall capital and O&M costs to the City. Undertaking a Park Master Plan process is necessary to establish the City's vision for the lands along Keele Street and to define the scope for potential partnership opportunities associated with development of a portion of the PPP lands and potential for recreation partnerships. Securing a variety of partnership opportunities through the master plan and park development process could allow the City to offset a portion of project risks to others while leveraging specific expertise in well-defined components of this project.

Staff is seeking Council's input and direction to determining a preferred go-forward plan for further implementation of NMRP based on all of the options described above.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 15, 2015

Item 5, Finance Report No. 17 – Page 9

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

This report is consistent with the priorities established in the updated Term of Council Service Excellence Strategy Map, specifically:

- Continue to develop transit, cycling and pedestrian options to get around the City
- Invest, renew and manage infrastructure and assets
- Continue to ensure the safety and well-being of citizens
- Continue to cultivate an environmentally sustainable City
- Enhance civic pride through a consistent city-wide approach to citizen engagement

Regional Implications

Implementation of the NMRP plan, including potential PPP opportunities, will require York Region involvement and approval related to the location of the proposed driveway entrance(s) along Keele Street and associated transportation considerations, as well as input and approvals for site servicing requirements and capacity.

Conclusion

In September 2015 Council directed Staff to initiate a 2-Stage PPP process with an RFI as the initial stage, and to report back to Council upon completion of Stage 1. The results of RFI15-500 indicate that no viable conventional PPP opportunities exist, however the submissions received confirm the previous findings of the Financial Advisory Review that the development value of lands along the Keele Street frontage could be sufficient to fund the park development capital costs. Additionally, responses to RFI15-500 identified the potential for recreational partnerships, for which opportunities can be more clearly defined as park facilities and programs are detailed through a Park Master Plan process. Staff is seeking Council direction on a preferred go-forward plan for further implementation of NMRP based on the analysis provided in this report.

Attachment

1. RFI15-500 Potential Public-Private-Partnership Opportunities

Report prepared by:

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)