

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 9, 2014

Item 54, Report No. 36, of the Committee of the Whole, which was adopted, as amended, by the Council of the City of Vaughan on September 9, 2014, as follows:

By approving the following:

- 1. The recommendation contained in the report of the Interim City Manager, the Commissioner of Legal & Administrative Services/City Solicitor, the Commissioner of Public Works, and the Commissioner of Finance and City Treasurer, dated September 2, 2014; and***
- 2. The confidential recommendation of the Council (Closed Session) meeting of September 9, 2014; and***

By receiving Communication C5 from Ms. Carrie Liddy, dated September 2, 2014.

**54 VAUGHAN HEALTHCARE PRECINCT UPDATE
COST-SHARING AGREEMENT AND
SITE SERVICING TENDER
WARD 1**

The Committee of the Whole recommends:

- 1) That consideration of this matter be deferred to the Council meeting of September 9, 2014; and**
- 2) That Communication C6, from the Commissioner of Legal & Administrative Services/City Solicitor, dated August 27, 2014, be received.**

Recommendation

The Interim City Manager, the Commissioner of Legal & Administrative Services/City Solicitor, the Commissioner of Public Works, and the Commissioner of Finance and City Treasurer recommend:

- 1. That Council approve the Principles and Key Terms agreed to by Mackenzie Health, as set out in this report, regarding the Cost-Sharing Agreement with Mackenzie Health for the new hospital;**
- 2. That the City Manager be delegated the authority to authorize the execution of the Cost-Sharing Agreement, containing the Principles, agreed upon Key Terms, and other terms and conditions as deemed necessary by the Commissioner of Legal & Administrative Services/City Solicitor; and**
- 3. That the Commissioner of Public Works be directed to submit a Report to Committee of the Whole following the conclusion of the matter.**

Contribution to Sustainability

Ensuring a development plan that supports the timely development of a new hospital in the City and maximizes economic development opportunities in order to achieve the community objectives of providing health care and economic development in the Vaughan Healthcare Precinct.

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Economic Impact

The Cost-Sharing Agreement will identify the cost recovery from Mackenzie Health for the infrastructure investments in the Vaughan Healthcare Precinct

As previously reported to Council, discussions are ongoing with Mackenzie Health (MH) regarding the apportionment of capital costs for the development of the land that will form the basis of a Cost-Sharing Agreement to be executed. An Infrastructure Implementation Plan has been developed and will form part of the Cost-Sharing Agreement (see Attachment No. 4). Based on the Infrastructure Implementation Plan developed to date, the overall costs of development for the Vaughan Healthcare Precinct are estimated to be approximately \$31.3M, which will be front ended by the City. Based on the discussions to date, costs for each shared component will be apportioned on the basis of area, flow, or volume, resulting in a preliminary recovery from Mackenzie Health in the order of 35%. The City's cost portion can be accommodated within the Vaughan Hospital Precinct Development Capital Project CO-0054-09. The cost portion attributed to Mackenzie Health will be internally financed by the City and secured through a letter of credit or other means until the project is complete and final billing determined.

Subject to the execution of a Cost-Sharing Agreement and a Ground Lease Agreement, Tender T14-270 for Site Servicing in the Vaughan Healthcare Precinct will be issued

The MH Board has approved a set of Principles negotiated with the City, including the Principle that the City shall front end the Infrastructure Costs and MH shall reimburse the City in accordance with the Cost-Sharing Agreement, subject to the Ground Lease being executed by the parties. Therefore, the tender will not be issued by the City until both the Cost-Sharing Agreement and Ground Lease are executed by the Parties.

The full economic impact to the City is uncertain at this time and dependent on the results of the second tender. The City has proceeded with the detailed design of the required infrastructure in order to meet the Hospital development timeline requirements. Tender No. T14-270 is expected to close in October and preliminary estimates for this work are approximately \$15.7M, which are included in the overall Cost-Sharing Agreement total.

Communications Plan

Once the project (Tender T14-270) is awarded the results will be made available by the Purchasing Department. Engineering Services staff will advise the Mayor and Members of Council and will distribute a Newsletter to the affected residents and businesses prior to construction commencing.

The Cost-Sharing Agreement and the Ground Lease will be executed by the City and Mackenzie Health prior to the Request For Proposals (RFP) being issued by Infrastructure Ontario (IO) in the Fall of 2014. MH, IO and the Ministry of Health and Long Term Care (MOHLTC) are the leads with respect to communications regarding the Mackenzie Health Vaughan Hospital project.

Purpose

The purpose of this Report is to seek the approval of Council for the Principles and Key Terms agreed to with Mackenzie Health that will form the basis of the terms and conditions of the Cost-Sharing Agreement for the infrastructure in the Vaughan Healthcare Precinct in advance of the Mackenzie Health Vaughan Hospital project.

Background - Analysis and Options

Council approved the Vaughan Healthcare Precinct Plan, identifying all road and water, wastewater and stormwater servicing requirements in November 2013

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The Vaughan Healthcare Precinct is located in the northwest quadrant of Major Mackenzie Drive and Jane Street, bounded by Highway 400 to the west, a residential community to the north, Jane street to the east and Major Mackenzie Drive to the south (Attachment 1).

In November 2013 Council approved the final Vaughan Healthcare Precinct Plan (VHPP). Among other things, this plan identified the site (Block 2) of the new Mackenzie Vaughan Hospital (MVH) within the Vaughan Healthcare Precinct, and a coordinated integrated infrastructure network of road, storm water, water and wastewater servicing needs which will serve both the MVH site and the remaining developable lands in the City's Precinct. The City has approved the VHPP to illustrate and guide development of the site.

Principles of a Cost-Sharing Agreement have been developed by the City and Mackenzie Health

The City and Mackenzie Health have been negotiating Key Terms of a Cost-Sharing Agreement over a number of months. Agreement has been reached as to a set of Principles that will be included in the Cost-Sharing Agreement and that will apportion the capital costs associated with the infrastructure for the Vaughan Healthcare Precinct.

However, the specific terms and conditions of the Cost-Sharing Agreement are in the process of being negotiated and finalized based on the Principles agreed upon by the parties (Refer to Attachment No. 2). A summary of the agreed to Key Terms and other specific terms and conditions being negotiated can be found in Attachment No. 3, along with each party's position.

At its meeting held on August 19, 2014, the Mackenzie Health Board agreed to the Principles for the Cost-Sharing Agreement, subject to the execution of a Ground Lease Agreement, and delegated authority to Hospital staff to negotiate the Key Terms and execution of the Cost-Sharing Agreement.

Development of the Vaughan Healthcare Precinct and the Mackenzie Vaughan Hospital site is dependent on municipal road connections and municipal servicing solutions

The lands within the Vaughan Healthcare Precinct are encumbered with historic road infrastructure currently serving Cedar Fair (Canada's Wonderland) and drainage channels crossing the precinct. For orderly development of the Precinct, and of the MVH site specifically to proceed in an orderly fashion, new municipal infrastructure must be constructed. These infrastructure requirements are intended to be constructed in stages through separate contracts.

The first stage of infrastructure tendered under T14-072 (Contract1) required as part of the VHPP includes earthworks/site grading, new traffic signals at Major Mackenzie Drive, a storm water management pond, an open channel and a new culvert installation. At its meeting held on June 24, 2014, Council awarded Tender T14-072 to Con Drain Company (1983) Ltd, in the amount of \$7,994,295.39, plus applicable taxes, where approximately \$4M of this work relates to a pre-existing storm water condition which was funded from the City's Wastewater Reserve. Construction activities have commenced on this project.

A second tender is planned to complete all site servicing for the Mackenzie Vaughan Hospital site, consistent with Infrastructure Ontario's schedule for construction of the hospital

The second stage of works for the Vaughan Healthcare Precinct consists primarily of the internal roads, sewer, water and storm water servicing. The detailed design for this work has been completed and Tender T14-270 is being prepared for issuance in September. The estimated value of this work is approximately \$15.7M. In accordance with the Infrastructure Implementation Plan, the tender will have an anticipated completion date of November 2015 for all construction, consistent with IO's schedule for construction of the hospital.

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However, Tender T14-270 will only be issued upon the execution of both the Cost-Sharing Agreement and Ground Lease with Mackenzie Health. Any delays in the execution of these documents may affect the release of Tender T14-270, and its completion, which may in turn delay Infrastructure Ontario's schedule for construction of the hospital.

The extension of the Highway 400 off-ramp at Major Mackenzie Drive may be required to facilitate future development of the Healthcare Precinct

In accordance with OPA 715(as amended), the VHCPP protects for a potential road connection into the Precinct from the Highway 400 northbound exit ramp at Major Mackenzie Drive. The extension would provide direct access from Highway 400 northbound and possibly a single-lane southbound right turn access onto Major Mackenzie Drive. This extension may be constructed in the later phases of the precinct development and will be subject to a detailed Environmental Assessment study. As identified in the Infrastructure Implementation Plan, the estimated cost of this extension is approximately \$6.7M (2014 values), which may vary considerably depending when this phase is initiated. These costs are not included in this Cost-Sharing Agreement and will be subject to both separate negotiations and a cost sharing agreement.

Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council and ties into the following Vaughan Vision 20/20 Goals and Objectives:

Goal: Service Excellence

Objective: Promote Community Safety, Health, & Wellness

Continuing with the Hospital Precinct Development, and completing the servicing of the lands for the new Mackenzie Vaughan Hospital in partnership with Mackenzie Health, will ultimately provide a new much-awaited hospital and healthcare facility for Vaughan, thus contributing to fulfilment of this vital Strategic Objective.

Regional Implications

The Region of York continues to be a participating stakeholder for the required approvals during the detailed design and construction of infrastructure related to the development of the Precinct Plan.

Conclusion

Council's approval of the agreed upon Key Terms will enable staff to finalize the negotiation of a Cost-Sharing Agreement with Mackenzie Health, prior to the issuance of Tender T14-270 – Site Servicing for the Vaughan Healthcare Centre.

Attachments

Attachment No. 1 – Location Map

Attachment No. 2 – Cost-Sharing Principles

Attachment No. 3 – Key Terms Position Comparison Matrix (to be provided via communication)

Attachment No. 4 – Vaughan Healthcare Centre Implementation Plan v11.

Report prepared by:

Jack Graziosi, Director of Engineering Services, ext. 8201

(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.)