

**Subject: Lansdowne 2.0 Procurement Options Analysis and
Recommendations**

File Number: ACS2024-PRE-GEN-0002

**Report to Finance and Corporate Services Committee on 2 April 2024
and Council 17 April 2024**

**Submitted on March 20, 2024 by Will McDonald, Chief Procurement Officer,
Supply Services, Finance and Corporate Services Department, and Vivi Chi,
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Ward: Citywide

**Objet : Projet Lansdowne 2.0 : Analyse des options de passation des
marchés et recommandations**

Numéro de dossier : ACS2024-PRE-GEN-0002

Rapport présenté au Comité des finances et des services organisationnels

Rapport soumis le 2 avril 2024

et au Conseil le 17 avril 2024

**Soumis le 20 mars 2024 par Will McDonald, chef de l'approvisionnement,
Services de l'approvisionnement, Direction générale des finances et des services
organisationnels et Vivi Chi, directeur général, Services de planification, Direction
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REPORT RECOMMENDATION(S)

That Finance and Corporate Services Committee recommend that City Council:

- 1. Approve the recommended procurement delivery model of a Design Bid Build for the design and construction of the Event Centre and North Side Stands, as described in this report and including as follows:**
 - a. Receive the KPMG Lansdowne Park Revitalization Delivery Model Options Analysis report, as detailed in Document 1;**
 - b. Receive the progress report on a Social Procurement Framework for the Lansdowne 2.0 project, as detailed in Document 2;**
 - c. Approve that an additional \$4 million be advanced against the existing project budget authority to prepare tender ready design drawings for both the Event Centre and North Side Stands, and provide for the assistance of outside experts to assist and advise the City in progressing the Redevelopment proposal, as described in this report.**
- 2. Approve the approach for the Request for Offer for the air rights development, as described in this report and detailed in Document 3.**
- 3. Approve the \$20 million line of credit to be taken out and repaid by the Lansdowne Master Limited Partnership and guaranteed by the City, as described in this report.**
- 4. Delegate the authority to the City Manager, in consultation with the City Solicitor and the City Treasurer, to authorize, negotiate, finalize and execute any necessary contracts, resolutions, and/or contract amendments that may be necessary to implement the recommendations in this report as adopted by Council.**

RECOMMANDATION(S) DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil municipal :

- 1. d'approuver le modèle de réalisation recommandé, soit la conception-soumission-construction, pour l'étude et la réalisation du**

Centre d'événements et des gradins du côté nord, selon les modalités exposées dans ce rapport, et :

- a. **de prendre connaissance du rapport de KPMG sur l'Analyse des options du modèle de réalisation des travaux de revitalisation du parc Lansdowne, selon les modalités précisées dans la pièce 1;**
 - b. **de prendre connaissance du rapport d'avancement du Cadre relatif aux approvisionnements sociaux du projet Lansdowne 2.0, selon les modalités précisées dans la pièce 2;**
 - c. **d'approuver l'avance d'un supplément de quatre millions de dollars à même les crédits budgétaires du projet existant afin de préparer les dessins de conception prêts pour le lancement de l'appel d'offres, pour le Centre d'événements comme pour les gradins du côté nord, et prévoir l'aide d'experts externes pour aider et conseiller la Ville dans l'avancement de la proposition de réaménagement, selon les modalités exposées dans ce rapport;**
2. **d'approuver l'approche adoptée pour la demande d'offres portant sur l'aménagement des droits immobiliers aériens, selon les modalités exposées dans ce rapport et précisées dans la pièce 3;**
 3. **d'approuver la marge de crédit de 20 millions de dollars à contracter et à rembourser par la Société en commandite principale Lansdowne et garantie par la Ville, selon les modalités exposées dans ce rapport;**
 4. **de déléguer à la directrice municipale, de concert avec l'avocat général et la trésorière municipale, le pouvoir d'autoriser, de négocier, de finaliser et de signer l'ensemble des contrats, résolutions et modificatifs contractuels qui pourraient se révéler nécessaires pour appliquer les recommandations exprimées dans ce rapport et adoptées par le Conseil municipal.**

EXECUTIVE SUMMARY

On November 9, 2023, City Council approved a concept plan for the next phase of the redevelopment of Lansdowne Park (Lansdowne 2.0) that will, subject to due diligence and more Council approvals, see a new, state-of-the-art, 5,500 seat Event Centre and a new North Stadium Stands with 11,200 seats replacing the functionally obsolete structure currently in use and nearing the productive end of its lifecycle, and public realm enhancements on the site. The plan adds more intensification on the site, with a

two-tower, mixed use development of up to 40 stories in height along the south side of Exhibition Way that will include replacement retail and commercial space of up to 49,000 square feet.

The Lansdowne 2.0 concept plan, as approved, responds to community concerns about density on the site, with two towers instead of three, and improves public space significantly. It envisions that the new Event Centre will serve many purposes, including women's professional hockey and junior hockey, as well as new north-side stands for the outdoor stadium. The improvements to the public realm will be developed through consultation, and, as part of those improvements, Council has directed staff to advance options to increase and enhance public space at Lansdowne, including improving the interface between the Event Centre and the Great Lawn, improving access to washrooms and other amenities, and providing flexibility for community use as well as increasing the community programming plan in the urban park at Lansdowne to better leverage City facilities on non-event days, among other directions.

City Council also approved the financial funding strategy and Business Case for the construction and implementation of Lansdowne 2.0, to a total of \$419.1 million, with taxpayers will pay only about one third of that. The approved plan will deliver the new and needed City-owned facilities for a net cost of about \$5 million a year after factoring in revenues from the sale of air rights, 75 per cent of the increase in property taxes expected to start by 2031 from additional Lansdowne retail and residential properties, ticket surcharge revenue, rent and net cashflows from the Lansdowne Master Limited Partnership (LMLP) waterfall over the term of the agreement. For the sale of the air rights, based on the estimated development rights value at \$39 million, Council approved changes to staff's original recommendation that is expected to inject approximately \$9.75 million into the City's affordable housing reserve fund (as opposed to the original staff recommendation of \$3.9 million). An \$18.6 million budget was approved for the construction of a maximum of 140 parking spaces beneath the North Side Stands to be leased to the residential tower owners and funded by debt with the lease revenue offset by debt servicing to be paid from parking reserves.

The result of these decisions is an even better site for the community and a sustainable financial model for the life of the 40-year Lansdowne Park Partnership, but they are not Council's final decisions related to Lansdowne 2.0. As with Lansdowne 1.0, this proposed redevelopment of Lansdowne Park within the Lansdowne Park Partnership Plan is being brought forward in stages, allowing staff (and the Auditor General) to undertake necessary due diligence and other work, including consultations, prior to making recommendations on how to proceed, based on Council's previous decisions

and directions.

For this report, the decisions that Council has made on the Concept Plan, funding strategy and business case established the parameters for staff to undertake the specific work related to identifying the risks and benefits of the procurement options for the construction phase and make a recommendation, to develop a social procurement framework to help increase opportunities for traditionally underrepresented groups through the Lansdowne 2.0 project and to recommend the framework for the sale of the subterranean and air rights that were also directed by Council as part of their November 2023 approvals.

As identified in the November 2023 report, both the planning process and the Auditor General's agile audit are being undertaken concurrently with the procurement and air rights processes in order to reduce the impact of construction escalation costs on the project's overall affordability. Council will have all the information from each of the decisions and due diligence inputs into Lansdowne 2.0 prior to a final decision being made. With that understanding, staff has also considered relevant timing impacts related to the parallel planning process for the procurement options for Lansdowne 2.0, acknowledging that planning is a separate exercise from the recommendations in this report.

Assessment of Delivery Model Options

Selecting an appropriate delivery model is critically important to achieve project objectives, including cost predictability and construction staging. Council has already determined that the public facilities will be constructed through a competitive tendered process, administered by the City, under the City's procurement methodology.

Council has also approved a number of revisions to the City's P3 procurement approach as a result of the Audit of Lansdowne Park, the Audit of LRT Stage 2 Procurement, the reports of the Independent Consultant on LRT Stage 2 Lessons Learned, and most recently the LRT Public Inquiry Action Plan. These updates to the P3 Policy have expanded and clarified staff's responsibilities when pursuing and managing a P3 project, and expressly identify that Council approval of the project delivery model, procurement strategy and successful proponent is required. Moreover, in keeping with Recommendation 15 of the Ottawa LRT Public Inquiry report, the updated Policy includes a requirement to assess the benefits and drawbacks of each proposed model when seeking Council's approval to ensure Council is informed of the value and risks of each option.

To that end, the City's Chief Procurement Officer, working with project and infrastructure staff, began the process to identify the procurement options to build the City assets, namely the new Event Centre and North Side Stands, by hiring KPMG from the Infrastructure Design Services Standing Offer to undertake an assessment of delivery model options, to assist the City and OSEG (the Project Team) with identification of the most relevant delivery model for the Lansdowne 2.0 project. The assessment further undertook an analysis of whether the benefits and drawbacks of each model are affected by whether the City or OSEG leads the project delivery work.

As well, where feasible, the team assessed the potential models with and without carrying the current project architect consultants, Brisbin Brook Beynon Architects (BBB), to make sure all opportunities and options are being considered to deliver the project the most effectively. As a reminder, in 2021, the Lansdowne Park Partnership: Path to Sustainability and Next Steps report (ACS2021-PIE-GEN-0004) directed staff to work with OSEG to bring forward detailed plans and cost estimates for the revitalization of Lansdowne Park. Brisbin Brook Beynon Architects (BBB) were retained by OSEG as the lead consultant to deliver this work due to their expertise and experience in sports and entertainment projects. With City oversight and input, the project architects have led the functional and programmatic design of the Event Centre and North Side Stands as part of the Council-approved Concept Plan. Staff believed it was advisable to consider whether there was more value to the City and the Partnership to continue with the current architects under the various procurement options reviewed.

In total, KPMG facilitated 5 workshops with City staff and OSEG (as the Project Team), starting with a shortlisting of potential delivery models after eliminating those that would not naturally apply to the framework of the existing, 40-year P3 partnership between the City and OSEG (such as Design-Build-Finance and Integrated Project Delivery).

The delivery models evaluated were those which are often considered in other major infrastructure projects, and particularly adapted and tailored to the City's and the project's needs. The evaluation included an assessment of traditional delivery models, alternative delivery models and new emerging collaborative models, specifically Progressive Design Build; Construction Management at Risk with the current architect (BBB); Construction Management at Risk, Design-Bid Build, and Design-Bid Build with the current architect (BBB) (see KPMG report, Document 1).

The workshops also established the criteria and relative weightings by which to assess each of the models, undertook a detailed evaluation of each model; and reviewed whether the City or OSEG would be best positioned to lead the delivery of the Project.

It's important to understand that the initial evaluation of the models was based on a pure project delivery analysis and was completed in isolation of any specific City of Ottawa factors. As indicated in the KPMG report (Document 1), the Progressive Design Build (PDB) model emerged with the highest overall score, followed closely by Construction Management at Risk (CM@R) with /or without the current project architects. The traditional Design Bid Build (DBB) model, with the current project architects, is the next highest scoring model and the standard delivery model used by the City of Ottawa for a majority of its infrastructure projects.

However, in order to arrive at a recommended option for Council consideration, staff undertook a further assessment of the shortlisted models to consider additional factors that staff believe will impact the Project's ultimate success, including specific timeline conditions on construction delivery and the sequencing of the two facilities; transition period for review under the current vs. new Ontario Building Code; City knowledge and familiarity on the delivery models; and Council expectations related to approvals and budget; the Ottawa environment; and the recommendations of the Ottawa LRT Public Inquiry report.

As noted above, and approved in the November 2023 report, a concurrent planning process is being undertaken for Lansdowne 2.0. The Official Plan Amendment (OPA 19) and Zoning By-law (By-law 2023-510) were adopted and enacted respectively by the City of Ottawa on November 22, 2023, and subsequently appealed by an individual on behalf of the Glebe Community Association on December 14, 2023. The appeal, which was identified as a potential occurrence in the November 2023 report, has put a 'pause' on Council's amendments coming into full force and effect until there is a determination by the Ontario Land Tribunal (OLT). This has the direct impact of preventing a building permit from being issued, until such time as the Official Plan policies and Zoning By-law regulations permit the new Event Centre and mixed-use development.

Without the Official Plan and Zoning By-law amendments in effect, a building permit for the new Event Centre and new North Side Stands cannot be issued, nor can a Site Plan Control application be formally circulated nor receive final approval.

The fact of the appeal has impacts on the advantage of the Construction Management at Risk delivery model. The key advantage of this model is the ability to perform parallel work, where construction is 'packaged' during various stages of design with stages of construction commencing incrementally. The appeal will delay the ability to obtain a building permit and thus pushing back the construction start until the appeals are

adjudicated by the OLT. This mutes the benefits of the parallel work, since construction is not able to proceed, and makes the Design Bid Build or Progressive Design Build more attractive because design can proceed while the appeal process takes place.

In addition, the Ministry of Municipal Affairs and Housing (MMAH) is undertaking work for the introduction of new Ontario Building Code (OBC) changes, which have been expected in Q1 or early Q2 2024. These changes have been said to represent the largest overhaul since the Code's original introduction in 1975. MMAH staff acknowledged industry and municipal concerns about having adequate time to prepare for the new Code's launch and have indicated they are hoping to develop a transition plan to ensure those interfacing with it have time to familiarize themselves before it becomes mandatory.

Within the context of the Lansdowne 2.0 project, staff anticipate that the detailed design of the new Event Centre and new North Side Stands can be reviewed under the existing 2012 Ontario Building Code as long as designs are substantially complete and submitted for permit up to March 31, 2025. After this date, staff believe all applications will need to conform to the new (as yet unknown) 2024 Ontario Building Code. Designing to the existing code will not compromise sustainability, accessibility, nor life safety functions of the new public facilities but having to wait for the new Code to be released and conforming to that Code will have schedule and financial implications.

Both the Construction Management at Risk and Design Bid Build with the current project architect's models provide the ability to meet the expected March 31, 2025 Ontario Building Code transition deadline date for having a building permit application submitted. The implications of not designing to, nor applying for a permit under the 2012 OBC translates to significant design costs to be incurred on the project. Furthermore, either designing to the new OBC from the initial design stages or having to amend design should the transition date be missed, would ultimately delay the tender readiness of drawings and tendering for construction.

Staff is also mindful of the fact that, as the Ottawa Light Rail Transit Public Inquiry noted, early, effective planning sets the stage for the project that follows. Effective planning requires project-specific expertise and requires those involved to address unconscious biases that can lead to budget and schedule overruns. These recommendations focus on ensuring that the necessary skills are brought to bear in the early stages of a project, and on eliminating forces that work to undermine early planning efforts. While the Progressive Design Build (PDB) model scores slightly higher in the extent to which the delivery option provides mechanisms to manage cost certainty

and ability to transfer risks, staff also notes that there is limited experience with the PDB model both within the City and the market in general. Selecting a PDB model will require the City to develop new approaches to project management, contract administration and governance. This lack of experience adds complexity to the project and may increase the likelihood of optimism bias on the part of both the bidders and the City. As noted in Recommendation 2 of the Ottawa LRT Public Inquiry report, public entities should consider using established approaches when undertaking large infrastructure projects.

As part of Council's discussions on the November 2023 report, City Council expressed a desire to have a final check-in on the tender price for the Event Centre and North Side Stands as a final 'gate of approval'. Construction Management at Risk (CM@R) does not provide this decision point, because CM@R's fixed price is obtained once design is advanced and some construction packages are tendered. While this model has the schedule advantage of undertaking design and construction works in parallel, the final price is not established until after construction has already started not affording a clear 'go, no-go' decision point for Council prior to commencement of construction.

Both Progressive Design Build and Design Bid Build procurement models provide that decision point because the design and construction are separated in two distinct components, affording Council a 'gated' decision point, prior to construction, at the Contract Award stage. Under a Design Bid Build model with the current architects, this final approval could potentially occur in Q3/Q4 2025 once the detailed design is complete, the tender closes, the City obtains the final Bids, and the appeal has been resolved.

With all of the considerations above, the City is recommending that the procurement for the City construction of the Event Centre and the North Side Stands be undertaken using the traditional Design Bid Build (DBB) model. The City has the most experience with DBB and has proven record of successfully managing and delivering infrastructure projects using this model. This model provides more direct control and oversight and fits well with the budget processes and approvals of the City. Staff familiarity with this model and all the processes, tools and procedures in place to undertake all the needed project controls, reporting, oversight, contract administration, risk management, vendor performance management, etc., also makes it the most attractive model from an experience and knowledge perspective. Further, should Council adopt the recommended procurement approach, to ensure transparency, the solicitation documents will be posted publicly in their entirety when the construction tender is issued in Q2/Q3 2025, consistent with Council's updated P3 Policy requiring that the types of

information that will not be shared for reasons of confidentiality or integrity of the procurement process be identified.

As part of the DBB approach, staff is recommending the procurement be undertaken using the current project architects. The project architects, to date, have already advanced solutions on concepts related to the underground shared loading with the Event Centre and North Side Stands; interconnected pedestrian access between the North Side Stands and South Side Stands via the Event Centre; North Side Stands concourse inter-face with the future podium of the mixed-use development; and conceptual interface of washrooms and food/beverage with the Great Lawn and plaza space. The advancement of conceptual design to detailed design with the current architects will enable a seamless continuation of the project, ensuring specific project knowledge remains a part of the overall design team and that the City retains the full value of the work it has already invested in.

Further, the recommended approach also supports the impetus of moving forward on detailed design of the Event Centre and North Side Stands to meet the transition period prior to the new 2024 Ontario Building Code coming into effect, and the need to advance the relationship between the North Side Stadium and the mixed-use development opportunity within the air rights parcel. The detailed design of the Event Centre and North Side Stands is an approximate 8-month process which, if commenced in Q2 2024 after approval of this report, would inform the site plan control applications, position the public facilities such that a building permit could be applied for in Q1 2025, and inform and clarify the relationship between the new North Side Stands and the air rights parcel such that the recommended Request for Offers process for the disposal of the air rights could proceed as planned in Q1 2025.

Should Council approve the recommendation of the Design-Bid Build model, the Partnership will continue with the management and progression of the design through the current project architects, and the City will progress to tender the construction element of the project in Q2/Q3 2025, thus limiting construction escalation cost risk. Using the recommended approach to detailed design permits an uninterrupted workplan and project momentum, maximizing efforts made to date on concept design, and progressing the site plan, air rights parcel, and building permit application, even while the Official Plan and Zoning By-law Amendment appeals are being assessed by the Ontario Land Tribunal.

Currently, OSEG and the City are party to a Cost Sharing Agreement for reimbursement of costs associated with work related to design, including supporting work for the site

plan(s), and costing work. Staff is also recommending Council approve an additional \$4 million be advanced from within the approved \$419.1 million budget, to produce tender ready documents for Event Centre and North Side Stands and to continue the detailed design work for the North Side Stands site plan, supporting the preferred procurement model. The advancement of the North Side Stands design and site plan will also enable the advancement of the Request for Offer of Air Rights to the market, with more knowledge about the North Side Stands and City parcel interface. In addition, in order to progress the Redevelopment proposal the City will need to work with outside experts, including outside legal assistance, to negotiate and advise on the legal agreements which would be necessary to carry out Council's directions on this project. The City has retained Borden Ladner Gervais ("BLG"), the law firm who advised the City on the first Lansdowne Partnership Plan Agreements, to advise and support the City's project team on this matter.

Social Procurement Framework

Staff has also developed a recommended framework for the development of a social procurement approach for Lansdowne 2.0. While the City has successfully piloted social procurement projects since 2021, these have generally been smaller, lower dollar value projects resulting in contracts between the social impact supplier and the City directly. Lansdowne 2.0 will be the first large-scale social procurement pilot and the first project to pilot social procurement objectives within the supply chains of the City's primary contractors. The framework recognizes that there are lessons to be learned from Vancouver and Toronto's work in this area, noting that local experience and expertise in implementing a social procurement framework on a project of this scale is limited across all stakeholder groups (City Staff, the construction industry, community organizations, and social impact suppliers).

City staff has been working since 2021 to develop organizational readiness to embed social benefits in City projects. In addition, a Social Procurement Advisory Group has been established, consisting of technical experts in community benefits from across the City, including Employment and Social Services; Economic Development; Community Safety and Well-being; Integrated Neighbourhood Services; Gender and Race Equity, Inclusion, Indigenous Relations and Social Development. Staff have also continued engagement with local community organizations including the Centre for Social Enterprise Development; Ottawa Community Foundation; the Social Planning Council of Ottawa and United Way East Ontario to raise awareness and assist in identifying community needs. This is supplemented by regular and ongoing engagement with the local construction and consulting engineering industry associations to improve staff's

understanding of the challenges industry face in the context of changing supply chains and labour markets.

The Social Procurement Framework for Lansdowne 2.0 will consist of three initial phases: Defining Outcomes, Assessing Market Capacity and the Establishment of a Social Procurement Working Group. Additional phases will be defined as the project evolves and moves from construction to operations.

The recommended Framework (Document 2) recognizes that social procurement is only successful when it reflects the community it serves. The experience of Toronto and Vancouver will be invaluable to inform the Lansdowne 2.0 Framework's projection tools, roles and responsibilities of stakeholders, and administrative monitoring and evaluation processes; however, the Lansdowne 2.0 Social Procurement Framework will be reflective of the Ottawa community's needs, opportunities and capacities, which are distinct from those in Toronto and Vancouver.

As a best practice, it is recommended the outcomes of the initial phases of the Social Procurement Framework inform the development of future phases and these will continue to evolve over the life of the project. Updates on the evolution of the Framework will be reported through the Annual Lansdowne Reports.

Request for Offer of the Air Rights

The report also recommends the process for the sale of the air rights approved by City Council as part of the November 2023 report.

The City is recommending a Request for Offer (RFO) disposal process similar to that used in Lansdowne 1.0 but improved for Lansdowne 2.0 based on lessons learned. This updated process will have the RFO document prepared and administered by the City's Corporate Real Estate Office (CREO) in accordance with the City's Disposal of Real Property Policy and the City's Leasing Policy. Additionally, the process will be overseen managed by Procurement through the MERX system for contract consistency and transparency. The RFO will be exposed to a broad sector of the development industry through a precise marketing effort. From start to finish the process will be monitored by a fairness commissioner.

The criteria and parameters for the sale process will incorporate all previous Council approvals. The Council-approved Lansdowne 2.0 Concept Plan eliminates the involvement of the City and OSEG in the residential overbuild. This reduces coordination issues, diminishes risk and simplifies the project schedules for the air rights

developer. This means that the RFO should appeal to a broad spectrum of developers with differing business models and create competitive tension for the air rights development opportunity.

The air rights development opportunity in the RFO comprises of a subgrade parking level, a maximum podium of up to 4 storeys (14 metres) and two residential overbuild structures extending up to 138 metres (approximately 40 stories). The number of units built is integral to Council's funding strategy for the Project, as the residential development will help to support the local businesses in Lansdowne Park and is also integral to the property tax uplift component of the Financial Model.

Each prospective bidder will apply their own terms of reference and determine a unit yield that fits their business model. To maximize development within the air rights and generate additional revenue in the RFO, Council removed the notion of a cap on the number of residential units. To promote the anticipated scale of development, the RFO will be prescriptive and establish a minimum number of 700 residential units to be constructed within the air rights parcel. A greater weighting in the RFO review will be applied to those bids that have higher unit yields.

The exact size of the air rights parcel, and exactly how it integrates with the new North Side Stands will be determined after the final design of the North Side Stands is completed. The property parcel will be severed and stratified with the City retaining ownership below the underground parking level, and once the podium is built the City will acquire the grade level portion.

It should be understood that the RFO is a real estate disposal process and is not an urban design process. The RFO will not require an architectural package of plans and site diagrams. A bidder will be required to submit a concept drawing/rendering package and a data sheet on the anticipated development outlining basic building information such as the estimated gross building area, number of stories and type of number of residential units. The information will be used to solely confirm the proposed concept (business plan) aligns with the City's development strategy for Lansdowne. The detailed architectural design work for the air rights overbuild by the successful developer will follow the completion of the RFO.

The City's design package for the North Side Stands, as recommended above, will be appended to the RFO highlighting for bidders the key elements that the City requires relating to the interface of the stadium to the residential overbuild.

That said, there are Council approved design principles for development at Lansdowne that are relevant to the RFO. The Lansdowne Guiding Principles from 2011 focus on Sustainability, Density, Heritage and Urban Design. Adherence to these principles will be addressed by Planning Staff at Site Plan Approval and not in the RFO disposal process. The RFO will include the Lansdowne Guiding Principles as an addendum and direct that bidders make themselves aware of the guidelines and any financial impact these may have on their development proforma as compliance will be mandatory.

The same approach will be taken to ensure the heritage components of Lansdowne (Aberdeen Pavilion and Horticulture Building) and the World UNESCO Rideau Canal are considered and designs are compatible with these features, such that bidders are aware they will need to capture these criteria in the future Site Plan Control application.

As well, the RFO will inform bidders of the City's High Performance Development Standards, which address items including but not limited to building energy efficiency, accessibility, sustainable roofing, and bird safe design.

The RFO will include a mandatory criterion requiring the successful bidder to construct, with design input from the City and OSEG as retail manager, ground and second floor commercial/retail units fronting Exhibition Way, as approved in Approval 4. The RFO will be prescriptive and specify a target of 49,000 sq. ft., located within all of the ground level and contiguous elements of the second level podium, be designed for retail use. This would be net of the areas within the podium needed for access corridors, stairwells and loading areas reserved for the residential overbuild.

The RFO will include mandatory criteria to stratify the development to create common areas and separate ownership parcels of (a) subgrade, (b) retail podium (49,000 sq. ft.) and stadium access elements, and (c) residential overbuild elements. In addition, the RFO will include a provision that grants the City a right to purchase, based on an "at cost" formula, elements associated with the North Side Stands (grand entrance passageway) and all the retail podium elements of approximately 49,000 sq. ft. The new retail will be managed by OSEG and the revenue generated placed into the waterfall financial system.

The City's acquisition of the retail podium will effectively establish an air rights ownership structure identical to the midrise condominium at Bank and Holmwood built in Lansdowne 1.0. The ownership format of this parcel has separate entities owing the subgrade parking level (Condominium Corporation), the retail podium at grade (City)

and the residential overbuild (residential condominium corporation). This will ensure that the City retains control of the grade level surface at Lansdowne Park.

The residential component will be the last phase of the development in Lansdowne Park. The RFO will include performance criteria requiring the successful bidder to commit to a construction commencement date subject to Site Plan Approval. The intent is to start the tower construction as soon as possible and limit the length of time Lansdowne Park will be under construction, with the residential construction continuing while the North Side Stands and Event Centre are in operation. The RFO will specify that the residential developer must maintain and operate the residential construction site in a manner as not to interfere or interrupt operations of the Event Centre, Stadium, Retail Operations and Urban Park. Post construction the RFO will include a mandatory requirement that the successful bidder be party to these agreements, and any assignees, to ensure consistent operations and management of the Park and public spaces.

The RFO will adhere to the CREO Disposal Policy for real estate. There is no prequalification or shortlisting of bidders, however, the City will only be seeking submissions to the RFO from experienced developers. The RFO will include a viability test for potential respondents to demonstrate relevant project experience and financial capacity. This will be a pass/fail and only those passing will have their offers evaluated.

As per Council direction, the RFO will promote both a lease fee or fee simple disposal option. The RFO will explore a lease agreement option for the air rights parcel by encouraging bidders to provide both a lease payment scenario and a purchase price in their submission.

In a fee simple sale the City would be seeking a cash payment for the air rights. The Financial Model has a placeholder market value estimate (Nov. 2023) of \$39 million for the air rights development opportunity based on the Concept Plan principles. The market value estimate is a placeholder for budgeting purposes. The RFO will not set a minimum price and will seek to achieve the best value for the City.

As noted earlier, Council approved that 25 per cent of the net proceeds of the sale of City land be directed to the Affordable Housing Reserve Fund. Based on the Payment schedule above, a 25 per cent nonrefundable deposit of the sale price is expected with Council confirming the winning bidder in the Final Lansdowne Report in Q3/Q4 2025. These funds could be transferred to the Affordable Housing Reserve Fund. The Financial Model anticipates a transfer of \$9.75 million in Q1 2026 to the reserve fund

representing the 25 per cent nonrefundable deposit on the estimate market value of \$39 million for the air rights development opportunity. Council has directed that any additional revenue from the disposal of the air right development parcel above the estimated air rights value benchmark of \$39 million be divided 50/50 between the Affordable Housing Reserve Fund and the Lansdowne 2.0 Project Fund.

The lease option may have implications on the Financial Model. The lease term length, payment and prepayment options, and building reversion values will be assessed against the impact to the Financial model and the merits of City retaining the fee simple property rights at the end of the lease term. As well, in the event of a recommended disposal under a Lease agreement, the Leasing Policy does not provide for a transfer of net lease proceeds into the Affordable Housing Reserve Fund. Staff would bring forward an alternative options should staff believe that a leasing option is the best result from the results of the RFO.

If Council approves the staff recommendations in this report for the procurement model of Design-Bid-Build (with BBB) and the associated design and construction schedule, the reasonable time to initiate the Request for Offer (RFO) process is Q1 2025. The timing would afford the best opportunity for the Ontario Land Tribunal Zoning By-law and Official Plan Amendment appeal to be adjudicated, allowing the RFO to go out for bidders if the OLT decision is granted in the City's favour. The Q1 2025 timeline would also enable the preferred bid to be reported back to Council in Q3/Q4 2025 accompanied by the final tender price for the construction of the Event Centre and North Side Stands, and amended LPP agreements.

Line of Credit Guarantee

Finally, this report recommends that the Partnership establish a line of credit up to a maximum of \$20 million in order to fund cashflow requirements through to the end of the Lansdowne 2.0 construction period, as first described in the November 2023 staff report. This is because cashflow deficiencies will likely increase during construction, mainly as a result of the loss of revenues currently being generated by the 14,000-seat North Stadium Stands and 41,000 ft² retail space adjacent to the arena/north stadium stands complex over the two-year period when they are demolished and subsequently rebuilt.

This approach is temporary and is a risk mitigation measure for the Partnership to maintain operations from now to the end of construction. This credit line will stay within the closed financial system and will not be used for cash distributions to the partners.

This arrangement would be similar to the City's guarantee on the steel roof loan (ACS2015-CMR-LEG-0005) approved by Council in 2015. Despite the Partnership having negative cashflows overall, debt payments continue to be made by the Partnership, including the steel roof loan, which had \$16.5 million remaining as of the end of the 2022/23 fiscal year from the initial \$23.6 million borrowed. The City would only take responsibility for the credit line if the Partnership defaults on it and OSEG does not cure that default.

With Council's approval, a \$20 million line of credit will be obtained by the Partnership and will be guaranteed by the City. The Partnership will repay any outstanding amounts on the credit line upon completion of the retail podium construction, with proceeds from the refinancing of the retail component that will now comprise the existing 320,000 ft² and new 49,000 ft² of Lansdowne retail spaces. It is not expected that the City will need to provide a guarantee for this future mortgage so the City's risk exposure to the line of credit guarantee will end when it is repaid at the end of construction.

At that time the Partnership is expected to reach financial sustainability as result of continued improved financial performance accelerated by the additional revenue-generating and expense reduction opportunities associated with the new Event Centre, North Stadium Stands and retail space.

The terms of the line of credit, the guarantee and any related lender documents would be required to be reviewed and approved by the City Manager, the City Treasurer and the City Solicitor. The payments of interest and repayments of the line of credit, as with other expenses under the LPP's closed financial system, would be paid out of revenues received under the LPP. Should the Master Limited Partnership default in making payments, OSEG would be obligated to cure the default and make the necessary payments. If OSEG failed to cure the default, such that the City was required to make payments under the Guarantee, this would constitute an OSEG Event of Default under both the Master Limited Partnership Agreement and the Project Agreement. As such, the City would be entitled to all available rights and remedies currently provided for under the LPP Agreements, and the amount paid by the City would count towards an increase in the City's Funding Equity, to be repaid from net positive cash distributions.

The recommendations in this report are not final decisions with respect to Lansdowne 2.0. Rather, they establish the processes that offers Council the due diligence it needs to make the final decisions following the results of the construction procurement and the sale of the air rights within a timeline that meets Council's affordability and funding model.

RÉSUMÉ

Le 9 novembre 2023, le Conseil municipal a approuvé le plan d'avant-projet de la prochaine phase du réaménagement du parc Lansdowne (Lansdowne 2.0), qui donnera lieu, sous réserve de l'examen préalable et des autres approbations du Conseil municipal, à un nouveau Centre d'événements perfectionné de 5 500 places et à de nouveaux gradins du côté nord de 11 200 places pour remplacer la structure fonctionnellement désuète actuellement exploitée et proche de la fin productive de sa durée utile, en plus d'améliorer le domaine public du site. Le plan prévoit une plus grande densification du site, ainsi que l'aménagement polyvalent de deux tours d'au plus 40 étages du côté sud de la voie Exhibition, dont de nouveaux locaux de commerces de détail et bureaux dont la superficie pourrait atteindre 4 552 mètres carrés (49 000 pieds carrés).

L'avant-projet de Lansdowne 2.0, dans sa version approuvée, répond aux inquiétudes de la collectivité à propos de la densité du site, puisqu'on aménagera deux tours plutôt que trois, et améliore considérablement l'espace public. Ce plan prévoit que le nouveau Centre d'événements servira à de nombreuses activités, dont les matchs de hockey professionnel féminin et de hockey junior, en plus de prévoir les nouveaux gradins du côté nord pour le stade. Les améliorations à apporter au domaine public le seront à la suite de la consultation de la collectivité, et dans le cadre de ces améliorations, le Conseil municipal a demandé au personnel de faire avancer les options destinées à accroître et à optimiser l'espace public du parc Lansdowne, notamment en améliorant l'interface entre le Centre d'événements et la Grande pelouse, en améliorant l'accès aux toilettes et aux autres commodités et en prévoyant de la souplesse pour la vocation communautaire de l'établissement, en plus de rehausser le plan de programmation collective dans le parc urbain de Lansdowne afin de mieux profiter des infrastructures de la Ville les jours où il n'y a pas d'événements, entre autres orientations.

Le Conseil municipal a aussi approuvé la stratégie de financement et l'analyse de rentabilisation pour la construction et la mise en œuvre du projet Lansdowne 2.0, qui totalisent 419,1 millions de dollars, somme dont les contribuables ne paieront que le tiers environ — soit 146 millions approximativement. Le plan approuvé permettra d'aménager les infrastructures municipales nouvelles et nécessaires moyennant un coût net de l'ordre de 5 millions de dollars par an après avoir tenu compte des revenus apportés par la vente des droits immobiliers aériens, de 75 % de la hausse des impôts fonciers qui devraient être récoltés à partir de 2031 au titre des commerces de détail et des propriétés résidentielles supplémentaires du parc Lansdowne, des recettes apportées par le supplément des billets et des rentrées de fonds nettes apportées par la

structure en cascade de l'Accord de société en commandite principale Lansdowne (ASCPL) au cours de la durée de l'accord. Pour la vente des droits immobiliers aériens, d'après la valeur estimée des droits d'aménagement, soit 39 millions de dollars, le Conseil municipal a approuvé les changements à apporter à la recommandation originelle du personnel, ce qui devrait permettre d'injecter environ 9,75 millions de dollars dans le Fonds de réserve pour le logement abordable de la Ville (par rapport à la recommandation originelle du personnel, soit 3,9 millions de dollars). Un budget de 18,6 millions de dollars a été approuvé pour la construction d'un maximum de 140 places de stationnement sous les gradins du côté nord, à louer aux propriétaires des logements des tours d'habitation et à financer par emprunt, les recettes apportées par les baux étant effacées par le remboursement de la dette à même les réserves du fonds de stationnement.

Ces décisions donnent lieu à un site encore meilleur pour la collectivité et à un modèle financier durable pour l'horizon de 40 ans de la Société en commandite du parc Lansdowne. Or, il ne s'agit pas des décisions finales du Conseil municipal relativement au projet Lansdowne 2.0. Quant au projet Lansdowne 1.0, le réaménagement proposé du parc Lansdowne dans le cadre du Plan de partenariat de ce parc se déroulera par étapes, ce qui permettra au personnel (et à la vérificatrice générale) de mener l'examen préalable nécessaire et d'autres travaux, dont des consultations, avant de faire des recommandations sur la marche à suivre, en s'inspirant des décisions et directives antérieures du Conseil municipal.

Pour les besoins de ce rapport, les décisions adoptées par le Conseil municipal sur le plan d'avant-projet, la stratégie de financement et l'analyse de rentabilisation ont permis d'établir les paramètres grâce auxquels le personnel pourra réaliser les travaux spécifiques liés au recensement des risques et des avantages des options dans l'attribution des marchés pour la phase de la construction et grâce auxquels il pourra faire une recommandation, afin de mettre au point une structure-cadre d'attribution de marchés sociaux pour permettre d'augmenter les perspectives offertes aux groupes traditionnellement sous-représentés dans le cadre du projet Lansdowne 2.0 et de recommander la structure-cadre de la vente des droits immobiliers souterrains et aériens, pour lesquels le conseil a aussi donné ses directives dans les approbations qu'il a délivrées en novembre 2023.

Comme l'indique le rapport de novembre 2023, le processus de planification et la vérification agile de la vérificatrice générale se déroulent de front avec l'attribution des marchés et les processus de vente des droits immobiliers aériens afin de réduire l'impact de l'indexation des coûts de construction sur l'abordabilité du projet dans

l'ensemble. Le Conseil municipal s'en remettra à toute l'information découlant de chacune des décisions et de chacun des intrants de l'examen préalable du projet Lansdowne 2.0 avant de rendre une décision définitive. C'est pourquoi le personnel de la Ville a aussi tenu compte des impacts chronologiques pertinents se rapportant au processus de planification parallèle pour les options d'attribution des marchés du projet Lansdowne 2.0, en sachant que la planification est un travail distinct des recommandations reproduites dans le présent rapport.

L'évaluation des options du modèle de réalisation

Il est absolument essentiel de sélectionner un modèle de réalisation approprié pour atteindre les objectifs du projet, dont la prévisibilité des coûts et l'aménagement du chantier de construction. Le Conseil municipal a déjà déterminé que les infrastructures publiques seront construites à l'issue d'un appel d'offres lancé en régime de concurrence et administré par la Ville, conformément à sa méthodologie de passation des marchés.

Le Conseil municipal a aussi approuvé un certain nombre de révisions apportées à l'approche PPP de la Ville dans l'attribution des marchés pour donner suite à la Vérification du parc Lansdowne, à la Vérification de l'approvisionnement du Projet de l'Étape 2 du train léger sur rail (TLR), aux rapports de l'expert-conseil indépendant sur les leçons apprises dans l'approvisionnement de l'Étape 2 du TLR et, à une époque plus récente, au Plan d'action de l'Enquête publique sur le réseau de TLR. Les mises à jour ainsi apportées à la Politique sur les PPP ont étendu et éclairci les responsabilités du personnel dans l'étude et la gestion d'un projet de PPP et indiquent expressément que le Conseil municipal doit approuver le modèle de réalisation du projet, la stratégie de passation des marchés et le choix du promoteur. En outre, conformément à la recommandation 15 du rapport de l'Enquête publique sur le réseau de TLR d'Ottawa, la version à jour de la politique prévoit l'obligation d'évaluer les avantages et les inconvénients de chaque modèle proposé en demandant l'approbation du Conseil municipal pour s'assurer que ce dernier est au courant du rapport qualité-prix et des risques de chaque option.

C'est pourquoi le chef de l'approvisionnement de la Ville a lancé, de concert avec le personnel du projet et des infrastructures, le processus permettant de recenser les options de passation des marchés pour construire les actifs de la Ville, dont le nouveau Centre d'événements et les gradins du côté nord, en faisant appel à KPMG, dans le cadre de l'offre à commandes des Services de conception d'infrastructures, pour mener l'évaluation des options du modèle de réalisation, afin d'aider la Ville et l'OSEG

(l'équipe du projet) à cerner le modèle de réalisation le mieux adapté au projet Lansdowne 2.0. Dans le cadre de cette évaluation, on a aussi procédé à l'analyse des avantages et des inconvénients de chaque modèle afin de savoir s'ils sont modifiés par l'attribution, à la Ville ou à l'OSEG, de la responsabilité de diriger les travaux de réalisation du projet.

En outre, dans les cas viables, l'équipe a évalué les modèles potentiels en faisant appel ou non au cabinet-conseil d'architectes actuel du projet, soit Brisbin Brook Beynon Architects (BBB), pour s'assurer de tenir compte de toutes les possibilités et options pour réaliser le projet le plus efficacement possible. À titre de rappel, en 2021, dans le rapport Partenariat du parc Lansdowne : Parcours sur la voie de la durabilité et prochaines étapes (ACS2021-PIE-GEN-0004), on demandait au personnel de travailler de concert avec l'OSEG pour soumettre les plans et les estimations de coûts détaillés pour la revitalisation du parc Lansdowne. L'OSEG a fait appel à Brisbin Brook Beynon Architects (BBB) comme cabinet-conseil principal pour réaliser ces travaux en raison de ses compétences et de son expérience dans les projets de sports et de spectacles. Sous la gouverne et selon les directives de la Ville, le cabinet d'architectes du projet a mené la conception fonctionnelle et programmatique du Centre d'événements et des gradins du côté nord dans le cadre du plan d'avant-projet approuvé par le Conseil municipal. Le personnel jugeait qu'il était souhaitable de se demander s'il était plus rentable, pour la Ville et la Société en commandite, de continuer de travailler en collaboration avec le cabinet d'architectes actuel selon les différentes options examinées pour l'attribution des marchés.

Dans l'ensemble, KPMG a animé cinq ateliers avec le personnel de la Ville et l'OSEG (l'équipe du projet), en commençant par dresser la liste abrégée des modèles de réalisations potentielles après avoir éliminé ceux qui ne s'appliqueraient pas naturellement à la structure-cadre du partenariat public-privé (PPP) qui existait depuis 40 ans et qui réunissait la Ville et l'OSEG (dont le modèle conception-construction-financement et le modèle réalisation intégrée du projet).

Les modèles de réalisation évalués étaient ceux qui sont souvent envisagés dans d'autres grands projets d'infrastructures et qui sont particulièrement bien adaptés aux besoins de la Ville et du projet. Cette évaluation a consisté à expertiser les modèles de réalisation traditionnels, d'autres modèles de réalisation et les nouveaux modèles collaboratifs émergents, soit essentiellement la conception-construction progressive, la gestion de la construction à risque en faisant appel à l'architecte actuel (BBB), la gestion de la construction à risque et la conception-soumission-construction en faisant appel à l'architecte actuel (BBB). (Cf. le rapport de KPMG dans la pièce 1.)

Les ateliers ont aussi permis d'établir les critères et les coefficients de pondération pour évaluer chacun des modèles, de mener l'évaluation détaillée de chaque modèle et de se pencher sur la question de savoir si c'est la Ville ou l'OSEG qui serait le mieux en mesure de mener la réalisation du projet.

Il est important de savoir que l'évaluation initiale des modèles se fondait sur l'analyse pure de la réalisation du projet et qu'elle s'est déroulée isolément de tous les facteurs propres à la Ville d'Ottawa. Comme l'indique le rapport de KPMG (pièce 1), le modèle CCP (conception-construction progressive) s'est illustré grâce à la cote globale la plus élevée, talonné par la gestion de la construction à risque (GC@R) en faisant appel ou non à l'architecte actuel du projet. Le modèle traditionnel CSC (conception-soumission-construction), en faisant appel à l'architecte actuel du projet, est celui qui a été le mieux coté ensuite et constitue le modèle de réalisation standard auquel fait appel la Ville d'Ottawa pour la majorité de ses projets d'infrastructures.

Toutefois, pour s'entendre sur l'option recommandée à soumettre au Conseil municipal, le personnel a mené une nouvelle expertise des modèles de la liste abrégée afin de tenir compte des facteurs supplémentaires qui, à son avis, auront un impact sur le succès du projet en définitive, dont les conditions chronologiques spécifiques dans la réalisation des travaux de construction et le séquençage des deux infrastructures, la période de transition pour l'examen en vertu de la version actuelle du Code du bâtiment de l'Ontario par rapport à la nouvelle version, la connaissance et la familiarité de la Ville dans l'application des modèles de réalisation, et enfin, les attentes du Conseil relativement aux approbations et au budget, l'environnement d'Ottawa et les recommandations du rapport de l'Enquête publique sur le réseau de TLR d'Ottawa.

Comme nous l'avons indiqué ci-dessus et conformément à l'approbation délivrée dans le rapport de novembre 2023, la Ville mène actuellement un processus de planification parallèle pour le projet Lansdowne 2.0. La modification du Plan officiel (MPO 19) et le *Règlement de zonage* (n° 2023-510) ont tous deux été adoptés et édictés par la Ville d'Ottawa le 22 novembre 2023, et par la suite, un individu au nom de l'Association communautaire du Glebe a déposé un appel le 14 décembre 2023. Cet appel, appelé « appel potentiel » dans le rapport de novembre 2023, a mis en « pause » l'application pleine et entière des modifications apportées par le Conseil municipal jusqu'à ce que le Tribunal ontarien de l'aménagement du territoire (TOAT) rende une décision, ce qui a directement pour effet d'empêcher de délivrer le permis de construire, tant que les politiques du Plan officiel et les règlements d'application du *Règlement de zonage* ne permettront pas d'aménager le nouveau Centre d'événements et les infrastructures polyvalentes.

Si les modifications du Plan officiel et du *Règlement de zonage* ne produisent pas leurs effets, la Ville ne peut pas délivrer le permis de construire du nouveau Centre d'événements et des nouveaux gradins du côté nord, et elle ne peut pas non plus diffuser officiellement ni faire approuver définitivement la demande de réglementation du plan d'implantation.

Le fait qui est l'objet de l'appel a des incidences sur les avantages du modèle de réalisation de la gestion de la construction à risque. Ce modèle a essentiellement pour avantage de permettre de mener des travaux de front : les travaux de construction sont « regroupés » durant les différentes étapes de la conception, et les étapes de la construction sont lancées peu à peu. Cet appel retardera la possibilité de délivrer le permis de construire et repoussera le début des travaux de construction jusqu'à ce que le TOAT rende sa décision. Il occulte les avantages des travaux à mener de front, puisqu'on ne peut pas lancer la construction; ainsi, le modèle de la conception-soumission-construction ou de la conception-construction progressive devient plus attrayant puisqu'on peut lancer la conception pendant le déroulement de l'appel.

En outre, le ministère des Affaires municipal et du Logement (MAML) mène actuellement des travaux pour adopter les changements à apporter au nouveau Code du bâtiment de l'Ontario (CBO), changements qui devraient être déposés au premier trimestre ou au début du deuxième trimestre de 2024. On a dit que ces changements représentaient la refonte la plus importante du Code depuis qu'il a été adopté à l'origine en 1975. Le personnel du MAML s'est saisi des inquiétudes de l'industrie et des municipalités, qui se demandent si on aura suffisamment de temps pour préparer le lancement du nouveau Code, et il a indiqué qu'il espère mettre au point un plan de transition pour s'assurer que ceux et celles qui appliquent ce code ont le temps de se familiariser avec sa teneur avant qu'il devienne obligatoire.

Dans le contexte du projet Lansdowne 2.0, le personnel de la Ville prévoit que l'on pourra revoir la conception détaillée du nouveau Centre d'événements et des nouveaux gradins du côté nord dans le cadre de la version existante du Code du bâtiment de l'Ontario (2012), à la condition que les plans d'étude soient essentiellement achevés et déposés pour la demande de permis avant le 31 mars 2025. Passé cette date, le personnel de la Ville croit que toutes les demandes devront respecter le nouveau Code du bâtiment de l'Ontario 2024 (qui n'est pas encore connu). La conception des infrastructures selon le code existant ne nuira pas à la durabilité, à l'accessibilité ni aux fonctions de sécurité des personnes des nouvelles infrastructures publiques; il faudra

toutefois attendre que le nouveau Code soit publié, et la conformité au Code aura des incidences sur le calendrier et sur le financement.

Le modèle de gestion de la construction à risque et le modèle de la conception-soumission-construction en faisant appel à l'architecte actuel du projet permettent de respecter la date d'échéance prévue pour la transition du Code du bâtiment de l'Ontario, soit le 31 mars 2025, pour pouvoir déposer la demande de permis de construire. Si on ne respecte pas, dans la conception, la version 2012 du CBO ou qu'on ne demande pas de permis en vertu de cette version du code, il faudra engager, dans ce projet, des frais de conception considérables. En outre, la conception selon le nouveau CBO à partir des étapes initiales de la conception ou de l'obligation de modifier la conception si on ne respecte pas la date de transition aurait en définitive pour effet de retarder, dans l'appel d'offres, la préparation des dessins, ainsi que l'appel d'offres portant sur la construction.

Le personnel sait aussi que, comme on l'a fait observer dans l'Enquête publique sur le réseau de train léger sur rail d'Ottawa, l'efficacité de la planification prépare le terrain pour le projet à réaliser. Pour être efficace, la planification oblige à faire appel à des compétences propres à ce projet et exige que les personnes en cause se penchent sur les préjugés inconscients qui peuvent empêcher de respecter le budget et le calendrier. Ces recommandations visent essentiellement à s'assurer que l'on fait appel aux compétences nécessaires dès les premières étapes du projet et à éliminer les forces qui viennent saper les premiers efforts de planification. Si le modèle CCP (conception-construction progressive) est un peu mieux coté pour ce qui est de la mesure dans laquelle l'option de réalisation prévoit les mécanismes de gestion de la certitude des coûts et la capacité de transférer les risques, le personnel fait aussi observer que l'expérience est limitée, au sein de la Ville et sur le marché en général, dans l'application du modèle de CCP. La sélection du modèle de CCP obligera la Ville à mettre au point de nouvelles approches dans la gestion du projet, dans l'administration des contrats et dans la gouvernance. Ce manque d'expérience augmente la complexité du projet et pourrait accroître la probabilité d'un parti pris optimiste de la part des soumissionnaires et de la Ville. Comme l'indique la recommandation 2 du rapport de l'Enquête publique sur le réseau de TLR d'Ottawa, les entités publiques devraient envisager de faire appel à des approches établies dans la réalisation des grands projets d'infrastructures.

Dans le cadre de ses discussions qui ont porté sur le rapport de novembre 2023, le Conseil municipal a exprimé le vœu de procéder à une dernière vérification du prix de l'offre pour le Centre d'événements et les gradins du côté nord, comme ultime étape

d'approbation. Le modèle GC@R (gestion de la construction à risque) ne prévoit pas ce point de décision, puisque selon ce modèle, on obtient un prix fixe lorsque les travaux de conception sont avancés et qu'on lance l'appel d'offres sur certaines unités d'œuvre. Si ce modèle comporte un avantage du point de vue du calendrier puisqu'il permet de mener de front les travaux de conception et de construction, le prix final n'est connu que lorsqu'on a déjà lancé les travaux de construction, ce qui ne permet pas au Conseil municipal d'atteindre le point où il peut prendre clairement la décision, avant le début des travaux de construction, d'aller ou non de l'avant.

Les modèles de conception-construction progressive et de conception-soumission-construction prévoient ce point de décision puisque la conception et la construction constituent deux volets distincts, ce qui permet au Conseil de compter sur une ultime étape d'approbation avant de lancer les travaux de construction, à l'étape de l'attribution du contrat. Dans le modèle de conception-soumission-construction en faisant appel à l'architecte actuel, cette approbation définitive pourrait éventuellement être délivrée au troisième ou au quatrième trimestre de 2025, à la fin des travaux détaillés de conception, à la clôture de l'appel d'offres et lorsque la Ville aura réuni les offres définitives et l'appel a été réglé.

En raison de toutes les considérations ci-dessus, la Ville recommande de lancer les travaux d'attribution du contrat pour la construction municipale du Centre d'événements et des gradins du côté nord en faisant appel au modèle traditionnel CSC (conception-soumission-construction). C'est dans le modèle de CSC que la Ville a le plus d'expérience, et elle a fait ses preuves puisqu'elle a réussi à gérer et réaliser des projets d'infrastructures en faisant appel à ce modèle. Ce modèle permet d'exercer un contrôle et un encadrement plus directs et cadre bien avec les processus de budgétisation et les approbations de la Ville. Parce que le personnel connaît bien ce modèle et tous les processus, outils et procédures en place pour exercer tous les contrôles nécessaires dans le cadre du projet, établir les rapports, surveiller les travaux, administrer les contrats, gérer les risques et encadrer le rendement des fournisseurs, entre autres, il s'agit du modèle le plus attrayant du point de vue de l'expérience et des connaissances. En outre, si le Conseil municipal adopte l'approche recommandée pour la passation des contrats et afin d'assurer la transparence, les documents de l'appel d'offres seront publiés dans leur intégralité lorsque l'appel d'offres des travaux de construction sera lancé au deuxième ou au troisième trimestre de 2025, conformément à la version à jour de la politique de la Ville sur les PPP, qui prévoit de recenser les types d'information qui ne seront pas communiqués pour des raisons de confidentialité ou d'intégrité du processus d'attribution des marchés.

Dans le cadre du modèle CSC, le personnel recommande de mener l'attribution du contrat en faisant appel à l'architecte actuel du projet. Jusqu'à maintenant, cet architecte a déjà préconisé des solutions pour des concepts liés à la zone de chargement partagée en sous-sol du Centre d'événements et des gradins du côté nord, l'accès piétonnier interconnecté entre les gradins du côté nord et les gradins du côté sud en passant par le Centre d'événements, la relation entre le hall des gradins du côté nord avec le podium projeté du complexe polyvalent, et enfin, la relation conceptuelle entre l'aménagement des toilettes et de la zone de restauration et l'aménagement de la Grande pelouse et de l'esplanade. L'avancement de l'étude conceptuelle jusqu'à la conception détaillée en faisant appel à l'architecte actuel permettra d'assurer la cohésion dans la continuité du projet, en veillant à ce que la connaissance spécifique du projet continue de faire partie des compétences de l'ensemble de l'équipe de la conception et que la Ville récolte tout le rapport qualité-prix des travaux dans lesquels elle a déjà investi.

En outre, l'approche recommandée permet aussi de soutenir le rythme dans le lancement de la conception détaillée du Centre d'événements et des gradins du côté nord en fonction de la période de transition précédant l'entrée en vigueur du nouveau Code du bâtiment de l'Ontario 2024, et parce qu'il est nécessaire de mieux définir les détails de la relation entre le stade du côté nord et le projet d'aménagement polyvalent dans la parcelle où seront cédés les droits immobiliers aériens. La conception détaillée du Centre d'événements et des gradins du côté nord est un processus qui s'étendra sur environ huit mois et qui, s'il est lancé au deuxième trimestre de 2024 après l'approbation de ce rapport, viendrait éclairer la demande de réglementation du plan d'implantation et positionner les installations publiques pour permettre de demander le permis de construire au premier trimestre de 2025, en éclairant et en précisant le lien entre les nouveaux gradins du côté nord et la parcelle des droits de propriété aériens pour qu'on puisse réaliser comme prévu, au premier trimestre de 2025, le processus recommandé pour la Demande d'offres dans la cession des droits immobiliers aériens.

Si le Conseil municipal approuve la recommandation du modèle CSC (conception-soumission-construction), la Société en commandite continuera de gérer et de faire progresser la conception par l'entremise de l'architecte actuel du projet, et la Ville accomplira des progrès pour lancer l'appel d'offres des travaux de construction du projet au deuxième ou au troisième trimestre de 2025, ce qui limitera le risque d'indexation des coûts de construction. En faisant appel à l'approche recommandée dans la conception détaillée, on peut réaliser sans interruption le plan de travail et garder le rythme du projet, en maximisant les efforts consacrés jusqu'à maintenant à

l'étude de l'avant-projet et à la progression du plan d'implantation, de la parcelle des droits de propriété aériens et de la demande de permis de construire, même pendant que le Tribunal ontarien de l'aménagement du territoire se penchera sur les appels portant sur la modification du Plan officiel et sur la modification du *Règlement de zonage*.

À l'heure actuelle, l'OSEG et la Ville participent à un accord de partage des coûts pour le remboursement des frais relatifs aux travaux se rapportant à la conception, dont les travaux de soutien des plans d'implantation et les travaux de calcul des coûts. Le personnel recommande aussi au Conseil municipal d'approuver une avance supplémentaire de 4 millions de dollars à prélever dans le budget approuvé de 419,1 millions de dollars afin de produire les documents en prévision de l'appel d'offres pour le Centre d'événements et les gradins du côté nord et pour poursuivre les travaux détaillés de conception du plan d'implantation des gradins du côté nord, pour étayer le modèle privilégié dans la passation du contrat. L'avancement de la conception des gradins du côté nord et du plan d'implantation permettra aussi de lancer la demande d'offres sur les droits immobiliers aériens sur le marché, en enrichissant la connaissance des gradins du côté nord et de l'interface avec la parcelle de la Ville. De plus, afin de faire avancer la proposition de réaménagement, la Ville devra travailler avec des experts externes, y compris une assistance juridique externe, pour négocier et conseiller les ententes juridiques qui seraient nécessaires pour donner suite aux orientations du Conseil sur ce projet. La Ville a retenu les services de Borden Ladner Gervais (« BLG »), le cabinet d'avocats qui a conseillé la Ville sur les premières ententes de partenariat de Lansdowne, pour conseiller et appuyer l'équipe de projet de la Ville sur cette question.

Un cadre d'approvisionnement social

Le personnel a aussi mis au point la structure-cadre recommandée pour l'élaboration d'une approche dans l'attribution des marchés sociaux du projet Lansdowne 2.0. Bien que la Ville ait réussi à mettre à l'essai, depuis 2021, des projets de marchés sociaux, il s'agissait généralement de projets plus modestes, à valeur moindre, ce qui a donné lieu à des contrats intervenus directement entre le fournisseur responsable des répercussions sociales et la Ville. Le projet Lansdowne 2.0 constituera le premier projet de marchés sociaux de grande envergure et le premier projet à mettre à l'essai les objectifs des marchés sociaux dans les chaînes logistiques des principaux entrepreneurs de la Ville. Cette structure-cadre reconnaît qu'il y a des leçons à tirer des travaux réalisés par Vancouver et Toronto dans ce domaine, en précisant que l'expérience et la compétence locales dans la mise en œuvre d'une structure-cadre de

marchés sociaux dans un projet de cette envergure sont limitées parmi tous les groupes d'intervenants (soit le personnel de la Ville, l'industrie de la construction, les organismes communautaires et les fournisseurs responsables des répercussions sociales).

Le personnel de la Ville se consacre depuis 2021 à la mise au point des préparatifs organisationnels pour imbriquer les retombées sociales dans les projets municipaux. En outre, on a mis sur pied le Groupe consultatif sur l'approvisionnement social, constitué d'experts techniques dans les retombées communautaires sur tout le territoire de la Ville, dont des représentants des Services sociaux et d'emploi, des Services de développement économique, de la Sécurité et du Bien-être dans les collectivités, de l'Équipe intégrée de services de quartier, ainsi que du Service de l'équité des genres et des races, de l'inclusion, des relations avec les Autochtones et du développement social. Le personnel a aussi continué de consulter les organismes communautaires de la localité, dont le Centre pour le développement de l'entreprise sociale, la Fondation communautaire d'Ottawa, le Conseil de planification sociale d'Ottawa et Centraide de l'Est de l'Ontario, pour mieux les sensibiliser et permettre de cerner les besoins de la collectivité. À cette consultation est venue s'ajouter la mobilisation régulière et constante des associations locales de l'industrie de la construction et de l'industrie du génie-conseil afin de permettre au personnel de mieux connaître les difficultés que doivent affronter ces industries dans le contexte de l'évolution des chaînes logistiques et des marchés du travail.

Le Cadre relatif aux approvisionnements sociaux du projet Lansdowne 2.0 sera constitué de trois phases initiales : la définition des résultats, l'évaluation de la capacité du marché, ainsi que la mise sur pied du Groupe de travail sur les marchés sociaux. D'autres phases seront définies à mesure que le projet évoluera et lorsque la construction s'enchaînera avec l'exploitation.

Le cadre recommandé (pièce 2) indique bien que l'approvisionnement social n'est fructueux que lorsqu'il tient compte de la collectivité qu'il sert. L'expérience de Toronto et de Vancouver sera très utile pour éclairer les outils de projection du Cadre de Lansdowne 2.0, les fonctions et les attributions des intervenants, ainsi que les processus administratifs de surveillance et d'évaluation; toutefois, le Cadre relatif aux approvisionnements sociaux du projet Lansdowne 2.0 fera état des besoins, des possibilités et des capacités de la collectivité d'Ottawa, qui sont distincts de ceux de Toronto et de Vancouver.

Il est recommandé que les résultats des phases initiales du Cadre relatif aux approvisionnements sociaux viennent éclairer l'élaboration des phases ultérieures, qui

continueront d'évoluer pendant la durée du projet. Il s'agit d'une règle de l'art. Les comptes rendus sur l'évolution de ce cadre seront déposés dans les rapports annuels sur le parc Lansdowne.

Une demande d'offres des droits immobiliers aériens

Dans ce rapport, on recommande aussi le processus à adopter pour la vente des droits immobiliers aériens approuvée par le Conseil municipal dans le cadre du rapport de novembre 2023.

La Ville recommande d'adopter un processus de cession qui fera appel à une demande d'offres (DDO) comparable à celle qu'on avait lancée dans le cadre du projet Lansdowne 1.0, mais qu'on améliorera pour le projet Lansdowne 2.0 en s'inspirant des leçons tirées. Dans le cadre de ce processus, le texte de la DDO sera préparé et administré par le Bureau des biens immobiliers municipaux (BBIM) conformément à la Politique sur l'aliénation des biens immobiliers et à la Politique sur la location à bail approuvées par le Conseil municipal et sera surveillé et géré par la Direction de l'approvisionnement dans le cadre du système MERX pour assurer la cohésion et la transparence des contrats. La DDO sera diffusée dans un vaste secteur de l'industrie de la promotion immobilière dans le cadre d'un effort de marketing précis. Ce processus sera surveillé, du début à la fin, par un commissaire à l'équité.

Les critères et les paramètres du processus de vente reprendront toutes les précédentes approbations du Conseil municipal. Le Plan d'avant-projet approuvé par le Conseil municipal pour Lansdowne 2.0 élimine l'intervention de la Ville et de l'OSEG dans la partie supérieure destinée aux aménagements résidentiels, ce qui réduit les problèmes de coordination, diminue le risque et simplifie les calendriers du projet pour le promoteur titulaire des droits de propriété aériens. Autrement dit, la DDO devrait intéresser de nombreux promoteurs immobiliers qui adoptent différents modèles opérationnels, ce qui crée une tension concurrentielle pour les perspectives d'aménagement des droits immobiliers aériens.

La possibilité d'aménager les droits immobiliers aériens dans la DDO porte sur un niveau de stationnement en sous-sol, un podium d'au plus quatre étages (14 mètres) et deux structures de la partie supérieure destinée aux aménagements résidentiels, à concurrence de 138 mètres (soit environ 40 étages). Le nombre de logements construits fait partie intégrante de la stratégie de financement du Conseil municipal pour ce projet, puisque les travaux d'aménagement des tours d'habitation permettront de

soutenir les entreprises locales présentes dans le parc Lansdowne, en plus de faire partie intégrante du volet de relèvement de l'impôt foncier du Modèle financier.

Chacun des soumissionnaires prospectifs appliquera son propre mandat et déterminera un rendement unitaire adapté à son modèle opérationnel. Pour maximiser l'aménagement dans l'espace des droits immobiliers aériens et dégager des recettes supplémentaires dans la DDO, le Conseil municipal a éliminé la notion de plafond pour le nombre de logements. Afin de promouvoir l'échelle d'aménagement prévue, la DDO sera prescriptive et établira à 700 le nombre minimum de logements à construire dans la parcelle des droits immobiliers aériens. On attribuera une meilleure pondération, dans l'examen de la DDO, aux soumissions qui prévoient des rendements unitaires supérieurs.

On déterminera la taille exacte de la parcelle des droits immobiliers aériens et le mode exact de son intégration dans les nouveaux gradins du côté nord à la fin des travaux de conception finale de ces gradins. La parcelle de la propriété sera fractionnée et stratifiée, et la Ville restera propriétaire de l'espace inférieur au niveau du stationnement en sous-sol; lorsque le podium sera construit, la Ville fera l'acquisition de la partie située au niveau du sol.

Il faut savoir que la DDO se déroule selon un processus de cession des droits immobiliers et qu'il ne s'agit pas d'un processus de conception urbaine. La DDO obligera à faire appel à un dossier architectural de plans et de diagrammes d'implantation. Le soumissionnaire devra déposer un dossier de dessins et de rendus d'avant-projet et une fiche de données sur l'aménagement prévu, décrivant dans ses grandes lignes l'information sur le bâtiment de base, dont la superficie brute estimée du bâtiment, le nombre d'étages, ainsi que le type et le nombre de logements. On se servira de cette information uniquement pour confirmer que l'avant-projet proposé (plan opérationnel) concorde avec la stratégie de la Ville pour l'aménagement du parc Lansdowne. Les travaux détaillés de conception architecturale pour la surconstruction des droits immobiliers aériens par le promoteur retenu se dérouleront à la fin de la DDO.

Le dossier de conception de la Ville pour les gradins du côté nord, selon les modalités recommandées ci-dessus, sera joint à la DDO et mettra en lumière, pour les soumissionnaires, les éléments essentiels que la Ville exige par rapport à l'interface du stade pour la surconstruction résidentielle.

Ceci dit, il existe, pour l'aménagement du parc Lansdowne, des principes de conception qui ont été approuvés par le Conseil municipal et qui sont pertinents pour la DDO. Les Principes-cadres pour le parc Lansdowne de 2011 portent essentiellement sur la durabilité, la densité, le patrimoine et l'esthétique urbaine. Le personnel des Services de planification se penchera sur l'application de ces principes à l'étape de l'approbation du plan d'implantation, et non dans le processus de cession prévu dans la DDO. La DDO fera état des Principes-cadres pour le parc Lansdowne dans une annexe et invitera les soumissionnaires à prendre connaissance des lignes de conduite et de leurs incidences financières sur leur document pro forma d'aménagement, puisque la conformité sera obligatoire.

On adoptera la même approche pour veiller à tenir compte des aspects patrimoniaux du parc Lansdowne (pavillon Aberdeen et Édifice de l'horticulture) ainsi que du statut du canal Rideau reconnu comme site du patrimoine mondial de l'UNESCO et pour s'assurer que les plans de conception sont compatibles avec ces caractéristiques, de sorte que les soumissionnaires sauront qu'ils devront capter ces critères dans la demande éventuelle de réglementation du plan d'implantation.

En outre, dans la DDO, la Ville fera savoir aux soumissionnaires des Normes pour l'aménagement d'immeubles très performants, qui portent entre autres sur l'économie d'énergie, l'accessibilité, la durabilité de la toiture des bâtiments, de même que sur leur conception sécuritaire pour les oiseaux.

La DDO prévoira un critère obligatoire obligeant le soumissionnaire retenu à construire, selon les commentaires sur la conception de la Ville et de l'OSEG comme gestionnaire des commerces de détail, les locaux à usage de bureaux et de commerces de détail du rez-de-chaussée et du premier étage donnant sur la voie Exhibition, selon les modalités approuvées dans la version 4. La DDO sera prescriptive et précisera une cible de 4 552 mètres carrés (49 000 pieds carrés), dans l'ensemble des éléments du rez-de-chaussée et des éléments contigus du podium du deuxième niveau, à aménager pour les commerces de détail. Cette superficie serait nette des zones à aménager dans le podium pour les couloirs d'accès, les cages d'escalier et les zones d'embarcadère réservées pour la surconstruction résidentielle.

La DDO comprendra des critères obligatoires pour stratifier ce projet d'aménagement afin de créer des zones communes et des parcelles de propriétés distinctes pour a) le sous-sol, b) le podium des commerces de détail (4 552 mètres carrés ou 49 000 pieds carrés) et les éléments de l'accès du stade, et c) les éléments de la surconstruction résidentielle. En outre, la DDO comprendra des dispositions ayant pour effet de

concéder à la Ville un droit d'achat, établi d'après une formule « au coût », des éléments associés aux gradins du côté nord (grand passage de l'entrée) et de tous les éléments du podium des commerces de détail, qui s'étendront sur environ 4 552 mètres carrés (49 000 pieds carrés). Le nouveau podium des commerces de détail sera géré par l'OSEG et les recettes dégagées seront placées dans le système financier en cascade.

L'acquisition, par la Ville, du podium des commerces de détail établira effectivement une structure de propriété des droits immobiliers aériens identique à celle des immeubles en copropriété de moyenne hauteur de la rue Bank et de l'avenue Holmwood construits dans le cadre du projet Lansdowne 1.0. Le format de propriété de cette parcelle prévoit des entités distinctes en raison du niveau de stationnement en sous-sol (société de copropriétaires), du podium des commerces de détail au niveau du sol (Ville) et de la surconstruction résidentielle (société des copropriétaires des tours d'habitation). On pourra ainsi s'assurer que la Ville garde le contrôle de la surface au niveau du sol du parc Lansdowne.

Le volet résidentiel constituera la dernière phase du projet d'aménagement du parc Lansdowne. La DDO prévoira des critères de rendement obligeant le soumissionnaire retenu à s'engager à respecter la date du début des travaux de construction sous réserve de l'approbation du plan d'implantation. L'objectif consiste à commencer à construire des tours d'habitation le plus tôt possible et à limiter la durée des travaux de construction du parc Lansdowne; les travaux de construction des tours d'habitation se poursuivront pendant l'exploitation des gradins du côté nord et du Centre d'événements. La DDO précisera que le promoteur des tours d'habitation devra s'occuper de l'entretien et de l'exploitation du site des tours d'habitation de manière à ne pas gêner ni interrompre les opérations du Centre d'événements, du stade, des commerces de détail et du parc urbain.

Après les travaux de construction, la DDO prévoira une exigence obligatoire selon laquelle le soumissionnaire retenu interviendra dans ces accords, avec tous les ayants droit, pour assurer la cohésion des opérations et de la gestion du parc et des espaces publics. La DDO respectera la Politique sur l'aliénation des biens immobiliers du BBIM. Il n'y aura pas de présélection ni de liste abrégée des soumissionnaires; toutefois, la Ville n'invitera que les promoteurs d'expérience à déposer des propositions pour donner suite à la DDO. Cette DDO prévoira un critère de viabilité pour les soumissionnaires potentiels, qui devront démontrer qu'ils possèdent l'expérience pertinente dans le cadre des projets et la capacité financière voulue. On fixera une note de passage, et la Ville n'évaluera que les offres des soumissionnaires qui obtiendront cette note.

Conformément à la directive du Conseil municipal, la DDO permettra de promouvoir une option d'aliénation à bail ou en fief simple. La DDO permettra d'explorer une option de convention à bail pour la parcelle des droits immobiliers aériens en encourageant les soumissionnaires à prévoir, dans leur offre, un scénario de paiement des frais de location à bail et un prix d'achat.

Dans une vente en fief simple, la Ville exigerait de se faire payer au comptant les droits de propriété aériens. Le modèle financier prévoit une estimation de réserve à la valeur marchande (en date de novembre 2023) de 39 millions de dollars pour la possibilité d'aménager les droits immobiliers aériens d'après les principes du plan d'avant-projet. L'estimation de la valeur marchande est un poste de réserve pour les besoins de la budgétisation. La DDO ne fixera pas de prix minimum et visera à permettre à la Ville de dégager le meilleur rapport qualité-prix.

Comme nous l'avons fait observer auparavant, le Conseil municipal a approuvé l'affectation de 25 % du produit net de la vente du terrain de la Ville au Fonds de réserve pour le logement abordable. D'après le calendrier de paiement ci-dessus, on s'attend à un dépôt non remboursable de 25 % du prix de vente, et le Conseil municipal confirmera le choix du soumissionnaire retenu dans le Rapport définitif du projet du parc Lansdowne à déposer au troisième ou au quatrième trimestre de 2025. Ces fonds pourraient être consacrés au Fonds de réserve pour le logement abordable. Le modèle financier prévoit de transférer, au premier trimestre de 2026, la somme de 9,75 millions de dollars au fonds de réserve, ce qui représente le dépôt non remboursable de 25 % de la valeur estimative du marché de 39 millions de dollars pour la possibilité d'aménager les droits immobiliers aériens. Le Conseil municipal a donné pour consigne de diviser en parts égales, entre le Fonds de réserve pour le logement abordable et le Fonds du projet Lansdowne 2.0, toutes les recettes supplémentaires apportées par la cession de la parcelle d'aménagement des droits immobiliers aériens au-delà de la valeur repère des droits immobiliers aériens estimés de 39 millions de dollars.

L'option de la location à bail pourrait avoir des incidences sur le modèle financier. On évaluera la durée du bail, les options de paiement et de prépaiement et les valeurs de rétrocession des bâtiments par rapport à l'impact produit sur le modèle financier et au bien-fondé de la rétention, par la Ville, des droits de propriété en fief simple à la fin de la durée du bail. En outre, dans l'éventualité où on recommande une opération des cessions dans le cadre d'un accord de location à bail, la Politique sur la location à bail ne prévoit pas de transfert du produit net de la location dans le Fonds de réserve pour le logement abordable. Le personnel de la Ville proposerait des options de rechange s'il

croit qu'une option de location à bail constitue le meilleur résultat, parmi les résultats de la DDO.

Si le Conseil municipal approuve les recommandations du personnel dans ce rapport pour le modèle de conception-soumission-construction (en faisant appel à BBB) pour l'attribution des contrats, ainsi que le calendrier d'étude et de réalisation correspondant, le délai raisonnable pour lancer la Demande d'offres (DDO) correspond au premier trimestre de 2025. Ce délai serait ce qu'il y a de mieux pour permettre au Tribunal ontarien de l'aménagement du territoire de rendre sa décision dans l'appel portant sur la modification du *Règlement de zonage* et sur la modification du Plan officiel; on pourrait ainsi lancer la DDO auprès des soumissionnaires si le TOAT rend une décision favorable à la Ville. Le délai du premier trimestre de 2025 permettrait aussi de rendre compte au Conseil municipal, au troisième ou au quatrième trimestre de 2024, de la sélection de l'offre privilégiée, ainsi que du prix de l'offre définitive pour la construction du Centre d'événements et des gradins du côté nord, de même que des conventions modifiées pour le PPPL.

Garantie de marge de crédit

Enfin, dans ce rapport, le personnel recommande que la Société en commandite établisse une marge de crédit à concurrence de 20 millions de dollars afin de financer les besoins en trésorerie jusqu'à la fin de la période des travaux de construction du projet Lansdowne 2.0, selon les modalités d'abord exposées dans le rapport du personnel en date de novembre 2023. En effet, les déficits de trésorerie sont appelés à augmenter pendant les travaux de construction, essentiellement en raison du manque à gagner actuellement généré par les 14 000 sièges des gradins du côté nord du stade et les locaux des commerces de détail de 3 809 mètres carrés (41 000 pieds carrés) non loin du complexe de l'aréna et des gradins du côté nord sur l'horizon de deux ans, lorsqu'ils seront démolis pour ensuite être reconstruits.

Cette approche temporaire est une mesure de maîtrise des risques grâce à laquelle la Société en commandite pourra continuer d'exercer ses activités jusqu'à la fin des travaux de construction. Cette marge de crédit, qui continuera de relever du système financier fermé, ne sera pas utilisée pour distribuer des fonds aux associés commanditaires. Cette formule s'apparenterait à la garantie donnée par la Ville sur le prêt de la toiture d'acier (ACS2015-CMR-LEG-0005) approuvé par le Conseil municipal en 2015. Même si la Société en commandite a dans l'ensemble une trésorerie négative, elle continuera de rembourser sa dette, dont le prêt sur la toiture d'acier, pour lequel on comptabilisait un solde de 16,5 millions de dollars à la fin de l'exercice financier

2022-2023 sur la somme de 23,6 millions de dollars empruntée initialement. La Ville ne serait responsable que de la marge de crédit si la Société en commandite était en défaut de paiement et que l'OSEG ne corrigeait pas ce défaut.

Avec l'approbation du Conseil, la Société en commandite obtiendra une marge de crédit de 20 millions de dollars, qui sera garantie par la Ville. La Société en commandite remboursera les encours de cette marge à la fin des travaux de construction du podium des commerces de détail, à même le produit du refinancement du volet des commerces de détail qui constitue actuellement la superficie existante de 29 729 mètres carrés (320 000 pieds carrés) et la nouvelle superficie de 4 552 mètres carrés (49 000 pieds carrés) des locaux des commerces de détail du parc Lansdowne. La Ville ne devrait pas avoir à garantir cet emprunt hypothécaire actuel; ainsi, le risque que comporte, pour la Ville, la garantie de la marge de crédit prendra fin lorsque cette marge aura été remboursée, à la fin des travaux de construction.

La Société en commandite devrait alors être financièrement viable en raison de l'amélioration continue de son rendement financier, accélérée par les activités supplémentaires de production de recettes et de réduction des dépenses associées au nouveau Centre d'événements, aux nouveaux gradins du côté nord du stade et aux nouveaux locaux des commerces de détail.

La directrice municipale, la trésorière municipale et l'avocat général devraient revoir et approuver les conditions de la marge de crédit, la garantie et tous les documents se rapportant à cet emprunt. Le paiement des intérêts et les remboursements de la marge de crédit, ainsi que les autres dépenses engagées dans le cadre du système financier fermé du PPPL, seraient financés à même les recettes perçues dans le cadre du PPPL. Si l'Accord de société en commandite principale est en défaut de paiement, l'OSEG serait obligée de corriger ce défaut et de verser les sommes nécessaires. Si l'OSEG ne parvenait pas à corriger ce défaut et que la Ville devait rembourser ces sommes en vertu de la garantie, il s'agirait d'un cas de défaut de l'OSEG en vertu de l'Accord de société en commandite principale et de l'Accord du projet. La Ville pourrait alors se prévaloir de tous les droits et recours actuellement prévus dans les accords du PPPL, et la somme versée par la Ville aurait pour effet d'augmenter les capitaux propres consacrés au financement de la Ville, à rembourser à même les distributions nettes positives de fonds.

Les recommandations exprimées dans ce rapport ne sont pas des décisions finales en ce qui a trait au projet Lansdowne 2.0. Elles établissent plutôt les processus selon lesquels se déroulera l'examen préalable du Conseil pour rendre des décisions

définitives selon les résultats des marchés de construction et de la vente des droits immobiliers aériens dans un délai qui respecte le modèle d'amorçabilité et de financement du Conseil municipal.

BACKGROUND

This is the sixth report City Council will consider for the continued evolution of Lansdowne Park, more commonly referred to as Lansdowne 2.0. The process to develop options to evolve Lansdowne has been undertaken in stages to ensure that there is due diligence and public consultation to inform each decision Council makes.

Previous City Councils have already determined that the original renewal of Lansdowne Park (Lansdowne 1.0) was an important city-building initiative, and that completing the revitalization is necessary for the medium- and long-term sustainability of the Lansdowne Park Partnership (Partnership) and the continued growth of Lansdowne as a destination spot for residents and tourists alike.

The City's Lansdowne 2.0 project addresses the need to reinvest in the site with more housing, better public spaces. In particular, the project addresses the functionally obsolete TD Place North Side Stadium Stands and TD Arena. TD Arena is one of the City's most energy inefficient buildings, and both arena and north side stands are reaching the end of their functional lives.

In May 2022 City Council approved in principle the preliminary Concept Plan for the redevelopment of the North Side Stands and the Civic Centre prepared by the Ottawa Sports and Entertainment Group (OSEG), as part of the **2022 Lansdowne Partnership Sustainability Plan and Implementation Report (ACS2022-PIE-GEN-0003)**. The preliminary Concept Plan proposed a new state-of-the-art stand-alone and fully accessible 5,500 seat Event Centre that would be the home of the Ottawa 67's, Ottawa's Professional Women's Hockey League team (PWHL), Ottawa BlackJacks, and a regional venue to attract and support a diverse range of music, cultural and festival events to Ottawa for diverse users. The North Side Stands would be reconstructed to the latest accessibility standards and include improved amenities, larger concourses, and better views of the field. There would be a new retail component to replace the "J Block", with a two-level podium structure. The podium would be set farther back from the current internal road, which will open the historic viewpoints of the Aberdeen Pavilion from Bank Street and improve the pedestrian experience and site circulation.

Since May 2022, at the direction of Council, Staff engaged in public consultations and conducted additional due diligence. In particular, Staff undertook four streams of due

diligence work on the May 2022 Concept Plan, including: a Request for Expression of Interest (REOI) in a mixed-use development opportunity adjacent to the North Side Stands; financial due diligence; Planning Act applications (Zoning By-law and Official Plan Amendments); and public consultations on both the proposal and the public realm components. Third-party validations were conducted throughout this due diligence phase, including the hiring of a third-party consultant (Ernst and Young) for financial due diligence of OSEG's financial projections; the hiring of a third-party consultant (Altus) for the air rights appraisal valuation; the hiring of a third party architect (Webster Urban Design Inc.) for constructability; and the hiring of a third-party cost consultant (Turner and Townsend) for the analysis of OSEG's cost projections for construction.

In November 2023, City Council granted approval to proceed to the next stage of planning for Lansdowne 2.0 through the approval of the fourth report on Lansdowne, entitled the **2023 Lansdowne Partnership Plan – Authorization to Proceed to the Next Steps in the Redevelopment Report (ACS2023-PIE-GEN-0009)**. The report, on the basis of the due diligence efforts, put forward a revised Concept Plan incorporating sentiments for reduced complexity in construction, reduced residential density and intensification, and improvements in the public realm space. As a result, the primary changes were the reduction of the number of proposed residential towers from 3 to 2, thus a reduction in the number of residential units and residential parking spaces. The revised proposal also recommended that the retail podium be developed as a two-story built form, with a reduction in the amount of space for commercial uses from 108,000 to 49,000 square feet, but an increase of 8,000 square feet compared to the current retail podium (J block). New public realm space, as well as a dedicated number of event centre parking spaces were added to the project. Additional key changes to the Partnership Agreement were proposed, such as extending the life of the agreement to 2066 and elevating the City within the "waterfall" so the City will be receiving cash disbursements earlier, some portion of which is guaranteed. In this revised waterfall framework, the City is benefiting much more from the partnership than previously, and the risk allocation is more balanced.

The estimated cost to the City for the construction of this project was \$419.1 million as outlined in the approved report. The project was approved to be funded from the disposal of air rights, debentures premiums, capital budget, expected funding from senior levels of government and long-term debt. The long-term debt will be repaid in part by various revenue sources including a portion of the property tax uplift and payments from the closed financial system.

The 2023 Council decision resulted in the following *Concept Plan* and *Funding Strategy* approvals:

Concept Plan

1. a new, state-of-the-art, 5,500 seat Event Centre;
2. new North Stadium Stands with 11,200 seats;
3. mixed-use development up to 40 stories in height along the south side of Exhibition Way;
4. new retail and commercial space of up to 49,000 square feet within the podium of the mixed-use development;
5. City-public realm enhancements.

Funding Strategy

1. Approval of the financial funding strategy for the construction and implementation to a total of \$419.1 million. Funded by an estimated \$39 million from the disposal of air rights; debenture premium of \$33 million; 18.3 million capital envelope; \$20 million in funding from senior levels of government; and \$318.6 million in debt (assuming a 40-year term at 4.25 per cent).
2. Approval of the Business Case estimating the tax supported debt servicing budget to be increased by \$16.4 million and gradually increase the annual budget pressure for debt servicing, as part of the annual budget approval process by \$1.3M each year, starting in 2024, to be offset by 75 per cent of the increase in property taxes expected to start by 2031 from additional Lansdowne retail and residential properties, ticket surcharge revenue, rent and net cashflows from the Lansdowne Master Limited Partnership (LMLP) waterfall over the term of the agreement.
3. Approval of the establishment of a Lansdowne Debt Servicing Reserve to put aside the \$1.3 million budget increase each year as a contribution to that reserve until the debt on Lansdowne is issued, at which time the reserves can offset any funding gap until the full \$16.4 million base budget is established.
4. Approval of an \$18.6 million budget for the construction of a maximum of 140 parking spaces beneath the North Side Stands to be leased to the residential tower owners and funded by debt with the lease revenue offset by debt servicing

to be paid from parking reserves.

The **2023 Lansdowne Partnership Plan – Authorization to Proceed to the Next Steps in the Redevelopment Report (ACS2023-PIE-GEN-0009)** represented the fourth approval in a series of approvals required by Council to conceive and implement the Lansdowne 2.0 project. The report also confirmed the last two approvals of the project for Council consideration, prior to authorization to enter into a contract to construct. At Council's direction, and in keeping with Recommendation 15 of the Ottawa Light Rail Public Inquiry Report and the City's P3 Policy, staff were to undertake an analysis of the potential benefits and drawbacks associated with various project delivery models and report back on the recommended procurement delivery model for the construction of the Event Centre and North Side Stands. With the final 'gate' being a staff report for Council's consideration on the results of the Event Centre and North Side Stands procurement process with updates to the financial model including any variables such as interest rates, and results of the property air rights disposal, construction escalation, and schedule status.

Path of Approvals

Subsequent to Lansdowne 1.0, there are a series of approvals to develop and implement the next iteration of Lansdowne, with Lansdowne 2.0.

Approval 1 – 2020 Lansdowne Annual Report and COVID-19 Impacts update (ACS2020-CMR-OCM-0003). Council directed staff to work with OSEG representatives to explore options that would enhance the sustainability and long-term financial viability of Lansdowne's operations and the Partnership, including both operating and capital requirements. The review was to include options to increase foot traffic on the site, enhance animation, improve public amenities, assess aging infrastructure and increase density in keeping with Council's urban intensification principles, including affordable housing.

Approval 2 – 2021 Lansdowne Park Partnership: Path to Sustainability and Next Steps (ACS2021-PIE-GEN-0004). Council approved pursuing a replacement option of the North Side Stands and TD Arena. The plan to move forward on the replacement of the City facilities included directing staff to work with OSEG, who retained the services of Brisbin Brook Beynon (BBB) Architects for the development of the concept plan on the Event Centre and North Side Stands development, to bring forward detailed plans and cost estimates for the revitalization of Lansdowne Park. The revitalization plan was to include a due diligence review of all financial estimates and proforma projections; a

funding strategy for the City's portion of the construction cost related to City assets; an assessment of revenue neutrality and assessment of the financial implications for the City for the term of the Partnership agreement. Staff were delegated authority to negotiate with the Ottawa Sports and Entertainment Group (OSEG), on a commercially confidential basis, on a proposal to revitalize Lansdowne Park.

Approval 3 –2022 Lansdowne Partnership Sustainability Plan and Implementation Report (ACS2022-PIE-GEN-0003). Council approved, in principle, the concept plan and funding strategy to set forth the road map ahead for moving forward with the OSEG concept. Council directed staff to undertake due diligence exercises to assess the viability of the concept plan and funding strategy, and report back to Council with their findings and recommendations.

Approval 4 – 2023 Lansdowne Partnership Plan – Authorization to Proceed to the Next Steps in the Redevelopment Report (ACS2023-PIE-GEN-0009). Based on a due diligence exercise by staff Council approved the revised Concept Plan, and revised funding strategy. Council further approved the amendments to the City's Official Plan and Zoning By-law Amendment to make way for the policy permissions of the concept plan and granted staff authority to dispose of the air rights development opportunity. Amendments to the Partnership Agreement were proposed, including the Partnership securing a line of credit up to a maximum of \$20 million to be guaranteed by the City to finance any net negative cashflows expected through to the end of construction.

Approval 5 – Lansdowne 2.0 Procurement Options Analysis (ACS2024-PIE-GEN-0002) The subject of the current report. As outlined in the P3 Policy, Council approval of the proposed project Delivery Model and Procurement Strategy is required. This includes an assessment of the benefits and drawbacks of each proposed model to ensure Council is informed of the value and risks of each option as recommended by Recommendation 15 of the Ottawa Light Rail Public Inquiry Report. Undertaking this Procurement Options Analysis was Council's direction through the recommendations of the **2023 Lansdowne Partnership Plan – Authorization to Proceed to the Next Steps in the Redevelopment Report.**

Approval 6 – Subject to Council's approval of the Procurement model, the final gate for the Lansdowne 2.0 project will address the amended Legal Agreements, Air Rights Disposal Value, final Construction Price and any update to the approved financial strategy.

This report supports the advancement of the project through the final two approvals (5

and 6). In particular, the recommendations on the Procurement Delivery Method for the design and construction of the new Event Centre and new North Side Stands will set key delivery methodology and scheduling for the project.

Supporting Information for Approvals 5 and 6

Recommendations #3 and #4 include Council receiving information on the development of a Social Procurement and approving the framework criteria for the Requests for Offer (RFO) on the air rights development opportunity. These initiatives are part of a series of workplan items, as identified in Table 1, that will need to be advanced over the next year to support the final approvals of the Lansdowne 2.0 project leading to construction.

Social Procurement

February 10, 2021, City Council unanimously approved a motion directing the Chief Procurement Officer to identify opportunities to include and encourage the City's use of social procurement projects and social enterprises in City procurement, and the motion was accompanied by a direction to staff to increase diversity within the City's supply chain and increase opportunities for those experiencing economic disadvantage and within equity-deserving communities. Building off this direction, on November 8, 2023, City Council approved (Report ACS2023-PRE-GEN-0009) a motion directing City staff to develop a Social Procurement Framework with Ottawa Sports and Entertainment Group, including its contractors, to increase supply chain diversity and increase opportunities for those experiencing economic disadvantage and within equity-deserving communities, including provide training, employment opportunities; procurement from local businesses in the construction and development phase of Lansdowne 2.0.

The Social Procurement Framework will consist of three initial phases: Defining Outcomes, Assessing Market Capacity and the Establishment of a Social Procurement Working Group (see Document 2). Additional phases will be defined as the project evolves and moves from construction to operations. Updates on the evolution of the Framework will be reported through the Annual Lansdowne Report.

Progress on the Social Procurement framework was identified to be reported back as part of the Procurement Delivery Method analysis in Approval 5, and that the ongoing results of the social procurement framework be reported back through the Annual Lansdowne Report, to support the project going forward.

Request for Offer Criteria

As part of supporting 'Approval 6', analysis on the guiding Request for Offer of air rights property criteria have been developed to support the next steps in disposing of the air rights for residential and mixed-use development. The criteria identified in Document 3 is intended to provide the framework for the scoring of the air rights property disposal.

A summary of the supporting information and decision points for the last two approvals are identified in Table 1 below:

Table 1: Path to Approvals 5 and 6

Workplan Item	Supporting Approval 5	Approval 5	Supporting Approval 6	Approval 6
Procurement Options Analysis	Q1 2024			
\$20 million Line of Credit	Q1 2024			
Social Procurement Framework	Q1 2024			
Procurement Delivery Model for Approval		Council April 17 2024		
RFO Criteria			Q1 2024	
Site Plan Control application (EC & NSS)			Q2 2024 - Q1 2025	
Detailed Design of EC & NSS			Q2 2024 - Q2 2025	
Public Engagement on Site Plan			Q2 2024 - Q1 2025	
Issue the RFO			Q1 2025	
Procurement Acceptance for Approval				Council Q3/Q4 2025
RFO bid Acceptance for Approval				
Amended LMLP Legal Agreements for Approval				
Updated Financial Strategy for Approval				

DISCUSSION

On November 8, 2023, City Council approved a recommendation directing City staff to undertake an analysis of the potential benefits and drawbacks associated with various project delivery models as outlined in the P3 Policy, and report back on the recommended procurement delivery model for the construction of the Event Centre and North Side Stands for Council consideration and approval.

Procurement Options Analysis

In response to Council direction, staff retained the services of KPMG as a call-up off of the Infrastructure Design Services Standing Offer to undertake an assessment of delivery model options, to assist the City and OSEG (the Project Team) with identification of the most relevant delivery model for the Lansdowne 2.0 project. The assessment further undertook an analysis of whether the benefits and drawbacks of each model are affected by whether the City or OSEG leads the project delivery work (Document 1).

The delivery models evaluated are those which are often considered in other major infrastructure projects, and particularly adapted and tailored to the City's and the project's needs. The evaluation included an assessment of traditional delivery models, alternative delivery models and new emerging collaborative models.

Selecting an appropriate delivery model is critically important to achieve project objectives. Over the course of four workshops the Project Team, facilitated by KPMG, shortlisted delivery models for detailed evaluation; established the criteria and relative weightings by which to assess each of the models; undertook a detailed evaluation of each model; and reviewed whether the City or OSEG would be best positioned to lead the delivery of the Project.

Table 2: Delivery Models Shortlisted

Shortlisted Procurement Models	
1	Construction Management (CM)
2	Construction Management (CM) with current architects (BBB)
3	Construction Management at Risk (CM@R)
4	Construction Management at Risk (CM@R) with current architects (BBB)
5	Design-Bid-Build (DBB)
6	Design-Bid-Build (DBB) with current architects (BBB)
7	Design Build (DB)
8	Progressive Design Build (PDB)

Where feasible, the team assessed the potential models with and without carrying the current architect consultant, Brisbin Brook Beynon Architects (BBB) to make sure all opportunities and options are being considered to deliver the project the most effectively.

The Progressive Design Build (PDB) model emerged with the highest overall score, followed closely by Construction Management at Risk (CM@R) with or without the current project architects. The traditional Design Bid Build (DBB) model, with the current

project architects) is the next highest scoring model and the standard delivery model used by the City of Ottawa for a majority of its infrastructure projects.

The Council approved Official Plan Amendment (OPA 19) and Zoning By-law amendment (By-law 2023-510) to implement the 2023 Concept Plan received an appeal during the 20-day appeal period, which occurred while the Project Team was completing the procurement evaluation. As a result, the Project Team reconvened for a fifth workshop to assess its impact on the initial evaluation, if any, and to validate the discussions and results obtained before the appeal. This supplementary workshop determined that, while the appeal impacts some of the timelines and model attributes discussed during the workshops it did not alter the overall ranking of the various delivery options.

Staff Analysis

The top four ranked procurement delivery models, being Progressive Design Build, Construction Management at Risk (with /or without the current project architects), and Design Bid Build with the current project architects, provide an overview of the best performing models based on the ranked criteria applied. The evaluation of models was undertaken as a pure project delivery analysis, completed in isolation of any specific City of Ottawa factors. To arrive at a recommend option a further assessment of the shortlisted models was required that took into consideration additional factors such as: specific timeline conditions on construction delivery and sequencing of the two facilities; transition period for review under the current vs. new Ontario Building Code; City knowledge and familiarity on the delivery models; and Council expectations related to approvals and budget; the Ottawa environment; and the recommendations of the LRT PI report.

Project Timeline analysis and impacts

Ontario Land Tribunal (OLT) Appeal

Official Plan Amendment (OPA 19) and Zoning By-law (By-law 2023-510) were adopted and enacted respectively by the City of Ottawa on November 22, 2023, and subsequently appealed by an individual on behalf of the Glebe Community Association on December 14, 2023. The appeal has put a 'pause' on the amendments coming into full force and effect until there is a determination by the OLT. This has the direct impact of preventing a building permit from being issued, until such time as the Official Plan policies, and Zoning By-law regulations permit the new Event Centre and mixed-use development.

Without the Official Plan and Zoning By-law amendments in effect, a building permit for the new Event Centre and new North Side Stands cannot be issued, nor can a Site Plan Control application be formally circulated nor receive final approval.

The appeal has impacts on the advantage of the Construction Management at Risk delivery model. The key advantage of this model is the ability to perform parallel work, where construction is 'packaged' during various stages of design with stages of construction commencing incrementally. The appeal will delay the ability to obtain a building permit and thus pushing back the construction start until the appeals are adjudicated by the OLT. This mutes the benefits of the parallel work, since construction is not able to proceed, and makes the Design Bid Build or Progressive Design Build more attractive because design can proceed while the appeal process takes place.

Ontario Building Code Changes

The Ministry of Municipal Affairs and Housing (MMAH) is undertaking work for the introduction of new Ontario Building Code (OBC) changes expected in Q1 or early Q2 2024. These changes represent the largest overhaul since the Code's original introduction in 1975. MMAH staff acknowledged industry and municipal concern about having adequate time to prepare for the new Code's launch and are seeking to develop a transition plan to ensure those interfacing with it have time to familiarize themselves before it becomes mandatory.

Within the context of the Lansdowne 2.0 project, Staff anticipate that the detailed design of the new Event Centre and new North Side Stands can be reviewed under the existing 2012 OBC, as long as designs are substantially complete and submitted for permit up to March 31, 2025. After this date all applications, staff believe, will need to conform to the new 2024 OBC. Having to wait for the new Code to be released, and conforming to that Code will have schedule and financial implications. Designing to the existing code will not compromise sustainability, accessibility, nor life safety functions of the new public facilities.

Both the Construction Management at Risk and Design Bid Build with the current project architects models provide the ability to meet the expected March 31, 2025 OBC transition deadline date for having a building permit applied for. The implications of not designing to, nor applying for a permit under the 2012 OBC translates to significant design costs to be incurred on the project. Furthermore, either designing to the new OBC from the initial design stages or having to amend the design should the transition

date be missed, would ultimately delay the tender readiness of drawings and tendering for construction.

Construction Schedule with Sporting Seasons

Both the Event Centre and North Side Stands are expected to each be 24-month construction durations. The project will start with the construction of the Event Centre followed by the demolition and construction of the North Side Stands. This sequencing permits the Event Centre tenants and scheduled events to move into the new facility, thus minimizing revenue disruptions through the multiphase construction of Lansdowne 2.0. The North Side Stands construction is able to start upon completion and occupation of the Event Centre. The 24-month construction period (including demolition of the old stands) will impact two REDBLACKS football seasons (Atletico soccer is not directly impacted due to use of South Side Stands only). Thus, the ability to avoid a third season being impacted by construction is significant from a revenue and fan experience perspective. Commencing North Side Stands construction in the months of December to March put the project in the best position to avoid construction within a third REDBLACKS football season.

A complimentary consideration to the construction schedule is the provision of an appropriate buffer between the expected completion date of the Event Centre and the commencement of construction of the North Side Stands. A schedule that can provide 2-4 months between Event Centre completion and North Side Stands commencement allows for risk mitigation in Event Centre delays, thus mitigating the overall duration of project construction and risking the North Side Stands from starting construction past the critical March month. That ideal buffer between the two projects mitigates any need for a contractor to demobilize and mobilize back allowing for transition between the phases.

All top four ranked models can conceptually finish the Event Centre and provide a desired construction buffer prior to the commencement of construction for the new North Side Stands.

Steps of Council Approval

Through the **2023 Lansdowne Partnership Plan – Authorization to Proceed to the Next Steps in the Redevelopment Report** discussions, it was expressed by City Council a desire to have a final check-in on the tender price for the Event Centre and North Side Stands as a final ‘gate of approval’. Progressive Design Build and Design Bid Build provide that decision point because the design and construction are separated

in two distinct components, affording Council a 'gated' decision point prior to construction. Under a Design Bid Build model with the current architects this final approval could potentially occur in Q3/Q4 2025 once the detailed design is complete, the tender closes and the City obtains the final Bids.

Construction Management at Risk (CM@R), however, does not provide this decision point, because CM@R's fixed price is obtained once design is advanced and some construction packages are tendered. While this model has the schedule advantage of undertaking design and construction works in parallel, the final price is not established until after construction has already started not affording a clear 'go, no-go' decision point for Council prior to commencement of construction.

City Experience and Knowledge on Delivery Model

As the Light Rail Transit Public Inquiry demonstrated, early, effective planning sets the stage for the project that follows. Effective planning requires project-specific expertise and requires those involved to address unconscious biases that can lead to budget and schedule overruns. These recommendations focus on ensuring that the necessary skills are brought to bear in the early stages of a project, and on eliminating forces that work to undermine early planning efforts. While the Progressive Design Build (PDB) model scores slightly higher in the extent to which the delivery option provides mechanisms to manage cost certainty and ability to transfer risks, Staff have concerns that there is limited experience with the PDB model both within the City and the market in general. Selecting a PDB model will require the City to develop new approaches to project management, contract administration and governance within a complex inaugural project. This lack of experience adds complexity to the project and may increase the likelihood of optimism bias on the part of both the bidders and the City. As noted in Recommendation 2 of the LRT PI report, Public Entities should consider using established approaches when undertaking large infrastructure projects.

The City has the most experience with the traditional Design Bid Build (DBB) model and has a proven record of successfully managing and delivering large infrastructure projects using this model. This model provides more direct control and oversight and fits well with the budget processes and approvals of the City. Staff familiarity with this model and all the processes, tools and procedures in place to undertake all the needed project controls, reporting, oversight, contract administration, risk management, vendor performance management, etc., makes it the most attractive model from an experience and knowledge perspective.

Should Council approve the recommendation of the Design-Bid Build model the City will lead a joint project management office, and the Partnership will continue with the management and progression of the design through the current project architects. The City will progress to tender the construction element of the project in Q2/Q3 2025. The design services will be structured in such a way that the City will have oversight and control over all design decisions, with the proper project management tools in place, and be informed through public input.

Continuation of the Design

In 2021 the Lansdowne Park Partnership: Path to Sustainability and Next Steps report (ACS2021-PIE-GEN-0004) directed staff to work with OSEG to bring forward detailed plans and cost estimates for the revitalization of Lansdowne Park. In addition, in 2023 (ACS2023-PIE-GEN-0009) Council approved amending the Cost Sharing Agreements with OSEG for detailed design work for the public Event Centre. Brisbin Brook Beynon Architects (BBB) were retained by OSEG as the lead consultant to deliver this work due to their expertise and experience in sports and entertainment projects.

With City oversight and input, the project architects have led the functional and programmatic design of the Event Centre and North Side Stands as part of the Council approved Concept Plan. Staff are recommending a continuation of the work as approved in 2021 to progress from a conceptual design through to detailed design development. Currently, OSEG and the City are party to a Cost Sharing Agreement for reimbursement of costs associated with work related to design, including supporting work for the site plan(s), and costing work.

The project architects, to date, advanced solutions on concepts related to the underground shared loading with the Event Centre and North Side Stands; interconnected pedestrian access between the North Side Stands and South Side Stands via the Event Centre; North Side Stands concourse inter-face with the future podium of the mixed-use development; and conceptual interface of washrooms and food/beverage with the Great Lawn and plaza space. The advancement of conceptual design to detailed design with the current architects will enable a seamless continuation of the project, ensuring specific project knowledge remains a part of the overall design team.

The proposed approach also supports the impetus of moving forward on detailed design of the public facilities to meet the transition period prior to the new 2024 OBC coming into effect, and the need to advance the relationship between the North Side Stadium

and the mixed-use development opportunity within the air rights parcel. The detailed design of the Event Centre and North Side Stands is an approximate 8-month process, which if commenced in Q2 2024, after approval of this report, would inform the site plan control application, position the Event Centre such that a building permit could be applied for in Q1 2025, and inform and clarify the relationship between the new North Side Stands and the air rights parcel such that an RFO for the disposal of the air rights could proceed in Q1 2025.

This approach to detailed design also permits an uninterrupted workplan and project momentum, maximizing efforts made to date on concept design, and progressing the site plan, air rights parcel, and building permit application, all while the Official Plan and Zoning By-law Amendment appeals are pending a determination by the Ontario Land Tribunal (OLT). Should the City be granted a favourable OLT hearing result, the following sequential outcomes could outline the projects next milestones:

Q2 2024 Site Plan for Event Centre preparation, internal review, public engagement

Q2 2024 Detailed Design Commences for Event Centre and North Side Stands

Q4 2024 Ontario Land Tribunal hearing potentially resolved (To be determined)

Q4 2024 Site Plan for Event Centre and North Side Stands submission and approval

Q1 2025 Request for Offer of Air rights tendered

Q2/Q3 2025 Tender for construction of Event Centre and North Side Stands

Q3/Q4 2025 Final Approval for Council (Air Rights Bid, Construction Tender Price, amended Legal Agreements, and update on Funding Strategy)

2026-2028 Event Centre build (24 months)

2028-2030 North Side Stands build (24 months)

2029- beyond construction of the mix-use buildings by the purchaser of the air rights

Supporting a Design-Bid Build Model

In 2022 Council approved the spending of \$8 million for the series of due diligence work to validate the 2022 Concept Plan (financial, planning and real estate due diligence). Subsequently, in 2023 Council approved the spending of \$10 million against the \$419 budget authority for the advancement of the detailed design of both the Event Centre and North Side Stands. The 2023 Lansdowne Report utilized the baseline assumption

of a Construction Management procurement model to determine project timelines, and a Design Bid-Build model for escalations. The Construction Management model also assumed the individual Site Plan applications for the Event Centre and North Side Stands, and tendering could advance on separate timelines. Through the Staff recommended Design-Bid-Build model the funds required for detailed design will now need to include tender ready documents to be able to proceed to a Request for Tender. Construction or tender ready drawings are not required in order to retain the Construction Manager within the Construction Management model and that is why they were not accounted in the previous report. As well, the previous report did not include the request of funds for the site plan for the North Side Stands, now required under the proposed delivery model.

Staff recommend an advancement of \$4 million, within the \$419.1 million budget, to advance tender ready documents for Event Centre and North Side Stands and to advance the North Side Stands site plan, supporting the preferred procurement model. The advancement of the North Side Stands design and site plan will also enable the advancement of the Request for Offer of Air Rights to the market, with more knowledge about the North Side Stands and City parcel interface. In addition, in order to progress the Redevelopment proposal the City will need to work with outside experts, including outside legal assistance, to negotiate and advise on the legal agreements which would be necessary to carry out Council's directions on this project. The City has retained Borden Ladner Gervais ("BLG"), the law firm who advised the City on the first Lansdowne Partnership Plan Agreements, to advise and support the City's project team on this matter.

Staff Procurement Recommendation

The Staff recommendation of a Design Bid Build model (with the current project architects) will aid in advancing the detailed design of the two new City assets with the goal of completing the design under the existing 2012 OBC, and thus best positioned to meet an anticipated March 31st 2025 cut-off. Continuing the detailed design with the current project architects, not only gives the project an advantage through their sports and entertainment experience knowledge and their project specific knowledge, but it enables the City to immediately begin detailed design on the North Side Stands which will expedite the tendering of the City's air rights parcel. Should Council approve the recommendation of the Design-Bid Build model the Partnership will continue with the management and progression of the design through BBB, and the City will progress to tender the construction element of the project in Q2/Q3 2025. The design services will be structured in such a way that the City will have oversight and control over all design

decisions, with the proper project management tools in place, and be informed through public input. Moreover, to ensure transparency, the construction solicitation documents will be posted publicly in their entirety when the Request For Tender is issued in Q2/Q3 2025, consistent with Council's updated P3 Policy requiring that the types of information that will not be shared for reasons of confidentiality or integrity of the procurement process be identified. This recommendation offers the City with the most effective procurement model in addressing the schedule needs, the cost certainty, a Council gated approval before construction starts, and mitigating unknown risks through unfamiliar procurement model types.

Request for Offer for the Air Rights

Background

The Request for Offer (RFO) will follow the disposal process used in Lansdowne 1.0 with the Corporate Real Estate Office (CREO) collaborating with the Procurement Branch of Finance and Corporate Services. The RFO document will be prepared and administered by CREO in accordance with its Council approved Disposal Policy and Leasing Policy and overseen managed by Procurement through the MERX system for contract consistency and transparency. The RFO will be exposed to a broad sector of the development industry through a precise marketing effort. From start to finish the process will be monitored by a fairness commissioner.

In Lansdowne 1.0, the City offered stratified property rights (air rights) for the development of 280 residential units and a 100,000 sq. ft office structure. The City conducted separate RFO processes and successfully sold air rights parcels comprising; two parcels over the parking garage for a townhouse and for a high-rise residential development, one parcel over the retail podium for a mid-rise residential development and sections of the underground garage. In addition, the City leased an air rights parcel over a section of the retail podium for office development.

The separate construction projects in Lansdowne 1.0 had to coordinate with OSEG's construction of the retail elements, parking garage, Southside Stands, refurbishment of the Civic Centre, and with the City's relocation of the Horticulture Building and the development of the new Public Realm. To create the development parcels the City was required to construct elements of the residential overbuild (corridors, lobbies) and sell these with the air rights. The integration and coordination of the numerous construction projects over 2011-2015 was very complicated and added risks and costs to the project delivery.

As part of the due diligence to Lansdowne 2.0 the City conducted a Development Opportunity Request for Expression of Interest (REOI) in Q2 2023. This included a series of Commercial Confidential Meetings (CCM's) with developers interested in the initial OSEG Concept Plan. These meetings highlighted some of the concept issues and specifically the construction management complexities in the design. Based on the lessons learned in Lansdowne 1.0, the Lansdowne 2.0 Concept Plan was configured to avoid different constructors working under/over each other within separate air right parcels.

The initial development opportunity was simplified to enable the successful bidder to design and construct one continuous structure starting from the subgrade parking level on upward. Unlike Lansdowne 1.0, the Lansdowne 2.0 air right development opportunity is not reliant on the City or OSEG to deliver residential components.

In summary the RFO will essentially follow the process from Lansdowne 1.0. The Council approved Lansdowne 2.0 Concept Plan eliminates the involvement of the City and OSEG in the residential overbuild. This reduces coordination issues, diminishes risk and simplifies the project schedules for the air rights developer. The RFO should appeal to a broad-spectrum of developers with differing business models and create competitive tension for the air rights development opportunity.

Authority for Disposal

The authority for the disposal of the rights was initiated by Council through **Approval 2** where Council approved a new Lansdowne Guiding Principles which considered disposing of the air rights in the footprint of the existing Civic Centre/North Side Stands, for new mixed-use development to increase site activity with the proceeds used to defray project costs.

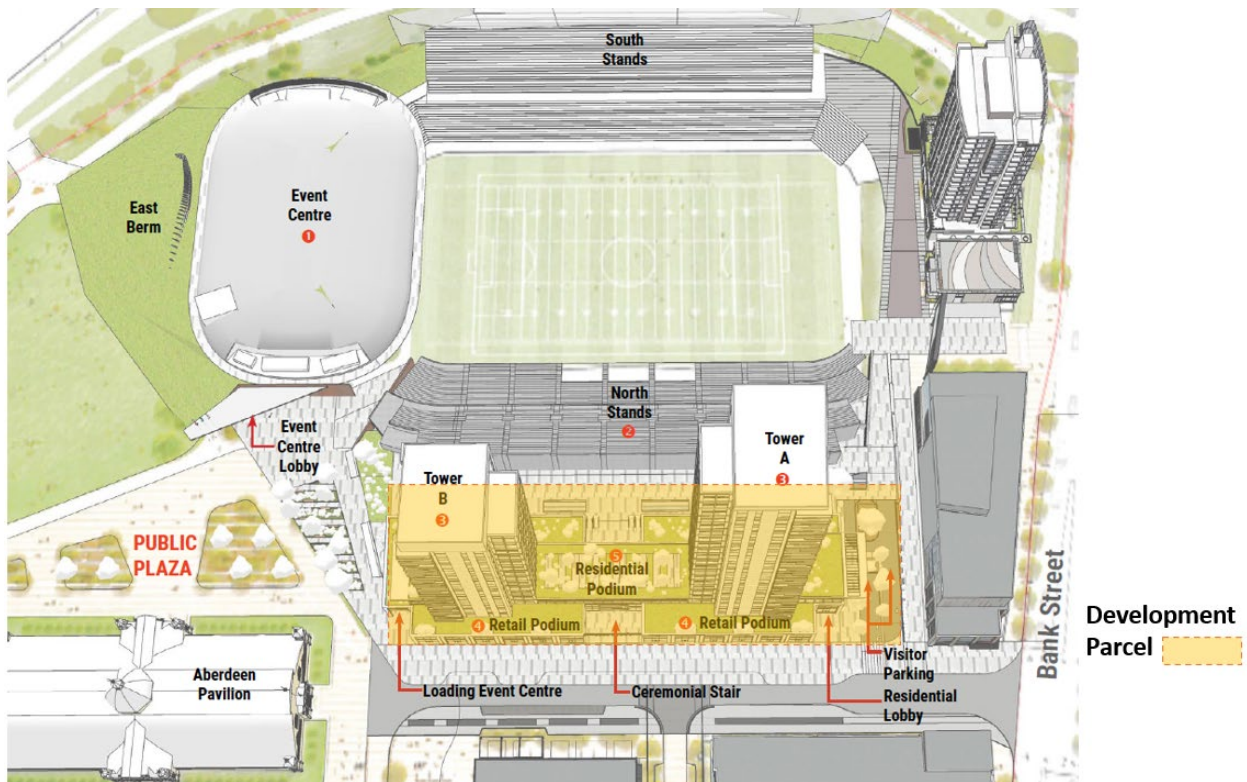
Approval 3 approved the recommended business model, which included the lease or sale of air rights. It set in motion a Request for Expression of Interest of Air Rights (REOI, whereby the City sought parties interested in a lease or purchase of the air rights. Through commercially confidential meetings staff tested OSEG's concept design to gather insight to inform the RFO document.

Council approved the authority to dispose of the air rights through **Approval 4**, by directing staff to dispose of either the Lease Fee or Fee Simple air rights in keeping with the Council approved policies, with the City maintaining ownership below the underground parking level, grade level (retail), and stadium elements.

Air Rights Offer

The exact size of the air rights parcel, and exactly how it integrates with the new North Side Stands will be determined after the final design of the North Side Stands is completed. The property parcel will be severed and stratified with the City retaining ownership below the underground parking level (Note: Once the podium is built the City will acquire the grade level portion). The Council approved Concept Plan is shown in Figure 1 *Conceptual Development Parcel*. It has approximately 150 metres fronting on Exhibition Way with a depth of approximately 55 metres backing onto the rear of the new North Side Stands.

Figure 1 Conceptual Development Parcel



The air rights development opportunity in the RFO comprises of a subgrade parking level, a maximum podium of up to 4 storeys (14 metres) and two residential overbuild structures extending up to 138 metres (approximately 40 stories).

The number of units built is important as the residential development will help to support the local businesses in Lansdowne Park. The number of units is also integral to the property tax uplift component of the Financial Model. The Financial Model for Lansdowne 2.0 assumes that 750 residential units will be constructed in the overbuild

structures.

Each prospective bidder will apply their own terms of reference and determine a unit yield that fits their business model. To maximize development within the air rights and generate additional revenue in the RFO, Council removed the notion of a cap on the number of residential units.

The RFO should have flexibility permitting bidders to determine the number, size and type of units. To promote the anticipated scale of development, the RFO will be prescriptive and establish a minimum number of 700 residential units to be constructed within the air rights parcel. A greater weighting in the RFO review will be applied to those bids that have higher unit yields.

RFO Criteria Framework

There are important considerations to the Lansdowne 2.0 residential development opportunity to be identified in the RFO. These considerations are tied to physical limitations, market conditions, legal agreements, Financial Model, and Council directions (Document 3).

Financial Terms

The RFO will follow the CREO Disposal Policy for real estate. There is no prequalification or shortlisting of bidders, however, the City will only be seeking submissions to the RFO from experienced developers. The RFO will include a viability test for potential respondents to demonstrate relevant project experience and financial capacity. This will be a pass/fail and only those passing will have their offers evaluated.

As per Council direction the RFO will promote both a lease fee or fee simple disposal option. The respondents to the REOI all indicated a strong preference to purchase and not lease. The RFO will explore a lease agreement option for the air rights parcel by encouraging bidders to provide both a lease payment scenario and a purchase price in their submission. The RFO will not be prescriptive on the financial terms of the lease or the length of term and renewal options. An example copy of a Lease will be appended to the RFO for reference.

The lease option may have implications on the Financial Model. The lease term length, payment and prepayment options, and building reversion values will be assessed against the impact to the Financial model and the merits of City retaining the fee simple property rights at the end of the lease term.

In the lease option scenario, the residential developer would still construct the retail podium elements for the City and the Lansdowne Partnership. The City would pay for the construction cost and require a stratification (legal description). This parcel would be removed (surrendered) from the leasehold interest to provide the City with free and clear title of the retail podium elements.

In a fee simple sale the City would be seeking a cash payment for the air rights. The Financial Model has a placeholder market value estimate (Nov. 2024) of \$39 million for the air rights development opportunity based on the Concept Plan principles. The market value estimate is a placeholder for budgeting purposes. The RFO will not set a minimum price and will seek to achieve the best value for the City.

There will be a lag period between selecting the winning bidder and the creation of the air rights development parcel. The RFO will obligate the winning bidder to a schedule of non-refundable payments with the amounts and timing fixed to event dates within the project.

On Council approval of the winning air rights bid in Q3/Q4 2025 a non-refundable deposit of 25 per cent of the sale proceeds will be required. A second nonrefundable deposit of 10 per cent would be due on the date of the demolition commencement of the Civic Centre Complex (Q1 2028). Once the North Side Stands are built and a R-Plan registered that provides a legal description of the air rights parcel the property transaction can close with the winning bidder taking possession (title) and the City receiving the final 65 per cent payment (Q1 2030).

Design Criteria

The RFO is a real estate disposal process and is not to be confused with an urban design competition. The RFO will not require an architectural package of plans and site diagrams. A bidder will be required to submit a concept drawing/rendering package and a data sheet on the anticipated development outlining basic building information such as the estimated gross building area, number of stories and type of number of residential units. The information will be used to solely confirm the proposed concept (business plan) aligns with the City's development strategy for Lansdowne. The detailed architectural design work for the air rights overbuild by the successful developer will follow the completion of the RFO.

The City's design package for the North Side Stands will be appended to the RFO highlighting for bidders the key elements that the City requires relating to the interface of the stadium to the residential overbuild. The approved Concept Plan illustrates a

passage through the podium to the mid-block of the stadium to create a grand entrance. The City will require rear access, in particular the retail loading areas and potentially other requirements at grade supporting the stadium. These will require design coordination in relation to the interface of the residential to the stadium. The successful bidder will need to work with the City and OSEG to integrate their residential design with the North Side Stands design and its operational needs.

This period would be followed by a 2-3 year timeframe to complete final detailed design for Site Plan Approval. During this stage the air rights developer will be expected to meet the Tier 1 metrics from the High Performance Development Standards (HPDS), or equivalent standard, that address items including but not limited to building energy efficiency, accessibility, sustainable roofing, and bird safe design. The RFO will inform bidders that the acquisition of the air rights will include a commitment to build to the City's High Performance Development Standard.

There are Council approved design principles for development at Lansdowne that are relevant to the RFO. The Lansdowne Guiding Principles from 2011 focus on Sustainability, Density, Heritage and Urban Design. Adherence to these principles will be addressed by Planning Staff at Site Plan Approval and not in the RFO disposal process. The RFO will include the Lansdowne Guiding Principles as an addendum and direct that bidders make themselves aware of the guidelines and any financial impact these may have on their development proforma as compliance will be mandatory.

The importance of the heritage components of Lansdowne (Aberdeen Pavilion and Horticulture Building) and the World UNESCO Rideau Canal were prominently addressed in the City's Zoning By-law and Official Plan Amendment applications in **Approval 4**. Heritage Conservation Design Parameters were established, through the Heritage Impact Assessment dated June 29, 2023, to address development within the air rights to ensure compatible design with these key heritage features. The bidders will be made aware of these requirements to inform their bids, and ensure they capture these criteria in the future Site Plan Control application.

As part of the Lansdowne 2.0 project due diligence, two Urban Design Review Panel (UDRP) sessions were conducted the first on the Draft OSEG Concept Plan in July 2023 and the second on the Council approved Concept Plan in October 2023. The UDRP provided recommendations for the future development of the podium and tower. These nonbinding recommendations will be included in the RFO as addenda and bidders will be directed to review this background information prior to bid submission.

Ensuring City Ownership of Grade Level Elements

The RFO will include a mandatory criterion requiring the successful bidder construct, with design input from the City and OSEG as retail manager, ground and second floor commercial/retail units fronting Exhibition Way, as approved in **Approval 4**. This is to replace the retail units in Block J lost in the demolition of the Civic Centre. The RFO will be prescriptive and specify a target of 49,000 sq. ft., located within all of the ground level and contiguous elements of the second level podium, be designed for retail use. This would be net of the areas within the podium needed for access corridors, stairwells and loading areas reserved for the residential overbuild.

The RFO will include mandatory criteria to stratify the development to create common areas and separate ownership parcels of (a) subgrade, (b) retail podium (49,000 sq. ft.) and stadium access elements, and (c) residential overbuild elements. In addition, the RFO will include a provision that grants the City a right to purchase, based on an “at cost” formula, elements associated with the North Side Stands (grand entrance passageway) and all the retail podium elements of approximately 49,000 sq. ft. The new retail will be managed by OSEG and the revenue generated included in the Partnership’s closed financial system.

The creation of the passageway from Exhibition Way through the residential podium to the North Side Stands is an important element to the final design of the stadium. Its development will be a criterion of the RFO, and once built the City will obtain property rights for public access. This will ensure, together with the retail, that the City retains control of the grade level surface at Lansdowne Park.

The City’s acquisition of the retail podium will effectively establish an air rights ownership structure identical to the midrise condominium at Bank and Holmwood built in Lansdowne 1.0. The ownership format of this parcel has separate entities owing the subgrade parking level (Condominium Corporation), the retail podium at grade (City) and the residential overbuild (residential condominium corporation).

Operational Criteria

The residential component will be the last phase of the development in Lansdowne Park. The RFO will include performance criteria requiring the successful bidder to commit to a construction commencement date subject to Site Plan Approval. The intent is to start the tower construction as soon as possible and limit the length of time Lansdowne Park will be under construction. The commencement date will be after the North Side Stands project is completed, and the air rights parcel surveyed and

transferred to the winning bidder. The start date is not tied to market conditions and presale activities and therefore carries some risk for the winning bidder.

Bringing Lansdowne Park back to operational status expeditiously is critical to the Financial Model and the success of the partnership. Residential construction will continue while the North Side Stands and Event Centre are in operation. The residential developer must maintain and operate the residential construction site in a manner as not to interfere or interrupt operations of the Event Centre, Stadium, Retail Operations and Urban Park. The RFO will include a mandatory criterion acknowledging the paramountcy of Park operations during construction.

The operations of Lansdowne Park require coordination and cooperation amongst the City, OSEG, Office Leaseholder, and the four Condominium Corporations. The roles and responsibilities for each are documented in the various Reciprocal Agreements in the LPP. Post construction the RFO will include a mandatory requirement that the successful bidder be party to these agreements, and any assignees, to ensure consistent operations and management of the Park and public spaces.

Provision of Parking

The number of residential units has a correlation to the number of available parking stalls. Respondents to the REOI showed significant interest in the amount of parking. The proximity of parking to residential buildings, as well as the developer's ability to control parking spaces through ownership are important elements particularly in a purpose-built rental building. The approximate 336 parking stalls are spread out within the air rights parcel (200) and underneath the North Side Stands (136).

The air rights developer would be responsible to construct, at their cost, the 200 parking stalls within the boundaries of the air rights parcel. In the construction of the North Side Stands the City would build, at its cost, 136 parking stalls. The two parking structures are to share an access lane and could be connected to function as one entity.

The City stadium parking will be constructed in advance of the residential podium development. Unlike the residential parking in Lansdowne 1.0, the City will retain ownership. The access/use of the City built 136 spaces will be included as part of the RFO with the option for the residential builder to enter into a "Head Lease" for the parking area. The general terms, conditions of the Parking Head Lease will be included in the RFO. The future rental payment will be established based on a formula considering construction costs, operating rates, and monthly parking charges circa 2030.

There is no risk to the City of not receiving revenue for the some or all of the parking should bidders not exercise the option for a Parking Head Lease. Parking is at a premium and in the unlikely event that the developer of the residential component does not enter into a lease some or all of the City parking, the City has the ability to independently lease out the spaces directly to on-site residents. This baseline scenario of the City operating a parking lot for on-site users was part of the due diligence in the development of the Financial Model.

Transportation and Transportation Demand Management

Through the November 8, 2023 Council approval, as part of **Approval 4**, Council approved the motion entitled 'Event Transit and Transportation Approach' addressing specific Transportation criteria for the RFO process to promote alternatives to car ownership and car dependency in the air rights development. This motion required Staff to include transportation demand management criteria, such as, but not limited to, the provision of carshare programming/facilities, pre-loaded Presto cards offered for first occupants, and bike rental option.

Affordable Housing

Council's direction in **Approval 4** was to make affordable housing a key consideration in the project. Council approved that 25 per cent of the net proceeds of the sale of City land be directed to the Affordable Housing Reserve Fund. Based on the Payment schedule above, 25 per cent nonrefundable deposit of sale price is expected with Council confirming the winning bidder in the Final Lansdowne Report in Q3/Q4 2025. These funds can be transferred to the Affordable Housing Reserve Fund. The Financial Model anticipates a transfer of \$9.75 million in Q1 2026 to the reserve fund representing the 25 per cent nonrefundable deposit on the estimate market value of \$39 million for the air rights development opportunity.

Council is desirous of maximizing the contribution to Affordable Housing. It has directed that any additional revenue from the disposal of the air right development parcel above the estimated air rights value benchmark of \$39 million be divided 50/50 between the Affordable Housing Reserve Fund and the Lansdowne 2.0 Project Fund.

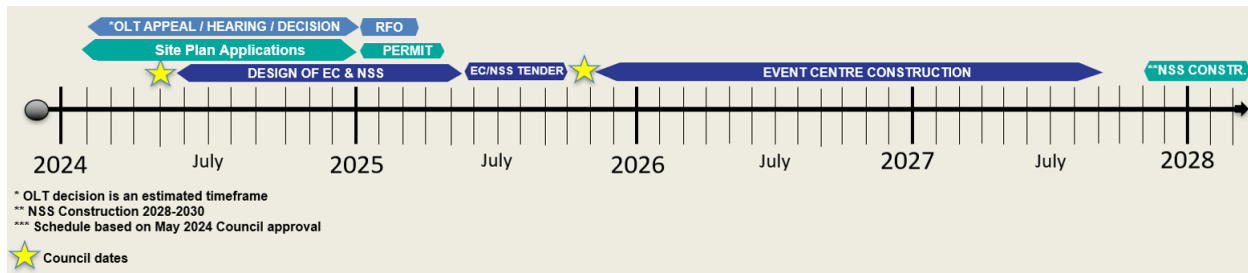
In the event of a disposal under a Lease agreement the Leasing Policy does not provide for a transfer of net lease proceeds into the Affordable Housing Reserve Fund.

Role of RFO in Overall Timeline

Based on the Staff recommended procurement model of Design-Bid-Build (with the

current project architects) and the associated design and construction schedule, the reasonable time to initiate the Request for Offer (RFO) process is Q1 2025. The timing would afford the best opportunity for the Ontario Land Tribunal Zoning By-law and Official Plan Amendment appeal to be adjudicated, allowing the RFO to go out for bidders should a favourable OLT decision be granted in the City's favour. The Q1 2025 timeline would also enable the preferred bid to be reported back to Council in Q3/Q4 2025 accompanied by the final tender price for the construction of the Event Centre and North Side Stands, and amended LPP agreements (as Approval 6). This would be in keeping with Council direction in **Approval 4** for Staff to report back to Council on the results of the air rights disposal prior to final approval.

Figure 2: Timeline for Approval 6



RFO Summary

It is important to focus on the fact that the RFO for Lansdowne 2.0 is a real estate transaction for an air rights parcel. The asset has a high community profile with significant stakeholder interest. The lease or sale of the air rights will be encumbered with past and present Council directions, Planning and Urban design objectives and linked to the goals and objectives of the LPP. The air rights acquisition will carry a degree of complexity for bidders to manage when responding to the RFO. The core criteria for the RFO, together with the unique criteria discussed above, are summarized in chart form in Document 3.

Line of Credit Guarantee

LPP's Financial Requirements

As described in the November 2023 staff report, the Partnership will need to establish a line of credit up to a maximum of \$20 million in order to fund cashflow requirements through to the end of the Lansdowne 2.0 construction period. At that time the Partnership is expected to reach financial sustainability as result of continued improved financial performance accelerated by the additional revenue-generating and expense

reduction opportunities associated with the new Event Centre, North Stadium Stands and retail space.

Cashflow deficiencies will likely increase during construction, mainly as a result of the loss of revenues currently being generated by the 14,000-seat North Stadium Stands and 41,000 ft² retail space adjacent to the arena/north stadium stands complex over the two-year period when they are demolished and subsequently rebuilt.

With council's approval, a \$20 million line of credit will be obtained by the Partnership and will be guaranteed by the City. The Partnership will repay any outstanding amounts on the credit line upon completion of the retail podium construction, with proceeds from the refinancing of the retail component that will now comprise the existing 320,000 ft² and new 49,000 ft² of Lansdowne retail spaces. It is not expected that the City will need to provide a guarantee for this future mortgage so the City's risk exposure to the line of credit guarantee will end when it is repaid at the end of construction.

This approach is temporary and is a risk mitigation measure for the Partnership to maintain operations from now to the end of construction. This credit line will stay within the closed financial system and will not be used for cash distributions to the partners. The City would only take responsibility for the credit line, if the Partnership defaults on it and OSEG does not cure that default. This arrangement would be similar to the City's guarantee on the steel roof loan (ACS2015-CMR-LEG-0005) approved by Council in 2015. Despite the Partnership having negative cashflows overall, debt payments continue to be made by the Partnership, including the steel roof loan, which had \$16.5 million remaining as of the end of the 2022/23 fiscal year from the initial \$23.6 million borrowed.

Borrowing, Repayment and Default

In order to permit the LMLP to establish a line of credit, an amendment to the LPP Agreement will be needed. The City will negotiate the terms of this amendment with OSEG. Some of the principle terms the City will require in exchange for agreeing to the amendments are set out below.

The terms of the line of credit, the guarantee and any related lender documents would be required to be reviewed and approved by the City Manager, the City Treasurer and the City Solicitor.

The payments of interest and repayments of the line of credit, as with other expenses under the LPP's closed financial system, would be paid out of revenues received under

the LPP. Should the Master Limited Partnership default in making payments, OSEG would be obligated to cure the default and make the necessary payments. If OSEG failed to cure the default, such that the City was required to make payments under the Guarantee, this would constitute an OSEG Event of Default under both the Master Limited Partnership Agreement and the Project Agreement. As such, the City would be entitled to all available rights and remedies currently provided for under the LPP Agreements, and the amount paid by the City would count towards an increase in the City's Funding Equity, to be repaid from net positive cash distributions.

Next Steps

Ontario Land Tribunal (OLT) Appeal

The Ontario Land Tribunal has set aside April 24, 2024 to conduct a Case Management Conference regarding the appeal. Following this Conference, an OLT hearing will be scheduled according to the next available date on the Tribunal's calendar with the City's Legal Staff advocating for a date at the Tribunal's earliest availability.

Without the Official Plan and Zoning By-law amendments in effect, a building permit for the new Event Centre and new North Side Stands cannot be issued, nor can a Site Plan Control application receive final approval.

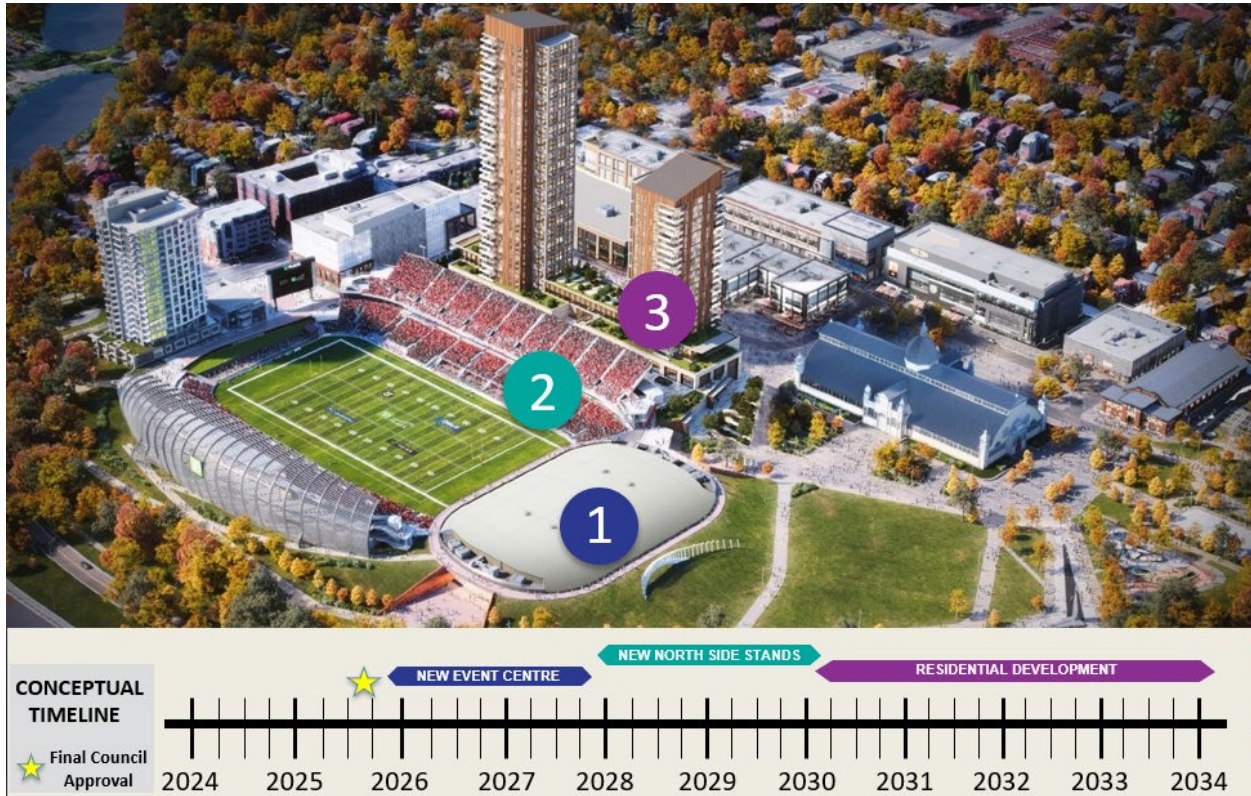
Staff are mindful of cost escalations and maintaining a project budget that is affordable and which meets the Council approved funding strategy. Construction cost escalation, construction delay and/or changes to the permissions of residential building density and height are risks that could affect the financial performance of the proforma and the City's funding strategy. As such, an expeditious resolution from the Ontario Land Tribunal on this file will assist the City in having a better control of potential construction escalation risk, scheduling risk, and funding strategy risk. Moving forward on components that the City has authority and sound principles to do so will aid in minimizing these risks. As such, Staff continue to develop the site plan control application and the development of the supporting plans and studies for the Event Centre and North Side Stands.

Event Centre and North Side Stands Site Plan Control Applications

The staging of construction for the Lansdowne 2.0 project requires the Event Centre as the first step in construction, followed by the demolition of the North Side Stands and TD Arena, and the rebuild of the North Side Stands, followed by the podium and air rights

development (see Figure 3). It is anticipated the underground parking would be constructed in stages, whereby the North Side Stands construction would include approximately 140 stalls, and the development parcel would include approximately 200 stalls.

Figure 3: Conceptual Timeline



In this sequencing the first phase of site plan approvals is the new Event Centre, followed by the North Side Stands. These site plan applications will be supported by plans and studies, including engineering (civil, geotechnical, transportation), urban / planning design, landscape design, architecture, environmental, and heritage components of the project.

Bill 109 has resulted in the City of Ottawa adopting a process of deeming a site plan control application complete upon determination the application is compliant with the City's Zoning By-law and Official Plan policies. Bill 109 thus effects the timing of when the site plan control application for the Event Centre can be submitted as a 'complete' application for external circulation, requiring the appeal to the OLT to be resolved and zoning and official plan permissions in full force and effect prior to a complete site plan application.

Staff will proceed with internal development of the site plans and their supporting plans and studies to advance the pre-submission development of matters including, but not limited to:

- Design of the interface of the Event Centre and Great Lawn, including public engagement on these public realm areas
- Design of the public plaza entrance to the Event Centre adjacent to Exhibition Way
- Reinstatement and relocation of the art installation 'Moving Surfaces'
- Heritage and design considerations related to the design of the Event Centre and the North Side Stands.
- Agency consultation with the National Capital Commission, Ontario Heritage Trust, and Parks Canada
- Internal review of the supporting engineering studies, including the Transportation Impact Assessment, Site Servicing Brief, and Geotechnical Study
- Pre-consultation with the City's Urban Design Review Panel (UDRP)
- Review by the Accessibility Advisory Committee (AAC)

Detailed Design of the Event Centre and North Side Stands

The site plan work does not include internal design and finishes, mechanical and electrical design, life safety, heating and cooling, LEED Silver design etc., which will make up the Detailed Design component of the project for the two facilities. Should Council approve the recommended procurement model the work on detailed design will commence immediately for both.

In 2022 as part of the **2021 Lansdowne Park Partnership: Path to Sustainability and Next Steps (ACS2021-PIE-GEN-0004)** report Council had approved an \$8 million spending authority for due diligence work leading up to the revised Concept Plan and Funding Strategy. In 2023 Council approved an additional \$10 million spending authority for the continuation of the project through the detailed design of the two facilities. Funds remaining in the \$8 million authority, and available in the \$10 million authority, along with the \$4 million advancement, as per Staff Recommendation #5, will advance the project through final site plan approvals and detailed design for both facilities.

Public Engagement workplan for Site Plan Applications

The Site Plan Control application for the new Event Centre and new North Side Stands will be phased in two separate approvals, beginning with the Event Centre site plan work in Q2-Q3 2024. Public engagement during the pre-application stages of the Site Plan application are aimed to both inform and seek input from the public on matters such as:

- Event Centre and integration with Public Realm
- Transportation
- LEED / Sustainability Elements
- Heritage
- Accessibility (through the Accessibility Advisory Committee)

A public engagement strategy will be developed for the Site Plan Control applications and further for the detailed design for both the new Event Centre and new North Side Stands.

FINANCIAL IMPLICATIONS

The capital cost estimate presented in November 2023 report included approximately 2.5 years of cost escalation provisions. The Design Bid Build (continuation of the project architects) project delivery model lines up with the escalation assumptions previously included. The Design Bid Build without carrying the existing architect would add 8 months of cost escalation and approximately \$7 million to the total project cost. There would be significant design cost implications if the timeline for design extended past the deadlines for building code changes.

The preferred model completes construction 12 months earlier than the Design Bid Build without the continuation of the current architects, which reduces disruptions to the LPP's operations. As well, the City can begin to collect revenues (ticket surcharge, waterfall payments, and property tax) earlier. It is estimated that the preferred model allows for the City to collect approximately \$2 million (net present value in 2024) more revenue compared to the Design Bid Build without the current architects.

There are no financial implications to the line of credit guarantee unless there is a default. The \$20 million line of credit is completely financed by the Partnership and is not a cost to the City. The agreement to be executed for this line of credit and any

LMLP agreement amendments will include terms and conditions to protect the City's financial interests, similar to the agreement for the steel frame loan guarantee.

LEGAL IMPLICATIONS

There are no legal impediments to the approval of the recommendations contained in this Report, including the receipt for information of; (1) the KMPG Report; (2) the progress report on the Social Procurement Framework; or (3) the Request for Offer Criteria as described herein.

Approval of this Report does not commit the City to the redevelopment of Lansdowne Park. Rather, this Report evidences the further refinement and development of how the Lansdowne 2.0 Proposal may be implemented.

Regarding the proposed Line of Credit to be secured by the Lansdowne Master Limited Partnership (the "LMLP"), the specific terms governing the LOC will need to be negotiated and set out in an amendment to the Lansdowne Partnership Plan Agreements. While generally OSEG will continue to have the obligation to cover negative Net Cash Flows, the LMLP will be permitted to use the LOC for that purpose to minimize this financial risk, until the end of the construction period for the Event Centre and North Side Stands (if eventually approved by Council). In keeping with the usual obligations of a guarantor of the LOC, the City could become obligated for any outstanding amounts, in the event of a default by the LMLP.

As noted in previous reports on the Lansdowne 2.0 Proposal, it is important that the City continue to be guided by the principles set out in the July 2021 Report (ACS2021-PIE-GEN-0004), namely, a commitment to a robust process of formal, documented meetings and ongoing legal and financial due diligence and analysis, with a view to ensuring that terms of the Redevelopment Plan are consistent with a prudent partnership and that they offer tangible benefits to the City, as well as enhancing the long-term viability of the Partnership. In addition, the City's process for assessing and making decisions regarding the Redevelopment Plan should be conducted in an open, transparent and fair manner.

Furthermore, careful consideration should be given to the order in which the City proceeds to negotiate and finalize the next steps of the Proposal. The sequence of the redevelopment and conclusion of the necessary agreements should be done in a manner that does not expose the City to unnecessary risk, nor unreasonably restrict the City's ability to remain flexible as it seeks to carry out all the various elements of the Redevelopment Proposal.

Should Council approve the recommendations contained in this Report, staff will begin, with the support of outside expertise, to negotiate (1) the amendments to the LPP Agreements necessary to obtain the LOC and provide the City's guarantee; and (2) the arrangements necessary to finalize the design work, all as set out in this Report.

As previously noted, the final decision with respect to how, and whether, the City wishes to move forward with the Redevelopment Proposal, is reserved for City Council.

COMMENTS BY THE WARD COUNCILLOR(S)

Lansdowne 2.0 - Procurement Report

It is important to note that my office has not been provided the full report by staff to provide comments, only an executive summary. The follow are ongoing concerns:

Financial Concerns Persist

We continue to have serious concerns about the underlying financial projections for Lansdowne 2.0 and the risk presented to the city by the project. The city bearing the cost of construction over-runs (instead of the private partner in Lansdowne 1.0) and the potential for major cost escalations and legal battles, which have occurred with the Ottawa LRT, are significant unmitigated risks for the city. There is more spending being proposed that Council did not previously approve and we are getting to the point where the city has spent so much money on an unapproved final product.

Sole Source Contract

It appears the city will not be using a competitive procurement for an architecture firm, which could yield better designs and instead is continuing with a sole source contract with the OSEG architecture firm. The proposed delivery is predicated on the decision to engage Brisbin Brook Beynon Architects (BBB) as the architect for the project without going to tender. BBB was "retained by OSEG as the lead consultant to deliver this work due to their expertise and experience in sports and entertainment projects." Considering this description, it is not clear why BBB could not be expected to reply to—and be selected via—an open and competitive selection process. Nor is it clear why an architectural firm that could provide a winning proposal over BBB would not be the better selection.

City not leading project

It seems the recommendation is for the “partnership” to lead this procurement rather than the city, which is incredibly rare. These are city assets and there is the potential for conflicts if the city is not considering its best interest and risk mitigation but rather the P3 “partnership” would decide what is in its interest. These are public funds being spent and the project should be led with public interest, public taxpayers and community shaping the outcomes.

Auditor General Report Only Months Away

Another concern that arises is there is further spending within this report that would represent an interest the AG would want to consider. It seems we are putting the cart before the horse with the AG report on Lansdowne 2.0 due in June 2024.

\$20 Million Line of Credit

There is a proposal to float more cash to OSEG in this report, raising concerns about financial liquidity of the partner, which is likely to be backed by the city, putting more risk on the city. This \$20 million is in addition to the \$10 million already approved by Council for “lease disruption costs” as part of the project. It seems that the private operation aspects of Lansdowne Park continues to not meet the original financial projections used to sell Lansdowne 1.0 to the public, an ongoing concern that will very likely be repeated with Lansdowne 2.0.

No Alternatives

The city has not provided a proper alternative should city council view the costs of Lansdowne 2.0 to be too great. A proper alternative that renovates the existing safe facilities and upgrades accessibility features (for another 40 years), is a viable option that should be properly explored to save money for the city of Ottawa and allow for continued operations of the historic civic centre, with more seats, cheaper tickets than the current proposal, a north side stand roof, and the maintenance of the sledding hill, greenspace and great lawn.

CONSULTATION

The Site Plan Control application for the new Event Centre and new North Side Stands will be phased in two separate approvals, beginning with the Event Centre site plan work in Q2-Q3 2024. Public engagement during the pre-application stages of the Site Plan application are aimed to both inform and seek input from the public on the process.

A public engagement strategy will be developed for the Site Plan Control applications for both the new Event Centre and new North Side Stands, including the detailed design of the public facilities.

ACCESSIBILITY IMPACTS

The City retained the services of Marnie Peters (Accessibility Simplified) to evaluate the existing conditions of the current TD Arena, North Side Stands and surrounding site. Staff, and their consultant, have identified key deficiencies in the City's facilities:

Existing North Side Stands

- Lack of accessible, equitable seating options for people with disabilities;
- Lack of ability to improve options for accessible seating in locations due to lack of elevator access to upper levels;
- Lack of easily and fully accessible washrooms and universal washrooms with adult change table which meets current Ontario Building Code and The City's Accessibility Design Standards, to allow for equitable use by all residents and visitors; and
- Concession stands do not meet accessibility standards.

Existing Event Centre

- Lack of accessible, equitable seating options for people with disabilities;
- Stadium support columns that pose a hazard to everyone, including persons with vision disabilities;
- Lack of options for gate entry's that are accessible;
- Concession stands do not meet accessibility standards;
- Lack of easily and fully accessible washrooms and universal washrooms with adult change table which meets current Ontario Building Code and The City's Accessibility Design Standards, to allow for equitable use by all residents and visitors;
- Locker rooms and referee facilities cannot accommodate Para sports such as sledge hockey players/officials, wheelchair basketball, curler, etc.; and
- Press facilities are not accessible.

Existing Site Conditions

- Directional Tactile Walking Surface Indicators (TWSIs) are not serving their original purpose as they are obstructed by patios, street furniture, A frame signs, etc.;
- There is no clear pedestrian path of travel;
- Patios are not accessible and do not follow the same accessibility criteria required of other patios in the City;, and
- Accessible parking can pose challenges in this area, particularly during events.
- There is no distinction between pedestrian path of travel and roadway, which creates safety concerns for crossing and moving around.

A totally new facility will allow a modern, more comfortable venue to be realized that meets current day accessibility standards, including the Ontario Building Code, the Accessibility for Ontarians with Disabilities Act (2005) and the City's Accessibility Design Standards. By improving the accessibility of the built environment within the Event Centre and North Side Stands more people with disabilities, and people of all ages, will be able to use these facilities.

Throughout the next step in the design, the design team will engage in discussion and consultation with the community, including presenting to the Accessibility Advisory Committee in the Summer of 2024. The design team will work with the City's Accessibility Office to ensure that people with disabilities and older adults are engaged and that consultations are accessible.

ASSET MANAGEMENT IMPLICATIONS

The proposal would replace existing, aging assets with new facilities funded in part by the current redevelopment proposal. The new facilities acquired through the redevelopment will replace the City's inventory for operations and maintenance, as well as lifecycle renewal and replacement in the long term. The Lansdowne Partnership agreement assigns responsibilities for ongoing costs and revenues. Replacement of the existing facilities with new facilities that meet today's standards would reduce operating costs, reduce short-term lifecycle renewal needs and improve the customer level of service and experience.

It has been confirmed that there is sufficient capacity on the existing water, wastewater and stormwater infrastructure systems to accommodate the proposed redevelopment.

The recommendations documented in this report are consistent with the City's

Comprehensive Asset Management (CAM) Program objectives. The implementation of the Comprehensive Asset Management program enables the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe and reliable levels of service to community users. This is done in a socially, culturally, environmentally, and economically conscious manner.

CLIMATE IMPLICATIONS

High Performance Development Standard (HPDS) through the City's Request for Offer (RFO) of the air rights process the City will incorporate the Tier 1 and Tier 2 metrics from the High Performance Development Standards (HPDS) into the scoring criteria of the RFO. Developer bidders will be expected to meet the Tier 1 metrics, that address item including but not limited to building energy efficiency, accessibility, sustainable roofing, and bird safe design.

As well, developer bidders will be asked to demonstrate the extent to which they can achieve the City's Tier 2 metrics, which include matters such as renewal energy, waste storage and sorting, enhanced facilities and storage, electric vehicular parking, airtightness, operational energy, and resiliency.

The City's Green Building Policy will apply to the new Event Centre design and construction, where all newly constructed City buildings with a footprint greater than 500 square metres are to be designed at minimum LEED® Certified standard.

DELEGATION OF AUTHORITY IMPLICATIONS

Delegation of authority to the City Manager, in consultation with the City Solicitor and the City Treasurer, is required to authorize, negotiate, finalize and execute any necessary contracts, resolutions, and/or amendments that may be necessary to implement the recommendations in this report as adopted by Council.

Should Council approve the recommendations contained in this Report, staff will begin, with the support of outside expertise, to negotiate with OSEG (1) the amendments to the LPP Agreements necessary to obtain the Loan and provide the City's guarantee; and (2) the agreement necessary to finalize the design work, all as set out in this Report.

ECONOMIC IMPLICATIONS

The City of Ottawa's economic development strategy supports key strategic priorities including economic growth and diversification, business and investment attraction, and talent attraction and retention.

Ernst and Young's proprietary economic model was used to assess the economic impacts of the construction and future operations of Lansdowne 2.0 to the Ottawa Census Metropolitan Area (CMA) and the Province of Ontario.

A summary of economic impacts related to construction is shown below through three key economic indicators: Gross Domestic Product (GDP), Wages & Salaries, and Full Time Equivalent Jobs (FTEs), demonstrating the broad benefits of the project to the local economy through the construction phase.

	Area	GDP (\$ millions)	Wages (\$ millions)	FTEs
One-time contribution - construction of City Facilities*	Ottawa CMA	387	275	3,694
	Ontario	565	366	5,171

*City Facilities include the North Side Stands and Standalone Event Centre.

The proposed redevelopment of Lansdowne has been identified as a High Economic Impact Project as it is a significant development initiative that will support the City's economic development and city building priorities. The proposal has both direct and indirect economic benefits to the city from significant construction jobs and purchase of local materials during the development phase to ongoing employment and purchase of goods and services following completion.

ENVIRONMENTAL IMPLICATIONS

The replacement of TD Arena with a state-of-the-art energy efficient building will aid in the reduction of Green House Gas emissions and energy waste.

INDIGENOUS, GENDER AND EQUITY IMPLICATIONS

Indigenous Policy Considerations

Staff have opened a dialogue with the Anishinabe Algonquin First Nation, Indigenous communities and organizations. A commitment to ongoing discussions is in place.

Gender and Equity Implications

Staff are committed to using a women and gender lens when developing how best Lansdowne Park can support an inclusive city, and staff will do so throughout the upcoming Event Centre and North Side Stands site plan approval processes and next step.

RISK MANAGEMENT IMPLICATIONS

There are risk implications with this project and they have been identified throughout the 2023 Lansdowne Partnership Plan – Authorization to Proceed to the Next Steps in the Redevelopment Report (ACS2023-PIE-GEN-0009) report and assigned to the appropriate individuals.

The associated Official Plan Amendment (OPA 19) and Zoning By-law (By-law 2023-510) were adopted and enacted respectively by the City of Ottawa on November 22, 2023, and subsequently appealed by an individual on behalf of the Glebe Community Association on December 14, 2023. The appeal has put a ‘pause’ on the amendments coming into full force and effect until there is a determination by the Ontario Land Tribunal. This has the direct impact of preventing a building permit from being issued, until such time as the Official Plan policies, and Zoning By-law regulations permit the new Event Centre and mixed-use development.

Without the Official Plan and Zoning By-law amendments in effect, a building permit for the new Event Centre and new North Side Stands cannot be issued, nor can a Site Plan Control application be formally circulated nor receive final approval. Furthermore, the RFO for the Air Rights cannot be issued, nor can the detailed design package for construction tender.

RURAL IMPLICATIONS

N/A

TECHNOLOGY IMPLICATIONS

N/A

TERM OF COUNCIL PRIORITIES

The Lansdowne redevelopment relates to the following Strategic Priorities of Council 2023-2026.

1. A City that has affordable housing and is more liveable for all.

Objective: This strategic priority focuses on supporting individuals by increasing access to a range of housing options and increasing housing supply by supporting intensification.

The Request for Offer (RFO) criteria for the sale/lease of air rights property will encourage maximum unit count, and diversity of unit typologies.

2. A city that is more connected with reliable, safe and accessible mobility options.

Objective: Improve active transportation and deliver transit and roads to support growth.

A key element of the Lansdowne revitalization was the development and implementation of a comprehensive and aggressive Transportation Demand Management (TDM) program to encourage and promote use of sustainable transportation for day-to-day activities and for events. The RFO criteria will encourage further TDM measures and programs targeted for the residential component of the project.

3. A city that is green and resilient.

Objective: Reduce emissions associated with the City's facilities.

The replacement of TD Arena with a state-of-the-art energy efficient building will aid in the reduction of Green House Gas emissions and energy waste. The Request for Offer of air rights will speak to criteria with respect to High Performance Development Standards.

4. A city with a diversified and prosperous economy.

Objective: Stimulate growth in special and economic districts and diversify our economy and amplifying our regions brand.

The reinvestment in the City owned facilities will strengthen the Lansdowne Special District and position the Lansdowne such that there is continued success of its position as a sports, leisure, and entertainment destination for residents of the National Capital Region and tourists alike.

SUPPORTING DOCUMENTATION

Document 1 Lansdowne Park Revitalization – Delivery Model Options Analysis (KPMG dated February 2024)

Document 2 Draft Social Procurement Framework

Document 3 Request for Offer of Air Rights Criteria

DISPOSITION

Upon adoption of Recommendation #1 of this report the Infrastructure and Water Services Department will proceed with finalizing a package of tender ready documents to seek bids for the construction of the new Event Centre and new North Side Stands. The tender will be issued, and bids received, and staff will report back to Council on the receipt of the bids in order for Council to determine if the tender is to be awarded.

Upon adoption of Recommendation #2 of this report the Corporate Real Estate Office, under the authority of the General Manager, Planning, Real Estate and Economic Development will proceed with developing a Request for Offer guided by the principles outlined in this report.

Upon adoption of Recommendations #3 and #4 of this report Legal Services will, under the authority of the City Manager and the City Treasurer (with the support of outside expertise) negotiate and conclude (1) the amendments to the LPP Agreements necessary to obtain the LOC and provide the City's guarantee; and (2) the arrangements necessary to finalize the design work, all as set out in this Report.

Document 2 – Social Procurement Framework

SOCIAL PROCUREMENT FRAMEWORK

On February 10, 2021, City Council unanimously approved a motion directing the Chief Procurement Officer to identify opportunities to include and encourage the City's use of social procurement projects and social enterprises in City procurement. The motion was accompanied by a direction to staff to increase diversity within the City's supply chain and increase opportunities for those experiencing economic disadvantage and within equity-deserving communities. Building off this direction, on November 8, 2023, City Council approved (Report ACS2023-PRE-GEN-0009) a motion directing City staff to develop a Social Procurement Framework with Ottawa Sports and Entertainment Group, including its contractors, to increase supply chain diversity and increase opportunities for those experiencing economic disadvantage and within equity-deserving communities, including provide training, employment opportunities; procurement from local businesses in the construction and development phase of Lansdowne 2.0.

As outlined in the 2021 Social Procurement report, Staff have been working to develop organizational readiness to embed social benefits in City projects. This has included expanding staff's social procurement knowledge base and leveraging best practices from across Canada; creating robust tools and mechanisms to support departments to incorporate social benefits from operational planning through the procurement phase; piloting ideas and opportunities for social procurement with departmental partners; and making procurement processes more accessible to social impact suppliers (diverse-owned businesses, small businesses and social enterprises).

In addition, a Social Procurement Advisory Group was established consisting of technical experts in community benefits from across the City, including Employment and Social Services; Economic Development; Community Safety and Well-being; Integrated Neighbourhood Services; Gender and Race Equity, Inclusion, Indigenous Relations and Social Development. Staff have also continued engagement with local community organizations including the Centre for Social Enterprise Development; Ottawa Community Foundation; the Social Planning Council of Ottawa and United Way East Ontario to raise awareness and assist in identifying community needs.

Moreover, regular and ongoing engagement with the local construction and consulting engineering industry associations has improved staff's understanding of the challenges industry face in the context of changing supply chains and labour markets.

The results of this preliminary work have established a baseline that will support the social procurement goals of the Lansdowne 2.0 project.

Social Procurement in Large Scale Projects

The municipalities of Vancouver and Toronto have led the development of social procurement in large scale construction projects in Canada, each having completed several large-scale pilot projects before adopting a formal policy or program. These pilots served to build trust between the City, community groups, and construction industry players, and provided vital information on the capacity of social impact suppliers and the community-driven market to respond to the needs of the project.

Social procurement is only successful when it reflects the community it serves. The experience of Toronto and Vancouver will be invaluable to inform the Lansdowne 2.0 Framework's projection tools, roles and responsibilities of stakeholders, and administrative monitoring and evaluation processes; however, the Lansdowne 2.0 Social Procurement Framework will be reflective of the Ottawa community's needs, opportunities and capacities, which are distinct from those in Toronto and Vancouver.

Lansdowne 2.0 will be Ottawa's first large scale social procurement pilot and will build on the lessons learned by Vancouver and Toronto. Local experience and expertise in implementing a social procurement framework on a project of this scale is limited across all stakeholder groups (City Staff, the construction industry, community organizations, and social impact suppliers). While the City has successfully piloted social procurement projects since 2021, these have generally been smaller, lower dollar value projects resulting in contracts between the social impact supplier and the City directly.

Lansdowne 2.0 will be the first project to pilot social procurement objectives within the supply chains of the City's primary contractors.

The Framework

The Social Procurement Framework will consist of three initial phases: Defining Outcomes, Assessing Market Capacity and the Establishment of a Social Procurement Working Group. Additional phases will be defined as the project evolves and moves from construction to operations.

Defining Outcomes

The November 8, 2023, motion identified three priorities for the design and construction phase of the project: supply chain diversity, training and employment opportunities for

those experiencing economic disadvantage and from equity-deserving communities, and procurement from local business.

As part of the first phase of the Social Procurement Framework, subject matter experts from City departments including CSSD and Economic Development will be engaged to define these terms in the context of Lansdowne 2.0. These definitions are not theoretical, they must be measurable, verifiable, and support the administration of a monitoring and evaluation framework over the life of the project. For example, local procurement could be defined by where the organization's head office is located, by the location of its employees, or the location of its source materials. Each definition requires a different reporting mechanism and is accompanied by a different level of administration. Best practices from Vancouver and Toronto and recommendations from the City's Economic Development team will inform the best approach.

The 2021 Social Procurement report defined "social impact suppliers" as diverse-owned businesses, social enterprises and small, local businesses. The supplier diversity elements of the Social Procurement Framework will focus on these categories of suppliers.

In addition to specifically defining terms and desired outcomes, the Social Procurement Framework will also identify reporting mechanisms so these outcomes can be tracked throughout the supply chain. This presents a significant administrative effort for both the City and its suppliers that is new in City of Ottawa projects.

Assessing Market Capacity

The Framework must be supported by an understanding of the qualitative and quantitative capacities of the community-driven market to support the social procurement objectives of the project. To implement social procurement in larger, more complex projects throughout long supply chains, a project-specific assessment of market capacity will be developed.

Following the best practices of Vancouver and Toronto, an independent Community Benefits Consultant will be engaged to assess market capacity, support market readiness, and support the development of specific outcomes. This will include identifying the capacities of Ottawa's community-driven suppliers who provide goods and services to the public and have a social mission, and/or have workforce development programs that target equity-deserving residents who face economic disadvantage.

This assessment will help inform potential suppliers throughout the supply chain of the opportunities for social procurement during the construction and development phase of the Lansdowne 2.0.

The assessment will also establish a baseline that will allow the Social Procurement Working Group to measure the success of the Framework against the desired outcomes by monitoring the project's uptake of capacity that already exists in the community.

It will also be used as a starting point to incubate community capacity throughout the life of the project, bringing together community funding organizations with social entrepreneurs to grow into opportunities where capacity is currently lacking.

Establishment of a Social Procurement Working Group

Following the best practices of the Vancouver model, staff will establish a Lansdowne Social Procurement Working Group. The mandate of this group will be to provide strategic direction and accountability on the development and execution of the Social Procurement Framework, ensure coordination among all parties to identify capacity building opportunities, mitigate challenges, and implement the framework to achieve the desired outcomes. The construction contractor and key sub-contractors will be essential resources on the working group given the potential disruption to existing and reliable supply chains, which could compromise the project's budget, schedule or quality if not managed effectively.

Lastly, the group is coordinated by a third party facilitator who works with all stakeholders. Together with the third party, the general contractor will use a series of projection tools to identify social procurement opportunities and work back through the project schedule and work with the community to develop capacity to take advantage of the opportunities. This third party model mitigates risk to the project by facilitating collaboration throughout the project, identifying opportunities where community-driven suppliers can fill gaps in existing supply and labour supply chains to meet both the project's and the community's needs.

Future Phases and Ongoing Reporting

The outcome of the primary phases of the Social Procurement Framework will inform the development of future phases which will continue to evolve over the life of the project. Updates on the evolution of the Framework will be reported through the Annual Lansdowne Report.

Document 3 – Request for Offer of Air Rights Criteria

RFO Air Rights Evaluation Criteria	
Transactional Criteria	
Corporate Background of Respondent	<ul style="list-style-type: none"> • Name of legal entity • Ownership structure • Primary line of business • Name of authorized representative(s) • Contact information for authorized representative(s)
Development Experience of Respondent	<p>Sample Project</p> <ul style="list-style-type: none"> • Start Date • Estimated Value • Amount of Insurance • Amount of Bonding • A description of the nature of the project • Awards, Certifications
Respondent's Financial Strength	<p>Letter from Financial Institution that;</p> <ul style="list-style-type: none"> • confirms the length of the relationship and the extent of real estate lending activities with the Respondent (i.e. property type, approximate value, and number of projects); • Respondent's overall depth of management experience and financial capacity to undertake a project of the type and size contemplated in this RFO and in the Respondent's Offer. • confirming the lender's receptivity to a future loan application from the Respondent for their financing requirements under the Offer subject to standard lending terms and conditions.
Offer's Financial Terms	<ul style="list-style-type: none"> • Cash Offer on Air Rights Parcel • Lease payment terms & conditions on Air Rights • No substantial changes to APS • No substantial changes to the Draft Lease • Bid security deposit • Acknowledgement of Nonrefundable Deposit schedule

Design and Development	
Design	<ul style="list-style-type: none"> • Production of a Concept Plan Package • Acknowledgement of minimum 700 units • Acknowledgement Sustainability (HPDS) • Acknowledgement of Guiding Design Principles • Acknowledge Urban Design Review Panel Recommendations
City's Project Requirements	<ul style="list-style-type: none"> • Acknowledgement of design integration to North Side Stands • Construction of retail component (+/-49,000 sq.ft.) • Construction of Grand Entrance and any public amenities attributable to Lansdowne Park • Acknowledgement of Stratification of structure • Obligation to sell Retail and Podium elements (Grand Entrance) to City based on an at cost formula • Confirmation of Project Schedule (Start Date) • Confirmation of Paramountcy for Park operations during construction • Requirement to be Party to Reciprocal Agreements for Park operations
Post Construction Commitments	
Parking and Transportation	<ul style="list-style-type: none"> • Provisions for Transportation Demand Management (TDM) programs and facilities within the development concept • Option to Lease City's surplus parking bid amount, terms and conditions