

1. GOVERNMENT CONFERENCE CENTRE /  
CANADA SPORTS HALL OF FAME  
MEMORANDUM OF UNDERSTANDING

### **COMMITTEE RECOMMENDATIONS AS AMENDED**

**That Council approve:**

1. **Enter into a Memorandum of Understanding “MOU” with the Department of Public Works and Government Services Canada (PWGSC), the Canada Sports Hall of Fame (CSHF), Parks Canada Agency (Parks) and the National Capital Commission (NCC) to set out a plan of action to establish a permanent Sports Hall of Fame into the Government Conference Centre.**
2. **Authorize staff to request proposals from private sector developers to partner with the Region to explore and fund additional uses for the Government Conference Centre and the adjoining lands to help finance the capital repairs to the building and, subsequently, to manage the property on behalf of the Region.**
3. **Authorize that project management costs related to the implementation of this project and the contribution towards the joint study of the Canal crossing be funded from Account #900007, Convention Centre-Linkages.**
4. **Approve that it is understood by all parties that the finding of a private sector partner willing to invest into the development of the property, at no cost to the Region, is a key element in the successful transfer of the building into the Sports Hall of Fame and that in the absence of an agreement with such a private sector partner, the transfer will not take place.**

### **DOCUMENTATION:**

1. Executive Director, Economic Affairs, report dated 09 Jun 99 is immediately attached.
2. Extract of Draft Corporate Services and Economic Development Committee Minute, 06 Jul 99, immediately follows the report and includes a record of all votes.

NEXT ITEM: page

REGION OF OTTAWA-CARLETON  
RÉGION D'OTTAWA-CARLETON

REPORT  
RAPPORT

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Our File/N/Réf.  
 Your File/V/Réf.

DATE 9 June 1999

TO/DEST. Committee Co-ordinator  
 Corporate Services and Economic Development Committee

FROM/EXP. Executive Director  
 Economic Affairs

SUBJECT/OBJET **GOVERNMENT CONFERENCE CENTRE/CANADA SPORTS  
 HALL OF FAME  
 MEMORANDUM OF UNDERSTANDING**

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### DEPARTMENTAL RECOMMENDATIONS

**That the Corporate Services and Economic Development Committee refer to Council and Council approve:**

- 1. Enter into a Memorandum of Understanding “MOU” with the Department of Public Works and Government Services Canada (PWGSC), the Canada Sports Hall of Fame (CSHF), Parks Canada Agency (Parks) and the National Capital Commission (NCC) to set out a plan of action to establish a permanent Sports Hall of Fame into the Government Conference Centre.**
- 2. Authorize staff to request proposals from private sector developers to partner with the Region to explore and fund additional uses for the Government Conference Centre and the adjoining lands to help finance the capital repairs to the building and, subsequently, to manage the property on behalf of the Region.**
- 3. Authorize that project management costs related to the implementation of this project and the contribution towards the joint study of the Canal crossing be funded from Account #900007, Convention Centre-Linkages.**

### BACKGROUND

In April, 1998, the Region, PWGSC and CSHF entered into an Agreement in Principle governing the use of the Government Conference Centre to house Canada’s Sports Hall of Fame. The agreement assumed a transfer of the building from PWGSC to the Region through a long term lease, for one dollar, and a subsequent transfer from the Region to the CSHF, also through a long

term lease and for one dollar. There was also an understanding that the necessary leases to implement the agreement could be executed within a ninety day period and that there would not be any cost to the Region resulting from these leases.

## DISCUSSION

### Canada Sports Hall of Fame

Very early in the process, the CSHF indicated that their requirements were for approximately 75% of the building space and that they had no ability to fund the rehabilitation of the building. At the time, the extent of the needed rehabilitations were unknown but seen as significant. As a result, the Region and the CSHF jointly commissioned a building condition report which estimated the rehabilitation cost at \$12M.

From that point on, the discussions crystalized on the following issues:

- finding potential sources of capital or potential revenue streams to fund this major expenditure
- identifying potential tenants for the portion of the building surplus to the needs of the CSHF; the surplus portion consists of the third to sixth stories of the office tower component of the building fronting on Rideau Street
- securing the lands under and surrounding the Government Conference Centre; these lands are under the ownership of Parks and the NCC and there was a need to obtain their support for the transaction
- addressing land use and design issues that would impact on the classified designation of this important national heritage structure
- securing the ability to integrate the linkages concepts into any potential solutions; the site is a major hub for some priority linkages identified by the Linkages Initiative and by Regional Council.

In order to assist in the process, the Regional Group, including Barry Padolsky Architect Ltd., was retained to explore a concept for the adaptive re-use of the Government Conference Centre and propose ways to fund the capital repairs to the building.

The following findings emerged from this review:

- animation on the site is critical to the financial success of any development, including the CSHF
- the addition of retail space at the south end of the building, including providing space for connecting linkages, is necessary and possible
- an extension to the existing office space on the east side of the building is also necessary to maximize the use and rent from the existing office space
- the sale of food and beverage on the west side of the building, adjacent to the Rideau Canal, will provide animation and key revenue generation
- even with these building extensions and corresponding additional revenue streams, there still existed a projected shortfall of \$6.0M to cover the anticipated capital repairs to the building of \$12.0M.

As a result of this analysis, it became obvious that the parties would need to move away from their original negotiating positions to conclude an agreement on the transfer of the Government Conference Centre to the CSHF. The following framework for an agreement was then put in place and forms the basis for the Memorandum of Understanding that will be entered into. The framework consists of some commitments from each party along with a plan of action that, if implemented successfully, will result into a long term lease of a minimum forty year period, to be signed by all parties. The key elements of this framework are as follows:

Public Works and Government Services Canada will:

- contribute \$1.5M to the Region for capital repairs to the building, upon execution of the building lease
- contribute at least \$500K worth of capital repairs to the building, prior to the transfer.

Canada Sports Hall of Fame will:

- sub-lease from the Region the space they require, at a minimum annual rent of \$500K
- secure all necessary approvals, at their cost, for the use and design of their space
- be responsible for the execution and costs of all tenant leasehold improvements in their space
- be responsible for all operating costs associated with their occupancy in the Building
- raise the necessary funding to implement these works (estimated at \$20M, including the cost to set-up the Sports Hall of Fame exhibits).

National Capital Commission and Parks will:

- contribute the land under and around the building for one dollar, except the land located between the west side of the building and the Rideau Canal where Parks will review proposals for the use of the property, prior to confirming its availability towards the project
- prepare Urban Design and Development Guidelines which will provide direction for the renovation of the building and development of the site
- be responsible for granting Federal Design and Land Use approval (by NCC only).

Region of Ottawa-Carleton will:

- enter into a long term lease with PWGSC, Parks and NCC for the building and adjoining lands
- find and enter into an agreement with a suitable Private Sector Partner, to finance the capital investment required to rehabilitate the building and develop the property, to lease all space in the building in excess of the needs of CSHF, and to be responsible for property management services for the whole site, on behalf of the Region.

It is understood by all parties that the finding of a private sector partner willing to invest into the development of the property, at no cost to the Region, is a key element in the successful transfer of the building into the Sports Hall of Fame and that in the absence of an agreement with such a private sector partner, the transfer will not take place, or will take place under different terms.

As well, the Region, as the head lessor for the building, will require financial guarantees from the CSHF before committing to the long term lease.

## Linkages

As mentioned at the beginning of this report, the Government Conference Centre's site is a major hub for some priority linkages identified by the Linkages Initiative and by Regional Council. It forms a major link between the National Arts Centre and the Congress Centre on an east-west axis and forms another key link across the site to the existing underground crossing between the Château Laurier Hotel and the Government Conference Centre on a north-south axis. It was therefore important to secure commitments on the implementation of these linkages as part of the discussion.

Accordingly, the parties have agreed to the following understanding with respect to linkages:

- PWGSC will contribute \$500K towards the construction of the linkage across the Rideau Canal corridor, from the NAC to the future CSHF
- the Region will contribute \$500K towards the construction of the north-south linkage across the site, either along the east or west facades of the building, or through the interior of the building
- the Region will secure funds from other partners for the construction of the linkage across Colonel By Drive, from the CSHF to the Congress Centre
- the partners will immediately, upon execution of the MOU, undertake a study to develop a concept design for the linkage across the Rideau Canal.

## Plaza Bridge

The rehabilitation of the Plaza Bridge will be completed by year end and will add tremendously to the architecture and historic views of the Rideau Canal. Of significance to the Government Conference Centre and future CSHF is the potential use of the space under the east arch of the Plaza Bridge.

The main access to that space is from the Government Conference Centre site, and again, in exploring options for the site, it became obvious that the space under the east arch of the Plaza Bridge is a natural extension of the site and needs to be considered in the overall development. Not doing so would effectively land lock that space and forego some potentially very interesting uses for that area, including the old turn-around tunnel for street cars.

Since Parks Canada owns the property, they have agreed to first determining their own interest in using this area. Should they indicate no interest in the space, the Region proposes to contribute up to \$500K for the development of the space as a tourist destination, subject to matching funds from a government partner or a private sector partner.

Such a use and development would complement the extensive rehabilitation currently underway and will ensure that the space is used to its full potential rather than becoming a location where vandalism and safety will quickly become major issues.

### Consultation

No public consultation was required in the development of this framework for entering into a Memorandum of Understanding, but some will be necessary in the next phase of the process where various options for the development of the site are considered.

### Financial Implications

There are no direct financial implications from the relocation of the Canada Sports Hall of Fame into the Government Conference Centre, although there is some financial exposure involved resulting from the Region becoming the head lessor for the property. It is intended that this exposure will be kept to a minimum through the various agreements that will need to be negotiated over the coming months.

These agreements will, by necessity, require approval from the Corporate Services and Economic Development Committee and from Regional Council.

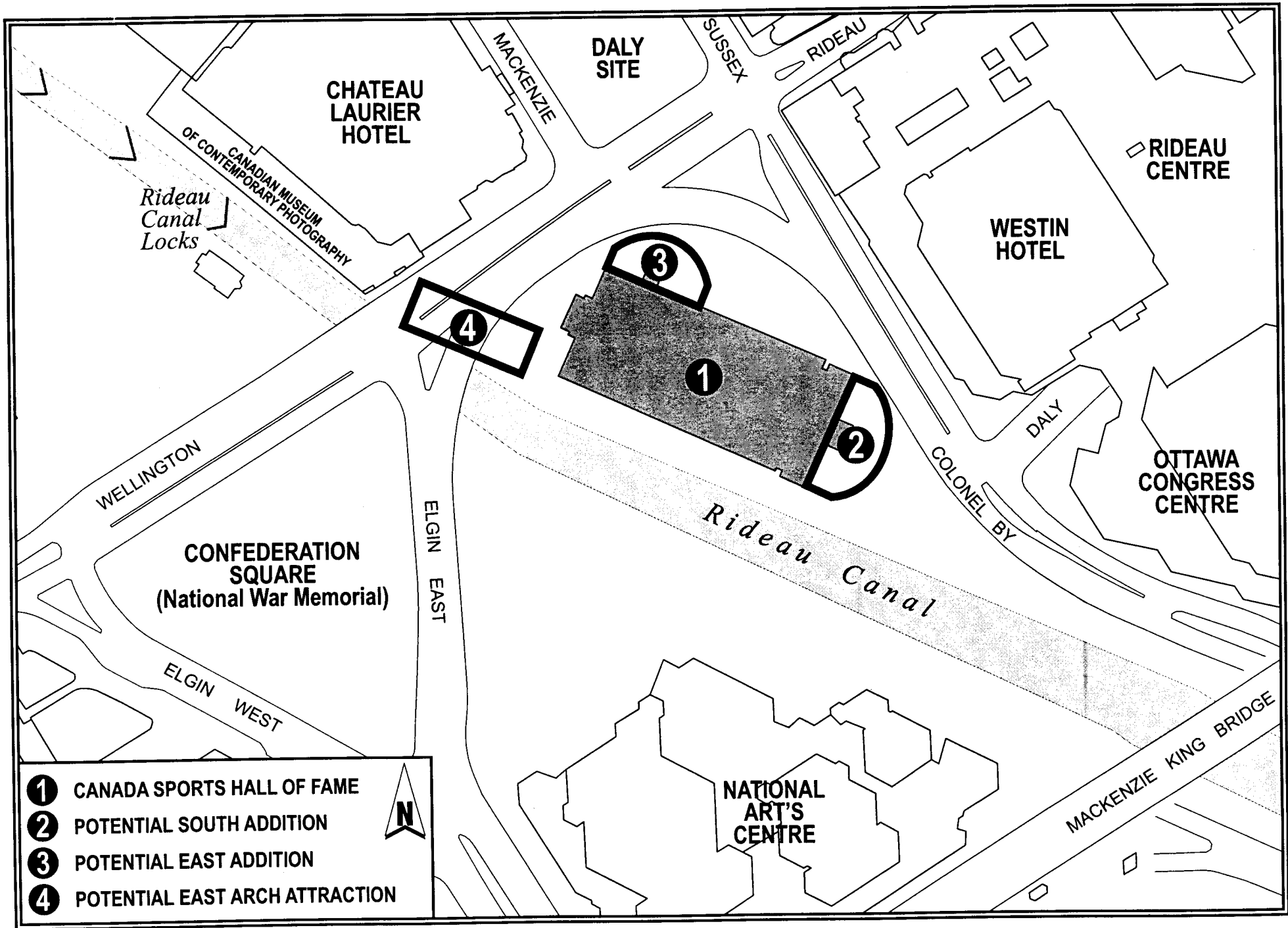
There will, however, be some expenditure of funds required for project management costs in securing a private sector partner, securing approvals for the land use and design options and for the eventual negotiations of a long term lease between the federal parties and the CSHF. Some contribution towards the joint study of the Canal crossing will also be necessary.

Funds for these activities are available in Account #900007 Convention Centre-Linkages.

The commitment towards funding \$500K as part of the construction of the north-south linkage across the site is conditional upon PWGSC committing the same amount for the construction of the Canal crossing and will be used to lever additional contributions from other partners. Funds in the amount of \$500K are available from Account #900007 Convention Centre-Linkages.

Finally, the commitment to provide \$500K in funding to develop the space under the east arch of the Plaza Bridge is also conditional on obtaining matching funds from another party and will provide the “final touch” to what promises to be one of the most beautiful bridges in the Nation’s Capital, aside from creating a tourist destination that will add animation to the whole CSHF site. Funds in the amount of \$500K are available from Account #900091 Plaza Bridge Redevelopment Project for this work.

*Approved by  
Réjean Chartrand*



Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
6 July 1999

GOVERNMENT CONFERENCE CENTRE/  
CANADA SPORTS HALL OF FAME  
MEMORANDUM OF UNDERSTANDING (MOU)  
- Executive Director, Economic Affairs, report dated 09 Jun 99

Councillor Loney moved the procedural Motion to move In Camera. Councillor Hunter requested justification as to why the report should be discussed In Camera. R. Chartrand, Executive Director, Economic Affairs, explained the report represented negotiations with four other parties and addressed issues for leasing land for a long period of time. Councillor Hunter stated the issue was public knowledge and had previously been discussed in the public forum. Mr. Chartrand explained the report represented the framework under which the transfer would occur through a Memorandum of Understanding. He stated as a course of business, such matters were discussed in confidence. Councillor Hunter believed the report did not contain any information that the public did not have a right to know. Mr. Chartrand reiterated that the report involved four other parties. He agreed confidentiality may not be an issue if the report was approved by Committee and Council as presented. However, he believed a problem might arise if Council was not comfortable with the MOU terms, and further negotiations would have to continue, making the issues relevant.

Moved by A. Loney

That Agenda Item No. 1 of the confidential agenda be considered by the Corporate Services and Economic Development Committee In Camera pursuant to subsection 11(1) ( c ) a proposed or pending acquisition of land for the purposes of the Regional Corporation, of the Procedure By-law.

LOST

NAYS: B. Hill, G. Hunter, A. Loney, W. Stewart .... 4  
YEAS: D. Beamish, R. Cantin, R. Chiarelli ... 3

As a result of the lost Motion to move In Camera, the Committee considered the report in open session.



Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
6 July 1999

Chair Chiarelli introduced the report by stating the process had been a very detailed and complicated transaction.

Mr. Chartrand provided a presentation to the Committee which outlined the following, specifically the framework which the MOU would be prepared. {A copy of presentation slides are on file with the Regional Clerk.}

- Background, History, Challenges, Opportunities and Context
- Study Findings
- Terms of the MOU - Government Conference Centre
  - Public Works and Government Services Canada
  - Canada Sports Hall of Fame
  - National Capital Commission and Parks Canada
  - Region of Ottawa-Carleton
- MOU
  - Linkages
  - Plaza Bridge
- Next Steps
- Summary - Region's Involvement - CSHF / Linkages / Plaza Bridge

Councillor Hunter referenced the financial commitments by the Region and inquired if project management costs and additional studies were included in those figures. Mr. Chartrand stated the project management costs would primarily be staff time, however, stated some expertise may be required. Mr. Chartrand noted report recommendation no. 3 stated those costs would be allocated through the approved Convention Centre - Linkages budget.

With respect to the other parties, Mr. Chartrand stated he felt confident they were in the position to move forward, and referenced major national fund raising campaigns. With regard to the private sector partner, Mr. Chartrand stated that partner was yet to be determined and the next step may involve a call for proposals from the private sector. He believed it could take 6 - 8 months before a private sector partner and terms were established.

Councillor Hunter extended his compliments to the Chair and Mr. Chartrand for the work completed and protection of regional interests.

Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
6 July 1999

Councillor Stewart referenced the financial guarantees from the Sports Hall of Fame and inquired what would protect the Region from future risk. Mr. Chartrand explained this would be addressed during the next phase. He agreed there was a requirement for risk management, noting the length of the agreement, and stated the level of comfort would have to be high in order to proceed.

Councillor Stewart inquired if the funds in the budgets were sufficient to proceed. Mr. Chartrand confirmed the authority was in place and the approval by Committee would represent encumbering the required money for this project, noting the expenditures would not take place for two - three years.

In response to a question from Councillor Beamish regarding the authority, Mr. Chartrand pointed out a private sector partner was yet to be found and a long term agreement to be negotiated. He confirmed there were major hurdles yet to overcome, and it would be at least a year before Committee would formally approve the expenditure of the funds.

Councillor Beamish moved a Motion that contained text from within the report regarding the need for a private sector partner in order to proceed.

Councillor Loney inquired on the process to obtain a private sector partner. Mr. Chartrand explained the search for a partner would begin immediately upon Council approval. He hoped by the end of September there would be a sense of those interested and preliminary discussions started. Mr. Chartrand confirmed Committee would formally approve the partner, however, stated the selection process was not yet formalized.

Councillor Loney referenced the 40 year lease and inquired on a renewal clause. Mr. Chartrand reported the intention of the Federal Government was to divest itself from the property, however, referenced the difficulties around forfeiting the ownership due to the national interest land mass. Mr. Chartrand stated the long term lease would contain renewal clauses. Councillor Loney suggested the long term lease was necessary in order to attract a private sector partner and allow that partner the opportunity to recover their investment.

Councillor Stewart commended the Regional Chair and Mr. Chartrand for their work on a very complex issue and the success to date.

Moved by D. Beamish

- 4. Approve that it is understood by all parties that the finding of a private sector partner willing to invest into the development of the property, at no cost to the Region, is a key element in the successful transfer of the building into the Sports Hall of Fame and that in the absence of an agreement with such a private sector partner, the transfer will not take place.**

CARRIED

Moved by G. Hunter

**That the Corporate Services and Economic Development Committee recommend Council approve:**

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CARRIED as amended