

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique**

**and Council
et au Conseil**

**April 23, 2014
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**Submitted by
Soumis par:
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Ward: GLOUCESTER-SOUTH NEPEAN **File Number:** ACS2014-CMR-FED-0002
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**SUBJECT: Feasibility Report on Potential Public-Private-Partnership for
Planned Recreational Complex in Southeast Ottawa**

**OBJET: Rapport de faisabilité d'un partenariat public-privé pour
l'aménagement d'un complexe récréatif prévu dans le Sud-Est
d'Ottawa**

REPORT RECOMMENDATIONS

That the Finance and Economic Development Committee recommend Council direct staff to investigate the feasibility of a potential public-private partnership for the planned recreational complex in Southeast Ottawa (Riverside South and Leitrim area) and report back to the appropriate Standing Committee by the end of Q2, 2015.

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil de demander au personnel d'enquêter sur la faisabilité d'un partenariat public-privé pour l'aménagement d'un complexe récréatif prévu dans le Sud-Est d'Ottawa (secteur de Riverside-Sud et Leitrim) et d'en faire rapport au Comité permanent approprié d'ici la fin du T2 de 2015.

BACKGROUND

The City of Ottawa has future plans in place for a large multi-function recreational complex in the Riverside South community that will serve the Leitrim area, Findlay Creek, and Riverside South areas as well as Ottawa's surrounding rural community. Lands have been identified as part of the Riverside South Community Design Plan to accommodate the recreational complex and development charges (DC) are being collected as a result of the growth in this area.

The Development Charge Background Study currently identifies the South East facility as a growth project with construction slated for 2018 at a projected cost of \$59.9 million.

City Council revised the development charge funding policy during the last term of council to allow for earlier construction of new community-based recreation complexes such as the one under construction in South Nepean. The goal is to avoid a scenario where a generation of the population has limited access to local recreational services as the community grows over a 20-year horizon. Under the current policy, funding for these facilities is derived from development charges and debt.

Public-private partnerships offer the City of Ottawa the opportunity to serve current growth needs and reduce annual operating pressures. The City of Ottawa has successfully partnered with the local private sector to operate the Bell Sensplex in West Ottawa and the Richcraft Sensplex in East Ottawa and Public-Private-Partnership (P3) elements are a key part of Ottawa's largest infrastructure project the Confederation Line LRT.

There is a growing national trend for P3s and Infrastructure Canada has stated: “Canadians deserve the best public services for their hard-earned tax dollars, and when an infrastructure project can generate better value for money by being delivered through a P3, it should be delivered as a P3.” In fact, all federal projects over \$100 million are required to undergo a P3 screen to determine suitability as part of the project planning process.

DISCUSSION

There has been significant planned growth in South Ottawa over the last decade. This residential growth has created a need for recreational services and is putting tremendous pressure on existing recreation facilities such as Fred Barrett Arena, Jim Durrell Arena, Larry Robinson Arena, Manotick and Sawmill Creek Pool. The City’s land management planning principles aim to create balanced and sustainable communities which include “Work, Live, Shop, Play” neighbourhood services within the local area.

The Riverside South community has seen a 60% growth in population from 2006-2011. Further the Leitrim area has seen a 256% growth in population in the same time frame. The population of Riverside South was approximately 12,000 in 2012, while the Leitrim area was approximately 6,500 residents.

The Riverside South area’s Community Design Plan (CDP) has lands identified for a future central recreational complex. It is anticipated that this land would be transferred to the City of Ottawa under the Parkland Dedication policy.

Given the overall success with P3s, the City of Ottawa should examine the option of a P3 project as part of the existing recreational planning process for the South East Ottawa.

Investigating the feasibility of building this much-needed facility as a P3 will provide the 2014-2018 City Council with an alternative option for constructing and operating the planned facility. Further, using a P3 approach could help reduce operating pressures on the city’s recreational budget as well as the DC-funded growth budget. In addition, a phased approach to construction could also assist in meeting service demands and transitioning the operating costs over a multi-year budget horizon.

The staff report should explore the following as a starting point:

- An analysis of current and future demand for a new recreation complex to serve south east ottawa (ie. Riverside South, Leitrim, Findlay Creek, and South East rural area);
- The impact of current growth demand on existing recreation facilities in South Ottawa (i.e. Fred Barrett Arena, Jim Durrell Arena, Larry Robinson Arena, Manotick and Sawmill Creek pools);
- The viability and market readiness for a third public-private-partnership (P3) ice hockey surfaces in Ottawa similar to the Bell Sensplex;
- The current financial status of development charges and projected future revenue that would contribute to the construction of the facility;
- The cost benefit analysis of a P3 ice hockey facility to reduce city operating pressures;
- The potential phasing of the facilities (i.e. 1) construct ice pads 2) pool and sports fields 3) recreation and community space;
- Revenue generation opportunities from a sponsorship/naming right opportunity;
- Facility location options available via parkland dedication formula and process.

Parks and Recreation staff have indicated that the report can be delivered using existing in-house resources.

RURAL IMPLICATIONS

A new recreation facility in South Ottawa would significantly reduce the burden on existing facilities in Ottawa's rural communities such as Osgoode, Manotick, and Metcalfe. It will also provide more recreation options for families in rural South Ottawa. The facility will be available to all users from across the City, including rural residents.

CONSULTATION

Parks, Recreation and Cultural Services Department Comment:

The Parks, Recreation and Cultural Services Department can provide a high-level review of the potential for a Public Private Partnership arrangement based on its experience with such projects to date and currently available information. More extensive work, analysis and resourcing would be required to substantiate a business case and comply with the requirements of the City's P3 policy and review process,

including independent confirmation of value for money analysis specific to this project, and community engagement on priorities for facility components and programming.

COMMENTS BY THE WARD COUNCILLOR

I am supportive of the recommendations in this report. I regularly receive feedback from residents about the future construction of the complex in order to take pressures off existing facilities and to help accommodate the ice time demands for hockey and ringette.

LEGAL IMPLICATIONS

There are no legal impediments to implementing the recommendation in the report. Should it be approved by Committee and Council staff would undertake the review in accordance with the Public Private Partnership Policy which was approved by Council on April 10, 2013. Its purpose is to outline the City's approach to evaluating and pursuing a potential P3 option for the implementation of a City project.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications with this report.

FINANCIAL IMPLICATIONS

There are no financial implications with the approval of the recommendation in the report.

ACCESSIBILITY IMPACTS

A new facility must meet the City's accessibility standards. The future RFP must clearly state the proponent must agree that all reasonable efforts will be made to comply with the City's Accessibility Design Guidelines as approved by City Council on November 14th, 2012.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications related to this project.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

TERM OF COUNCIL PRIORITIES

Strategic Priority: Healthy and Caring Community

HC2 – Improve parks, recreation, arts and heritage.

DISPOSITION

The Parks, Recreation and Culture Department staff will implement Council's decision.