


TO: GENERAL COMMITTEE


SUBJECT: MEMORIAL SQUARE REDEVELOPMENT

WARD: 2

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CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD
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RECOMMENDED MOTION

1. That further to Motion 13-G-19, the criteria for a contribution agreement with the Downtown Barrie Business Association (BIA) that establishes conditions for the City of Barrie's participation in the redevelopment of Memorial Square, be endorsed as per Appendix "A" of Staff Report ENG022-13.
2. That the City Clerk and Mayor be authorized to enter into a contribution agreement with the Downtown Barrie Business Association (BIA) for the redevelopment of Memorial Square, based on the conditions as set out in Appendix "A".

PURPOSE & BACKGROUND

3. The purpose of this staff report is to recommend criteria for a contribution agreement with the Downtown Barrie Business Association (BIA) that establishes conditions for the City of Barrie's redevelopment of Memorial Square in the 2014 capital budget.
4. On January 28, 2013, City Council adopted Motion 13-G-19, regarding the 2013 Business Plan, Item 21 as follows:

That staff in the Finance, Engineering, and Planning Departments work with the BIA to prepare a staff report for General Committee's consideration recommending criteria for a contribution agreement with the BIA that establishes conditions for the City of Barrie's redevelopment of Memorial Square in the 2014 capital budget that addresses, at a minimum, the following elements:

- a) Preconditions that would prompt the City to make its share of the project funding available, such as a required level of fundraising successfully completed by the BIA in support of the project's cost;
- b) The terms of any bridge financing, if required, that the City may provide to the BIA;
- c) Opportunities to coordinate with development on lands adjacent to the Memorial Square redevelopment site;

- d) The application of policies, such as Bonusing, that could further reduce the City's cost to complete the work; and
 - e) The availability of funding from senior levels of government and any related constraints/conditions associated with using them for this work.
5. In the BIA's letter of November 23, 2011 to City Council, they proposed a public – private partnership opportunity to develop and enhance Memorial Square. The proposal was based on an estimated cost forecast of \$3,000,000, with the City contributing \$1M, the BIA pledging \$1M, and a commitment from the BIA to fundraise \$1M. The letter also stated that the BIA had invested approximately \$200,000 to cover the pre-design costs and to retain a dedicated fundraiser.
 6. Memorial Square is an important linkage between the City's downtown and the waterfront.
 7. The design of Memorial Square was included in the 2012 Capital Plan with 100% funding in the amount of \$200,000 from the BIA. No other funding is currently included in the City's capital budget.
 8. The BIA retained John D. Bell and Associates to prepare pre-design drawings and detail design drawings. The design was based on the Memorial Square conceptual design prepared by The Planning Partnership. The detail design is currently 90% complete. The proposed works include relocation of the cenotaph, installation of hard surfacing, planters, fountains, lighting, irrigation, servicing for events, and artistic features. A plan view and details of the design are included in Appendix "B".
 9. The shareable construction costs, based on the 90% design, are currently estimated at \$3.98M. Further refinement of the cost estimate will be made once the design is completed (expected August 2013). A cost summary is provided in Appendix "C".
 10. The additional operating and maintenance costs for the proposed square when completed is estimated at \$150,000.00 annually. The increase in cost is attributed to the additional snow removal for winter events, the daily operation and monitoring of the fountains and irrigation systems and the increased usage of the square will require additional setup, removal and cleaning.
 11. Apart from permit fees, no special fees are currently charged by the City for BIA events, to cover setup, traffic signage, additional cleaning, etc. The City provides financial reporting and related administrative services to the BIA at no cost.
 12. The BIA intend to begin a fundraising campaign in the near future to fund the project for costs that exceed the City's contribution and the BIA's pledge.
 13. The existing storm sewer under Memorial Square is undersized. This section of sewer will be replaced as part of the proposed works. The proposed conditions indicate that the cost of upgrading this storm sewer ahead of the project, estimated as \$70,000, would be attributed 100% to the City.

ANALYSIS

14. Staff recommend that the City of Barrie funding and the construction phase of the project be initiated once 80% of the fundraising monies have been pledged, on the condition that fundraised pledge monies are scheduled to be received within 3 years after the declaration of substantial performance of the works. Bridge financing will be provided by the City for shareable costs incurred prior to receipt of pledge monies.

15. The City would loan the BIA \$1.326M (see appendix "C"), based on estimated costs, at the interest rate the City charges itself when it borrows from reserves and for a period of no longer than 10 years, subject to the presentation of a financial plan/strategy to repay the loan.
16. Opportunities to coordinate with future re-development on adjacent lands will be investigated and pursued if such development is advanced within the construction timeframe of the Memorial Square project. To-date there have been no Applications submitted to the City's Planning Department that apply to properties adjacent to Memorial Square.
17. The application of policies, such as bonusing could provide opportunities to further reduce the City's cost to complete the work. When opportunities arise to apply Bonusing policies as a result of a recommendation for approval of applications for height and density increases for properties within the downtown area, the Planning Department will also recommend the negotiation of community benefits in keeping with the City's existing Bonusing policies. The recommendation of community benefits in these instances will include benefits which would be consistent with the approved plans for Memorial Square. Decisions about the application of funds derived from Bonusing would be subject to further Council approval.
18. There are two potential sources of Federal funding that could be applicable to the relocation of the existing cenotaph. Both of these programs have an application process and are evaluated by external review committees to determine eligibility.
 - a) The first is the Community War Memorial Program that is available to municipalities which could provide financial assistance of eligible costs up to a maximum of 50% of the total project costs not exceeding \$50,000. The Program objectives is for the partnership with communities to build cenotaphs and major additions to existing ones, to recognize Veterans on cenotaphs and monuments and help ensure remembrance continues to be visible to Canadians in their own communities.
 - b) The second is the Cenotaph/Monument Restoration Program that is available to municipal governments which could provide financial assistance of eligible costs up to a maximum of 50% of the total project costs not exceeding \$25,000. The Program objective is to assist communities across Canada to properly conserve their cenotaphs and monuments and to preserve these places of remembrance, reflection and thanks for those who have served Canada.
19. While currently there are no other funding programs known that would be applicable for the work being proposed, staff will continue to investigate any new programs that are introduced.
20. "Section 208(1) of the *Municipal Act* provides that Barrie must annually raise the amounts of money required for the purposes of BIA. This would include any shortfall in fundraising pledges expected by the BIA. This funding risk is mitigated by subsection 208(2) of the *Municipal Act*. Subsection 208(2) which states that:

Special charge

The municipality may establish a special charge for the amount referred to in subsection (1),

- (a) by levy upon rateable property in the improvement area that is in a prescribed business property class; or

(b) by levy upon rateable property in the improvement area that is in a prescribed business property class and that, in council's opinion, derives special benefit from the improvement area, which levy may be calculated using different percentages of the assessment for one or more separately assessed properties or categories of separately assessed properties in the prescribed class if the resulting levy is equitable in accordance with the benefits that, in council's opinion, accrue to the properties from the activities related to the improvement area. 2001, c. 25, s. 208 (2).

21. The agreement with the BIA for improvements to Memorial Square will make clear that any shortfall in fundraising will be made good through the imposition, under subsection 208 (2), of a special charge on the businesses within the BIA."
22. Staff are recommending that the preconditions state that the City considers allowing naming rights for the park, including elements within the park, while retaining the historical recognition of the memorial, as a potential means to reducing the project costs. Proposed names and duration of naming rights will require approval by Council.
23. Staff are recommending that for programming of events at Memorial Square, the BIA will have priority rights. In order to exercise these priority rights for any given year, the BIA must advise the City of event dates by March 1st of that year. This priority for the BIA is in recognition of their significant participation in the project, and will encourage regular events that are coordinated by the BIA and professionally managed by them.

ENVIRONMENTAL MATTERS

24. There are no environmental matters related to the recommendation.

ALTERNATIVES

25. The following Alternatives are available for consideration by General Committee:

Alternative #1

General Committee could choose to modify the contribution agreement conditions such that the City's funding of the project would only be considered, once the BIA met 80% of its fundraising goal.

This alternative is not recommended as it does not represent a firm commitment from the City, and would put inhibit the BIA's fundraising efforts and put the project as a whole, at risk.

Alternative #2

General Committee could choose to modify the contribution agreement conditions such that the project management costs for the project including contract administration, inspections, and materials testing be assumed by the City of Barrie and not included in the shareable project costs.

This alternative is not recommended even though it would reduce the City's capital contribution by \$66,000, it would be inconsistent with how the City executes Capital projects and would increase the operating costs for construction years by \$200,000, as these costs would not be allocated to a capital project.

Alternative #3

General Committee could choose to modify the contribution agreement conditions such that the City's contribution be capped at \$1M.

This alternative is not recommended even though it would reduce the City's capital contribution by \$326,000, plus any potential cost overruns, the level of contribution by the BIA could be considered onerous considering that the park remains a City owned asset. The loan amount to the BIA would also increase.

Alternative #4

General Committee could choose to not participate in this project by not contributing funding, and not providing a loan to the BIA.

This alternative is not recommended as the City has an opportunity to enhance the City Centre, and take advantage of the availability of significant external funding. It is unlikely that the project would proceed without the City's financial participation.

FINANCIAL

26. The Memorial Square Redevelopment has not been included in any capital plan but was introduced when the BIA approached Council with a partnership opportunity for a \$3M development of the square, that involved a contribution from the City of \$1M, a loan to the BIA for their contribution of \$1M, and \$1M fundraising by the BIA. Any funding that is approved for the Memorial Square Redevelopment will result in deferrals of other asset / replacement projects.
27. The estimated cost for the project, based on the design being 90% complete is now \$3.98M. Based on the original intent for the City to contribute one third of the project cost, the City's commitment would be \$1.326M, plus one third of any cost overruns on the project.
28. Although the concept of Memorial Square was developed by the City, the construction phase was not included in any capital plans or forecasts until the BIA approached the City about this partnership opportunity. The primary funding source for the City's share would be the Tax Capital Reserve which means there will be less funding available for planned growth and renewal needs.
29. In the past, the City's has had experiences with sharing costs with third parties (excluding government funding programs) on capital projects that has presented some financial risks for the City. However, with respect to the proposed Memorial Square Redevelopment, the opportunity to utilize the BIA rates to address any shortfall in the BIA's financial commitment, effectively mitigates the risk of having to fund a larger share of the project than intended.
30. It is important to note that, the annual operating costs associated with the Memorial Park design are estimated at \$150,000. Given that the Park will remain a City facility, the City will be responsible for 100% of these costs. Event permit fees will be reviewed to determine how much of those funds could be recovered from user fees, however, it is not anticipated that the fees can be raised significantly before impact usage.

LINKAGE TO 2010 – 2014 COUNCIL STRATEGIC PLAN

31. The recommendations included in this Staff Report support the following goals identified in the 2010-2014 City Council Strategic Plan:
 - Create a Vibrant and Healthy City Centre
 - Improve and Expand Community Involvement and City Interactions

32. The redevelopment of Memorial Square would help attract people to the downtown area and raise the general profile of the City Centre.
33. By working with the BIA on this redevelopment project, there is expanded and improved community involvement.

APPENDIX "A"

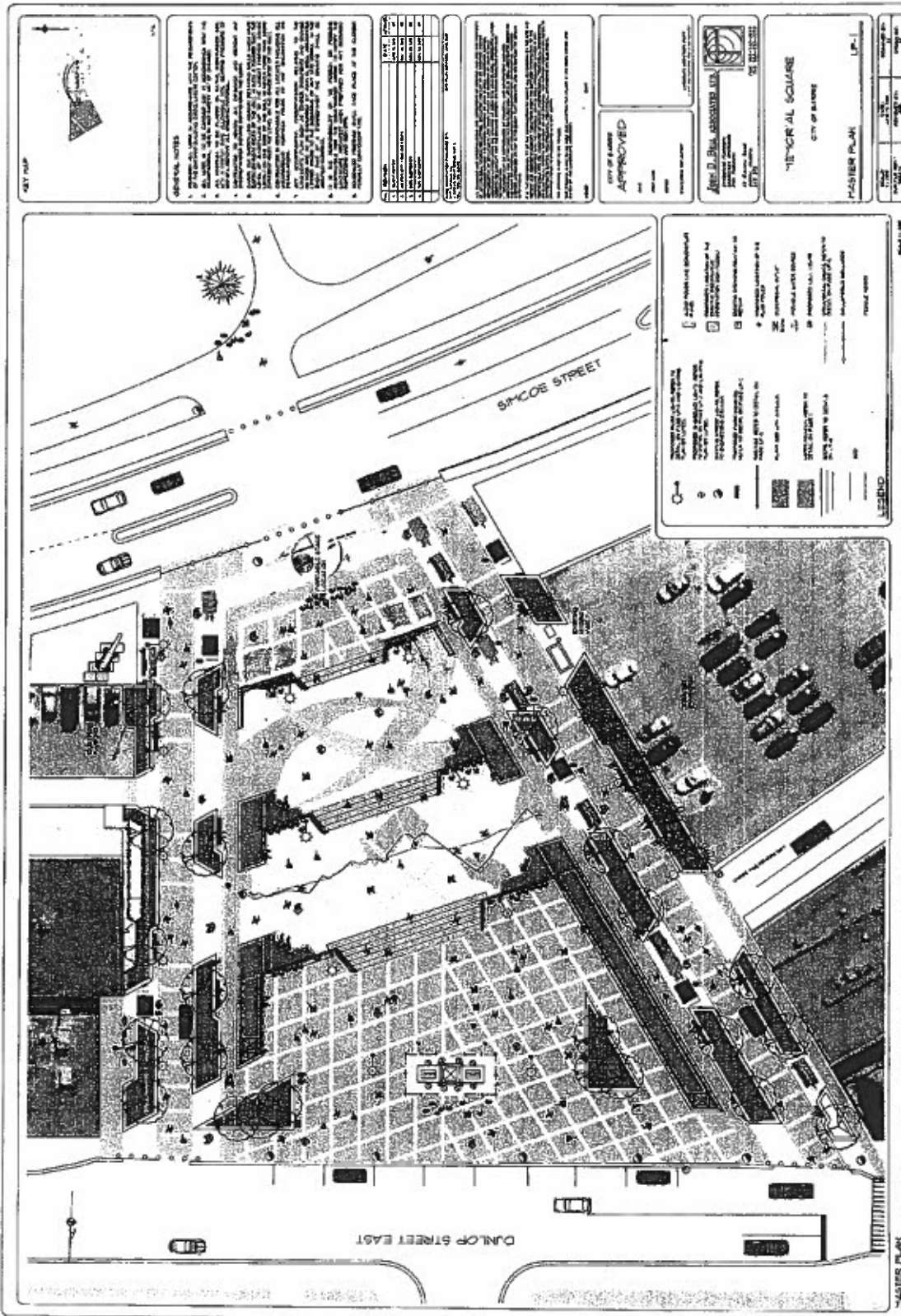
Memorial Square Redevelopment

Staff Recommendations for Discussion Purposes

"Preconditions that would make its (the City's) share of the project funding available"

- It is understood that the total shareable project costs consists of project management from the time of tender close onward (includes contract administration, inspections, and materials testing), tender package preparation, tendering, construction, utility relocations, contingencies, and non-recoverable HST. The total project costs will include all related city staff costs from the time of tender close onward.
- The City of Barrie will contribute one third (including non-recoverable HST) towards the total shareable project costs. Should the total shareable project costs exceed, or be less than the project estimate the City will share the savings or additional costs in proportion to its contribution.
- The BIA will fundraise one third (including non-recoverable HST) of the total shareable project costs. Any shortfall in fundraising shall be the responsibility of the BIA.
- City of Barrie funding, and the construction phase of the project will be initiated once 80% of the fundraising monies have been pledged, on the condition that fundraising pledge monies are scheduled to be received within 3 years after the declaration of substantial performance of the works. Bridge financing will be provided by the City for shareable costs incurred prior to receipt of pledge monies.
- Once City of Barrie funding is initiated, the City will provide a loan to the BIA for their share (one third) of the total shareable project costs for a period of ten years (the period starts on the date of declaration of substantial performance of the works) subject to the provision of a repayment plan that is acceptable to the City. The interest on the loan will be at a rate equivalent to the City's internal cost of borrowing.
- The City of Barrie will manage the project and undertake, or arrange for, the tendering of the construction contract(s), contract administration, inspections, materials testing, and utility relocations.
- The City of Barrie will be responsible for 100% of costs relating to any renewal or upgrading of its own infrastructure.
- It is understood that Memorial Square remains a City of Barrie owned asset.
- If funding is provided by senior levels of government, this funding will be deducted from the total shareable project costs.
- Regarding the programming of events at Memorial Square, the BIA will have priority rights. In order to exercise these priority rights for any given year, the BIA must advise the City of event dates by March 1st of that year.
- All City permits as required for the running of events on City property will still be required. The City of Barrie and the BIA will enter into discussions pertaining to fees for BIA events to recover the City's direct costs relating to such events.
- The City will consider allowing naming rights for the park, including elements within the park, while retaining the historical recognition of the memorial. Proposed names and duration of naming rights will require approval by Council. Revenues derived from the approval of naming rights will be applied towards the BIA's contribution.
- Consideration will be given to allowing in-kind contributions towards the project pertaining to installations that do not impact the general contract works.

APPENDIX "B"



APPENDIX "C"

Memorial Square Redevelopment Cost Estimate

Construction	\$3,208,347
Utilities	\$200,000
Tender package preparation	<u>\$30,000</u>
Sub Total	\$3,438,347
Non-Recoverable HST (1.76%)	<u>\$60,515</u>
Sub - total	\$3,498,862
Contingencies (10%)	<u>\$349,886</u>
Sub - total	\$3,848,748
Less City cost for storm sewer	<u>\$70,000</u>
Sub - total	\$3,778,748
Contract Administration & Inspection	<u>\$200,000</u>
Total Shareable Project Cost (est)	\$3,978,748
 Cost sharing as recommended by Motion, & Alternative #1:	
City contribution (est.)	\$1,326,249
City loan to BIA (est.)	\$1,326,249
Fundraising by BIA (est.)	<u>\$1,326,249</u>
	\$3,978,748
 80% of fundraising goal	 \$1,060,999
 Cost sharing as per Alternative #2:	
City contribution (est.)	\$1,459,583
City loan to BIA (est.)	\$1,259,583
Fundraising by BIA (est.)	<u>\$1,259,583</u>
	\$3,978,748
 80% of fundraising goal	 \$1,007,666
 Cost sharing as per Alternative #3:	
City contribution (est.)	\$1,000,000
City loan to BIA (est.)	\$1,489,374
Fundraising by BIA (est.)	<u>\$1,489,374</u>
	\$3,978,748
 80% of fundraising goal	 \$1,191,499
 Cost sharing as per Alternative #4:	
City contribution (est.)	-
City loan to BIA (est.)	-
Fundraising by BIA (est.)	\$3,978,748