



Request for Offers To Purchase 150 Elgin /31 Gloucester

Shaping our future together

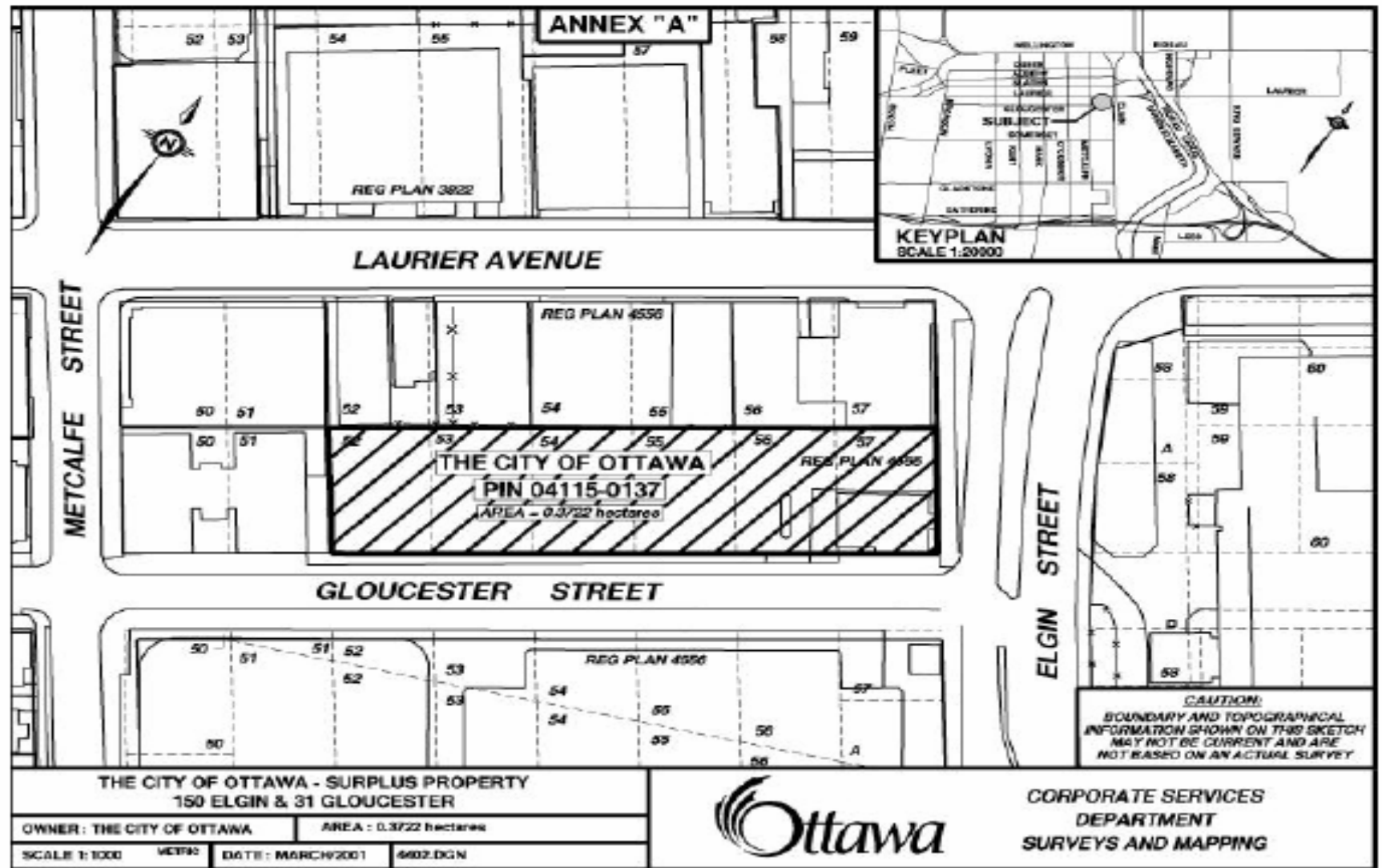
150 Elgin Property Sale Process

- **Two Stage Process**
- **Request for Expressions of Interest as part of Corporate Accommodation Master Plan for administrative space**
- **Request for Offers to Purchase for 150 Elgin / 31 Gloucester Property**

The Property

- **Located in Downtown Ottawa - 4 blocks from Parliament Hill**
- **Acquired by expropriation 1966 William Teron Limited & University Club of Ottawa)**
- **Right to repurchase extinguished by Judges Order February 2000**
- **Municipal Parking Lot (121 spaces) on 31 Gloucester portion**
- **Friday's restaurant in Heritage Building (The Grant House) at 150 Elgin**
- **150 Elgin - One of four surplus properties to be sold for funding Corporate Accommodation Master Plan for administrative space (CAMP)**

The Property cont'd



Corporate Accommodation Master Plan (CAMP)

- **Amalgamation initiative**
- **Generate cost savings by reducing, consolidating, and centralizing, amount of office space required for City administration**
- **Allow City to vacate seven office buildings**
- **Produce real estate portfolio better able to support service delivery to public**

CAMP Strategy

Council approval in July 2002

- **Consolidation from 750,000 to 550,000 ASF**
- **P3 Process – Four steps**
 - **RFEI/RFQ/RFP/Negotiation**
- **Two approaches for RFEI**
 - **Renovate 5 existing locations**
 - **Renovate 2 existing + 1 consolidated location**

CAMP RFEI Submissions

- **RFEI issued October 2002 to gauge interest in project, and gain guidance from potential private sector partners**
- **24 responses received**
- **Key messages:**
 - ❑ **Support for P3 direction**
 - ❑ **New Build Option preferred over Renovation Option**
 - ❑ **Land could be City or Developer owned**
 - ❑ **Preference for sale of surplus properties separate from the partnership**
 - ❑ **Be focused on what's wanted and where it's wanted**

150 Elgin RFP Process Overview

- **Feb 2003 direction by Council to act on 100 Constellation opportunity identified from RFEI and to establish redevelopment criteria for 150 Elgin prior to declaring surplus**
- **May 2003 Council approves 100 Constellation deal and redevelopment criteria for 150 Elgin and approves sale by Request for Offers to Purchase process (RFOTP) to fund CAMP**

The Issues May 2003

- **Teron uses media to promote concert hall project and indicate “right to repurchase property”**
- **City should accept Teron offer to donate concert hall and City should donate land**
- **Will participate in RFP but if loses will pursue right to repurchase through courts**
- **Election year – No Council approved budget for concert hall to offset cost of donating land**
- **Owner of Friday’s restaurant wants City to provided new long term lease or sell Grant House on favourable terms**
- **Friday’s uses media to promote its long term tenancy and involvement in protecting and restoring Grant House**

Due Diligence for 150 Elgin RFOTP

- **Two appraisals for market value of property**
- **Two appraisals for market rent for Grant House**
- **Review of title and Judge's Order**
- **Phase I Environmental Site Assessment**
- **Building Condition Report - Grant House**
- **Review lease status and negotiate new lease for Friday's restaurant**

Criteria for RFOTP Process

- **Criteria established recognizing importance of site, issues and need for a fair process:**
 - ❑ **City to sell the property at a fixed price (\$6.6 million)**
 - ❑ **Development criteria per May 2003 Council approval / Official Plan / 20/20 Growth Plans**
 - ❑ **Purchaser to be selected based on meeting Mandatory Requirements and having proposal would be rated against approved Development Criteria**
 - ❑ **Evaluation components did not preclude respondents from attaching conditions to offers to purchase subject to acceptance by Council**
 - ❑ **Decision to seek further Council review and approval for process**

Council Approved RFOTP Process

- **November 2003 Council approved:**
 - ❑ **Mandatory Requirements**
 - ❑ **Development Criteria subject to point rating**
 - ❑ **Weighting for that criteria**
 - ❑ **Process for RFOTP**
 - ❑ **Use of Fairness Commissioner**
 - ❑ **Project Schedule**
 - ❑ **Evaluation Team**

Role of Fairness Commissioner

- **High Level Objective: To oversee process in order to confirm no conflicts of interest & bidders are treated in fair and equitable manner**
- **Mandate for 150 Elgin RFOTP:**
 - ❑ **Review request for offers to purchase document and provide comments on process and evaluation criteria from fairness perspective prior to release**
 - ❑ **Ensure compliance with evaluation process and proper use of assessment tools in conjunction with Supply Management staff leading the evaluation and facilitating consensus**

Role of Fairness Commissioner

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- ❑ **Monitor communications with respondents to ensure consistency and transparency**
- ❑ **Ensure adequate documentation of process**
- ❑ **Confirm evaluation process was fair, open and transparent**

Mandatory Requirements

- **Mandatory requirements included:**
 - ❑ **Fixed sale price of \$6.6M based on highest of two independent market appraisals**
 - ❑ **Preservation of Grant House**
 - ❑ **Acceptance of proposed terms for Friday's lease**
 - ❑ **Provision of 121 short term parking spaces at City parking rates**
 - ❑ **Acceptance of construction commencement and completion dates**
 - ❑ **Right of City to repurchase at 80% of Purchase Price if proponent defaults**

Development Criteria

- ***Use and Public Benefit (40 points) - Contribute to increased diversity and vitality of downtown by accommodating mix of uses, recognizing current role of site (parking and heritage).& Create vibrant environment supportive of varied working, living, shopping and leisure activities***
- ***Open Space and Linkages (10 points) - Contribute to downtown environment by incorporating strategically located public open spaces such (plazas, pocket parks, indoor publicly accessible gardens) and maintain current pedestrian movement opportunities through site.***

Development Criteria cont'd

- ***Urban Design (20 points)*** - Achieve high quality design of buildings that supports proposed activities and uses; ensures pedestrian environment is enhanced, maintains existing heritage buildings, and minimizes adverse environmental impacts

- ***Built Form and Relationship of Uses (30 points)*** - Respect visual integrity and symbolic primacy of Peace Tower and other national symbols, and avoid overpowering effects of higher profile buildings on adjacent streets by setting back upper stories and integrating development with existing heritage buildings both on-site and in immediate area

RFOTP Process

- **Request RFOTP issued November 2003 & closed February 2004**
- **Process overseen by Fairness Commissioner**
- **Six Offers received:**
 - ❑ **Number of offers indicated City could achieve \$6.6M along and satisfy development criteria for challenging site**
 - ❑ **2 did not meet Mandatory Requirements including Teron offer**
 - ❑ **None of the respondents questioned the mandatory requirements or the development criteria**
- **Four offers meeting the mandatory requirements ranked by evaluation team using point rating approved by Council**

Fairness Commissioner Process

- **P3 Advisors reviewed Request for Offers to Purchase document from a fairness point of view**
- **Reviewed questions and answers contained in 3 addenda**
- **Six offers to purchase were received**
- **P3 Advisors confirmed with City Supply Management, Real Estate Services and Legal staff that two offers did not meet Mandatory Requirements**
- **Four were evaluated for the rated criteria**
- **All evaluation team members confirmed no conflict of interest**

Fairness Commissioner Process

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- **Ensured detailed evaluation criteria and relative weightings established prior to distribution of offers to purchase to evaluation team members**
- **Attended and monitored all evaluations sessions**
- **Ensured scores determined using a consensus approach, relying on a consistent rating system**
- **Several meetings held in order to ensure appropriate diligence**
- **Respondent with highest score was recommended**
- **All evaluators signed off on result and outcome**
- **Satisfied process managed in open fair, transparent and equitable manner and bidders treated fairly**

Proposal 150 Elgin Street The Winning Proposal - Morguard Corporation



Proposed 150 Elgin Street Morguard Proposal



- **Met all Mandatory Requirements**
- **Unconditional**
- **Uniformly strong on all areas of development criteria**
- **Respects Elgin Street character and heritage buildings**
- **Develops urban planning, massing and architectural detailing to complement downtown location**

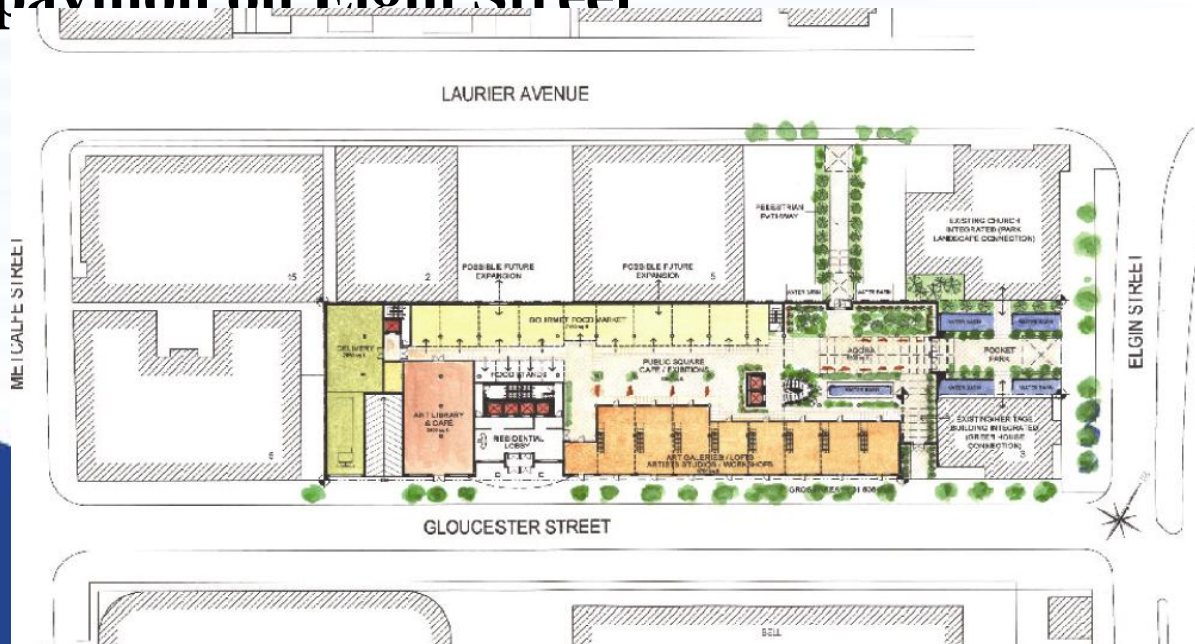
Proposed 150 Elgin Street Morguard Proposal

- **200,000 s.f. 24-storey tower with 170 residential units, 550 s.f. to 1,800 s.f., at market rates, 25% affordable**
- **Offers twice as many housing units as required by the RFOTP criteria**
- **100,000 s.f. 4 storey podium containing daycare, artist lofts, retail, gourmet market cafes, office, conference space and business centre**



Morguard Proposal

- 3 storey fully-glazed atrium (‘Winter Garden’) to function as agora, venue for concerts, theatre, exhibitions and festivals
- Separate rooftop gardens for day care, residential tower, and public use
- Incorporates open space and passive parks, including a well-landscaped entrance park with fountains and a pavilion on Elgin Street



Council Approval Process

- **May 4, 2003 City's Corporate Services and Economic Development Committee approves recommendations to enter into Agreement of Purchase and Sale / Development Agreement with Morguard**
- **Media reports City turning down Teron offer of free concert hall because of technicality**
- **May 12, 2004, Council defers consideration of Morguard recommendation Council and directs staff to:**
 - ❑ **Review the Arts and Heritage Plan with respect to the need for a festival/concert hall in the downtown**
 - ❑ **Consult the public on this issue**
 - ❑ **Prepare supplementary report identifying and analyzing options for 150 Elgin**

Public Consultation

- **Public meeting held June 3**
- **Key stakeholders consulted**
 - ❑ **Arts Coalition**
 - ❑ **Arts Heritage and Culture Advisory Committee**
 - ❑ **Adjacent landowners**
 - ❑ **Other respondents to RFOTP**
- **Key findings**
 - ❑ **Little support for Morguard's original proposal of flexible space**
 - ❑ **Strong support for purpose-built concert hall**
 - ❑ **Other proponents can accept results if no significant changes**
 - ❑ **Positive reaction to original Morguard design**

Council Approval Process cont'd

- **June 23, 2004 Council considers report outlining six options:**
 - ❑ **Option 1: Morguard and OCMS Joint Development**
 - ❑ **Option 2: Morguard as Recommended by CSED**
 - ❑ **Option 3: RFP for New Development including a Concert Hall.**
 - ❑ **Option 4: RFP for New Development including a Concert Hall from the Current Respondents**
 - ❑ **Option 5: Cancel Process & Maintain Status Quo.**
 - ❑ **Option 6: Select a different Respondent from the current process**
- **Morguard & OCMS indicate joint development plan**

Council Approval Process cont'd

- **Council approves Option 1 on basis Morguard and OCMS will develop plans for concert hall consistent parameters of original Morguard offer**
- **Directs staff to negotiate with Morguard on Agreement of Purchase and Sale; work with OCMS on developing business plan for concert hall and report back at end of September 2004**
- **Council to consider viability of Concert hall in September prior to approval of Agreement of Purchase and Sale with Morguard**

Council Approval Process cont'd

- **October 13, 2004 Council unanimously approves amendments to Morguard concept plan for concert hall and terms and conditions for Agreement of Purchase and Sale with Morguard including alternate terms if OCMS concert Hall does not proceed**
- **October 13, 2004 Council approves (14 years & 8 days) \$5.47M commitment (first in / last out principle) to OCMS for concert hall and authorizes staff to negotiate a contribution and Community Access Agreement with OCMS**
- **Agreement of Purchase and Sale Agreement executed January 2005**