



## STAFF REPORT ACTION REQUIRED

### Toronto 2015 Pan/Parapan American Games Capital Facilities and Investments

<b>Date:</b>	January 17, 2011
<b>To:</b>	Executive Committee
<b>From:</b>	City Manager
<b>Wards:</b>	All
<b>Reference Number:</b>	

#### SUMMARY

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In December 2008 Council endorsed the City of Toronto's participation in a bid for the 2015 Pan / Parapan American Games to be held in Toronto and the Greater Golden Horseshoe.

In February, 2009 Council approved investments totalling \$49.5M (in 2008 dollars, subject to adjustments for construction cost inflation) in six City-owned assets to be used as training, competition and festival venues during the Games. Council also authorized the City Manager to negotiate, approve and execute on behalf of the City of Toronto a Multi-Party Agreement (MPA) and supporting agreements with various bid partners, including the Government of Ontario, Government of Canada, and the Canadian Olympic and Paralympic Committees.

In November 2009, the Pan American Sports Organization awarded Toronto the right to host the 2015 Games. Shortly thereafter, a not-for-profit organization, the Toronto Organizing Committee for the 2015 Pan American and Parapan American Games (TO2015) was established with a mandate to plan, organize, promote, finance, and stage the 2015 Games.

This report:

- updates Council on key elements of the Pan Am Games Multi-Party Agreement (MPA);
- outlines recent activities of TO2015, including its plan to establish clusters of training and competition venues in Scarborough, North York, Etobicoke and downtown Toronto which will enable residents from across the city to participate in the Games and benefit from its legacy of community and recreational infrastructure improvements;
- advises that Council will be asked to consider as part of the 2011 Capital Budget process additional Pan Am Games related capital investments of up to \$47 million; and
- seeks Council authority for appropriate City officials to enter into agreements related to the soil remediation of City-owned and University of Toronto land located on top of a portion of the lands known as the Morningside landfill site that will be used for the Pan Am Aquatic Centre / Canadian Sport Institute Ontario (PAAC/CSIO) facility in Scarborough, as well as agreements related to the facility's ownership, management and operations.

## **RECOMMENDATIONS**

### **The City Manager recommends that City Council:**

1. Direct that this report be forwarded to the Budget Committee for its consideration as part of the Recommended 2011 Capital Budget and 2012-2020 Capital Plan, specifically with regards to recommended additional City funding of up to \$47 million, including:
  - a. up to \$1.6 million funded by debt for upgrades to the existing City-operated track at York University
  - b. up to \$0.7 million funded by debt for the development of a bicycle moto cross (BMX) course in Centennial Park in Etobicoke
  - c. up to \$23 million, funded by Reserve Funds, for soil remediation of the parcel of land in Scarborough to be used for the Pan Am Aquatic Centre / Canadian Sport Institute Ontario facility,
  - d. up to \$21.3 million, funded by debt, to accommodate the construction cost inflation schedule for six capital projects specified in the Pan Am Games Multi-Party Agreement (and for which Council approved capital funding contributions in 2009) and to secure the full benefit of the Province's construction cost overrun guarantee, and
  - e. \$0.464 million for capital project management between 2011 - 2014

2. Approve the use of the City-operated track at York University as a Pan Am Games venue.
3. Pending the results of forthcoming community consultation, approve the development of a bicycle moto cross (BMX) course in Etobicoke Centennial Park and the use of this course as a Pan Am Games venue.
4. Subject to approval of funds through the 2011 Capital Budget process for the soil remediation of the site to be used for the Pan Am Aquatic Centre / Canadian Sport Institute Ontario (PAAC/CSIO) facility, grant authority for the City to enter into the following agreements, to be negotiated to the satisfaction of the General Manager, Parks, Forestry and Recreation, the City Manager and the appropriate Deputy City Managers responsible, and in a form satisfactory to the City Solicitor:
  - a. Any agreements necessary for compliance with Ministry of Environment requirements imposed on the City of Toronto and the University of Toronto (UofT);
  - b. a Transfer and Land Consolidation Agreement (the "TLCA") with UofT to effect the mutual cross-dispositions of applicable City land and UofT land, at nominal value and resultant consolidation of the joint lands to be held as tenants-in-common each with a fifty percent interest share. The authority to enter into the TLCA shall include authority to enter into ancillary agreements such as license, encroachment, easement, closing or other agreements required to effect such additional site requirements related to parking, maintenance, and access;
  - c. an Environmental Cost-Sharing Agreement with UofT to provide for the required remediation of the site, to be completed by the City, prior to the commencement of construction of the PAAC/CSIO by Infrastructure Ontario on behalf of TO2015; and
  - d. such other ancillary agreements and documents as may be required to effect the intent and requirements of the PAAC/CSIO project, the terms of which shall be consistent with the intent set out herein and the financial parameters determined and approved by Council;
5. Require that, prior to the City entering into the TLCA, the 50 percent interest in the designated City land be declared surplus with the intended manner of disposal to be by way of nominal transfer to UofT, and that all steps necessary to comply with the City's real estate disposal process as set out in Chapter 213 of the City of Toronto Municipal Code and the City's Official Plan be carried out;
6. Authorize the City Solicitor to complete any of the transactions contemplated under the TLCA on behalf of the City, including amending closing dates and other dates,

and amending and waiving terms and conditions, as such terms as she considers reasonable; and

7. Consent to the General Manager, Parks, Forestry, and Recreation authorizing UofT to act as the City's agent, as owner of the City portion of the site, to sign any planning, development, environmental and/or other applications required for the remediation of the site and development of the PAAC/CSIO after January 1, 2010, subject to such terms as are satisfactory to the General Manager of Parks, Forestry, and Recreation and in a form satisfactory to the City Solicitor, or alternatively, as may be required, that the City execute such documentation solely in its capacity as owner of the City land or as agent on behalf of UofT.

### **Financial Impact**

In December 2009, Council approved a budget and plan for the City's contribution to the cost of six Pan Am Games capital projects, as part of its consideration of the 2010 Capital Budget and 2011-2019 Capital Plan. This plan included expenditures, subject to escalation for construction cost inflation, of \$49.5 million, funded by debt, spread over the years leading up to the Games. As indicated in the 2010 Capital Budget, allocation of these funds among the six projects was to be determined once detailed funding agreements were negotiated with the Province and TO2015.

To address provisions of the Multi-Party Agreement (MPA) concerning the financing of Pan Am Games capital facilities, and to support TO2015's development of four distinct venue clusters in Toronto, additional Capital and Operating funds for Toronto's participation in the Games are recommended as part of the 2011 Budget processes, as noted below:

#### Capital Cost Escalation Adjustment

To provide certainty to funding partners and accommodate contingencies, the MPA includes a construction cost inflation schedule. Use of the schedule is required by the Province to help it mitigate the risk it has assumed as the financial guarantor of construction cost overruns. As shown in Table A, this approach results in a total maximum funding amount for the City of \$70.77 million for the six projects originally approved by Council in February 2009.

#### New Capital Costs

The 2011 Recommended Capital Budget and 2012-2020 Capital Plan currently before Budget Committee proposes new investments which, if approved, will support TO2015's plan to develop venue clusters in four different areas of Toronto.

The largest of the new expenditures is a requirement that the City fund a share of soil remediation costs for the PAAC/CSIO facility. Total remediation costs are estimated at \$52 million with the City being responsible for up to \$23 million and the University of Toronto for the balance. The City's share is recommended to be funded from available

funds within the Solid Waste Perpetual Care of Landfills Reserve Fund, and will have no debt impact on the 2011 Recommended City Capital Budget.

The 2011 Capital Budget also includes recommended contributions by the City towards the creation of a new bicycle moto cross (BMX) track in Centennial Park (\$0.7 million) and for upgrades to the City-operated track at York University (\$1.6 million). These projects are subject to the same cost sharing approach as the original six projects, wherein the City is responsible for only 44% of the overall cost with the balance (56%) funded by TO2015 with contributions from the Federal and Provincial governments.

Funds totalling \$0.464 million for the City's capital project management are also included in the 2011 Recommended Capital Budget and 2012-2020 Capital Plan to ensure that the facilities meet the City's requirements for future integration into the Parks, Forestry and Recreation division's service delivery system.

With these additions, as indicated in Table A, the City's total contribution for Pan Am Games capital projects is now forecast to be \$96.5 million. As indicated in Table B, Toronto's contribution to these projects will leverage up to \$248 million from the Federal and Provincial governments and the University of Toronto for a total investment in City assets of \$344 million. Details regarding City of Toronto cash-flow and financing for these projects are provided in Appendix D.

<b>Table A - SUMMARY OF CITY NET CAPITAL EXPENDITURES FOR 2015 PAN / PARAPAN AMERICAN GAMES (in millions)</b>					
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Original MPA projects	2.540	3.133	0.800	64.298	70.771
Project Management	0.124	0.124	0.092	0.124	0.464
PAAC/CSIO Soil Remediation	20.346	2.654	-	-	23.000
Additional Projects	0.058	0.050	-	2.169	2.277
<b>Total</b>	<b>23.068</b>	<b>5.961</b>	<b>0.892</b>	<b>66.591</b>	<b>96.512</b>
less previously approved funding	2.700	3.300	0.800	42.700	49.500
<b>Additional funding</b>	<b>20.368</b>	<b>2.661</b>	<b>0.092</b>	<b>23.891</b>	<b>47.012</b>

<b>Table B - COST-SHARING FOR PAN AM CAPITAL PROJECTS</b>				
		<i>Contributions (\$ millions)</i>		
		City	Partners	Total
Six Original MPA Projects		70.771	216.499	287.270
PAAC/CSIO soil remediation		23.000	29.000	52.000
York track upgrades		1.596	2.032	3.628
Bicycle Moto Cross (BMX) course		0.681	0.866	1.547
	Grand Total (\$):	96.048	248.397	344.445
	Grand Total (%)	28%	72%	100%

## Operating Budget Impacts

This report focuses exclusively on previously approved or recommended City funding contributions to enable the construction or upgrading of facilities which will be used as training, competition or festival venues during the Pan Am Games.

The principal ongoing Operating Budget impact associated with the capital projects addressed in this report will result from the operations of the PAAC/CSIO facility after it is completed and turned over to the City and the University of Toronto. The City will be responsible for approximately 1/3 of the net operating costs of the facility (the remainder will be the responsibility of the University of Toronto and the CSIO). It is currently forecast that the City's share of the total net operating cost for the facility will be in the range of \$3-\$6 million annually. However, the Multi-Party Agreement provides for the endowment by the Federal and Provincial governments of a Toronto 2015 Legacy Fund that will generate revenue to support the post-Games operating costs of major Pan Am Games facilities, including the PAAC/CSIO. The extent to which the Legacy Fund will offset the projected operating costs for the PAAC/CSIO facility is unclear at this time. When available, this information will be reported and funds will be requested in future Operating Budget submissions.

In addition, it is expected that further impacts will result from the loss of rental and fee revenue at City facilities, such as the Etobicoke Olympium, during the period leading up to and during the hosting of the Games. The magnitude of this potential revenue loss is not currently known. However, an estimate of these impacts will be reported and will be requested in future Operating Budget processes.

Operating Budget impacts related to Toronto's participation in the Games for dedicated temporary staff resources needed between 2011 - 2015 are included in the 2011 Recommended Operating Budgets for Parks, Forestry and Recreation and the City Manager's Office.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **Equity Statement**

Hosting the 2015 Pan / Parapan American Games will create a range of opportunities to advance the City of Toronto's objectives with regards to youth leadership and training, social inclusion, public transit expansion, and community engagement.

If fully realized, TO2015's plan to develop clusters of Pan Am Games training and competition venues in four distinct areas of Toronto -- the Morningside Avenue/Military trail area in Scarborough, Centennial Park in Etobiocke, the York University campus in

North York, and in the downtown/central waterfront area -- will make activities, opportunities and facilities associated with the Games more accessible to residents from across the city. Of note, the proposed venue hubs in Scarborough and North York are situated nearby four of Toronto's 13 identified priority neighbourhoods, namely, Kingston-Galloway, Malvern, Jane-Finch, and Westminister-Branson.

## **DECISION HISTORY**

In December 2008, City Council endorsed Toronto's participation in the Bid to host the 2015 Pan/Parapan American Games.

At its meeting in February 2009, Council approved funding (\$49.5 million in 2008 dollars, subject to adjustments for construction cost inflation) for six capital projects to be used as training, competition or festival sites during Games, including \$37.5million for the development of the Pan Am Aquatic Centre / Canadian Sport Institute Ontario (PAAC/CSIO) to be developed and operated in partnership with UofT.

At its meeting in June 2010, Scarborough Community Council approved a preliminary report on the rezoning application for the site of the PAAC/CSIO. A community public consultation meeting was held on July 15, 2010, followed by a further community meeting on December 14, 2010. The planning application will go back to Scarborough Community Council in February 2011 and, pending approval, to City Council in March 2011.

Staff reports related to the Pan Am Games are available at:

<http://www.toronto.ca/legdocs/mmis/2009/ex/bgrd/backgroundfile-18591.pdf>

<http://www.toronto.ca/legdocs/mmis/2009/cc/bgrd/backgroundfile-19072.pdf>

<http://www.toronto.ca/legdocs/mmis/2008/ex/bgrd/backgroundfile-16632.pdf>

<http://www.toronto.ca/legdocs/mmis/2010/sc/bgrd/backgroundfile-30951.pdf>

## **ISSUE BACKGROUND**

Toronto is the official host city of the 2015 Pan / Parapan American Games.

The Pan/Parapan American Games are a multi-sport event held every four years between competitors from all countries of the Americas. With 42 participating nations and 48 sports, the Games are the world's third-largest international multi-sport event – smaller only than the summer Olympic Games and the Asian Games. Rio de Janeiro, Brazil (future host city of the FIFA 2014 World Cup and the 2016 summer Olympic and Paralympic Games), hosted the Pan Am Games in 2007. The 2011 Games will be held in Guadalajara, Mexico.

The 2015 Games are expected to draw 10,000 athletes and officials and up to 250,000 visitors. Training and competition venues for the Games will be located in 17 municipalities across the Greater Golden Horseshoe.

The Pan Am Games offer a unique opportunity to enhance Toronto's international reputation; source new markets, customers, and suppliers for Toronto businesses; develop new community, sport and (affordable) housing infrastructure; showcase Toronto's diversity, talent, assets, and cultural prowess; engage local residents in an international celebration of sport and culture; and forge strong partnerships with our neighbours in the region and the governments of Canada and Ontario.

To take full advantage of the economic, social, and cultural benefits which the Games can provide – and to appropriately manage associated financial, security, operational and reputational risks – City officials need to work in close cooperation with TO2015, the Federal and Provincial governments, and other Games partners.

## **COMMENTS**

### **Pan Am Games Multi-Party Agreement (MPA)**

The Pan Am Games Multi-Party Agreement (MPA) defines the rights and responsibilities of TO2015, the Canadian Olympic and Paralympic Committees, and the City, Provincial and Federal governments with respect to the governance, financing and delivery of the Games. Among its key provisions, the MPA provides for:

- The incorporation, by Ontario, of a not-for-profit corporation with responsibility for planning, organizing, promoting, financing and staging the Games (i.e. TO2015)
- Toronto to assume no responsibility for any deficit of TO2015, and Ontario to indemnify Toronto against any and all claims, liabilities, demands, damages, rights or causes of action, and expenses.
- The establishment of a Toronto 2015 Legacy Fund, capitalized by Ontario and Canada, which will contribute to the operation and maintenance costs of designated Legacy Facilities, including the PAAC/CSIO.
- Consistent with the authority provided by Council at its February 2009 meeting, Toronto to contribute \$49.5 million or 44% of the capital costs (22% for the PAAC/CSIO) associated with the construction or renovation of the following facilities, based on 2008 estimated total costs and subject to adjustments:
  - Retrofit an existing aquatic centre (Etobicoke Olympium)
  - Resurface the 400m track at Centennial Park and develop new throwing and jumping areas
  - Resurface the existing 400m track at Birchmount Park
  - Resurface up to 20km of Toronto roads as required for cycling road course
  - Develop a new 164,000 sq. ft. Pan Am Aquatics Centre with two 50m swimming pools, a separate dive tank and tower, and a new 152,280 sq. ft



- multipurpose legacy facility for high performance sport development and community use
- Upgrades to Nathan Phillips Square to support its use as a festival site during the Games

### **TO2015 Venue Verification Process and Anticipated Toronto Venue Clusters**

During 2010, TO2015 undertook a venue verification process to assess the sites proposed as training and/or competition venues in the bid book submitted to PASO prior to the award of the Games. This work informed the development of an (Interim) Venue Plan, which seeks to strengthen the experience of the Games for athletes, spectators and organizers alike and ensure compliance with all applicable technical standards. TO2015 reserves the right to alter training and competition venue locations, subject to the provisions outlined in the MPA.

Of key importance to Toronto, the preliminary analysis and recommendations arising from TO2015's venue verification process suggest that:

- more competition and training venues be located in or nearby Toronto (e.g. athletics to be held at a new stadium at York University), while maintaining the regional character of the Games; and
- four clusters of training and competition venues be located within Toronto, respectively, in Scarborough (Morningside Avenue & Military Trail at the UT-Scarborough campus), North York (York University), Etobicoke (Centennial Park) and the downtown / central waterfront area.

Clustering venues together creates economies of scope/scale and advantages with regards to logistics, transportation planning and management, volunteer coordination, and community engagement, as well as opportunities for marketing and ticketing packages.

In addition to these benefits, the four cluster approach, if realized, will help distinguish the 2015 Pan Am Games from many other major international events (sporting or otherwise) which have been held in Toronto in the past. Most significantly, it will allow residents from all areas of Toronto to easily participate in the Games, and ensure that taxpayers across the city benefit from a nearby tangible legacy of infrastructure improvements.

Indeed, just as the regional footprint of the Games provides an opportunity and incentive for Toronto to partner with other municipalities in the Greater Golden Horseshoe in new ways, locating four clusters of Pan Am venues within Toronto will offer residents a compelling reason to connect with areas of the city with which they may not yet be familiar.

Appendix B lists the venues TO2015 is currently planning to use in each of the four anticipated venue clusters in Toronto.

## **York University Track and Centennial Park Bicycle Moto Cross (BMX) Course**

To enhance the North York and Etobicoke venue clusters, TO2015 wishes to develop a bicycle moto cross (BMX) facility in Centennial Park and upgrade the existing City-operated track at York University. If the City commits to fund 44% of the cost of these projects, TO2015 will cover the remaining 56% of their cost.

The realization of two these projects will support Council-endorsed objectives related to child and youth development and lifelong active living set out in City policies such as Our Common Grounds (2004) and the BMX Go Forward Strategy (2009). In addition, these projects align with the emphasis on preserving and enhancing district and regional sports facilities in the Toronto Sports Council's 2005 "A Sport Framework for Toronto" report. Finally, investing in these projects provides Toronto with an excellent opportunity to enhance its stock of recreational facilities while leveraging substantial funding from other governments.

Given their alignment with Parks, Forestry & Recreation priorities and their ability, together, to leverage up to \$2.89 million in funding from Games partners, City contributions totalling \$2.27 million for these two projects are included in the Recommended 2011 Capital Budget and 2012-2020 Capital Plan, and this report recommends that Council approve the use of these facilities as Pan Am Games venues.

## **Pan Am Aquatic Centre / Canadian Sport Institute Ontario (PAAC/CSIO)**

### ***Background***

For several years, Parks, Forestry and Recreation division and University of Toronto Scarborough (UT-S) staff have explored the potential to partner on the development of new athletic and aquatic facility at the UT-S campus for the benefit of university students and the broader community. An initiative of this kind would help integrate the campus with nearby neighbourhoods and strengthen the case for investment in higher-order transit to the area. The Pan Am Games present a once-in-a-century opportunity to bring plans for this facility to fruition while leveraging substantial funding support from the Federal and Provincial governments.

The University of Toronto Scarborough is one of Ontario's fastest growing universities. It is prepared to accept thousands of additional students in the coming years. In anticipation of this growth, the university has developed a comprehensive Master Plan to guide its development over the next 15 years, with major expansions planned for the north end of the campus. The planned location of the PAAC/CSIO and the regeneration of currently unusable land adjacent to this facility are critical elements of the Master Plan. The strong commitment of UT-S students to the PAAC/CSIO project was demonstrated last year, when they approved a special student levy to support the development and operation of the facility.

### ***Facility Features & Benefits***

The PAAC/CSIO promises to be the most important sport and recreation legacy facility developed for the 2015 Pan Am Games. Its two 10-lane 50m pools, dive tank, field house, running track and various fitness and training areas are being designed to accommodate the sport, recreation and training needs of Toronto area residents, university students and high performance athletes alike. The facility will be co-owned by the City and UofT, and house the Canadian Sport Institute Ontario (CSIO), a unique training, research and competition centre for Canada's highest calibre athletes. The City and University will enter into a long-term lease with the CSIO (or another organization created for this purpose). Upon consolidation and negotiation of the terms and conditions of the lease and finalization of the parameters of the leased premises, a separate report will be prepared for Council's consideration and approval.

Appendix C details the anticipated community, health, economic development, transportation, educational and Pan Am Games legacy benefits associated with the development of the PAAC/CSIO at the northeast corner of Morningside Avenue and Military Trail. In summary, this facility will:

- offer Toronto residents in general – and Scarborough residents in particular – access to a world-class aquatic centre and recreation facility, thereby supporting the City's 2005 Pools Strategy;
- provide Toronto youth an opportunity to watch, be inspired by, and participate in recreational programs in the same facility as Canada's most talented athletes;
- leverage tens of millions of dollars of investment from the University of Toronto and the Federal and Provincial governments, allowing Toronto residents to benefit from a top-notch facility for decades to come, while requiring Toronto taxpayers to put up only 27% of total project costs;
- strengthen the business case for investment by all governments in higher-order transit to the UT Scarborough campus and nearby areas of Scarborough;
- bolster Toronto's ability to attract national and international athletic competitions, and generally enhance the city's sport tourism cache and its reputation as a dynamic and liveable city;
- anchor and catalyze investment on and nearby the UT Scarborough campus;
- ensure that there is a tangible Pan Am Games community and recreational infrastructure legacy in Toronto east of the Don River.

### ***Site Characteristics & Challenges***

When the original funding commitments for the PAAC/CSIO were made by the University, City, and Federal and Provincial governments during the bid phase, the precise location of the facility was not definitively known. Given this uncertainty, none of the capital funding parties set aside money to cover (potential) site remediation costs at the time, and the University and City indicated that their contribution to the PAAC/CSIO project included providing available land in "as is" condition.

After being awarded the right to host the Pan Am Games in November 2009, further analysis by City and University officials revealed that the only feasible location for this facility on the campus is at the north-east corner of Military Trail and Morningside Avenue. Part of the 6.7 hectare parcel of land selected for the PAAC/CSIO project sits atop the southern portion of the lands known as the Morningside Landfill site. A portion of the project site is now owned by the City, with the adjacent lands to the south being owned by the University. Though not without challenges, this site is the only viable location for moving forward with the project in partnership with UofT for the following reasons:

- The selected site preserves the ability of the University and City to contribute equal amounts of land and capital to support the project.
- Locating the facility within the campus, as opposed to at its edge, would make it less likely to be used by community residents, compromising its community recreational and health benefits.
- The Master Plan for the future development of the UofT Scarborough campus identifies alternative uses for all other tracts of land on the campus large enough to accommodate the PAAC/CSIO facility.

Moving the site to another location in Toronto would mean losing the University's 22% contribution to its capital cost, effectively rendering the project non-viable.

TO2015 requires the University and City to provide a clean and zoned site by April 2012 in order for construction of the PAAC/CSIO to be completed in time for the Games. To meet this timeline, remediation must start in the spring of 2011.

### ***Remediation Options & Considerations***

Extensive technical, environmental, regulatory and financial analysis has been undertaken by City and University officials to identify the best option for addressing the challenges of regenerating and preparing the PAAC/CSIO project site for development. To inform this effort, staff consulted with Ontario Ministry of Environment officials, met with community members at two public meetings, and engaged the specialized equipment and expertise of leading environmental consulting/engineering firms.

Various criteria were used to assess remediation options, including:

- impact on public and community safety;
- impact on the timely development of the PAAC/CSIO project, given required Ministry of Environment approval and permitting processes;
- cost-effectiveness, considering all up-front and long-term costs (and associated benefits);
- impact on the environment; and
- compatibility with UofT Scarborough's Master Plan and impact on future economic development opportunities

After carefully assessing the available information and remediation options against these criteria, University and City staff agreed that the most sensible approach is to dig out and haul away a portion of the waste material to a landfill engineered to modern standards. Digging out and hauling the waste to a properly engineered facility is safe, cost-effective, and environmentally responsible. This approach will allow for the development of the facility on time and on budget, and is aligned with the UofT Scarborough Master Plan. Toronto likewise has an interest in finding cost-effective ways to regenerate lands so they can be used to support economic development, community infrastructure and other economically and socially valuable uses.

#### ***Award of the Contract for the Remediation***

A competitive process has been initiated to solicit bids for the remediation contract. This process is being conducted in accordance with Municipal Code Chapter 195, Purchasing and all applicable City purchasing policies and procedures. Based on the estimated value of this contract, a report will need to be submitted to the Public Works and Infrastructure Committee or directly to Council to seek authority to award the contract to the lowest bidder whose bid meets the specifications and requirements set out in the call.

In addition, to manage the remediation work and ensure full compliance with environmental requirements, the City will need to enter into a separate contract with a knowledgeable and experienced environmental consultant. Conestoga-Rovers Associates (CRA) has been extensively involved in the Morningside landfill site's existing control systems and monitoring programs and is currently under contract with the City to provide remediation planning, design, contract development and environmental permitting services for this project. CRA were selected on a sole source basis for this assignment due to their extensive expertise, industry standing and site specific knowledge and the significant complexity and time constraints associated with the project. The City's need to continue to carefully manage approval risks and completion timelines for this complicated project is critical. As such, at the time of the remediation contract award, staff will recommend that CRA be further retained to provide contract administration and post remediation monitoring services through to the conclusion of the site remediation and environmental approvals process. The cost of the contract amendment for these services would form part of the land remediation and site-preparation costs to be shared between the City and University.

### ***Proposed Remediation Cost-Sharing***

Through extensive negotiations, University and City officials have developed a fair method for apportioning the estimated \$52 million cost required for site remediation. Under this arrangement, Toronto would be responsible for up to \$22 million (or 42.31% of the remediation project cost). Funding for the City's portion of remediation costs is available in the Solid Waste Perpetual Care of Landfill Reserve Fund. As such, if approved during the 2011 Capital Budget process, the City's investment to regenerate the site will not require debt financing.

The proposed cost-sharing arrangement requires the approval of Toronto City Council through the 2011 Capital Budget process and the Governing Council of the University of Toronto.

Accordingly, the 2011 Capital Budget and 2012-2020 Capital Plan currently under consideration recommends the use of up to \$23 million (including \$22 million for the cost-sharing arrangement with UofT and \$1 million for supplementary contingency) of uncommitted funds in the City's Perpetual Care of Landfill Reserve Fund to cover soil remediation and site-preparation costs (not to exceed a gross expenditure of \$52 million from all sources) for the parcel of land identified in Appendix A to ensure the timely development of the Pan Am Aquatic Centre / Canadian Sport Institute Ontario facility.

### ***What happens if the remediation funding is not approved by Council as part of the 2011 Capital Budget process or if the remediation is otherwise unable to proceed?***

Given the tight timelines involved and the size and complexity of the PAAC/CSIO project, if Council does not approve funding for the remediation as part of the 2011 Capital Budget process, or thereafter (even if the funding is approved) chooses to not award a tender for the remediation work, or does not approve the recommendations included in this report concerning the legal agreements and authorities necessary to proceed with the remediation of the site, the facility is very likely to be developed in another location outside of Toronto.

### ***Legal Agreements***

This report seeks Council authority for the City to enter into various agreements required to effect the development of the PAAC/CSIO and to create the relationship, both in the short and long-term, with the University. It also requests authority for the City to enter into agreements with appropriate parties to ensure compliance with any environmental approvals, conditions or requirements stipulated by the Ministry of the Environment.

Once funding contributions for remediation costs have been approved, respectively, by Toronto City Council and the Governing Council of the University of Toronto, the City and University must enter into an Environmental Cost Sharing Agreement binding each party to pay its share of the remediation costs. The City will complete the remediation on

behalf of both parties and will recover a portion of the remediation costs from the University.

It is recommended that the project lands, at present separately owned by the City and the University, be owned jointly on a fifty percent basis as tenants-in-common. Fifty percent ownership interests in the land will be cross-conveyed for nominal consideration between the City and the University in order to create the co-tenancy. In order to permit the City transfer to the University, the fifty percent interest in the City lands must be declared surplus to the City's requirements. The terms and conditions of the land ownership model will be set out in a Transfer and Land Consolidation Agreement (TLCA). The TLCA, provided for in the Recommendations, will include provisions specifying that each party will be responsible for any attributable tax implications (including land transfer tax), which are not currently anticipated given the nominal value of the land. The TLCA will also address issues related to maintenance, access and parking, and provide for the incorporation of required easements, leases, and licenses, as necessary.

In order to enter into the TLCA and effect the fifty percent ownership conveyance in the City's land to UofT, the City must first comply with the requirements of the City's real estate disposal process, set out in Chapter 213 of the City's Municipal Code, and declare that percentage interest surplus to the City's requirements. Further, as the City's lands are designated as Parks/Open Space in the City's Official Plan, an Official Plan (OP) amendment is required to exempt the City's lands from Chapter 4 of the OP which contains a prohibition against the disposal.

## **CONTACT**

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## **SIGNATURE**

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Joseph P. Pennachetti  
City Manager

## **ATTACHMENTS**

Appendix A: Map of the site for the Pan Am Aquatic Centre / Canadian Sport Institute Ontario facility

Appendix B: Anticipated Toronto Pan Am Venue clusters and facilities

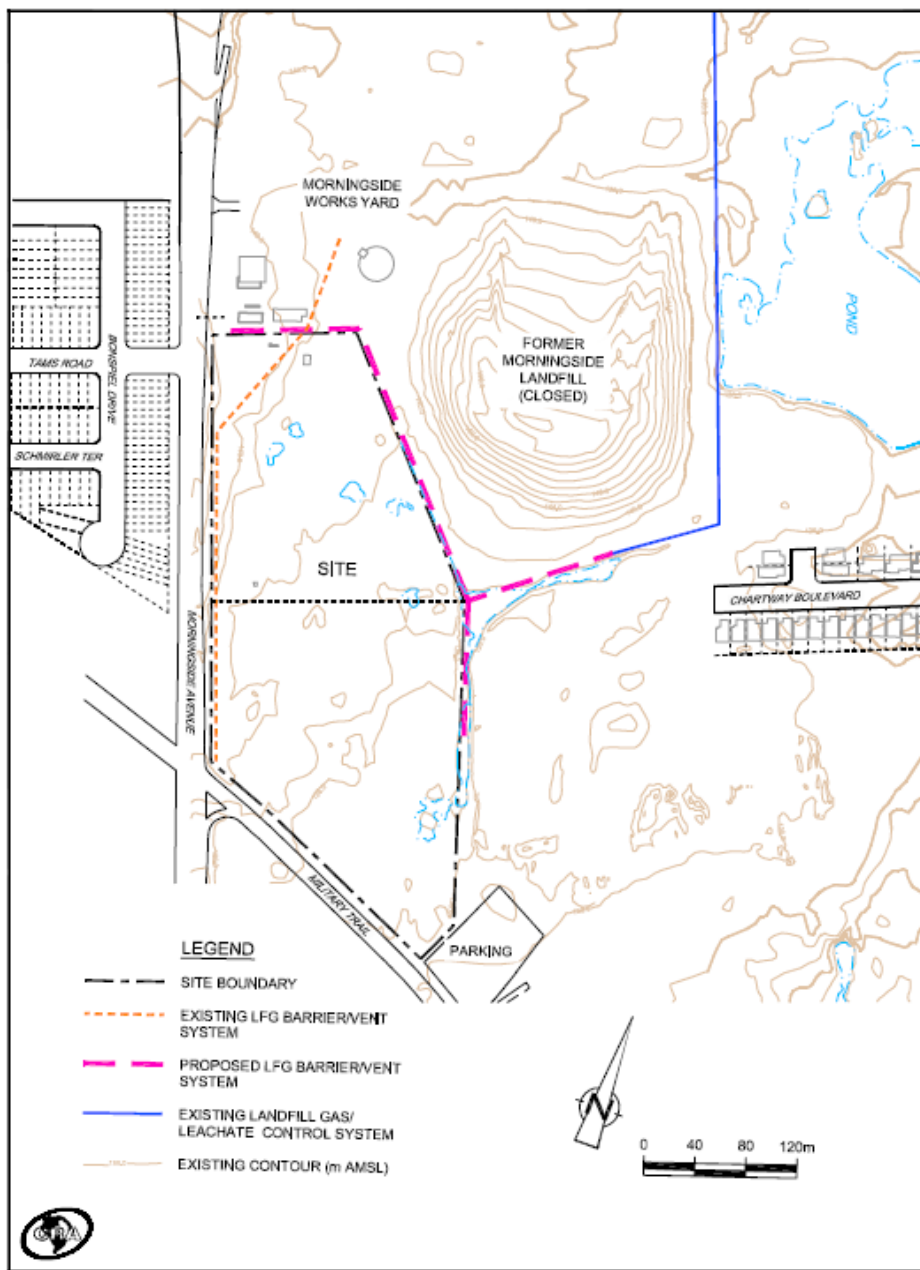
Appendix C: Anticipated Benefits of the PAAC/CSIO

Appendix D: 2011 Capital Budget & Future Year Commitments



## Appendix A

### Maps of the Pan Am Aquatic Centre / Canadian Sport Institute Ontario Facility Project Site



72139-00(PRES001)GN-WA003 DEC 13/2010



## **Appendix B**

### **Anticipated Toronto Pan Am Venue clusters and facilities**

The Venue Plan for the 2015 Pan/Parapan American Games is expected to be confirmed by the TO2015 Board of Directors in July, 2011. It is anticipated that there will be four venue clusters in Toronto. The facilities most likely to be developed and/or used in each of these cluster are as follows:

#### *Scarborough Cluster*

- Pan Am Aquatic Centre / Canadian Sport Institute Ontario (new facility)

#### *North York Cluster*

- Rexall Centre at York University (existing facility)
- York University Stadium (existing facility)
- Pan Am Stadium at York University (new facility)
- City-operated track at York University (existing facility)

#### *Etobicoke Cluster*

- Centennial Park (existing facility)
- Etobicoke Olympium (existing facility)

#### *Central Toronto Cluster*

- Exhibition Place (existing facility)
- Ontario Place (existing facility)
- Toronto Islands – Long Pond/Royal Canadian Yacht Club (existing facilities)
- Air Canada Centre (existing facility)
- University of Toronto, various downtown campus facilities, e.g. Varsity Arena (existing facilities)

## Appendix C

### **Anticipated Benefits of the Pan Am Aquatic Centre / Canadian Sport Institute Ontario (PAAC/CSIO)**

The anticipated benefits of developing the PAAC/CSIO in partnership with the University of Toronto – Scarborough on land jointly owned by the City and University at the northeast corner of Military Trail and Morningside Avenue are summarized below.

#### Community Recreation, Sport and Health Benefits

1. The PAAC/CSIO will provide Toronto residents in general -- and Scarborough residents in particular - with access to a top-notch aquatic centre and recreational facility.
2. As a true "Playground-to-Podium" facility (i.e. a venue that will be used by Toronto residents, university students and some of Canada's most talented Olympic calibre athletes alike), the PAAC/CSIO will attract, enable and inspire thousands of Toronto residents – youth in particular – to get and stay active and fit, generating a broad array of health and social benefits.
3. The development of two 10-lane swimming pools in Scarborough is consistent with Toronto's 2005 Pools Strategy (adopted by Council) and will ensure that Scarborough residents finally have access to the same calibre of aquatic facilities enjoyed by Toronto residents in the western (Etobicoke Olympium) and central (downtown U of T campus) areas of the city.

#### Financial Benefits

4. The City of Toronto's investment in the PAAC/CSIO will leverage tens of millions of dollars from the University of Toronto and the Federal and Provincial governments. The partnered funding model for the PAAC/CSIO means that the City will pay only 22 cents on the dollar (22%) for the facility itself, and only 42 cents on the dollar (42%) for site development and remediation, representing a total all-in project contribution of 27 cents on the dollar (27%). In comparison, recent cost-shared infrastructure programs with the Federal and/or Provincial governments have typically required the City to pay at least 33% of total project costs, and in many cases 50% or more.
5. By attracting users across the Toronto region, the PAAC/CSIO's development at the corner of Morningside and Military Trail strengthens the business case for investment by all governments in higher-order transit to the UT Scarborough campus and nearby communities.

*Economic Development Benefits*

6. The PAAC/CSIO will bolster Toronto's ability to attract national and international athletic competitions, and generally enhance the city's sport tourism cache.
7. The PAAC/CSIO will anchor and catalyze investment on and nearby the UT Scarborough campus. For example, UT-Scarborough's Master Plan accommodates the potential development of a hotel on land adjacent to the PAAC/CSIO that would otherwise continue to lie unused and provide no economic or social benefit. More generally, the development of this facility will enable the expansion of UT-Scarborough's north campus, helping to ensure that Scarborough will be the home of a major Ontario university – with all of the economic, social and cultural benefits this provides – for decades to come.

*Pan Am Games (Legacy) Benefits for All Toronto Taxpayers*

8. Without the PAAC/CSIO, there will be no cluster of Pan Am events or competitions in Toronto east of the Don River, limiting the ability for all Toronto residents and taxpayers to participate in the Games themselves or directly benefit from a meaningful (community sport infrastructure) legacy.

## Appendix D

### 2011 Capital Budget & Future Year Commitments

(in \$000s)

Subproject name	Cash Flow - City of Toronto					Financing - City of Toronto			
	2011	2012	2013	2014	Project Total	TO2015 & U of T Recoveries	City Reserve Fund	City debt	Total Project Financing
Road resurfacing (20 km) for cycling course				13.432	13.432	7.522		5.910	13.432
Nathan Phillips Square as festival site		4.578			4.578	2.564		2.014	4.578
Pan Am Aquatic Centre/CSIO facility	2.146	1.022	0.649	49.344	53.161			53.161	53.161
Etobicoke Olympium retrofit	0.350	0.083	0.151	7.953	8.537			8.537	8.537
Centennial Park track resurfacing and upgrades	0.027	0.009		0.671	0.707			0.707	0.707
Birchmount Park track resurfacing	0.017	0.005		0.420	0.442			0.442	0.442
<i>Total original MPA projects</i>	2.540	5.697	0.800	71.820	80.857	10.086	-	70.771	80.857
Project management for Capital projects	0.124	0.124	0.092	0.124	0.464			0.464	0.464
Pan Am Aquatic Centre/CSIO site remediation	46.000	6.000			52.000	29.000	23.000		52.000
York track retrofit	0.058	0.018		1.520	1.596			1.596	1.596
Bicycle Moto Cross (BMX) course		0.032		0.649	0.681			0.681	0.681
<i>Total additional projects</i>	46.058	6.050	-	2.169	54.277	29.000	23.000	2.277	54.277
<b>TOTAL</b>	<b>48.722</b>	<b>11.871</b>	<b>0.892</b>	<b>74.113</b>	<b>135.598</b>	<b>39.086</b>	<b>23.000</b>	<b>73.512</b>	<b>135.598</b>
Previously approved Pan Am Capital Plan	2.700	3.300	0.800	42.700	49.500			49.500	49.500
Additional Capital Budget and Plan	46.022	8.571	0.092	31.413	86.098	39.086	23.000	24.012	86.098
Recoveries from UofT & TO2015	25.654	5.910		7.522	39.086				
Net City of Toronto Cost	23.068	5.961	0.892	66.591	96.512				

