

Subject: Sports and Entertainment Centre (SEC) Non-Binding Letter of Intent (LOI)**APPROVALS:**

Ted Zlotnik, Director
Elsie Hutton, Executive Director
Brian Moore, Acting Chief Administrative Officer

Administrative Recommendations:

THAT the Chief Administrative Officer or his delegate be instructed by Council to execute on behalf of the Municipality a non-binding Letter of Intent [“LOI”] with Clearwater Consortium that establishes basic parameters of the legal, commercial, operational, financial, and design terms and requirements for the Sports and Entertainment Centre [“SEC”] on the downtown block bordered by Franklin Avenue, Main Street, MacDonald Avenue and Morrison Street; and

THAT Administration be instructed to proceed with negotiations with Clearwater Consortium, after execution of the LOI, for a final design and binding contracts for the SEC, subject to the final approval of Council in its sole and unfettered discretion.

Summary:

On June 10, 2014 Council authorized Administration to proceed with negotiations with Clearwater Consortium for a non-binding LOI for the proposed SEC. Negotiations proceeded utilizing a negotiation strategy including the following key parameters as requested by Council:

- The facility must be iconic in appearance
- The facility must pay attention to the street level animation
- The facility must address transportation and parking
- Integration of Municipal transportation modes (Vehicle for Hire sector, public transit etc.) with the venue
- The concourse and promenades must be spacious to accommodate patrons in a comfortable manner

The negotiation resulted in fulfillment of the key conditions requested by Council, which have been accepted by Clearwater Consortium.

Council’s request to consider a sunken bowl design was thoroughly examined, and determined to be impractical and expensive by the negotiation team which included the proponent’s architect and a municipally appointed architect.

The negotiation resulted in a reduction over 30 years in the Municipality’s annual contribution to the project, which also includes a reduction in the amount the Municipality will pay for the ancillary land.

Background:

The Sports and Entertainment Centre is one of the Catalyst Projects identified for revitalization of downtown Fort McMurray. An Economic Assessment undertaken by PricewaterhouseCoopers in 2013 determined that the Municipality could support a facility of approximately 7,000 fixed seats. The assessment projected that such a venue could attract in excess of 100 spectator events, and 150 activity days per year, and would attract a diversity of retail, restaurants, and entertainment uses in the downtown core.

As a catalyst project, the SEC would reinforce the identity of Fort McMurray as a vibrant urban center and would support economic development and prosperity in the region. In the block test fit conducted by the IBI Group on September 21, 2012, the site was determined to be large enough to develop complimentary uses (the Ancillary Development Lands or “ADL”). The ADL was deemed large enough to construct a high-rise tower with convention and conference facilities, parking, hotel, retail outlets, restaurants, commercial offices and/or residential units. Attachment 1 is a diagram produced from the block test fit study, confirming the site is adequate in size for the SEC.

Budget/Financial Implications:

Clearwater Consortium’s overall financial proposal was evaluated relative to the second and third highest ranked proponents’ bid submissions. Mayor and Council approved moving forward with the negotiation of a non-binding LOI which included consideration of the financial conditions of the non-binding LOI.

Rationale for Recommendation(s):

The recommendation to proceed with signing of the LOI is based on the Clearwater Consortium’s acceptance of the key municipally requested conditions including the price and overall financial terms. Administration will ensure that all final design and commercial criteria are reviewed and approved by Council before the final and binding agreements are executed.

It should be noted that as of the date of preparation of this Council Report there were three significant outstanding issues to be resolved:

1. Costs associated with closure of the laneway connecting Biggs Avenue and McDonald Avenue, which is the anticipated site of a parkade;
2. Determination of Property Tax liability;
3. Determination of the accounting treatment of this transaction on the Municipality’s books.

Attachments:

1. Conceptual Design