

	No.: 2016-P05
	To: Board of Directors
	Date: 2016/04/28
For: DECISION	

1. LEBRETON FLATS REDEVELOPMENT

Approval to enter into the negotiation phase of the solicitation process for the redevelopment of the LeBreton Flats.

2. PURPOSE OF THE SUBMISSION

Following a thorough assessment by the evaluation committee of the two proposals received in December 2015 as part of the solicitation process for the redevelopment of LeBreton Flats, the purpose of this submission is to request the Board of Directors approval for the Negotiation Team to proceed with the next step of the solicitation process, being the negotiation phase.

3. AUTHORITY

- Section 10(2)(a) of the National Capital Act allows the Commission to acquire, hold, administer or develop property.
- Section 10(2)(b) allows it to sell, grant, convey, lease or otherwise dispose of or make available to any person any property, subject to such conditions and limitations as it considers necessary or desirable.

4. RECOMMENDATION

Having considered the recommendation of the Evaluation Committee, the Board of Directors hereby:

- A. Authorizes the Negotiation Team, in accordance with Section 13.2 of the RFP document, to engage in negotiations with RendezVous LeBreton, the highest ranked proponent (highlights of which are found in Appendix A).
- B. Requests that the Negotiation Team reports back to the Board by November 2016 or earlier with a status update and further recommendations.

13.2 of the RFP document stipulates the following:

“Identify the two highest ranked proponents and enter into negotiations with the higher ranked proponent and failing successful negotiations enter into negotiations with the second highest ranked proponent.”

5. BACKGROUND

- The solicitation process has been overviewed by P1-Consulting, an independent third-party firm, hired to act as fairness monitors to ensure the process is conducted in a fair, transparent and open manner.
- In September 2014, through the launch of a Request for Qualifications, the NCC called upon the development community to propose a vision for the site including a new anchor institution that would welcome the public, serve as an economic driver, feature innovative use of the land, and bring design excellence, animation and a unique public experience to the National Capital Region.
- Following the international Request for Qualifications, four pre-qualified proponents were invited to proceed to phase 2 of the solicitation process by submitting their plan for the future of LeBreton Flats: Claridge Homes, Devcore Group, Focus Equities, and RendezVous LeBreton Group.
- Prior to the submission of proposals, the NCC organized four rounds of Commercially Confidential Meetings (CCMs) allowing proponents to meet and discuss their development project on a confidential basis and in the presence of the Fairness Monitor.
- Two qualified proponents submitted a compliant proposal on December 15, 2015, date of the Request for Proposal (RFP) deadline: Rendez Vous LeBreton Group (RLG) and Devcore, Canderel and DLS Group (DCDLS) formally known as Devcore Group.
- The two proposals, submitted on December 15, 2015, were evaluated thoroughly in accordance with the evaluation criteria stated in the RFP document by an evaluation committee composed of renowned Canadian architect A.J. (Jack) Diamond, Mark Conway of NBLC, and three executive members of the NCC.
- In addition to the substantive input from the public (addressed specifically in section 8 of this submission), the evaluation committee also benefited from the technical advice from Subject Matter Experts (SME) on specific elements of each proposal.
- SME—one from the NCC, one from the City of Ottawa, and one from the private sector or academia—provided technical expertise to complement the expertise of the evaluation committee on areas such as the sustainability strategy, the decommissioning strategy, the servicing plan, the transportation plan, economic development and finance issues. This resulted in a Subject Matter Experts Report, provided for review to the evaluation committee.
- Through negotiations, the NCC will look to better define, articulate and improve the components of the submissions, and seek to ensure that the development project proposed can be delivered and sustained. In this regard, negotiations could include but are not limited to obtaining favourable terms and conditions on the following elements:
 - a) Fair Market Value of Lands;
 - b) Remediation;
 - c) Further stakeholder engagement;
 - d) Public realm phasing and ownership;
 - e) Timing of land transfers and approvals;
 - f) Timing of approvals and stakeholder engagement;
 - g) Connectivity of pathway networks;
 - h) Others (e.g., Universal Accessibility).

6. ANALYSIS OF OPTIONS AND RISK

- The NCC will be proceeding in accordance with section 13.2 of the RFP document, which states that the NCC may, in its discretion, identify the two highest ranked proponents and enter into negotiations with the higher ranked proponent, and failing successful negotiations, enter into negotiations with the second highest ranked proponent. While the NCC engages in negotiations with the first ranked proponent, the second highest ranked proponent is not eliminated.
- During the negotiation, all of the terms and requirements of the RFP process continue to apply until RFP the process is completed, including the confidentiality and non-disclosure restrictions.

7. STRATEGIC LINKS

- This solicitation process for the redevelopment of LeBreton Flats is consistent with Strategic Direction #1, Make LeBreton Flats and the Islands a signature destination of national significance.
- **Plan for Canada's Capital** (1999): LeBreton Flats will be developed to provide sites for national cultural institutions, major meeting spaces, and mixed uses to the south p.26.
- **Canada's Capital Core Area Sector Plan** (2005): "New mixed use developments (used to) restore and reconnect the urban fabric - in LeBreton Flats, in new residential and institutional projects on central sites ..."
- **NCC Corporate Plan** (2015): "The NCC selected four proponents to propose plans for the future of LeBreton Flats. These teams will compete to imagine a world-class destination for all Capital visitors and residents, an inspiring place that demonstrates design excellence and innovation. The centrepiece will be an anchor public institution or attraction of major regional, national or international significance."

8. CONSULTATIONS AND COMMUNICATIONS:

- Following receipt of the two proposals, the NCC organized public consultations for the community and Canada to voice their comments on the two proposals. A public consultation was held on January 26 and 27, 2016, at the Canadian War Museum. Online consultations were also held on NCC's website from January 26 to February 8, 2016.
- This resulted in a Public Consultation Report that is now available on the NCC website. The public provided a wide range of opinions on different aspects of the proposals. Most comments could be segmented in two different categories: 1- The national significance of what was being proposed, and 2- the importance of integrating the proposed development into the urban fabric of the existing Centretown West community (green spaces, local businesses, and neighbourhood amenities).
- The NCC engaged in pre-consultations with First Nation groups, including the Algonquins of Quebec, the Kitigan Zibi First Nation, the Algonquins of Ontario, and the Algonquins of Pikwakanagan, and consultations with these groups will be continuing.
- A communications strategy and plans are developed and implemented as the NCC progresses through each phase of the process.

9. NEXT STEPS

The project phases are as follows:

Solicitation Process	Timeline
Decision of the NCC Board of Directors on evaluation results and recommendation	April 2016
Negotiations	2016-2017
Aboriginal Consultations	2016-2017
Federal Approvals	2017-2018
Municipal Processes	2017-2019

10. LIST OF APPENDICES

Appendix A: Proposals' Highlights

Appendix B: Presentation

11. SUBMISSION AUTHORS

- Stephen Willis, Executive Director, Corporate Planning
 - Michel Houle, Executive Director, Corporate Services and Chief Financial Officer
 - Mark Dehler, General Counsel and Commission Secretary
 - Marco Zanetti, Director, Real Estate Transactions and Development
 - Yannick Bouchard, Chief Real Estate Development Projects
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APPENDIX A- EVALUATION COMMITTEE’S PROPOSAL ASSESSMENT HIGHLIGHTS

Both Proponents:

- Prepared bold and ambitious proposals;
- Passed the mandatory and points-rated requirements;
- Have experienced teams capable of delivering the proposed projects;
- Would be ready to enter into negotiations with the NCC;
- Would need to address preliminary issues entering into the negotiation phase:

Criteria	Highlights - DCDLS
Market Rationale – Public Anchor use (s)	<p>DCDLS proposes seven public anchor uses to be built in phase 1.</p> <p>The proposed public anchor uses are extensive, bold and imaginative.</p> <p>The Canadensis Walk is a uniting feature of the whole development scheme.</p> <p>The proposal responds well to the intent of the RFP to enrich the social and cultural fabric of Canada’s Capital and to create a compelling draw for visitors.</p> <p>The intention to create a diverse series of experiences through evocative design and land-use is laudable.</p> <p>More supportive information on the financial viability of the public anchor uses would have enhanced the proposal.</p>
Development Plan	<p>Building the Canadensis Walk in phase 1 is a good strategy to create interactions with the public and contributes to the retail and residential deployment strategy.</p> <p>The Bandshell location at Booth is an appropriate and logical location for a public space.</p> <p>The LRT track acts as a divisive element to the site and derogates from the north-south pedestrian experience.</p> <p>Clustering of anchor uses divided from the mixed use community is a missed opportunity.</p> <p>The proposed approach includes very few roadways in the interior of the site, and so would enhance environmental sustainability by reducing the presence of cars.</p> <p>The single proposed public parking entrance could create problems at events.</p>
Market Rationale – Non-Public Anchor use (s)	<p>The proponent has put significant effort into attracting core owners and tenant operators, from a retirement living complex, to a spa, and a grocery store.</p> <p>The YMCA, the elementary school and the local retailers are excellent community-building elements.</p> <p>The proposal includes a good local retail strategy, and a projected residential absorption rate that is considered reasonable.</p> <p>The proposal would have benefited from a firmer commitment to sustainability standards.</p>
Delivery Model	<p>For the mixed-use components, the proponent offers a clear delivery model including ownership, management and financial capability.</p> <p>For the public anchor use components, the proposal would have benefitted from a more defined delivery model and financial commitments.</p>

Submission

At this time, the level of conditionality and the financial terms proposed by the proponent would need to be addressed in negotiations.

Criteria	Highlights - RendezVous LeBreton
Market Rationale – Public Anchor use (s)	<p>The proponent proposes three Public Anchor Uses: The Major Event Centre, the Abilities Centre and the Sensplex.</p> <p>The proposed features, ancillary uses and activities of the Major Event Centre are sufficiently distinctive to create a new capital landmark.</p> <p>Interior and exterior views from the Major Event Centre, including the green roof create new views towards Parliament and the Ottawa River, and enhance the design excellence of the proposal.</p> <p>The Major Event Centre (including LeBreton Square) has the potential to bring civic life back to this historic capital district and offer non-residential, year round public access.</p> <p>The Ottawa Senators Hockey team, an existing viable entity, is proposed to be the tenant of the Major Event Centre.</p> <p>Both the Sensplex and the Abilities Centre are additions to the social sustainability objectives of the site, and add year-round activities.</p> <p>More supportive information on the market viability of the Abilities Centre and the Sensplex would have enhanced the proposal.</p>
Development Plan	<p>The development of the site in five distinct districts is attractive and well laid out. The supporting documents provide a clear analysis of the site's opportunities and constraints.</p> <p>The Albert St. north façade is varied to allow light to reach the street, inviting visitors to venture into the public realm.</p> <p>The mid-site location of the Major Event Centre and LeBreton Square is a sound planning decision as it enhances and animates the retail and food and beverage locations for users of the LRT.</p> <p>The LRT cover creates multiple north-south connections and mitigates negative impacts such as noise and visual separation.</p> <p>The Preston Street extension ensures a proper flow of traffic for the site and mitigates the impact of traffic on the surrounding area.</p> <p>Phase 3 was not as well conceived as Phases 1 and 2</p>
Market Rationale – Non-Public Anchor use (s)	<p>The proposal includes a commitment to LEED Gold for buildings over 250m² to become the second One Planet Living Community in Canada.</p> <p>The inclusion of affordable housing in the proposal was a positive addition to ensure greater social sustainability.</p> <p>Each of the proposed office, commercial, retail and residential components of the proposal were aligned with the proposed development plan and phasing plan.</p> <p>The proposal's residential absorption rate is optimistic.</p> <p>The total allocation of retail seems high in relation to the overall site development.</p> <p>The proposal would have benefited from greater detail regarding the deliverables included in each phase.</p>

Submission

Delivery Model	<p>The Major Event Centre, Abilities Centre and the Sensplex are proven models and are both based on existing examples of successful projects.</p> <p>The submission lacks contingency plans for delivery models (e.g., the Abilities Centre financial plan).</p> <p>The level of conditionality and the financial terms proposed by the proponent would need to be addressed in negotiations.</p>
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