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|  | DATE: June 10, 2008 REPORT: PWS2008-54 | TITLE: UNIVERSITY OF WATERLOO AND CORPORATION OF THE CITY OF WATERLOO LAND LEASE AGREEMENT FOR THE LIBRARY AND RECREATION FACILITY | C.A.O. |
| | WARD: | PREPARED BY: Tim Anderson, P.Eng. | FILE: |
| ATTACHMENTS: <ul style="list-style-type: none"> - Memo of Understanding – Sept 20, 2006 - Legal Agreement – July 2008 - UW Letter of Support – July 2008 | CLEARANCE: CMT: June 18, 2008 COUNCIL: July 14, 2008 | | |

RECOMMENDATIONS:

That Waterloo City Council approve this report, PWS2008-54, and;

1. That Council approve the agreement between the University of Waterloo and the Corporation of the City of Waterloo for the “Land Lease Library and Recreational Facility” dated July 2008 and as attached to this report; and
2. That the Mayor and Clerk be authorized to sign the necessary agreements.

EXECUTIVE SUMMARY:

On July 6, 2006 Waterloo City Council approved a Memo of Understanding (Item 1) between the Corporation of the City of Waterloo and the University of Waterloo for the provision of 30 acres of land for Municipal purposes in exchange for servicing approximately 87 acres of the North-West University Campus. Since July 2006 this memo of understanding has been converted into the legal framework as attached to this report (Item 2). As highlighted in this report the main elements approved in the Memo of Understanding have been carried forward into the legal agreement with some improvements that have a positive impact on the City of Waterloo.

The final form of the agreement provides the City with a 7.5 acre site on the Northwest Campus for a term of 98 years to construct the west side Library-Recreational Facility, and 23 acres of lands east of Westmount Road on the North Campus for the provision of municipal sports fields for a term of 49 years (with renewal options). In exchange for access to these University lands the City agrees to earth grade approximately 180 acres of the North West Campus and complete servicing on 86.5 acres of this property at an estimated cost of \$9,000,000 (2007 dollars). The University of Waterloo has provided a letter of support in favour of this agreement (Item 3).

APPROVALS

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|------------------------|-------------|-----------------|-------------|
| _____ | _____ | _____ | _____ |
| <i>General Manager</i> | <i>Date</i> | <i>Other</i> | <i>Date</i> |
| _____ | _____ | _____ | _____ |
| <i>Legal</i> | <i>Date</i> | <i>Director</i> | <i>Date</i> |

BACKGROUND

In July 2006 Waterloo City Council approved a Memo of Understanding between the Corporation of the City of Waterloo and the University of Waterloo for a Land Lease on the North Campus of the City of Waterloo. The full Memo of Understanding, which was approved by the UW Board of Governors on June 6th 2006, and Council on July 10, 2006 is included with this report as Item 1. Since the Memo of Understanding was approved the administrative teams at the University and City have converted the agreement into a legal framework which is recommended for approval by both the University and the City. All of the elements in the Memo of Understanding have been brought forward into the legal agreement in a manner that is generally equal to or represents a positive impact for the City. The following is a summary of the major agreement elements:

COMPARISON OF MAJOR ELEMENTS BETWEEN SEPTMEBER 20, 2006 MEMO OF UNDERSTANDING AND JULY 2008 LEGAL AGREEMENT; THE CITY OF WATERLOO AND UNIVERSITY OF WATERLOO

| Item | Description | M of U July 2006 | Legal Agreement July 2008 | Indicator * |
|------|---|--|---|----------------|
| 1 | Library-YMCA site term and size | <ul style="list-style-type: none"> - 49+49 Year Lease - Renewals beyond 98 yrs at discretion of UW - 7 acres site for Library/YMCA | <ul style="list-style-type: none"> - 49+49 Year Lease - Renewals beyond 98 yrs at discretion of UW - 7.5 acres site for Library/YMCA | + |
| | <ul style="list-style-type: none"> • City leases 7.5 acre site at Laurelwood and Fischer Hallman (block 9) for construction of a Library/Recreation Facility at a cost of \$1.00/year for 49 years + 49 year renewal, with possibility of future extensions beyond 98 years | | | |
| 2 | Change of Building Use Provision | <ul style="list-style-type: none"> - City can change use in line with compatibility to Library and Recreation facility | <ul style="list-style-type: none"> - Permitted changed uses may include, municipal office use, community centres, a civic centre, museum, art gallery or other similar governmental uses | + |
| | <ul style="list-style-type: none"> • City has the ability to change the use of the building should the need arise in the future. | | | |
| 3 | Site Servicing Estimate | <ul style="list-style-type: none"> - \$9 Million (2006) - Construct within 5 years - Inflate at Construction Price Index (9.6% in 2007) | <ul style="list-style-type: none"> - \$9 Million (2007) - Construct within 5 years - Inflate at lesser of Construction Price Index (9.6% in 2007) or 5% Cap | + |
| | <ul style="list-style-type: none"> • The City services the North West campus at a cost cap of \$9,000,000 (2007 dollars) + Construction Price Index (CPI) inflation or 5% cap within the next 5 years. The difference between the cap of 5% and Construction price index if greater than 5% project will be reduced in scope or will be funded by UW. | | | |
| 4 | Site Servicing Areas | <ul style="list-style-type: none"> - 180 acres to be graded - Servicing of 86.5 acres | <ul style="list-style-type: none"> - 180 acres to be graded - Servicing of 86.5 acres | = |
| | <ul style="list-style-type: none"> • The City grades the entire 180 acre northwest campus and provides services (water-sewer-roads-hydro-road landscaping) for the south end (86.5 acres). The design standard and servicing estimate has been set as per the Stantec preliminary servicing report completed in March 2006. Tender actuals in excess of the City's financial commitment will be mutually reviewed by the City and UW in an effort to scope back the project to within the budget envelope and/or the UW may make additional contributions to increase the overall budget to the tender award amount. | | | |

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|---|--|--|--|-----|
| 5 | Planning Process | - District Plan - Draft Plan - Registration | - District Plan - Draft Plan - Registration | = |
| | <ul style="list-style-type: none"> While legally exempt from the planning process the University has agreed to follow the typical subdivision planning process including the associated public engagement. The City will undertake a district plan for the NW Campus lands which is a similar process to any new subdivision application. The University is responsible to undertake the plan of subdivision process and pay all costs associated with this approvals process up to and including registration. | | | |
| 6 | Playing Fields Lease Term and size | - 49 Year Lease - 23 acres with 19 usable | - 49 Year Lease + a 5 Year renewal, plus 1 year renewals - 23 acres with 15 acres usable | +/- |
| | <ul style="list-style-type: none"> City leases 23 acres of land within environmental reserve for development of future sports fields - \$1.00/year for 49 years + 5 year Renewal option and then 1 year increments after the 54th year. Through the Class EA Addendum process the available space for the development of sports fields was reduced to 15 acres in order to provide the necessary landscape/environmental protections. | | | |
| 7 | UW Field Access | - UW can book fields through City on a fee basis | - UW can book fields through City on a fee basis | = |
| | <ul style="list-style-type: none"> UW has the ability to book the future sports fields through the regular booking process the City administers. UW would pay regular City user fee rates to access fields. | | | |
| 8 | Conditions in Favour of City | - YMCA site Zoning Amendment - Successful EA Addendum | - YMCA site Zoning Amendment (complete) - Successful EA Addendum (complete) - Library/YMCA Tender Award by December 31, 2009 | + |
| | <ul style="list-style-type: none"> The City has successfully completed both the Zoning amendment for the Library/YMCA facility and have received approval for the Class EA Addendum that provides for the ability to create sports fields on the lands immediately east of Westmount Road. The final new condition in favour of the City is that we have until Dec 31, 2009 to approve a tender award for the Library/YMCA building. The City can waive this condition up until December 31, 2009 with the tender award. Should the tender not be awarded by this date the City must make a decision to exit from the agreement in it's entirety or waive the condition and have no exit clause after December 31, 2009. | | | |
| 9 | Playing Fields Use | - Described as playing fields with ancillary facilities | - The agreement has further defined the term playing fields. | + |
| | <ul style="list-style-type: none"> The City has successfully completed the EA Addendum for the proposed playing fields. Playing Fields "means sports playing fields or multi use playing fields or open recreational areas in the 23 acre Project lands". | | | |

- (+ means change supported by the City, = means no change, - means a change slightly below that originally contemplated in the M of U)

FINANCIAL IMPLICATIONS:

The proposed Agreement sets requirements for the City service certain portions of the North West Campus at an estimated value of \$9.0M (2007 dollars); in exchange for access to 30 acres of land for Municipal purposes. The funding for this project is included in CAO 08-05, a companion report dealing with the entire project.

LEGAL CONSIDERATIONS:

The City's solicitor has been actively involved in negotiating the terms of this agreement and is satisfied that it adequately protects City interests.

LINK TO STRATEGIC PLAN:

Economic Vitality

The proposed Land Lease Agreement for the Library and Recreation Facility provides for significant economic development potential on the UW North Campus. The servicing of 87 acres of land on the NW Campus will provide for growth in the knowledge economy and institutional strength for both the University of Waterloo and the broader community. Using the anticipated R&T Park building density targets as a comparator it can be expected that over 2,000,000ft² of mixed use building development will occur at an estimated value of over \$500 Million.

Partnerships and Collaboration

This agreement is part of unique three way partnership with the University of Waterloo, Kitchener-Waterloo YMCA and the City of Waterloo. This significant partnership leverages the resources of all three parties in an effort to meet the respective needs of all partners and of the community.

Submitted by:

Signature

Name: Tim Anderson, P.Eng.

Position: General Manager of Public Works Services

MEMO OF UNDERSTANDING

**BETWEEN THE CORPORATION OF
THE CITY OF WATERLOO AND THE
UNIVERSITY OF WATERLOO**

SEPTEMBER 20, 2006

LEGAL AGREEMENT

UNIVERSITY OF WATERLOO AND CORPORATION OF THE CITY OF WATERLOO LAND LEASE AGREEMENT FOR THE LIBRARY AND RECREATION FACILITY

JULY 2008

**University of Waterloo
Letter of Support
July 2008**