

1. CONVENTION CENTRE - BUSINESS PLAN

**COMMITTEE RECOMMENDATIONS**

**That Council:**

1. **Approve a contribution of \$100,000 as its share of the preparation of a business plan in support of the proposed expansion of Ottawa-Carleton's convention facilities, conditional on Viking Rideau Corporation contributing \$100,000, the Province of Ontario contributing \$125,000, and the Ottawa Congress Centre contributing \$75,000, to the preparation of the plan;**
2. **Approve an expenditure of up to \$50,000 to enable the retention of other expertise required to support the Region's specific interests and negotiating position.**

**DOCUMENTATION:**

1. Executive Director, Economic Affairs, report dated 27 Nov 98 is immediately attached.
2. Written documentation from the Ottawa Congress Centre, Viking Rideau Corporation and the Ministry of Economic Development, Trade and Tourism immediately follows the report.
3. Extract of Draft Corporate Services and Economic Development Committee Minute, 01 Dec 98, immediately follows the written documentation and includes a record of all votes.

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DATE 27 November 1998

TO/DEST. Co-ordinator  
Corporate Services and Economic Development Committee

FROM/EXP. Executive Director, Economic Affairs

SUBJECT/OBJET **CONVENTION CENTRE - BUSINESS PLAN**

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### **DEPARTMENTAL RECOMMENDATIONS**

**That the Corporate Services and Economic Development Committee recommend Council:**

- 1. Approve a contribution of \$100,000 as its share of the preparation of a business plan in support of the proposed expansion of Ottawa-Carleton's convention facilities, conditional on Viking Rideau Corporation contributing \$100,000, the Province of Ontario contributing \$125,000, and the Ottawa Congress Centre contributing \$75,000, to the preparation of the plan;**
- 2. Approve an expenditure of up to \$50,000 to enable the retention of other expertise required to support the Region's specific interests and negotiating position.**

### **BACKGROUND**

Consideration of the expansion of Ottawa-Carleton's convention facilities began in 1995, with the commencement of a feasibility study jointly funded by the Region and Minto Corporation. Following review of the final report, Regional Council on 13 November 1996 indicated its support in principle for expansion.

Council's position was most recently reaffirmed on 12 August 1998, at which time it also approved the selection of Viking Rideau Corporation, and its lands immediately east of the existing Rideau centre, as the proponent and site for the proposed expansion.

Council support for the project has been conditional on a number of factors, including: financial participation by the private sector and other levels of government, consideration of new revenue streams other than property taxes for the capital and operating costs, and the ability to approve any business plans and the design of the facility.

## DISCUSSION

The next step in this project is clearly the preparation of a business plan, which will be instrumental in attracting interest from investors and securing funding commitments for the construction of the facility. Recognizing Council's requirement for participation from the private and senior government sectors, staff has approached and received financial commitments from other agencies to assist in preparing such a plan, as follows:

Viking Rideau Corporation	\$100,000
The Province of Ontario	\$125,000
The Ottawa Congress Centre	\$ 75,000

These partners are all in various stages of formally confirming their participation. With the contribution of \$100,000 from the Region, the total amount of money available to prepare the business plan will be \$400,000.

The major elements of the business plan will be:

- a. Review, update and expand upon previous market studies and develop a corresponding detailed programme of space needs for the facility.
- b. Develop and assess all alternative methods of capital financing in accordance with approved resolutions of Regional Council.
- c. Assess the extent to which the current Ottawa Congress Centre should be integrated into the new facility or whether it should be redeveloped for alternate uses, and develop basic massing guidelines for the site.
- d. Update previous studies assessing the economic benefits to local, provincial, and federal governments, and expand to assess benefits to identifiable business and social sectors within the community and province.
- e. Prepare a financial analysis of the anticipated capital and operating costs, and prepare a *pro forma* business plan detailing a 10-year operational cycle.

Staff from the four funding agencies have agreed that the Province of Ontario take the lead role in the procurement process associated with selection of a consultant, and will be responsible for the day-to-day management of the project. The consultant will be directed by staff from these four funding agencies, including the Region.

The partner agencies have agreed upon the following timetable for the undertaking of the project:

4 January (1999):	Issue request for proposals
1 March:	Commence study
31 May:	Final report due

Preparation of the business plan will generate discussion between the partner agencies, including Viking Rideau Corporation, on a variety of issues that will require the Region to establish its specific position, including parameters of the anticipated public/private partnership, legal aspects, and financial matters. As these issues are outside the scope of the partnership and outside the general expertise of Regional staff, separate financial authority is required to retain the required expertise to ensure the Region's interests are protected. Currently, it is anticipated that advice would be sought from the Royal Bank of Canada - Dominion Securities, Deloitte & Touche through Michael Shaen, Managing Director, Public/Private Partnership Group, and from Rasmussen Starr Ruddy through P. Donald Rasmussen.

### PUBLIC CONSULTATION

The project will include consultation with the tourism industry, including meeting planners, community representatives, and other interested stakeholders.

### FINANCIAL IMPLICATIONS

Preparation of the business plan as described in this report will be undertaken on a cost-shared basis with three other agencies. The business plan will enable the Region to define future financial implications.

FINANCIAL STATEMENT

Approved Budget to Date: \$1,000,000

Total Paid & Committed: \_\_\_\_\_ 0

Balance Available: \$1,000,000

THIS REQUEST: \_\_\_\_\_ 150,000

Balance Remaining: \$ 850,000

Funds are available in the 1998 Capital Account No. 912-13420

*Approved by  
Réjean Chartrand  
Executive Director, Economic Affairs*

FINANCE DEPARTMENT COMMENT

Funds are available as indicated.

*Approved by T. Fedec  
on behalf of the Finance Commissioner*

Ottawa  
Congress  
Centre



Centre des  
congrès  
d'Ottawa

November 5, 1998

Mr. Bob Chiarelli,  
Chairman,  
Regional Municipality of Ottawa-Carleton,  
111 Lisgar St.,  
Ottawa, ON K2P 2L7

Dear Bob:

**Re: Expansion**

We are pleased to inform you that the Ottawa Congress Centre Board of Directors, at its meeting on November 2, 1998, agreed to the expenditure of up to \$75,000 representing our contribution to the cost of a Business Plan for the proposed expansion of the facility.

Thank you for your continued interest and involvement in this important project.

Sincerely,

Jacquelin Holzman,  
Chairman

/ds

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**VIKING  
RIDEAU  
CORPORATION**

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50 Rideau Street  
Ottawa, Ontario K1N 9J7  
613-236-6565 • Fax 613-236-5728

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**BY FACSIMILE (560-6006)**

November 30, 1998

Mr. Réjean Chartrand  
Executive Director, Economic Affairs  
Regional Municipality of Ottawa-Carleton  
Cartier Square, 111 Lisgar Street  
Ottawa, ON K2P 2L7

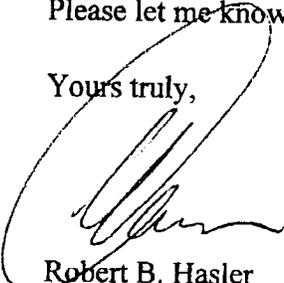
Dear Mr. Chartrand:

**Ottawa-Carleton Convention/Trade Show Centre**

Further to our discussion of this date, this will confirm the commitment of the Viking Rideau Corporation to contribute up to \$100,000.00 towards the cost of developing a business case for the proposed Ottawa-Carleton Convention/Trade Show Centre, on the understanding that such cost will also be shared by the Regional Municipality of Ottawa-Carleton, the Provincial Ministry of Economic Development, Trade and Tourism, and the Ottawa Congress Centre, and that Viking Rideau Corporation's share will not exceed 25 percent of the total.

Please let me know if I can be of further assistance in any way.

Yours truly,



Robert B. Hasler  
General Manager

RBH/jc

cc: D. A. Maclellan

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Ministry of  
Economic Development,  
Trade and Tourism

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December 1, 1998

Mr. Rejean Chartrand  
Regional Municipality of  
Ottawa-Carleton  
Ottawa-Carleton Centre, Cartier Square  
111 Lisgar Street  
Ottawa, Ontario  
K2P 2L7

Dear Mr. Chartrand:

As the Minister wrote to Mr. Chiarelli on October 15, 1998, the Ministry of Economic Development, Trade & Tourism is committed to the tourism sector in the Ottawa region.

Convention facilities are a key segment of the tourism industry and the province is very supportive of projects funded through public/private partnerships that lead to increased investment, growth and new jobs.

I am pleased to advise, therefore, that the Ministry will commit up to \$125,000 for the development of a rigorous business case to explore the need for expanded convention facilities in Ottawa-Carlton

We look forward to working with the Region on this initiative.

A handwritten signature in black ink, appearing to read "Jean Lam".

Jean Lam  
Assistant Deputy Minister  
Tourism Division

cc: Dan Burns  
Deputy Minister

Jim Murphy  
EA to Minister Palladini

**Ministry of  
Economic Development,  
Trade and Tourism**

Office of the Minister

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October 15th, 1998

Mr. Bob Chiarelli  
Regional Chair  
Regional Municipality of  
Ottawa-Carleton  
Ottawa-Carleton Centre, Cartier Square  
111 Lisgar Street  
Ottawa, Ontario  
K2P 2L7

Dear Mr. Chairelli:

I am responding to your letter of August 6, 1998 to Premier Mike Harris regarding the provincial position on the ownership of the Ottawa Congress Centre (OCC) and the proposed new convention facility in Ottawa.

The government Task Force on Agencies, Boards and Commissions recommended in its January 1997 report that Ministry of Economic Development Trade & Tourism explore options to increase the role of the private sector or other levels of government in the operation of the OCC and carry out the option offering the greatest public benefit. At no time was the OCC formally a candidate for privatization.

Bill 142, which received Royal Assent in June 1988, created the Ottawa Congress Centre as an Agency of the Province of Ontario. Since the Congress Centre was originally an entity of RMOC, and its ownership and operation assumed by the province at the request of the region, it was logical for MEDTT to examine the possibility of returning the OCC back to the region. The former Minister of MEDTT, William Saunderson and the former Regional-Chair, Peter Clark agreed that it should be considered. Accordingly, informal staff level meetings among RMOC, MEDTT and OCC explored the issue, but these discussions have been slow to progress due to the recent municipal elections and the new Council's decision on whether to support either of the two convention expansion proposals.

The return of the Ottawa Congress Centre to the Regional Municipality of Ottawa-Carleton remains an option and I would like staff level discussions to resume in the context of the proposed new convention centre expansion.

On the issue of provincial support for the proposed new convention facility, as I have expressed to you, I am committed to the tourism sector in the Ottawa region. The province is very supportive of projects funded through public/private partnerships which lead to increased investment, growth and new jobs. Clearly the Province of Ontario is willing to discuss all options related to the convention facility in consultation with federal, municipal and private sector partners.

As a first step, I am willing to contribute to the funding required for the development of the business plan for the new facility. The business plan should include among other things a market analysis of the demand and supply of convention, trade and consumer show space in the Ottawa-Carleton region, the economic benefits of a new facility to the region and the province, and, an analysis of the spectrum of ownership and operation options. If you decide to proceed with the business plan, please have your staff draft the Terms of Reference. Carol Hancock, Manager of the Tourism Agencies Branch is the MEDTT staff contact on this project and would be pleased to review the draft terms of reference. Carol can be reached at (416) 325-6055.

Sincerely,

A handwritten signature in black ink, appearing to read 'Al Palladini', with a long horizontal flourish extending to the right.

Al Palladini  
Minister

cc: The Honourable Mike Harris  
Premier

Carol Hancock, Manager  
Tourism Agencies

Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
01 December 1998

CONVENTION CENTRE - BUSINESS PLAN

- Executive Director, Economic Affairs, report dated 27 Nov 98

Moved by R. Cantin

**That the Corporate Services and Economic Development Committee approve the addition of Item No. 7, Convention Centre - Business Plan, to be considered by Committee at today's meeting.**

CARRIED

R. Chartrand, Executive Director, referenced Council's endorsement of a site in August 1998. He reported that since August, a number of discussions had occurred with other partners, namely the Ottawa Congress Centre, Viking Rideau Corporation and the Province of Ontario.

Mr. Chartrand stated Council's expectation of contribution from the private sector and senior levels of government had been achieved for the next step of the project. He reported on the need for a business plan, which would be produced through funding commitments received in writing from three partners in the amount of \$300,000 with an additional Regional share of \$100,000 (25% of \$400,000).

Speaking to the business plan, Mr. Chartrand stated it was necessary to identify program space requirements, which would provide a capital cost of what may eventually be build on the site. He added the production of a business plan was critical to attract potential investors, to determine specific needs within the facility, in addition to determining how the facilities would be located on the site, noting the requirement for additional hotel and parking space. The Executive Director stated due to the short timeframe, they were committed to produce the Terms of Reference prior to the end of 1998, with a request for proposal out in early January 1999 and results back by the end of May 1999.

Mr. Chartrand indicated Recommendation No. 2 of the report requested funding to retain professional expertise in the areas of commercial leases and public/private partnerships. This expertise would support Regional staff in negotiations with the other partners, noting the uniqueness of the facilities. He emphasized this was required to ensure Regional interests were protected.

Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
01 December 1998

Councillor Meilleur reinforced the need to evaluate extra parking space to accommodate the additional requirements without infringing on the market area.

Councillor Meilleur inquired how the individuals to provide advice were selected. Mr. Chartrand stated the Royal Bank of Canada was the Regional banker and were available as required; Mr. Michael Shaen, Managing Director, Public/Private Partnership Group (Deloitte & Touche) was an excellent resource with experience and had been involved with the project in the past; and P. Donald Rasmussen, Solicitor, had been previously retained and was recommended in this area, specifically construction litigation.

Councillor van den Ham inquired how the amount of \$400,000 to develop the business plan was determined. Mr. Chartrand explained the previous studies proved the need for the expansion and provided generic numbers. However, he stated the Business Plan would not duplicate that work, but update any changes over the past two years and review other issues significantly closer, such as program space requirements. He added it was critical in defining the capital cost. Referencing the staff report, Mr. Chartrand stated items (a) (b) (d) (e) may cost approximately \$250,000 and (c) may cost approximately \$100,000. Mr. Chartrand referenced the experience in the area of the Province of Ontario and Viking Rideau Corporation.

Councillor van den Ham referenced the necessity of the \$50,000 for outside expertise. Mr. Chartrand reiterated the need to have the availability of certain expertise to protect the Region's specific interests and negotiating position. He pointed out it would only be on a "as required" basis as discussions progressed. Chair Chiarelli stated they were not available to the other partners, but available for Regional purposes.

Councillor Hunter reminded Committee of the 1999 budget pressures, the shortfall of approximately \$53 million and the PIL issue with the Provincial Government. The Councillor agreed this may be the next logical step in the project, however, believed until the 1999 budget situation was known, it was not possible to commit to the subject expenditure.

With reference to a letter from the Minister of Economic Development, Trade and Tourism, Councillor Hunter expressed concern that one issue to study was the possibility of the Province returning ownership of the facility to the Regional Municipality - "ownership of facility, ownership of liabilities".

Extract of Draft Minute  
Corporate Services and  
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01 December 1998

Chair Chiarelli stated the expenditure of the Convention Centre Budget Account had been extremely responsible and modest. With respect to the letter from the Minister, the Chair explained the issue of ownership would require review at a later date at which time Committee and Council would exercise their judgement in an appropriate manner, subject to the Business Plan and expert advise.

Councillor Cantin pointed out there were three willing partners to embark on a much needed Business Plan. He commented on the obligation to create conditions for employment opportunities for individuals in areas other than high tech and the public sector. Councillor Cantin also reviewed the benefits of the revitalization of the downtown core and the revenue generated through taxes and employment.

Councillor van den Ham shared the concerns expressed by Councillor Hunter regarding the 1999 Budget situation. He commented he had always been concerned with the Region's role in this project and its financial exposure. However, the Councillor referenced the partnership formed and financial contributions from all parties for the next step. He expressed his support for the report as he did not feel it was the appropriate project to place on hold at this time.

Councillor Hunter acknowledged the possible urgency around the report, however, believed more detail was necessary. He pointed out the initial idea of the trade centre was to expand the amount to trade space currently available.

Councillor Meilleur stated she originally voted against the project at Council due to the concerns of her community. However, she explained she would support the report as Council had approved the progress of the project and the Business Plan would review significant issues.

Councillor Beamish stated the private sector would benefit the most from the project, however, believed this request was more prudent than the past. The Councillor noted the requirement for authorization to spend from the account. He stated he was prepared to take the risk at this time to develop a Business Plan, in light of the contributions from the others, however, pointed out the next step should also involve significant investment from the private sector and other levels of government.

Councillor Hill expressed her concern regarding the 1999 budget situation. She concurred the private sector would gain the most from the expansion; however, would not come forward and contribute (with the exception of Viking Rideau) or support a hotel tax. In closing, Councillor Hill stated the rural area would not benefit and could not support the report prior to the budget deliberations.

Extract of Draft Minute  
Corporate Services and  
Economic Development Committee  
01 December 1998

The Committee then considered the staff recommendations.

**That the Corporate Services and Economic Development Committee recommend Council:**

- 1. Approve a contribution of \$100,000 as its share of the preparation of a business plan in support of the proposed expansion of Ottawa-Carleton's convention facilities, conditional on Viking Rideau Corporation contributing \$100,000, the Province of Ontario contributing \$125,000, and the Ottawa Congress Centre contributing \$75,000, to the preparation of the plan;**
- 2. Approve an expenditure of up to \$50,000 to enable the retention of other expertise required to support the Region's specific interests and negotiating position.**

CARRIED

(B. Hill and G. Hunter dissented)