

EXHIBITION PLACE

February 27, 2006

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager & CEO

Subject: **Soccer Stadium at Exhibition Place – Update #3**

Purpose:

This report provides a status update on the soccer stadium development at Exhibition Place.

Financial Implications and Impact Statement:

There are no financial implications.

Recommendation(s):

It is recommended that the report be received for information.

Background:

At its special meeting of October 19, 2005, the Board approved of entering into a Letter of Intent with Maple Leaf Sports & Entertainment Ltd. (MLSEL) and the Canadian Soccer Association (CSA) to recommend to City Council the funding and construction of a 20,000-seat soccer stadium at Exhibition Place.

At its meeting of October 26, 27, 28 and 31, 2005, City Council approved of Clause No. 36 of Report No. 9 of the Policy & Finance Committee which basically adopted the report and recommendations of the Board.

At its meeting of December 5, 6 and 7, 2005, City Council approved of Clause No. 64 of Report No. 9 of the Toronto and East York Community Council approving the location of a billboard sign. At the same meeting, Council also considered Clause No. 14 of Report No. 10 of the Policy and Finance Committee concerning the designation as a municipal capital facility.

At its meeting of January 31, February 1, & 2, 2006, City Council approved of Clause No. 8 of Report No. 1 of the Toronto & East York Community Council (Appendix "A" attached) approving of the terms and conditions of a Heritage Easement Agreement between the Board and the City with respect to preservation of some parts of the Halls of Fame Building.

At its meeting of January 23, 2006, the Policy & Finance Committee received for information Report No. 1 Clause No. 29 (Appendix "B" attached) from the CFO explaining the financial benefits, if any, of the designation of the stadium as a "municipal capital facility".

Comments:

Since the last update in January 2006, the following actions have been taken by staff:

- Meetings continue to be held between City Finance staff and the provincial and federal counterparts to review and finalize the second draft of the Contribution Agreement.
- Meetings have been held between MLSEL, the Board and City planning staff relating to design, site planning and building permit issues and site planning review will be finalized shortly.
- MLSEL received approval of its Provincial Record of Site Condition.
- PCL Ltd. and its partner Brisbin Brooks Beynon have submitted 30% design drawings for review and comment by MLSEL and Exhibition Place.
- Drafts of the Project Agreement and Management Agreement between the Board and MLSEL are in circulation.
- MLSEL received its demolition permit with respect to the Halls of Fame Building.
- City Council approved of the terms and conditions of a Heritage Easement Agreement between the Board and the City with respect to preservation of certain heritage features of the Halls of Fame Building.
- Initial meetings held with major NTC tenants and with Champ Car are scheduled to address the 2006 construction issues.
- NTC staff will be holding meetings with each of its major show producer.
- Trees designated for preservation and relocation have been relocated on the grounds.
- Marshall Macklin Monahan is working to complete the necessary transportation plan and on-site traffic management plan.
- Canada Sports Hall of Fame and the Canadian Bureau for the Advancement of Music have moved into Stanley Barracks on a short-term lease.
- Demolition permit issued by the City and asbestos abatement in the west part of the building completed and demolition of the interior will commence shortly and demolition of the old stadium foundations and relocation of underground services in the parking lot area will be completed shortly.
- Regular meetings are being held with PCL, MLSEL, the NTC, Exhibition Place and CNE staff to review all construction issues.
- Construction of the new extension of Princes' Boulevard is underway and slated to be finished by April 1, 2006.
- Project is on track for substantial completion by March 31, 2007

Conclusions:

This report updates the Board on actions that have been taken since the last update report in January 2006.

Contact:

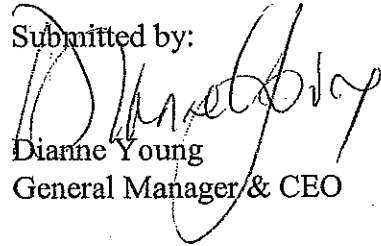
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Submitted by:



Dianne Young

General Manager & CEO

Consolidated Clause in Toronto and East York Community Council Report 1, which was considered by City Council on January 31, February 1 and 2, 2006.

8

Approval of the Conservation of Parts of a Heritage Building and Authority to Enter Into a Heritage Easement Agreement - 2 Strachan Avenue - Hockey and Sports Halls of Fame (Ward 19 - Trinity-Spadina)

City Council on January 31, February 1 and 2, 2006, adopted this Clause without amendment.

Council also considered additional material, which is noted at the end of this Clause.

The Toronto and East York Community Council recommends that City Council:

- (1) **adopt the staff recommendations in the Recommendations Section of the report (January 4, 2006) from the Director, Policy and Research, City Planning Division, subject to amending Recommendation (1) by adding the following additional part (g):**
 - “(g) **make every effort to ensure that some concrete panels from either the east or west walls are conserved or replicated and installed on the west elevation of the new structure;”;**
- (2) **direct that Heritage Preservation Services, City Planning Division and the Toronto Preservation Board be consulted on all development projects for properties listed on the City of Toronto Inventory of Heritage Properties; and**
- (3) **direct that Heritage Preservation Services, City Planning Division, and the Toronto Preservation Board review proposed changes in circumstances for all buildings owned by the City or its Agencies, in order that Council may be advised of the heritage implications of making such changes.**

The Toronto and East York Community Council submits the report (January 4, 2006) from the Director, Policy and Research, City Planning Division:

Purpose:

As a result of Council's decision to approve a new Soccer Stadium at Exhibition Place which requires the demolition of the Hockey and Sports Halls of Fame, a listed heritage building, this report recommends that staff be authorized to take certain steps to conserve parts of the heritage

building and that authority be granted to enter into a Heritage Easement Agreement with The Board of Governors of Exhibition Place to provide protection for the retained portions of the heritage building.

Financial Implications and Impact Statement:

There are no financial implications from the adoption of this report.

Recommendations:

It is recommended that:

- (1) the conservation of parts of the heritage building known as the Hockey and Sports Halls of Fame at 2 Strachan Avenue be approved subject to the Board of Governors of Exhibition Place (Exhibition Place):
 - (a) documenting the heritage building to the satisfaction of the Manager, Heritage Preservation Services;
 - (b) entering into and registering a Heritage Easement Agreement with the City to provide permanent protection for the conserved portions of the heritage building;
 - (c) agreeing that no demolition permit will be issued for the heritage building until the above conditions have been fulfilled;
 - (d) ensuring that a qualified heritage conservation architect is retained as part of the Soccer Stadium Project to advise on the conservation of the various parts of the heritage building;
 - (e) prior to the issuance of the full building permit, providing a Conservation Plan with detailed plans and specifications for the heritage elements to be retained to the satisfaction of the Manager, Heritage Preservation Services;
 - (f) making appropriate arrangements for the conservation of the hockey mural to the satisfaction of the Manager, Heritage Preservation Services;
- (2) authority be granted by City Council for the execution of a Heritage Easement Agreement under Section 37 of the Ontario Heritage Act with Exhibition Place, using substantially the form of easement agreement prepared in February 1987 by the City Solicitor and on File with the City Clerk, subject to such amendments as may be deemed necessary by the City Solicitor in consultation with the Chief Planner and Executive Director, City Planning Division; and
- (3) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Background:

The property at 2 Strachan Avenue, Exhibition Place, as shown on Attachment No. 1, contains a number of heritage buildings, including the building originally known as the Hockey and Sports Halls of Fame. The building, which was listed on the City's Inventory of Heritage Properties by City Council on May 3 and 4, 1993, was constructed in two stages, 1960-61 and 1966-67, according to the plans of Allward and Gouinlock, noteworthy Toronto architects.

The building, as shown in Attachment No. 2, displays the folded plate walls and canopy roof featured on the exhibition halls built for the Festival of Britain, held in London in 1951 to celebrate the 100th anniversary of the Great Exhibition. The two-storey structure, constructed of concrete and steel with stucco, granite, terrazzo, metal and stainless steel trim, features a two-storey rectangular plan. The long south and north elevations are divided into three bays with a central entrance block flanked by symmetrical wings. The folded concrete walls are expressed as projecting triangular forms with vertical strips of steel mesh placed at the junctures for aesthetic and structural purposes. On the principal (south) facade, the recessed centre block features a fully glazed wall containing the main elevated entrance, allowing views into the foyer with its coloured hockey mural. The entry is protected by a folded plate roof supported on four granite-clad columns, the shapes of which are repeated in the colonnade of flag standards radiating out from the entrance. The north elevation is similarly treated, apart from the projecting centre block with its terrazzo-clad columns, asymmetrically-placed entrances with transoms, metal grillwork, and name band. The narrow three-bay east and west walls are faced with concrete panels. Fully glazed entrances have single-storey openings above and double-headed conical light fixtures on either side. The entry on the west end is more elaborately treated with a granite door surround and metal grillwork overhead. The structure is covered by a flat roof with a wide metal cornice and, along the south edge, stainless steel letters identifying "Hockey Hall of Fame" and "Sports Hall of Fame."

The heritage building is owned by Exhibition Place and is currently occupied by Canada's Sports Hall of Fame.

On October 26, 27 and 28, 2005, City Council adopted the staff recommendations of the October 19, 2005 report from the Board of Governors of Exhibition Place regarding the construction of a new soccer stadium in the Exhibition Place site. The proposed stadium, as shown in Attachment No. 3, will be located immediately south of the Food Products Building and east of the Queen Elizabeth Building. The proposed 20,000 seat stadium (with potential expansion to 30,000 seats) will be managed by Maple Leaf Sports and Entertainment (MLSE) for a 20 year period. At all times, the City will be the owner of the stadium. Financing of the stadium will be by MLSE with substantial contributions from the City, Provincial and Federal governments. The development is subject to the City, the Board of Governors of Exhibition Place, MLSE and the Canadian Soccer Association entering into project, management and facility usage agreements.

Construction of the new soccer stadium must commence immediately in order to be available for the 2007 world soccer championship.

Comments:

The report from the Board of Governors of Exhibition Place (Exhibition Place) recommended approval of a new soccer stadium on a site which is shown in Attachment Number 3. This site plan was contained in the report to City Council. Council's decision to approve the new stadium requires the demolition of the Hockey and Sports Halls of Fame Building.

Staff recommends that the heritage building be fully documented prior to its demolition.

Following from Council's decision, staff has identified and sought to secure retention of important features of the central portion of the south elevation of the building. Exhibition Place's intent is to conserve those heritage features on the west elevation of the new Stadium. Details regarding the extent of resource retention and the conservation techniques to be used have not been determined at this time. Staff recommends that Exhibition Place arrange for the engaging a heritage architect to document the building and to prepare a Conservation Strategy for the portions of the building to be conserved within the new soccer stadium. The Conservation Strategy will provide a high level approach to conserve those heritage features. Staff recommends that those heritage features be protected by securing a Heritage Easement Agreement prior to the issuance of the demolition permit for the heritage building. A Conservation Plan will be prepared which will provide detailed drawings and specifications for the heritage elements to be retained will be prepared prior to the issuance of the full building permit. Plan will provide detailed drawings and specifications for the heritage elements to be retained.

The interior lobby of the heritage building contains a large wall mural of hockey players that is visible from the exterior through the main entrance of the south elevation. Exhibition Place has agreed to retain this art work on the Exhibition site at a location yet to be determined. Staff support this approach subject to:

- the use of an art conservator to advise on the conservation of the art,
- identification of a satisfactory location where the art may be viewed by the public, and
- discussions between Exhibition Place with the artist of the mural regarding the new location for the art work.

Conclusions:

The property at 2 Strachan Avenue (Exhibition Place) contains the heritage building known as the Hockey and Sports Halls of Fame. In October, 2005, Council, upon the recommendation of the Board of Governors of Exhibition Place, approved a proposal for a new soccer stadium that requires the demolition of the heritage building. In light of this decision, staff recommends that important features of the heritage building be retained. This work should be directed by conservation consultants and be protected by a heritage easement agreement.

Contact:

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(Copies of the following Attachments in the report (January 4, 2006) from the Director, Policy and Research, City Planning Division, were forwarded to all Members of the Toronto and East York Community Council with the agenda for its meeting on January 17 and 19, 2006, and copies are on file in the City Clerk's Office:

- Attachment No. 1 - Location Map;
- Attachment No. 2 - Photograph; and
- Attachment No. 3 - Stadium Proposal.)

The Toronto and East York Community Council also submits the communication (January 13, 2006) from the City Clerk, Toronto Preservation Board:

Recommendation:

The Toronto Preservation Board:

- (1) recommended to the Toronto and East York Community Council and Council, that:
 - (a) the staff recommendations in the Recommendations Section of the report (January 4, 2006) from the Director, Policy and Research, City Planning Division, be adopted subject to amending Recommendation (1) by adding the following new part (g):

“(g) make every effort to ensure that some concrete panels from either the east or west walls are conserved or replicated and installed on the west elevation of the new structure;”;
 - (b) Heritage Preservation Services and the Toronto Preservation Board be consulted on all development projects for properties that are listed on the City of Toronto Inventory of Heritage Properties; and
 - (c) Heritage Preservation Services and the Toronto Preservation Board review proposed changes in circumstances for all buildings owned by the City or its Agencies, in order that Council may be advised on the heritage implications of making such changes; and

- (2) expressed to the Toronto and East York Community Council and Council its dismay that the process by which approval was given for the demolition of the Hockey and Sports Hall of Fame and the construction of a new Soccer Stadium at Exhibition Place, did not include consultation with Heritage Preservation Services and the Toronto Preservation Board.

Background:

The Toronto Preservation Board on January 12, 2006, considered a report (January 4, 2006) from the Director, Policy and Research, City Planning Division.

Recommendations:

It is recommended that:

- (1) the conservation of parts of the heritage building known as the Hockey and Sports Halls of Fame at 2 Strachan Avenue be approved subject to the Board of Governors of Exhibition Place (Exhibition Place):
 - (a) documenting the heritage building to the satisfaction of the Manager, Heritage Preservation Services;
 - (b) entering into and registering a Heritage Easement Agreement with the City to provide permanent protection for the conserved portions of the heritage building;
 - (c) agreeing that no demolition permit will be issued for the heritage building until the above conditions have been fulfilled;
 - (d) ensuring that a qualified heritage conservation architect is retained as part of the Soccer Stadium Project to advise on the conservation of the various parts of the heritage building;
 - (e) prior to the issuance of the full building permit, providing a Conservation Plan with detailed plans and specifications for the heritage elements to be retained to the satisfaction of the Manager, Heritage Preservation Services; and
 - (f) making appropriate arrangements for the conservation of the hockey mural to the satisfaction of the Manager, Heritage Preservation Services;
- (2) authority be granted by City Council for the execution of a Heritage Easement Agreement under Section 37 of the *Ontario Heritage Act* with Exhibition Place, using substantially the form of easement agreement prepared in February 1987 by the City Solicitor and on file with the City Clerk, subject to such amendments as may be deemed necessary by the City Solicitor in consultation with the Chief Planner and Executive Director, City Planning Division; and

- (3) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

The following persons addressed the Toronto Preservation Board:

- Dianne Young, General Manager and CEO, Exhibition Place;
- Dan Arts, Director, Project Development, Maple Leaf Sports and Entertainment Ltd.;
- Spencer Higgins, Architect; and
- Catherine Nasmith, Architectural Conservancy of Ontario.

Council also considered the following:

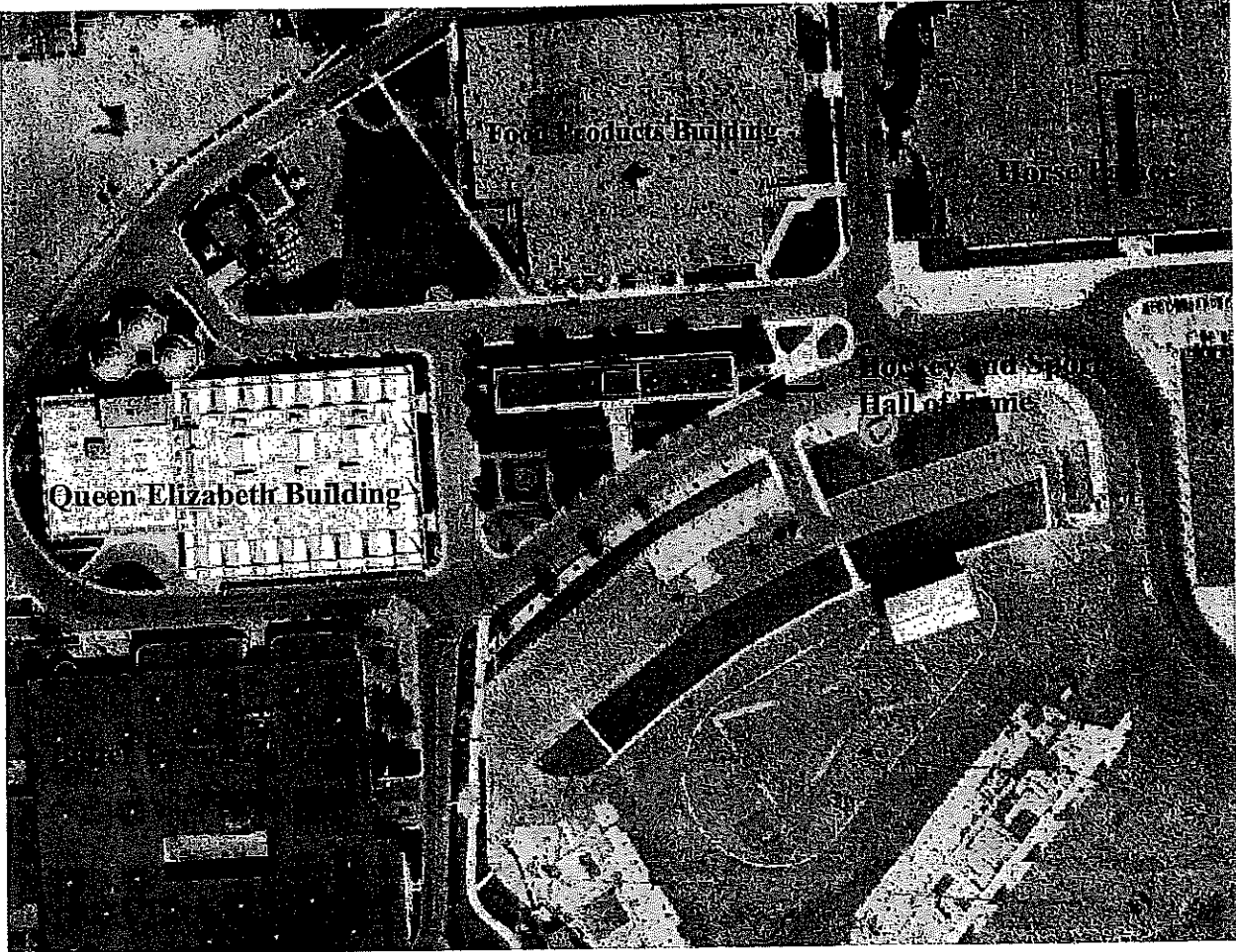
Communication:

- *(January 18, 2006) from John Martins-Manteiga, Director/Curator, Museum of Modern Architecture and Design [Communication 5(a)].*

LOCATION MAP

2 Strachan Avenue – Hockey and Sports Halls of Fame

ATTACHMENT NO. 1

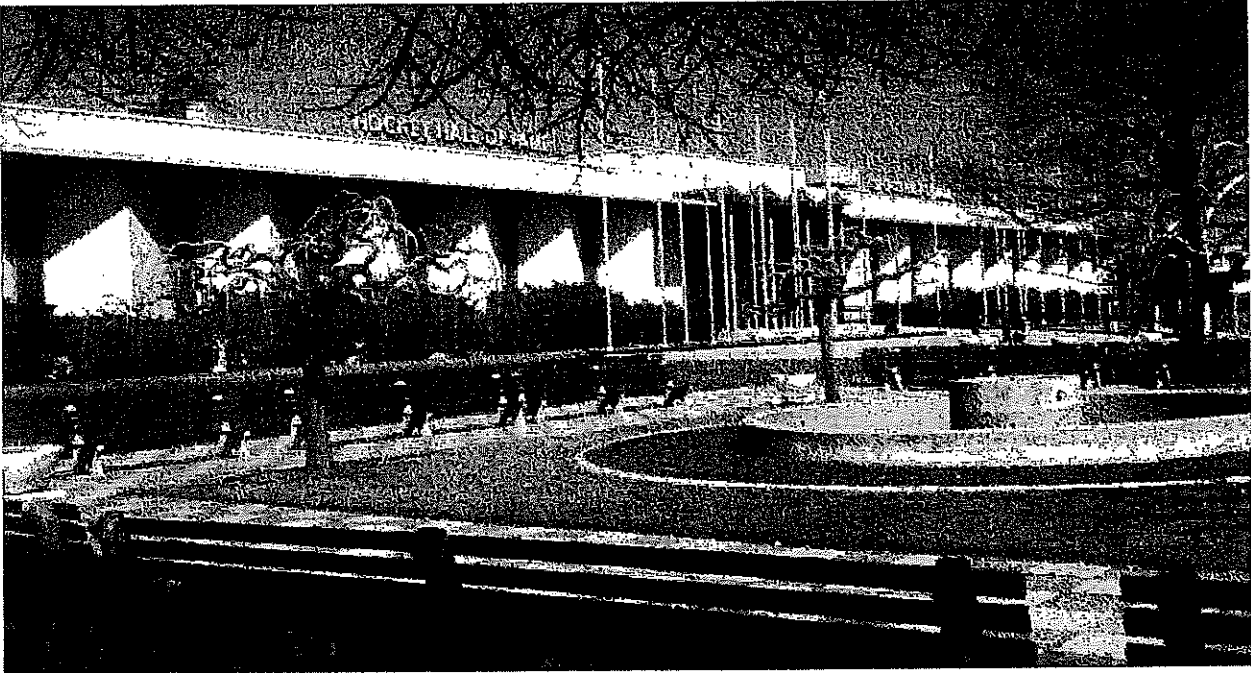


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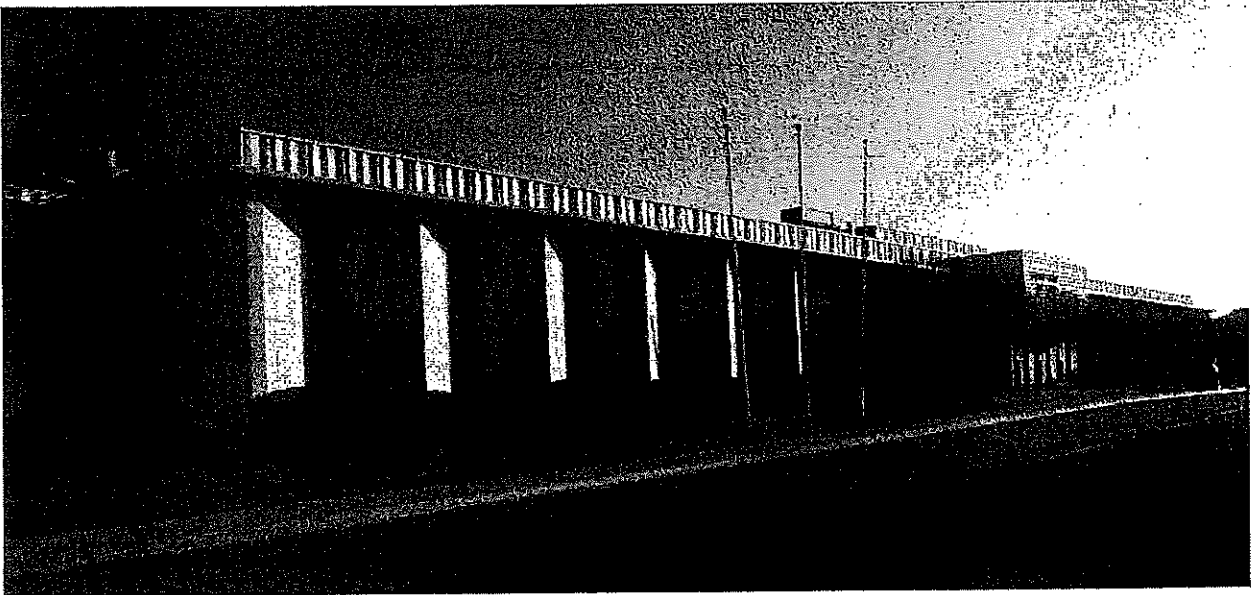
ATTACHMENT NO. 2

2 Strachan Avenue – Hockey and Sports Halls of Fame

South Elevation



North Elevation

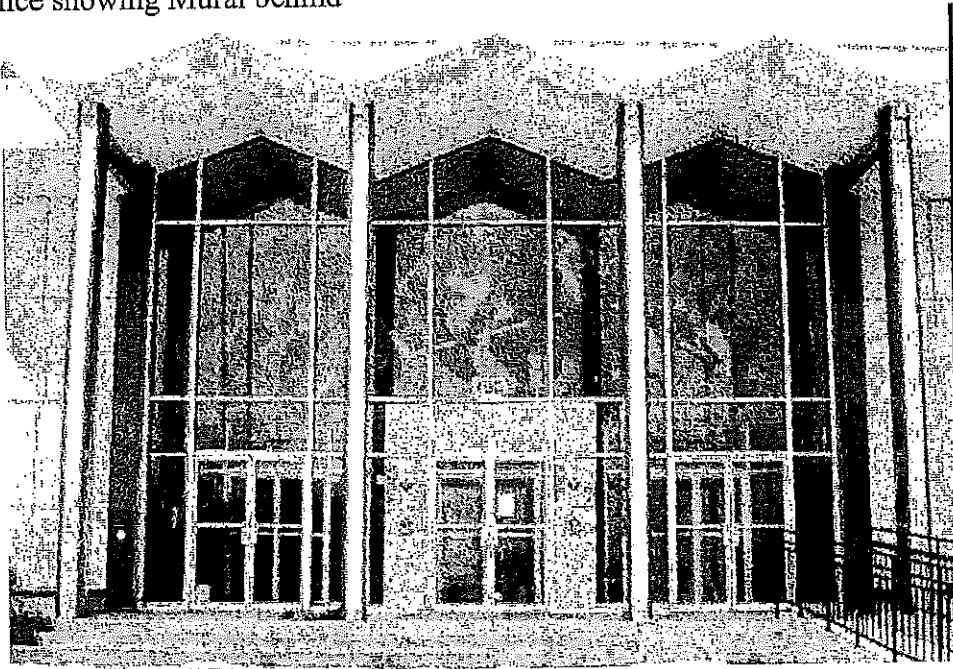


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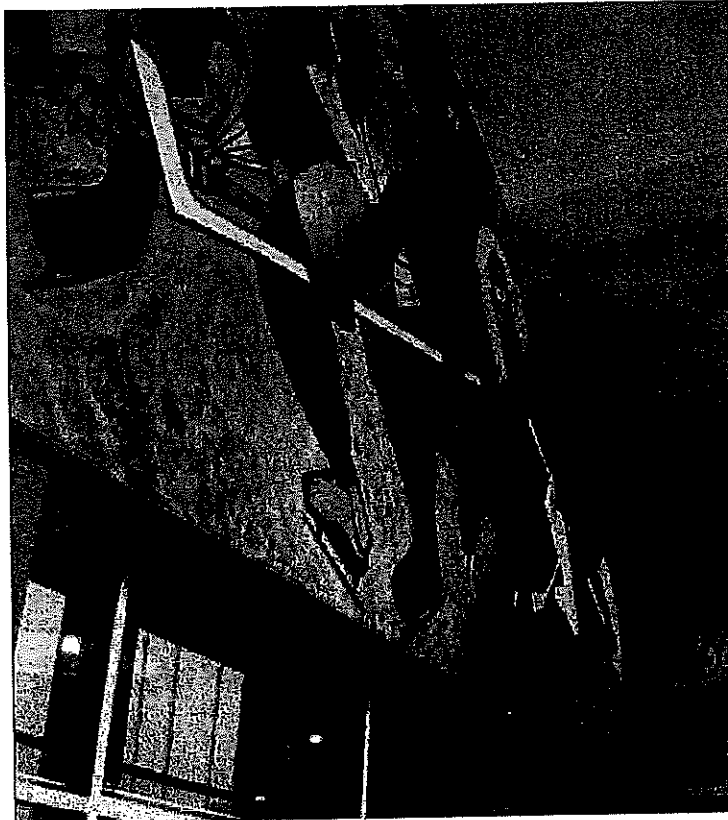
2 Strachan Avenue – Hockey and Sports Halls of Fame

ATTACHMENT NO. 2

Front Entrance showing Mural behind

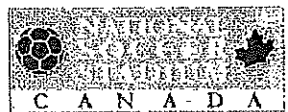
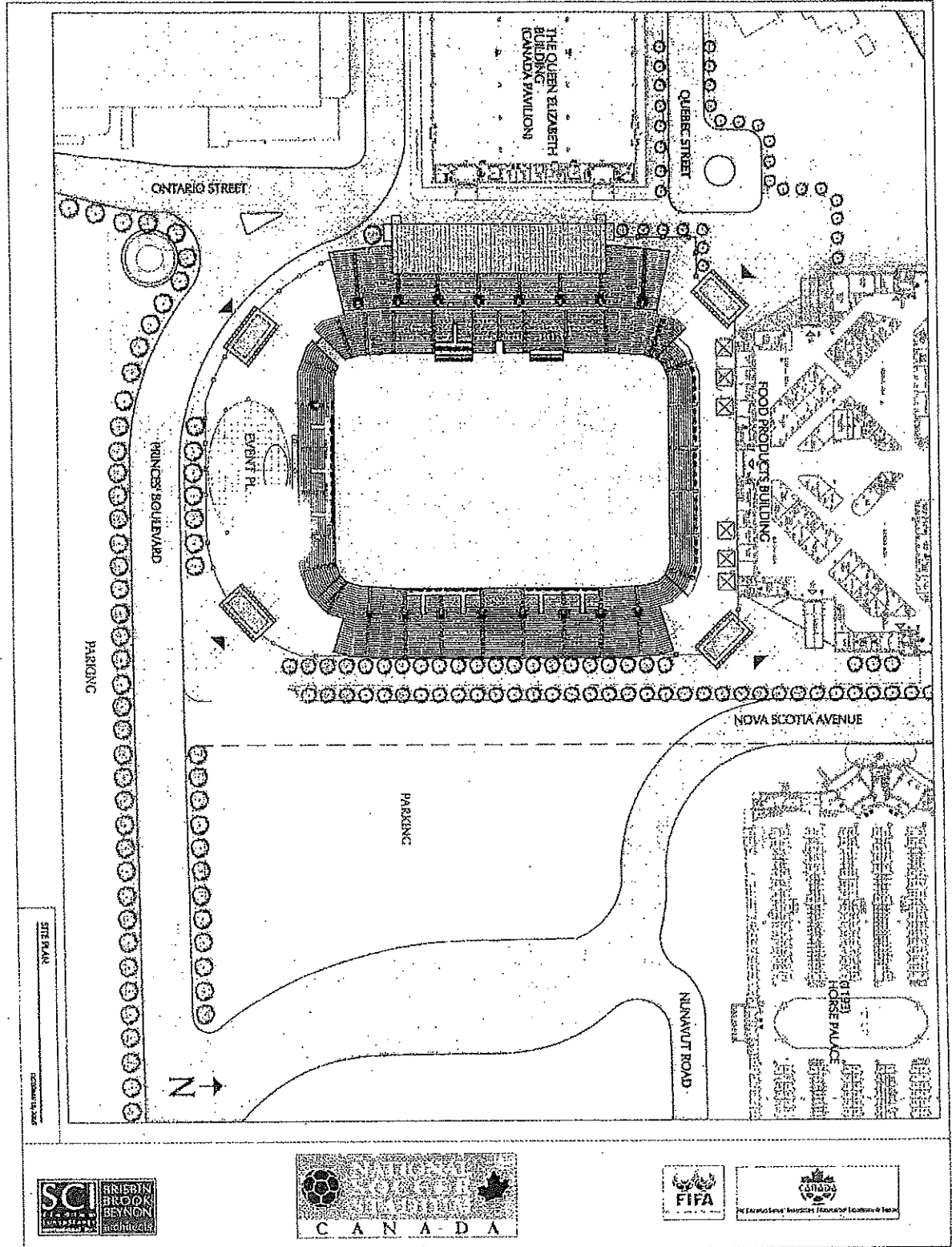


Portion of Mural



SITE PLAN – SOCCER STADIUM
2 Strachan Avenue – Hockey and Sports Halls of Fame

ATTACHMENT NO. 3





TORONTO STAFF REPORT

"B"

January 19, 2006

To: Policy and Finance Committee

From: Deputy City Manager and Chief Financial Officer

Re: Exhibition Place Soccer Stadium – Municipal Capital Facility Designation

Purpose:

This report responds to a request by City Council to report on the value of the financial benefits to be bestowed upon the private sector as a consequence of declaring the proposed soccer stadium at Exhibition Place a Municipal Capital Facility.

Financial Implications:

There are no financial implications associated with the recommendations in this report.

Recommendations:

This report is provided for information purposes.

Background:

At its meeting of October 26, 27, 28 and 31, 2005, City Council considered and adopted the recommendations of staff, as amended, with respect to the construction and operation of a soccer stadium at Exhibition Place. As part of its direction to staff, City Council also adopted the following recommendation:

“That recommendation (4) contained in the staff report be deleted and the following inserted instead:

“(4) the City Solicitor be requested to report on the legality and appropriateness of declaring the proposed soccer stadium to be a municipal capital facility for the purposes of the municipality and public use pursuant to s. 110 of the Municipal Act, 2001.”

This recommendation replaced a recommendation in the original staff report requesting that City Council approve the designation of the proposed soccer stadium as a municipal capital facility.

In response to recommendation (4), the City Solicitor submitted a report dated November 14, 2005 to the November 22, 2005 meeting of Policy and Finance Committee. This report recommended that:

- (1) "City Council declare the proposed soccer stadium at Exhibition Place to be a municipal capital facility for the purposes of the municipality and public use pursuant to section 110 of the *Municipal Act, 2001*, and pass a by-law to authorize the entering into of an agreement for the provision of the facility".

At its meeting of December 5, 6 and 7, 2005, City Council adopted the recommendations in this report and directed that "the Deputy City Manager and Chief Financial Officer be requested to report to the Policy and Finance Committee for its next meeting on January 23, 2006, on the value of the financial benefits to be bestowed upon the private sector as a consequence of declaring this facility a Municipal Capital Facility".

Comments

Ontario Regulation 46/94 states that the council of a municipality may enter into a municipal capital facility agreement under Subsection 110 (1) of the *Municipal Act* for the provision of facilities used for cultural, recreational or tourist purposes.

Section 110 of the Act also authorizes a municipality to "provide financial or other assistance at less than fair market value or at no cost to any person who has entered into an agreement to provide facilities under this section". However, in this case no such financial assistance has been offered.

As discussed more fully in the October 27, 2005 report from the Deputy City Manager and Chief Financial Officer, staff have carried out an analysis of the potential revenues that will be derived from this project under a variety of financial assumptions and scenarios. Based on this analysis, it appears that Maple Leaf Sports and Entertainment Ltd. (MLSEL) will be earning a fair-market return on their financial investment given the risk profile of the project. Therefore, although the municipal capital facility designation does allow for financial assistance to a private proponent, MLSEL is not receiving any benefit directly as a result of the municipal capital facility designation.

The City Solicitor reached the conclusion that the designation was necessary from the City's perspective for two important reasons:

- (1) Authority for Agreements:

The recommendation to designate the facility was made in recognition of the nature of the project as a public/private arrangement which contemplates a contribution (\$18 million) to the costs of construction of a public facility by the private sector, which is also undertaking the construction. The operation and use of the stadium is then expected to result in reasonable benefits to both the public and private sectors as per the Letter of Intent adopted by City Council when it approved the project. The City Solicitor was therefore of the view that this type of arrangement is best authorized as a municipal capital facility and that it would be in the best interests of the City to put the designation in place as authority for the arrangement.

(2) Defence Against Allegations of Bonusing:

An added benefit of the designation is protection against any attempt to attack the arrangement which might be based upon an allegation of bonusing. While staff and City Council may in good faith believe that the arrangement is in the public interest and fair for all parties, this would obviously not preclude a third party from seeking to characterize the arrangement differently. The City Solicitor advises that this concern is supported by a recent court decision and recommends the designation of the facility to protect City interests.

It is important to make clear that this arrangement does not contemplate the provision of a property tax exemption. The Stadium is a municipal building which will be City-owned at all times and managed by Maple Leaf Sports & Entertainment Ltd. acting as an agent of the City and The Board of Governors of Exhibition Place. In fact, the City Solicitor has pointed out that the City is not entitled under section 110 to provide a tax exemption in the context of this arrangement as no portion of the facility will be located on land which is "owned by or leased to" a private sector partner in respect of which such an exemption would be given.

Conclusion

There are no financial benefits bestowed upon MLSEL as a result of designating the proposed soccer stadium a municipal capital facility. MLSEL expects that it will derive a financial return from its management of the stadium and operations of a professional soccer franchise. The financial returns to MLSEL are considered to be representative of fair market rates commensurate with the level of investment and the risk profile associated with this type of transaction.

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Deputy City Manager and Chief Financial Officer

