

Municipality of Chatham-Kent

Community Development

To: Mayor and Members of Council

From: Bruce McAllister, Project Team Lead
General Manager, Community Development

Ian Clark, Assistant Project Team Lead
Engineering Technologist (Transit), Infrastructure & Engineering Services

Date: May 31, 2022

Subject: Imagine Chatham-Kent, A Proposal to Redevelop the Downtown Chatham Centre Site

Recommendations

It is recommended that:

1. Public consultation be conducted regarding the Imagine Chatham-Kent proposal to redevelop the Downtown Chatham Centre site for the purposes of co-locating municipal facilities (“Community Hub”) and hosting an Entertainment Complex, with results reported to Council on August 8, 2022.
2. Up to \$50,000 from the strategic reserve be allocated for initial due diligence on the Imagine Chatham-Kent proposal, with a status update reported to Council on August 8, 2022.

Background

Last spring it was announced that a group of local investors had purchased the Downtown Chatham Centre (DCC). On June 28, 2021, Council directed administration “to prepare a report regarding options for relocation or redevelopment of municipal assets including, but not limited to, the Civic Centre as part of the plans to redevelop the Downtown Chatham Centre property”. Shortly afterwards, administration issued a survey on behalf of the investors to solicit ideas from the public on how the DCC site can be developed for future use ([Share Your Ideas-Downtown Chatham Centre](#)).

Subsequent to this public engagement, the investors – collectively referred to as the “Community Partners” in the Imagine Chatham-Kent proposal (“the Proposal” – see Appendix A) commissioned an architectural firm to prepare a preliminary design concept for the redevelopment of the DCC site. Although referred to as the Community Partners, no formal partnership with the Community Partners has been entered into with the Municipality.

Comments

Imagine Chatham-Kent Proposal

The Community Partners formally presented the Proposal to administration's internal DCC Project Team on May 5, 2022.

High level aspects of this preliminary design concept include:

1. Redevelopment of the former Sears portion of the DCC into a Community Hub and promenade by the Community Partners under terms of sale to the Municipality. The parking garage will be included under those terms of the sale;
2. Guaranteed minimum purchase price for three existing municipal buildings expected to be redundant with the creation of the Community Hub. The Municipality retains the right to sell these buildings on an open market;
3. Redevelopment of denoted portions of the DCC by the Community Partners for the purpose of constructing an Entertainment Complex under terms of sale to the Municipality;
4. Retention of remaining lands on the DCC site by the Community Partners for future private sector commercial and residential development.

Community Hub:

The Community Hub is intended to be a co-location of services currently operating out of three municipal buildings – Chatham-Kent Civic Centre, Chatham-Kent Public Library Chatham Branch, and the Chatham Cultural Centre. Administration provided the Community Partners with initial spatial guidelines for the Community Hub preliminary design concept. Current design specifications would accommodate:

- Offices, workstations, and meeting space for Civic Centre employees
- Fully accessible Council Chambers suited for flexible use
- Chatham Branch library operations
- CK Museum operations
- Thames Art Gallery operations

Under terms of the Proposal, the Community Hub would be delivered to the Municipality on a turnkey basis.

Entertainment Complex:

An Entertainment Complex is proposed to be developed on the DCC site next to the Community Hub. This facility is proposed to hold approximately 4,000 seats and be suitable for a variety of sports and events, including a single pad ice surface. Under terms of the Proposal, the Entertainment Complex would be developed and sold to the Municipality for ongoing operation.

Public Consultation

Based on the initial feedback in 2021, it is anticipated there will be significant public interest resulting from the Proposal. It is recommended that administration conduct further public engagement to solicit feedback from residents and impacted stakeholders on the Proposal as presented in its current form. Consultation on the Proposal will be open for a thirty-day period on www.letstalkchatham-kent.ca.

Due Diligence

Comparable projects undertaken by peer municipalities have involved extensive due diligence necessary to collect and analyze all available information to facilitate informed decision making by their respective Councils. Administration recognizes there are several unique aspects of the Proposal to also consider. For example, this is a potential opportunity to redevelop and revitalize an underutilized site in a central location with existing infrastructure, along with a 580-stall parking structure. The concept of delivering the facilities on a turnkey basis is also a unique aspect of the Proposal. Based on this, administration is developing a phased approach of necessary actions in its review of the Proposal and its impact on the Municipality in order to permit regular opportunity for Council to provide direction on resource expenditure, public consultation, or other direction as new information becomes available. It is recommended up to \$50,000 from the strategic reserve be allocated for the following initial actions concerning due diligence:

1. Acquire certified appraisal reports for municipal facilities potentially impacted by the Proposal;
2. Determine updated costing on Civic Centre renovations and other planned projects to impacted municipal facilities;
3. Review the Proposal's capital cost estimates and assumptions regarding the Community Hub and related infrastructure.

Unused funds could be allocated to future actions pending Council direction. Administration will provide a status update on these actions at the August 8, 2022 Council meeting.

Pending the public engagement process, results from these initial actions, and further direction from Council, administration anticipates subsequent phases of due diligence may include, but not be limited to: detailed facility scopes, an Entertainment Complex feasibility study, planning, traffic and economic analyses, operating impact assessments, financing recommendations, and legal advice and transactional negotiations.

At this preliminary stage administration is not in a position to estimate the time required to conduct appropriate due diligence on the entirety of the Proposal.

Capital Estimates and Alternatives

Preliminary capital estimates for the Community Hub and Entertainment Complex have been provided to administration by the Community Partners. As part of its due diligence administration will determine its own capital estimates in conjunction with a review of the Proposal's current scope and assumptions. Administration has determined the Proposal's capital estimates are at too preliminary of a stage to be reported to Council with confidence in accuracy. An update will be provided at the August 8, 2022 Council meeting.

Updated renovation and other project costs on municipal facilities potentially impacted by the Proposal will be calculated by administration and reported to Council in conjunction with new capital estimates. For reference, the following has been reported during this Council term:

- \$18.1M for Civic Centre renovation costs, \$34M to purchase and renovate a building to relocate services from the Civic Centre and Community Human Services buildings, and \$56M to build a new facility for the same purpose ([Report Link](#)) (January 2020);
- \$63.8M for the construction of a multi-use recreational facility, with twin ice pads, with design alternatives estimated between \$48M to \$86M ([Report Link](#)) (May 2019).

Strategic Alignment

The recommendations in this report have been brought to Council due to the June 28, 2021 Council directive and the Proposal's strategic alignment with Council Priorities and Municipal Strategic Plans, including:

- Official Plan Policy Objective
 - Promote ongoing viability and revitalization of the downtowns as the focus of pedestrian-oriented retail, civic, cultural, entertainment, and government uses.
- 2018-2022 Council Priorities
 - Expand infrastructure for growth to support local economic development.
 - Expand infrastructure related to recreational facilities.
 - Rationalize current inventory of bridges, roads, parks and buildings in support of new infrastructure investment.

The Core Services Base Budget Efficiency Review presented to Council by KPMG in November 2021 recommended balancing the financial costs of operating facilities and improving services by repurposing and consolidating facilities with specific action to move towards a "one-stop-shop" model of community hubs and multi-purpose facilities that offer residents access to multiple services at the same location.

Elements of the Proposal also have the potential to support action items found in:

- CK Cultural Plan Implementation Project
- Library Master Plan
- Parks and Recreation Master Plan
- Age-Friendly Chatham-Kent Community Action Plan
- Tourism Destination Management Plan
- Driving Forward Transit Strategy

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report support the following areas of strategic focus:

- Economic Prosperity:
Chatham-Kent is an innovative and thriving community with a diversified economy
- A Healthy and Safe Community:
Chatham-Kent is a healthy and safe community with sustainable population growth
- People and Culture:
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community
- Environmental Sustainability:
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report support the following critical success factors:

- Financial Sustainability:
The Corporation of the Municipality of Chatham-Kent is financially sustainable
- Open, Transparent and Effective Governance:
The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership
- Has the potential to support all areas of strategic focus & critical success factors
- Neutral issues (does not support negatively or positively)

Consultation

All members of Executive Management Team and the Director, Legal Services were consulted and agree to the recommendations in this report.

Financial Implications

Up to \$50,000 be allocated for initial due diligence on the Imagine Chatham-Kent proposal and funded from the strategic reserve. Unused funds could be allocated to future due diligence phases pending Council direction.

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Reviewed by: Tony Haddad, Acting CAO

Consulted and confirmed the content of the consultation section of the report by:

Executive Management Team

Director, Legal Services

Attachment: *Appendix A* - Imagine Chatham-Kent Proposal