

Downtown Event and Entertainment District – Private Partner Procurement Approach

ISSUE

The City of Saskatoon (City) is seeking a potential private partner to provide operations management and contribute funding to the development of the new event centre/arena and/or new or expanded convention centre. What approach will be used for the procurement process?

RECOMMENDATION

That the procurement approach for a private partner for operations management of one or both of the anchor facilities for the Downtown Event and Entertainment District, as outlined in the January 17, 2024 report of the Transportation and Construction division, be approved.

BACKGROUND

At its November 19, 2018 Regular Business Meeting, City Council received a report entitled "[TCU Place / SaskTel Centre Market Analysis](#)," and resolved:

1. That the Administration be directed to include a future Arena/convention centre when planning the future of Saskatoon's Downtown;
2. That the focus of the planning work include consideration of an entertainment district, not just an arena and/or convention facility;
3. That the Administration report back on terms of reference for a process for identifying the best location for a future entertainment district and how it would fit into a wider vision for a strong downtown for the future;
4. That one of the overall principles be to seek approaches that minimize the reliance on Property taxes to pay for this arena; and
5. That the approach also recognize that while the City of Saskatoon has a leadership role, it will take collaboration with stakeholders and the community as a whole to come up with the best solution."

At its April 26, 2021 Regular Business Meeting, City Council received a report entitled "[A Vibrant Future for Saskatoon's Downtown - An Exploration of Potential Funding Opportunities to Bring the Vision to Life](#)," and resolved, in part:

1. That Council confirm pursuit of a downtown entertainment district/BRT, including the necessary transit and parking improvements, as a priority for the City of Saskatoon;
2. That the Administration be directed to work with stakeholders and other levels of government on achieving a detailed funding plan based on the Administration's presentation of April 19, 2021, (investigating all funding opportunities that include information on potential bonds for the arena)

with the goal of constructing the entertainment district with no contributions from property taxes.”

At its January 25, 2023 Regular Business Meeting, City Council received a report entitled “[Downtown District Event Centre and Convention Centre - Potential Private Partner](#),” which recommended securing a private partner to provide operations management and contribute capital funding toward the development of the new event centre and/or new or expanded convention centre to reduce the overall funding required to be secured from other sources. This report noted that the guiding principles and expectations utilized in the future Request for Proposal (RFP) would be presented to City Council prior to issuance of the RFP. City Council resolved:

“That Option 4 - Operate Facilities Under Private Management with a Competitive Procurement Process, be approved.”

At its June 14, 2023 meeting, the Governance and Priorities Committee received a letter from the Saskatoon Poverty Reduction Partnership on behalf of the Community Benefit Coalition entitled “[Community Benefits Framework & Downtown Event and Entertainment District](#),” and resolved, in part:

- “2. That the Administration report back outlining the development process, implications and opportunities for a Community Benefits Framework for major capital projects in Saskatoon;
3. That reporting include specific consideration of a Community Benefit Agreement applying to the Downtown Event and Entertainment District (DEED) project; and
4. That the Administration engage with the growing Community Benefit Coalition stakeholders convened by Saskatoon Poverty Reduction Partnership (SPRP) when developing the report.”

At its September 13, 2023 meeting, the Governance and Priorities Committee received a report entitled “[Downtown Event and Entertainment District – Revenue Instruments](#),” which presented the results of an analysis of five non-property tax revenue instruments and described the Administration’s intention to incorporate accommodations tax, facility fees, tax-increment financing, and parking revenue from the new parking structure into the draft funding plan for the Downtown Event and Entertainment District, and expected to be presented to City Council in early 2024.

The City retained the services of a Deal Structure and Negotiations Advisor (Hunden Strategic Partners), a Legal Advisor (MLT Aikins LLP), and Fairness Advisor (P1 Consulting) to assist in the development of the procurement packages for a public-private partnership along with a long-term operations contract for one or both of the anchor facilities within the proposed Downtown Event and Entertainment District.

DISCUSSION/ANALYSIS

Community Benefit Areas of Interest

Members of the City's project team have met and corresponded with members of the local Community Benefit Coalition. The purpose of the discussions was to gain a better understanding of their areas of interest with respect to establishing community benefit targets in relation to the Downtown Event and Entertainment District project and, in particular, to the private partnership for operations management of one or both of the anchor facilities.

Through this consultation, it was established that the following areas of interest could form community benefit outcomes within a future private partnership agreement:

- Employment opportunities/training, targeted to equity-deserving communities (e.g., women, Indigenous people, persons with disabilities, new immigrants, 2SLGBTQ+ community members, and visible minorities);
- Procurement opportunities below open competition thresholds directed to Indigenous, local, and social purpose businesses, and social enterprises;
- Living wage commitments; and
- Social and financial investments to support community vibrancy (e.g., development of community amenities, investment in social programs, community events, etc.).

In meetings with various representatives of Saskatoon's newcomer community, the Administration is also aware of a desire for rental space that accommodates self-catering with pre-prepared cultural cuisines for large communal gatherings.

Community benefit agreements are very complex. The Administration is working on a comprehensive report back regarding this issue. In the meantime, community benefit areas of interest have been incorporated into the RFP process for this procurement.

The Administration carefully considered how to address a living wage requirement within the RFP. The Administration is proposing that this item be addressed during the negotiation phase of the procurement. Including it as a minimum requirement within the RFP could have significant additional cost and possibly unexpected implications. Working with the preferred proponent during the negotiation phase will give the City the opportunity to discuss and develop options with the proponent that can then be brought back to City Council for consideration prior to contract award.

Procurement Process

A Request for Qualifications (RFQ) has been deployed to pre-qualify proponents based on their expertise, experience, capabilities, and other relevant qualifications for operations management of one or both of the future venues. The RFP will be issued to proponents pre-qualified through the RFQ process. The preferred proponent will be the respondent who provides the highest scoring RFP submission, as evaluated by an evaluation panel made up of City staff and the Deal Structure and Negotiations Advisor and monitored by the Fairness Advisor.

Detailed design and construction services for the venues are not within the scope of this operations management private partner procurement.

Request for Proposals Evaluation Criteria

The RFP evaluation criteria are as follows, with evaluation based on the summary of the submission requirements provided below each criterion.

1. Partnership Approach (30%)

The Partnership Approach will be evaluated based on the respondent plans to provide venue management services for one or both of the venues including:

- Details on how the respondent will be compensated;
- The term of the operations management contract(s);
- Plan for community benefit outcomes, including elements such as:
 - Strategy and plan for inclusion of workforce diversity and development targeting under-represented groups (women, Indigenous people, persons with disabilities, new immigrants, 2SLGBTQ+ community members, and visible minorities);
 - Supply chain diversity with procurement opportunities below competition thresholds for diverse suppliers, as defined by the [City's Purchasing Policy](#);
 - Facility rental availability for community events at reasonable market rates where the organizer can self-cater the event, including any limitation on advanced booking periods or other considerations;
 - Proposed social and financial investments to support community vibrancy (e.g., development of community amenities, investment in social programs, community events, etc.); and
- Plan for maintaining existing event centre/arena and convention centre employees.

2. Operator Services (10%)

Operator Services will be evaluated based on the respondent's planned approach to work with the City to develop an operational plan for the venue(s) and describing how the plan will be implemented. The operational plan is expected to include the following:

- A preliminary marketing, sponsorship, and sales plan;
- A preliminary customer service plan for events at the venue(s); and
- A list of management reports to demonstrate the operational and financial effectiveness of the respondent if selected to provide venue management services.

3. Projected Venue Performance (15%)

The respondent is expected to provide the projected performance of the venue(s) in the form of a 10-year proforma, with consolidated data for the combined venues if proposing on both.

4. Financial Capability, Proposed Capital Contributions (40%)

This section is to include the respondent's proposed capital contributions to the venue(s) (i.e., upfront investment, ongoing payment to the City over the term of the contract, or a hybrid approach), including any designated use and source of funds, which would be evaluated based on total net present value. The respondent is to provide evidence of financial capability to manage and operate the venue(s).

5. Contractual Agreements/Other Information (5%)

In this section the respondent will be expected to provide the following:

- Samples of any form of contract the City may be requested to sign, including sample agreements or a summary of terms from realized past projects; and
- Any other information which the City should consider in evaluating the respondent's qualifications specifically related to this project.

Following closure of the RFP stage, negotiations would be undertaken with the preferred proponent to further refine details surrounding the various elements of the preferred proponent's proposal, and to determine financial implications of various options including:

- Programming and operations management of the public plaza;
- Overall responsibility for future stages of project development including coordination of the detailed design and construction subject to a future approved funding plan; and
- Living wage commitments.

The results would be presented to City Council for review and approval.

There will be opportunity for the City to undertake negotiations with the private partner at any point during the contract term should the City wish to explore any options or opportunities related to the contract.

FINANCIAL IMPLICATIONS

Securing a private partner to contribute funding toward the development of the new event centre/arena and/or new or expanded convention centre will reduce the overall funding required to be secured from other sources.

OTHER IMPLICATIONS

Further analysis of the governance relationship between the City and a potential private partner will need to be finalized as the procurement progresses. The timing for this is expected to be during negotiations with the preferred proponent following the RFP stage. For example, if the preferred proponent's proposal for private management of one of the facilities is not of sufficient benefit to the City, this component could potentially be negotiated out of the agreement and that facility would feasibly remain under a similar operating model to what is currently employed, or a separate private management procurement considered.

There are no communications, Triple Bottom Line, policy, privacy, or CPTED implications or considerations emerging from this report. These will be considered in future reports as required.

NEXT STEPS

The Administration will report back to the Governance and Priorities Committee, tentatively in April 2024, with a summary of the results of the procurement process.

Report Approval

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