

Downtown Event and Entertainment District – Private Partner Agreement Framework

ISSUE

The Request for Proposals (RFP) process to identify a potential private partner to provide operations management and contribute funding to the development of the new event centre/arena and renovated and expanded convention centre and renovated theatre has been completed. Through negotiations, the Administration has reached an Agreement Framework with the preferred proponent. This Agreement Framework defines the various terms of agreement between both parties from which a detailed Master Agreement will be subsequently negotiated. This report seeks City Council's approval of the Agreement Framework, after which the Administration would complete negotiation of a Master Agreement with the proponent.

RECOMMENDATION

That the Governance and Priorities Committee recommend to City Council:

1. That the private partner Agreement Framework be approved;
2. That the Administration negotiate the Master Agreement based on the terms and requirements detailed in the Agreement Framework; and
3. That the City Solicitor prepare the appropriate agreements and the Mayor and the City Clerk be authorized to execute the agreements under the Corporate Seal.

BACKGROUND

At its January 25, 2023 Regular Business Meeting, City Council received a report entitled "[Downtown District Event Centre and Convention Centre - Potential Private Partner](#)" and approved that the new event centre/arena and convention centre would be operated under third-party private management, subject to a competitive procurement process, resulting in a partnership arrangement of suitable benefit to the City of Saskatoon (City).

At its January 31, 2024 Regular Business Meeting, City Council received a report entitled "[Downtown Event and Entertainment District – Private Partner Procurement Approach](#)" that described the procurement process and RFP evaluation criteria. City Council approved the procurement approach with the addition that the RFP include submission requirements relating to creating and sustaining good jobs, as well as an outline of any previous experience developing, implementing, and evaluating community benefit outcomes in other projects.

A Request for Qualifications (RFQ) was 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 RFQ closed on January 23, 2024 and both proponents that submitted qualifications were pre-qualified for the RFP phase.

The RFP was issued on February 15, 2024 and closed on April 25, 2024 with both pre-qualified proponents providing proposal submissions. Following meetings for the evaluation of the proposals, which were attended by a Fairness Monitor (P1 Consulting), the submission from OVG360 (OVG) was deemed the highest scoring submission and negotiations commenced on May 15, 2024.

Negotiations to date have focused on the development of an Agreement Framework, which outlines the key points of agreement between both parties that will then be used as the foundation for the development of the Master Agreement. The City's negotiation team is supported by a Deal Structure and Negotiations Advisor (Hunden Strategic Partners) and by a Legal Advisor (MLT Aikins LLP).

DISCUSSION/ANALYSIS

A summary of the key principals for the Agreement Framework for Private Partner Master Agreement is provided in Appendix 1. The Administration is pleased to report that all requirements outlined in the City's RFP have been met, or exceeded, by OVG's proposal and achievement of a contract is attainable.

FINANCIAL IMPLICATIONS

Between the initial upfront capital contribution and annual revenue projections over the 25-year term of the operating agreement, the total net cash flow to the City over this period that can be used towards the capital cost of the project is projected to be \$170 million. The proposal will result in \$20 million in up-front capital contribution and an additional \$150 million in forecasted operating revenue sharing over the 25-year agreement period. OVG's financial proposal represents the company's largest Canadian venue management capital investment.

OTHER IMPLICATIONS

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

Subject to City Council's approval, the Administration would continue negotiations with OVG to develop a Master Agreement in alignment with the terms agreed to within the Agreement Framework. In the event that these negotiations result in a need to consider terms outside of those previously agreed to within the Agreement Framework, the Administration would report back to City Council with a recommendation.

APPENDICES

1. Framework for Private Partner Master Agreement

Report Approval

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Approved by: Jeff Jorgenson, City Manager

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