



## The Corporation of the Town of Tecumseh

Parks & Recreation Services

**To:** Mayor and Members of Council

**From:** Paul Anthony, Director Parks & Recreation Services

**Date to Council:** July 14, 2020

**Report Number:** PRS-2020-17

**Subject:** HDGH Letter of Intent - Tecumseh Sportsplex Capital Contribution

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### Recommendations

It is recommended:

**That** Council **authorize** the execution of the Letter of Intent between Hôtel-Dieu Grace Healthcare and The Town of Tecumseh to construct a Cardiac Wellness and Pulmonary Rehab Satellite Facility as presented;

**And that** the Mayor and Clerk be **authorized** to sign the Letter of Intent on behalf of the Town of Tecumseh.

### Background

Hotel-Dieu Grace Healthcare (HDGH) requested the opportunity to work together with the Town of Tecumseh to create a Cardiac Wellness, Stroke and Pulmonary Rehab Satellite Facility (Attachment 1) within the proposed Multi-Use Sports Plex. HDGH in their proposal committed to undertake full financial responsibility for their portion of architectural fees, construction cost and equipment and furnishing for their area of responsibility. In addition to construction and furnishing costs, an ongoing annual operational agreement will be developed. Negotiations with HDGH were in keeping with the prior authorization of Council provided last June.

At the June 24, 2019 Regular Meeting of Council, the members considered the Multi-Use Sportsplex – Updated Design, Costing, Funding, and Fundraising in report PRS 2019-09 and passed Motion (RCM-15/19) which reads as follows:

**That** the Town of Tecumseh authorize staff to proceed with Multi-Use SportsPlex Option A, as presented by CS&P Architect and apply to the Investing in Canada Infrastructure Program (ICIP) grant program;

**And that** the project final design, construction documents, tendering and completion of the construction commence upon securing the following sources of funding:

- a. 27% from Municipal reserves, debt financing, proceeds from fundraising
- b. 73% from senior levels of government through the ICIP grant program (application pending);

**And further that** fundraising as per Option 1, be established to create a fundraising program and commence fundraising for the project;

**And furthermore that** upon final project funding commitment and approval, a contract project manager be secured to oversee the project from final design, construction drawings, tendering award of construction contract and final completion of the project, with associated costs referred to the 2020 budget cycle;

**And further moreover that** administration be authorized to negotiate with Hôtel-Dieu Grace Healthcare (HDGH) an agreement for the construction of a cardio rehabilitation centre addition to the project, inclusive of exterior construction and services and interior finishes, fixtures and furnishings, at HDGH's cost, along with an annual operating lease agreement for Council's consideration.

## Comments

As a result of the above direction administration and HDGH have met to formulate proposed terms for a capital contribution and operational agreement (the "Definitive Agreement") for the proposed Cardiac Wellness, Stroke and Pulmonary Rehab Satellite Facility (Rehab Facility) that will be part of the Town's Multi Use Sportsplex Facility (Town Facility). Attachment 2 sets these terms out in a Letter of Intent for Council's consideration.

During the discussion, it was recommended by Legal Counsel that the first step would be for HDGH to prepare for the Town's consideration and approval a Letter of Intent that would form the first step in completing the Definitive Agreement, once capital and operating costs have been determined.

Highlights of the Letter of Intent include:

- HDGH will cover the cost to design and construct the addition for the proposed Rehab Facility at its sole cost and expense;
- Upon completion of the construction of the Rehab Facility, it will belong to the Town and form part of the subject matter for the Definitive Agreement with HDGH;
- The Town will lease to HDGH a portion of the lands within the Town Facility to accommodate the Rehab Facility;

- The Rehab Facility will be used exclusively by HDGH during the term of the Lease for the operation of their programs, with the right to introduce other health care service providers that HDGH has an existing relationship with, subject to approval by the Town;
- Parking and street access to the Rehab Facility will be shared in common with the Town's existing employees and users of the Town Facility and no new entrance or parking lot expansion will be for the sole use of the Rehab Facility;
- HDGH will have the right to name the Rehab Facility provided the wording is subject to the approval of the Town, acting reasonably. The name of the addition may be changed without the consent of HDGH at the conclusion of the Term of the Lease or otherwise upon earlier termination of this Lease;
- It is contemplated that the term of the Definitive Agreement will be for twenty-five (25) years with an option for renewal for a period up to an additional 25 years subject to approval by the Town;
- The Definitive Agreement will call for HDGH to be responsible for the costs of heating and cooling, use of utilities, garbage collection, cleaning, maintaining, repairing and insuring the Rehab Facility and operating the Program;
- The Definitive Agreement will include operational provisions to be finalized contemporaneously with the Lease to allow for a uniform approach to these matters whereby the Town will attend to a number of these matters;
- The operational provisions of the Definitive Agreement will also detail the manner in which HDGH shall have use of the Towns' equipment and facilities within the Town Facility to better service those using the HDGH Program in common with other users of the Town Facility; and
- The operational provisions will also detail the hours of operation for the HDGH Program at the Rehab Facility and the hours of operation of the Town Facility in general, to the extent the parties determine such clarification is necessary and appropriate.

Each party shall bear their respective legal and other cost arising in connection with the transaction and split equally the cost of preparation of the Letter of Intent and ensuing Definitive Agreement.

Upon Council approval and the subsequent signing of the Letter of Intent, it is the intent of the parties to engage in a period of further due diligence concurrently with initiating negotiations of the Definitive Agreement. The parties have agreed to negotiate in good faith as promptly as practicable, the Definitive Agreement describing each party's respective rights and obligations with respect to this transaction.

## **Consultations**

Chief Administrative Officer  
Financial Services

Parks & Recreation Services  
Hôtel-Dieu Grace Healthcare  
Wolf Hooker Barristers and Solicitors

## Financial Implications

The Town share of the cost to develop the Letter of Intent will be funded from the Town's Operating Legal expense budget.

## Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input checked="" type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input checked="" type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh's plans and priorities.
<input checked="" type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input checked="" type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

## Communications

Not applicable ☒

Website ☐

Social Media ☐

News Release ☐

Local Newspaper ☐

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Paul Anthony, RRFA  
Director Parks & Recreation Services

Reviewed by:

Tom Kitsos, CPA, CMA, BComm  
Director Financial Services & Chief Financial Officer

Recommended by:

Margaret Misek-Evans, MCIP, RPP  
Chief Administrative Officer

<b>Attachment Number</b>	<b>Attachment Name</b>
1	Concept Design of Cardiac Wellness and Pulmonary Rehab Satellite Facility
2	HDGH Letter of Intent