EXECUTIVE SUMMARY:

This report is for the purpose of providing Council with information it had requested at the December 15, 2009 Council meeting regarding the status of sale of the Chown Parking Garage Structure and the long term lease of the lands under that Garage to the Hotel Dieu Hospital.

Council had also requested that it be advised as to the legal obstacles that would prevent Council from rescinding its decision on March 4, 2008 to sell the Garage and lease the underlying lands. That legal advice will be provided to Council at its in camera meeting of January 19, 2010.

RECOMMENDATION:

This report is for Council's information.
AUTHORIZING SIGNATURES:

**ORIGINAL SIGNED BY DIRECTOR OF LEGAL SERVICES**
Hal Linscott, City Solicitor and Director of Legal Services

**ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER**
Gerard Hunt, Chief Administrative Officer

<table>
<thead>
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<th>CONSULTATION WITH THE FOLLOWING COMMISSIONERS:</th>
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<td>Commissioner Beach, Sustainability &amp; Growth</td>
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<td>Commissioner Thurston, Community Development Services</td>
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<td>Commissioner Leger, Corporate Services</td>
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<td>Jim Keech, President, Utilities Kingston</td>
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*(N/R indicates consultation not required)*
OPTIONS/DISCUSSION:
Council at its meeting of December 15, 2009 had passed the following motion.

Moved by Councillor Glover
Seconded by Deputy Mayor Gerretsen

Whereas on 14 August 2007 Council authorized staff to “explore” options with the Hotel Dieu Hospital about their parking needs in relation to the Chown Parking Garage; and,

Whereas subsequent to further direction from Council to staff on 5 February, 2008, on 17 June 2008 Council approved an arrangement for the sale of the structure while retaining ownership of the land; and,

Whereas at that time representation had been made as to the urgency of progressing the work to provide additional parking by December 2008; and,

Whereas in December 2009 the approved sale has yet to be concluded;

THEREFORE BE IT RESOLVED THAT staff be directed to report to Council not later than 19 January 2010 on:

1. The status of discussions with the Hotel Dieu Hospital about the sale; and,
2. The legal obstacles that would prevent council from rescinding its 17 June 2008 approval.

At the March 4, 2008 meeting, Council had authorized City staff to take the necessary steps to complete the sale of the Chown Parking Garage and the long term lease of the underlying lands to the Hotel Dieu Hospital including finalizing the necessary agreements and documents and that the Mayor and Clerk be authorized to sign said agreements in a form that is satisfactory to the Director of Legal Services.

Since that date City staff have worked with hospital officials to complete the work necessary for the sale and lease to take place and for the hospital to commence construction of its new building on hospital land at Montreal and Brock Streets, including additional parking stalls.

At this time the status is as follows:

- The Agreement of Purchase and Sale for the Chown Parking Garage Structure and the long term Ground Lease of the underlying lands are 90 - 95 % complete. The negotiation and finalization of a long term ground lease of up to 99 years in length can be a complex matter but is for the most part now completed.
- The City has passed the necessary by-laws to declare the Chown Parking Garage surplus to its needs and to allow for a long term ground lease.
- Planning applications have been made by the hospital for its new building and Planning Committee has given approval in principle to the hospital’s site plan application such that a foundation permit would be issued upon the hospital providing the required securities.
- The hospital has demolished the building that was on its lands adjacent to the Chown Parking Garage in preparation for construction of the addition.

In preparing this information report for Council, the Chief Administrative Officer and the Director of Legal Services met with hospital officials who have confirmed that the hospital is continuing to expand its outpatient clinics at the Hotel Dieu site and that the expansion of parking is critical to its ability to service outpatients. The hospital remains committed to acquiring the Chown Parking Garage from the City and constructing its building for clinic space and additional parking. Further details provided by the hospital are set out below in italics. Hospital representatives will be
The Hotel Dieu Hospital (HDH) redevelopment project remains on track. In spring of 2009, Phase I of the redevelopment project was completed when 6,000 clinic visits were moved from KGH to existing space within Hotel Dieu. The larger redevelopment project at Hotel Dieu Hospital which will see almost all remaining outpatient clinics moved from KGH to newly constructed space at Hotel Dieu is also on schedule; the Hospital expects to tender the major renovation and expansion construction in April. This $25 million construction project will support an increase of approximately 20% more annual visits to the Hospital: from 400,000 to 500,000. The need for additional parking capacity remains essential for HDH to continue to be accessible to the regional and community populations the Hospital serves.

Since the time that the City first approved a motion to sell/lease the Chown Garage for this project and despite changes in 3 key positions within Hotel Dieu’s senior leadership team, significant work has been done by the Hospital to advance the contracts, including those required to complete the transaction with the City as well as numerous contracts related to the design, build, operate and financing of the garage. Both the complexity of the contracts and the need to proceed with a third-party review requested by the Ministry of Health & Long Term Care have resulted in unanticipated delays.

The Hospital remains firmly committed to the project and the need for expanded parking facilities as originally presented to Council. The third-party review has been most helpful and negotiations are entering the final stage with the Hospital's business partner. The agreements with the City are 95% complete and only minor points remain to be addressed. It is anticipated that negotiations to complete all required contracts will conclude with the respective parties within the next 60 to 90 days and the project will proceed forthwith.

EXISTING POLICY/BY LAW:
There is no existing policy/by law.

NOTICE PROVISIONS:
There are no notice provisions with this report.

ACCESSIBILITY CONSIDERATIONS:
There are no accessibility considerations with this report.

FINANCIAL CONSIDERATIONS:
There are no financial considerations with this report.

CONTACTS:
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Hal Linscott, Director of Legal Services and City Solicitor, Ext. 1296

OTHER CITY OF KINGSTON STAFF CONSULTED:
None

EXHIBITS ATTACHED: N/A