CentureVenture Land Assembly Associated with the Former Capital Theatre Site, 313 Donald Street
Files G-3.1.1 and FE-1 (Vol. 31)

6. The Executive Policy Committee has been advised that On June 5, 2001, the Standing Policy Committee on Property and Development concurred with a Report from the Historical Buildings Committee that, among other things, recommended the de-listing and approval to demolish the Capitol Theatre.

On September 17, 2002, CentreVenture advised the Planning, Property, and Development Department of a plan for a potentially significant land assembly, demolition and development project, allowing for a superior expanded development that will result in higher assessed property values and increased municipal tax revenues.

CentreVenture has identified their strategy with regard to a project associated with the Former Capitol Theatre Site, which requires the acquisition and demolition of the adjacent property at 329 Donald Street. The expanded site would then be available for a significantly larger and more desirable development.

The building located at 329 Donald Street was originally owned by the City and Optioned to CentreVenture as a part of the Council approved CentreVenture Asset Agreement. CentreVenture subsequently sold the property to a party who was interested in developing the property for residential purposes. At the time of sale, the decision was sound because the Capitol Theatre was still deemed to be of value for adaptive re-use. However, the circumstances changed significantly once the environmental liabilities and the physical limitations with regard to the Capitol Theatre were fully assessed and understood, and the decision was made to de-list and demolish the Capitol Theatre and option the vacant site to CentreVenture.

While the necessary due diligence was undertaken prior to the demolition of the Capitol Theatre, a series of unfortunate and unforeseen discoveries took place. Firstly, it was discovered that the owner of the property at 329 Donald Street had attached portions of the roof and floor systems to the exterior wall of the Capitol Theatre so that the wall was, in effect, acting as a party wall between the buildings. There were no party wall agreements or caveats on the Title of either property and the situation came to light when the owner of 329 Donald Street began extensive renovations of the property.

Secondly, it was discovered that the façade of 329 Donald Street encroached onto the Capitol Theatre site once a legal survey was conducted to determine where the property line was between the two properties.

Thirdly, while excavation of the Capitol Theatre was taking place, it was discovered that unusually extensive underground foundations were present along the property line between the two properties. Some of these foundations were left in place because their removal would undermine the adjacent property foundations at 329 Donald Street, potentially causing its wall system to fail. Additional below ground foundations from the Capitol Theatre were also left in place to ensure that the adjacent back lane and Donald Street would not slump into the Theatre's excavation.

Now knowledgeable as to the extent of the former Capitol Theatre site's liabilities, CentreVenture, together with City officials, met with the potential developer of the site and reviewed the implications of these unforeseen impediments to their proposed development plans. It was the developer's opinion that the liabilities greatly affected his ability to construct, and he was, therefore, looking for concessions to assist with the amelioration of the impediments.

During this period of demolition and unforeseen discoveries, the owner of 329 Donald Street had continued to slowly renovate his property. While the interior of the property has been significantly altered, the exterior remains in very poor condition and there are no plans by the owner to improve on the aesthetics of the Donald Street façade.

The CentreVenture Board suggest that the best overall financial scenario and the best professional advice is to re-acquire the property at 329 Donald Street, have the building demolished, and the site consolidated and prepared for new development. The larger site has fewer liabilities, presents improved use, architectural and building program opportunities, as well as a much improved aesthetic appeal that will result in a higher and better use of the land, increased assessed values and higher property tax revenue from the development.

The consolidated site will represent approximately 23,200 square feet (19,066 square feet at the former Capitol Theatre Site and 4,200 square feet at the 329 Donald Street Site). The expanded site represents a significant opportunity for development because of its prominent location immediately adjacent to Portage Avenue and the True North Project. The site is also mid point to the Downtown's newest and most promising retail development strip including the Mountain Equipment Co-Op, A & B Sound, and the soon to be opened Giant Tiger Store. Programming for the consolidated site may include the possibility of a multi-use development incorporating structured parking.

On the basis of the known information, it is estimated that an additional $80,000.00 is required in order to achieve the CentreVenture strategy. CentreVenture has requested a grant of $80,000.00 to proceed as planned. There is no ready source of funding for this purpose. Accordingly, the administration requests that Council consider an additional appropriation in the amount of $80,000.00 to be granted to CentreVenture to accomplish their strategy. As the nature and type of agreements that may be required with CentreVenture in order to facilitate this action is not as yet known, it is recommended that Council authorize the Chief Administrative Officer to approve the final terms and conditions of any necessary agreements.

The Administration will also assess the feasibility of further expansion of the development site by utilizing a portion of the back lane between Donald and Smith Streets. A very preliminary and cursory analysis of this feasibility is that it appears promising.

A Financial Impact Statement dated September 19, 2002, prepared with respect to the assembly outlined on Attachment "A".

The Executive Policy Committee recommends:

I. That City Council approve an Additional Appropriation of $80,000.00 and grant to CentreVenture in order to assist the Downtown Development Corporation with the land assembly, associated demolition and development of the former Capitol Theatre site and its adjacent privately owned property located at 329 Donald Street.

II. That the Chief Administrative Officer be delegated the authority to approve the final terms and conditions of all agreements with CentreVenture, as may be necessary to facilitate the aforementioned land assembly, site preparation and development.

III. That the Proper Officers of the City be authorized do all things necessary to effect the intent of the foregoing.

Attachment "A" referred to in Clause 6 of the Report of the Executive Policy Committee dated September 24, 2002

Financial Impact Statement

Date: September 19, 2002

Project Name:

CentreVenture Land Assembly Associated with the Former Capital Theatre Site, 313 Donald Street

First Year of Program 2002

	2002	2003	2004	2005	2006
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 80,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 80,000	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ 80,000	$ -	$ -	$ -	$ -

Additional Comments:

Gord Courage, Manager
Support Services Division