Minute No. 29
Report - Standing Policy Committee on Downtown Development - October 31, 2005

Item No. 3 **CanWest Global Stadium - Interim Lease - South of Water Avenue and West of Waterfront Drive to Riverside Park Management Inc. - Short Term Parking Purposes**
File FI-2.2(32)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Downtown Development and submits the following to Council:

1. That the terms and conditions for an interim lease agreement between the City and Riverside Park Management Inc., be approved, as outlined on Schedule "A".

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

Minutes - Executive Policy Committee – November 16, 2005

Report - Standing Policy Committee on Downtown Development – October 31, 2005

DECISION MAKING HISTORY:

The Chairperson called Councillor De Smedt to the Chair.

Pursuant to The Municipal Conflict of Interest Act, His Worship Mayor Katz advised that he would refrain from entering the discussion and voting on the following matter, because of a conflict with business interests or a financial interest, and left the meeting.

Moved by Councillor Magnifico,
That the recommendation of the Standing Policy Committee on Downtown Development be concurred in and forwarded to Council.

Carried

The Chairperson resumed the Chair.

STANDING COMMITTEE RECOMMENDATION:

On October 31, 2005, the Standing Policy Committee on Downtown Development concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

Re: Canwest Global Stadium – Proposed Interim Lease of City-Owned Property Situated South of Water Avenue and West of Waterfront Drive to Riverside Park Management Inc. for Short Term Parking Purposes

For submission to: **Standing Policy Committee on Downtown Development**

Original report signed by: **Director of Planning, Property and Development**

Report date: October 25, 2005

Recommendation(s):

1. Subject to Council concurrence, that the proposed terms and conditions for a lease agreement between the City and Riverside Park Management Inc. be approved, in accordance with the terms and conditions contained herein.
2. That the Proper Officers of the City be authorized to implement the intent of the foregoing.

REPORT SUMMARY

Key Issues:

- The City entered into a short-term lease agreement with Riverside Park Management Inc. for the use of City-owned property, situated south of Water Avenue and west of Waterfront Drive, for the development and operation of a parking lot, pending the completion of the Provencher Bridge and roadways project, as shown on the attached Misc. Plan 11119/4 – Parcel "4". The lease expires on September 30, 2005.

- The subject City-owned land is one of three major City-owned land parcels situated north of the Forks site as shown on the attached Misc. Plan 11119/4. The subject site Parcel "4", is located within the planning boundaries of the Forks Site and is identified as Portage/ Main Precinct within its Masterplan. It is anticipated that development activity within the Forks Site will evolve west of Waterfront Drive and north of the City TV Building and proceed north through time. At this point, the Administration is not aware of any imminent proposal to incorporate or utilize the subject City-owned lands. The Administration is working with the proponents of the Canadian Museum for Human Rights on City-owned land - Parcel "3", situated south of Water Avenue and east of Waterfront Drive, and with the Forks North Portage Partnership, on City-owned land – Parcel "2" situated north of Water Avenue and east of Waterfront Drive.

- Riverside Park Management Inc. wishes to continue leasing the subject property for vehicle parking purposes associated with the operation of Canwest Global Stadium.

- The request to lease the subject City-owned property is for a proposed three-year term, subject to a 6-month cancellation provision, and would require the Tenant to pay realty taxes (Municipal and School).

Implications of the Recommendation(s):

General implications:

X	**None**
	For the organization overall and/or for other departments
	For the community and/or organizations external to the City of Winnipeg
	Involves a multi-year contract

Comment(s):

-

Policy implications:

X	**No**
	Yes

Comment(s):

-

Environmental implications:

X	**No**
	Yes

Comment(s):

-

Human resources implications:

X	**No**
	Yes

Comment(s):

-

Financial implications:

X	**Within approved current and/or capital budget**
	Current and/or capital budget adjustment required

Comment(s):

-

REASON FOR THE REPORT:

As Council has dealt with all previous Master Lease issues with Riverside Park Management Inc., as well as, City-owned lands situated in proximity to the Forks site, the Planning, Property and Development Department is seeking Council Approval of the proposed terms and conditions for a Lease with Canwest Global Park.

HISTORY:

At its meeting held on July 17, 2002, Council approved the recommendations in a Report from the Executive Policy Committee which included delegated authority to the Chief Administrative Officer to enter into a short term lease agreement with Riverside Park Management Inc. for the use of the subject City-owned property (Parcel 4) situated south of Water Avenue and west of Waterfront Drive.

The Department subsequently entered into a lease agreement with Riverside Park Management Inc. by date of April 15, 2005 with the following terms and conditions:

Owner:	City
Tenant:	Riverside Park Management Inc.
Location:	South of Water Avenue, west of Waterfront Drive
Use:	Vehicle Parking
Zoning:	C
Term:	4 years 3 months commencing July 1, 2001, expiring September 30, 2005
Area:	See attached Misc. Plan 11119/4 – "Parcel 4"
Rent:	$1.00 annum
Realty Taxes:	Tenant to pay realty taxes (Municipal and School)
Insurance:	Tenant to provide Comprehensive General Liability in the amount of $2.0 Million dollars including all necessary endorsements, as well as, all property policies and endorsements as yet to be determined.
Tenant Responsibilities:	To pay all costs for the operation and maintenance of the parking lot and to provide access for city events upon notification by the City.

DISCUSSION:

1. City-owned Properties situated north of the Forks:

As identified on the attached Misc. Plan 11119/4, the City owns three separate land parcels situated north of the Forks site. Parcel 2 is situated northeast of the Water Avenue and Waterfront Drive intersection and is 2.57 acres in size. The property has been graded and landscaped and is situated immediately west of riverbank property owned by the Forks North

Portage Partnership. Currently, the Department is having discussions with the Forks North Portage Partnership who have expressed an interest in Parcel 2.

Parcel 3 is situated southeast of the Water Avenue and Waterfront Drive intersection and is 1.06 acres in size. The property is graded and improved as a gravel parking lot. The Department is currently involved in discussions for the development of the Canadian Human Rights Museum, which involves the use of the subject City-owned land.

Parcel 4 is situated southwest of the Water Avenue and Waterfront Drive intersection and is 5.95 acres in size. The property is graded and improved as a gravel parking lot. The property is leased to Riverside Park Management Inc. for vehicle parking purposes associated with the Canwest Global Stadium operation. The lease agreement expires on September 30, 2005 and the Tenant made a request to continue using the lands for an additional three-year period, subject to a 6 month cancellation clause.

Departmental Comment:

Parcel 4 is located within the planning boundaries of the Forks Site and is identified as lying within the Portage/Main Precinct of the Forks Masterplan.

In addition, on June 9, 2005, the Standing Policy Committee on Downtown Development endorsed the Pioneer and Waterfront Drive Principles and Guidelines. That document identifies this as Opportunity Site 2 and indicates future development as including structured parking along the east side, next to the high line, and a wide range of uses defining the street edges along Water Avenue, Waterfront Drive and St. Mary Avenue. However, at this time, the Department is not aware of any current requirement for the subject property.

The current lease agreement provides for a tenant to maintain the lands and to pay realty taxes (Municipal and School) while awaiting the evolution of the Forks site. In addition, the subject property provides adjacent vehicle parking for stadium patrons.

2. Canwest Global Stadium and Leases of City-owned lands:

As part of it's contribution to the development of the Canwest Global Stadium, the City entered into a lease agreement with Riverside Park Management Inc. for the use of City-owned land situated east of the CN Highline and north of Pioneer Boulevard on the basis of $1.00 per annum plus realty tax (Municipal and School) and rebated the municipal portion in exchange for amateur baseball access. The City subsequently added additional City-owned property for the expansion of the Stadium and to create the Island Parking area at $1.00 per annum plus realty taxes.

Departmental Comment:

Historically, the City has leased City-owned land to Riverside Park Management Inc. for the operation of the Canwest Global Stadium, which has been established by Council through a

comparison with property agreements made with other teams in the Northern League, as well as, other municipal jurisdictions. As such, if it is the will of Council to enter into a further interim lease agreement with Riverside Park Management Inc. at $1.00 per annum plus realty taxes, the Department is advising that same would be in accordance with earlier Council decisions.

3. Alternatives and Proposed Plan of Action:

With respect to Parcel 4, several alternatives are available for consideration as follows:

a) Allow tenancy to expire and hold lands for future development:

The City could allow the current tenancy to expire and prohibit the use of the lands by any users. This would result in the City taking on the liability and property maintenance associated with this site. As well, the City would forego the annual realty taxes (Municipal and School) of $155,841.52 per annum. The expiration of the tenancy would relieve the City of a tenancy issue in the event that a request for immediate possession of the lands was received. However, it should be noted, that a 6 month cancellation period should provide adequate lead time for any development concept received by the City for these lands.

b) Issue a Request for Offers of Lease:

The City could go to the property leasing market and negotiate a lease at market rates for the use of the subject land. By doing so, the City could improve the financial return on this property by securing a lease at market rate. However, the type of leasing proposals (uses) may not be compatible with the Masterplan for the Forks, and a prospective tenant will likely require a lengthy term to amortize the proposed site improvements with the potential of a buy-out clause in favour of the City. Depending on timing for the use of the lands, the buy-out costs could be extensive and exceed the additional short-term revenue. This would commit the property to a particular use and timeframe and restrict the City's future options.

Alternatively, the City could enter into a lease, at a market rate, with a commercial parking lot operator or operate the parking lot under the Parking Special Operating Agency. The Parking Authority is prepared to operate the subject parking lot on an interim basis, which would maximize the City's financial return on this property. Notwithstanding same, this alternative would negate the City's position in the current facility arrangement with the Stadium Developer and Tenant until such time as the long term parking requirements and solutions are developed to serve the larger Forks Site.

c) Issue a Request for Proposal Call:

The City could proceed with issuing a Request for Proposals for the subject lands and consider specific development proposals. However, the Department is aware that the development of the Forks Site will evolve over time along with new ideas, concepts and need for this site as exemplified by the Canadian Museum for Human Rights Proposal. Given that there has been no specific pressure to develop this site and there does not appear to be any immediate strategic reason for the City to encourage development in this portion of the Forks, proceeding with a

proposal call, at this time, may be considered premature. This would commit the property to a particular use and timeframe and restrict the City's future options.

d) Approve Interim Lease to Riverside Park Management Inc.:

The City could proceed with entering into an interim lease agreement with Riverside Park Management Inc. for the use of Parcel 4 for short-term vehicle parking, subject to a 6 month cancellation clause, in accordance with the following terms and conditions:

Site Identification:	Shown as "Parcel 4" on Misc. Plan No. 11119/4
Lessee:	Riverside Park Management Inc.
Term:	Three (3) years commencing October 1, 2005
Purpose:	Vehicle parking
Zoning:	C
Size:	5.95 acres
Rental:	$1.00 per year, plus applicable GST.
Added Rent:	Municipal and school taxes, plus applicable GST.
Insurance:	Comprehensive General Liability $2.0 Million, cross liability, City to be added as an additional insured
Lessee Resp:	All operating costs, utilities and site maintenance
Cancellation:	Six (6) months written notice by either party

This alternative allows for the City to have a tenant assume liability for the property, to maintain the lands and to pay the realty taxes on the property while facilitating the evolution of the Forks Site.

The Tenant is in agreement with the proposed terms and conditions for a lease agreement.
Departmental Comment:

Given the following background factors:

- status of current and planned development at the Forks Site;
- the high profile, intrinsic and strategic importance and value of this site;
- no current Civic requirement for Parcel 4 at this time;
- the potential lease complications associated with obtaining a tenant in the leasing market;
- the need for patron parking associated with the Canwest Global Stadium; and,
- the opportunity to enter into a short term lease with a 6 month cancellation clause and to collect realty tax revenue from Parcel 4,

the Planning, Property and Development Department is supportive of entering into the proposed lease agreement with Riverside Park Management Inc. for the use of Parcel 4 on the proposed terms and conditions contained herein based on Council's past leasing precedents with Riverside Park Management Inc.

Financial Impact Statement

Date: October 20, 2005

Project Name:

Riverside Park Management Inc. -Parking Lot Lease

First Year of Program 2005

	2005	2006	2007	2008	2009
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
External	-	-	-	-	-
Grants (Identify)	-	-	-	-	-
Reserves, Equity, Surplus, Other	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 23,939	$ 95,754	$ 95,754	$ 71,816	$ -
Less: Incremental Revenue/Recovery	38,961	155,842	155,842	116,882	-
Net Cost/(Benefit)	$ (15,022)	$ (60,088)	$ (60,088)	$ (45,066)	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (15,022)	$ (60,088)	$ (60,088)	$ (45,066)	$ -

Additional Comments:

This lease will result in the generation of $180,264 in new municipal realty tax revenue. The 2005 amounts have been prorated to reflect an October 1 lease commencement date while the 2008 amounts reflects a lease termination date of September 30. Revenues consist of both municipal and provincial property taxes and direct costs represent the school taxes and education levy remitted to the Province by the City.

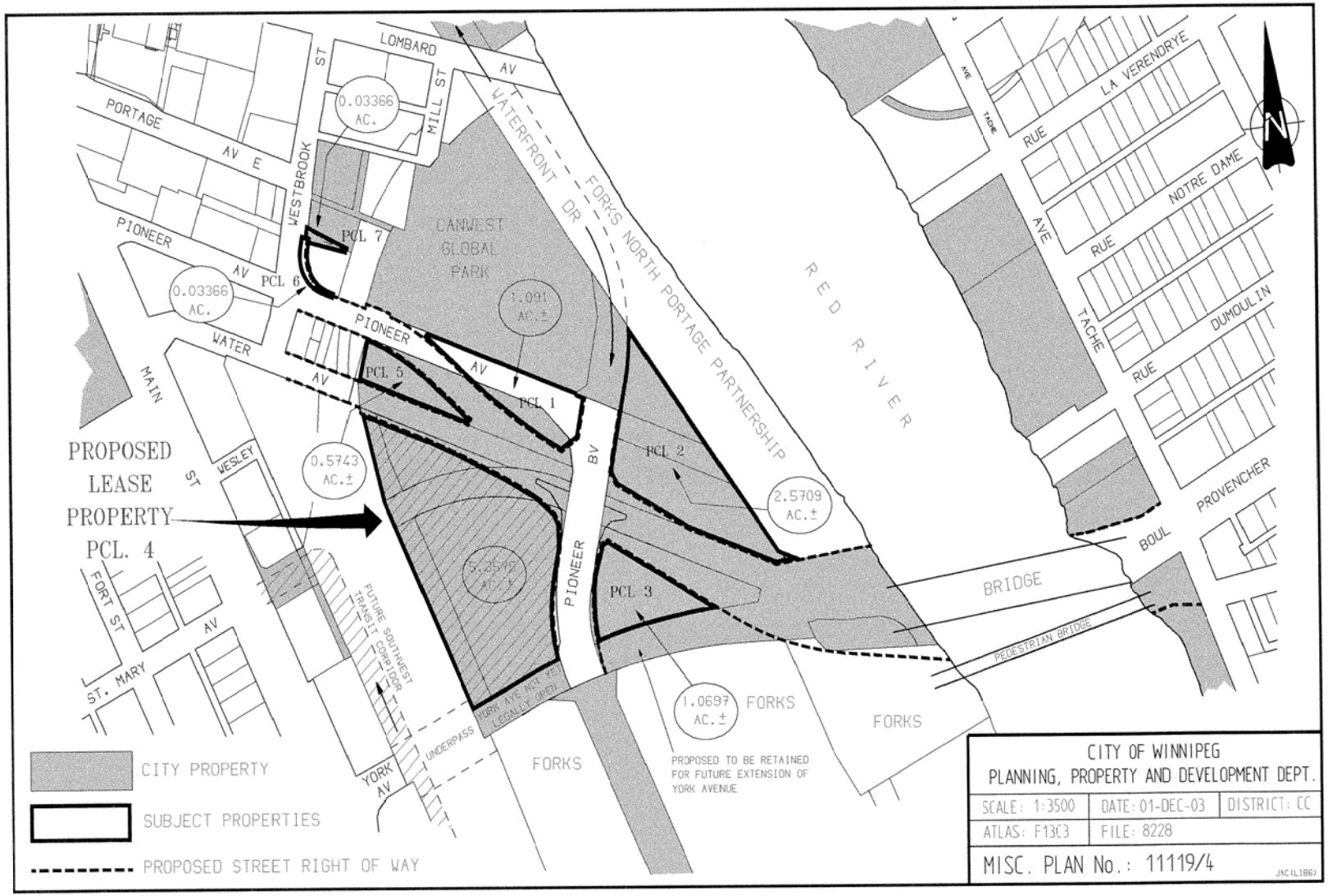
"Original signed by"
Mike McGinn, CA
Manager of Finance

N PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

Planning and Land Use Division
Manager of Economic Development
Legal Services Division

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division: Real Estate
Prepared by: D. Armstrong
PPD File #: 7933/A V7



LOMBARD AV
PORTAGE AV E
WESTBROOK ST
MILL ST
0.03366 AC.
WATERFRONT DR
FORKS NORTH PORTAGE PARTNERSHIP
CANWEST GLOBAL PARK
1.091 AC.±
PCL 7
PCL 6
PIONEER AV
0.03366 AC.
WATER AV
PCL 5
PCL 1
PCL 2
PCL 3
PIONEER BV
0.5743 AC.±
2.5709 AC.±
5.2575 AC.±
PROPOSED LEASE PROPERTY PCL. 4
MAIN ST
WESLEY
FORT ST
ST. MARY AV
FUTURE SOUTHWEST TRANSIT CORRIDOR
UNDERPASS
YORK AVE NOT YET LEGALLY OPEN
YORK AV
FORKS
1.0697 AC.±
PROPOSED TO BE RETAINED FOR FUTURE EXTENSION OF YORK AVENUE
RED RIVER
BRIDGE
PEDESTRIAN BRIDGE
AVE TACHE
RUE LA VERENDRYE
RUE NOTRE DAME
RUE DUMOULIN
BOUL PROVENCHER
N
CITY PROPERTY
SUBJECT PROPERTIES
PROPOSED STREET RIGHT OF WAY
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
SCALE: 1:3500
DATE: 01-DEC-03
DISTRICT: CC
ATLAS: F13C3
FILE: 8228
MISC. PLAN No.: 11119/4
JAC(LIB6)

SCHEDULE "A"

CanWest Global Stadium - Interim Lease - South of Water Avenue and West of Waterfront Drive to Riverside Park Management Inc. - Short Term Parking Purposes

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