Agenda - Executive Policy Committee - May 17, 2006

REPORTS

Item No. 5 **Proposed Grant - Centre for Aboriginal Human Resource Development Inc. (CAHRD) - remediation of the former Manitoba Cold Storage Site**
File FI-2.4(34)

ADMINISTRATIVE RECOMMENDATION:

1. That a grant up to the maximum amount of $61,000.00 for site remediation be approved for the Centre for Aboriginal Human Resource Development Inc. (CAHRD) for the property shown outlined on Misc. Plan No. 10921/2 in support of a Aboriginal Transitional Housing Project.

2. That the grant be subject to the City obtaining:

   A. a credit under the Winnipeg Partnership Agreement
   B. satisfactory evidence confirming funds committed by the private and public sector in an amount sufficient to complete the project.

3. That the source of the grant funding be the Planning, Property and Development Department - Land Operating Reserve (LOR).

4. That the CAO be authorized to finalize the terms and conditions of the agreement required to provide the grant in favour of CAHRD.

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

DECISION MAKING HISTORY:

COUNCIL:

On April 27, 2005, Council concurred in the recommendation of the Standing Policy Committee on Downtown Development and adopted the following:

1. That the subject property, as described in the report from the Director of Planning, Property and Development dated March 22, 2005, and acquired through the tax sale process, be declared surplus to the City's requirements subject to no civic need being identified.

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

Re: Proposed Grant to the Centre for Aboriginal Human Resource Development Inc. (CAHRD) - for remediation of the former Manitoba Cold Storage Site Lord Selkirk - West Kildonan Community Point Douglas Ward

For submission to: **Executive Policy Committee**

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

Report date: May 4, 2006

Recommendation(s):

1. That a grant up to the maximum amount of $61,000.00 for site remediation be approved for the Centre for Aboriginal Human Resource Development Inc. (CAHRD) for the property shown outlined on Misc. Plan No. 10921/2 in support of a Aboriginal Transitional Housing Project.

2. That the grant be subject to the City obtaining:
   a) a credit under the Winnipeg Partnership Agreement
   b) satisfactory evidence confirming funds committed by the private and public sector in an amount sufficient to complete the project.

3. That the source of the grant funding be the Planning, Property and Development Department - Land Operating Reserve (LOR).

4. That the CAO be authorized to finalize the terms and conditions of the agreement required to provide the grant in favour of CAHRD.

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

REPORT SUMMARY

Key Issues:

- CAHRD, through the National Homelessness Initiative, is proposing to invest in excess of $5 million for the development of a transitional Aboriginal housing complex in the North Main - Higgins Avenue area.

- The building would be constructed adjacent to the Aboriginal Centre at 151 Higgins Avenue on a derelict and abandoned City owned site (commonly known as the Manitoba Cold storage site).

- The City incurred considerable costs for the demolition of the abandoned and distressed structures at this site. The amount of unpaid taxes, arrears and penalties yielded an

approximate liability of $1.5 million, including the estimated demolition and clean up cost of the remaining structure on the site (proposed for late summer 2006).

- The Standing Policy Committee on Downtown Development approved a CAHRD request for the land in October 2005, and the City subsequently secured credit in the amount of $1.5 million for the land contributed toward the project under the Winnipeg Partnership Agreement.

- The CAHRD land contribution was made subject to the City's policy for the sale of lands to non-profit organizations which states; 'that where the lands are made available at less than market value that they revert back to the City at the conclusion of the economic life of the project or in the event that the Land shall not continue to be used as the Complex'.

- The CAHRD project has been faced with unanticipated difficulties and cost over-runs of an estimated $1.85M related to site clean up, construction cost escalations, as well as unexpected site conditions, and if additional funds cannot be accessed, the project would either have to be scaled back or aborted.

- CAHRD is seeking additional funds to deal with the project shortfall from the other two levels of government as well as other private sector sources, and is requesting that the City consider a similar request to assist with the project.

- CAHRD has requested that the City participate specifically with regard to remediation of the environmentally impacted soils present on the site.

- CAHRD has commissioned a Phase III ESA for the site that has identified an estimated maximum cost of $61,000 for site remediation including the cost of consulting and supervision.

- This Report recommends that the grant for CAHRD be made conditional on the City receiving credit under the Winnipeg Partnership Agreement for its financial contribution and confirmation of adequate additional funding in order for the project to proceed.

Implications of the Recommendation(s):

General Implications:

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

Comment(s): • The CAHRD project requires that construction project activity occur during May 2006 due to WHHI funding constraints. • The City has confirmed that it will receive seek full credit for the site remediation costs under the Winnipeg Partnership Agreement. • The WPA Management Committee has been apprised of this request and has indicated support for the project.

Policy Implications

[X] **No**
[ ] **Yes**

Comment(s):

Regulatory Implications:

[X] **None**
[ ] Eliminates or reduces regulatory impact
[ ] Proposes regulatory impact

Comment(s): •

Environmental Implications:

[ ] **No**
[X] **Yes**

Comment(s): • CAHRD has completed its Phase III environmental assessment on the subject property and is proposing to transport contaminated material to the Mid Canada Soil Treatment Facility in Ile de Chene. • M. Block & Associates, a Geotechnical and Environmental Firm will supervise the remediation project on behalf of CAHRD • CAHRD will assume full responsibility for any future potential liability issues arising from any environmental conditions that may exist on the site.

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): • The proposed grant for CAHRD for the site remediation work will consist of a cash contribution from the Land Operating Reserve. • CAHRD will contract the work and submit approved expenditure claims up to a maximum of $61,000 subject to receipt of paid invoices. • The City will receive a dollar for dollar credit for the grant expenditures under the Winnipeg Partnership Agreement.

REASON FOR THE REPORT:

The Centre for Aboriginal Human Resource Development Inc. (CAHRD) is requesting additional assistance from the City for site remediation of the subject property shown as on Misc. Plan No. 10921/2. The total estimated cost for this remediation work is $61,000.00. City Council approval is required for this request.

HISTORY:

On July 5, 2001, the Standing Policy Committee on Property and Development approved a recommendation for the tax sale acquisition of the subject property.

Title to the property was issued in the name of The City of Winnipeg on January 11, 2005 under tax sale certificate No. 102/105.

Council declared the subject property surplus to the City's requirements in April 2005, subject to no civic need being identified and the Standing Policy Committee on Downtown Development approved the land sale to CAHRD subject to the City's policy for the sale of lands to non-profit organizations in October 2006.

Details of the property are as follows:

Location:	151 Higgins. (NE Higgins and Meade Street)
Description:	As shown on Misc. Plan No. 10921/2
Roll No.:	13091885000
Certificate of Title Nos.:	2063233, 2063227, 2063238, 2063236 and 2063230
Assessment (2005 Roll):	$95,100.00
Zoning:	Multiple Use Sector - Downtown Zoning By-laws
Size:	5,689 m. sq. (61,237s.f.) - 1.4 acres
Property Description:	The property is known as the Manitoba Cold Storage site. Located on the site is a three storey concrete and masonry structure built in 1937. PP & D has received an estimate of $715,000 for the demolition of the existing structure, which includes $100,000 for asbestos removal. The site requires a Phase 3 environmental site assessment due to the risk of contaminated soil from adjoining properties. The demolition is currently scheduled for October 2006 and is estimated to take eight months to complete.

DISCUSSION:

CAHRD has received approval from the National Homelessness Initiative for Phase I of Neeginan Village, a 34 unit transitional and supportive housing complex in the amount of $3.4 million. The approved funds would enable CAHRD to construct and operate a not for profit student housing project, collecting revenues from use of living spaces to offset operating costs.

CAHRD advises that they are $ 1.85 million over budget and if additional funds cannot be accessed that the project will either have to be aborted or scaled back considerably which would impact viability. The increased costs can be attributed to unforeseen site clean up, construction cost escalations, and unanticipated site conditions. The remaining foundation and rubble from the first Cold Storage Building demolition has also contributed to this additional cost. To offset this project deficit CAHRD is applying for additional funds through the Provincial Affordable Housing Initiative and to the Federal NHI as well as other private funding sources.

CAHRD has advised that a Phase ESA III has been completed and that the site remediation will cost an estimated maximum amount of $61,000, which includes site excavation, loading and transportation to the MID Canada Soil Treatment Facility near Ile de Chene. The estimate also includes a contingency for supervision, testing and additional lab work by M. Block & Associates. A copy of the completed Phase III ESA report has been provided to the City together with the cost estimate for remediation of the site.

The initial plan to transport the material for disposal at the Brady Landfill site was not considered feasible based on an analysis done by a Special Hazardous Waste Technician with Water and Waste which determined that the impacted soils were in excess of standards for PAH and Metals contaminants.

There remains one Cold Storage structure on the site and its demolition is currently scheduled for October 2006. It is estimated that it will take eight months for the City to complete this work. The schedule for this demolition work does not impact the project in any significant way.

CAHRD advises that they are proceeding with the steps necessary to tender and initiate construction activity so as to complete this project prior to March 31/07, (as per the terms of their WHHI funding agreement). Ideally, they want to complete construction in late fall/06, prior to incurring additional winter related costs.

Financial Implications:

The subject property is a tax sale acquisition and, as a result, the City has incurred considerable costs for the demolition of the abandoned and distressed structures at this site. The amount of unpaid taxes, arrears and penalties yielded an approximate liability of $1.5 million, including the demolition and clean up cost of the remaining structure on the site. All of these costs have been claimed as a credit under the Winnipeg Partnership Agreement.

The Senior Management Committee of the Tri-partite Winnipeg Partnership Agreement has agreed that the additional $61,000 can be claimed by the City as an equivalent to cash contribution under Component I of the Winnipeg Partnership Agreement.

Property Assessment has estimated the assessed value of the proposed development at $2.5 million with an estimated municipal realty tax of $35,000.00 annually.

Financial Impact Statement

Date: May 3, 2006

Project Name:

First Year of Program 2006

Proposed Grant to the Centre for Aboriginal Human Resource Development Inc. – for remediation of the former Manitoba Cold Storage Site

	2006	2007	2008	2009	2010
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	$ 61,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 61,000	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	61,000	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The estimated maximum cost of the site remediation work is $61,000 and is to be financed by a cash contribution from the Land Operating Reserve Fund.

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

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
Legal Services

External Consultation With:
Aboriginal Participation Committee - Winnipeg Partnership Agreement
Management Committee - Winnipeg Partnership Agreement

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division: Economic Development
Prepared by: Brian Henderson / Jim Paterson