Minute No. 586
Report – Executive Policy Committee – June 28, 2006

Item No. 1 Contribution for the Canadian Museum for Human Rights
File PR-9.8

COUNCIL DECISION:

Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That subject to successful conclusion of agreements with the City and other funding partners for the realization of the Canadian Museum for Human Rights, the City of Winnipeg approve a contribution of up to $20 million, towards the development of the Canadian Museum for Human Rights made-up as follows:

A.	Ninety-nine (99) year Ground Lease of Parcel 3 valued at:	$ 2,500,000
B.	Municipal tax relief over the life of the lease up to a maximum value of:	$ 11,100,000
C.	Development and Permit fee refund up to a maximum value of:	$ 1,300,000
D.	One time capital cash contribution	$ 5,100,000

2. That the previous $200,000 Interim Grant to the Canadian Museum of Human Rights approved by the City of Winnipeg on July 27, 2005, be recognized as the first charge against the $5.1 million cash contribution, thereby reducing the remaining capital cash contribution to $4.9 million.

3. That the source of the $4.9 million cash contribution be the General Purpose Reserve.

4. That the capital cash contribution not be made until following the commencement of construction.

5. That the subject Parcel 3 Lands, as outlined on the Site Plan (Attachment No. 3), be declared surplus for the purposes of leasing.

6. That the Chief Administrative Officer be authorized to finalize and approve the terms and conditions of any and all agreements required in respect of the City's $20 million contribution.

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

Report – Executive Policy Committee – June 28, 2006

DECISION MAKING HISTORY:

Moved by His Worship Mayor Katz,
That the recommendation of the Executive Policy Committee be adopted.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 28, 2006, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to Council.

RE: PROPOSED CONTRIBUTION FOR THE CANADIAN MUSEUM FOR HUMAN RIGHTS

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: DIRECTOR, PLANNING, PROPERTY, AND DEVELOPMENT DEPARTMENT

REPORT DATE: June 26, 2006

RECOMMENDATION:

1. That subject to successful conclusion of agreements with the City and other funding partners for the realization of the Canadian Museum for Human Rights, the City of Winnipeg approve a contribution of up to $ 20 million, towards the development of the Canadian Museum for Human Rights made-up as follows:

a) Ninety-nine (99) year Ground Lease of Parcel 3 valued at:	$ 2,500,000
b) Municipal tax relief over the life of the lease up to a maximum value of:	$11,100,000
c) Development and Permit fee refund up to a maximum value of:	$ 1,300,000
d) One time capital cash contribution	$ 5,100,000

2. That the previous $ 200,000 Interim Grant to the Canadian Museum of Human Rights approved by the City of Winnipeg on July 27, 2005, be recognized as the first charge against the $ 5.1 million cash contribution, thereby reducing the remaining capital cash contribution to $ 4.9 million.

3. That the source of the $ 4.9 million cash contribution be the General Purpose Reserve;

4. That the capital cash contribution not be made until following the commencement of construction;

5. That the Subject Parcel 3 Lands (refer the attached Site Plan) be declared surplus for the purposes of leasing;

6. That the Chief Administrative Officer be authorized to finalize and approve the terms and conditions of any and all agreements required in respect of the City's $ 20 million contribution, and;

7. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

Report Summary

Key Issues:

- The Canadian Museum for Human Rights (CMHR) will be one of the most significant projects ever developed within Winnipeg.
- The CMHR may have a positive impact to the City in a similar manner to that of the Guggenheim Museum in Bilbao, Spain that has been widely recognized as having regenerated that community.
- The Campaign Chair of The Friends of the Canadian Museum for Human Rights Inc. (Friends) has requested that the Winnipeg City Council affirm its pledge for a $ 20 million contribution towards the completion of the CMHR, in order to satisfy the last outstanding condition of their Western Economic Diversification (WED) contract, and to enable the release of the $ 27 + million funds for eligible expenses for the Museum.
- The Friends also request that Council approve a contribution package of land, tax relief, development and building permit fees, and a capital cash contribution consistent with an Administrative offer dated January 16, 2004, as attached.
- This Report outlines the specific details and the background rationale to support the proposed $ 20 million contribution package including a ninety-nine (99) year ground lease, municipal tax relief, a development and permit fee refund, and a one time capital cash contribution for the CMHR.
- The proposed ninety-nine (99) year ground lease is consistent with the term of the Forks Renewal Corporations Memorandum of Understanding with the CMHR.
- While the CMHR have always maintained that the value of the $ 11.1 million in municipal tax forgiveness may be of little to no value should the CMHR become exempt from taxes, the City will realize a lost opportunity of foregone realty and business taxes that would otherwise be paid, had the property been developed for private commercial or residential use. The City will also provide on-going services for the site.
- Although many of the estimated costs contained within this Report are now dated, the Administration consider that the details of the contribution package were based upon the best information available, were negotiated in good faith with the CMHR, and that the Administration recommend the approval of the proposed $ 20 million contribution package as presented.
- The Administration further recommend that the Chief Administrative Officer (CAO) be authorized to finalize and approve the terms and conditions of any and all agreements required in respect of the City's $ 20 million contribution.
- The agreements will include provisions whereby the CMHR will have to satisfy the City acting reasonably, such as the provision of on and off-site servicing as well as access and parking.

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
(x) Involves a multi-year contract
Comment(s): Refer Key Issues.

Policy Implications

(x) No
( ) Yes
Comment(s):

Regulatory Implications

(x) None
( ) Eliminates or reduces regulatory impact
( ) Proposes regulatory impact

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):

- Council will be required to approve the source of the $ 4.9 million capital cash contribution from the General Purpose Reserve.
- Subject to Council approval, the City will forego revenues, taxes, and fees as defined herein.

Report

REASON FOR THE REPORT:
On June 21, 2006, the City received a letter (attached) from the Campaign Chair of The Friends of the Canadian Museum for Human Rights Inc. (Friends). The Friends request that the Winnipeg City Council affirm its pledge for a $ 20 million contribution towards the completion of the CMHR, in order to satisfy the last outstanding condition of their Western Economic Diversification Canada (WED) contract, and to enable the release of the $ 27 + million funds for eligible expenses for the Museum. An attached letter also dated June 21, 2006, from the Manager of Operations for WED supports the Friends request.

The Friends letter also requests that Council approve a contribution package of land, tax relief, development and building permit fees, and a capital cash contribution consistent with an Administrative offer dated January 16, 2004, a copy of which is attached.

Council approval is required for the proposed contribution package for the Canadian Museum for Human Rights as outlined herein.

HISTORY:
Discussions between the City, the Asper Foundation, and other levels of Government with regard to the proposed Museum for Canadian Human Rights originally began in 2001. A Proposal to establish the Canadian Museum for Human Rights was presented to the three levels of Government in November 2001.

On April 10, 2003 the then Manager of the Executive Policy Committee Secretariat wrote to the Executive Director of the Asper Foundation stating in part that:

> *"the Mayor* (editorial note; former Mayor) *is prepared to recommend to Council a contribution of land, infrastructure, and municipal tax forgiveness totaling $20 million dollars based on confirmation of the proposed capital financing structure for Phase A of the project. This includes approximately 25,000 square meters of land valued at $6.7 million* (editorial note; inclusive of parcels 3 and 4 on the attached Site Plan)*, the present value of a twenty-five year property tax forgiveness of $11.1 million, and site and infrastructure development of $2.2 million, as outlined in the Canadian Museum for Human Rights proposal."*

On April 17, 2003, the funding partners, including the Federal and Provincial Governments, the City of Winnipeg, and the Asper Foundation, made an announcement regarding the concept for the Canadian Museum for Human Rights.

On July 23, 2003, Council received the Report entitled, *Funding for Phase II Feasibility Study associated with the Proposed Canadian Museum for Human Rights*, and adopted, among other recommendations,

> *"That the City of Winnipeg approve an additional appropriation and a grant in the amount of $100,000.00 funded from the Economic Development Fund, to the Friends of the Canadian Museum for Human Rights, as the City's contribution towards the $2.6 million Phase II Feasibility Study / Capital Campaign (fundraising) for the Canadian Museum for Human Rights".*

On May 27, 2004 Council adopted the Heritage Preservation Policy Committee Report, while also pledging to continue its support for the proposed Human Rights Museum. Council encouraged the creation of the CMHR's own Heritage Preservation Policy in order to complement and enhance that enterprise.

On November 10, 2004, the Mayor of the City of Winnipeg received a letter from the Chair of the Friends of the Canadian Museum for Human Rights that was also sent to each of the funding partners including; Western Diversification, the Province of Manitoba, the City of Winnipeg, and the Asper Foundation. The letter requested interim funding totalling $1,009,065.00 in order to complete a number of activities toward final project approval as well as to maintain fundraising for the Museum.

On November 30, 2004, the Mayor of the City of Winnipeg received a copy of the Friends of the Canadian Museum for Human Rights Inc. Business Plan and Case for Support dated November 2004.

On April 15, 2005, the Government of Canada confirmed a total investment of up to $ 100 million for the CMHR.

On July 27, 2005, the City of Winnipeg approved an interim grant of $ 200,000 from the General Purpose Reserve to The Friends of the Canadian Museum for Human Rights Inc. in order to support their on-going efforts, conditional on the Friends also securing interim funding from the other partners. The interim grant was approved subject to the grant being recognized as the first charge against any funding commitment that Council may make toward the Canadian Museum for Human Rights.

By Letter received on December 12, 2005, from the Chair of the Friends of the Canadian Museum for Human Rights, the City of Winnipeg received a copy of their Budget Request 2005 / 06, as well as a copy of their November 30, 2005 Business Plan Update.

DISCUSSION:
The Canadian Museum of Human Rights Vision and Mission:
(information sourced directly from the Canadian Museum of Human Rights Web Site):

"This proposal for the creation of the Canadian Museum for Human Rights stems from two major motivating factors; The first is Dr. Israel Asper and his foundation's history of developing an understanding and support for human rights issues. The second has its basis in The Asper Foundation's vision of creating a distinctive world-class architecturally designed museum in Winnipeg that would inspire Canadians, and project to the world our commitment to tolerance and diversity. The project should serve as a statement of the federal government's presence in Western Canada, and celebrate the milestone achievement of the Canadian Charter of Rights. The Asper Foundation will be the principle donor and guarantee the private sector component of the costs".

Vision: To eliminate intolerance worldwide through the recognition and celebration of human rights as the foundation for human equality, dignity and freedom.

Mission: The Canadian Museum for Human Rights will be a national museum dedicated to creating knowledge and advancing the public's understanding and support for respect and the entrenchment of the Canadian Charter of Rights and Freedoms into our constitution as the basis of a democratic and pluralistic society.

"Focusing squarely on the visitor experience, the museum exhibit designers will determine the most compelling and engaging way to present the content. It will not be a museum in the traditional sense; rather it will be an "idea" museum that connects people to ideas in powerful ways. The focus will be on the overall visitor experience in order to influence human rights choices- especially the choices being made by Canadian youth.

It will sponsor tens of thousands of high school students from across Canada each year to visit the CMHR in Winnipeg. The purpose of reaching out to Canadian Youth will be to create a generation of human rights leaders.

Creating the CMHR as a federal institution will enhance Canada's national reputation and give greater legitimacy to Canada's historic role as an honest power broker, peacekeeper and defender of human rights".

Project Background:
Original Proposal
The Administration first became involved with the Canadian Museum of Human Rights around the time of the Partners April 17, 2003 announcement. At that time, the proposal identified a two Phase total $270.5 million project, with Phase A being a $200 million Museum (including an endowment fund of $ 35 million), and Phase B being a

$70.5 million youth Hostel, sculpture garden, and structured parking[1]. Phase A was to be funded by contributions from:

Government of Canada	$ 100 M
Province of Manitoba	$ 20 M[2]
City of Winnipeg	$ 20 M
Private Sector	$ 60 M
Total	$ 200 M

Current Proposal:
The overall cost of the project as at November 30, 2005 was $ 311 million (including an endowment of $ 50 million to support the National Student Travel Programme)[3]. The proposal to build the hostel has been set aside.

The funding sources are currently anticipated to be:

Government of Canada	$ 100 M
Province of Manitoba	$ 20 M
City of Winnipeg	$ 20 M
Private Sector	$ 171 M
Total	$ 311 M

As at November 30, 2005, a little under $ 60 million had been raised or pledged towards the private sector target.

To date, the Asper Foundation has completed two Feasibility Studies in support of this project.

Phase I Feasibility Study
The Asper Foundation commissioned and completed the Phase I Feasibility Study that effectively led to the Museum announcement by the partners (Feds, Province, City, Asper Foundation) on April 17, 2003. The $800,000 study was cost shared by Western Economic Diversification (WED)- $700,000, and the Asper Foundation ($100,000).

---

[1] This information was documented within the 1st Draft, Project Memorandum of Understanding (MOU) supplied by the Asper Foundation.

[2] On April 17, 2003 Premier Gary Doer announced *"a Provincial commitment of $ 6 million for the first phase of the Canadian Project for Human Rights Education, funding he said recognizes the impact on Manitoba of this nationally significant project. Manitoba's $ 6 million commitment is part of a broader commitment that could result in the province funding 10 per cent of the capital project. This additional support, however, is dependent on the project using a minimum 60 per cent of Manitoba purchased goods and services and on the proponents being able to secure the other components of the project's funding".* *(Source: Manitoba News Release dated April 17, 2003)*

[3] Source: Business Plan Update dated November 2005

Phase II Feasibility Study

The Phase II Feasibility Study was undertaken to address certain aspects of the development of the Museum including the design (building, site, exhibits, environmental assessment, and sustainability), site analysis (traffic, archaeological investigation), legal development, and initial engineering. The $2.6 million study was cost shared by Western Economic Diversification ($2.3 million), the City ($100,000), the Province ($100,000), and the Asper Foundation ($100,000). The $300,000 in City, Provincial, and Asper Foundation funding has been utilized to assist with the Capital Campaign (fundraising).

As a significant part of the Phase II Feasibility Study, an international architectural design competition was conducted from October 2003, until July 2004. Following a series of reviews by professional jury supported by a technical commission, the jury made a determination as to their recommended design. The Friends have based the construction costs included within their current Business Plan on the recommended design.

The jury believed that the architectural image would help solidify Canada's "brand" to the world. The recommended design would become renowned both for its message and its architectural brilliance and beauty. As a significant cultural icon- represented in large part by its iconic architecture, the CMHR may be the impetus for significant economic regeneration for Manitoba. For example, the Guggenheim Museum in Bilbao, Spain has been widely recognized as having regenerated that community.

Construction costs (including furnishing but not content) for the CMHR are estimated to be $145 million. This compares to similar capital construction costs for the Royal Ontario Museum of $ 200 million, and the Canadian War Museum of $ 135.75 million.

The CMHR is envisioned as a federal institution supported by significant provincial, civic, and private support; not a regional initiative supported by significant federal government investment. Friends of the CMHR consider the project a "gift" to Canada. In addition to cash support, the in-kind support has been significant. "Friends" is fully committed to keep working and raising funds to realize the long-term vision.

Proposed City Contribution Package

A multi-disciplinary and inter-Departmental administrative team has been involved with the project since the Funding Partners April 17, 2003 announcement. The Team continues to meet with the CMHR consultants on an as required basis.

During 2003 and early 2004, the Administration were involved in negotiating the details of the proposed $ 20 million contribution package, based somewhat upon the original parameters of the former Manager of the EPC Secretariat's letter dated April 10, 2003.

The January 16, 2004, Letter attached represents the most recent Administrative offer to the Asper Foundation, and outlines the specifics of the City contribution that would be subject to Council approval. The Administration acknowledge that the land values, associated ground lease rates, estimated assessment values, estimated taxes, and development and permit fee values have all changed (some costs have risen while others have diminished) since the time of the January 2004 offer. However, the Administration advises that the specifics of the contribution package was based upon the best information available, was negotiated in good faith with the CMHR, and therefore recommends that the contribution package be approved as presented.

Specifics of the proposed contribution package valued up to $ 20 million are as follow:

Land (Refer attached Site Plan)
Originally the City had offered two parcels of land (Parcels 3 and 4) valued at an estimated $ 6.7 million. The Parcel 4 lands that were originally identified for the purposes of the hostel and structured parking has since then been removed from the latest Administrative offer which now includes only Parcel 3.

- Parcel 3 is approximately 82,667 sq. ft. (7,680 sq. m.)
- In 2003, an external appraisal firm provided a certified value on this property of $ 2,480,000.
- Due to the strategic location of these properties, Council may deem it wise to maintain ownership and control of the property over the long term and for these reasons, the Administration recommend a ninety-nine (99) year ground lease rather than a sale of the property.
- The ground lease versus sale recommendation is consistent with the City's ground lease with Riverside Park Management Inc. relative to the nearby Canwest Global Ballpark.
- The proposed ground lease is a consistent term with that of the adjacent Forks Renewal Corporation (FRC) Lands that will similarly be leased to the CMHR.
- The ground lease will be structured in such a fashion that all costs of operation, maintenance, taxes, and occupancy would be the responsibility of the CMHR.
- The Present Value of a 99-year lease of Parcel 3, assuming a discount rate of 10% and annual rental of 10% of the 2003 market value, would be approximately 99.9% of the 2003 market value or $ 2,479,800 (say $ 2.5 million).

Municipal Portion of Tax Relief
In July of 2003, the Property Assessment Department provided an estimated assessed value of the CMHR based upon the building program and the cost estimates that were made available at that time.

- The property would have a special purpose; therefore, the cost approach was utilized to calculate an assessment.
- For the purposes of the exercise, the realty tax estimate reflects the taxes that would have been levied if the project was assessed in 2003 (therefore the cost estimate is based upon 1999 level of value).

- The total assessed value of the CMHR including land and building was estimated at $ 98.8 million.
- The municipal portion of property taxes and business taxes was estimated at $ 1.9058 million and $ 1.3086 million respectively for a total of $ 3.214 million annually.

Unfortunately, by virtue of the fact that the CMHR will lease and not own the land, the CMHR **will not be eligible** for a school tax exemption pursuant to section 23(1)(j) of The Municipal Assessment Act, which provides as follows:

> Subject to sections 25 and 26 real property is exempt from taxation for school purposes where the real property
>
> (j) is owned by a corporation that is a charitable organization and to which Part XX11 of the *Corporations Act* applies and is used solely for the purposes of a museum.

However, the CMHR may be exempt from school taxes pursuant to section 23(1)(i) of The Municipal Assessment Act which provides as follows:

> Subject to sections 25 and 26, real property is exempt from taxation for school purposes where the real property
>
> (i) is
>
> (i) owned by, or
>
> (ii) held under leasehold title by,
>
> a municipality, community association, service club, public recreation commission or other public body or group that serves the local community, and is not occupied, used or operated for profit but as a community hall, community recreation area, community centre or community rink, to the extent that the improvements are not used as licensed premises within the meaning of *The Liquor Control Act*, and to a maximum exemption of 0.81 hectare;

If so, the CMHR may be exempt from taxation for municipal taxes pursuant to section 22(1)(l) of The Municipal Assessment Act, which provides as follows:

> Subject to sections 25 and 26, real property is exempt from taxation levied by a municipality, other than for local improvements, where the real property is
>
> (l) exempt from school taxes under subsection 23(1) and is exempted by by-law of the municipality from taxation for municipal purposes.

It appears that the CMHR is likely not liable to pay business taxes pursuant to The City of Winnipeg Charter as its preponderant purpose is not the making of a profit. Any for-profit portions of the CMRH (such as a gift shop) would be subject to business taxes.

- Assuming that the business tax exemptions under the City of Winnipeg Charter are realized, the Administration recalculated the taxes and determined that the municipal portion of property taxes and business taxes were estimated at $ 1.9058 million and $ 36,287 respectively, for a total of $ 1.942 million annually (again assessed for 2003 and therefore the cost estimate is based upon a 1999 level of value).

The Administration has reviewed with the Friends our assessment and the tax estimates for the CMHR. The CMHR have expressed concerns regarding the following:

- The ability for the museum to continue to be sustainable assuming that municipal property and school taxes are to be payable.
- The risk of not knowing the on-going impact of property taxes (i.e. CMHR are concerned that the assessed value of the building will continue to rise therefore leading to increasing property and school taxes).

The CMHR therefore remain of the opinion that the Province and/or City should exempt the CMHR from taxation.

- There is no legislation providing exemption from all tax levies. To obtain relief from all taxes, specific provincial legislation would be required.

The Administration is cognizant that the greatest hurdle facing the successful completion of the CMHR remains the projected annual operating deficit (including realty and school division taxes) for the facility. It is not known for certain at this time if the CMHR will be eligible for partial exemptions under *The Municipal Assessment Act* and the *City of Winnipeg Charter.*

While the CMHR have always maintained that the value of the $ 11.1 million in municipal tax forgiveness may be of little to no value should the CMHR become exempt from taxes, the City will realize a lost opportunity of foregone realty and business taxes that would otherwise be paid, had the property been developed for private commercial or residential use. The City will also provide on-going services for the site.

The Administration recommends, that to the extent that any municipal portion of realty and business taxes are payable, that the CMHR will receive $ 11.1 million in tax forgiveness. The Administration will prepare an Agreement that would allow for the CMHR to pay their realty and business taxes as necessary, and to be reimbursed the value of the municipal portion of realty taxes and business taxes to a maximum of $ 11.1 million.

Development and Permit Fee Refund

The Administration has undertaken a preliminary assessment of some of the potential development and permit fee support that the City could provide as follows:

• Benefiting lands charge from previously installed land drainage[4]	
a) For city owned lands	$ 113,363
b) For FRC properties	$ 127,990
• Building Permit Value (assumes a 240,000 sq. ft. building)	$ 361,195[5]
• Waterway Permit (assumes 1/3 of the building within the regulated area)	$ 87,602[6]
Total estimate of potential Infrastructure Contributions	$ 690,150

- The cost of all on and off-site servicing required in order to develop the Museum site will be the responsibility of the CMHR.
- The proposed development and permit fee estimates indicate a potential gap of $ 609,850 ($ 1.3 million less $ 690,150), however, the appraised value of the land, and therefore, the estimated value of the proposed 99 year Ground Lease, has escalated in value since the 2003 appraisal, by at least a similar amount as the estimated decrease in the value of development and permit fees.

The Administration therefore recommends that, to the extent that any development and permit fees are payable, that the CMHR will receive up to a $ 1.3 million in municipal permit fee refunds, and that no further compensation will be provided should the $ 1.3 M in fee refunds not be fully utilized.

One Time Capital Cash Contribution

The proposed one time Capital Cash contribution was originally determined by the gap in the value of the other portions of the package including land ($ 2.5 million), tax forgiveness ($11.1 million), and Development and Permit Fee reductions ($ 1.3 million) relative to the overall $ 20 M City commitment; therefore the Capital Cash contribution is recommended at $ 5.1 million.

- To date, the City of Winnipeg has provided a total of $ 300,000 towards CMHR feasibility studies. Council has directed that only $ 200,000 of that amount be applied as first charged against the City's contribution towards the CMHR, thereby reducing the Capital Cost contribution to $ 4.9 million.
- The Administration will work with the other funding Partners to structure a Capital Contribution Agreement and method of payment, perhaps mirroring that of the approach utilized for the True North project.

---

[4] It has been determined that $45,180 / Ha ($18,284 / acre) is chargeable on these properties as benefiting parcels for previous Land Drainage Works front ended by Public Works.

[5] The original estimate that the administration valued their estimates was based upon the previous Fees and Charges By-law that had Building Permit values based upon construction value. Utilizing the older methodology, the Building Permit value was to have been greater than $ 1 million. The new By-law values the permit based upon square footage of the building and therefore the new estimate of the Permit Value has been reduced significantly. This value also reflects a 10% reduction of the normal Building Permit value as the project lies within the Downtown Zoning By-law mandated area.

[6] Waterway Permit value also reflects a 10% reduction of the normal Building Permit value as the project lies within the Downtown Zoning By-law mandated area

- The Capital Cost Contribution will not be released until following the commencement of construction of the Museum.

Other:
Forks Renewal Corporation
The Administration has received a copy of the Memorandum of Understanding between the Forks Renewal Corporation and the Friends of the Canadian Museum for Human Rights Inc. Some of the areas of interest include:

- A 99 year Ground Lease with an option to renew the term for a further 99 years.
- That the CMHR will contribute to the cost to maintain public space at the Forks.
- CMHR will be required to not offend existing exclusive use covenants that have been granted by the FRC elsewhere.
- That all aspects of parking facilities intended to serve or form part of the Museum Site and the impact on parking at the Forks as a whole (both to the loss of existing parking facilities and the increased demand on parking as a result of the construction of the CMHR) be addressed by the CMHR, and dealt with to the satisfaction of the FRC acting reasonably.

With this in mind, the Administration will provide similar language as the FRC Memorandum of Understanding, requiring that the CMHR also address the impact on accessibility and parking within the Forks Precinct to the satisfaction of the City acting reasonably.

Financial Impact Statement

Date: June 26, 2006

Project Name: **First Year of Program** **2008**

PROPOSED CONTRIBUTION FOR THE CANADIAN MUSEUM FOR HUMAN RIGHTS

	2008	2009	2010	2011	2012
Capital					
Capital Expenditures Required	$ 7,400,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	7,400,000	-	-	-	-
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	$ 1,300,000	$ 3,214,000	$ 3,214,000	$ 3,214,000	$ 1,458,000
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 1,300,000	$ 3,214,000	$ 3,214,000	$ 3,214,000	$ 1,458,000
Less: Existing Budget Amounts	1,300,000	3,214,000	3,214,000	3,214,000	1,458,000
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital costs of $7.4M consist of $2.5M in donated land & $4.9M one-time capital contribution (i.e. $5.1M less $200,000 previously provided to the Friends). The former would be financed from the Land Operating Reserve while the latter would be financed from the General Purpose Reserve. The $1.3M in direct costs in 2008 represents foregone development fees while the the $3.214M in 2009-2011 + $1,458M in 2012 represents $11.1M in municipal property tax forgiveness, both of which would be financed from the General Revenue Fund. This analysis is based on the assumption that the construction of the CMHR will begin in 2008 and the property will be added to the tax roll in 2009.

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

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Legal Services Division
Property Assessment Department
Corporate Finance Department

External Consultation With:

N/A

THIS REPORT SUBMITTED BY:

The Planning Property, and Development Department
Division: Office of the Director
Prepared by: Jim Paterson

O:\Reports Directive\Office of the Director\Downtown Manager\CMHR Proposed Contribution June 2006.doc