Minute No. 592
Report - Standing Policy Committee on Downtown Development - June 5, 2006

Item No. 2 **Lease of the Alexander Docks and Surrounding Lands to Paddlewheel Riverboats Ltd.**
File FI-2.1.1

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Downtown Development and adopted the following:

1. That the five (5) year lease agreement between the City and Paddlewheel Riverboats Ltd., for the entire Alexander Docks and surrounding lands and portion of the Harbourmaster site as identified on Misc. Plan 7806/15, be approved and subject to the payment of any rent arrears.

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

Report - Standing Policy Committee on Downtown Development - June 5, 2006

DECISION MAKING HISTORY:

Moved by Councillor Magnifico,
That the recommendation of the Standing Policy Committee on Downtown Development be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 21, 2006, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Downtown Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On June 5, 2006, the Standing Policy Committee on Downtown Development concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

COUNCIL:

On February 23, 2005, Council concurred in the recommendation of the Standing Policy Committee on Downtown Development and adopted the following:

1. That a rent credit as outlined in the report from the Director of Planning, Property and Development dated January 26, 2005, be applied to the Paddlewheel Riverboats Ltd. account for the 2004 season.

2. That the six (6.0) month lease agreement between the City and Paddlewheel Riverboats Ltd. for the entire Alexander Dock and adjacent lands and portion of the Harbourmaster Site as identified on Misc. Plan 7806/14 be approved in accordance with terms and conditions outlined in Schedule "B" contained in the report from the Director of Planning, Property and Development dated January 26, 2005, subject to the payment of any rent arrears.

On April 21, 2004, Council concurred in the recommendation of the Standing Policy Committee on Downtown Development and adopted the following:

1. That the six and a half (6.5) month lease agreement between the City and Paddlewheel Riverboats Ltd. for the amended leased area, which includes the entire Alexander Dock and adjacent lands as identified on Misc. Plan No. 7806/13, be approved in accordance with terms and conditions as outlined in Schedule "A".

RE: Proposed Five (5) Year Lease of the Alexander Docks and Surrounding Lands to Paddlewheel Riverboats Ltd.
Lord Selkirk- West Kildonan Community
Mynarski Ward

FOR SUBMISSION TO: Standing Policy Committee on Downtown Development

ORIGINAL REPORT SIGNED BY: Director of Planning, Property and Development

REPORT DATE: May 29, 2006

RECOMMENDATION:

1. That the proposed five (5) year lease agreement between the City and Paddlewheel Riverboats Ltd., for the entire Alexander Docks and surrounding lands and portion of the Harbourmaster site as identified on Misc. Plan 7806/15, be approved in accordance with the discussion herein and subject to the payment of any rent arrears;

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

Report Summary

Key Issues:

- Paddlewheel Riverboats Ltd. has been occupying the Alexander Docks and surrounding lands for approximately eight years, primarily on a season-by-season basis. The Tenant wishes to enter into a long-term lease of the Alexander Docks and surrounding lands, and also to construct a building to house operations and other commercial uses, including a restaurant and lounge to extend its business to year-round.

- Although the Planning, Property and Development Department understands the wishes of the Tenant, the Department has been involved in a process to examine the potential redevelopment of two City-owned riverbank properties situated adjacent to the Alexander Docks and may proceed with calling for Expressions of Interest pending the appropriate approvals in 2006.

- Accordingly, the Department is only supportive of entering into a Five (5) year Lease Agreement with the Tenant, for the use of the Alexander Docks and surrounding lands, with a 180 day cancellation clause, which would allow the

City access to those portions of the leased lands that may be potentially required for redevelopment as part of the Expressions of Interest.

Paddlewheel Riverboats Ltd. is prepared to enter into a Five (5) year Lease Agreement with the City on the above referenced basis.

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

( ) Involves a multi-year contract

Comment(s):

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):

The subject lease will provide for an annual cash flow of $21,521.54 to the City during the five years, plus realty taxes of $4,128.74, plus GST. This results in a potential five-year total cash inflow of $128,251.14.

Report

REASON FOR THE REPORT:

The Planning, Property and Development Department is seeking the approval of the Standing Policy Committee on Downtown Development of proposed terms and conditions for a Five (5) Year Lease Agreement with Paddlewheel Riverboats Ltd. for the use of the Alexander Docks and surrounding lands.

HISTORY:

At its meeting held on February 7, 2005, the Standing Policy Committee on Property and Development approved the proposed terms and conditions for an amended Six (6) month Lease Agreement between the City and Paddlewheel Riverboats Ltd. as follows:

Owner:	City
Tenant:	Paddlewheel Riverboats Ltd.
Location:	City-owned lands and rights-of-way outlined as "Proposed Lease" on Misc. Plan No. 7806/14
Description:	Alexander Docks, Riverbank and street rights-of-way
Purpose:	Riverboat operations
Commencement:	April 15, 2005
Term:	6 months ending October 15, 2005
Rental:	$21,521.54 plus realty taxes
Cancellation:	By City on Tenant default of covenants

At its meeting held on July 18, 2005, the Standing Policy Committee on Downtown Development considered an administrative report regarding the Alexander Docks and Harbourmaster sites and it recommended, in part, that the Department enter into discussions with Paddlewheel Riverboats Ltd. for a short term lease of the Alexander Docks for a period not to exceed five (5) years.

Representatives of the Planning, Property and Development Department met with the Tenant in August 2005, to discuss the proposed five-year lease. At that time, the Owner was not interested in the proposed five-year lease, as it did not meet his long-term requirements.

During 2005, the Tenant encountered sustained high water for the majority of their season. At the Tenant's request (at the end of the season) the City waived three months rent to acknowledge the inability of Paddlewheel Riverboats Ltd.'s to use the Alexander Docks, due to the extraordinarily high water conditions in 2005.

By letter dated February 7, 2006, the Owner of Paddlewheel Riverboats Ltd. wrote to the Chairperson of the Standing Policy Committee on Fiscal Issues requesting that the City waive the lease fee for the entire 2005 season and that the City lease the previously leased lands for $1.00, until a long term lease was entered into and that the Tenant would continue paying realty taxes.

Representatives of the Planning, Property and Development Department subsequently advised the Tenant that the February 7, 2006 request was being denied, and that the Department would be open to discussing a one-year or five (5) year Lease of the Alexander Docks and surrounding lands with a 180-day cancellation provision.

DISCUSSION:

1. City-owned Riverbank Property – Alexander Docks and Harbourmaster Sites:

The City currently owns two riverbank properties (Alexander Docks and Harbourmaster sites) situated east of Waterfront Drive as shown on the attached Schedule "C". Waterfront Drive connects the Alexander Docks and Harbourmaster sites along the Red River to the Exchange District and provides direct access to the two properties. These sites have the potential to act as key activity nodes along the North Winnipeg Riverbank Parkway.

The two development sites comprise approximately 193,000 square feet (4.4 acres) of which 70,000 square feet (1.6 acres) is developable and are subject to revision based on the final right of way requirements for Waterfront Drive.

The Planning, Property and Development Department have prepared a report to the Standing Policy Committee on Downtown Development regarding alternatives for the subject properties, which will include a Request for Proposals.

2. Proposed Five (5) Year Lease Agreement with Paddlewheel Riverboats Ltd. for the Use of the Alexander Docks and Surrounding Lands:

As identified on the attached Misc. Plan 7806/15, the subject City-owned lands are comprised of improved riverbank and an existing refurbished dock structure. For the past eight (8) years, Paddlewheel Riverboats Ltd. has leased the Alexander Docks and surrounding area for its riverboat business.

The Tenant wishes to enter into a long-term lease with the City for the use of the Alexander Docks and the riverbank lands immediately adjacent and contiguous to the Docks, and wishes to construct a three storey multi-purpose building. The Planning, Property and Development Department have reviewed the request and are not

supportive of entering into a long term lease for the use of the Alexander Docks or of developing a multi-purpose building at this time
The Department has consulted with the Public Works Department regarding the finalization of the Waterfront Drive right-of-way requirements and the existing Overhead Hydro Transmission Line project in 2006. The previous lease area was approximately 10,630 sq m +/-, as shown on the attached Misc. Plan 7806/14. The Public Works Department advises that it requires the most westerly 5.0 m of the City-owned lands between Pacific and Alexander Avenues to register a plan for the public right-of-way. The leased lands are now as shown on the attached Misc. Plan 7806/15. As the useable area remains the same, the Planning, Property and Development Department does not recommend an adjustment to the proposed rent rate.

With respect to the Overhead Hydro Transmission Line, the Public Works Department advises that the project to bury the line will commence in 2006, and will involve some site access and disruption issues to the Paddlewheel Riverboats Ltd. The Planning, Property and Development Department have considered this matter, and have updated the proposed terms and conditions accordingly.

The Department made an Offer of Lease to Paddlewheel Riverboats Ltd. by letter dated April 24, 2006 as follows:

Owner:	City
Tenant:	Paddlewheel Riverboats Ltd.
Location:	City-owned lands outlined as “Proposed Lease” on Misc. Plan No. 7806/15
Purpose:	Riverboat operations
Commencement:	April 15, 2006
Term:	Five (5) years to be used between Apr. 15 and Oct. 15 in each year
Rental:	$21,521.54
Realty Taxes:	Tenant
Insurance:	Commercial General Liability insurance policy, in the amount of at least five million dollars ($5,000,000.00) all inclusive, and, an All Risk property insurance policy, for the full replacement cost insuring any buildings, contents, stock and equipment
Cancellation:	180 days by either party
Special Conditions:	City access to complete the Overhead Hydro Transmission Line Project

By letter dated May 10, 2006, Paddlewheel Riverboats Ltd. agreed to the above referenced proposed terms and conditions.

Financial Impact Statement

Date: May 12,2006

Project Name:

Lease of Alexander Docks and Surrounding Lands

First Year of Program **2006**

	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	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	25,650	25,650	25,650	25,650	25,650
Net Cost/(Benefit)	$ (25,650)	$ (25,650)	$ (25,650)	$ (25,650)	$ (25,650)
Less: Existing Budget Amounts	(25,650)	(25,650)	(25,650)	(25,650)	(25,650)
Net Budget Adjustment Required	$ (0)	$ (0)	$ (0)	$ (0)	$ (0)

Additional Comments: The proposed lease agreement will result in a new cash flow to the City in the amount of $128,250 over a five year period. The above amount does not include GST.

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

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Water and Waste Department

Public Works Department

Corporate Finance Department

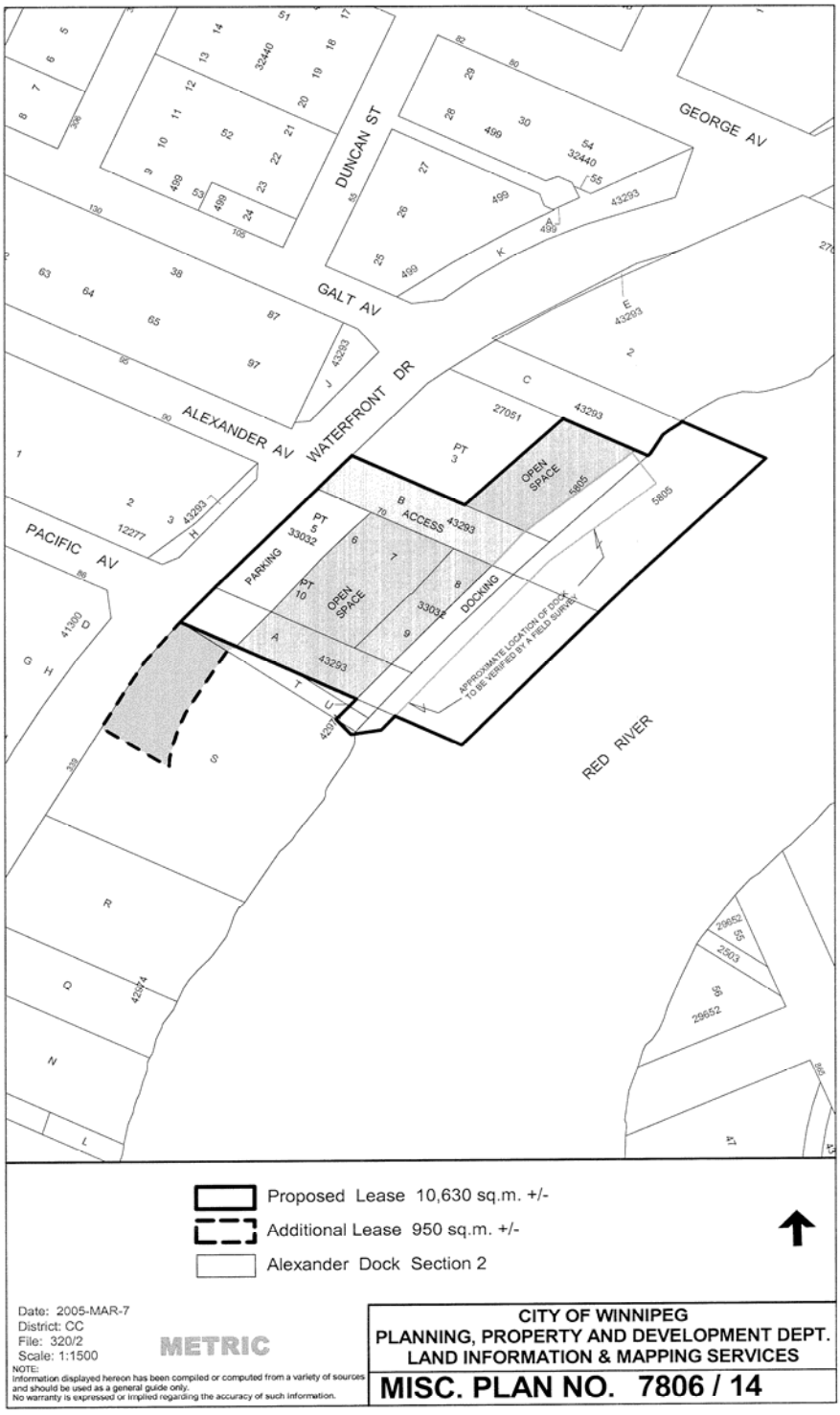
Legal Services Division (as to the content of proposed terms and conditions of lease)

External Consultation With:

n/a

THIS REPORT SUBMITTED BY:

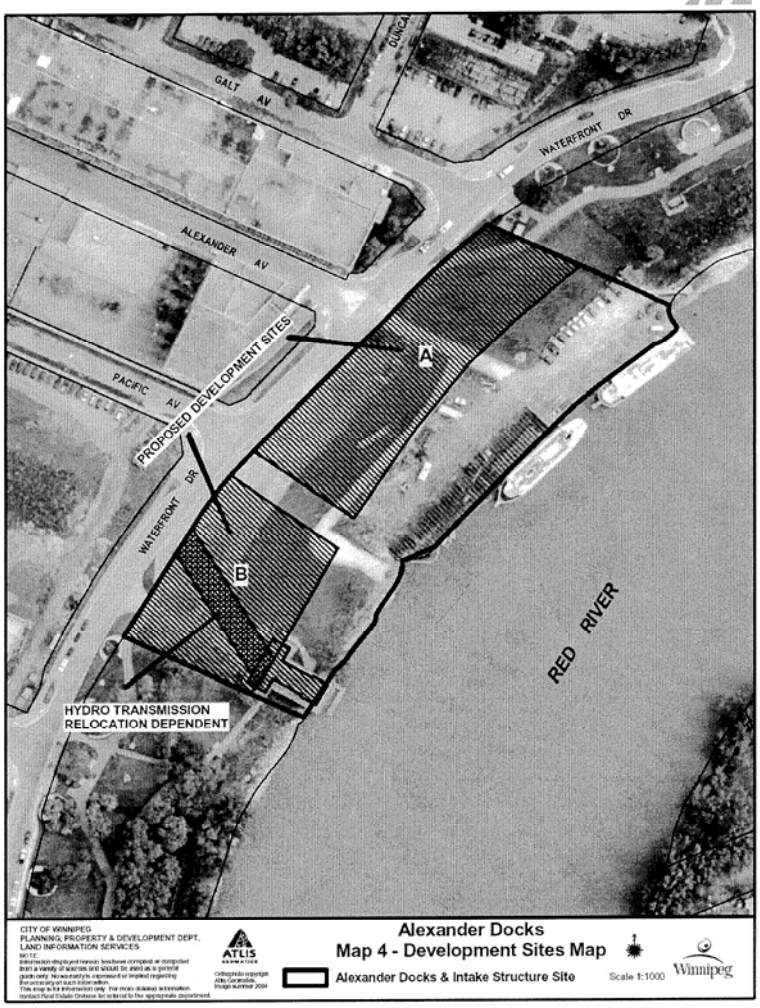
Department	Planning, Property and Development
Division	Real Estate
Prepared by:	D. Armstrong
PPD File No.	38/752 V8


DUNCAN ST
GEORGE AV
GALT AV
ALEXANDER AV
WATERFRONT DR
PACIFIC AV
RED RIVER
OPEN SPACE
ACCESS
PARKING
DOCKING
APPROXIMATE LOCATION OF DOCK TO BE VERIFIED BY A FIELD SURVEY
Proposed Lease 10,630 sq.m. +/-
Additional Lease 950 sq.m. +/-
Alexander Dock Section 2
Date: 2005-MAR-7
District: CC
File: 320/2
Scale: 1:1500
METRIC
NOTE:
Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only.
No warranty is expressed or implied regarding the accuracy of such information.
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 7806 / 14

Schedule "C"

Winnipeg

Planning, Property & Development Department



Alexander Docks

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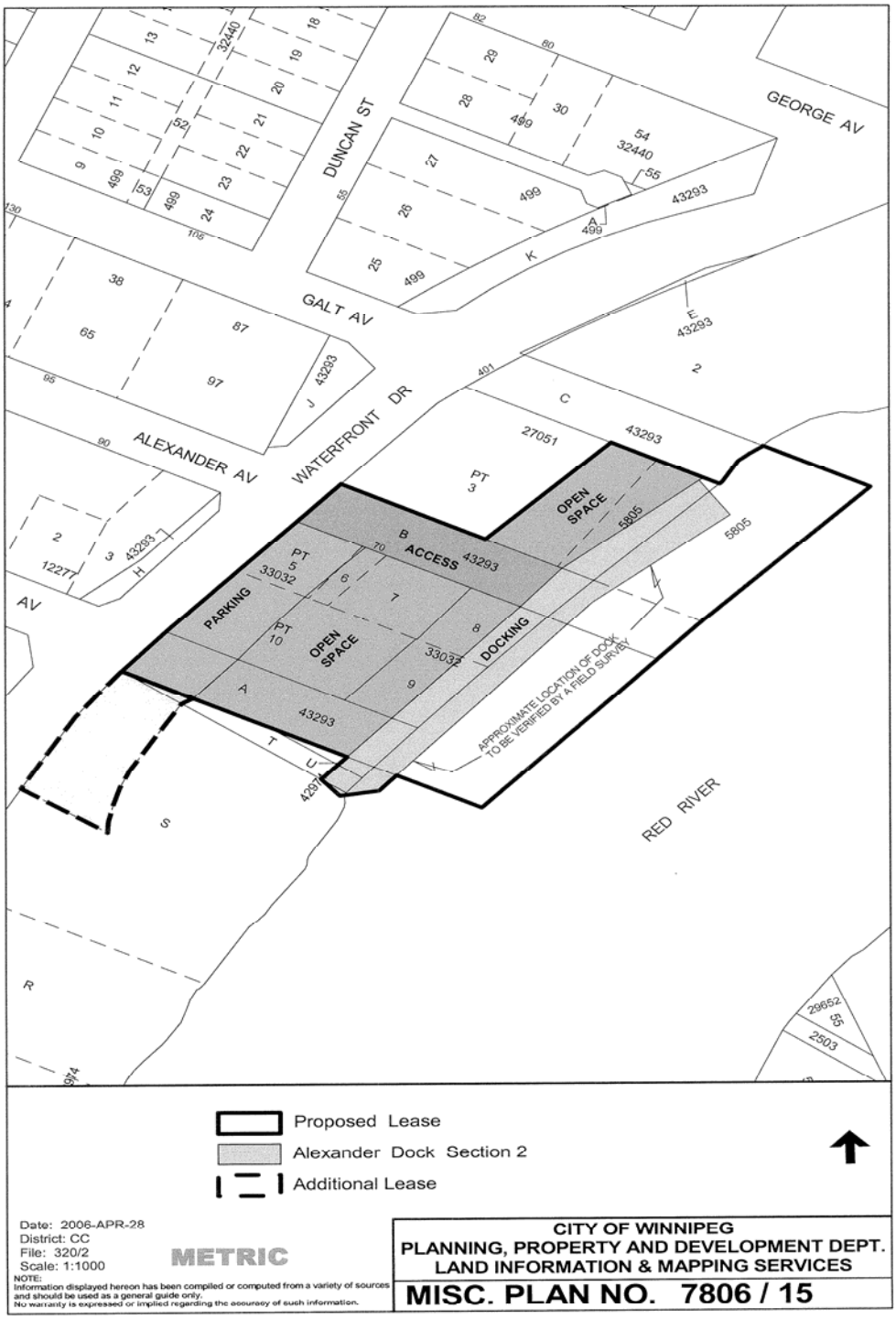
DUNCAN ST
GEORGE AV
GALT AV
WATERFRONT DR
ALEXANDER AV
RED RIVER
OPEN SPACE
ACCESS
PARKING
DOCKING
OPEN SPACE
APPROXIMATE LOCATION OF DOCK TO BE VERIFIED BY A FIELD SURVEY
Proposed Lease
Alexander Dock Section 2
Additional Lease
Date: 2006-APR-28
District: CC
File: 320/2
Scale: 1:1000
METRIC
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CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 7806 / 15