Canwest Global Communications Corporation Expansion: Request for a Change to the Commencement Date for the Economic Incentive Package
File EP-1.2.3 (Vol. 3)

4. The Executive Policy Committee has been advised that Council approval is required to change the effective dates of the CanWest Global Communications Corporation Expansion Economic Incentive Agreement.

On June 20, 2001, City Council approved an Economic Incentive Package estimated at $3.11 million over a thirteen year period (2002 – 2014) as a contribution towards the CanWest Global Communications Corporation (CanWest) expansion within Winnipeg.

On September 13, 2001, CanWest requested a one year delay in the commencement date from January 1, 2002 until January 1, 2003.

Conceptually, The City of Winnipeg proposal was based upon providing CanWest with an economic incentive package equal to the estimated municipal portion of the property taxes and the business taxes within the proposed new facilities for a ten year period. CanWest must achieve certain job, payroll, and leased space targets within the downtown in order to achieve the maximum benefit. There is also a provision to allow CanWest a possible three year extension, if required, to access any unused qualifying incentive.

The proposed economic incentive package was established on the basis of an estimated 1,200 new positions, a payroll of $36 million annually, and 127,500 square feet of leased space within downtown Winnipeg.

CanWest has confirmed verbally that although they have leased the space within the downtown as planned, their target employment numbers are coming on-line later than originally anticipated. CanWest currently estimates that they will have the equivalent of 280 full-time (incremental) positions for the period beginning April 1, 2001 and ending March 31, 2002 (the Provincial year end). CanWest also has forecasted that they will have 462 full-time equivalent (incremental) positions for the period beginning April 1, 2002 until March 31, 2003.

Were these targets to be achieved, CanWest would receive a payment of approximately 38% of its eligible municipal portion of property and business taxes for the year 2003. In the interim (until the commencement date of the Agreement), CanWest will be required to pay their full municipal portion of property taxes and their business taxes without the benefit of the economic incentives.

The administration recommends the approval of the CanWest request. Should Council approve the request, the effective dates for the Agreement will be January 1, 2003 until December 31, 2015. The Chief Administrative Officer has previously been authorized to finalize and approve the terms and conditions of all agreements.

The financial impact, as outlined on Appendix “A”, is that the commencement date of the tax credits would be delayed by one year, commencing in 2003 instead of 2002.
The Executive Policy Committee recommends:

Report of the Executive Policy Committee dated November 14, 2001

I. That Council approve a requested change to the commencement date for the Economic Incentive Agreement towards the CanWest Global Communications Corporation expansion within Downtown Winnipeg from January 1, 2002 to January 1, 2003.

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

Appendix "A" referred to in Clause 4 of the Report of the Executive Policy Committee dated November 14, 2001

Financial Impact Statement

Date: November 5, 2001

Project Name:

CanWest Global Communications Corporation Expansion - Request for a Change to the Commencement Date for the Economic Incentive Package

First Year of Program 2003

	2003	2004	2005	2006	2007
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	$ 246,000	$ 246,000	$ 246,000	$ 339,000	$ 339,000
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 246,000	$ 246,000	$ 246,000	$ 339,000	$ 339,000
Less: Existing Budget Amounts	246,000	246,000	246,000	339,000	339,000
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

The impact of the recommendation of this report is that the commencement date of tax credits is delayed by one year, that is, credits would now commence in 2003 instead of 2002 as compared to the terms previously agreed to by Council.

Gord Courage, Manager
Support Services Division