Agenda – Executive Policy Committee – January 24, 2007

REPORTS

Item No. 1 Indoor Soccer Complex Development at the University of Manitoba File S-7

ADMINISTRATIVE RECOMMENDATION:

That the Chief Administrative Officer be instructed to cease further discussions with the Winnipeg Soccer Federation and the University of Manitoba for the development of an Indoor Soccer Complex on University of Manitoba lands and proceed to implement Option No. 2 namely, Issue a new Expression of Interest/Qualifications.

Agenda – Executive Policy Committee – January 24, 2007

DECISION MAKING HISTORY:

COUNCIL DECISION:

On December 6, 2006, Council concurred in the recommendation of the Executive Policy Committee and adopted the following:

1. That Recommendation 2 of the July 26, 2006 Council Decision be amended by deleting reference to Laureate Developments Inc. such that the Chief Administrative Officer is directed to finalize terms and conditions of all agreements required for the development of an Indoor Soccer Complex with the remaining proponents, namely the Winnipeg Soccer Federation and the University of Manitoba, which in the opinion of the Chief Administrative Officer, will satisfy the intent of Council, including the provision of funding through the 2007 Capital Budget totaling not more than $6 million.

On July 26, 2006, Council concurred in the Executive Policy Committee recommendation and adopted the following:

1. That the Expression of Interest and Qualifications No. 119-2006 with respect to the design and construction of an Indoor Soccer Complex be terminated, no Request for Proposals issued and that the proponents be so notified.

2. That Chief Administrative Officer be directed to finalize terms and conditions of all agreements required for the development of an indoor soccer complex by Winnipeg Soccer Federation, University of Manitoba and Laureate Developments Inc. which, in the opinion of the Chief Administrative Officer, will satisfy the intent of Council, including the provision of funding through the 2007 Capital Budget totaling not more than $6 million.

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

RE: **Indoor Soccer Complex Development at the University of Manitoba**

FOR SUBMISSION TO: **Executive Policy Committee**

ORIGINAL REPORT SIGNED BY: **Director of Planning, Property & Development Department**

REPORT DATE: **January 23, 2007**

RECOMMENDATION:

The Administration recommends:

> That the Chief Administrative Officer be instructed to cease further discussions with the Winnipeg Soccer Federation and the University of Manitoba for the development of an Indoor Soccer Complex on University of Manitoba lands and proceed to implement Option No. 2 namely, Issue a new Expression of Interest/Qualifications.

Report Summary

Key Issues:

- The Winnipeg Soccer Federation (WSF) approached Bird Design Builders who provided an all-inclusive quotation for the construction of a four-plex soccer facility in the amount of $11.25 million based on the specifications outlined in the City's EOI&Q dated March 1, 2006.

- By letter dated December 20, 2006, the Administration advised the WSF of its desire to receive a firm commitment of the development of an Indoor Soccer Complex by December 31, 2006. By letter dated December 28, 2006, the WSF advised that they were committed to the development of the Facility.

- An additional letter dated December 28, 2006 was forwarded by the Administration to the WSF requesting information on the status of their negotiations and commitment in obtaining mortgage financing. By letter dated January 8, 2007, the WSF advised that they were in discussions with a commercial lender and have been forwarding information to that organization so as to satisfy their financing requirements.

- A further letter was sent to the WSF by the Administration, dated January 17, 2007, stating the City's requirement to receive a formal commitment from a commercial lender for mortgage financing and also a meeting with the official Board of the WSF by no later than January 23, 2007. A meeting with the Board has not occurred nor has the City received a formal commitment for mortgage financing.

- In response to the Administration's January 17, 2007 letter, the WSF forwarded a letter dated January 18, 2007 wherein they advised that the commercial lender required a full government guarantee for the financing of the Facility. The WSF are aware of the City's position that it would not guarantee the mortgage and are continuing to negotiate acceptable terms and conditions with the commercial lender.

- The WSF does not have the necessary funding in place to make a commitment and thereby move forward with the development. The WSF requires financing totaling $3.75 million for the Facility over and above their $500,000 MRIF requirement.

- The Winnipeg Soccer Federation has not been able to secure financing so as to facilitate the development of an Indoor Soccer Complex, which would be available for use in 2007.

- The Administration is seeking Council direction for the development of an Indoor Soccer Complex, which would be available for use in 2007, and is presenting development options for consideration by Council in this Report.

- To bring resolution to this matter, so as to satisfy Council's July 26, 2006 direction, the Administration has prepared the following options for consideration:

External Sourcing

1. Continue discussions with the Winnipeg Soccer Federation for the development of a Facility located at the University of Manitoba
2. Issue a new Expression of Interest/Qualifications
3. Issue a Request for Proposals

Internal Sourcing

4. City undertake to develop an Indoor Soccer Complex
5. City request the General Council of Winnipeg Community Centres to formulate proposals for the development of two two-plexes, one in South East Winnipeg, and one in South West Winnipeg

Direct Sourcing

6. City identify a specific design of an Indoor Soccer Complex and an established provider of that facility
7. Re-allocate Funding to Alternate Sports and Recreational Facilities

Implications of the Recommendation(s):

General Implications

( ) None
( ) For the organization overall and/or for other departments
(x) For the community and/or organizations external to the City
( ) Involves a multi-year contract

Policy Implications

(x) No
( ) Yes
Comment(s): This is consistent with Council's Recreation, Leisure, and Library Facilities Policy adopted in May 2005 which states in Section 2.8 regarding Indoor Soccer "The City will support

the development of indoor soccer pitches in line with the facility to population ratio identified in the facility hierarchy. The City will not be a direct provider."

Regulatory Implications

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

Environmental Implications

( ) No
(x) Yes
Comment(s): Positive Implication: makes optimal use of existing infrastructure

Human Resources Implications

(x) No
( ) Yes

Financial Implications

(x) Within approved current and/or capital budget
( ) Current and/or capital budget adjustment required
Comment(s):

Report

REASON FOR THE REPORT:

Council approval is required for the change to the partnership of the development consortium of the Indoor Soccer Complex, from the partnership originally approved by Council on July 26, 2006 and subsequently amended by Council on December 6, 2006.

HISTORY:

In January 2006, EPC considered the Administration's report dated November 14, 2005 on facility types and ownership/management options in other Canadian cities and directed the Administration to prepare and issue a "Request for Expression of Interest" to design and build an Indoor Soccer Complex.

An Expression of Interest and Qualifications (EIO/Q) were issued on March 1, 2006. The EOI/Q was intended to provide the City with general information related to various types of facilities and structures that could be built in Winnipeg, along with associated cost estimates.

Through the EOI/Q process, the Administration had determined that the University of Manitoba / Winnipeg Soccer Federation proposal and the Laureate Developments Inc. proposal had presented the most viable submissions for the development of an Indoor Soccer Complex ("Facility").

An Administrative report was presented to the Executive Policy Committee on May 17, 2006 that provided a summary of the EOI/Q submissions and sought further direction concerning this matter. The Executive Policy Committee directed the Chief Administrative Officer to negotiate a Memorandum of Understanding to design, build, own and operate an Indoor Soccer Complex, subject to capping the City's contribution of $6 million, guaranteed access for youth soccer, and other approval processes with certain parties and to report back to the Executive Policy Committee on June 21, 2006.

A meeting was held on May 24, 2006 with the University of Manitoba / Winnipeg Soccer Federation, Laureate Developments Inc. ("Proponents"), and the Administration to discuss the possible joint venture development of an Indoor Soccer Complex on University of Manitoba campus land adjoining the Pan Am Stadium.

After negotiations between the parties, the Proponents provided a Letter of Intent dated July 12, 2006 outlining the terms and conditions of the proposed development. Within the Letter of Intent, the Proponents requested tax exemption status for the Facility. The Administration responded to the Proponent's Letter of Intent reiterating the City's requirement to pay municipal taxes.

After further discussions, on July 14, 2006, the Winnipeg Soccer Federation, University of Manitoba and Laureate Developments Inc. agreed to the requirement to pay municipal taxes and subsequently amended their Letter of Intent accordingly and forwarded an amended Letter of Intent that set out basic terms and conditions that they agreed to proceed with the design, build, finance and operation of a Facility.

On July 26, 2006, Council adopted the following Executive Policy Committee motion:

1. That the Expression of Interest and Qualifications No. 119-2006 with respect to the design and construction of an Indoor Soccer Complex be terminated, no Request for Proposal issued and that the proponents be so notified.
2. That the Chief administrative Officer be directed to finalize terms and conditions of all agreements required for the development of an Indoor Soccer Complex by Winnipeg Soccer Federation, University of Manitoba and Laureate Developments Inc. which, in the opinion of the Chief Administrative Officer, will satisfy the intent of Council, including the provision of funding through the 2007 Capital Budget totaling not more than $6 million.
3. That the Proper Officers of the City be authorized to dl all things necessary to implement the intent of the foregoing.

Following Council approval on July 26, 2006 the Proponents proceeded to negotiate the necessary agreements amongst themselves and with the Administration for the development of the Indoor Soccer Complex.

As a result of a specific request from Laureate Developments Inc., a meeting was held on September 5th with the Manager of EPC Secretariat and the Supervisor of Property Management, Real Estate Division, PP&D. At this meeting, Laureate Developments Inc. outlined their development concerns regarding the negotiations dealing with the University of Manitoba, the Winnipeg Soccer Federation and the City. The City, Winnipeg Soccer Federation and the University of Manitoba advised Laureate Developments Inc. that, while everyone remained committed to working together in the development of an Indoor Soccer Complex, they could not provide the loan guarantee and development latitude that Laureate Developments Inc. indicated it required.

On November 2nd, the Administration spoke to a representative of Laureate Developments Inc., to ascertain their desire to continue with the proposed development of a Facility, in light of the City's position that it would not provide a loan guarantee for financing of the Facility.

On November 3rd, the Administration met with the University of Manitoba and the Winnipeg Soccer Federation ("remaining Proponents"), to discuss the possibility of them continuing with the development of a Facility. The remaining Proponents advised that they would be interested in continuing with the development of the Facility.

On November 7th, Laureate Developments Inc. advised that they would provide a letter stating their withdrawal from the project. Laureate forwarded a letter signifying their withdrawal from the Project on November 20, 2006.

As a result of Laureate Developments Inc.'s withdrawal from the development of an Indoor Soccer Complex, the Administration presented a Report to Executive Policy Committee that was considered by Council on December 6, 2006. Council amended the July 26, 2006 direction by adopting the following Executive Policy Committee motion:

That Recommendation No. 2 of the July 26, 2006 Council Decision be amended by deleting reference to Laureate Developments Inc. such that the Chief Administrative Officer is directed to finalize terms and conditions of all agreements required for the development of an Indoor Soccer Complex with the remaining proponents, namely the Winnipeg Soccer Federation and the University of Manitoba, which in the opinion of the Chief Administrative Officer, will satisfy

the intent of Council, including the provision of funding through the 2007 capital budget totaling not more than $6 million.

DISCUSSION:

The Winnipeg Soccer Federation (WSF) approached Bird Design Builders to obtain an all-inclusive quotation for the construction of a four-plex soccer facility. Bird provided a quotation of $11.25 million based on the specifications outlined in the City's EOI&Q dated March 1, 2006.

It appears at this time that the WSF does not have the necessary funding in place to make a commitment and thereby move forward with the development by December 31, 2006. Based on Bird's quotation, the WSF requires financing totaling $3.75 million for the Facility over and above their $500,000 MRIF requirement. During the past several months, the WSF has been seeking mortgage financing and have not yet secured a mortgage commitment to cover the financing gap.

By letter dated December 20, 2006, the Administration advised the WSF of its desire to receive a firm commitment of the development of an Indoor Soccer Complex by December 31, 2006. By letter dated December 28, 2006, the WSF advised that they were committed to the development of the Facility.

An additional letter dated December 28, 2006 was forwarded by the Administration to the WSF requesting information on the status of their negotiations and commitment in obtaining mortgage financing. By letter dated January 8, 2007, the WSF advised that they were in discussions with a commercial lender and have been forwarding information to that organization so as to satisfy their financing requirements.

A further letter was sent to the WSF by the Administration, dated January 17, 2007, stating the City's requirement to receive a formal commitment from a commercial lender for mortgage financing and also a meeting with the official Board of the WSF by no later than January 23, 2007. A meeting with the Board has not occurred nor has the City received a formal commitment for mortgage financing.

In response to the Administration's January 17, 2007 letter, the WSF forwarded a letter dated January 18, 2007 wherein they advised that the commercial lender required a full government guarantee for the financing of the Facility. As stated previously, the City would not commit to guarantee the mortgage financing for this development as it would not be a City-owned or controlled facility. The WSF have advised that they have no other options at this time to provide the mortgage financing commitment required by the City.

To bring resolution to this matter, so as to satisfy Council's July 26, 2006 direction, the Administration has prepared the following options for consideration:

External Sourcing

1. **Continue discussions with the Winnipeg Soccer Federation for the development of a Facility located at the University of Manitoba** – The City has not received an acceptable commitment of financing from the WSF. While there has been positive progress during the past two months, a commercial lender has not provided a satisfactory formal financing commitment letter to the WSF. This commercial lender has completed their determination of the WSF loan application

and advised that a full government guarantee will be necessary for financing of this Facility.

2. **Issue a new Expression of Interest/Qualifications** – The City could develop an EOI/Q to solicit interest from the development community for the development of a four-plex indoor soccer complex in the south end of the City. The EOI/Q process would enable the City to determine what interest exists in the development community and negotiate appropriate terms and conditions with a suitable proponent. This EOI/Q would not provide specific design criteria or preference with respect to location (ie. only that it be located in the south end of the City).

3. **Issue a Request for Proposals** – The City could develop a Request for Proposals to solicit interest from the development community for the development of a four-plex indoor soccer complex. Unlike the EOI/Q process, an RFP does not afford the City the same latitude to negotiate terms and conditions with a suitable proponent. However, the respondents may present a development alternative that had not been contemplated in the March 2006 EOI/Q.

Internal Sourcing

4. **City undertake to develop an Indoor Soccer Complex** – The City could undertake to design, develop and manage an Indoor Soccer Complex on City-owned property or at the University of Manitoba. This alternative would have long-term budget implications over and above the initial development costs.

5. **City request the General Council of Winnipeg Community Centres to formulate proposals for the development of two two-plexes, one in South East Winnipeg, and one in South West Winnipeg** – The GCWCC could be given the mandate to identify 2 community centers, one in south east Winnipeg, and one in south west Winnipeg, that would be given $3 million each to develop and manage a two-plex soccer facility on existing community center property (in Option No. 2, community centers would also be able to submit a proposal).

Direct Sourcing

6. **City identify a specific design of an Indoor Soccer Complex and an established provider of that facility** – The City could identify organizations who specialize in the development and management of soccer facilities throughout Canada and engage one organization to undertake the development with a total City contribution of $6 million.

7. **Re-allocate Funding to Alternate Sports and Recreational Facilities** – Due to organized soccer's inability to finalize the development of an Indoor Soccer Complex, the City could reallocate the $6 million to another initiative.

RECOMMENDATION:

The Administration recommends:

That the Chief Administrative Officer be instructed to cease further discussions with the Winnipeg Soccer Federation and the University of Manitoba for the development of an

Indoor Soccer Complex on University of Manitoba lands and proceed to implement Option No. 2 namely, Issue a new Expression of Interest/Qualifications

Financial Impact Statement Date: January 22, 2007

Project Name:

Indoor Soccer Complex Development at the University of Manitoba

COMMENTS:

The recommendation contained in this report is that the Chief Administrative Officer be instructed to cease further discussions with the Winnipeg Soccer Federation and the University of Manitoba for the development of an Indoor Soccer Complex on University of Manitoba lands and proceed to implement Option No. 2 namely, Issue a new Expression of Interest/Qualifications.

There are no financial implications associated with this recommendation.

"Original Signed By"
Mike McGinn, CA
Manager of Finance

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Corporate Services Department, Legal Services Division (as to legal issues)

CAO Secretariat

External Consultation With:

THIS REPORT SUBMITTED BY:

Department	Planning, Property and Development
Division	Real Estate
Prepared by:	Wayne Bollman
PPD File No.	8638

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