Agenda - Council - June 20, 2007

Report – Executive Policy Committee - June 13, 2007

Item No. 7 Development of an Indoor Soccer Complex
File PR-2

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 13, 2007, the Executive Policy Committee concurred in the administrative recommendation and submits the following to Council:

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 the Chief Administrative Officer be directed to finalize terms and conditions of all agreements for grant funding through the 2007 capital budget totaling not more than $6 million, required for the development of an Indoor Soccer Complex by the University of Manitoba which, in the opinion of the Chief Administrative Officer, will satisfy the intent of Council.

3. 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 13, 2007

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On June 13, 2007, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to Council.

RE: **Development of an Indoor Soccer Complex**

FOR SUBMISSION TO: **Executive Policy Committee**

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

REPORT DATE: **June 8, 2007**

RECOMMENDATION:

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 Council direct the CAO to finalize terms and conditions of all agreements for grant funding through the 2007 capital budget totaling not more than $6 million, required for the development of an Indoor Soccer Complex by the University of Manitoba which, in the opinion of the CAO, will satisfy the intent of Council.

3. 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:

- Council has designated an amount of $6 million to be used for the development of a four field Indoor Soccer Complex, with a preferred location in south Winnipeg.
- The successful grant recipient would be required to enter into an Amateur Access Agreement with the City.
- On May 29, 2007, the University of Manitoba forwarded a letter stating their commitment to develop and own a proposed clear span four-plex Indoor Soccer Complex to be located at the University of Manitoba campus. Bird Construction Company and the Winnipeg Soccer Federation would be involved with the development of the facility.

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
Comment(s):
With the development of a four-plex indoor soccer complex, the City will be supporting the demand for an indoor soccer facility

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
(X) No
( ) Yes
Comment(s):

Human Resources Implications
(X) No
( ) Yes

Financial Implications
(X) Within approved current and/or capital budget
( ) Current and/or capital budget adjustment required

Report

REASON FOR THE REPORT:

On January 24, 2007, Council directed the Chief Administrative Officer be instructed to issue a new Expression of Interest & Qualifications.

The administration, by this report, is providing its comments on the Expression of Interest & Qualifications that closed on March 12, 2007 and is providing its recommendations as detailed herein.

HISTORY:

- On January 24, 2007, Council directed the Chief Administrative Officer be instructed to issue a new Expression of Interest & Qualifications.
- On February 2, 2007 an Expression of Interest & Qualifications (EOI&Q) No. 93-2007 was released with a closing date of March 12, 2007.
- Seven (7) responses to the EOI&Q were received. One of the responses was for land only.
- On March 21, 2007 an Evaluation Committee evaluated the seven (7) responses to the EOI&Q. The three highest rated responses were determined to warrant further discussion by the Evaluation Committee. In alphabetical order, they are:

  Bird Construction Company/Huntingdon REIT
  Red River Exhibition Park
  University of Winnipeg

DISCUSSION:

The administration is now reporting on the results of the evaluation of the submissions for the development of an Indoor Soccer Complex and on subsequent developments.

On March 21, 2007 the Evaluation Committee evaluated the seven (7) responses to the EOI&Q. The Evaluation Committee's review of the submissions in response to the EOI&Q has been completed. There were meetings with each of the three highest rated proponents. Various issues relating to their respective submissions were raised in those meetings. Written clarification of those various issues was requested and has subsequently been received from the three highest rated proponents.

There were three submissions that are of interest for a grant to facilitate the development of an Indoor Soccer Complex. Each one of the three highest rated proponents has presented proposals that demonstrate their ability to develop and manage a soccer facility. In alphabetical order, they are:

Bird Construction Company/Huntingdon REIT Joint Venture

The submission received from the Joint Venture group consisting of Bird Construction Company and Huntingdon Real Estate Investment Trust was rated the highest by the Evaluation Committee. The initial Bird Construction Company/Huntingdon REIT Joint Venture submission stated that the Huntingdon Real Estate Investment Trust would be the owner of the facility. The Winnipeg Soccer Federation has provided a letter of support to Bird Construction Company/Huntingdon REIT Joint Venture which was included in this submission.

The Bird Construction Company/Huntingdon REIT Joint Venture submission was based on a "clear span" facility concept, which would accommodate a FIFA sized soccer pitch. The University of Manitoba was a participant in the original submission insofar as it provided the proposed development site. This site is located in south Winnipeg, which was stated as the preferred location in the EOI&Q.

However, by letter dated May 14, 2007 the Bird Construction Company/Huntingdon REIT Joint Venture advised that the ownership group may involve the Winnipeg Soccer Federation and/or the University of Manitoba. During the period between May 14, 2007 and May 28, 2007, the Bird Construction Company/Huntingdon REIT Joint Venture group considered the final ownership configuration for the development. As a result of their discussions, Bird Construction Company/Huntingdon REIT Joint Venture group formally advised the City on May 28, 2007 that Huntingdon REIT will not be the owner of the Indoor Soccer Complex and that the University of Manitoba would be the owner of the soccer facility.

Subsequently, by letter dated May 29, 2007, the City was advised by the University of Manitoba that its' Board of Governors had approved the University's participation in the development of a four-plex clear span Indoor Soccer Complex with a project cost of $12.5 M. The University would be the owner of the facility constructed by Bird Construction Company, and would enter into a long term lease with the Winnipeg Soccer Federation for the management of the facility.

Red River Exhibition Association/Prairie Junction Partnership

This proposal was for the development of a four-plex indoor soccer facility located at the Red River Exhibition grounds, west of the Perimeter Highway. The development group consists of Red River Exhibition Association, and Prairie Junction Partnership (RRE Partnership). The proposed development was initially presented as a "pillared" facility but has been amended to be a "clear span" four-plex soccer facility. The submission also contemplates an area for four future
outdoor soccer pitches. This clear span facility would accommodate a full size FIFA soccer pitch. The Winnipeg Soccer Federation has provided a letter of support to the Partnership, which was included in this submission.

The City was advised on May 4, 2007 that the RRE Partnership has amended its submission from a pillared structure to a clear span structure. The Evaluation Committee felt that this amendment improved the RRE Partnership's submission as the proposed facility would become more functional in its use.

The concern with this proposal is its location in the most westerly portion of the City. While the EOI&Q was open to proposals city wide, it stated that preference would be given to a site located in south Winnipeg as the soccer community and the City have identified this area as where there is a demand for indoor soccer pitches. The concern with this location is the distance that southeast quadrant residents would have to travel to utilize the soccer facility.

The proposal contemplates using the facility for 7 months as an Indoor Soccer Complex, and 5 months to conduct other activities including trade shows, which became a concern to the Evaluation Committee. However, this proponent stated that the facility would be available for use by the soccer community during the 5 month period should the demand exist.

The Planning, Property and Development Department met with the representatives of the RRE Partnership concerning the proposed use of the lands and it was determined that a Conditional Use approval would be required to develop the Indoor Soccer Complex at this location.

University of Winnipeg

This proposal was for the development of two permanent indoor soccer pitches, built on top of an 800 seat hockey arena which could be converted to a 'feature game' indoor soccer pitch, adjoining the U of W's existing Duckworth Centre. This multi-use facility would be an addition to the downtown campus and provide U of W students and local area residents with a multi-use recreational facility.

However, this proposal contemplates a development which consists of 2 designated soccer pitches with 1 hockey arena capable of being converted to a soccer pitch for feature games. When questioned about the reduction in playing surfaces, the U of W responded that they believe that the demand for indoor playing surfaces has diminished and that 2 playing fields would meet the demand. This determination was arrived at by market research completed by Soccer Spectrum Inc., the co-manager of the proposed facility. After discussions with representatives of the Winnipeg Soccer Federation, the administration remains of the view that a four-plex soccer facility is required to meet the demand of the soccer community. The proposed facility does not appear to have the site flexibility to expand its operations so as to develop outdoor soccer pitches.

Of further concern was the accessibility and parking. The U of W's submission states that the facility will have 85 underground parking stalls. By letter dated April 10, 2007, the U of W advised that there are 1,680 spaces within 1,300 feet (1/4 mile) walking

distance to the facility consisting of 1,350 stalls in area parkades and 330 stalls at grade or within the Duckworth parkade.

University of Manitoba ownership of the Indoor Soccer Complex

On May 14, 2007 the Bird Construction Company/Huntingdon REIT Joint Venture group advised in writing that the ownership group for their proposed development may involve the Winnipeg Soccer Federation and/or the University of Manitoba. By letter dated May 28, 2007, the City was advised that Huntingdon REIT no longer wished to be the owner of the Indoor Soccer Complex to be developed at the University of Manitoba.

As previously stated in this report, the University of Manitoba was a participant in the Bird Construction Company/Huntingdon REIT submission. As a result of discussions between the participants involved in the Bird Construction Company/Huntingdon REIT submission and the subsequent May 28, 2007 letter from Bird Construction Company, the City was advised by the University of Manitoba, by letter dated May 29, 2007, that its' Board of Governors had approved the University's participation in the development of a four-plex clear span Indoor Soccer Complex with a project cost of $12.5 M. The University of Manitoba's letter stated that funding would be from the City of Winnipeg ($6.0 M), Manitoba Rural Infrastructure Fund ($1.0M), the Winnipeg Soccer Federation ($0.5M), with the University contributing $5.0M towards the development of an Indoor Soccer Complex.

The University would be the owner of the facility and would enter into a long term lease with the Winnipeg Soccer Federation for the management of the facility. The University intends to engage Bird Construction to provide design/build services for the project with a guaranteed price since Bird Construction had undertaken much of the preliminary work as a key part of the Bird Construction/Huntingdon REIT proposal. It would be a University requirement that Bird Construction fully tender the project to the applicable trades.

The University of Manitoba would pay municipal taxes, if applicable, including taxes pursuant to The City of Winnipeg Charter, The Municipal Act and The Municipal Assessment Act. The City Assessor will determine the amount of and the liability for the assessment of the proposed soccer facility. Only through the review of detailed drawings, the business plan, as well as a thorough understanding of the details of the lease(s) and other agreements can the City Assessor determine the assessed value of the facility as well as the tax liability.

The University of Manitoba's prior involvement with a previous EOI&Q for the development of an Indoor Soccer Complex had been only as owner of the proposed land for the soccer facility. The Indoor Soccer Complex would have been owned by an unrelated legal entity. The University of Manitoba is now taking the leadership role as owner of the Indoor Soccer Complex development.

DEPARTMENTAL COMMENT & RECOMMENDATION:

After fully reviewing all submissions, it is recommended that it is in the best interests of the City that the EOI&Q process be terminated, no Request for Proposals be issued and that all the proponents be so notified. The EOI&Q provided for this ability to terminate the EOI&Q process.

Recently, the University of Manitoba's has made a commitment to the development of a four-plex clear span Indoor Soccer Complex on its campus in south Winnipeg, with a project cost of $12.5M on the terms outlined in its letter dated May 29, 2007. This initiative, at this location, would be 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."

With the approval of The City of Winnipeg grant funding and timely completion of an appropriate Amateur Access Agreement and a Development Agreement, the University of Manitoba could commence construction of an Indoor Soccer in 2007, with an opening by fall 2008.

With the commitment made by the University of Manitoba, the Administration is making the following recommendations for the development of an Indoor Soccer Complex:

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 Council direct the CAO to finalize terms and conditions of all agreements for grant funding through the 2007 capital budget totaling not more than $6 million, required for the development of an Indoor Soccer Complex by the University of Manitoba which, in the opinion of the CAO, will satisfy the intent of Council.

Financial Impact Statement

Date: June 8, 2007

Project Name:

Development of an Indoor Soccer Complex

First Year of Program 2007

	2007	2008	2009	2010	2011
Capital					
Capital Expenditures Required	$ 3,000,000	$ 3,000,000	$ -	$ -	$ -
Less: Existing Budgeted Costs	3,000,000	3,000,000	-	-	-
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	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: For the purposes of this analysis, it is assumed that $6 million in capital grants will flow to the preferred proponent in equal amounts over the next two years.

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

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Internal Services Department - Legal Services Division (as to legal issues)

External Consultation With:

N/A

THIS REPORT SUBMITTED BY:

Department: Planning, Property and Development Department
Division: Real Estate Division
Prepared by: Wayne Bollman
PPD File No.:8638 V2