Report - Executive Policy Committee - November 28, 2007

Item No. 3 Management Agreement with Rues Principales Saint-Boniface Inc. (Entreprises Riel Inc.) - Operation and Management of the Esplanade Riel Bridge
(St. Boniface Ward)
File SB-13

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 28, 2007, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service, as amended, and submits the following to Council:

1. That the Management Agreement with Rues Principales Saint-Boniface Inc., a wholly-owned subsidiary of Entreprises Riel Inc., for the operation and management of the Esplanade Riel Bridge shown on Misc. Plan No. 12143/6, be approved as outlined in the report from the Acting Director of Planning, Property and Development dated October 19, 2007, with the following amendments to the proposed management agreement:

   A. That the provision of food services be limited to the east landing;

   B. That the provision of entertainment (i.e. buskers) be permitted on the entire span of the bridge and east side landing, and not be permitted on the west side landing;

   and any other terms and conditions as are deemed necessary by the Acting Director of Planning, Property and Development, the Director of Public Works, and by the City Solicitor/Manager of Legal Services to protect the City's interest.

2. 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 - November 28, 2007

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 28, 2007, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service with the following amendment to the proposed management agreement:

- That the provision of food services be limited to the east landing.
- That the provision of entertainment (i.e. buskers) be permitted on the entire span of the bridge and east side landing, and not be permitted on the west side landing,

and submitted the matter to Council.

RE: Proposed Management Agreement with Rues Principales Saint-Boniface Inc. (Entreprises Riel Inc.) for the Operation and Management of the Esplanade Riel Bridge

FOR SUBMISSION TO: **Executive Policy Committee**

ORIGINAL REPORT SIGNED BY: **A/Director, Planning, Property and Development**

REPORT DATE: **October 19, 2007**

RECOMMENDATION:

1. That the proposed Management Agreement with Rues Principales Saint-Boniface Inc., a wholly-owned subsidiary of Entreprises Riel Inc., for the operation and management of the Esplanade Riel Bridge, shown on Misc. Plan No. 12143/6 attached, be approved as outlined herein; and any other terms and conditions as are deemed necessary by the Director of Planning, Property and Development, the Director of Public Works, and by the City Solicitor/Manager of Legal Services to protect the City's interest.

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:

- At its meeting held on March 12, 2003, the Executive Policy Committee passed the following motion:

  "Whereas the Provencher Bridge will offer commercial and programming opportunities which will be unique in North America;

  And whereas the Esplanade Riel Bridge will require unique marketing and management attention in order to maximize its potential;

  Therefore be it resolved that Enterprises Riel be authorized to manage commercial and programming opportunities on the Esplanade Riel Bridge;

  Be it further resolved that the Chief Administrative Officer's office be requested to prepare an appropriate agreement with Entreprises Riel, which outlines roles and responsibilities of the City and Entreprises Riel, and that the Chief Administrative

Officer report back to the Executive Policy Committee with details of the proposed agreement outlining the roles and responsibilities."

- The Executive Policy Committee gave further direction on April 14, 2004 as follows:

  "1. That the Chief Administrative Officer (CAO) conduct a Request for Proposals (RFP) for the development and lease of the Plaza area located on the Esplanade Riel Bridge for food services.

  2. That the Chief Administrative Officer create an Advisory Committee, comprised of representatives of the City and Entreprises Riel (the understanding being that the City will take the lead role in the RFP in partnership with Entreprises Riel), to evaluate and recommend proposals submitted under the RFP to the CAO.

  3. That the Chief Administrative Officer be requested to negotiate a Management Agreement with Entreprises Riel for programming entertainment on the bridge structure and east landing (the west landing to remain under the control of the City of Winnipeg pending clarification of the nature of future development at The Forks).

  4. That the Chief Administrative Officer report back to the Executive Policy Committee on the results and recommendations associated with the RFP and the Management Agreement with Entreprises Riel for consideration by the Executive Policy Committee."

- On May 25, 2004, the City issued a Request for Proposals (RFP) for the development and operation of a food service facility within the Plaza Space on the Esplanade Riel.
- The City received only one submission in response to the initial RFP. The proponent was not able to demonstrate adequate financial support to ensure the success of their proposal.
- The Executive Policy Committee rejected the proposal at their meeting of September 5, 2004. In accordance with direction received from Executive Policy Committee, a second RFP was issued on November 12, 2004.
- On February 16, 2005, Executive Policy Committee awarded the lease Contract to Salisbury House of Canada Ltd. for the development and operation of the Plaza Space on the Esplanade Riel Bridge.
- With awarding of the lease to Salisbury House of Canada Ltd., the City commenced negotiations to finalize the Management Agreement with Rues Principales Saint-Boniface Inc. (Entreprises Riel) herein after referred to as "the Manager", for the management of commercial and programming opportunities on the Esplanade Riel Bridge.

- The Administration has concluded its negotiations with the Manager and has finalized a proposed Management Agreement for an initial term of five (5) years with two (2) five year options to renew.
- Details of the proposed Management Agreement, which outlines the Manager's responsibilities, are contained within the Report.
- The Manager anticipates entering into user agreements with small business entrepreneurs that offer unique products and services such as French cuisine items including crepes, baguettes, croissants, pastries, jams, seasonal fruits/vegetables, and strong European coffees, a news stand, original art works, used books, hand-made jewellery, and a seasonal information centre as further detailed in the attached Appendix "A".
- The Manager will be restricted to whom it can enter into user agreements for the sale of food. Specifically, the Manager will not be permitted to enter into user agreements with vendors selling any food items other than crepes, baguettes, croissants, pastries, jams, seasonal fruits/vegetables and strong European coffees, and will only be permitted to have a maximum of 3 food kiosks on the Bridge.
- Salisbury House of Canada Ltd. have requested that the Manager be restricted in its ability to enter into user agreements to only those offering desert crepes, whole baguettes, whole croissants, and espresso coffee and no other food uses, with the intent that the sale of sandwiches not be permitted.
- The Management Agreement provides for the annual approval of the annual programming by the Director, Planning, Property and Development.

Implications of the Recommendation(s):

General Implications

( ) 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

Policy Implications

(x) No

( ) Yes

Regulatory Implications

(x) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Environmental Implications

(x) No

( ) Yes

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:

Pursuant to Executive Policy Committee's direction on April 14, 2004, the Administration has concluded negotiations with Rue Principales Saint-Boniface Inc. (Entreprises Riel Inc.) for a Management Agreement of the Esplanade Riel Bridge and is seeking approval of the proposed Management Agreement on terms and conditions as contained herein.

HISTORY:

At its meeting held on March 12, 2003, the Executive Policy Committee passed the following motion:

> "Whereas the Provencher Bridge will offer commercial and programming opportunities which will be unique in North America;
>
> And whereas the Esplanade Riel Bridge will require unique marketing and management attention in order to maximize its potential;
>
> Therefore be it resolved that Enterprises Riel be authorized to manage commercial and programming opportunities on the Esplanade Riel Bridge;
>
> Be it further resolved that the Chief Administrative Officer's office be requested to prepare an appropriate agreement with Entreprises Riel, which outlines roles and responsibilities of the City and Entreprises Riel, and that the Chief Administrative Officer report back to the Executive Policy Committee with details of the proposed agreement outlining the roles and responsibilities."

Further, at its meeting held on April 14, 2004, the Executive Policy Committee considered a Report regarding the proposal to establish a food service operation within the Plaza and directed the following:

> "1. That the Chief Administrative Officer (CAO) conduct a Request for Proposals (RFP) for the development and lease of the Plaza area located on the Esplanade Riel Bridge for food services.
>
> 2. That the Chief Administrative Officer create an Advisory Committee, comprised of representatives of the City and Entreprises Riel (the understanding being that the City will take the lead role in the RFP in partnership with Entreprises Riel), to evaluate and recommend proposals submitted under the RFP to the CAO.

3. That the Chief Administrative Officer be requested to negotiate a Management Agreement with Entreprises Riel for programming entertainment on the bridge structure and east landing (the west landing to remain under the control of the City of Winnipeg pending clarification of the nature of future development at The Forks).

4. That the Chief Administrative Officer report back to the Executive Policy Committee on the results and recommendations associated with the RFP and the Management Agreement with Entreprises Riel for consideration by the Executive Policy Committee."

On May 25, 2004, the City issued a Request for Proposals (RFP) for the development and operation of a food service facility within the Plaza Space on the Esplanade Riel. The City received only one submission in response to the initial RFP. The proponent was not able to demonstrate adequate financial support to ensure the success of their proposal.

The Executive Policy Committee rejected the proposal at their meeting of September 5, 2004. In accordance with direction received from Executive Policy Committee, a second RFP was issued on November 12, 2004.

On January 18, 2005, the Corporate Finance Department advised Planning, Property and Development Department that four (4) submissions were received, and two submissions were considered.

On February 16, 2005, Executive Policy Committee awarded the lease Contract to Salisbury House of Canada Ltd. for the development and operation of the Plaza Space on the Esplanade Riel Bridge.

With awarding the lease Contract to Salisbury House of Canada Ltd., the Administration turned its attention to finalizing the Management Agreement with Entreprises Riel for the management of commercial and programming opportunities on the Esplanade Riel Bridge.

DISCUSSION:

The Public Service met with Entreprises Riel to discuss the Management Agreement for the Esplanade Riel Bridge. In our discussions, Entreprises Riel stated that the Management Agreement was to be for the entire bridge structure, including the west and east landings, and that all revenues generated from the Plaza Space (Salisbury House) were to flow to their organization for operation and programming purposes.

Entreprises Riel now understands that the Management Agreement excludes the Plaza commercial space occupied by Salisbury House of Canada Ltd. and that revenues generated from the Plaza space are not included in the Management Agreement.

Pursuant to Executive Policy Committee's directive of April 14, 2004, the proposed Management Agreement is for the bridge structure and the east landing, with the west landing to remain under the control of the City of Winnipeg. The Public Service has noted that Entreprises Riel wishes to be granted the right to conduct programming activities on the west landing. On April 14, 2004, the Executive Policy Committee further directed that the west landing may be added to the Management Agreement once there is clarification of the nature of future development at The Forks.

After further discussions with Enterprises Riel, it was agreed that the proposed Management Agreement would be for the bridge structure and east landing only (excluding the Plaza space). This Agreement would be entered into with Rues Principales Saint-Boniface Inc., a wholly owned subsidiary of Entreprises Riel Inc. (hereinafter referred to as the "Manager") and would be subject to an annual review of the Bridge programming by the Director, Planning, Property and Development.

A summary of the proposed terms and conditions of the Management Agreement are as follows:

(a) Negotiating terms and conditions of seasonal user agreements;
(b) Promotion and advertising;
(c) Collection of all monies and the enforcement of all agreements;
(d) Payment of all expenses;
(e) All repairs and maintenance and the purchase of all supplies;
(f) The operation of the East Plaza and Bridge in accordance with all laws, by-laws, directions, rules and regulations;
(g) Dealing with all enquiries, reports and correspondence;
(h) The maintenance of all books, records and accounts and provision of an annual statement to the City;
(i) Preparation and submission to the City of an annual programming and operating budget;
(j) Payment of all applicable taxes, fees or levies, which may be levied or imposed;
(k) Collection and retainment of all user fees, for the maintenance of the East Plaza and Bridge and related programming;
(l) The Manager will retain, out of the user fees collected, a 15% administration fee and retain the balance of 85% to establish a reserve fund for the deposit of net revenues from all programming and commercial opportunities to finance the bridge programs and/or future developments;
(m) The planning, funding and construction of additional bridge amenities that are contained within the business plan;
(n) To not obstruct or cause to obstruct pedestrian or Plaza commercial space patrons and delivery vehicle traffic at any time;
(o) The provision of advertising for events;

The Manager anticipates entering into user agreements with small business entrepreneurs that offer unique products and services such as French cuisine items including crepes, baguettes, croissants, pastries, jams, seasonal fruits/vegetables, and strong European coffees, a news stand, original art works, used books, hand-made jewellery, and a seasonal information centre as further detailed in the attached Appendix “A”.

The Manager will be restricted to whom it can enter into user agreements for the sale of food. Specifically, the Manager will not be permitted to enter into user agreements with vendors selling any food items other than crepes, baguettes, croissants, pastries, jams, seasonal fruits/vegetables and strong European coffees, and will only be permitted to have a maximum of 3 food kiosks on the Bridge.

Salisbury House of Canada Ltd. have requested that the Manager be restricted in its ability to entering into user agreements with only those kiosks offering desert crepes, whole baguettes, whole croissants, and espresso coffee and no other food uses, with the intent that the sale of sandwiches not be permitted. Although Salisbury House does not have an exclusive use clause in their Lease Agreement with the City, recognizing the location issues encountered by the Salisbury House operation, and the rent payments made to the City, the Public Service has consulted with Salisbury House in order to find an acceptable balance of food uses to be permitted by the Manager. The Public Service has not been able to find a consensus between the parties concerning the specific food kiosks to be permitted on the Esplanade Riel Bridge.

As a result of a recent meetings and discussions with Salisbury House, the Department has received a written response from Salisbury House, outlining its position concerning food kiosks on the Bridge. Salisbury House have stated that they wish to have specific wording included in the Management Agreement, which further limits the types of food available from the kiosks.

The Department has had a number of recent conversations with Entreprises Riel, who have stated that, while they understand the Salisbury House position, Entreprises Riel is mindful of the original intent of the strategic management plan for the Esplanade Riel Bridge and that a wide variety of kiosks, including food kiosks, were contemplated.

As a result of the above, no mutually acceptable agreement has been reached between the Salisbury House and Entreprises Riel. Given that:

- the Salisbury House Lease does not provide for an exclusive use clause,
- the Salisbury House Lease stated that there would be a Management Agreement for the Bridge including seasonal food vendors
- Entreprises Riel have agreed to limit the number and types of food kiosks
- The Director, Planning, Property and Development will approve the annual Bridge programming
- Executive Policy Committee direction of April 14, 2004,

The Public Service is recommending acceptance of the proposed Management Agreement with Rues Principales Saint-Boniface Inc., a wholly owned subsidiary of Entreprises Riel Inc., for the operation and management of the Esplanade Riel Bridge structure and east landing as detailed herein.

Financial Impact Statement Date: October 5, 2007

Project Name:

Proposed Management Agreement with Rues Principales Saint-Boniface Inc. (Entreprises Riel Inc.) for the operation and management of the Esplanade Riel Bridge

COMMENTS:

The recommendation contained in this report is that the proposed Management Agreement with Rues Principales Saint-Boniface Inc., a wholly-owned subsidiary of Entreprises Riel Inc., for the operation and management of the Esplanade Riel Bridge, shown on Misc. Plan No. 12143/6 attached, be approved as outlined herein; and any other terms and conditions as are deemed necessary by the Director of Planning, Property and Development, the Director of Public Works, and by the City Solicitor/Manager of Legal Services to protect the City's interest.

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:

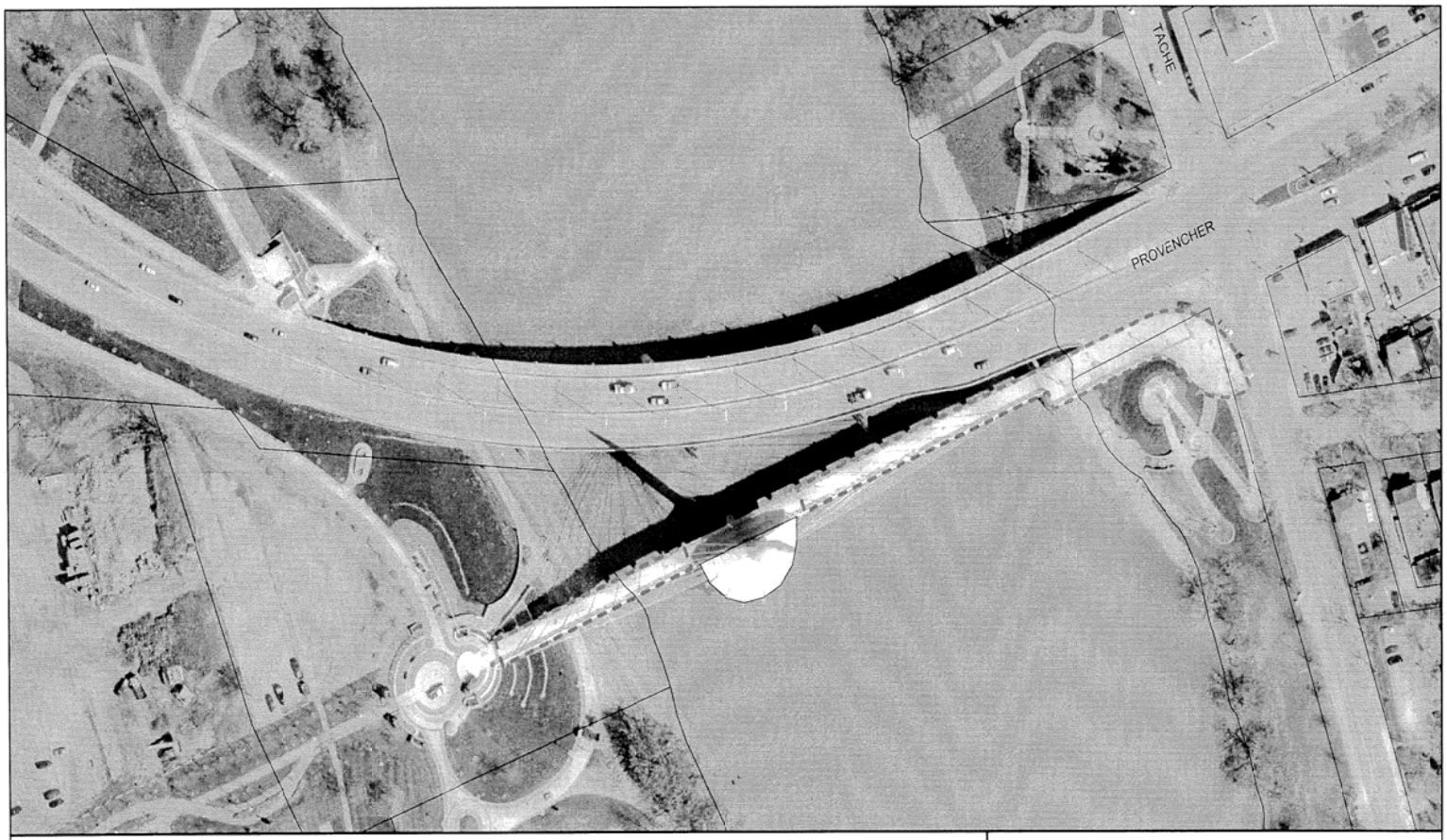
Public Works Department
Corporate Services Department – Legal Services Division

External Consultation With:

Entreprises Riel Inc.
Salisbury House of Canada Ltd.

THIS REPORT SUBMITTED BY:

Department: Planning, Property and Development
Division; Real Estate Division
Prepared by: Wayne A. Bollman
PPD File No. 8228



Date: 2006-MAY-11
District: RIEL
File: Not Available
Scale: 1:1500

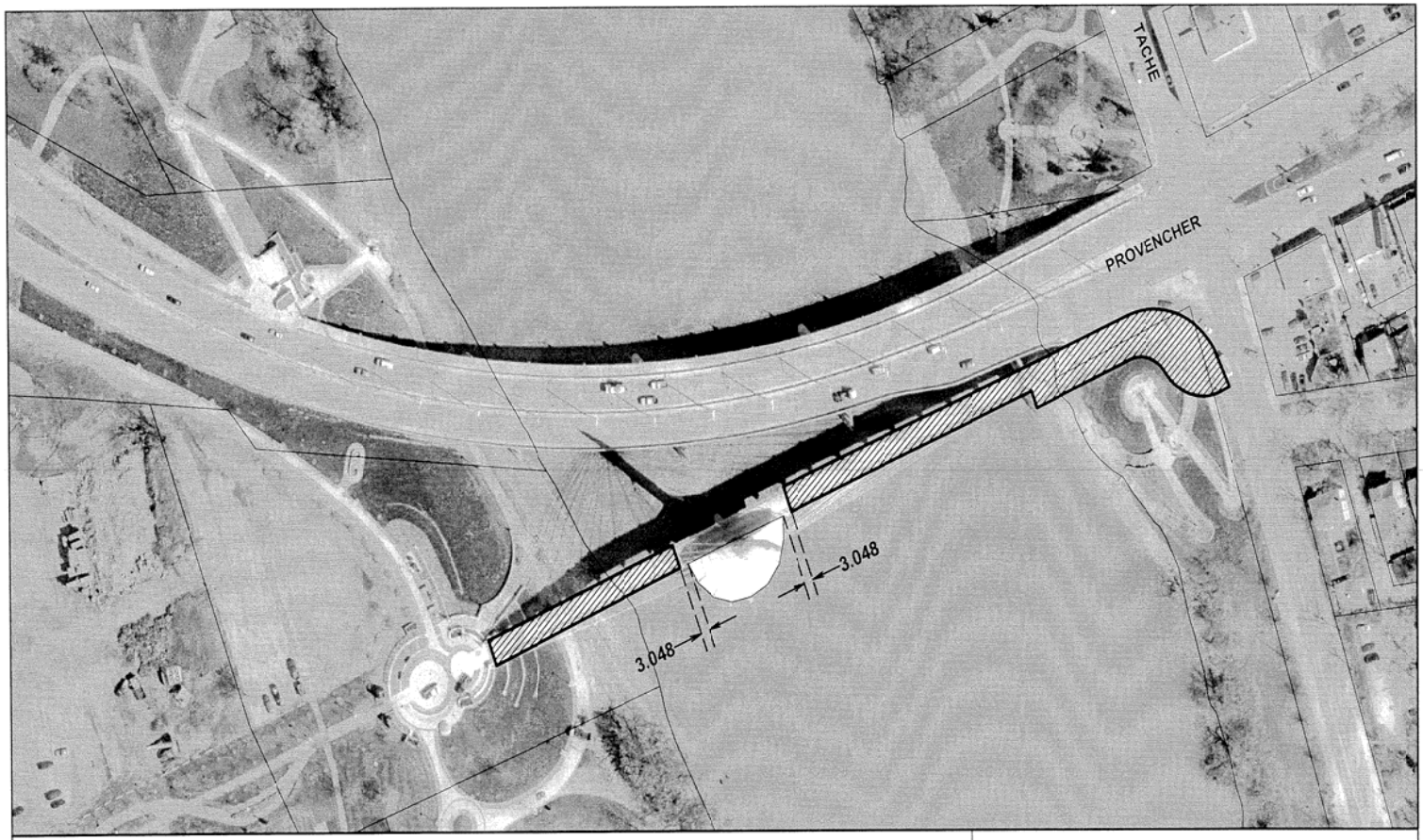
EXHIBIT 'A'
ESPLANADE RIEL PEDESTRIAN BRIDGE (PEDESTRIAN BRIDGE)

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.

METRIC

CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES

MISC. PLAN NO. 12143 / 4



Date: 2007-JAN-30
District: RIEL
File: Not Available
Scale: 1:1500

EXHIBIT 'B' - MANAGED AREA

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METRIC

CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES

MISC. PLAN NO. 12143 / 6

APPENDIX "A"

Esplanade Riel; the gateway to Old St. Boniface – Winnipeg's French quarter

A vision for the development of commercial activities and programming on the Esplanade Riel's east landing

Entreprises Riel has been mandated by a City of Winnipeg Council motion to undertake the management of the Esplanade Riel Bridge in 2002. On April 14th of 2004, EPC agreed to separate the management of the central plaza from the balance of the bridge and in exchange, agreed to contract Entreprises Riel for a pre-determined annual sum to "program" the balance of the bridge. Since that time, a management agreement has been in development. After the election of June 2004, the commitment to funding programming was no longer being considered.

This bridge retraces the alignment of the original Provencher Bridge that connected Provencher Boulevard to Broadway and was the commercial link between the City of Winnipeg and the City of St. Boniface. Amidst a flurry of opposition, in 1904, the Winnipeg City Council adopted a resolution that would allow the construction of the Union Station, which effectively severed this link and was as a blow to St. Boniface both from an economic and political perspective.

Esplanade Riel is somewhat seen as a symbol of amends for the people of St. Boniface. The bridge reconnects St. Boniface to the City of Winnipeg, both symbolically and practically through increased foot traffic from downtown, the Forks, and in due course, the much anticipated Canadian Museum for Human Rights.

Concurrently, Entreprises Riel has worked diligently in advancing its revitalization strategy in St. Boniface and creating an environment proper to new investments. These strategies have resulted in completely reversing a 60 % vacancy rate to such a degree that new construction is required to respond to demand for retail and office space. At present, ten new retail spaces are being built to fill this demand.

As part of our strategy, we want to give every opportunity for the development of a French theme as new shops, restaurants and boutiques choose St. Boniface. As people traverse Esplanade Riel, it is important that they know that they are entering a community that has deep-rooted French history. St. Boniface was the largest European settlement east of the Great Lakes and it continues to be the largest concentration of French speaking Canadians. Visitors should feel this as they cross the bridge. From a tourism perspective, everyone gains from another attraction and St. Boniface has the potential to be a much greater tourism generator than it already is.

The east landing of Esplanade Riel needs to be the westerly anchor to a grand boulevard with a French flare.

Our vision for the east plaza is to construct unique kiosks that tell a story by their allure and offer practical spaces for small entrepreneurs that offer unique products and services; all with a French flavour. The typical news stand found on most European street corner could find a home here. A small kiosk could offer take away crêpes which have been all the rage on Parisian street corners for decades. A “bouquinist”; a small operator that may retail original art, used books, hand-made jewellery should be on the plaza. We would like to see a small satellite retail kiosk which retails French baguettes, croissants and strong coffees to pedestrian commuters who may live in St. Boniface and work downtown; or live downtown and work in St. Boniface. An artist could prepare and sell his work here. We are proposing that one kiosk be reserved for a seasonal tourist information centre that our tourism division, Tourisme Riel would operate. This would allow us to encourage visitors to explore the area and take in some of Winnipeg’s most prized attractions.

With the imminent construction of the Canadian Museum of Human Rights, this is the perfect opportunity to capitalize on the history and the story that is St. Boniface. A community that has seen its share of struggles but has ultimately grown stronger and today is seen as a great asset to the city of Winnipeg and the Province of Manitoba.

The Esplanade Riel and its east plaza could serve as a gateway to this community or it could be just a bridge. We believe that people expect much more.

- Entreprises Riel