REPORT OF THE

EXECUTIVE POLICY COMMITTEE

DATED MAY 17, 1995

On motion of Her Worship Mayor Thompson, the rule was suspended and the Report of the Executive Policy Committee, dated May 17, 1995, was considered.

Her Worship The Mayor and Councillors:

Arena Project File F-5.1 (Vol. 4)

778 - 1. On May 15th, 1995, Members of City Council met with Premier Filmon to receive further information regarding the plan to construct a new arena facility and acquire the Winnipeg Jets Hockey Club. Following this meeting, the Chief Commissioner met with representatives of the various parties including the Federal Government, Provincial Government, and with representatives of M.E.C. to continue the dialogue and to obtain clarification of the many issues.

All three levels of government have established their basic level of participation in this project. City staff have been examining various alternatives to provide for municipal share.

In accordance with Council's direction of May 15, 1995, the overall costs associated with this project have been divided into two components: the essential Basic Arena Costs; and the surrounding Related Service Initiatives. In addition, some anticipated revenue projections have been made.

The City's ability to fund projects of this magnitude is severely constrained. There currently is little room within the City's existing budget to accommodate a major project of this scale. Given existing program requirements, there is a strong reluctance to place greater burden on the property tax base. Therefore, the City must explore alternative revenue sources. Other levels of government have a much greater ability to access other revenue sources. This points to the essential need for the Province to accommodate the City in implementing a revenue diversification strategy.

Accordingly, this proposal before City Council uses a combination of some cash, some utility contribution, and anticipated revenues from amusement tax and parking.

Even with these revenues, there remains approximately $29 million for basic arena costs which must be debt financed. This equates to a net annual debt payment of approximately $3 million debt servicing for 20 years. While there is little flexibility in the existing Council-approved Capital Program, the normal review process will occur before Council later this year.

An increase in business tax is being suggested as a possible revenue source required to fund the net increase in costs for the basic arena in the tax supported budget. It is important to note that the business tax rate will have to be increased from 9.4% to approximately 9.9% in 1996, in order to retain the same level of revenue ($52.3 million) due to the business tax assessment appeals and a reduction in the revenue from the phase-in implemented in 1993, moderating the impact of the introduction of the single business tax rate. It is proposed that in 1997, a further increase in the business tax rate from approximately 9.9% to approximately 10.4% be levied in order to raise $2.989 million to fund the net increase in costs of the basic arena in the tax supported budget. Again, if a revenue diversification strategy is successfully negotiated, this direction may be re-visited.

While the total costs associated with this project have been divided into the two components (Basic Arena Costs, Related Service Initiatives), it is important to note that the proposed arena will be a signature attraction in the downtown of Winnipeg and will have a major impact to all citizens. Therefore, it is crucial that a suitable infrastructure be developed to surround the proposed arena complex to give the entire project a sense of completeness. The incremental cost required for the Related Service infrastructure is approximately $10 million which would result in a net annualized debt cost of about $1 million for 20 years.

The position of the Winnipeg Enterprises Corporation is not addressed in the negotiations and subsequent impacts on the City.

The ground lease arrangement is outlined in Appendix "B" and requires approval by Wednesday, May 17th, 1995, in order to exercise the option on Thursday, May 18th, 1995. Given restricted time-frames, staff will exercise due

Report of the Executive Policy Committee dated May 17, 1995

diligence to ensure that the City's interest is safeguarded in the final documents. In addition, the Due Diligence Process working toward finalization of the final document will take place over the next 60 days. During that time-frame, the City's Administration and Due Diligence Committee will be involved in necessary negotiations to protect the City's position.

The Executive Policy Committee recommends as follows:

THAT City Council approve participation in the plan to construct a new arena facility using public sector funding and to support the private sector effort to ensure that the Winnipeg Jets remain in Winnipeg for the long term;

AND THAT the letter from Premier Filmon to Mayor Thompson, dated May 15th, 1995, as outlined in Appendix "A", proposing that the three levels of government commit $37 million each to the construction of a new arena facility, be formally received;

AND THAT the report from the Chief Commissioner, dated May 15th, 1995, with respect to the arena proposal and its overall impact on City finances, be formally received;

AND THAT the City's participation in the construction of a new arena facility be divided into two parts, one being Basic Arena Costs and the other being Related Service Initiatives;

AND THAT Council approve the financial impact of Basic Arena Costs, as outlined in Table 1, including:

a) an immediate transfer of $4 million to the project;
b) a first call against the 1996 Capital Budget for Utility Services in the amount of $2.669 million;
c) inclusion of credited core costs associated with the proposed plaza, land acquisition, drainage and off-site landscaping in the 1996 Capital budget;
d) a payment to the project of approximately $25 million on December 31st, 1996;
e) a business tax increase of $2.989 million in 1997, unless an alternative revenue diversification strategy is negotiated with the Province;

AND THAT the Integrated Plan developed for the site be approved in principle but that related service initiatives as outlined in Table II be undertaken only after an acceptable funding plan is approved by City Council;

AND THAT the City enter into a 50-year lease for the land with Manitoba Entertainment Complex (M.E.C.) Facilities Ltd., recognizing that this lease may be transferred to a different legal entity once a corporate structure for the new arena is approved by City Council and others as summarized in the attachment;

AND THAT the new arena facility be jointly owned by the Province and the City using an organizational structure to be negotiated;

AND THAT City Council waive the requirement in the 1991 Agreement that an offer to buy the 64% private sector shares of the Winnipeg Jets must be extended to the 36% public sector shares of the Winnipeg Jets, recognizing that negotiations are required with Winnipeg Enterprises Corporation and that this arrangement is limited for the purpose of exercising the current options;

AND THAT this approval will be on the understanding that there will be no cash calls against Winnipeg Enterprises Corporation nothwithstanding its ownership of 36%;

AND THAT City Council retain amusement tax revenue derived from the new arena facility with the exception of that attributed directly to the Winnipeg Jets (which is covered by an existing by-law to the year 2000);

AND THAT the City request the Province of Manitoba to enact legislation exempting the new arena facility from real property taxes;

AND THAT parking arrangements and revenues be the subject of a separate report as the new arena project proceeds;

AND THAT the retirement of the existing Private Sector Fund having a projected balance as of June 30th, 1995, of $7.8 million be repaid by the private sector;

AND THAT City Council recognizes that funds raised by M.E.C. which can be related to the construction of the new arena facility will be either used for the enhancement of the facility over and above $110 million or deposited into the proposed Endowment Fund; (an Endowment Fund will be created which will be used for the preservation of NHL

Report of the Executive Policy Committee dated May 17, 1995

hockey in Winnipeg; providing for all future losses of the Club; providing for the ongoing operations of the Hockey Club; and providing for the longer-term maintenance of the arena facility);

AND THAT recognizing the basic structure of the overall proposal involves a $111 million contribution from each of the public and private sectors, any future revenues derived from the combined effort after operating costs are paid be divided 50/50 between the public and private sectors;

AND THAT the public sector share be divided in three equal parts until $12 million of the Federal contribution is extinguished or for 10 years from building completion whichever is sooner; and that the Provincial and City shares during this time-frame be devoted to repayment of losses under the Interim Agreement incurred up to June 30th, 1995; and thereafter that the entire public share be paid to the City in lieu of property taxes on the understanding that there will be no future claim on the Province for grants-in-lieu of taxes flowing from the Province's 50% ownership share of the building;

AND THAT full responsibility for building construction, including responsibility for cost overruns, be assigned to the private sector.

Moved by Her Worship Mayor Thompson,
Adoption of the clause.

The Speaker called the Deputy Speaker, Councillor Reese, to the Chair in order to participate in the debate, and after speaking, resumed the Chair.

Moved by Councillor Boychuk,
That Council go into Committee of the Whole.

Lost.

Moved by Councillor Eadie,
That Rule 6.1 of the Procedure By-law be suspended to allow Council to continue in session beyond the hour of 12:00 noon, to deliberate the clause.

Carried.

In amendment,
Moved by Councillor Reese,
Seconded by Councillor Hyman,
THAT Appendix "B" be amended as follows:

i) That Item 2 be amended to include only the land necessary for the Arena site, and not all of the CN land;

ii) That the purchase of 41 Westbrook Street be subject to Council approval;

iii) That Item 6 be amended to limit sub-letting to the Arena only;

iv) That any sub-letting of all or part of CN land be approved by Council.

The Speaker ruled the motion to be out of order in that the matter did not constitute a formal component of the clause.

The motion for the adoption of the clause was put.

The Speaker called for the yeas and nays, which were as follows:-

Yea: Councillors Reese, Clement, Duguid, Eadie, Golden, Hyman, Lazarenko, O'Shaughnesy, Prystanski, Silva, Fraser, Her Worship Mayor Thompson and Councillor Angus. 13

Nay: Councillors Boychuk, Murray and Thomas. 3

and the motion for the adoption of the clause was declared carried.

Report of the Executive Policy Committee dated May 17, 1995

Councillor Eadie asked to be recorded as having voted against the recommendation pertaining to financial impact, Item d), in accordance with Rule 50.7 of the Procedure By-law.

(See Minute No. 790 for attachments)

Council recessed at 12:17 p.m., and reconvened at 1:40 p.m., same members present.

Councillors Clement, Eadie, Murray, and O'Shaughnessy entered the meeting after Council had reconvened.

Council here proceeded to consider the order of business - "Executive Policy Committee - Motions".

EXECUTIVE POLICY COMMITTEE

MOTIONS

Moved by Councillor O'Shaughnessy,
Seconded by Councillor Hyman,

779 - THAT Council place on record its profound sorrow at the death of Christine McKee, former Councillor of the City of Winnipeg, which occurred on May 4, 1995.

Mrs. McKee served with distinction as Councillor representing the River Heights Ward from 1989 to 1991, and acted as Chairperson of the Standing Committee on Planning and Community Services.

Her personal qualities, outstanding ability and unswerving commitment to public duty earned her the respect and friendship of persons in all walks of life.

This Council extends to her husband, Jasper and family its deepest sympathy and condolences in their bereavement.

Carried by Silent Standing Vote.

Council here reverted to the order of business - "Delegations".

DELEGATIONS

780 - Lisa Fainstein, 845 Shaftesbury Boulevard, appeared before Council in opposition to Clause 1 of the Report of the Committee on Works and Operations dated May 4, 1995 regarding Local Improvements in Litchfield Boulevard and Park Place West. File SL(1995) (Vol. 1)

Sam Searle, on behalf of Pine Hill Development Corp., appeared before Council in support of Clause 1 of the Report of the Committee on Works and Operations dated May 4, 1995 regarding Local Improvements in Litchfield Boulevard and Park Place West.

781 - Mr. Clifford, on behalf of the Board of St. Cross Child Care, appeared before Council in support of Clause 1 of the Report of the Committee on Protection, Parks and Culture dated May 1, 1995, regarding dedication of space in the proposed expansion of the Luxton Community Centre for the St. Cross Child Care Centre Inc. Files FC-1(1996-2000) and PR-2 (Vol. 79)

REPORT OF THE

EXECUTIVE POLICY COMMITTEE

DATED MAY 3, 1995

On motion of Her Worship Mayor Thompson, the Report of the Executive Policy Committee, dated May 3, 1995, was considered clause by clause.

Moved by Her Worship Mayor Thompson,
That the Consent Agenda, Clauses 1, 2 and 3 be adopted.

Councillor Boychuk requested that Clause 1 be pulled from the Consent Agenda.

The motion to adopt the Consent Agenda, Clauses 2 and 3 was put and declared carried.

Her Worship The Mayor and Councillors:

Residents' Advisory Groups
File GN (Vol. 4)

782 - 1. On March 22, 1995, Council adopted a resolution, which was laid over by Council on February 22, 1995, relative to the legal status of Residents' Advisory Groups.

Council gave second and third reading to By-law No. 6393/94, to establish Residents' Advisory Groups for each Community Committee in the City.

Inasmuch as Section 41(8) of The City of Winnipeg Act states:

> "41(8) Where council passes a by-law under subsection (7), council shall provide funds to each residents' advisory group to enable it to operate effectively",

the matter was referred to the Executive Policy Committee for policy direction in connection with the financial support for the Residents' Advisory Groups.

The Executive Policy Committee has been advised that to date, some Community Committees are providing funding to the Residents' Advisory Groups through per capita grants. It is anticipated that this will be sufficient funding to last the balance of 1995.

The Executive Policy Committee recommends that the matter of providing funding to Residents' Advisory Groups be referred to the 1996 Current Budget deliberations.

Moved by Her Worship Mayor Thompson,
Adoption of the clause.

Carried.

CentrePlan - Dedicated Maintenance Crew
File EP-1.2 (Vol. 2)

783 - 2. On December 14, 1994, Council amended and adopted Clause 2 of Report "A" of the Executive Policy Committee dated December 7, 1994, and endorsed the CentrePlan document entitled "Vision and Strategies", which establishes the framework for future actions and decisions respecting the Downtown.

Recommendation I. 6) of Clause 2 reads as follows:

I. 6) Council endorse the concept of a dedicated maintenance crew for the Downtown and instruct the Commissioners of Works and Operations and Parks, Protection and Culture to provide a proposal for Council consideration.

Report of the Executive Policy Committee dated May 3, 1995

On December 14, 1994, Council also adopted the following amendment:

The clause be amended by adding the words "and the appropriate Standing Committee" immediately following any reference to a respective Commissioner in each of the recommendations contained within the Clause, in order to ensure the appropriate Standing Committee is consulted on all of the recommendations.

The proposal to establish and operate a Dedicated Maintenance Crew in the Downtown is outlined in Appendix A, which also comprises the history of the development of the proposal, relevant portions of the "CentrePlan Recommendation", and the "Action Plan 1995-1996". Appendix "B" outlines a map depicting the affected Downtown area.

The proposed Dedicated Maintenance Crew will comprise a two person multi-functional maintenance crew to supplement existing maintenance services within the Downtown, normally done by a number of civic departments such as Operations, Parks and Recreation, and Winnipeg Hydro. The objective of the crew is to enhance the level of service of routine and minor maintenance functions, such as litter control, minor repairs to paving stones and concrete walks, minor repair and painting of streetscape furnishings, etc. The crew will work in cooperation with private sector initiatives such as the "BIZ Patrol" and "Take Pride Winnipeg".

Start up costs will be covered by a small portion of the CentrePlan allocation. Operating costs will be funded out of existing departmental operating budgets and prorated amongst the user departments.

The crew is scheduled to commence work early May of 1995, following training and the acquisition of equipment.

On April 6, 1995, the Committee on Protection, Parks and Culture considered the matter and concurred in the proposal to establish and operate a Dedicated Maintenance Crew in the Downtown.

On April 7, 1995, the Committee on Works and Operations also considered and concurred in the proposal to establish and operate a Dedicated Maintenance Crew in the Downtown.

The Executive Policy Committee recommends that the proposal to establish and operate a "Dedicated Maintenance Crew" in the Downtown be approved, namely:

I. That a Dedicated Maintenance Crew be established in the downtown area, as shown on the map outlined in Appendix "B", in accordance with CentrePlan, as outlined in Appendix "A".

II. That the Dedicated Maintenance Crew operate from May to October of 1995 and that the operating period be reviewed at the end of the 1995 season.

III. That the Dedicated Maintenance Crew be supervised by the Supervisor of Streets, West Central District, Operations Department, for the spring, summer and fall of 1995 and that thereafter, be supervised by the Manager of Street Maintenance Services, Streets Department.

IV. That start up funds be provided from CentrePlan.

V. That ongoing operating funds be provided by Civic departments whose tasks are being done by the Dedicated Maintenance Crew, on a prorated basis, based on hours attributed to each task.

VI. That effectiveness and efficiency of the Dedicated Maintenance Crew concept be reviewed after the first season of operation and that an evaluation report, complete with recommendations, be submitted through the Committee on Works and Operations and the Committee on Protection, Parks and Culture, to the Executive Policy Committee and Council.

VII. That other stakeholders in the downtown be consulted on the mandate of the Dedicated Maintenance Crew to ensure that "the right things are being done", to cooperate with private sector initiatives such as the "BIZ Patrol", "The Boys and Girls Club" and "Take Pride Winnipeg", and to leverage private sector initiatives of a similar enhancement nature.

VIII. That the existing Customer Service contact phone number in the West Central District be utilized for a "Hot Line" for the 1995 season.

Report of the Executive Policy Committee dated May 3, 1995

IX. That a kick-off announcement and celebration be held near the end of May to publicize the Dedicated Maintenance Crew.

X. The Dedicated Maintenance Crew would supplement and enhance, but not replace, other maintenance crews working in the downtown area.

XI. The Dedicated Maintenance Crew members be outfitted in distinct uniforms and that the maintenance van be readily identifiable.

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

Copy of attachments referred to in the above clause are on file in the office of the City Clerk.

Adopted by consent.

Expenditure of Funds from Land Dedication Reserve - Marj Edey Park
File EP-2 (Vol. 23)

784 - 3. On April 11, 1995, the Assiniboia Community Committee recommended that funds in the amount of $70,000.00 be approved for the removal of top soil at Marj Edey Park in order to prepare the site for grading, to be allocated from the Assiniboia Land Dedication Reserve Account.

The Executive Policy Committee concurs in the above and recommends that funds in the amount of $70,000.00 be allocated from the Assiniboia Land Dedication Reserve Account for the project.

Adopted by consent.

REPORT OF THE

EXECUTIVE POLICY COMMITTEE

DATED MAY 10, 1995

On motion of Deputy Mayor Fraser, the Report of the Executive Policy Committee, dated May 10, 1995, was considered.

Moved by Deputy Mayor Fraser,

That the Consent Agenda, Clause 1, be adopted.

Carried.

Her Worship The Mayor and Councillors:

Community Incentive Grant Program - Maples Recreation Association Inc.
File PR-2.6 (34) (Vol. 2)

785 - 1. The Executive Policy Committee has been advised that on September 1, 1994, the Committee on Protection, Parks and Culture approved a Community Incentive Grant to the Maples Recreation Association Inc. in the amount of $50,000.00 for the construction of three softball diamonds on the Elwick Community Centre property.

On April 4, 1995, the Maples Recreation Association Inc. requested an amendment to the initial project cost on the original application be reduced from $100,000.00 to $60,400.00 to reflect the actual project cost. The approved Community Incentive Grant in the amount of $50,000.00 would then represent 82.7% of the total project cost, and not meet the eligibility criteria of the Program which stipulates that applicants are required to contribute the other 50% of the capital costs from their own sources.

On April 11, 1995, the Lord Selkirk-West Kildonan Community Committee considered the aforesaid request, and recommended to the Committee on Protection, Parks and Culture, that the criteria for the Community Incentive Grant Program be waived in this instance.

For the information of Council, the matter would have been placed on the May 29, 1995 agenda of the Committee on Protection, Parks and Culture, and if recommended for approval, forwarded to Council on June 14, 1995; thus causing an unnecessary delay for the project in the midst of the softball season.

The Executive Policy Committee recommends:

I. That the criteria for the Community Incentive Grant Program be waived in this instance.

II. That the amount of $50,000.00 be approved to the Maples Recreation Association Inc. for the construction of three softball diamonds on the Elwick Community Centre property, subject to the following conditions as recommended by the Committee on Protection, Parks and Culture on September 1, 1994:

(a) Confirmation of all funding sources;
(b) Approval of final plans and specifications for the project by the General Manager of Parks and Recreation;
(c) Approval of the reconfiguration of the Elwick Community School grounds by the Seven Oaks School Division board;
(d) The applicant entering into a formal agreement with the City of Winnipeg.

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

Adopted by consent.

EXECUTIVE POLICY COMMITTEE

MOTIONS

Moved by Councillor Reese,
Seconded by Councillor Hyman,

786 - WHEREAS the arena/entertainment complex and the Jets' stay in Winnipeg now and in the future have been separated between the public and private sector respectively;

AND WHEREAS servicing and infrastructure costs are much higher than any other site as outlined in the report from Commissioner Frost entitled the "Proposed New Arena Facility", dated January 17, 1995;

AND WHEREAS the Convention Centre site has been considered the preferred site;

THEREFORE BE IT RESOLVED that we direct our administration to develop a business plan outlining costs and funding arrangements as outlined in Tables I, II, and III for the Convention Centre location.

Automatic Referral to Executive Policy Committee in accordance with Rule 16.1 of the Procedure By-law

Moved by Her Worship Mayor Thompson,
Seconded by Deputy Mayor Fraser,

787 - WHEREAS Siggy Dykstra, a member of the City of Winnipeg Transit Department, was nominated by The Canadian National Institute for the Blind (Manitoba Division) for the 1995 Canada Volunteer Award;

AND WHEREAS in submitting the name of Siggy Dykstra for this prestigious award, the nomination was supported with numerous letters of reference from citizens who have benefitted from the kindness and generosity of this gentle, caring man;

AND WHEREAS Mr. Dykstra will join 27 other outstanding volunteers from across Canada at a ceremony on Parliament Hill, at which time he will receive the Canada Volunteer Award Medal and Certificate of Honour from the Honourable Diane Marleau, Minister of National Health and Welfare;

THEREFORE BE IT RESOLVED that the Council of the City of Winnipeg extends its congratulations to Siggy Dykstra on his outstanding contribution and dedication to the citizens of Winnipeg.

Carried.

Moved by Councillor Lazarenko,
Seconded by Councillor Golden,

788 - WHEREAS Council at its meeting of April 27, 1994, adopted Clause 7 of the Report the Executive Policy Committee dated April 20, 1994, which provided for “A New Direction for Civic Administration”;

AND WHEREAS Council, at the same meeting, directed that:

> “Monthly Council seminars be held to receive progress reports on the restructuring and to allow full consultation with all Members of Council during the transition”;

AND WHEREAS the “New Direction” is currently being implemented with numerous changes affecting the locations of staff;

Executive Policy Committee - Motions (continued)

THEREFORE BE IT RESOLVED that the Chief Commissioner be directed to hold a seminar with all Members of Council to consult on the planned change, immediately.

Automatic Referral to Executive Policy Committee in accordance with Rule 16.1 of the Procedure By-law

EXECUTIVE POLICY COMMITTEE

QUESTION PERIOD

789 - Councillor Golden requested that the Deputy Mayor and Her Worship Mayor Thompson strike a committee to oversee the development of the new arena and the development of the surrounding areas, and noted his willingness to sit on the committee.

Deputy Mayor Fraser noted that Executive Policy Committee would consider the matter.

Councillor Golden questioned whether a committee could be struck to oversee the development of the Exchange District, Main Street, Point Douglas and other similar areas on a proactive basis.

Deputy Mayor Fraser noted that Council creates committees as it sees fit.

Councillor Silva referred to the Jets' negotiations and questioned whether a commitment existed to look at other sites and other proposals.

Deputy Mayor Fraser noted that all prudent opportunities would be investigated but further noted the efforts expended to date concerning the Forks' site.

Moved by Councillor Golden,

That Rule 8.6 of the Procedure By-law be suspended to allow Councillors to remove their jackets.

Carried.

Councillor Reese questioned whether a member of the St. Boniface Chamber of Commerce would be invited to sit on any special committee struck to oversee the development of a new arena.

Deputy Mayor Fraser noted that the suggestion would be taken under advisement.

790 -
dated May 17, 1995

Appendix "A" referred to in Clause 1 of the Report of the Executive Policy Committee

THE PREMIER OF MANITOBA

Room 204
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

May 11, 1995

Her Worship Susan A. Thompson
Mayor
The City of Winnipeg
City Hall
510 Main Street
Winnipeg MB R3B 1B9

Your Worship: Susan

Considerable time, energy and resources have been committed to formulating a plan that will ensure the continuation of the Winnipeg Jets Hockey Club in Winnipeg since the announcement on Thursday, April 27th, 1995, that the proposal by the Manitoba Entertainment Complex Inc. was not economically or financially viable.

As a result of deliberations over the past week it is possible to ensure the continuation of a team from the City of Winnipeg in the National Hockey League through a unique private - public sector partnership. I am writing to advise you that leaders in the private sector are prepared to commit significant private resources to purchase the Winnipeg Hockey Club and establish an endowment to cover any future losses. That commitment is subject to the three levels of government, namely the Government of Canada, the Government of Manitoba, and the City of Winnipeg providing a debt free facility. The facility planned is the Manitoba Entertainment Complex. The estimated cost is $111 million and would be equally funded by the three levels of government in the amount of $37 million each.

1995

I have provided the commitment from the Province of Manitoba to participate and am seeking confirmation of the participation of your government as outlined above. The private sector proponents require the commitment from the governments by noon, Thursday, May 18th, 1995.

After appropriate consultations with your colleagues I would appreciate your earliest advice as to your commitment to fund the Manitoba Entertainment Complex.

Yours sincerely,

Gary

Gary Filmon

Appendix "B" referred to in Clause 1 of the Report of the Executive Policy Committee dated May 17, 1995

SUMMARY OF GROUND LEASE

Demolition and Site Servicing and Development Items:

1. *The Ground Lease provides that the Land will be delivered to the Tenant for the purposes of carrying out demolition, site development and environmental remediation under certain constrictions including provision for liability insurance and environmental remediation and construction in accordance with requirements of the Manitoba Department of the Environment and all City departments. Cost of demolition to grade and environmental remediation, once completed, will be paid by the City in accordance with invoices and estimated ceiling cost.*

2. *The Lease will be expanded to include the CN Lands and other Lands referred to as 41 Westbrook Street if the City is able to acquire them.*

3. *The Tenant is obligated to diligently proceed to construct and finish the area development as required by a Development Agreement and secure all necessary permits, and keep the Land free of any claims or liens in doing so.*

4. *The Tenant is obliged to provide a 100% performance bond and a 50% labour material bond to cover default by any building contractor referred to in the Development Agreement. [The Development Agreement and Sub-Lease have not been finalized but will be proceeded with as soon as possible after signing the Ground Lease].*

Taxes:

5. *The Tenant will not be responsible for payment of real property taxes.*

Management and Use of Facility:

6. *The use is limited only for that of a sports and entertainment complex including an arena for hockey games played by the Winnipeg Jets. Any use prohibited by governmental law, by-law or regulation is prohibited. The Ground Lease makes provision for assigning or sub-letting all or a part of the Development and Land.*

7. *The Tenant is required to manage and operate the facility as a first class project economically, diligently and efficiently.*

Termination by City

8. *The City has the right to terminate the Ground Lease pursuant to several conditions including:*

    a) if Sub-Tenant has not closed the transaction of purchase of the Winnipeg Jets by August 15th, 1995;

    b) Sub-Tenant has not been organized by August 31st, 1995;

    c) if the construction has not begun by August 31st, 1995;

    d) if all matters contemplated by the Council resolution have not been formalized by way of written Agreements, to the satisfaction of the City, by August 31st, 1995;

    e) the Winnipeg Jets do not commence occupation of the building for the purpose of playing ice hockey by the 1997-98 National Hockey League Professional Season;

    f) if Sub-Tenant fails to occupy the building or does not continue to play NHL hockey on a continuous basis during the term of the Lease;

    g) any matters of insolvency, bankruptcy or receivership relative to the Tenant.

The lease will include such further terms and conditions, acceptable to the City Solicitor, as are necessary to implement Council's resolution.

Table I referred to in Clause 1 of the Report of the Executive Policy Committee dated May 17, 1995

THE CITY OF WINNIPEG
FINANCIAL IMPACT OF THE NEW ARENA
BASIC ARENA COSTS
($ in millions)

		Funding Required
Requested contribution:		
$37 million contribution requested		***37.000***
Less Credit for Infrastructure	*(7.032)*	
		29.968
Add Core Costs:		
Plaza and connector		*1.200*
Utilities and related costs		*3.752*
Off-site landscaping		*0.500*
Additional Land Purchases ($5.3 million already owned)		*0.325*
Gross Funding Required		*35.745*
Less unused 1995 budget - Jets losses		*(4.000)*
Sub-total		*31.745*
Funded through utility capital budgets - first call 1996		*(2.669)*
Amount remaining to be funded		*29.076*
Annualized costs of amount remaining to be funded ($29.076):		
Annual debt costs (20 year amortization)		*3.489*
Less anticipated annual offsetting revenues:		
- Amusement tax (non-Jet events)		*(0.500)*
Annual impact on tax-supported current budget		*2.989*

Funding Plan:
Business tax increase to fund $2.989 annual requirement (equates to a 5% increase in 1997 solely related to the arena).

Funding Alternatives:
1. *Negotiate with Province - revenue diversification strategy.*
2. *No property tax impact recommended.*

NOTE: Future revenue sharing on arena operation or possible cost-sharing on other public/private partnerships not included.

Table II referred to in Clause 1 of the Report of the Executive Policy Committee dated May 17, 1995

THE CITY OF WINNIPEG
FINANCIAL IMPACT OF THE NEW ARENA
RELATED SERVICE INITIATIVES
($ in millions)

	Funding Required
Plaza and connector	*1.300*
Transit Terminal	*0.600*
Relocation of 103 Water (one-time)	*0.370*
Parking	*3.695*
Overhead Walkway	*1.950*
Roads (net of $7.8 Provincial subsidy)	*9.263*
Total Related Service Initiative Costs	*17.178*
Less costs included in approved 5-year capital forecast:	
- Winnipeg Square parking garage (second egress) (3.195)	
- Roads	*(3.961)*
Incremental Funding Required	*10.022*
Annualized net costs of incremental funding required ($10.022):	
Annual debt costs (20 year amortization)	*1.203*
Add:	
- Relocation of 103 Water	*0.195*
- Tax Grant - Forks Renewal Corporation	*0.200*
Less Additional Revenues:	
- Winnipeg Square Parking	*(0.500)*
- Transit Service	*(0.125)*
Annual net impact	*0.973*

Funding Alternatives:
1. Negotiate with Province - revenue diversification strategy.
2. No property tax impact recommended.

NOTE: Future possible cost-sharing on other public/private partnerships not included.

Table III referred to in Clause 1 of the Report of the Executive Policy Committee dated May 17, 1995

THE CITY OF WINNIPEG
RECONCILIATION OF NEW ARENA COSTS
($ MILLIONS)

Total contribution originally reported - May 15, 1995		*$66.65*
Less:	*Private Sector Fund (now expected to be covered by Private Investors)*	*(3.90)*
	Contingency removed	*(2.00)*
	Ongoing costs removed (considered in annual budget impact)	
	- Forks Grant	*(1.00)*
	- 103 Water Street Relocation	*(0.78)*
Total contributions required		*58.97*
Less:	*Sunk costs - land already owned*	*(5.30)*
	Non-cash items - permits, licences	*(0.75)*
Gross Funding Required		*$52.92*

Reconciliation

Basic Arena Costs - Gross Funding Required	*$35.745*
Related Service Initiative Costs	*17.178*
	$52.923