Minute No. 37
Report – Executive Policy Committee - November 29, 2006

Item No. 13 Indoor Soccer Complex Development at the University of Manitoba File S-7

COUNCIL DECISION:

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.

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

Report – Executive Policy Committee - November 29, 2006

DECISION MAKING HISTORY:

Moved by His Worship Mayor Katz,

That the recommendation of the Executive Policy Committee be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 29, 2006, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to Council.

COUNCIL:

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: **November 24, 2006**

RECOMMENDATION:

That Council amend Recommendation No. 2 as adopted by Council on July 26, 2006 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.

Report Summary

Key Issues:

- 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 do all things necessary to implement the intent of the foregoing.
- In the course of subsequent negotiations, Laureate Developments Inc. requested the City to guarantee mortgage financing and to contribute additional money over the $6 million City contribution as directed by Council. The City had advised from the outset that it would not provide additional funding or guarantee a mortgage for the development of an Indoor Soccer Complex.
- The Administration has now been advised that based on this response, the terms and conditions contained in the Letter of Intent dated July 14, 2006 as approved by Council on July 26, 2006, are now not workable for Laureate Developments Inc..
- The Winnipeg Soccer Federation and the University of Manitoba have indicated that they are willing and able to develop the Indoor Soccer Complex to be situated at the University of Manitoba, without the participation of Laureate Developments Inc.

- The change in structure in the Indoor Soccer Complex Consortium may result in a situation in which a portion of the property would be exempt from school taxes, and further, Council may be asked to enact a by-law to provide an exemption from municipal taxes for the Indoor Soccer Complex.

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): The change in the structure of the consortium may lead to a request that Council enact a by-law to provide an exemption from municipal taxes related to the indoor soccer complex.

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.

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.

Upon the invitation of the EPC Secretariat, 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.

The Proponents agreed to conduct a meeting amongst themselves and to present a formal response to the City within the requested time. On June 14, 2006, the Administration received a proposed framework for the development of the Indoor Soccer Complex from the Proponents.

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. As the Proponents would not be a non-profit organization occupying a City-owned facility, the Facility could not be exempt from paying realty taxes

pursuant to By-Law No. 89/2005. It should be noted that all previous discussions and correspondence stated the requirement of the Facility to pay municipal realty taxes attributed to the Facility. The Administration responded to the Proponent's Letter of Intent reiterating the City's requirement to pay municipal realty 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.

DISCUSSION:

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 dealing with (a) the University of Manitoba on various issues relating to a ground lease, site location, servicing and design control of the Facility (b) the Winnipeg Soccer Federation use of the Facility and ensuring a minimum use of 5,300 hours per year and (c) a request of the City for additional monies over the Council approved $6 million and a loan guarantee should the Winnipeg Soccer Federation's annual use fall below their required 5,300 hours per year.

The City, Winnipeg Soccer Federation and the University of Manitoba have indicated to Laureate Developments Inc. that, while everyone remained committed to working together in the development of an Indoor Soccer Complex, they cannot provide the guarantees and development latitude that Laureate Developments Inc. has now indicated that it requires.

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.

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 the November 3rd meeting, the Winnipeg Soccer Federation and the University of Manitoba have indicated their desire to continue with the development of an Indoor Soccer Complex at the University of Manitoba, without Laureate Developments Inc. as a member of the consortium.

Due to the withdrawal of Laureate Developments Inc. from the Facility development, the Administration considered the following available options:

1. continue negotiations with the WSF/University of Manitoba/Laureate with the goal of resolving the various issues as stipulated by the Laureate Developments Inc..

2. discontinue discussions with Laureate and determine if the Winnipeg Soccer Federation and University of Manitoba wish to move forward on essentially the same terms and conditions, and with a new developer/construction firm.

3. discontinue discussions with Laureate and the University of Manitoba and enter into negotiations with the Winnipeg Soccer Federation to develop the facility on City-owned land

4. develop an RFP for public response

5. make a decision to not move forward with a $6 million contribution to soccer and reallocate this money elsewhere.

It was determined that option 2 provided the City with the best alternative to complete the development of an Indoor Soccer Complex within the intent of the Council directive, while benefiting from all the architectural, engineering, and draft documentation work undertaken for this specific site at the University of Manitoba.

The deletion of Laureate Developments Inc. from the consortium for the development of an Indoor Soccer Complex as approved by Council on July 26, 2006, may have implications related to the liability for municipal taxes for the Indoor Soccer Complex. It should be noted that the remaining Proponents may be entitled to a school tax exemption for a portion of the property and could therefore request that Council enact a by-law to provide an exemption from municipal taxes, which would be at Council's discretion to provide or refuse. If so enacted, this would

result in a potential loss of $150,000 per annum of tax revenue. All previous discussions and correspondence with the Proponents stated the requirement of the Facility to pay municipal realty taxes attributed to the Facility. To that end, the Administration will ensure that the Project Development Agreement between the Winnipeg Soccer Federation (owner) and the City contains a requirement of the Winnipeg Soccer Federation to pay the annual municipal taxes attributable to the Project, although those obligations will be governed by the assessment legislation then in force.

RECOMMENDATION:

That Council amend Recommendation No. 2 as adopted by Council on July 26, 2006 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.

Financial Impact Statement Date: November 23, 2006

Project Name:

Indoor Soccer Complex Development at the University of Manitoba

COMMENTS:

On July 26, 2006, Council concurred in the recommendations of the Executive Policy Committee with respect to the indoor soccer complex at the University of Manitoba, which included *"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..."*

This report contains the recommendation that reference to Laureate Developments Inc. be deleted. 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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