Agenda - Council - February 18, 2009

Report - Standing Policy Committee on Property and Development - February 2, 2009

Item No. 7 Mazenod Road Enhancement / Improvements
(St. Boniface Ward)
eFile EP-2.1

STANDING COMMITTEE RECOMMENDATION:

On February 11, 2009, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submits the following to Council:

1. That the Winnipeg Public Service be authorized to enter into an Agreement for Servicing pursuant to Section 211 of The City of Winnipeg Charter with Terracon Developments for enhancements / improvements within the Mazenod Road Right-of-Way that could potentially generate $24,000,000 (in 2009 dollars) in City of Winnipeg land sales.

2. That the Land Operating Reserve be used to fund the enhancements / improvements in the amount of $2,100,000.

3. That the Chief Administrative Officer be authorized to finalize and approve the terms and conditions of any and all agreements, including a servicing agreement, required in respect of the City's contribution towards the Mazenod Road improvements.

4. That the Proper Officers of the City do all things necessary to implement the intent of the foregoing.

Report - Standing Policy Committee on Property and Development - February 2, 2009

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On February 11, 2009, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Property and Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On February 2, 2009, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

RE: Mazenod Road Enhancement / Improvements

FOR SUBMISSION TO: Standing Policy Committee on Property and Development

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

REPORT DATE: January 28, 2009

RECOMMENDATION:

1. That the Winnipeg Public Service be authorized to enter into an Agreement for Servicing pursuant to Section 211 of The City of Winnipeg Charter with Terracon Developments for enhancements / improvements within the Mazenod Road Right-of-Way that could potentially generate $24,000,000 (in 2009 dollars) in City of Winnipeg land sales.
2. That the Land Operating Reserve be used to fund the enhancements / improvements in the amount of $2,100,000;
3. That the Chief Administrative Officer be authorized to finalize and approve the terms and conditions of any and all agreements, including a servicing agreement, required in respect of the City's contribution towards the Mazenod Road improvements; and
4. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

Report Summary

Key Issues:

- The St. Boniface Industrial Park is nearing full absorption.
- The City currently owns approximately 233 acres of un-serviced industrial lands located south of the aqueduct (previously contemplated for use by OlyWest).
- Terracon is planning on developing "The Waters Business Park," which is to be located adjacent to the St. Boniface Industrial Park, west of Mazenod Road and South of Dugald Road. At present, construction has started on a multi-tenant industrial building, but further development is impeded by the current unimproved condition of the southerly portion of Mazenod Road (see attached Map 1).
- In September 2008, Terracon approached the Planning, Property and Development Department to consider a proposal to participate in the completion of the improvements of Mazenod Road to the southern limit of the aqueduct. This would enable development to proceed within the Waters Business Park; as well as provide for the servicing of the 233 acres of City owned land located south of the aqueduct.

- Based upon the enhancements/improvements of the Mazenod Right-of-Way, Terracon proposes to construct 14 additional industrial buildings over the next 10 years.
- Additional municipal taxes generated by the expanded development area are estimated at $760,000 annually.
- Potential development opportunities could result in an additional fifty five, three acre industrial sites that could be sold at current market rates for a total of approximately $24,000,000 before municipal infrastructure improvements.

Implications of the Recommendation(s):

General Implications

(x) 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

Comment(s):

Policy Implications

(x) No

( ) Yes

Comment(s):

Regulatory Implications

(x) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(x) No

( ) Yes

Comment(s):

Human Resources Implications

(x) No

( ) Yes

Comment(s):

Financial Implications

(x) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s):

Report

REASON FOR THE REPORT:

The Public Service is requesting approval in principle to enter into an Agreement for Servicing, pursuant to Section 211 of The City of Winnipeg Charter, with Terracon Developments for enhancements / improvements within the Mazenod Road Right-of-Way; and that the Chief Administrative Officer be authorized to finalize and approve the terms and conditions of any and all agreements. Council approval is required to enter into such agreements and to delegate authority to the Chief Administrative Officer.

HISTORY:

The St. Boniface Industrial Park opened in 1977 and was designed to accommodate industrial businesses and their needs. The roads in the St. Boniface Industrial Park have been oversized to accommodate industrial traffic and to facilitate easily accessible and economical shipping of materials and products.

Businesses in the park have developed their buildings in a controlled environment, meeting standards of quality in both buildings and landscaping. The St. Boniface Industrial Park is well-maintained and managed and provides a park-like environment by incorporating lakes and attractive landscaping. Currently there are only 12 uncommitted acres available for sale/development.

DISCUSSION:

Terracon Developments approached the Planning, Property and Development Department in September 2008 to consider a proposal to participate in the extension of the improvements in Mazenod Road to the southern limit of the aqueduct. This would enable development to proceed within the Waters Business Park and, concomitantly facilitate servicing of 233 acres of City owned land situated south of the aqueduct. Terracon suggested that they would front-end all the costs associated with the improvements, and the City, as a benefiting land owner, could payback its share over a prescribed period of time. Considering that the only two parties affected by the proposal are Terracon and the City, the traditional Local Improvement process was not practical. Also, the Land Operating Reserve currently has the capacity to fund the enhancements, which will benefit the City owned lands to the East and South of Mazenod Road.

Winter construction is planned by Terracon for the commencement and completion of the required underground works needed prior to spring/summer road works. If the underground works do not commence in February, development of the Waters Business Park project will be delayed for at least one year.

Upon completion of the enhancements / improvements of the Mazenod Road right-of-Way, Terracon proposes to construct 14 additional industrial buildings over the next 10 years (see attached site plan Schedule "A"). Additional municipal taxes generated by the expanded development area are estimated at approximately $760,000 annually at full build out, based on a formula using proposed construction costs.

Terracon has also suggested a joint venture partnership between Terracon and the City of Winnipeg to develop the City's 233 acres of industrially zoned lands south of the aqueduct. Potential development opportunities could result in an additional fifty five, (55) - 3 acre industrial sites, which could be sold, at Council's currently approved rate of $150,000 per acre for approximately $24,000,000 before municipal infrastructure costs.

The proposed infrastructure improvements / enhancements required to facilitate the above development has a total estimated cost of approximately $3.7 M. These costs would be shared on a proportionate basis, which would be directly related to the benefits that accrue to each party. The City's share of the costs would be approximately $2.1 M.

The Public Service has reviewed the proposed servicing costs and determined that the unit costs identified by Terracon are consistent with the current market rates.

Based on the limited number of available lots for sale in the St. Boniface Industrial Park, together with the opportunity:

1. to develop a phased industrial project and ultimately market and sell upwards of fifty five, three acre industrial lots,
2. to generate additional municipal reality taxes through the proposed build out of the Waters Business Park development, and
3. to share in the cost of the necessary infrastructure to market vacant City lands and create additional tax revenue,
4.

it is recommended that the City enter into an Agreement for Servicing with Terracon to install the required enhancements / improvements within the Mazenod Road Right-of-Way; and that the Chief Administrative Officer be authorized to finalize and approve the terms and conditions of the servicing agreement.

POLICY SUPPORT:

Plan Winnipeg - Council is intent on shaping the future of Winnipeg by addressing the challenges we face in order to capitalize upon the opportunities. But, in doing so, it will adhere to certain principles…

- Thoughtful development – evaluating the costs and benefits of development proposals. The intent is to take maximum advantage of existing infrastructure through increased densities and compact form…
- 2B-03-Commit to Responsive Government by:

  iii) Leveraging financial resources through cost-sharing agreements with other levels of governments and the private sector while maintaining consistency with civic goals;

  vi) Exploring and implementing innovative approaches to funding and alternative service delivery options to provide quality services at an affordable cost;

  viii) Evaluating City policy decisions, core programs and services, budget allocations, and new development applications against a set of quality of life principles, including consideration of long-term economic benefits and costs.

- 2C-02 Facilitate Opportunities for Business Growth in Winnipeg by:

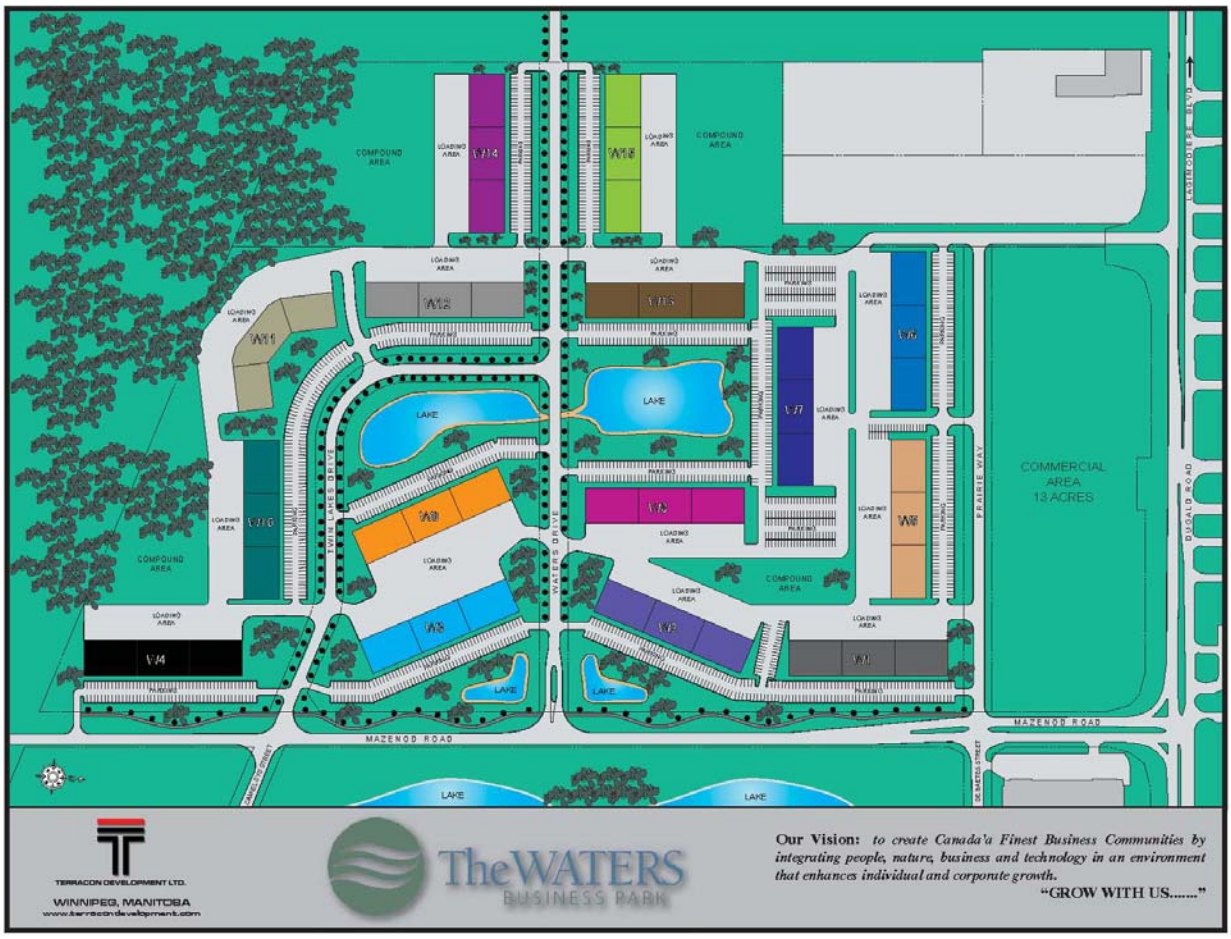
  i) implementing a support system which acknowledges the special needs of new, small existing and growing businesses;

  ii) assisting business in meeting government requirements associated with new development and expansion, including streamlining procedures and regulations with the civic administration

  iii) working with representative business associations through ongoing consultation and support to fulfill complementary objectives; and

  iv) supporting retention and recruitment programs including the creation of industry incubators which assist new business in their early developmental stages.

Schedule “A”


COMPOUND AREA
LOADING AREA
LAKE
COMMERCIAL AREA 13 ACRES
EWIN LAKES DRIVE
WATERS DRIVE
PRAIRIE WAY
DUGALD ROAD
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"GROW WITH US....."

MAP 1



ROUGEAU AV
BACHINSKY ST
BALABAN PL
ELAN BV
MISSION ST
HATCHER RD
BOURNAIS DR
DUGALD RD
PLESSIS RD
BARRY AV
KERNAGHAN AV
BIRCH CR
STEWIN AV
PAUL MARTIN DR
COURAGEOUS CV
DURAND RD
PRAIRIE WY
SUFFELD ST
MAZENOD RD
WATERS DR
TWIN LAKES DR
PAQUIN DR
CAMEL SYS ST
RAYMARKUS RD
CAMEL SYS ST
ELIZABETH RD
ST BONIFACE RD
BATES AV
LAGIMODIERE BV
PUBLIC RD
BAUDOUX
BORNER BY
HALLIDAY

Financial Impact Statement

Date: January 26, 2009

Project Name:

Mazenod Road Enhancement / Improvements

First Year of Program **2009**

	2009	2010	2011	2012	2013-2018
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
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	$ 2,100,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	100,000	200,000	300,000	4,900,000
Net Cost/(Benefit)	$ 2,100,000	$ (100,000)	$ (200,000)	$ (300,000)	$ (4,900,000)
Less: Existing Budget Amounts	2,100,000	-	-	-	-
Net Budget Adjustment Required	$ -	$ (100,000)	$ (200,000)	$ (300,000)	$ (4,900,000)

Additional Comments: Direct costs in 2009 consist of the City's contribution to estimated costs of services and will be funded from the Land Operating Reserve. Incremental revenues represent estimated realty taxes of approximately $100,000 per year per building (see Appendix A), which are estimated to total $5.5M by the end of 2018 (i.e. at full build out). For this FIS, it is assumed that the first building will be completed and added to the tax roll effective 2010.

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

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:
Water and Waste
Public Works
Legal Services

External Consultation With:
Terracon Developments Ltd.

THIS REPORT SUBMITTED BY:
Department Planning, Property and Development
Division Economic Development / Real Estate
Prepared by: Ray Klassen & Barry Thorgrimson
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