Agenda - Executive Policy Committee - June 10, 2009

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

Item No. 18 Lease Amendment - Winnipeg Soccer Federation - Portion of 900 Waverley Street (River Heights-Fort Garry Ward) eFile FI-2.2(32)

STANDING COMMITTEE RECOMMENDATION:

On June 2, 2009, the Standing Policy Committee on Property and Development concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That subject to the Council's approval of a loan guarantee and confirmation of Federal, Provincial or other monetary funding support of at least 50% of the total project costs which are estimated at $1,181,880, the Lease Agreement between the Winnipeg Soccer Federation Inc. and the City dated November 1, 2006 be amended by adding an additional four years to the Lease term, as referenced in the report of the Winnipeg Public Service dated June 1, 2009.

2. That the Lease Agreement, between the City and the Winnipeg Soccer Federation Inc. be further amended to pay the unamortized Winnipeg Soccer Federation loan amount in the event that the City requires early possession and cancels the Lease Agreement, as referenced in the report of the Winnipeg Public Service dated June 1, 2009.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing, including the execution of any documents related thereto.

Agenda - Executive Policy Committee - June 10, 2009

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DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On June 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.

ADMINISTRATIVE REPORT

RE: Proposed Lease Amendment to an existing Lease with the Winnipeg Soccer Federation for a portion of City-owned property located at 900 Waverley Street.

CRITICAL PATH: Standing Policy Committee on Property and Development

AUTHORIZATION

Author	Department Head	CFO	CAO
R. Klassen	D. Joshi	P Olafson, Acting CFO	P Sheegl, Deputy CAO

In accordance with the Council Order of July 18, 1979, the Standing Policy Committee on Property and Development shall authorize the leasing or rental of City properties for which the Director of the Planning, Property and Development Department has no authority. In this regard, the Department has negotiated a proposed lease in favour of the Winnipeg Soccer Federation for the use of the area identified as "Winnipeg Soccer Complex" on the attached Misc. Plan.10561/3, which is located at 900 Waverley Street, south of Wilkes Ave/Hurst Way, in the River Heights – Fort Garry Ward.

The Planning Property and Development Department is seeking the approval of the Standing Policy Committee on Property and Development of the terms and conditions of a proposed lease extension with the Winnipeg Soccer Federation (WSF).

RECOMMENDATIONS

1. That, subject to the Council's approval of a loan guarantee and confirmation of Federal, Provincial or other monetary funding support of at least 50% of the total project costs which are estimated at $1,181,880, the Lease Agreement between the Winnipeg Soccer Federation Inc. and the City dated November 1, 2006 be amended by adding an additional four (4) years to the Lease term, as referenced herein.

2. The Lease Agreement, between the City and the Winnipeg Soccer Federation Inc. be further amended to pay the unamortized WSF loan amount in the event that the City requires early possession and cancels the Lease Agreement, as referenced herein.

3. That the Property Officers of the City be authorized to do all things necessary to achieve the intent of the foregoing.

IMPLICATIONS OF THE RECOMMENDATIONS

- The Planning, Property and Development Department is supportive of the Winnipeg Soccer Federation's (WSF) use of the area identified on Misc. Plan. 10561/3 as "Winnipeg Soccer Complex" and their request to (1) exercise their right of renewal for the additional five year term as stipulated in their existing Lease Agreement and (2) amend the existing Lease Agreement by adding an additional four (4) year option to renew, subject to the Council's approval of a loan guarantee and confirmation of Federal, Provincial or other monetary funding support of at least 50% of the total project costs which are estimated at $1,181,880.

- The WSF currently operates the soccer complex between May 1st and October 31st each season. The WFS in turn has established a relationship with the Manitoba Major Soccer League Inc. (MMSL) to utilize volunteers and maintenance contractors to maintain the complex. Users of the complex will include: The Manitoba Major Soccer League (men), Winnipeg Women's Soccer League, Winnipeg Youth Soccer Association Inc. and the University of Manitoba.

- The WSF is now proposing to install artificial turf on two of the three soccer pitches located at the Soccer Complex and requested a loan guarantee from the City to support this improvement. Council concurred in the Executive Policy Committee's May 27, 2009 recommendation to approve a loan guarantee subject to confirmation of Federal, Provincial or other monetary funding support of at least 50% of the total project costs which are estimated at $1,181,880.

- The WSF is requesting that the City pay the unamortized balance of the WSF loan amount ($521,880), which may be guaranteed by the City, should the City cancel the lease at any time after substantial completion of the artificial turf installation and up to the year 2020.

- The annual imposition to the City, in the event of cancellation of the Lease Agreement, would be $62,000 per year, based on an eleven (11) year effective life at a borrowing cost of 5.15%. Alternatively, the City may choose to pay the total amount of the outstanding loan at the time of Lease cancellation.

- In the unlikely event that the City exercises its right of cancellation, the City would then determine a funding source to pay the unamortized balance of the loan. This potential expense is not budgeted at this time.

- The Water and Waste Department has reviewed this Lease Amendment request and is in agreement with providing an additional option to renew for the period November 1, 2016 to October 31, 2020. The existing Lease has a 180 day lease cancellation provision.

- The Corporate Finance Department (Risk Management Branch) reviewed the insurance requirements for this proposed occupancy and their comments have been incorporated into the proposed terms and conditions for a new lease.

- The City will not be responsible for providing annual maintenance services for the two artificial turf fields.

- The Winnipeg Soccer Federation is a Tenant in good standing.

- Revenues earned from parking and pylon advertising leases are credited to the WSF, amounting to approximately $36,000 per year.

HISTORY

The Winnipeg Soccer Complex is located at 900 Waverley Street in the River Heights – Fort Garry Ward. The City-owned outdoor soccer complex was constructed in 1987 and consists of three outdoor fields, a seasonal field house and a 370 stall parking lot.

At its meeting held on January 27th, 1999, Council approved the terms and conditions for a Modified Facility Use Agreement with the Manitoba Soccer Association Inc. for the operation of the Winnipeg Soccer Complex (Complex).

In 2005 the Manitoba Soccer Association advised that it would no longer be operating the Winnipeg Soccer Complex and requested the City enter into the agreement with the Winnipeg Soccer Federation Inc. Given the inability to resolve facility and operating issues with the Winnipeg Soccer Federation Inc. (WSF) in 2005, the Complex was not operated.

In 2006, the Winnipeg Soccer Federation Inc. initiated discussions with the City to repair and operate the Complex. The WSF and the Public Works Department formulated a plan to complete certain repairs to the field house and playing fields and made the facility operational in 2006.

On July 18, 2007, Council concurred in the Standing Policy Committee on Property and Development's June 26, 2007 direction to the Public Service that a Lease Agreement be entered into with the WSF. The Lease Agreement commenced on November 1, 2006 and would expire on October 31, 2011. Provided the Tenant is not in default of any of the obligations contained in the Lease Agreement, the Tenant has the right to renew this Lease Agreement for an additional five year term, which would expire on October 31, 2016.

On December 19, 2008 members of the Winnipeg Soccer Federation met with the City and expressed their interest in installing two modern, internationally approved artificial grass fields with a total project cost estimated at $1,181,880. To that end, they requested a possible revision to the current Lease Agreement between the City and the Winnipeg Soccer Federation to extend the Lease Term to October 31, 2020 (an additional four (4) year option to renew).

The Winnipeg Soccer Federation prepared a Business Plan which suggested that a lease extension is necessary to provide sufficient time to amortize the cost to construct the fields. Artificial turf fields have a ten year life span.

The WSF Leased Area falls under the Water & Waste Department's jurisdiction. The Water & Waste Department has agreed to an additional four year option to renew the existing Lease Agreement with the Winnipeg Soccer Federation, which would expire October 31, 2020. The existing Lease Agreement has a 180 day cancellation provision.

In the event the City exercised the right of cancellation at any time between the period of substantial completion of the turf installation and October 31, 2020 by exercising the 180 day Lease cancellation provision, the City would pay the WSF the unamortized balance of the WSF loan amount of $521,880. The annual imposition to the City, in the unlikely event of cancellation of the Lease Agreement, would be $62,000 per year, based on an eleven (11) year effective life at a borrowing cost of 5.15%. Compensation would be based on the unamortized loan balance for the remaining period of time to October 31st, 2020.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 14, 2009

Project Name:

Proposed Lease Amendment to use a portion of City-owned property located at 900 Waverley Street, with the Winnipeg Soccer Federation

COMMENTS:

The recommendations contained in this report include that, subject to the Council's approval of a loan guarantee, the Lease Agreement between the Winnipeg Soccer Federation Inc. and the City dated November 1, 2006 be amended by adding an additional four (4) years to the Lease term, as referenced herein and that the Lease Agreement, between the City and the Winnipeg Soccer Federation Inc. be further amended to pay the unamortized WSF loan amount in the event that the City requires early possession and cancels the Lease Agreement, as referenced herein.

The additional four year period would be under the same terms and conditions as the current lease agreement whereby the WSF pays a nominal rental amount and receives advertising revenue from signage in the Complex parking lot in exchange for operating and maintaining this City-owned asset. As such, there are no financial implications associated with the recommendations contained in this report.

Note that in the unlikely event of cancellation of the lease agreement prior to 2020, the financial implications would be the subject of a futue report.

"Original Signed By"
Mike McGinn, CA
Manager of Finance

CONSULTATION

In preparing this Report there was consultation with:

Corporate Support Services Department, Legal Services Division

Corporate Finance

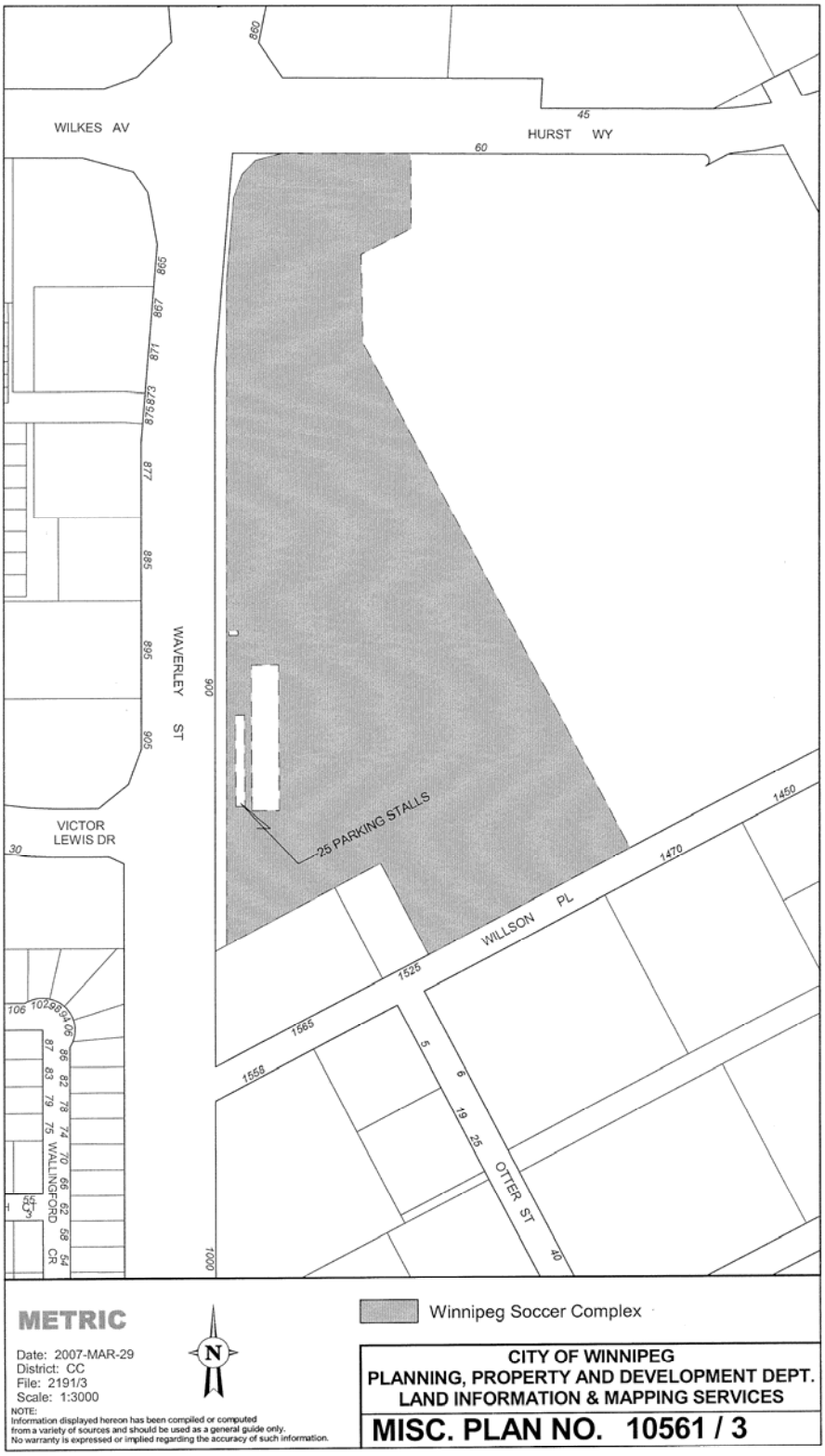
Public Works Department

Water & Waste Department

SUBMITTED BY

Department:	Planning, Property and Development
Division:	Real Estate
Prepared by:	Peter Johannsson
Date:	June 1, 2009
File No.	2191/3 (V5)

(pj) WSF Lease Amendment may 11 09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Date: 2007-MAR-29
District: CC
File: 2191/3
Scale: 1:3000
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.
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Winnipeg Soccer Complex
CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES
MISC. PLAN NO. 10561 / 3