Minute No. 486
Report - Standing Policy Committee on Downtown Development – July 13, 2009

Item No. 1 **Assignment of the Offer to Purchase and Redevelop Lands Agreement for the Union Bank Tower – Annex – Leland Lands; Provision of a Heritage Grant and Heritage Conservation Tax Credit**
(Point Douglas Ward)
eFile EP-2

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Downtown Development and adopted the following:

1. That the agreement and obligations to develop certain lands and buildings commonly referred to as the Union Bank Tower, the Union Bank Tower Annex and former Leland Hotel lands having the municipal address of 500-504 Main St. and 218 William Avenue respectively (the "subject property") as set out in the existing Purchase and Redevelop Lands Agreement made between the City of Winnipeg and Pace-Greentree Builders Inc. / Man-Shield Construction Inc. be assigned to Red River College, on condition that the subject property be conveyed from the current owners (4207106 Manitoba Ltd) to Red River College.

2. That the Purchase and Redevelop Lands Agreement be extended by an additional five years to Red River College.

3. That a $1,000,000.00 Heritage Conservation Grant be approved to Red River College for the redevelopment of the Union Bank Tower and Union Bank Annex for a 100-bed Student Housing Residence, Culinary Arts Institute and main floor retail/restaurant space.

4. That a Heritage Conservation Tax Credit be approved in an amount equivalent to the incremental municipal portion of realty tax paid annually in respect of the subject property over a period not exceeding 21 years and in a total amount not exceeding $1,885,000.

5. That the Chief Administrative Officer be authorized to finalize and approve the terms and conditions of all agreements required to implement matters as directed by Council.

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

Report - Standing Policy Committee on Downtown Development – July 13, 2009

DECISION MAKING HISTORY:

Moved by Councillor Pagtakhan,

That the recommendation of the Standing Policy Committee on Downtown Development be adopted.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 15, 2009, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Downtown Development and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On July 13, 2009, the Standing Policy Committee on Downtown Development concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

ISSUE: **Assignment of the Offer to Purchase and Redevelop Lands Agreement for the Union Bank Tower – Annex – Leland Lands and the provision of a Heritage Grant and Heritage Conservation Tax Credit.**

CRITICAL PATH: **Standing Policy Committee on Downtown Development – Executive Policy Committee - Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Thorgrimson,	D. Joshi	M. Ruta	G. Laubenstein

RECOMMENDATION

1. That the Standing Policy Committee on Downtown Development recommends to Council the approval of the following:
    i) an assignment to Red River College (RRC) of the agreement and obligations to develop certain lands and buildings commonly referred to as the Union BankTower, the Union Bank Tower Annex and former Leland Hotel lands having the municipal address of 500-504 Main St. and 218 William Ave. respectively (the "subject property") as set out in the existing Purchase and Redevelop Lands Agreement made between the City of Winnipeg and Pace-Greentree Builders Inc. / Man-Shield Construction Inc. on condition that the subject property be conveyed, from the current owners (4207106 Manitoba Ltd) to RRC.
    ii) An additional five-year extension of the Purchase and Redevelop Lands Agreement is granted to Red River College.
    iii) A $1,000,000 Heritage Conservation Grant to RCC for the redevelopment of the Union Bank Tower and Union Bank Annex for a 100-bed Student Housing Residence, Culinary Arts Institute and main floor retail/restaurant space.
    iv) A Heritage Conservation Tax Credit (HCTC) in an amount equivalent to the incremental municipal portion of realty tax paid annually in respect of the subject property over a period not exceeding 21 years and in a total amount not exceeding $1,885,000.
2. That the Chief Administrative Officer be authorized to finalize and approve the terms and conditions of all agreements required to implement matters as directed by Council; and,
3. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

IMPLICATIONS OF THE RECOMMENDATIONS

- As per the terms of the existing agreement and the extension agreement, as of June 1, 2009, the City could compel the owners of the Union Bank Tower to transfer and convey the buildings and the land back to the City if they have not been able to satisfy the terms of the Offer to Purchase and Redevelop Lands agreement, including any and all approved extensions.
- The owners have agreed to convey the Tower, Annex and Leland lands to Red River College for their student housing, culinary arts and restaurant program which will require the assignment of the agreement from the current owners to RRC.
- A $1,000,000 Heritage Grant will be funded from the Heritage Investment Reserve Fund. In addition, the City will incur an opportunity cost of up to $1,885,000 in municipal tax revenues over, at maximum, a 21-year period as the HCTC is to be funded from incremental tax revenues generated by the redevelopment.
- The proposed mixed use development of the Union Bank Tower and the Union Bank Tower Annex will ensure the preservation of western Canada's first "Skyscraper" and is consistent with Council policy in terms of heritage restoration and downtown revitalization
- Subject to Council's approval of the assignment of the Purchase and Redevelopment Lands Agreement to RRC, all costs incurred from works undertaken on the Union Tower and Union Tower Annex including works completed and described within the existing agreement will be the responsibility of RRC and City shall not be responsible for the reimbursement of any costs in the event that the property reverts back to the City.

HISTORY

- The existing owners, 4207106 Manitoba Ltd., had until May 31, 2008 to satisfy the terms of the existing agreement and the extension agreement after which the City, at its discretion, could require that the buildings and land be transferred and conveyed back to the City.
- Based on a commitment from Red River College (RRC) to establish a 100 bed student residence, culinary arts and other educational programming together with a main floor restaurant in the Union Bank Tower and Annex, Council granted on May 14, 2008 an extension to the amended Purchase and Redevelop Lands Agreement until May 31, 2009. The extension was granted in order for RRC to secure funding, complete construction and occupy the Tower on or before May 31, 2010.
- While RCC continued their due diligence, the owners stopped work on the Union Bank Tower and Annex anticipating that RRC would secure all the funding prior to the agreement timelines. However, unanticipated delays primarily associated with Federal and Provincial funding resulted in a current default position under the amended agreement.

- On May 20, 2009, the Federal Government announced a $10 million grant from the Canadian Knowledge Infrastructure Program to RRC for the establishment and expansion of their Culinary Arts Program on the condition of acquiring the Union Bank Tower at 504 Main Street. The Province of Manitoba also agreed to fund $ 5 million.
- The Public Service recommends the assignment of the existing Purchase and Redevelop Lands Agreement, together with a five-year extension based upon RRC's development plan being the most practical and realistic proposal, considering the unique building floor plate and available parking, as well as the capabilities of the new ownership group and their demonstrated efforts to redevelop the property.

FINANCIAL IMPACT

Financial Impact Statement **Date:** June 15, 2009

Project Name: **First Year of Program** **2009**

Redevelopment of the Union Bank Tower and Assignment of the Purchase Land Agreement

	2009	2010	2011	2012	2013 to 2024
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	$ 1,000,000	$ 135,209	$ 135,209	$ 135,209	$ 1,479,373
Less: Incremental Revenue/Recovery	-	-	135,209	135,209	1,614,582
Net Cost/(Benefit)	$ 1,000,000	$ 135,209	$ -	$ -	$ (135,209)
Less: Existing Budget Amounts	1,000,000	135,209	-	-	(135,209)
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs in 2009 represent the $1M Heritage Grant. Direct costs from 2010 to 2023 represent the estimated tax credits (see Appendix 1) to be funded from the Heritage Investment Reserve Fund (HIRF) and totals $1,885,000. As per Council policy, the revenues from 2011 to 2024 represent incremental taxes flowing back to the HIRF until the $1,885,000 investment is repaid.

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

CONSULTATION

In preparing this Report there was consultation with:

Legal Services
CentreVenture Development Corporation

SUBMITTED BY

Department: Planning, Property and Development
Division: Office of the Director
Prepared by: Barry Thorgrimson, Manager of Economic Development
File No.

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UBT Proposal to
Province 09_05_26 w

APPENDIX 1

FINANCIAL IMPACT

Current 500 – 504 Main Street and 218 William Avenue Tax Information (2009)

Total Assessment	Municipal Portion Realty Tax	Business Tax	Total Taxes (including school taxes)
$332,000	$5,491	$0	**$15,070**

Proposed 500 – 504 Main Street and 218 William Avenue Tax Information (2010)

Total Assessment	Municipal Portion Realty Tax	Business Tax	Total Taxes (including school taxes)
$6,329,500	$95,270	$45,430	**$248,063**

Total annual incremental Municipal Taxes **- $135,209**

Based on Assessment & Taxation Estimate

Current Taxes 2009

		Assessment		Mill rate			Estimated Taxes			
Class	port %	Total	Portioned	Municipal	School	ESL	Municipal	School	ESL	Total
60	65%	**332,000**	**215,800**	0.025448	0.028337	0.016049	**5,491.68**	**6,115.12**	**3,463.37**	**15,070.18**
Total		**332,000**	**215,800**				**5,491.68**	**6,115.12**	**3,463.37**	**15,070.18**

Estimated Taxes

		Assessment		Mill rate			Estimated Taxes			
Class	port %	Total	Portioned	Municipal	School	ESL	Municipal	School	ESL	Total
60	65%	**4,477,300**	**2,910,245**	0.025448	0.028337	0.016049	**74,059.91**	**82,467.61**	**46,706.52**	**203,234.05**
20	45%	**1,852,200**	**833,490**	0.025448	0.028337		**21,210.65**	**23,618.61**	**0.00**	**44,829.26**
Total		**6,329,500**	**3,743,735**				**95,270.57**	**106,086.22**	**46,706.52**	**248,063.31**

Tax Difference			
Municipal	School	ESL	Total
89,778.89	**99,971.09**	**43,243.15**	**232,993.13**

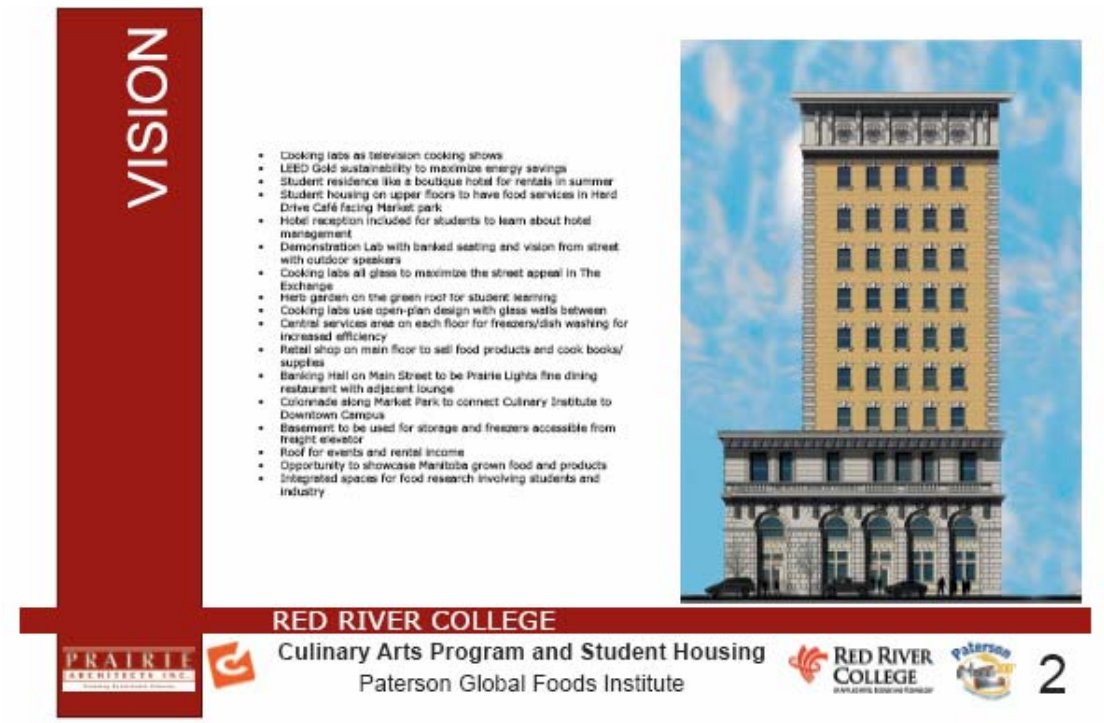
The 2010 assessment estimate is $10,049,000.

I must stress that any assessment or tax estimate provided here is based on information provided in the attached email dated June 2, 2009 and may or may not reflect the actual circumstances when the property is completed. While we are careful and diligent with the data we have at this time, any final assessment and related taxes can only be calculated upon the completion of the project. Final assessed values and corresponding taxes are always subject to assessment appeals.

Thanks,

Kelly Shields, A.A.M.
Manager Of Field Operations/ Deputy City Assessor
Assessment and Taxation Department
City of Winnipeg


TRANSFORMATIONS
RED RIVER COLLEGE
Culinary Arts Program and Student Housing
Paterson Global Foods Institute
RED RIVER COLLEGE
1


VISION
Cooking labs as television cooking shows
LEED Gold sustainability to maximize energy savings
Student residence like a boutique hotel for rentals in summer
Student housing on upper floors to have food services in Herd Drive Café facing Market park
Hotel reception included for students to learn about hotel management
Demonstration Lab with banked seating and vision from street with outdoor speakers
Cooking labs all glass to maximize the street appeal in The Exchange
Herb garden on the green roof for student learning
Cooking labs use open-plan design with glass walls between
Central services area on each floor for freezers/dish washing for increased efficiency
Retail shop on main floor to sell food products and cook books/ supplies
Banking Hall on Main Street to be Prairie Lights fine dining restaurant with adjacent lounge
Colonnade along Market Park to connect Culinary Institute to Downtown Campus
Basement to be used for storage and freezers accessible from freight elevator
Roof for events and rental income
Opportunity to showcase Manitoba grown food and products
Integrated spaces for food research involving students and industry
RED RIVER COLLEGE
Culinary Arts Program and Student Housing
Paterson Global Foods Institute
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2

EXISTING



EXISTING CAMPUS MALL LEVEL

RED RIVER COLLEGE

Culinary Arts Program and Student Housing

Paterson Global Foods Institute

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RED RIVER COLLEGE

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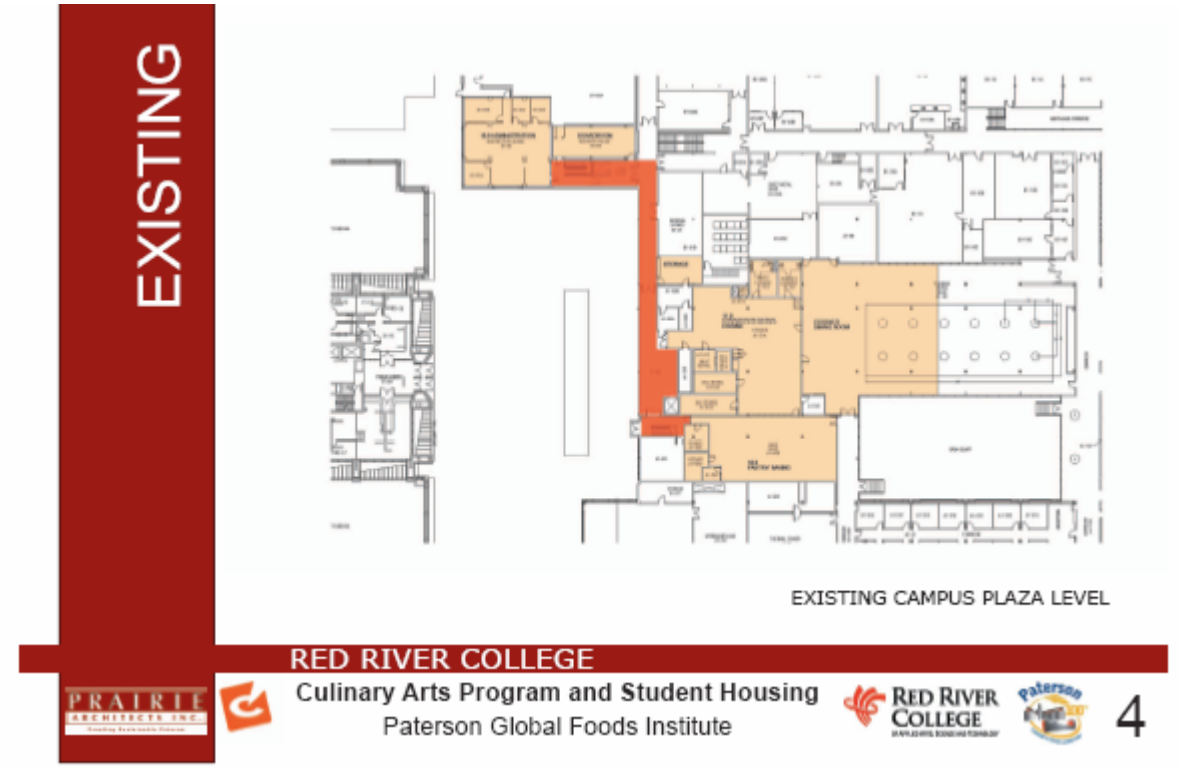
EXISTING
EXISTING CAMPUS PLAZA LEVEL
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PROGRAM

RED RIVER COLLEGE CULINARY ARTS FACILITY
SPACE INVENTORY

Union Bank Tower, Winnipeg, Manitoba **Oct-08**

No.	Program Component	Existing Area	NBC Area	Consultant Area	Proposed Area
1.0	Prairie Lights (100 seats)	2591	2612	3920	2500
2.0	Advanced Culinary Skills	961	2200	3193	2200
3.0	Bartending lab (New)	0	1000	1890	1000
4.0	Garde Manger	932	2200	2340	2200
5.0	Receiving	NA	5	848	555
6.0	Retail Services	0	1000	6584	500
7.0	Basic Food Prep	1365	2200	1502	2200
8.0	Restaurant Cooking Lab	610	2200	1579	2200
9.0	Hard Drive Café (100 Seats)	1139	1200	1635	1200
10.0	Baking Lab (New)	0	2200	2691	2200
11.0	Canadian Regional Cuisine	6525	2200	2544	2200
12.0	Demo Lab (New)	0	2200	2457	2200
13.0	Pastry Lab	2015	2200	1961	2200
14.0	Pastisserie Lab	1211	2200	2795	2200
15.0	Change Rooms	1397	600	0	1000
16.0	Classrooms (6)	4150	4500	4520	4500
17.0	50 Seat Classroom	1412	995	2035	1500
18.0	Administrative Offices	2215	2600	1807	2000
19.0	Services	4000	4000	1500	3000
	Net Sub-total	38623	38537	46313	37500
	Total (Gross up 32% exist)	48422	50089	61133	49500





NOTES:

1. Areas for the 18 major functions identified are for teaching areas only. Category 19 is for all additional service spaces for storage rooms, lab offices, freezers, coolers, IT, washrooms.
2. Existing Area refers to the gross building area for the Culinary Arts Program on the Notre Dame Campus as per the attached floor plans. The areas do not include mechanical, electrical or building service areas.
3. NBC Area refers to the minimum space requirement required by the Manitoba Building code to accommodate the existing student population. The proposed area for a typical lab space is based on the current enrollment of 19 students @ the code minimum area of 10.75 sm per person or a total area of 2200sf per lab.
4. Consultant Area refers to the gross building areas recommended by a detailed planning study undertaken by a professional kitchen consultant in 2005 to determine the long-term development plans for the Culinary Facility.
5. Proposed Area refers to the proposed area to be developed in the Union Bank Tower complex.
6. Several new areas have been added to the existing spaces (shown in yellow) in order to provide for a comprehensive culinary arts program. These were planned to be added at the ND Campus in the near future.
7. The existing ND campus facilities include 3 restaurants. It is proposed to amalgamate these into 2 restaurants. As a result, Can Regional Cuisine has been reduced from 6525sf to 2200 sf.
8. Gross up factor for the existing ND campus is approximately 32%. This factor has been applied to the other categories until a detailed floor plan is prepared for the new building.
9. Proposed total gross area for the facility is approximately 49,500 sf which is approximately the same as code requirements. This is approximately 11,500 sf less than proposed by the external consultant and 9,000 sf more than current space.x

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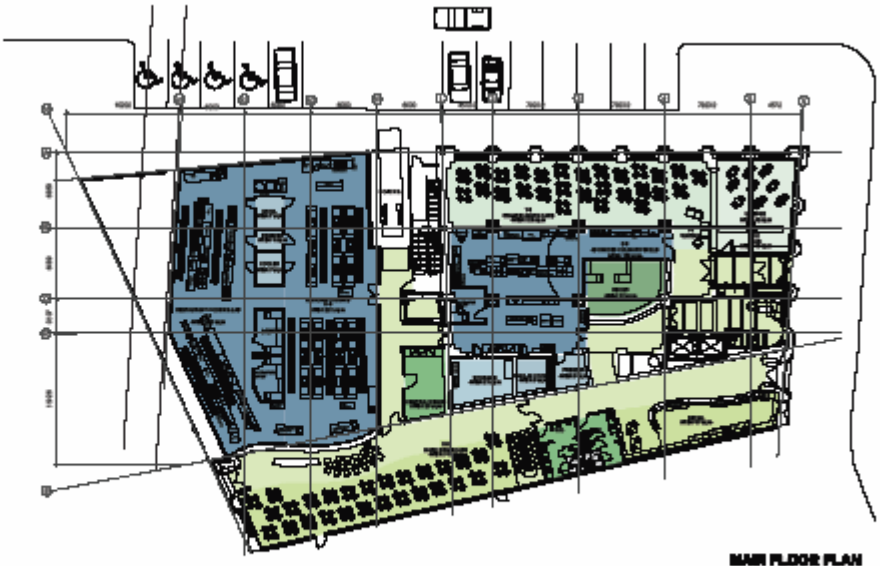
SCHEMATICS 1



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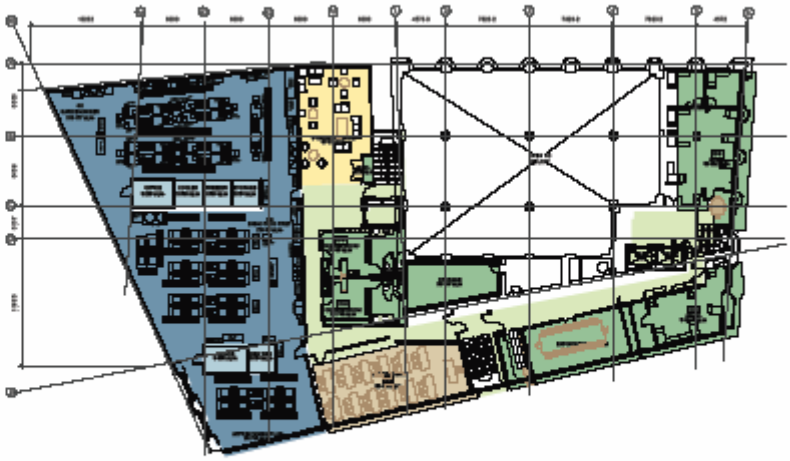
SCHEMATICS 2



SECOND FLOOR
SCALE 1:100
NOV. 14 2008

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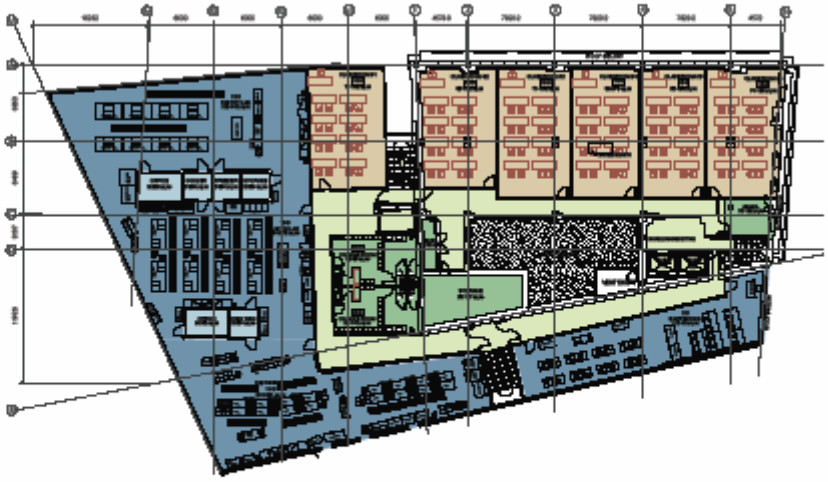
SCHEMATICS 3



THIRD FLOOR PLAN
SCALE 1:100
NOV. 14 2008

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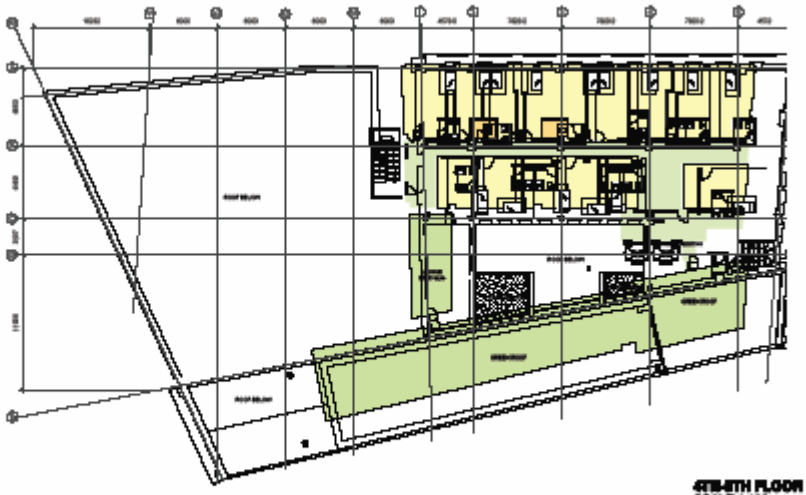
SCHEMATICS 4



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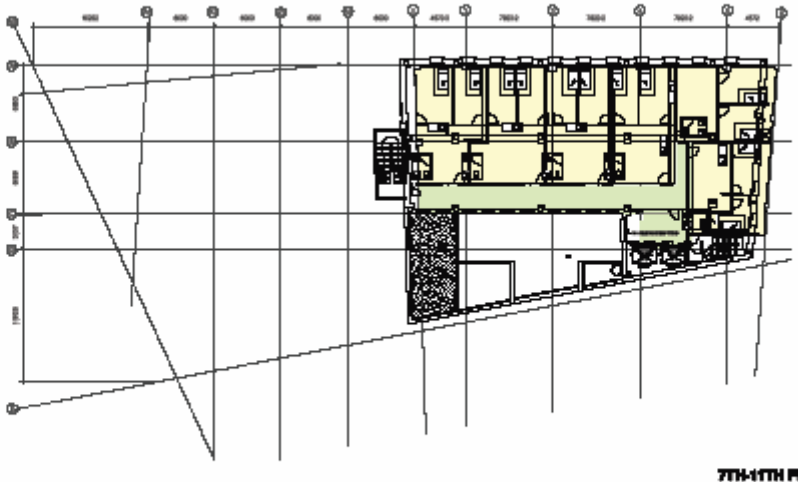
SCHEMATICS 5



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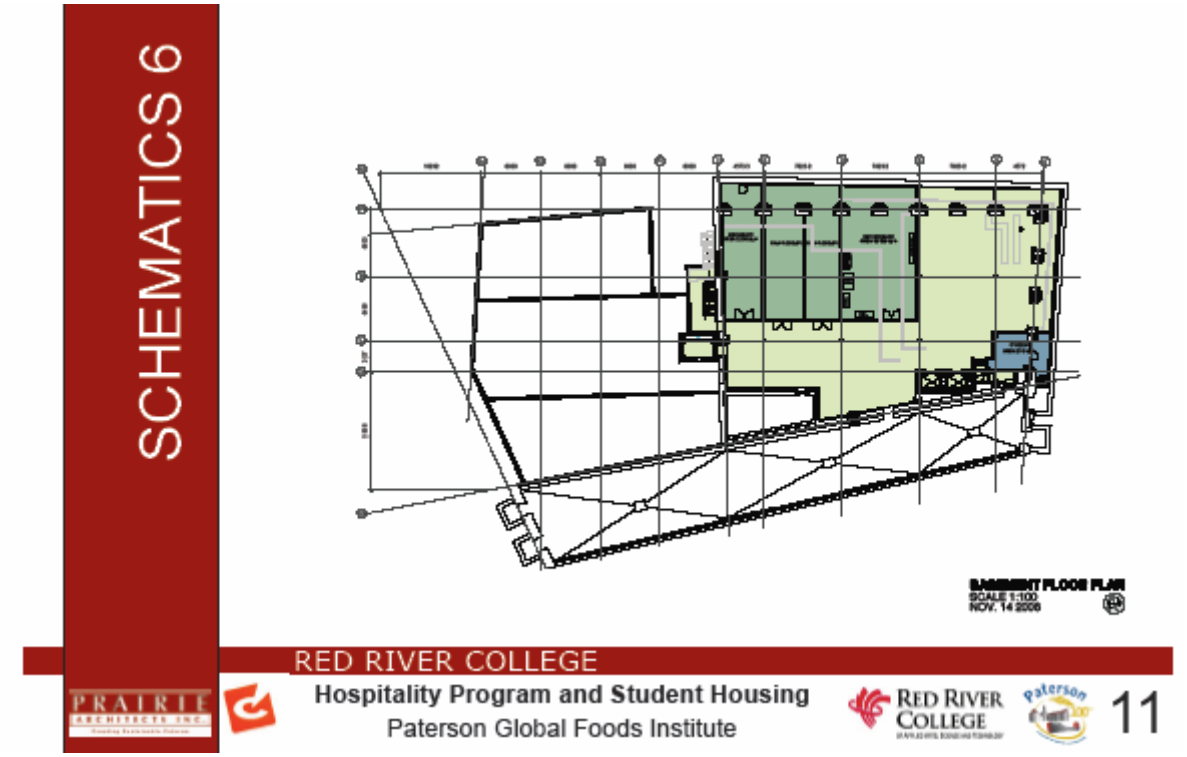
SCHEMATICS 6
BASEMENT FLOOR PLAN
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FORM
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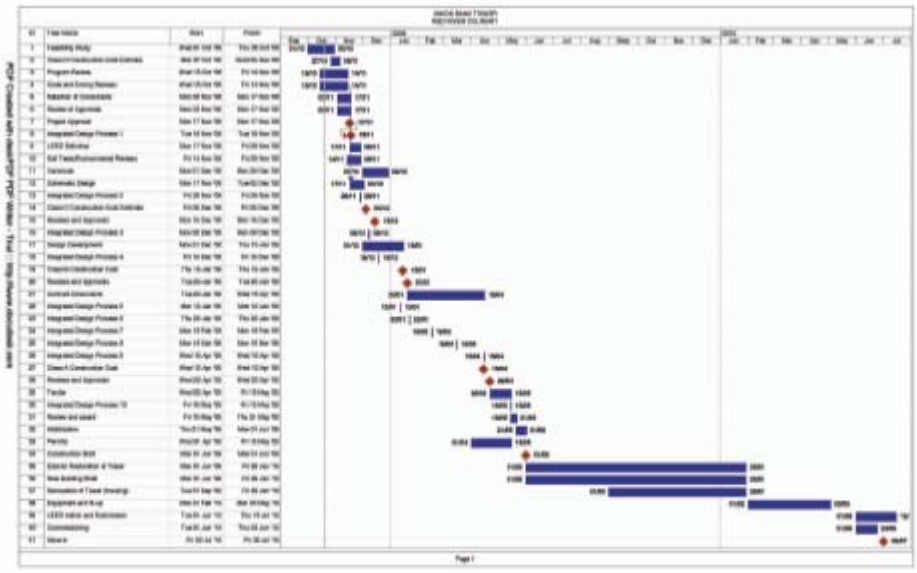
SCHEDULE



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BEST PRACTICES

Culinary Institute of America








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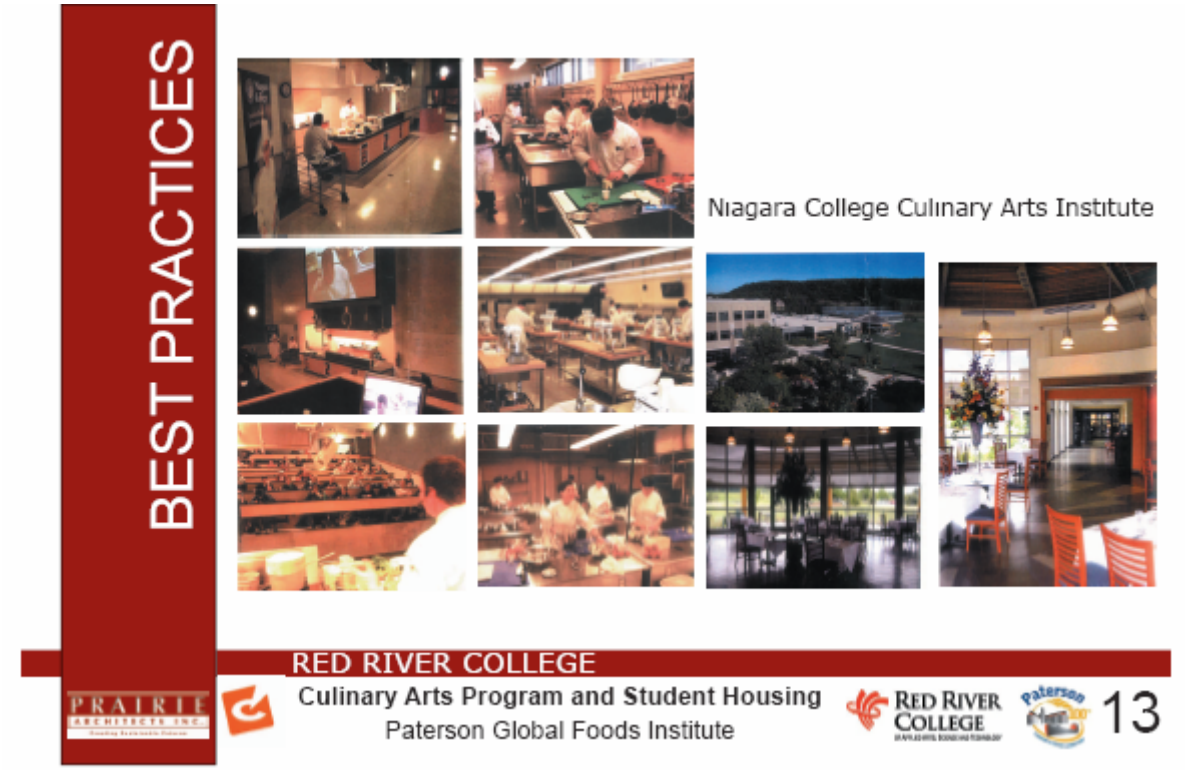
BEST PRACTICES
Niagara College Culinary Arts Institute
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