Agenda - Executive Policy Committee – April 21, 2010

Report - Standing Policy Committee on Downtown Development – April 12, 2010

Item No. 1 Sublease Agreement - 491 Portage Avenue - University of Winnipeg (Daniel McIntyre Ward)
eFile FI-2.2(32)

STANDING COMMITTEE RECOMMENDATION:

On April 12, 2010, the Standing Policy Committee on Downtown Development concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That the sublease between the University of Winnipeg and the City for use of the former Greyhound Inter-City Bus Terminal as a new Winnipeg Transit Terminal be approved, in accordance with the terms and conditions outlined in Schedule "A" to the report of the Winnipeg Public Service dated March 18, 2010, and incorporating such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor in order to fulfill the intent of Council.

2. That additional budget, in the following amounts, be approved for 2011 and subsequent years to pay for the City's share of the ongoing annual operating costs:

Budget Years	Annual Budget Amount
2011 – 2014	$25,000
2015 – 2019	$27,500
2020 – 2024	$30,250
2025 – 2029	$33,275

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

Agenda - Executive Policy Committee – April 21, 2010

Report - Standing Policy Committee on Downtown Development – April 12, 2010

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On April 12, 2010, 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: **Proposed Sublease Agreement between the University of Winnipeg and the City for the Use of the Former Greyhound Inter-City Bus Terminal at 491 Portage Avenue for Purposes of a New Winnipeg Transit Terminal**

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

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Menzies R. Klassen	D. Wardrop D. Joshi	M. Ruta	P. Sheegl Deputy CAO

RECOMMENDATIONS

1. That the proposed sublease between the University of Winnipeg and the City for use of the former Greyhound Inter-City Bus Terminal as a new Winnipeg Transit Terminal be approved, in accordance with the terms and conditions outlined in Schedule "A" and incorporating such other terms and conditions deemed necessary by the City Solicitor in order to fulfill the intent of Council.

2. That additional budget, in the following amounts, be approved for 2011 and subsequent years to pay for the City's share of the ongoing annual operating costs:

Budget Years	Annual Budget Amount
2011 – 2014	$25,000
2015 – 2019	$27,500
2020 – 2024	$30,250
2025 – 2029	$33,275

3. That the proper officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

IMPLICATIONS OF THE RECOMMENDATIONS

Council approval is required for leases that have a term greater than 10 years.

Capital funding for the subtenant improvements to convert and upgrade the former Greyhound Inter-City Bus Terminal to a new Winnipeg Transit terminal is included in the Bus Stop/Transit Terminal Improvements component of the "Transit Improvements" project in the 2009 Capital Budget adopted by Council on December 16, 2008.

HISTORY

On February 22, 2006, Council approved a comprehensive plan of transit improvements to be implemented over the 2006 – 2011 time period. The plan includes the upgrade of passenger waiting areas at major stops and at major terminals at shopping centres and post-secondary institutions.
On August 31, 2009, Greyhound relocated its operations from the inter-city bus depot at 491 Portage Avenue to a new facility at the Richardson International Airport. The University of Winnipeg has leased the former bus depot space (both interior and exterior) and is currently redeveloping the interior space into the new AnX Student Services Centre (including a bookstore, café/restaurant, information desk and other services).

In December 2008, the Transit Department and the University of Winnipeg began negotiations to convert the exterior Greyhound Terminal space adjacent to Balmoral Street (hereinafter referred to as the "Premises") to a new Winnipeg Transit Terminal. The Premises would replace the existing on-street transit terminal on Balmoral Street located immediately north of Portage Avenue. This new transit terminal would accommodate eight existing routes that currently terminate on Balmoral Street adjacent to the University as well as future rapid transit routes that are planned to terminate at the University of Winnipeg.

Both the University of Winnipeg and the owner of 491 Portage Avenue are supportive of the conversion. During 2009, a detailed design for the new Winnipeg Transit Terminal was prepared and reviewed with the University of Winnipeg and the property owner. Under the proposed agreement, the City will sublease the Premises from the University of Winnipeg on terms and conditions outlined in the attached "Schedule A".

The improvements to the Premises that would be undertaken by the Transit Department include new transit bus access/egress lanes, transit bus bays, sidewalks, passenger loading platforms, passenger shelters, benches, landscaping, expanded lighting, wayfinding signage, transit information signage, and related items to provide safe, comfortable, and attractive waiting conditions for passengers. The University would provide an interior waiting area in the AnX immediately adjacent to the new transit terminal with direct access provided by two sets of doors.

Capital funding for the improvements to convert and upgrade the Premises to a new Winnipeg Transit terminal, with an estimated cost of $1.2 million, is included in the Bus Stop/Transit Terminal Improvements component of the "Transit Improvements" project in the 2009 Capital Budget adopted by Council on December 16, 2008. Construction of the improvements would commence in Spring 2010 following completion of the winter term at the University of Winnipeg.

The sublease provides the City with **rent-free** use of the Premises for the transit terminal during the term of the agreement. Under the terms of the sublease, however, the City and the University will share responsibility for ongoing operating costs for:

- Security services in the transit terminal and in the interior waiting area in the AnX, and
- Cleaning, lighting, insurance, and repairs for the interior waiting area and for the doors and windows connecting the interior waiting area to the transit terminal

The City's total annual share of the sharable operating costs, as per Schedule A, is shown in the following table.

Years of the Agreement	Annual City Share of Sharable Operating Costs
1 through 5	$50,000
6 through 10	$55,000
11 through 15	$60,500
16 through 20	$66,550

The agreement provides for possible 5-year extensions in each of 2029, 2034, 2039, and 2044. Should the agreement be extended at these times, then the City's annual share of the sharable costs would increase by a further 10% increment at the start of each 5-year extension period.

The annual impact on the City's operating budget would be 50% of the amounts shown above, after consideration of provincial funding based on the cost-sharing agreement with the Province regarding transit operating costs. Construction of the transit terminal is planned to be completed in time for the start of classes in September 2010. It is expected that the City's share of the operating costs for the last four months of 2010, estimated at $8,350, can be accommodated within the 2010 current estimates proposed for the Transit Department. For 2011 though 2014, additional budget in the amount of $25,000 (50% of $50,000) will be required to pay for the City's share of these operating costs.

The Assessment and Taxation Department has advised that, as the City is subleasing the Premises from the University of Winnipeg rather than leasing the Premises from the property owner, the Transit Department has no obligation to pay property taxes for use of the Premises as a transit terminal.

The term of the agreement is for 20 years, with options to renew for four 5-year extensions to be exercised in each of 2029, 2034, 2039, and 2044. The renewals are contingent on renewals of the master lease between the owner of 491 Portage Avenue and the University in each of those years.

The new transit terminal would:

a) provide a significantly improved waiting environment for transit passengers immediately adjacent to the University

b) be fully integrated with improvements the University is making to the interior space of the former inter-city bus terminal

c) result in safer and improved transit bus operations on Balmoral Street, and

d) provide additional terminal capacity required for future rapid transit routes that will terminate at the University of Winnipeg.

The Transit Department and the Planning, Property and Development Department are recommending acceptance of the Terms and Conditions for a Sublease Agreement with the University of Winnipeg, as outlined in the attached Schedule "A".

Financial Impact Statement

Date: March 15, 2010

Project Name: **First Year of Program** **2010**

Sublease Agreement between the University of Winnipeg and the City for the Use of the Former Greyhound Inter-City Bus Terminal at 491 Portage Avenue for Purposes of a New Winnipeg Transit Terminal

	2010	2011 to 2014	2015 to 2019	2020 to 2024	2025 to 2029
Capital					
Capital Expenditures Required	$ 1,200,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	1,200,000	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Gas Tax Funds)	1,200,000	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ 1,200,000	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 16,700	$ 50,000	$ 55,000	$ 60,500	$ 66,550
Less: Incremental Revenue/Recovery	8,350	25,000	27,500	30,250	33,275
Net Cost/(Benefit)	$ 8,350	$ 25,000	$ 27,500	$ 30,250	$ 33,275
Less: Existing Budget Amounts	8,350				
Net Budget Adjustment Required	$ -	$ 25,000	$ 27,500	$ 30,250	$ 33,275

Additional Comments:

The subleased premises will be provided **rent-free** to the City. The City will be responsible for regular maintenance, cleaning, upkeep, and repair of the transit terminal, and for snow removal, sanding and cleaning of pavements and passenger platforms in the transit terminal. Under the terms of the sublease, the City and the University will share responsibility for ongoing operating costs for:

- Security services in the transit terminal and in the interior waiting area in the AnX, and
- Cleaning, lighting, insurance, and repairs for the interior waiting area and for the doors and windows connecting the interior waiting area to the transit terminal

The City's total annual share of the sharable operating costs is $50,000 for each of years 1 through 5; $55,000 for each of years 6 through 10; $60,500 for each of years 11 through 15; and $66,550 through each of years 16 through 20 of the agreement. The annual impact on the City's operating budget would be 50% of these amounts, after consideration of provincial funding based on the cost-sharing agreement with the Province for transit operating costs. Construction of the transit terminal is planned to be completed in time for the start of classes in September 2010. It is expected that the City's share of the operating costs for the last four months of 2010, estimated at $8,350, can be accommodated within the 2010 current estimates proposed for the Transit Department. For 2011 though 2014, additional budget in the amount of $25,000 (50% of $50,000) will be required to pay for the City's share of these operating costs.

"Original signed by Carrie Erickson"
Acting Department Controller

CONSULTATION

In preparing this Report there was consultation with:

The University of Winnipeg
Corporate Support Services, Legal Services Division
Corporate Finance, Risk Management Division, Insurance Branch
Assessment and Taxation Department
Public Works Department

SUBMITTED BY

Department:	Transit Planning, Property and Development
Division:	Service Development (Transit) Real Estate (Planning, Property and Development)
Prepared by:	Bill Menzies, Manager of Service Development Wayne Bollman, Supervisor of Property Management and Appraisal
Date:	March 18, 2010
File No.	0502-33

SCHEDULE A

Proposed Sublease Agreement between the University of Winnipeg and the City for the Use of the Former Greyhound Inter-City Bus Terminal at 491 Portage Avenue for Purposes of a New Winnipeg Transit Terminal

The proposed terms and conditions of the sublease are as follows:

Location: Ground-Level Exterior Space of Former Inter-City Bus Terminal at 491 Portage Avenue

Landlord: 4306946 Manitoba Ltd.

Sublandlord: The University of Winnipeg

Subtenant: The City of Winnipeg

Term: April 1, 2010 – August 31, 2029, with options to renew for 5-year extensions in each of 2029, 2034, 2039, and 2044. The renewals are contingent on renewals of the master lease between 4306946 Manitoba Ltd. (the owner of 491 Portage Avenue) and the University of Winnipeg in each of those years.

Rent: **Rent-Free** for the complete term of the agreement

Operating Costs The City will be responsible for regular maintenance, cleaning, upkeep, and repair of the transit terminal, and for snow removal, sanding and cleaning of pavements and passenger platforms in the transit terminal. Under the terms of the sublease, the City and the University will share responsibility for ongoing operating costs for security services in the transit terminal and in the interior waiting area in the AnX, and for cleaning, lighting, insurance, and repairs for the interior waiting area and for the doors and windows connecting the interior waiting area to the transit terminal. The City's total annual share of the sharable operating costs is as follows:

Years of the Agreement	Annual City Share of Sharable Operating Costs
1 through 5	$50,000
6 through 10	$55,000
11 through 15	$60,500
16 through 20	$66,550

Subtenant Improvements:

The improvements to the subleased space that would be undertaken by the Transit Department include new transit bus access/egress lanes, transit bus bays, sidewalks, passenger loading platforms, passenger shelters, benches, landscaping, expanded lighting, wayfinding signage, transit

information signage, and related items to provide safe, comfortable, and attractive waiting conditions for passengers.