Agenda - Executive Policy Committee - June 9, 2010

REPORTS

Item No. 3 United Way Funding Request - to offset construction costs for the new Downtown Headquarters on Main Street at Alexander Avenue (Point Douglas Ward)
eFile FG-1.1(U)

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That Council approve a one-time grant of $200,000 to the United Way to offset construction costs of their new head office facility located on the west side of Main Street at Alexander Ave.

2. That the one-time grant be provided from the Economic Development Investment Reserve (EDIR).

3. That incremental municipal taxes generated by the new facility be credited to the EDIR for the 5-year period commencing in 2011 and ending in 2015 or to a maximum of $200,000, whichever comes first.

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

5. That the proper officers of the City of Winnipeg do all things necessary to affect the intent of the foregoing.

ADMINISTRATIVE REPORT

Issue: **To consider a request from the United Way for funding assistance to offset construction costs for the new Downtown headquarters on Main Street at Alexander Avenue.**

Critical Path: **Executive Policy Committee – Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Thorgrimson	D. Joshi	M Ruta	M Ruta Acting CAO

RECOMMENDATIONS

1. That Council approve a one-time grant of $200,000 to the United Way to offset construction costs of their new head office facility located on the west side of Main Street at Alexander Ave.
2. That the one-time grant be provided from the Economic Development Investment Reserve (EDIR).
3. That incremental municipal taxes generated by the new facility be credited to the EDIR for the 5-year period commencing in 2011 and ending in 2015 or to a maximum of $200,000, whichever comes first.
4. That the Chief Administrative Officer of the City of Winnipeg be authorized to finalize and approve the terms and conditions of all agreements required to implement matters as directed by Council.
5. That the proper officers of the City of Winnipeg do all things necessary to affect the intent of the foregoing.

REASON FOR THE REPORT

- Council approval is required to provide a grant to the United Way.

IMPLICATIONS OF THE RECOMMENDATIONS

- The total capital cost of the project is estimated at $10 million for the construction of a 20,000 square foot building to be occupied by the summer of 2010 and having an estimated assessment value of $2.7 million (based on 2009 values). The facility will generate an estimated $40,000 in incremental municipal taxes annually.
- Project funding commitments to date have been provided through:
    - A Federal Government contribution of approximately $3.14 million (33% of eligible construction costs of $9.5 million).
    - A Provincial Government contribution of approximately $3.14 million (33% of eligible construction costs of $9.5 million).
    - A contribution by CentreVenture Development Corporation of $533,544, representing the difference between CentreVenture's cost of land assembly ($1,033,544) and the amount the United Way paid CentreVenture ($500,000) for the land.
- In addition to the above and together with CentreVenture's contribution of $533,544 and the recommended grant of $200,000, the City of Winnipeg's funding contribution represents approximately 7% of the total project cost.
- The balance of funding would be carried by the United Way in the form of a mortgage. It is the goal of the United Way to ensure that 100% of their charitable contributions are used in support of their programs.
- The $200,000 grant from the EDIR would be repaid through the assignment of incremental taxes estimated at $40,000 annually, commencing in 2011 and not to exceed $200,000.
- Recommendations are based on the net benefit to the City of Winnipeg of a new Downtown headquarters for the United Way, including:
    - Alignment with Council's priority to promote downtown development and support neighbourhood revitalization.
    - Generation of approximately $40,000 of new incremental municipal tax revenues annually.
    - Introduction of over 60 employees, 45 sponsored executives, and hundreds of volunteers to the Downtown.
    - Creation of extended hour community access to the main floor of the building that will:
        - Showcase some of the great things happening in our city in terms of positive social change and how Winnipeggers can get involved.
        - Provide 'hot desks' to incubate innovative social enterprise and community initiatives aimed at making our community better for all.
        - Provide meeting space where all sectors can come together to identify and discuss issues that matter most and how we might work together to address them.
        - Provide supports to the not-for-profit sector including education and training opportunities and the opportunity to match their needs for professional support with skilled volunteers interested in making a difference.

HISTORY

- The United Way has outgrown its space at Five Donald Street and made a decision to relocate in order to expand the capacity of its role as a convener, catalyst and facilitator.
- In April 2009, the United Way approached the City for financial assistance to help off-set construction costs.
- In choosing a location, the United Way wanted to contribute to the revitalization of Winnipeg's Downtown and in so doing:
    - create a potential 'tipping point' for the renewal of Main Street,
    - be closer to downtown business and residential areas (Exchange, Point Douglas and Chinatown Districts), and participate in planning for the future of these areas,
    - bring volunteers from elsewhere to experience the Downtown and support their community involvement day and evening,
    - be closer to potential community partners, including WRHA, RRC, Sport Manitoba and the Aboriginal Health and Wellness Centre,
    - be closer to agency partners with 'storefront' amenities that will strengthen relationships, collaboration and innovation toward sustainable social change – building the capacity for individual Winnipeggers to become engaged in the community, and
    - enhance the visibility of the organization.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 6, 2010

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

Request from the United Way for funding assistance to offset construction costs for the new Downtown headquarters

	2010	2011	2012	2013	2014 to 2015
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	$ 200,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	40,000	40,000	40,000	80,000
Net Cost/(Benefit)	$ 200,000	$ (40,000)	$ (40,000)	$ (40,000)	$ (80,000)
Less: Existing Budget Amounts	200,000	(40,000)	(40,000)	(40,000)	(80,000)
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Direct costs in 2010 represent the grant amount while revenues 2011 to 2015 represent estimated incremental municipal realty taxes accruing back to the Economic Development Investment Reserve.

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

CONSULTATION

In preparing this report there was consultation with:

N/A

SUBMITTED BY

Department: Planning, Property and Development
Division: Office of the Director
Prepared by: G. Holmes
Date: May 12, 2010
File No.

o:\reports directive\office of the director\downtown manager\ris report - united way economic development opportunity_revised.doc