COUNCIL OF THE CITY OF WINNIPEG
Wednesday November 25, 2009

The Council met at 1:33 p.m.

The Clerk advised the Speaker that a quorum was present.

The Speaker called the meeting to order.

The opening prayer was read by Councillor Orlikow.

ROLL CALL

Clerk: Mr. Speaker, Councillor Lazarenko, His Worship Mayor Katz, Councillors Browaty, Fielding, Gerbasi, Nordman, Orlikow, O'Shaughnessy, Pagtakhan, Smith, Steeves, Swandel, Thomas, and Vandal.

INTRODUCTION AND WELCOME OF GUESTS AND ANNOUNCEMENTS

Mr. Speaker: Thank you. Would you please read the Notice?

Pursuant to Section 79(1) of The City of Winnipeg Charter, the City Clerk was directed by His Worship Mayor Katz to arrange a Special Meeting of Council on ***Wednesday, November 25, 2009****,* ***at 1:30 p.m.****, to consider the Declaration of Surplus - Winnipeg Square Parkade, 360 Main Street.*

Mr. Speaker: Thank you. I have…Councillor Thomas.

Councillor Thomas: Rise on a point of order. It's actually a two point of order. While the Mayor has a right to call a meeting, he is supposed to give a one day's notice if at all possible and I believe that tomorrow, not being a weekend or anything, certainly we could come back during a weekend. And the second part of it is Councillor Wyatt is out of town, and I understand that he was e-mailed but while…and that…by the time I left for lunch he had not answered his e-mail. But this is not sufficient time for Councillor Wyatt to get back in order to attend, and he actually was in the middle of debating resolutions in the AMM, that's what they were doing this morning, so it's unfair to Councillor Wyatt to proceed with the meeting at this time, and those are my two full point of order and we are…every Councillor is supposed to receive notice when a meeting occurs and it certainly wasn't sufficient time for him to get back in the city and be a part of this meeting.

Mr. Speaker: Well, Councillor Thomas, Councillor Wyatt was not here this morning, he had a leave of absence and he wouldn't have been here regardless one way or another, but speaking to the clerk, and what was done was due diligent, therefore the Special Meeting has been called and is bona fide and Mr. Clerk, can you just verify that?

Clerk: Mr. Speaker, members of Council, the Charter provides for a special meeting of Council, may be called when the Mayor considers it appropriate to do so. The Notice for the Special Meeting, a Notice of Special Meeting of Council must be given in accordance with the By-law. The By-law specific in that it says "a Notice of a Special Meeting of Council shall whenever possible, provide one working day between the giving of the Notice and the meeting date and shall contain an explanation giving reasons for the convening of the meeting." Notably the Charter also provides for an effect of failure to notify in section 79(3), whereby a Special Meeting of Council must not be held in the absence of a member unless the member has been given notice of the meeting in accordance with the By-law governing procedure. Our By-law is silent in terms of notification, therefore we would be utilizing our standard practice of notification, which is in fact by e-mail. So, it is my opinion we've met the provisions of the By-law and the Charter. The speaker can make a ruling on this matter and Councillor Thomas can challenge that ruling should she see fit.

Mr. Speaker: Thank you, Mr. Clerk. I will so set a ruling that this meeting is in order and we will commence with it. A way this was…ample notice was given some time ago. Councillor, please sit down. We dealt with this earlier before noon. It was agreed upon, therefore, the Mayor has called a Special Meeting and Councillor Thomas, I believe you have…you have an order.

Councillor Thomas: With respect, Chair. Because Councillor Wyatt is not able to be here at this time, I would, with respect challenge the Chair on that ruling.

Mr. Speaker: Thank you. The Chair has been challenged. All in favour of the ruling of the Chair? Please stand.

A RECORDED VOTE was taken the result being as follows:

Yeas

His Worship Mayor Katz, Councillors Browaty, Fielding, Nordman, O'Shaughnessy, Pagtakhan, Steeves, Swandel, Mr. Speaker Councillor Lazarenko.

Nays

Councillors Gerbasi, Orlikow, Smith, Thomas, Vandal.

City Clerk: The vote Mr. Speaker, Yeas 9, Nays 5. The ruling of the Chair is sustained.

Mr. Speaker: You've got it. Let's start. The leave of absence Motion for Councillor Clement due to personal matter, would someone…Mr. Clerk, can you read the Motion?

MOTIONS

**Moved by Councillor O'Shaughnessy,
Seconded by Councillor Fielding,**

That Councillor Clement be granted a leave of absence from today's meeting due to a personal family matter.

Mr. Speaker: All in favour? Contrary? Carried. The second Motion.

**Moved by Councillor Browaty,
Seconded by Councillor Thomas,**

That Councillor Wyatt be granted a leave of absence from today's meeting due to his absence from the City on City Business.

Mr. Speaker: All in favour? Contrary? Carried.

Delegations, none. Oh, we have the Page. Kayla Ruiz is here. (Applause). Sorry, Kayla, I missed you. And the delegations, none.

Standing Policy Committee Downtown Development, report of November 23rd of 2009. Councillor Swandel, would you please introduce your report?

**REPORT OF THE
STANDING POLICY COMMITTEE
ON DOWNTOWN DEVELOPMENT
DATED NOVEMBER 23, 2009**

**Item 1 - Declaration of Surplus - Winnipeg Square Parkade, 360 Main Street (Point Douglas Ward)
eFile-FI-2.4(32)**

Councillor Swandel: Thank you, Mr. Speaker. As you all know, the report in front of us today is the recommendation to sell…well, to declare the Winnipeg Square Parkade Property's Surplus. The decision has already been made by the Downtown Development Committee to sell the Parkade for the unconditional offer of $24 million which will result in net proceeds to the City of $24 million less the real estate fees which on the $21.4 million offer we were aware were around $400,000. I think we've gotten into some of this earlier through the question period in Downtown Development. I think those of us who…those of us amongst us who want to stand up and speak to this, I think I'll save most of my comments for closing.

I think…just you know, I can tell you a great deal of work has gone into getting this deal done. I think it represents a great opportunity for downtown. This offer is open until tomorrow for us to proceed with. We…it's been argued that we could have a Special Meeting tomorrow. I don't want to take that chance. I think this represents such a huge opportunity for downtown to do anything to…that might put this deal in jeopardy, is only going to interfere with our ability to get things done in downtown in the very near future. So those are my comments to open. I will

wait and respond to my Council colleagues in closing. Thank you.

Mr. Speaker: Thank you, Councillor. Councillor Gerbasi.

Councillor Gerbasi: Thank you, Mr. Speaker. There are two important questions we should be asking here today. And the first obvious one is should we be selling this parkade at all right now? And the second question is if we do sell it, what happens to the proceeds of the sale? Downtown Advocates believe…and I support them in this, that the Parkade was built as I investment in the downtown and the proceeds should be used to spur downtown revitalization. There are a number of reasons that call into question the decision to sell the Parkade right now.

Firstly, the City's own report raises the question of the current economic conditions being a risk in terms of the price being lower than what we could get at a future date. Clearly, the price as offered is very disappointing. Even the ASD Committee recommended not accepting anything below 26.5 in the counter offer to the $21 million highest bid. Yet the Downtown Committee with the exception of myself has voted to accept 24 million and in reality, that's only 23.6 million after the $400,000 in real estate fees are deducted. It is a well known fact, a second important point, that the value of parking is going up. It is quite likely that the City could get a better price than we are getting, at a future date.

Another confusing factor is the amount of actual repairs the Parkade needs is not being made clear. There are conflicting reports and points of view on the matter. The range of the suggested cost goes from 2.5 million to 12.1 in the report. However, I remind those who earlier pointed out that we should listen to our Administration and that our head of the Parking Authority has said that the consultant who said the $2.5 million figure is the one that they support. And that consultant is a local firm that knows the realities of the parking business in Winnipeg. They say the $2.5 million is adequate. The lower number is manageable for the WPA to keep the Parkade in decent repair which would leave the revenues alone…if City Council would leave the Parking Authorities revenues alone and not saddle them with artificial debt. Considering the reasonable cost of repairing the parkade, one has to wonder if the analysis has been sufficient to justify selling off a revenue stream that could exist for the next 50 years. The main argument we're now hearing about selling the Parkade is that we must do this to have the money available to build more parkades, and enact the Downtown Parking Strategy. This strategy could result in new parkades, development and a reduction in surface parking lots. I want it on the record that I am hugely supportive of a proactive Parking Strategy, and I've been talking about this for years and I'm thrilled that it is now something that all of Council is discussing. Our parking SOA should be used as a tool of public policy to get mixed use parkades happening at the same time as reducing the number of surface parking lots.

However, the idea of selling off the Parkade before there has been a proper business case made as to how to best address downtown parking issues and how to run the Parking Authority is simply ass backwards. What would make a lot more sense would to have the WPA proceed to develop the Strategic Plan as they are doing, and also, update their Business Plan to reflect how they would operate without the revenue stream of 1.8 million from the current Parkade in question. The WPA could bring forward a plan that would identify how they would create new revenue, generating parkades, how they would create new revenue from building new parkades and reducing surface parking lots.

Has it occurred to anyone, by the way, that the Parkade might not have to be sold to achieve the goal of implementing this Parking Strategy? It is quite possible to act on a strategic plan by having the Parking Authority borrow the money, invest in parkades which eventually turn over a profit over time to debt financing. This way, the Winnipeg Parking Authority could keep the revenue stream of 1.8 million per year plus air rates which are

going up significantly if you read the report over the number of years and still invest borrowed capital dollars in the Downtown Parking Strategy as a hands off…stand off agency, separate agency that would deal with that debt and then end up creating new revenue streams and revitalizing our downtown. All of these details should be sorted out in a proper business planning process brought forward by our Special Operating Agency. If the plans that we are due to receive and may show that selling the Parkade is the best way to proceed in the SOA's business plan and there is a solid argument for that, then we could easily put this back on the market then.

And I would like to remind you that as soon as the asset is sold, the Parking Authority will stop receiving its revenue of 1.8 million a year. So it's going to sit there in the bank as that revenue will be lost. Why can't we hold off this sale until the plan is ready, and we have the facts, or guess the choice today here will be the start losing money immediately. Losing revenue that we had coming in yet we still don't have our plan, business plan or Strategic Plan. And you know, nobody is trying to hold things off or delay them, but we aren't even…we are delaying it anyway. We're not proceeding until we have the had plans anyway. So my point is that the case for selling this parkade has not been made well, properly. And a proper business planning process and Strategic Plan which includes consultation with downtown stakeholders should come first. Action is long overdue as Councillor Swandel has repeatedly said and I think we all agree. But that doesn't mean we have to blindly sell off a valuable asset before we properly consider the best way to achieve the goal of a better downtown, a goal which we all share.

However, it is pretty clear that the majority of this Council is hell bent on selling this thing for whatever reasons. So, since that is likely to happen, the next question is what happens to the proceeds of sale? Downtown Advocates and I agree with them, they are saying all proceeds from the sale should remain in the downtown. The Parkade was originally built as an investment in the downtown and selling off this asset to use the funds to address general revenue concerns is simply wrong. The Parking Authority's so-called debt is bogus. The Parking Authority has been used as a way to supplement our operating budget. For the last five years if the Parking Authority made $2 million, the City took out five to add to our budget and added another three million of artificial debt to the Winnipeg Parking Authority's debt line. It's only a paper debt. It's not real. And I think we can all agree and I think I've heard people agree, that this is an unfair, nontransparent way to do things and should be stopped.

But furthermore, we should go further and say that those funds should not have to be paid back since they aren't actually something in reality that the Parking Authority benefited from in any way. The Parking Authority was created to be an arms-length from City Council and to operate with a business model, yet Council has interfered by burdening them with artificial debt to top up our budgets. Now we're selling off their biggest asset without giving them a chance to bring forward a business plan and rationalize that. We are doing it…the cart is before the horse.

I will acknowledge that there has been some significant progress in that the Motion from the Downtown Standing Committee, at least refers to the Downtown Parking Strategy and allows the funds to be held by the Parking Authority until that Strategy is ready in May. However, there is no clear commitment that the funds will be used for that Strategy. At the Downtown Standing Committee I tried to get the Committee to agree to commit those funds from this sale to remain in the downtown or be used for the Parking Authority, not the artificial debt, of course, and that was rejected. And I also tried to get the Committee to allow for the report to go through a normal process rather than being walked on and that was also refused as you've seen today. Downtown stakeholders have not been properly consulted in the process as the report was only made public yesterday.

Mr. Speaker: Councillor Steeves moves extension of two minutes. All in favour? Contrary? Carried.

Councillor Gerbasi: The downtown Biz has long advocated that downtown needs a Strategic Parking Plan. At their AGM yesterday, and some of you were there, they made a clear statement that all of the funds of the Parkade sale should remain in the downtown. So if you insist on selling this thing before the proper business case and planning has been done, I urge you to make a commitment today and on the record, that the proceeds of this asset will be invested back into our downtown and I don't mean paying off some artificial debt, funneling money off to our operating budget.

A strong and vibrant downtown will make our city as a whole strong, allowing our Parking Authority to act as an economic development tool to create mixed use parkades while getting rid of surface lots is a long overdue idea and I'm absolutely thrilled that that's Councillor Swandel's biggest dream in his life right now, so that's just wonderful. I share that dream. And it can happen just as quickly, just it should be done properly. That commitment from the Mayor and Council today would give the citizens of Winnipeg a lot more hope that this Council is truly putting downtown first. And, you know, we all share the same hope for our downtown and understanding about, it's a question of how we get there and this is not, you know, there's been all sorts of comments about all this politics and this and that. We are all trying to do the right thing for our city, but I really think that this is being done…not being done properly. It's not being thought out properly, it's being done backwards. And I think, you know, there was talk earlier of listening to our staff. We were berated for not listening to our report, listen to our staff. Nobody properly consulted the Parking Authority. Nobody listened to their business plan. Now they're catching up and trying to put together a new business plan, that's fine we have a right to direct them. But why are we selling off their asset before we've even heard from them about their completed business plan and now we're going to lose that revenue stream right away as soon as we sell this thing. So I have to say, I hope that I will hear the commitment today that our downtown is truly first. Thank you, Mr. Speaker.

Mr. Speaker: Thank you. Councillor Steeves.

Councillor Steeves: Thank you, Mr. Speaker. My good friend Councillor Gerbasi whom I love more than the sun you're aware, has continually referred to this Parkade as 'their asset' as if the asset was owned by the Winnipeg Parking Authority, not the case, Mr. Speaker. This asset is owned by the citizens of the City of Winnipeg. And as the elected representatives of the City of Winnipeg, I think we should be the people making that decision ultimately.

WPA is a good organization. I think they are doing wonderful work. It is a very, very strong and important distinction that we have to make. They do not own this Parkade. The history of this item is, I think of note. There has been an expression of interest document out there for several months. We went through that process, which I think everyone here would agree was a completely open process. We know our Administration went out and cultivated the four or five largest real estate leasing companies in the city. Apparently the search transcended borders around the world, this country, that country. At the end of the expression of interest process, we all saw the report that came back, the open bids came back. The highest bid quote unquote was around $21 million. At that stage, Council got together by virtue of a Council seminar, and it was my honest impression at that stage, Mr. Speaker, that there was actually a fair bit of agreement around the table, down stairs, as to how people might feel about proceeding with this matter. Clearly the impression that I had was not exactly accurate, but the sense I had at that time was let's work with the highest bidder, let's go out there and let's see if we can get this number up from 21 million. I think it was clear at that stage, that Council, certainly by majority, was not comfortable with the $21 million number. There was a variable of reasons for that. But I think I can say with some certainty that the City

of Winnipeg Council would not have disposed of this asset for $21 million. It was not comfortable in doing so. The range for people, I think there probably was some Councillors who would've disposed it for 21 million, but the range seemed to be somewhere between 21 million and 26.5 for pretty much everybody on Council. I think we're going to hear it today that some people from the beginning were opposed to selling this Parkade, but I've never been able to pick up a true sense as to who is against selling this Parkade and who is not. I guess I'll learn that through the process of this debate today. Or perhaps I'll hear that "I'm not opposed to selling this Parkade, just not right now and I need more process," which we sometimes hear in this Chamber as well.

The result of the negotiations that we dispatched our Public Service to do, post our meeting, seminar of Council, resulted in the bid being up to I guess a gross 24 and net 30…net 23.6 or 23.5, depending upon how you want to place it. And it is my distinct impression, as I stand in this honourable Chamber to say that based on all that we have gone through, based on the advice again of all of our Public Service, this is the best bid we are going to get on this property. The process we went through is not different in principle or set up than someone selling a home in recent memory here in Winnipeg. They bring all of their bids in on their homes they've been lucky enough to receive. Sometimes they'll take the highest bid and they'll go back to the person and ask for more money and sometimes they'll get it and sometimes they won't.

Process is quite actually although more complicated higher stakes is very, very similar here. We dealt only with the highest bidder and I thought that was important because it maintained some integrity in the process. If you come out of the EOI process as the highest bidder, no, you haven't won the contract, but you've won something. You've won the ability to be the sole person negotiating for the right. And if you want to put more skid in the game, then you just might come out of this with a deal. Who knows?

Some questions about the deferred maintenance, which have come up, and truth be told, that is a bit of a grey area in terms of articulation. Because who can really say in the context of this Parkade, what deferred maintenance is going to be over time. We hear different stories but we know there is going to be maintenance. There is going to be that component. But, I'm going to leave that aside and let's call this what it is, a philosophical argument about what are the core services of the City of Winnipeg, Mr. Speaker.

There are political models out there that exist in the world that say that the private sector should not exist. I don't think anyone on this Council shares that belief. There are no true communists on this Council, at least that's my impression. But, that model does exist. There are people in our society who say the public sector should run everything. Between that extreme and the extreme at the other end we all probably fall somewhere in between. It is my belief…and I think another Councillor mentioned it today that there is a place for the public service in parking but probably not, probably not where we have a clear and definite indication that the private sector can run this. Oh, we could bring in revenue doing it, sure we can. But where does that argument stop? Why not a restaurant? Why don't we build a shopping centre and run it ourselves if we can make money at it. The reason we don't do these things is because these things are not core services. And sometimes, even though you have something which can be a core service, it might not always be a core service. And the distinction is we have a role to play in parking where we know, in all likelihood, the private sector will not be involved. We have a clear indication by this report that the private sector will be involved and they will be involved at a fair market price.

We've…when I was on the School Board back in the day, somebody had a good idea about the school board creating its own print shop. We had a print shop. And we said, to raise money we're going to sell printing services to the greater community and we had a plan and we

started making money doing it. We were then approached by one of our taxpayers down the road who also had a printing shop and they came in respectfully and said "why are you doing this to me? I pay my taxes. I pay my school taxes and in exchange for that, I expect good education for students. I don't expect a competitor in my market place." We took it away because there was no fair response to that comment. The question about where the money goes is important and I'm glad that Councillor Gerbasi brought it up and we had a good discussion at Committee on that very point. And, as surprising as it might seem to people on Council, the four of us, in our own little way, cobbled together the Motion that…the recommendation that exists.

Mr. Speaker: Councillor Thomas moves extension of two minutes. All in favour? Contrary? Carried.

Councillor Steeves: That exists before Council today. I think Councillor Swandel and Councillor Gerbasi had very disparate views at the first instance as to where this money may be held. But at the end of the day, I think recommendation No.2 is a fair one. We have the ability to transparently hold money. We did it with Glacial Sand and Gravel. And this year in our capital budget, you saw the way we dispended some of that money. Assiniboine Park. I think we all agree that's not a bad place to spend some of that money, but it was there, it was transparent. We held it for a long time, relatively speaking, and then we spent it on a project that was important to us. We've shown we have the ability to do that. There is no reason to assume we couldn't replicate that here.

So, unless what you're saying, Mr. Speaker, is that we should have the unfettered right to go into the marketplace, into areas where we know the private sector can do this job that we should somehow as a Civic Government, now continue to overhold in that marketplace and compete against other members of the private sector? I don't think that's supported by our constituencies. I don't think the average taxpayer would be out there saying, "Yeah, we think it's great. The City of Winnipeg should get into all sorts of businesses and trying to make money. That's not why government exists. At its core and at its root we exist to deliver certain core services. Thankfully, because of its success, this Parkade has evolved to a point, we don't need it as one of our core services. Let's use the money elsewhere.

Mr. Speaker: Thank you, Councillor. Councillor Thomas.

Councillor Thomas: Thank you very much, Mr. Speaker. I do not intend to reiterate the comments of Councillor Gerbasi which I whole heartedly agree with. I'd like to point out a couple of things with regard to this clause. The…it's been said that we need a proper business case for doing this. And I'd like to tell you why there is no proper business case. Because the SOA, which we created a number of years ago, had not requested or anticipated the selling of these assets. It is not part of their plan. As a matter of fact, this revenue stream is a significant amount of their revenue stream. Yet, they have been told to figure out what to do now that there is this revenue coming from an asset that's been dispersed that they didn't anticipate or wish to be dispersed. I'd like to point out that since this SOA was created, there's been more political interference in this SOA than in any other part of the SOAs that I can think of.

First, rates were not allowed to go up at the rate that they were originally planned for by the agency. As a matter of fact, there was rates that were pulled back down, specifically, in this Parkade. Now, how can this Council do that and say that the whole reason for creating a Special Operating Agency is to allow them to operate independently and to show a good business case. Well, Council's consistent interference in their operations has made that impossible. If the SOA is not successful, I would suggest that it is not successful due to political interference. There's been a lot of rhetoric around the whole idea of making something more competitive. Well, I would suggest that taking a huge asset from the Special Operating Agency and selling it off and telling the social

operating agency afterwards, deal with it, come up with a plan now that we sold off your major asset, is more than a little problematic. It's down right silly. You can't define a Special Operating Agency, ask it to operate independently and then year after year, interfere with the rate that's charged, interfere with the assets it's allowed to hold, interfere with how the Operating Agency is being run and then afterwards, suggest to them that they go create a plan on what they are going to do now after you've sold off their assets.

That's foolish. Very foolish. And now, if they create a plan, do they know what the Council is going to do next year, with what assets they have left? Because the Council is given them no assurance that they are not going to interfere any more with how the Agency is operating. As a matter of fact, if they don't come up with a plan, by May of 2010 on what they want to do with the money, this Motion makes it very clear that Council will decide that for them. That's further interference. The Special Operating Agency that was to…created to operate independently should be deciding what they are going to do with those assets at their time frame, and they should have assurance that there should be no more interference in their business, because how can we expect them to operate successfully as a Special Operating Agency when we keep taking away their assets and keep fooling around with the rates. It doesn't make any sense, Councillors. This is sillyness upon sillyness.

And that's why I will not have anything to do with the sale. If the Special Operating Agency came and said that they had a business case for why it was being sold, that's their choice. It is never been their choice. It was a political decision, outside their Special Operating Agency. If anybody knows…how that is not considered interference? Explain that to me, because as far as I'm concerned, that's gross interference in an operating of a business that you set up to be independent. You're not allowing the business to succeed because you keep fooling around with its assets and you keep fooling around with the amount of money that they can collect. Stop it already! Thank you.

Mr. Speaker: Councillor Fielding.

Councillor Fielding: Thank you, Mr. Speaker. I will be supporting this decision's deal before Council today, because essentially I think it does make sense for our taxpayers. I want to touch upon five major points briefly and tell you why I think that the rest of Council should support this.

If you look at some of the history, we know that this building was created somewhere in the 70s, I think it was 76. It is 33 years old. There is agreements obviously that are in place in terms of the air rights, the potentially could be there. There's been a lot of talk in terms of the infrastructure. What sort of infrastructure. We know very much is a…it is aging and major work is going to have to be done. We know that there's been a number of sources whether the MMM group or…I think the other one…the other one throughout time was another company, I believe it was Reid Jones that looked at the infrastructure. But it could be upwards of $12 million of upgrade that would be there. And I think you know one thing can be said, you know, whether you're able to valuate which one is right and which one isn't, that major work needs to be done on the Parkade over the next number of years.

One could argue the deferred maintenance that necessarily hasn't been done overall has allowed it to be more profitable than normal over all, but you know as you look at this in terms of a business decision, you know, you have to look at in terms of liabilities, what we're going to see as we go ahead. So I think right now is the right time to take a look at whether we should divest ourselves of this or not. So I think it is very valid. The valuation has also come up and you know, I don't think anyone on the floor Council besides Councillor Browaty who I believe actually is trained in that area could tell what valuations are in that source, but I do know that Price Waterhouse Coopers have put forth a number and they put forth a number of

$21 million which I think was a fair number. I do want to compliment Councillor Swandel and I think Councillor Browaty as well who pushed the envelope in terms of this, in terms of the amount of money we can get for it and we're able to leverage some more money out of this deal. So I think the valuation was right, an independent firm valuated what the pricing should be at and we were able to get more money than we could. At the end of the day, it's the market that's going to dictate what the valuation of this package is. I think there is, you know, on a political level, you know, there is some people here that probably don't want to sell it, whether this would be a hundred million dollars or $200 million, at some point, I just think there's people that would just say no, we want to stay in the parking business and that's fine. I mean, that's your political philosophy. It's not mine, I don't agree with it. I think that we've got to look at these things on a one up basis, what makes sense for taxpayers. I think you've also got to look at it in terms of incremental property taxes as well as some of the business taxes that are there. I know there is a transfer within our system that is there but I can tell you if we do sell the assets to a private sector you're going to see that money that's there. You'll also…possibly going to see the development…maybe of a tower or some sort of other building that could be part of that which is dollar figures that could come on down the line.

The other point which I want to talk about as I mentioned before is that I think politics is playing a little into this, and I believe as we mentioned there is an ideological belief that we shouldn't divest ourselves. It's not something that I agree with but I don't hold any grudges against you folks that aren't for it. But it makes sense to move this way. I personally have not…in terms of that…in terms of what we should do with the money once we get it, I generally am of the philosophy that we probably shouldn't be in the parkade business per se. There has been a lot of talk that it can create some sort of economic stimulus for certain areas. I'm willing to listen to those arguments as they come forward and I want to see if it does make sense to invest in certain areas and Councillor Swandel talked about the East Exchange. There might be some merit to investing parking in that area and I'm interested to see that information as we come forward. But, in conclusion, you know, I think this just makes good sense for taxpayers. I think it's the right time to do it, I think it's the right deal, the right valuation and as such I encourage all of you to support this here at Council.

Mr. Speaker: Thank you. Councillor Smith.

Councillor Smith: Mr. Speaker, I would like to support this. You know, I think it would be useful to sell the facility and plow the money back into parking in the downtown. You know, I don't like to see these open lots for parking. I think they are the scourge of the city. I think our downtown is hurt by these open parking lots. So, I'd be supporting this if it was definite that the monies from the sale were going to go into building a parking garage or for parking in the downtown specifically. Then I would support it. Because it would, in effect, ease the parking situation for the downtown.

Now, I was surprised at Councillor Steeves suggesting that parking wasn't a core service. You tell that to everybody who comes downtown, if parking is not a core service. It obviously is, you know. Councillor Steeves was going on philosophically, on and on…(Inaudible). Well, it's obviously parking is a core service. Now, if we're going to sell the Parkade, should we not do it at a time when we get the maximum dollars for it? Sure, the price offered now is satisfactory at this time, with the depressed economy. But why not wait, you know, and sell it and get a better price and put the money into a Parking Strategy of providing more parking for downtown. Then I would support it. But you know, just the way they…that Councillor Swandel has avoided being specific about the profits from the sale, and that makes me leery of it. I mean why not? Why can't he say the money that we get from the sale of the Parkade will remain in the downtown for parking? If he did that, I think we would be unanimous. So, I cannot support this though I would love to, but I'm afraid the

money will be siphoned off into other endeavours. Thank you.

Mr. Speaker: Councillor Vandal.

Councillor Vandal: Thank you, Mr. Speaker. In my hand I have a top 10 list. These are the top 10 reasons why Winnipeg City Council should not sell Winnipeg Square Parkade. Reason No. 10. Never sell an asset after an expression of interest. And EOI should be exactly as the words imply a mechanism to gauge interest before we decide our final next steps. Does anybody not remember the Upper Fort Garry debacle? Reason No. 9. Never sell an asset without input from the director responsible for managing that asset. Reason No. 8, at this point, we have no idea where the revenue will be directed. Tax cuts, anyone? Reason No. 7. There has been little or no consultation with the downtown stakeholders. Reason No. 6. Our downtown parking plan from our downtown…from our Parking Authority is not yet complete. Reason No. 5. The net proceeds from the sale do not meet the price set by the ASD Committee. Reason No. 4. There are two other bidders who may have also liked the chance to counter offer. Reason No. 3. Time is on our side. The price of downtown parking is only going to rise. Please do not be influenced by arbitrary deadlines. Reason No. 2 a $400,000 commission is a heck of a lot of money for what our real estate folks could have done for free. And No. 1, the first reason why we should not sell this asset, Mr. Speaker, is never, ever, ever, ever sell a prime asset in a recession. Thank you.

Mr. Speaker: Thank you, Councillor. Any further speakers? Mr. Mayor.

Mayor Katz: Thank you very much, Mr. Speaker. First of all, I think it would be important to go back, how this all started, Mr. Speaker and I know there are some of…Councillors here that will remember because they were here with the Trizec Development and if you recall, Mr. Speaker, the whole reason the City of Winnipeg got involved was because without our involvement, that development would never have taken place. That was something they asked the City to do, to build a parking otherwise there would be no development. And from my point of view as someone who sits now and looks I say that was a very good thing they did. They invested money at the time, built a parking lot, got a large development. It was good for our city and I think we should continue to do the exact same thing, Mr. Speaker. What we have here, Mr. Speaker, is called opportunity. That's number one. And if you look at the big picture, because a lot of people don't want to talk about it, in terms of such as depreciating asset, deferred maintenance, managed care.

The realities are, Mr. Speaker, when it comes to managed care, we do a terrible job and that's why we're in trouble. Our roads, our bridges, all of our infrastructure, we do a terrible job because we don't do anything about it. When it comes to deferred maintenance, Mr. Speaker, you can debate whatever you think the numbers are, whether you think they're 5 million, 6 million, 12 million. I can tell you right now, according to the Winnipeg Parking Authority, we need to spend approximately $6 million on one of our Parkades right now, another million dollars on another one, I'm referring to the Millennium Library as well as the Winnipeg Public Safety Building. Those are real numbers. I didn't make those up, either did anybody else. Those are real numbers. And we have deferred maintenance. When asked the question, okay because everybody talks about the cash cow, whatever number you want to use, 1.5, 1.8. If you look at their numbers, they showed that there is supposed to be $1.2 million done in operating maintenance in 2008. If they had done that what would the number then be? 500 or 600,000? You can obviously play with numbers if you don't do the work, Mr. Speaker.

And what happens if we sell it, Mr. Speaker? Well, I guess number one, we collect business tax. You collect school tax. The municipal property taxes would definitely increase so there would be incremental increases there as well and we have something, Mr. Speaker, that I don't think I've ever seen, an unconditional offer. Unconditional, Mr.

Speaker. We accept it, this deal is done. In other words, do your due diligence, because after we accept it, the deal is done, otherwise you pay the price. You don't usually find that because no matter what especially as you know, Mr. Speaker, unfortunately this report that was in camera was leaked to the media. Everybody was informed about the offers that were coming in, and then someone still had the task of going back, trying to negotiate a better deal when they already knew they were the best bidder by a significant amount of money. And somehow they accomplished something very positive.

But you know what, Mr. Speaker, here is what I find extremely interesting. If I were to ask everybody who has a CA degree, chartered account, raise their hands, I can assure you there would be no hands raised on the floor of Council. If I were to ask everybody who has a CBV degree to raise their hands, which is a certified business valuation, nobody would raise their hands. We went to our people, our CFO who has the degree recommend selling it. We went outside as was mentioned earlier to PWC, Price Coopers Waterhouse. Found someone who has the CBV and they recommended that number and the number they recommended was over $21 million. Now we can all disagree with each other but if you don't want to disagree…if you want to disagree with the experts, that is everybody's prerogative. I would choose to listen to the experts who know what they're doing, who do this on a daily basis, who have the education and the training and the degrees to back it up. End of story. And I think anybody who is selling any one of their properties would do the exact same thing.

And Mr. Speaker, the other scenario is as I mentioned earlier, we need repairs, Millennium Library, we need repairs on the Public Safety Building, and we need to invest in our downtown. And I'm going to give Councillor Smith the opportunity to support this Motion because, Mr. Speaker, I believe with those monies we should fix the Millennium Library. We should fix Public Safety Building Parkade, and the balance of the monies should definitely go towards doing what a Mayor and Council many years ago invested in our downtown, and we should be basically filling the void because that's what government's roll is, fill the void and we right now are short, Mr. Speaker, in what I call the theatre district, some people call it the cultural district of 1500 parking spots. That's basically what they call the East Exchange. We should be the ones providing that to stimulate development so we get more residential, apartments, condos, we get more retail, we get more commercial. That should be our job. And if there is more money left over we should go to the other side of the Exchange and the north side of Portage and the south of Portage, whatever we can do.

I've heard many people here talk about the director, our Mr. Dave Hill. I would love it if someone had stood up and said "I asked Mr. Dave Hill what he thinks of this" and exactly what he said. I never heard one person who was against it, tell me what they asked him, what he said. I find that interesting, Mr. Speaker. The realities are here, we can do something positive and you know what, sure you can procrastinate all you want, Mr. Speaker and you know what, I very much appreciated Councillor Vandal's impersonation of David Letterman. David does a much better job but yours was admirable. The facts are we're dealing with real money, Mr. Speaker. Twenty four million dollars, $24 million that we can repair some of our existing infrastructure that's crumbling which I identify and basically stimulate more development in investing in our downtown.

And, Mr. Speaker, I have never seen a Council meeting where a Councillor has been absent, but he was referred to over and over and over again. Councillor Wyatt is not here, but boy everybody's thinking about him. Councillor Gerbasi alluded to him earlier and Councillor Thomas. Well, let me tell you, Mr. Speaker. If Councillor Wyatt were here today we would not be here right now because Councillor Wyatt who called me last night is totally supportive of what we're doing right now and wants to see this money reinvested as well. So I think Councillor Gerbasi should be very happy that he wasn't here

otherwise we would've dealt with it earlier in the day. As a matter of fact, he even asked me if should come in and leave the meetings. I think Council can do what has to be done. So the reality is quite simple, Mr. Speaker. There are some people who believe that we should not sell. There are some people who believe that we haven't got enough money. And yet the experts both inside and outside have said we are far above. So you know what, Mr. Speaker, I'm hoping with a commitment from me the Mayor, keeping in mind that Council was supreme that…

Mr. Speaker: Councillor Browaty moves the extension of two minutes. All in favour? Contrary? Carried

Mayor Katz: Even Councillor Smith will now have the opportunity to support this Motion because I believe we fix our crumbling parkades, we'll reinvest in our downtown. We basically motivate the private sector to develop and we fill the void that will encourage them to develop housing as well as retail, as well as commercial. That's what the Mayor and Council should be doing. Thank you, Mr. Speaker.

Mr. Speaker: Thank you, Mr. Mayor. No further speakers? Councillor Swandel, you want to close?

Councillor Swandel: Thank you, Mr. Speaker. Let's start it with Councillor Gerbasi's statement of the two key questions here. Should we sell? That question's already been answered. The Downtown Development Committee is the authority where the sale decision is made that the decision is in the report, the decision of the Downtown Development Committee was to sell this property. Decision we are making today is whether or not to declare it surplus which enables the sale of the property, but the decision to sell has already been made.

The second question is what to do with the proceeds and you know I think, you know a great deal of political hay's been made out of it. The fact is that we will do with the proceeds what as information is put together, how the business plan is rationalized to the Parking Authority, as the Parking Strategy comes forward. We will see what that decision…what that information tells us we should do with this money and as this Council has been able to do in the past, we will make a good decision and ensure that those monies are appropriately put to work in the best interests of all the citizens of the City of Winnipeg.

There's some…quite a bit of mention of $1.8 million as a revenue stream. Just for your information, next year the revenue stream from this Parkade will be $225,000. That's right, Councilllors, $225,000 next year, and they will go back up again a little bit in the year after that in a couple years out it drops from the 1.8 down to 1.5 because there isn't a plan. You know, much of this paper that I have here are the spreadsheets showing what this parking lot does in the years out. But next year, the amount of money that in the years out, but next year the amount of money that this Parking lot will generate for the City of Winnipeg, profit, cash flow at the end of the day is $225,000. Last year it was $1.8 million.

You know, when we're selling anything, economic conditions are always going to be present. I think I heard somebody refer to a recession. I'm not sure when it was announced that Winnipeg is in a recession. My understanding, Winnipeg is doing dam fine, thank you very much. And this is just another piece we'll be able to do a little bit more for the City of Winnipeg. We are not in a recession and to suggest that I don't think is responsible. Yet some people have mentioned that they thought $2.5 million may be adequate but what $2.5 million of structural work in this Parkade may be adequate, that's correct, may be adequate. But when you're doing a cash flow analysis when you are using terms like 'maybe adequate', you apply a risk factor in there, so your discount rate that number that you will discount stuff by becomes greater. To put $12.2 million in there to front end, the risk would be lower, your discount rate would be lower. So, when you are analyzing numbers of cash flow for over 30 years or so, those things are all taken into consideration. You know, it amazes me how little many of our

colleagues know about how to arrive at the value of some of these assets like a parking lot. I can tell you I received a great lesson by sitting through numerous meetings with both our Administration, some special consultants including Price Waterhouse Coopers who are nationally renowned corporation that does this type of work, listening to how this analysis was done. I think we actually have three…$2.5 million more on the table than what the expert valuation says this Parking lot is worth. So…you know throughout that process the Parking Authority was always present, which is another thing, another myth that's been brought up here. This process started with the support of the Special…of the Special Operating Agency, the Winnipeg Parking Authority. It was a Motion that was made by the Alternate Service Delivery Committee a year or so ago, with the support, the Parking Authority saying "yes, that's a good idea, we should find out what it's worth" and by the way, the Parking Authority supports this today. There's no political interference. It has the support of the Parking Authority. The Parking Authority says "yes, my MBA tells me that if I have this amount of money based on this analysis, that I should sell this parking lot today." So I'm glad that my colleagues here today are saying that they think the Parking Authority should be involved and that would give them some comfort? Because they are involved, they do agree. You should have comfort. You should be supporting this today.

You know, a number of comments were made. I'm just going through the list here. And, you know, I'd like to ask my colleagues how they arrived…how they arrived at the conclusion that this is worth more money. I know that the work that I did to arrive at the conclusion that this is a fair price and it is supported by the Parking Authority. That was…I got about eight spreadsheets here, I've probably got another 50 that I've run, I've done detailed consultation with our Administration, with the Parking Authority, with the private consultants. I'm comfortable in this number. I believe I've done that work so I would like to ask them, how they…what process they went through to say that they have a better idea of what this Parkade is worth and whether or not we should be selling it than the process that I went through or that our Administration went through and the Parking Authority went through or that the experts…the numbers they arrived on, what is their process that gives them the comfort to stand up here and say that?

As far as the proceeds to be solely dedicated to down…to parking in downtown, I'm not going to say that. I think it's premature to say that. I think if a proper business case analysis rationalizing this within the business plan, the Special Operating Agency and the Parking Strategy says that we should spend this all on parking in the downtown, then I would say that, which is why we put the clause in here that says that sale proceeds be held until such time as the Winnipeg Parking Authority Special Operating Agency has completed a Downtown Parking Strategy and rationalized the sale in the Business Plan or until May of 2010. Why is the date may of 2010 in there? because that's what the Parking Authority asked us to put in there. They said we can bring this forward by April, so I said, you know, if we, if it has not come forward by April, you want to report back to us the reasons why say May, 2010. Yes, that's correct. That's, it's simple as that.

So Mr. Speaker, what we have here is we have opportunity. We have an object in Motion. We can continue to keep this in Motion. We can continue to do something for downtown. You know, I…it's…I don't want to use the term selling out downtown but it's troublesome that some of our colleagues here are trying to use this as an opportunity to make political hay. When you see what the experts are saying, what the Parking Authority is saying, what Price Waterhouse Coopers is saying and yet, we have people amongst us on this floor of Council that will still choose to make political hay.

There was also some comments made here today about this artificial debt. It's only debt on paper. This is real debt. Make no mistake about it. This is rationalizing the consolidated statements of the City of Winnipeg to…for anybody

stand up here and say that the debt, the accumulated deficit or the long term debt of the Winnipeg Parking Authority is not real debt. That is totally not factual. This is real debt. It's stated in our consolidated statements of the City of Winnipeg, is not paper debt, it's not phoney debt, it's real debt. So in closing I encourage with you all having the knowledge that the Parking Authority is supportive, the experts say it's the right thing do, this creates a great opportunity for downtown Winnipeg regardless of whether or not everybody does or not and I think I'm going to get to say, you know, can you hear it, Mr. Speaker? We're going to finally see something getting done in downtown Winnipeg. I hope I can count on your support.

Mr. Speaker: Thank you. Recorded vote has been called for. This is the Item No.1, Declaration of Surplus Winnipeg Square Parkade, 360 Main Street in the Point Douglas Ward. Those in favour, would you please rise?

A RECORDED VOTE was taken the result being as follows:

Yeas

His Worship Mayor Katz, Councillors Browaty, Fielding, Nordman, Orlikow, O'Shaughnessy, Pagtakhan, Steeves, Swandel, Mr. Speaker Councillor Lazarenko.

Nays

Councillors Gerbasi, Smith, Thomas and Vandal.

City Clerk: The vote Mr. Speaker, Yeas 10, Nays 4.

Mr. Speaker: It's carried. Councillor Vandal.

Councillor Vandal moves that Council do now adjourn. All in favour? Contrary? Carried. Roll call.

ROLL CALL

Clerk: Mr. Speaker Councillor Lazarenko His Worship Mayor Katz, Councillors Browaty, Fielding, Gerbasi, Nordman, Orlikow, O'Shaughnessy, Pagtakhan, Smith, Steeves, Swandel, Thomas and Vandal.

Council adjourned at 2:35 p.m.