Agenda – Council – March 23, 2011

Report "A"– Executive Policy Committee – March 16, 2011

Item No. 7 Winnipeg Convention Centre Roof Replacement and Insulation

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 16, 2011, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That the City of Winnipeg contribute up to $1,823,218 from the Destination Marketing Reserve Fund, from the portion of the Reserve set aside for the Winnipeg Convention Centre expansion plans, for the replacement and insulation of the Winnipeg Convention Centre roof, subject to confirmation of the Province of Manitoba contributing the other half of the project cost.

2. That the City's contribution to the roof replacement project be offset by one half of the amounts received by the Winnipeg Convention Centre from the Manitoba Hydro incentive subsidy estimated at $160,000.

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

Report "A"– Executive Policy Committee – March 16, 2011

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 16, 2011, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

ADMINISTRATIVE REPORT

ISSUE: **Winnipeg Convention Centre – Roof Replacement**

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

AUTHORIZATION

Author	Department Head	CFO	CAO
R. Provencher	J. Ferrier	M. Geer Acting CFO	P. Sheegl Deputy CAO

RECOMMENDATIONS

1. That the City of Winnipeg contribute up to $1,823,218 from the Destination Marketing Reserve Fund, from the portion of the Reserve set aside for the Winnipeg Convention Centre expansion plans, for the replacement and insulation of the Winnipeg Convention Centre roof subject to confirmation of the Province of Manitoba contributing the other half of the project cost;

2. That the City's contribution to the roof replacement project be offset by one half of the amounts received by the Winnipeg Convention Centre from the Manitoba Hydro incentive subsidy estimated at $160,000;

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

REASON FOR THE REPORT

Council approval is required for dispositions to the Winnipeg Convention Centre from the Destination Marketing Reserve Fund.

IMPLICATIONS OF THE RECOMMENDATIONS

The Winnipeg Convention Centre initiated a tender process for replacement and insulation of the roof. The Convention Centre's Board of Directors recommends awarding the contract to Oakwood Roofing at a total cost of $3,646,435 subject to confirmation of financing from the City of Winnipeg and Province of Manitoba. As part of the roof replacement process the insulation component will be improved and the R

Value will go from R3.5 to R25 plus. The insulation component will allow the Winnipeg Convention Centre to pursue a Manitoba Hydro incentive subsidy estimated by Manitoba Hydro to approximate $160,000.

The Winnipeg Convention Centre has respectfully requested that the City of Winnipeg and Province of Manitoba share equally in funding this project. In 2002 the City and Province contributed funding to the Convention Centre's exterior cladding project.

The City's contribution would be reduced by half of any subsidy from Manitoba Hydro received by the Winnipeg Convention Centre.

On October 22, 2008, City Council approved the creation of the Destination Marketing Reserve Fund with an effective date of January 1, 2009. The purpose of the Reserve is to support Economic Development Winnipeg (formerly Destination Winnipeg Inc.), The Convention Centre Corporation and special events including other organizations, projects and events that will encourage tourists to visit Winnipeg. The source of revenue for the Reserve is the 5% accommodation tax, which was adopted by City Council on April 23, 2008.

The guidelines established for the Reserve include the following:

> *Up to 40% of the annual accommodation tax revenue, to a maximum of the estimated annual payments required to service the amount of future debt that will be allocated to the City's portion of construction costs relating to a planned expansion at the Winnipeg Convention Centre, to be set aside within the Reserve. Dispositions from the Reserve for this purpose require approval of City Council;*

It is the City's understanding that the roof replacement project is a component of the Winnipeg Convention Centre's expansion plans.

The unaudited balance in this portion of the Reserve as at December 31, 2010 is $5.9 million.

HISTORY

The corporation was incorporated under the laws of Manitoba to operate and promote the Winnipeg Convention Centre. The corporation is a not for profit organization and is not subject to income taxes. The corporation is economically dependent on the City of Winnipeg and Province of Manitoba for funding and financing which is essential to its continuing operations.

FINANCIAL IMPACT

Financial Impact Statement **Date:** **March 8, 2011**

Project Name: **First Year of Program** **2011**

Winnipeg Convention Centre – Roof Replacement

	2011	2012	2013	2014	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	$ 1,823,218	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	1,823,218	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

The direct costs of up to $1,823,218 represent half of the estimated costs of the roof replacement, with the Province of Manitoba contributing the other half. Half of any subsidy received from Manitoba Hydro by the Winnipeg Convention Centre related to this project would reduce the City's contribution. The incremental revenue source is the Destination Marketing Reserve Fund, from the portion set aside for the Winnipeg Convention Centre expansion plans. There are sufficient funds as the unaudited balance in this portion of the reserve as at December 31, 2010 is $5.9 million.

(Original signed by R. Abeysekera)
Radhika Abeysekera
Campus Controller

CONSULTATION

In preparing this Report there was consultation with:

Legal Services

SUBMITTED BY

Department: Corporate Finance Department
Division: City Treasurer's Division
Prepared by: Rob Provencher, Manager of Financial Services
Date: March 8, 2011
File No.