**Agenda - Council – March 23, 2011**

**Report – Alternate Service Delivery Committee – March 15, 2011**

**Item No. 2 Winnipeg Parking Authority - Projects for Immediate Action (Parkade Development)**

COMMITTEE RECOMMENDATION:

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

1. Exclude the net proceeds from the sale of the Winnipeg Square Parkade from the Council resolution adopted on January 29, 1997, that designated 5% of the gross sale of city properties for funding the Heritage Building Support Program.

2. Exclude the net proceeds from the sale of the Winnipeg Square Parkade from the Council resolution adopted on January 29, 1997, that designated 5% of the gross sale proceeds from property sales to the Land Operating Reserve Account.

3. That all net proceeds of disposition from the sale of the Winnipeg Square Parkade ($23.6 million) be allocated in the following manner:

    A. That a maximum of $5.0 million be allocated to take an equity partnership in the James Avenue Parkade Project in 2011.

    B. That a maximum of $5.0 million be allocated to take an equity partnership in the North Portage Corridor Project in 2011.

    C. That $3.3 million be allocated to the rehabilitation of the Millennium Library Parkade in 2011.

    D. That the remaining $10.3 million from the net sale proceeds of the Winnipeg Square Parkade be allocated in the following matter:

**Report – Alternate Service Delivery Committee – March 15, 2011**

i. That $8.3 million be allocated to pay down the debt of the Winnipeg Parking Authority to the City of Winnipeg and the City of Winnipeg hold these funds in an account to be used, subject to Council approval, for streetscaping and architectural initiatives related to the James Avenue / North Portage Corridor parkade projects.

ii. That the balance of the funds ($2.0 million) be held until such time as a forthcoming report is considered by Council regarding the future of the Civic Centre Parkade.

4. That the Winnipeg Public Service be authorized to begin the procurement of a Joint Venture Partner that could bring private sector experience to the design, construction, and finance of the James Avenue Parkade project (Recommendation 3A) and the North Portage Corridor Parkade project (Recommendation 3B) and the Chief Administrative Officer be authorized to issue a request for Expressions of Interest/Request for Proposals and report back to the Executive Policy Committee with recommendations.

5. That any Council decisions inconsistent with the foregoing be rescinded.

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

**Report – Alternate Service Delivery Committee – March 15, 2011**

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 16, 2011, the Executive Policy Committee concurred in the recommendation of the Alternate Service Delivery Committee and submitted the matter to Council:

COMMITTEE RECOMMENDATION:

On March 15, 2011, the Alternate Service Delivery Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

# ADMINISTRATIVE REPORT

**Title:** **Winnipeg Parking Authority Projects for Immediate Action (Parkade Development)**

**Critical Path:** **ASD Committee, EPC, Council**

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| K. Boutilier, WPA<br>Alex Robinson, Deputy CAO | R. Topolniski, Acting COO, WPA | | |

## RECOMMENDATIONS

That the Alternate Service Delivery Committee recommends to EPC and Council:

1. That Council exclude the net proceeds from the sale of the Winnipeg Square Parkade from the council resolution adopted on January 29, 1997 that designated 5% of the gross sale of city properties for funding the Heritage Building Support Program.
2. That Council exclude the net proceeds from the sale of the Winnipeg Square Parkade from the Council resolution adopted on January 29, 1997 that designated 5% of the gross sale proceeds from property sales to the Land Operating Reserve Account.
3. That all net proceeds of disposition from the sale of the Winnipeg Square Parkade ($23.6 million) be allocated in the following manner:
    A. That a maximum of $5.0 million be allocated to take an equity partnership in the James Avenue Parkade Project in 2011;
    B. That a maximum of $5.0 million be allocated to take an equity partnership in the North Portage Corridor Project in 2011;
    C. That $3.3 million be allocated to the rehabilitation of the Millennium Library Parkade in 2011;
    D. That the remaining $10.3 million from the net sale proceeds of the Winnipeg Square Parkade be allocated in the following matter:

i) That $8.3 million be allocated to pay down the debt of the Winnipeg Parking Authority to the City of Winnipeg and that the City of Winnipeg hold these funds in an account to be used , subject to Council approval, for streetscaping and architectural initiatives related to the James Avenue / North Portage Corridor parkade projects.

ii) That the balance of the funds ($2.0 million) be held until such time as a forthcoming report is considered by Council regarding the future of the Civic Centre Parkade.

4. That the Winnipeg Public Service be authorized to begin the procurement of a Joint Venture Partner that could bring private sector experience to the design, construction, and finance of the James Avenue Parkade project (Recommendation 3A) and the North Portage Corridor Parkade project (Recommendation 3B) and that the Chief Administrative Officer be authorized to issue a request for Expressions of Interest/Request for Proposals and report back to the Executive Policy Committee with recommendations.
5. That any Council Decisions inconsistent with the foregoing are hereby rescinded.
6. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

## HISTORY

On November 25, 2009, Council concurred in the recommendation of the Standing Policy Committee on Downtown Development and the Alternative Service Delivery Committee and adopted the following with regard to the declaration of surplus and sale of the Winnipeg Square Parkade at 360 Main Street:

1. That the City owned property shown and identified as “City of Winnipeg Property-Winnipeg Square” on Exhibit “A”, be declared surplus to the City’s requirements.
2. That the sale proceeds be held until such a time as the Winnipeg Parking Authority Special Operating Agency has completed a Downtown Parking Strategy and rationalized the sale in their Business Plan or until May of 2010.
3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

## REASON FOR THE REPORT

This report:

- Identifies key WPA projects for action in the immediate or near-term, to which commitment of the proceeds generated by the sale of the Winnipeg Square Parkade is recommended.

- ***Identifies that participation of the Winnipeg Parking Authority is required to facilitate the development of both the James Avenue and North Portage projects as the ancillary/community benefits that will be realized in the short term by the City of Winnipeg would not be a private sector investment consideration.***

## IMPLICATIONS OF THE RECOMMENDATIONS

- Recommendation 3 (A) – James Avenue Parkade Project – the City's investment in this project (an equity position is identified in the financial impact statement.
- Recommendation 3 (B) – North Portage Corridor Parkade Project – the City's investment in this project (an equity position is identified in the financial impact statement.
- Recommendation 3 (C) – the City's investment in the structural repair of the Millennium Library Parkade ($3.3 million) is identified in the financial impact statement.
- Recommendation 3 (D) – identified in the financial impact statement.

## DISCUSSION

- **Strategic Considerations:** The development of compact, strategically-located parking facilities is a key factor both in making better use of the Downtown, and in stimulating further development in the area.

- **Community Considerations:** There are significant community needs supporting development of the recommended projects:

    a. **The James Avenue Parkade** is needed to support redevelopment of the cultural district, the expanded need for parking due to the relocation of Sport Manitoba, the expansion of the Manitoba Museum, development of the James Avenue Pumping Station, the Harbourmaster Site, and the conversion of vacant James Avenue and Market Avenue properties into residential units.
    b. **The North Portage Corridor Parkade** is needed to support a broad-based, Council-endorsed redevelopment strategy for Portage Avenue Redevelopment Plan, whose centerpiece is the creation of a Sports and Entertainment District in the area. (A South Portage Corridor Parkade is needed for the same reason, but will be the subject of a separate, forthcoming, report.)

c. **The Millennium Library** is one of Winnipeg's premier cultural attractions, which draws approximately 1.1 million visitors per year, and its parking facility is presently in need of significant reconditioning.
d. **The Civic Centre Parkade** is a critical service component of both the City of Winnipeg Campus Strategy and the viability of the Exchange District, providing parking spaces to both the employees of the City of Winnipeg and to surrounding area. This will be the subject of a separate, forthcoming report.

- **Fiscal Sustainability:** Financial analysis has been conducted on both the James Avenue and North Portage Corridor Parkade Projects. The financial analysis shows potential for a positive business for both recommended projects.
- In addition to satisfying a defined need for parking in both areas, the James Avenue and North Portage Corridor projects are intended to facilitate significant commercial development and incremental taxes.
- **Management:** In the case of both the James Avenue Parkade, and the North Portage Avenue Parkade, partnership with a private-sector partner could potentially allow the City options with respect to management (by the WPA or by a partner), as well as potential for divestiture of equity in the facility at a mutually agreeable point.

## FINANCIAL ANALYSIS

**Financial Impact Statement** **Date:** February 2, 2011

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

**Section B: WPA Projects for Immediate Action. Recommendation 2(A), 2(B) & 2(C) - James Avenue, North Portage Corridor and Millennium Library Parkades**

| | 2011 | 2012 | 2013 | 2014 | 2015 to 2041 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ 45,600,000 | | | | |
| Less: Existing Budgeted Costs | - | | | | |
| Additional Capital Budget Required | $ 45,600,000 | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Debt - Internal | $ 32,300,000 | | | | |
| Debt - External | | | | | |
| Other - Proceeds from sale of parkade | 13,300,000 | | | | |
| Other - private sector contribution | - | | | | |
| Total Funding | $ 45,600,000 | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ 45,600,000 | | | | |
| Total Additional Debt Required | $ 32,300,000 | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ 1,159,076 | $ 4,299,089 | $ 4,248,696 | $ 4,191,415 | $ 84,871,000 |
| Less: Incremental Revenue/Recovery | | 2,069,553 | 2,430,425 | 2,715,410 | 132,180,947 |
| Net Cost/(Benefit) | $ 1,159,076 | $ 2,229,536 | $ 1,818,271 | $ 1,476,006 | $ (47,309,948) |
| Less: Existing Budget Amounts (Proceeds from Sale of Wpg Square Parkade | $ - | | | | |
| Net Budget Adjustment Required | $ 1,159,076 | $ 2,229,536 | $ 1,818,271 | $ 1,476,006 | $ (47,309,948) |

**Additional Comments:**

The FIS represents the estimated capital investment required for the construction of two new parkades and the refurbishment of the existing parkade at the Millenium Library. The operating impact includes the projected revenue and expense from the operation of the two parkades. The analyis does not include any revenue impact from incremental taxes generated from new development nor does it include the potential financial impact upon City's disposition of these assets at some point in the future. Funding for the capital investment will be determined through the EOI/procurement process.

original signed by
Kevin Boutilier
Manager of Finance & Administration

## CONSULTATION

**In preparing this report there was consultation with:**

- Planning, Property & Development – Planning and Land Use
- Planning, Property & Development – Economic Development
- Winnipeg Transit
- Public Works Department
- Corporate Finance
- Corporate Support Services
- Legal Services Department
- CentreVenture
- Downtown BIZ
- Exchange BIZ

## SUBMITTED BY

Department: Winnipeg Parking Authority; Planning, Property and Development
Prepared by: Alex Robinson, Colin Stewart and Kevin Boutilier
Date: March 9, 2011
File No.