Request for a Heritage Conservation Tax Credit for the New Hargrave Building (Former Film Exchange Building) - 361 Hargrave Street

File G-3.1.5 (Vol. 3)

15. The Executive Policy Committee has been advised that on November 27, 2001, Carlton Call Centre Inc. made an application to the Planning, Property and Development Department for a Heritage Conservation Tax Credit (HCTC) under By-law No. 7155/98 (as amended) for the New Hargrave Building (former Film Exchange Building), 361 Hargrave Street.

On January 8, 2002, the City Centre Community Committee, recognizing the significance of this structure, recommended the listing of the New Hargrave Building (former Film Exchange Building), 361 Hargrave Street on the Buildings Conservation List under the terms of the Historical Buildings By-law No. 1474/44 (as amended) as a Grade III structure. This recommendation was forwarded to the Standing Policy Committee on Property and Development for final approval on February 5, 2002.

On February 5, 2002, the Standing Policy Committee on Property and Development approved the listing, as a Grade III building, of the New Hargrave Building (former Film Exchange Building), 361 Hargrave Street on the Buildings Conservation List under the Historical Buildings By-law No. 1474/77, with the following element: 1) ramp.

The post-World War I era was marked by the rapid expansion of the movie industry in Canada. At this time of silent film, the Metropolitan Theatre opened in 1920, followed by the Capitol Theatre in 1921. By 1924 there were at least 37 movie theatres in Winnipeg. Motion picture film and various display materials were being shipped from the United States. The Film Exchange Building housed a variety of film distribution companies, who rented new films to exhibitors on a daily, weekly, or even monthly basis. Due to the fragile nature of the films, repair facilities were often necessary in exchange offices along with facilities for cutting various posters and other display materials.

Prior to 1920, film exchanges in Winnipeg were housed in a variety of buildings downtown. Because of the highly flammable nature of nitrate film, the storage of motion picture film was a source of concern for fire insurance companies and city officials across North America.

In the early 1920's, Winnipeg City Council passed two by-laws dealing with the licensing of film exchanges and with regulations for handling motion picture film. The regulation dealt with all aspects of such a building, including the disposal of waste material, the number of employees allowed to work on a roll of film at one time, the licensing of exchanges, periodic inspection of the premises, sprinkler systems, stairway and elevator specifications, and the number of fire extinguishers in each room. Any building used for the storage of film could be no taller than two stories if constructed of wood, and no taller than three stores when building of "fireproof construction."

The new Film Exchange Building, designed by local architect Max Z. Blankstein, had to comply with all these regulations, resulting in a skeleton concrete construction method, unusual in that the familiar steel framing was not used. The building rested on a 33.0-cm (13-inch) concrete foundation and measured 183 metres (60 feet) along Hargrave Street and 36.6 metres (120 feet) deep. The exterior walls were constructed of 20.3 cm (8-inch) hollow tile with Fort William brick facing. Cut stone was used throughout the front façade as ornamentation. The cost of construction was $135,000.00.

The most unusual feature of the building is the vehicle ramp located along the southern wall, used to give access to the basement, first and second floors of the building. Trucks and cars could drive into the building, load up and leave, making the some times daily trip to the exchange much easier for exhibitors and renters alike. The original basement contained the large boiler room and little else. The ground floor included a small vestibule and hall in the northwest corner, as well as a general office in the southwest corner. None of this office space remains, although the massive concrete columns are very prevalent, as they are throughout the building. The remainder of the ground floor was originally used for "live storage" and therefore was not partitioned.

The second floor was also used strictly for loading and unloading film and posters and was not partitioned. The upper three floors, however, were divided into a number of offices and workrooms, including a projection room on the third floor, poster rooms, and numerous general and private offices. All these upper floor partitions have been recently removed.

Construction began in June, 1922. By late September, the building was nearing completion and several of the companies began moving in as of early November. For the next several decades, the Film Exchange Building supplied the ever-increasing number of local movie theatres as well as those from elsewhere in the province. United Artists, Universal, Twentieth-Century Fox, and Metro-Goldwyn-Mayer were some of the major Hollywood studios to maintain offices in Winnipeg over the years.

The post-World War II years brought major changes to the North American theatre industry. The most devastating change was the introduction of television, an inexpensive entertainment in people's homes. Added to the growth of major theatre chains and the subsequent loss of independent exhibitors, the days of the film exchange were numbered.

The Film Exchange Building was renamed the New Hargrave Building and although the main floor continued to operate as a garage for many years, the upper four floors were converted into office space for a number of varied tenants including: American Optical, P.M. Scientific Fur Cleaners, the Vapor Car Heating Company, Blankstein, Coop, Gillmor and Hanna (architects), Dominion Bridge Company, and the Jewish Historical Society of Western Canada. The building has stood vacant since the late 1990s.

The Heritage Conservation Tax Credit Program (HCTC) incentive strategy was adopted by City Council in 1998 on a pilot basis for three years with a review during the third year. The purpose of the program was to assist a limited number of projects selected for their ability to:

- increase property assessment values; and
- fulfill functions not likely to be displaced from other parts of the city.

Council retains sole responsibility for accepting or rejecting applications and for setting the amount of tax credit to be allocated to each authorized project. To date, Council has approved tax incentives under this program as outlined in Appendix "A".

The value of an approved tax credit may be up to 50 per cent of the net private investment made in eligible work. This credit may be used at a recipient's discretion over a maximum 10-year period to reduce the property, business and, in specific circumstances, the entertainment funding tax (former amusement tax) levied by the City on the structure and its site.

The program is intended to support work that:

- conserves significant architectural or other heritage elements; and / or
- repairs and stabilizes City-designated structures;
- extends the life of such structures;
- rehabilitates space to meet contemporary requirements, but in the process makes minimal changes to a structure's historical integrity, including its defining design characteristics, site and environment.

Carlton Call Centre Inc., the owners of the building, propose to spend a total of $7,245,000.00 to upgrade and substantially expand this vacant 5-storey building into a new parking and office structure. Occupancy of the building is slated for early 2003.

The owners plan to upgrade the existing basement, first and second floor (2,112 square metres) into 45 heated parking stalls. The remaining three floors (2,275 square metres) will be converted into office space.

The Conservation Report identifies the following heritage work:

- reconstruct the former vehicle entrance doors on main level;
- reconstruct the former store-front glazing and door;
- restore and repaint the flagpole ;
- patch ,repair and clean Tyndall stone and brick exterior;
- install new flashing as required;
- install a new roof;
- upgrade the existing windows;
- convert the furthest south window into a garage opening with a new garage door.

The applicant must ensure that the work proposed to the exterior must be appropriate to the nature of the building and must be approved by the Historical Buildings Committee before any work is begun.

Canada Call Centre Inc. proposes to build a 4860 square metre, 5-storey addition, attached to the former Film Arts Building. The main floor will serve as an indoor parkade with offices on the upper 4 floors.

Proposed total office space is 9,247 square metres while total parking space is 3083 square metres, with the majority in the Film Exchange Building. Our calculations estimate that there will be a total of about 120 parking spots.

The owners have not provided a breakdown that allows a precise review of the heritage related work, however, the proposed costs are summarized in Appendix "B".

The owners propose to invest $7.245 million in this project and are requesting a combined HCTC (municipal portion and eligible business taxes) of $2 million, over a ten-year period. The administration is recommending a significantly smaller combined HCTC of $650,000.00 based upon our estimates of future municipal portion of property and eligible business taxes for the building and property.

At present, the municipal portion of taxes for this property are $4,700.00 annually. There are no business taxes currently being assessed on this property. The current assessment on this property is $226,000.00 for 2002.

The projected annual municipal taxes for the completed project are $13,536.00 for the existing structure and $46,410.00 for the addition for a total of $59,946.00 per year. The projected assessment for the completed project is $700,000.00 for the existing building and $2.4 million for the addition for a total of $3.1 million.

The projected annual business taxes for the completed project are $14,432.00 for the existing building and $38,224.00 for the addition for a total of $52,656. 00. On the basis of known information, minimal business taxes will be eligible to be credited under the HCTC Program because the applicant is not planning to relocate their business within the project. In addition, the potential tenants taking up the majority of the space within the building(s) may be exempt from business taxes (that is, a federal government agency may be the lead tenant).

The Administration is recommending an HCTC for marginally more than the projected taxes over a ten-year period to allow for any adjustments required following the completion of the project and subsequent assessment. The proposed HCTC of $650,000 .00 is approximately 9 per cent of the total value of the project ($7.245 million). The HCTC therefore levers a private investment of over 11 : 1. This leverage is within the more favourable range as compared to other HCTC projects.

The property taxes attributable to this project will largely be new (incremental) revenues to the City of Winnipeg. Council policy requires that incremental taxes attributable to this project be redirected to the Heritage Investment Reserve until it's capacity is restored. As such, the HCTC recommended can be accommodated within the Heritage Investment Reserve.

On January 23, 2002, the Executive Policy Committee recommended;

"That the matter be referred back to the Chief Administrative Officer for further analysis from an economic development aspect, including utilization of other programs, and report back to Executive Policy Committee."

Immediately following the January 23, 2002, Executive Policy Committee meeting the administration contacted the applicant and advised that supplemental information was necessary.
The Committee was concerned that this application:

- May be simply moving a federal government office from one location in the downtown (Kensington Building on Portage Avenue) to another location (providing no net benefit to the City).
- Could be perceived as the City subsidizing a Federal Government lease through the HCTC.
- May not meet Council's intent for true heritage preservation (i.e. the project represents a significant new addition to a smaller heritage building).

Executive Policy Committee also requested additional analysis of this application from an economic development perspective including the use of other possible programs.

On January 29, 2002, the applicant, Shelter Canadian Properties Limited (as sole shareholder for the Carlton Call Centre), provided additional information as requested by the administration.

The Federal Government Department of Indian and Northern Affairs (DIANC), together with the National Resources Canada (NRC) were planning to move out of the Kensington Building on Portage Avenue to re-locate their offices within the downtown because the Kensington Building (and most other older buildings within the downtown) were no longer satisfactory due to the desire for a larger more

modern floor plate. There were a number of submissions, several of which tied their response to the Federal Government's Expression of Interest, with the condition that their proposal would be subject to the City providing an HCTC for their buildings.

If, in the absence of quality submissions for the preferred downtown location, the Federal Government would have considered other locations external to the downtown, Colliers Pratt McGarry most recent Office Report stated that "Large blocks of space (greater than 20,000 square feet) are in short supply which will cause larger tenants coming to the market to broaden their search in an attempt to create leverage with existing landlords." Developers external to the downtown could easily, and more cost effectively, meet the needs of the Federal Government's Expression of Interest.

This project will increase the property assessment of the subject site as well as contribute positively to property assessment of surrounding properties. The applicant has stated that a portion of the indoor garage is also a requirement for an expansion of the CanWest Global facilities at 300 Carlton Street (Former Free Press Building).

Currently, DIANC and NRC are only occupying 55,000 square feet within the Kensington Building versus the 62,000 square feet identified within the new premises. The 13 per cent increase in accommodation allows for an increase in employment for the subject departments. As there is no Federal Government obligation to backfill within the Kensington Building, this project will serve to displace some functions from other parts of the City and more specifically the downtown. The slight expansion of space requirements and employment is relatively negligible.

The administration recently prepared a Development Proposal Evaluation Form (template) to be used as a standardized format for reviewing proposals that have made application to the City of Winnipeg for either economic or heritage incentives, and the completed form for the subject application has been placed on file in the office of the City Clerk.

Beginning in 1999, the CentreVenture Development Corporation has lobbied the Province of Manitoba to introduce an Urban Tax Credit Program in order to expand upon the successful CentreVenture Downtown Heritage Tax Credit Program, by extending tax credits for both new construction as well as for the restoration of existing non-heritage buildings within the downtown.

As stated within CentreVenture's proposal to the Province:

"Tax Credit Programs in general and the Downtown Heritage Conservation Tax Credit Program specifically, have proven to be effective redevelopment tools. The current effectiveness of the Downtown Heritage Conservation Tax Credit Program is twofold:

1. *The reduction of realty and / or business taxes is an extremely effective incentive to convince business people to expand, refurbish, or relocate. The incentive indicates a willingness to assist business.*

2. *CentreVenture maintains an Urban Bank that has the ability to bridge finance tax credits. The successful applicant for Downtown Heritage Conservation Tax Credits can apply for a loan to the Urban Bank that is secured by an assignment of the tax credits and the provisions of the Asset Agreement. The loan provided the businessperson with capital rather than tax credits.*

In their proposal, CentreVenture presented a business case that suggested that participation (through an off-setting grant to the City of Winnipeg) in the Urban Tax Credit Program would be an investment, and not a cost, to the Province of Manitoba.

Bill 32 (The City of Winnipeg Amendment Act) received Royal Assent on July 6, 2001. Section 4 of Bill 32 provides that:
"The council may by by-law establish a program of grants, property tax credits or refunds to encourage and assist in the construction, renovation or preservation of buildings within an area designated by council...".

The Explanatory Note to the bill provides among other things that,:

"The Bill enables the City to provide tax credits to encourage and assist in the construction, renovation or preservation of buildings within areas designated by council".

The amendment (which is now Section 138.4 of The City of Winnipeg Act) allows the City to establish an Urban Tax Credit Program by by-law, but there is currently no provision for any contribution by the Province.

Under the proposed Urban Tax Credit Program, CentreVenture recommended that redevelopment or upgrading of existing buildings, which are not historically designated within the CentreVenture mandated area, would receive a tax credit based upon 20 per cent of eligible costs, while new building construction within the CentreVenture mandated area would receive a tax credit based upon 10 per cent of eligible costs.

Further to the request from Executive Policy Committee on January 23, 2002, the administration provided a range of four options to consider as follows:

OPTION 1:

Council has the discretion to deny the Application on the grounds that the project does not achieve Council's intent for the Program in that:

- It will clearly displace functions from other parts of the City (and more specifically, the downtown).
- The existing heritage structure will only form approximately 1/3 of the total project square footage.

OPTION 2:

Council may approve an HCTC for the heritage portion of the project only (for the Former Film Exchange Building itself) for a total estimated HCTC of $136,000.00.

- To date, two of the previously approved applications under the HCTC Program were for projects that identified substantial additions to the original heritage structure (The Former Free Press Building and the Royal Bank Tower).
- The intent of the HCTC Program is to encourage heritage restoration / not new construction.
- There are other adaptive re-use possibilities for the Former Film Exchange building that may require incentives in order to provide a reasonable return on investment, but would not necessitate expansion of the building through new construction (this building was at one time identified as a possible condominium conversion).

- Based upon the submitted Conservation Report and estimated costs, the administration have estimated the eligible hard costs of heritage restoration of the original structure at $3,160,000.00, which would provide for an HCTC of $1,580,000.00 (at 50 per cent of eligible costs).
- The estimated municipal portion of property tax for the existing building is $13,536.00 per annum, which would provide for a $135,360.00 (rounded off to $136,000.00) HCTC over the 10 year eligibility period.
- Should the project proceed as contemplated under this option, the applicant would receive an HCTC, which would offset the municipal portion of taxes for approximately 2.58 years.

OPTION 3:

Council may approve an HCTC for the heritage portion of the project and an additional HCTC for the new addition in alignment with the tax credits as envisioned within a proposed Urban Tax Credit Program for an estimated HCTC $136,000.00 and estimated Urban Tax Credit of $354,000.00 for a total tax credit of $490,000.00.*

- The addition would receive a tax credit based upon 10 per cent of the value of the new construction.
- All tax credits would be provided through the Heritage Investment Reserve.
- Under this option, a total of $490,000.00 in tax credits would offset the municipal portion of taxes for approximately 9.3 years.

*Although the City of Winnipeg now has the ability to establish an Urban Tax Credit Program, such a Program would require an enabling by-law as well as a source of funding. When introducing the Program, it was CentreVenture's intent that the Province of Manitoba would participate in funding the Urban Tax Credit Program, through the provision of an offsetting grant to the City of Winnipeg that would match the tax credits that were approved.

Council could approve the HCTC for $136,000.00 and make the Urban Tax Credit portion subject to offsetting Provincial funding.

OPTION 4:

Council may approve the HCTC on the basis of the administrations original recommendation- Total estimated HCTC of $650,000.00.

- The current proposal is eligible for the maximum benefit (10 year credit of municipal taxes) under the current By-law. However, this project may not achieve the full intent of the Council established Program.

A Financial Impact Statement dated January 14, 2002, has been placed on file in the office of the City Clerk.

The Executive Policy Committee recommends:

I. That Council approve Option 2 as noted above, namely, a Heritage Conservation Tax Credit for the heritage portion of the project only (for the Former Film Exchange Building itself) for a total estimated Heritage Conservation Tax Credit of $136,000.00.

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

Appendix “A”

Building Name	Work	Amount of Incentive	Status
Former Free Press Building, 300 Carlton St.	exterior restoration	up to $400,000.00	work underway
Marshall Wells Building, 136 Market Avenue	interior upgrade	up to $3 million	work complete
Portage Village Inn, 311 Portage Ave. (A&B Sound)	interior upgrade	up to $835,000.00	work complete
146-164 Princess Street (Red River College)	downtown technical campus	up to $15 million	work underway
476 Main Street, J.H. Ashdown Hardware Store	commercial offices, studios, and artists live / work spaces	up to $1.715 million	work underway
222 Broadway, Hotel Fort Garry	interior upgrade	$2.68 million	work pending
500/504 Main Street, Union Bank Tower and Annex	restoration & rehabilitation	$2 million	work pending
167 Lombard Avenue, Grain Exchange Building	restoration and rehabilitation	$765,000.00	work underway

Appendix "B"

		Existing Building	New Addition
1. Hard Costs			
Rough Carpentry		$ 30,000.00	$ 30,000.00
Finish Carpentry		100,000.00	100,000.00
Sheetrock		75,000.00	75,000.00
Plaster		180,000.00	180,000.00
Doors, Door Frames		100,000.00	100,000.00
Hardware		100,000	100,000.00
Ceilings		125,000.00	125,000.00
Subfloorings		75,000.00	75,000.00
Plumbing		175,000.00	175,000.00
Electrical		400,000.00	400,000.00
Heating/Ventilating/Air Conditioning (HVAC)		425,000.00	425,000.00
Insulation		80,000.00	80,000.00
Sprinkler System		100,000.00	100,000.00
Stairs – Interior		35,000.00	35,000.00
Stairs – Exterior		-	-
Roofing & Flashing		50,000.00	50,000.00
Millwork		425,000.00	425,000.00
SUB-TOTAL		$2,475,000.00	$2,475,000.00
2. Demolition		150,000.00	-
Elevator/Escalator		250,000.00	-
Specialty Glass		25,000.00	-
Windows		100,000.00	60,000.00
Structural Work		60,000.00	900,000.00
SUB-TOTAL		$585,000.00	$960,000.00
3. Soft Costs			
Architect	$150,000.00		
Structural Engineer	15,000.00		
Mechanical Engineer	15,000.00		
Environmental Engineer	5,000.00		
Electrical Consultants	15,000.00		
SUB-TOTAL	$200,000.00		
* Other Hard Costs		$275,000.00	$275,000.00

*Note: Unspecified Other Hard Costs are not deemed eligible

Cost Recapitulation:

Appendix “B” referred to in Clause 15 of the Report of the Executive Policy Committee dated February 20, 2002

Hard Costs		$5,225,000.00
Demolition		1,820,000.00
Soft Costs		200,000.00
Total of owners proposed eligible costs as per Bird Construction	$7,245,000.00	
Designated Officer’s recommended eligible hard costs		$6,695,000.00

Appendix "B" referred to in Clause 15 of the Report of the Executive Policy Committee dated February 20, 2002

Financial Impact Statement

Date: January 14, 2002

Project Name: SUPPLEMENTAL REPORT - REQUEST FOR A HERITAGE CONSERVATION TAX CREDIT FOR THE FORMER FILM EXCHANGE BUILDING, 361 HARGRAVE STREET

First Year of Program 2003

	2003	2004	2005	2006	2007
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	$ 5,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 5,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000
Less: Existing Budget Amounts	5,000	60,000	60,000	60,000	60,000
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

It is assumed that the project will be deemed to be under substantial renovation, and therefore will have no building assessments apply for 2003. The 2003 estimated tax credits are based upon municipal taxes that would apply to land assessments only. The impact of incremental taxes has been ignored for the purposes of this analysis. For the purpose of this analysis, the alternative 4 option has been used, because it is both the potentially most costly option and is being recommended by the administration.

Gord Courage, Manager
Support Services Division

Appendix "B" referred to in Clause 15 of the Report of the Executive Policy Committee dated February 20, 2002

DEVELOPMENT PROPOSAL EVALUATION FORM

Date: February 12, 2002 *File Number:* _____

Part I: Project Overview

Project Name/Address: Former Film Exchange Building / 361-365 Hargrave Street

Proponent/Applicant: Carlton Call Centre Inc. (Shelter Canadian Properties Ltd)

Description:

Project Cost:

- ☐ Hard Costs (land, infrastructure, construction, etc.) $ 7,045,000
- ☐ Soft Costs (training, marketing, etc.) $ 200,000
- ☐ Total Anticipated Project Cost $ _____
  - o Investment by Proponent $ 7,245,000 100 %
  - o Investment by Supporters $ N/A _____ %

Municipal Assistance Requested:

- ☐ **Tax Relief (Property and/or Business Tax)** $ Heritage Conserv. Tax Credits
- ☐ Grant $ _____
- ☐ Land and/or Building $ _____
- ☐ Infrastructure $ _____
- ☐ By-law Change $ _____
- ☐ Other _____ $ _____

Total $ _____

Other Support Requested/Received:

- ☐ Provincial Government $ _____
- ☐ Federal Government $ _____
- ☐ Other Agencies _____ $ _____

Total $ _____

Leverage Ratios:

- ☐ Total Project Cost vs Municipal Assistance Requested _11__ :1
- ☐ Proponent Investment vs Municipal Assistance Requested _11__ :1
- ☐ Proponent Investment vs Total Assistance Requested (all sources) _11 _ :1

Project Benefit:

- ☐ **Anticipated Annual Property Tax Increase** $ 38,224 (Municipal portion) 282 %
- ☐ **Anticipated Annual Business Tax Increase** $ 14,432 all new %
- ☐ Anticipated Job Creation (FTEs)
- ☐ Other _____

Part II: Alignment with Policy

Plan Winnipeg Principles and Policies:

- ☐ Demonstrates Sustainability (reduces greenhouse gases, commits to public transit, etc.)
- ☐ **Exhibits Compact Urban Form (uses existing infrastructure, provides infill development, etc.)**
- ☐ Promotes Healthy Communities (enhances quality of life of community)
- ☐ Promotes Self-Reliant Aboriginal Communities
- ☐ Supports Inter-Modal Transportation Strategy
- ☐ Supports Airport Operations and Development
- ☐ **Supports Heritage Conservation**
  - ☐ **Adheres to Council-adopted Standards of Conservation**
- ☐ Supports Downtown First:

  CentrePlan Principles and Policies:
  - ☐ Contributes to Urban Tourism
  - ☐ Encourages Educational Facilities Downtown
  - ☐ **Supports Downtown Retail or Office Development**
  - ☐ Consolidates Arts, Entertainment, and Culture
  - ☐ **Helps Market and Promote the Downtown**
  - ☐ **Keeps Targeted Businesses Downtown**
  - ☐ **Supports Concept of Clustering and Density**
  - ☐ **Demonstrates High Quality Urban Design**
  - ☐ Increases Activity Day and Night

Homegrown Economic Development Strategy:

- ☐ Generates Local Benefits through Local Ownership
- ☐ **Generates Net Tax Benefits**
- ☐ Creates a Growing Base of Skilled Jobs
- ☐ Diversifies the Economy
- ☐ Creates Products and Services which Benefit Local Population
- ☐ Enterprises with the Community or Employees as Stakeholders
- ☐ Attracts Capital Investment from Outside the Area
- ☐ Supports Strategic Clusters and Industry Interdependence:

  Cluster Study:
  - ☐ Aerospace
  - ☐ Agri-food
  - ☐ Apparel
  - ☐ Biopharma
  - ☐ Convergent Media
  - ☐ Energy and Environment
  - ☐ Financial Services
  - ☐ Information and Communication Technologies
  - ☐ Transportation and Logistics
  - ☐ Tourism

Conformity with By-laws:

- ☐ Complies OR
  - ☐ Rezoning Required
  - ☐ Subdivision Required
  - ☐ Variance Required
  - ☐ **Conditional Use Required (non-accessory parking)**
  - ☐ Other _____

Other Considerations:

_____

_____

Part III: Funding Considerations

1. Economic Development Reserve **Eligible: ? yes ? no**

Intent of Fund:
- ☐ Expands Existing Business
- ☐ Enhances Productivity or Competitiveness
- ☐ Demonstrates Innovation (especially in the use of technology)

Fund Status:

Start of Year Balance		$	_____
Projects Funded	_#___	$	_____
Current Balance		$	_____
Project Request		$	_____
Subsequent Balance		$	_____

Precedents (similarly funded projects):

1. _____
2. _____
3. _____

2. Heritage Investment Reserve **Eligible: ? yes ? no**

Intent of Fund:
- ☐ **Applies to a Designated Heritage Building**
- ☐ **Repairs, Stabilizes, and Extends the Life of the Building**
- ☐ **Respects Historical Integrity and Conserves Significant Heritage Elements**
- ☐ **Promotes Adaptive Re-use of the Building**
- ☐ **Original or Significant Material is Preserved**

Fund Status:

Start of Year Balance		$	_____
Projects Funded	_#___	$	_____
Current Balance		$	_____
Project Request		$	_____
Subsequent Balance		$	_____

Precedents (similarly funded projects):

1. _____
2. _____
3. _____
4. _____

3. Other Funding Sources / Alternative Strategies

_____

_____

_____

01/29/2002 13:59 SHELTER CDN PROPERTIES → 99472284 NO.820 P001

SHELTER CANADIAN PROPERTIES LIMITED

Ann C. Thorsteinson
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January 29, 2002

Mr. Jim Paterson
City of Winnipeg
Planning, Property & Development
3rd Floor, 65 Garry Street
Winnipeg, Manitoba R3C 4K4

Dear Jim:

Re: Film Exchange Building (365 Hargrave Street)
Heritage Tax Credit Application

Thank you for your memorandum of January 24, 2002 requesting further information on the above-captioned.

1. The Federal Department of Indian and Northern Affairs (DIANC) together with the National Resources Canada (NRC) determined that they would re-locate into new downtown accommodation with a minimum floor plate of 9,000 sq. ft. with a strong preference for a larger floor plate. The Kensington Building and most older downtown buildings were ineligible for the tenancy. Please see the restriction from Public Works and Governments Services Canada (PWGSC) attached to this letter. Consequently there is no displacement of the Kensington Building tenancy as a result of the re-development of the Film Exchange Building.

   The City should be aware that there is limited availability of 62,000 sq. ft. of contiguous office space in existing downtown Winnipeg buildings at the lease rates and the large floor plates demanded by the Federal government and other tenants. Although the Trizec Building has substantial vacancy, the owners did not submit a tender proposal for DIANC and NRC. Generally speaking the demands of a large tenant such as DIANC and NRC can only be economically met by expanding the floor plate of an existing building. Costs of new construction are excessive and resultant lease rates are unacceptable to virtually all tenants. This is the reason that One Waterfront is the only new, but small, rental office building constructed in downtown in Winnipeg in over 10 years.

   The City should also be aware that the decision to restrict the geographical location of the DIANC and NRC facilities to downtown Winnipeg was only reached after PWGSC received a space study by Dennis Browaty and Associates that determined expanded buildings with large floor plates including the Film Exchange Building would be available for development and lease. Otherwise, the Federal government would have issued a City-wide tender call for space.

2. Currently, DIANC and NRC is only occupying 55,000 sq. ft. in the Kensington Building versus 62,000 sq. ft. in the new premises. The 13% increase in accommodation also allows for an increase in employment for the subject departments.

3. The owner of the Film Exchange Building is investing over $7 Million in the project to re-develop a building with a remaining useful life of 60 or 70 years. The $5 Million mortgage financing on the building will be repaid over 30 years. The Federal government lease is only for 10 years and pertains to only 65% of the building. Please know that this development is not solely reliant and economically justified on the DIANC and NRC lease for only 10 years.

4. In addition to office and retail space, the re-development of the Film Exchange Building will include restoring the original use of part of the basement, first and second floors to 35 heated indoor parking stalls. The lease of the parking area to Imperial Parking for an indoor garage is also a requirement for an expansion of the CanWest Global facilities at 300 Carlton Street. Additional tenants have not yet been identified for the Film Exchange Building.

5. The rehabilitation and re-development of most heritage buildings requires additions to structure in order to provide the necessary large floor plates and meet tenant parking requirements. Both 300 Carlton and 476 Main Street had significant new additions to meet these requirements. In the case of 300 Carlton, 100,000 sq. ft. of new space was added to the north end of the existing building. In the case of 476 Main a $1.8 Million parking ramp and indoor garage was added as well as a 8,000 sq. ft. new addition as a second floor on the existing annex for the Contemporary Dancers studio.

6. The re-development of the Film Exchange Building is inseparable from an addition. If the building is not re-developed with larger floor plates it will not be economically viable for rehabilitation. The building will remain vacant and another eyesore in downtown Winnipeg. The total $650,000 tax credit recommended by the administration represents 9% of the total $7 Million private investment in the building and will represent one of the lowest ratio Heritage Tax Credits granted by the City.

Please advise if you require further information.

Yours truly,

SHELTER CANADIAN PROPERTIES LIMITED

ARNI C. THORSTEINSON
President

ACT/mm

cc Annitta Stenning, Centre Venture Development Corporation

01/25/2002 13:59 SHELTER CDN PROPERTIES → 9547284 NO.622 0003

Important New Buildings in Winnipeg

The Medical Arts Building, the Film Exchange Building and Additions to the Grain Exchange and Great West Life Buildings Are Splendid Contracts Now Being Completed

The Carter-Halls-Aldinger Co., of Winnipeg, carried out a number of important contracts during the past year the more important being the Medical Arts Building, Film Exchange Building, addition to the Great West Life Building and an addition to the Grain Exchange Building.

The Medical Arts Building is a four storey and basement building 100 feet by 120 feet, located at the corner of Graham Avenue and Kennedy Street. It is to be occupied exclusively by doctors and is owned by them. The building is of reinforced concrete skeleton frame construction designed for a future three stories. The exterior walls are of a light colored Tee Pee Moka brick facing with 8 inch back-up tile and with Tyndall stone trim. All interior partitions are of 3 inch and 4 inch tile. The trim throughout the building is of oak, of sanitary type, and all doors are slab doors with or without glass panels and transom heads depending on the requirements of the different doctors. The floors are maple in the offices, and terrazzo in the corridors. The main entrance is finished in Tyndall stone and ornamental plaster. Stair and elevator enclosures are fireproof.

There are approximately seventy doctors in the building, and each doctor after having his space allotted was permitted to lay out his partitions and fixtures to suit his own requirements; as a result, the layouts vary considerably. In order to accommodate the large number of plumbing fixtures required (these being 150 plumbing fixtures in the building) complete plumbing stacks were run up each interior column and the maple floor kept at sufficient height to permit connections to be run under the floor from the stacks to any location. Compressed air and gas is also available in all offices. Each doctor is supplied with all the light outlets, fixtures, and base plugs required, as well as a separate power service to take care of heavier loads than can be handled on the lighting circuit. The building is also equipped with a separate X-ray service for those who require it. Most of the doctors using X-ray have their offices in the basement, the basement being finished the same as the other floors, with windows 4 ft. 6 in. high. The first floor is 6 ft. above grade.

The building will cost complete, approximately $250,000, and will be occupied on March 1, 1923. J. D. Atchison & Company are the architects.

Film Exchange Building

The Film Exchange Building is being erected on the corner of Ellice Avenue and Hargrave Street, Winnipeg, for Mr. M. Chechik. It is 60 feet by 120 feet in plan, five storeys and basement. The basement, first, and second storeys are to be used as a garage, and are connected by a ramp outside the main building. The upper three storeys are to be used as offices for the various film agencies in the city, and the building was erected to comply with the new city regulations covering buildings for film storage. Each office has a vault, with 9 inch brick walls, and fireproof doors for storing the films. The offices have fireproof tile walls with metal windows, doors, trim, and borrowed lights. The floors are of mastic, the vaults are supplied with steel racks for storing the films, extending from each vault through the roof. The building is of skeleton concrete construction, with walls of brick facing, and 8 inch hollow tile facing. The front is finished in dark red matt faced brick and Tyndall stone. The building will cost complete approximately $135,000. Mr. M. Blankstein is the architect.

Great West Life Building Addition

The Great West Life work is a four storey addition to their present four storey building. It is a steel frame skeleton type building, with two-way reinforced concrete floor slabs. The exterior of the



Public Works and Government Services Canada

EXPRESSION OF INTEREST
Leased Office Accommodation
Winnipeg, Manitoba

Public Works and Government Services Canada (the Crown), invites Expressions of Interest from Lessors interested to participate in the project for the leasing of Office Accommodation to the Crown meeting the following criteria:

a) Approximately but not less than 5,269 usable square metres of contiguous office space on adjoining floors with a minimum floor plate of 865 usable square metres, OR, approximately 500 usable square metres on the main/ground floor with approximately 4,769 usable square metres of contiguous office space on adjoining floors, (not necessarily adjoining the ground floor), with a minimum floor plate of 865 usable square metres. In addition, either scenario shall also have approximately 185 usable square metres of storage space located within the Building. Fifteen (15) outdoor energized or indoor parking stalls located within a one block perimeter of the building are required. One (1) additional parking space, either within the building or on a paved area on the lands on which the building is located, and meeting accessibility requirements for persons with disabilities is required

b) Accommodation offered must be in the City of Winnipeg, and located within the area bounded by a line drawn Southeast along Market Avenue from Main Street to the Red River/railway track; South along the railway curve to Main Street at Assiniboine Avenue; North on Main Street to Broadway; Southwest on Broadway to Osborne Street North; North on Osborne Street North to Memorial Boulevard, North on Memorial Boulevard to Colony Street; North on Colony Street to Ellice Avenue; Northeast on Ellice to Hargrave Street; North on Hargrave Street to Cumberland Avenue; Northeast on Hargrave Street to William Avenue; Southeast on William Avenue to Main Street; Northeast on Main Street to Market Avenue; PLUS the area known as "The Forks".

c) The space offered must be in a good quality building and must be available by December 1, 2002, at no cost to the Crown so that it may be prepared for occupancy by July 1, 2003. OR in the case of a New Construct, the Lessor must covenant that the new construction AND tenant improvements will be completed to the Lessee's satisfaction for occupancy by July 1, 2003. Lease term of Ten (10) years, plus Two (2) options to extend of one (1) year each at the same terms and at a rental rate to be no higher than that of the initial term.

d) The physical characteristics of the Lands and the Building and the area and environment surrounding it, including neighbouring land uses, must be compatible with the Lessee's intended use of the accommodation.

e) The space and building offered must meet the Crown Standards for Leased Accommodation, the National Building Code, the Regulations of the Fire Commissioner of Canada and Barrier-free Design requirements.

Travaux publics et Services gouvernementaux Canada

DEMANDE D'EXPRESSION D'INTÉRÊT
Location d'espaces à bureaux
Winnipeg (Manitoba

Travaux publics et Services gouvernementaux Canada (TPSGC) désire recevoir des lettres d'expression d'intérêt de la part de propriétaires immobiliers intéressés à la louer des locaux à bureaux répondant aux critères suivants :

a) Au moins 5 269 mètres carrés utilisables d'espaces à bureaux, sur étages contigus offrant une superficie d'au moins 865 mètres carrés utilisables chacun, OU répartis sur environ 500 mètres carrés utilisables au rez-de-chaussée et 4 769 mètres carrés utilisables sur étages supérieurs contigus (mais pas nécessairement à partir du 2e) offrant une superficie d'au moins 865 mètres carré utilisables chacun. Dans un cas comme dans l'autre, une superficie d'environ 185 mètres carrés utilisables d'espace d'entreposage (quelque part dans l'immeuble) devra s'ajouter aux espaces à bureaux offerts. Un bail devra réserver pour son locataire 15 places de stationnement extérieur (munies de prises de courant) et 15 places de stationnement intérieur. L'aire de stationnement contenant ces places réservées devra être située dans le même quadrilatère que l'immeuble proposé. A ce nombre devra s'ajouter une place de stationnement - à l'intérieur même de l'immeuble proposé ou sur un terrain de stationnement pavé attenant audit immeuble - répondant aux normes d'accès facile pour personnes handicapées.

b) Les locaux offerts devront être situés dans la ville de Winnipeg, à l'intérieur du secteur délimité au sud-est par une ligne longeant l'avenue Market de la rue Main à la rivière Rouge/voie ferrée; au sud par une ligne longeant la courbe de la voie ferrée jusqu'à la rue Main au nord par l'avenue Assiniboine, et sur Main jusqu'à Broadway; au sud-ouest sur Broadway jusqu'à la rue Osborne nord, et de là jusqu'au boulevard Memorial, et de Memorial jusqu'à la rue Colony; au nord sur Colony jusqu'à l'avenue Ellice; au nord-est sur Ellice jusqu'à la rue Hargrave; au nord sur Hargrave jusqu'à l'avenue Cumberland; au nord-est sur Hargrave jusqu'à l'avenue William; au sud-est sur William jusqu'à Main; au nord-est sur Main jusqu'à l'avenue Market; PLUS le secteur connu sous le nom de «la Fourche».

c) Les locaux offerts devront être situés dans un immeuble de qualité et devront être mis à la disposition du client au plus tard le 1er décembre 2002 (sans frais supplémentaires) pour lui permettre d'y préparer son emménagement pour le 1er juillet 2003. Si l'immeuble proposé est encore à l'état de projet ou en cours de construction, le promoteur-propriétaire devra garantir que ledit immeuble et les locaux proposés seront prêts et aménagés selon les spécifications du locataire, au plus tard le 1er juillet 2003. Le bail initial sera en vigueur pour 10 ans et pourra être prolongé à 2 reprises, à raison de termes d'un an chacun, selon les mêmes modalités et conditions - sauf en ce qui a trait au taux de location qui ne devra pas dépasser celui convenu pour la période de location initiale.

d) Les terrains et l'immeuble, ainsi que le secteur de voisinage devront être compatibles avec l'utilisation qu'entend en faire le locataire.

e) L'immeuble et les locaux offerts devront être conformes aux normes de l'État relatives aux locaux loués et à l'aménagement pour accès facile, ainsi qu'aux exigences du Code national du bâtiment du Canada et aux règlements du Commissaire aux incendies du Canada

f) Les systèmes mécaniques et électriques de l'immeuble, y compris les systèmes de chauffage, de ventilation et de climatisation (CVC), les systèmes de sécurité, etc., devront être à

f) The proposed building shall be Date Sensitive compliant with respect to building systems including, but not limited to HVAC, safety systems, security systems and all other systems applicable to the operation of the building.

g) The entrance to the building must be located within 250 metres measured by sidewalk, crosswalk or other clear and safe route from a public transit stop providing service at intervals of not greater than thirty (30) minutes between the hours of 7:00 a.m. to 17:00 p.m., Monday through Friday excluding statutory holidays.

h) The premises must be heated/cooled/illuminated to the Lessee's specifications 24 hours per day at the Lessee's discretion and control. Typical hours of use will be from 07:30 a.m. to 17:00 p.m., Monday through Friday, excepting statutory holidays.

i) The Lessor must agree to the installation of suitable venting and HVAC alterations to permit the burning of smudge, sweet grass and/or other ceremonial materials within a designated area.

j) Daytime cleaning will be a lease covenant.

k) Approximately 50 usable square metres must offer a floor loading capacity of 7.3 Kilonewtons per square metre (150 pounds per square foot).

For further information, contact Ross Stoneham, Client Accommodation Service Advisor, Public Works and Government Services Canada, 100 - 123 Main Street, P.O. Box 1408, Winnipeg, Manitoba R3C 2Z1; Phone (204) 984-3541 Fax (204) 983-4444.

Your Expression of Interest must quote Project Number 529504. Please respond in writing with all relevant details of the space being offered and a simple floor/lot plan. Agents submitting an Expression of Interest must provide the Crown with a letter from the Owner authorizing them to do so.

To ensure consideration, letters expressing interest must be received at the following address by **no later than 14:00 hours on August 13, 2001**

Real Property Contracting
Public Works & Government Services Canada
P.O. Box 1408
Room 100 - 123 Main Street (VIA Rail Station)
Winnipeg, Manitoba
R3C 2Z1

or by facsimile at (204) 984-4034

NOTE: Do not submit a price as this is not a tender call.

This is only an inquiry as to the availability of the space to lease, and the Crown will not necessarily invite offers or lease any of the said space. The Crown reserves the right to invite offers for this or similar projects, from any of the interested Lessors, any other Lessor, or by way of public tender.

[illegible]

g) L'entrée de l'immeuble devra être à 250 mètres au moins d'un arrêt du service de transport en commun desservi aux 30 minutes, entre 7 h et 17 h, du lundi au vendredi, sauf les jours fériés. L'entrée de l'immeuble devra être reliée à ce point de service par un trottoir, par une passerelle à piétons, ou par une autre voie de circulation piétonnière libre et accessible.

h) Les locaux chauffés devront répondre aux exigences d'éclairage, de chauffage et de climatisation établies par le locataire et devront lui être accessibles 24 heures par jour, selon son gré. Les heures normales d'affaires seront néanmoins de 7 h 30 à 17 h, du lundi au vendredi, sauf les jours fériés.

i) Le propriétaire devra accepter l'installation d'un système de ventilation, ou la modification du système de chauffage, de ventilation et de climatisation, pour permettre l'incinération de graines, d'herbes sainies ou d'autres matières cérémoniales aux endroits désignés à l'intérieur des locaux loués.

j) Les travaux de nettoyage devront être effectués pendant le jour.

k) Environ 50 mètres carrés d'espace utilisable devront posséder une capacité de charge du plancher de 7.3 kilonewtons par mètre carrés (150 livres par pied carré).

Pour plus de renseignements, communiquer avec Ross Stoneham, conseiller en matière d'installations pour les ministères et organismes clients, soit par téléphone au (204) 983-4444, ou par téléphone au (204) 984-3541, ou par la poste à l'adresse suivante : TPSGC, Services immobiliers, 100-123 rue Main, case postale 1408, Winnipeg (Manitoba) R3C 2Z1.

Chaque lettre d'expression d'intérêt devra porter le numéro de projet 529504, devra faire mention de tous les détails pertinents, et devra être accompagnée d'un plan d'étage. Tout agent répondant à la présente invitation, au nom du propriétaire de l'immeuble, devra joindre à sa lettre une attestation écrite de ce dernier à l'effet qu'il est bel et bien son mandataire.

Pour être prise en considération, la lettre devra parvenir à l'adresse suivante, au plus tard à 14 h, le 13 août 2001 :

Adjudication des marchés dans le domaine de l'immobilier
Travaux publics et Services gouvernementaux Canada
Case postale 1408
Pièce 100
123, rue Main (Gare de VIA Rail)
Winnipeg (Manitoba)
R3C 2Z1

OU par télécopieur, au (204) 984-4034.

NOTA : Aucune proposition de prix n'est requise à ce moment-ci.

Étant donné que le présent avis ne constitue pas un appel d'offres formel, mais simplement une demande de renseignements sur la disponibilité éventuelle de tels locaux, aucune proposition de prix n'est requise à ce moment-ci. En temps voulu cependant, pour pourvoir à ce besoin ou à tout autre besoin futur d'espaces locatifs, l'État se réserve le droit de n'inviter à soumissionner que les seules parties intéressées qui auront répondu à la présente demande, ou encore, de lancer un appel d'offres public ouvert à tous.

Canada