**Minutes – Executive Policy Committee – October 12, 2011**

**Minute No. 489**
**Report – Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – October 7, 2011**

**Item No. 1** **Memorandum of Understanding - Develop a Parking Structure in conjunction with the Redevelopment Project - A & B Sound block on Portage Avenue**
**(Daniel McIntyre Ward)**

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management and submits the following to Council:

1. That the selection of Longboat Development Corporation be approved as the successful proponent to Bid Opportunity No. 374 – 2011, "Request For Expressions of Interest and Proposals for the Investment Structure, Design, Construction and Financing of The North Portage Corridor Parkade".

2. That the Memorandum of Understanding between The City of Winnipeg and Longboat Development Corporation for the construction of an approximately $20,000,000 multi-level parking structure be approved.

3. That Recommendation 3.B. contained in the report of the Alternate Service Delivery Committee dated March 15, 2011 and adopted by Council on March 23, 2011, be rescinded and substituted with the following:

   "3.B. That a maximum of $5.0 million be allocated from the Land Operating Reserve from the proceeds of disposition of the Winnipeg Square Parkade to provide a 15-year loan to Longboat Development Corporation in respect of the North Portage Corridor project, as set out and provided for in Section 218 of The City of Winnipeg Charter."

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

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

**Report – Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – October 7, 2011**

DECISION MAKING HISTORY:

Moved by Deputy Mayor Swandel,

That the recommendation of the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On October 7, 2011, the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

# ADMINISTRATIVE REPORT

**Title:** Approval of Memorandum of Understanding to develop a parking structure in conjunction with the redevelopment project at the A & B Sound block on Portage Avenue

**Critical Path:** Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – Executive Policy Committee – Council

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| G. Holmes | B. Thorgrimson<br>R. Topolniski | Mike Ruta<br>Chief Financial Officer | Deepak Joshi<br>Chief Operating Officer |

## RECOMMENDATIONS

1. That Council approves the selection of Longboat Development Corporation as the successful proponent to Bid Opportunity No. 374 – 2011, *"Request For Expressions of Interest and Proposals for the Investment Structure, Design, Construction and Financing of The North Portage Corridor Parkade".*

2. Subject to approval of Recommendation # 1, that Council approve the Memorandum of Understanding between the City of Winnipeg and Longboat Development Corporation for the construction of an approximately $20,000,000 multi-level parking structure.

3. That Council rescind its March 23, 2011 adoption of Recommendation 3B in the report of the Alternate Service Delivery Committee dated March 15, 2011, and substitute the following:

    - That a maximum of $5.0 million be allocated from the Land Operating Reserve from the proceeds of disposition of the Winnipeg Square Parkade to provide a 15-year loan to Longboat Development Corporation in respect of the North Portage Corridor project, as set out and provided for in Section 218 of The City of Winnipeg Charter.

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

5. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

## REASON FOR THE REPORT

Council approval is required of the selection of Longboat Development Corporation ("LDC") as the successful proponent to Bid Opportunity 374 - 2011 and for the proposed Memorandum of Understanding ("MOU") between the City of Winnipeg and LDC. Loans provided by the City of Winnipeg require Council approval. Use of reserve funds for any purpose other than that for which a reserve was established requires Council approval.

## IMPLICATIONS OF THE RECOMMENDATIONS

- The City of Winnipeg, in accordance with the Council decision regarding the Winnipeg Parking Authority – Projects for Immediate Action (Parkade Development) approved March 23, 2011, will contribute $5,000,000 from the net proceeds of disposition from the sale of the Winnipeg Square Parkade ($23,600,000), currently being held in the Land Operating Reserve, to the total construction cost of the parking structure.

- In exchange for the contribution above, the City of Winnipeg will have a registered interest in the structure in the form of a second mortgage position equal to $5,000,000.

- Parkade management will be at the sole discretion of LDC.

- Ratio of debt financing to equity financing will be at the sole discretion of LDC.

- The term of the loan will be fifteen years, the first five of which will be interest free. After 5 years, any unpaid balance owing to the City will accrue interest at a rate of 2% per year. The loan must be repaid in full no later than Year 15 (i.e. 2026) but may be repaid without penalty at any time during the term of the loan. These terms will be included in the agreement(s) between the City of Winnipeg and Longboat Development Corporation.

- It is anticipated that in addition to satisfying demand for parking in the area, this project will facilitate an investment of approximately $40 million through the development of a 140-room hotel and 60,000 square feet of retail space resulting in incremental municipal taxes estimated at $245,000 annually.

- The proposed development is directly aligned with Our**Winnipeg** policy goals reflected in the Complete Communities By-law. Specifically:

    - 03-1a Organizing the Downtown
        - Key Direction
          "Pursue a focused district, destination and cluster approach to development downtown that will seek to:
            - Provide more predictability and opportunity for investment
            - Increase the variety of complementary experiences and opportunities
            - Help achieve a critical mass of people-oriented activity that is vital to on-going economic success"
        - Direction 1 (page 17)

"Further define and enhance the identity and character of downtown's unique districts, destinations and clusters."

- Direction 2 (page 17)
  "Promote intensification and high-density mixed-use development within downtown in a way that supports and complements its unique districts, destinations and clusters."

- 03-1d Places to Relax and Enjoy Downtown
  - Key Direction
    "Support the expanded presence of arts and culture, sports, entertainment and leisure throughout downtown together with complementary services and attractions, seeking to:
      - Draw more people and create more extended hour activity strategically throughout the downtown
      - Establish downtown as a place of vibrancy and celebration"
- 03-1f – Getting from Place to Place Downtown
  - Direction 3
    "…support parking downtown from a strategic economic development and traffic demand management perspective."

## HISTORY

The Winnipeg Parking Authority (WPA) was asked by the City of Winnipeg to identify opportunities for expanding the parking supply in downtown Winnipeg. With analysis from MMM Group Limited ("MMM"), WPA identified appropriate locations for parking structures in this area, considering the centrality of the location, impact on building stock, available footprint, availability of land, current parking availability in the area, and flexibility to work around customer, stakeholder, and area commercial and resident concerns. Based on these considerations and discussions with area stakeholders, client agencies, and residents it was determined that the city blocks north of the MTS Centre would be well suited for one such parking structure.

The WPA issued an Expression of Interest and Proposal on May 6, 2011, to seek a Proponent to develop and present a proposal to bring private sector experience to the design, construction, financing, operation and maintenance of a mixed-use parkade project planned for the area north of the MTS Centre. The proposal is intended to leverage funding for the project while preserving the WPA's capital so that may be invested in future projects of a similar nature. The deadline for this EOI&P was 4:00 p.m. June 10, 2011. The WPA received three proposals and evaluated each against the posted evaluation criteria found in Schedule D and considered factors including Proponent credentials, resourcing, completeness and suitability of design, and the value-added quality and complementary opportunities to the City of Winnipeg. The evaluation team determined that the submission from Longboat Development Corporation provided the greatest prospect of accomplishing the objectives of the WPA. Accordingly, an MOU between the City of Winnipeg and LDC has been drafted for Council's consideration.

The MOU contains provisions to provide LDC with a $5 million loan as set out and provided for in Section 218 of The City of Winnipeg Charter. Subsection 218 (1) "Financial assistance" states:

*Council may provide financial assistance*

*(a) to assist a charitable or non-profit organization, association or corporation;*
*(b) to aid sports and recreation;*
*(c) to support economic and cultural development;*
*(d) to improve, preserve, repair, maintain, convert or develop any property in the city; or*
*(e) for any other purpose that council considers may be in the interests or to the advantage of the City or its citizens.*

Subsection 218 (2) “Forms of financial assistance” states:

*Financial assistance may be in the form of one or more of the following:*

*(a) a grant;*
*(b) a tax credit;*
*(c) a loan;*
*(d) a loan guarantee.*

## FINANCIAL IMPACT

**Financial Impact Statement** **Date:** October 5, 2011

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

**Approval of Public Private Partnership Agreement Memorandum to develop a parking structure in conjunction with the redevelopment project at the A & B Sound block on Portage Avenue**

| | 2011 | 2012 | 2013 | 2014 | 2015 to 2026 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | | | | | |
| Less: Existing Budgeted Costs | - | | | | |
| Additional Capital Budget Required | $ - | $ - | $ - | $ - | $ - |
| | | | | | |
| **Funding Sources:** | | | | | |
| Debt - Internal | | | | | |
| Debt - External | | | | | |
| Other - private sector contribution | - | | | | |
| Total Funding | $ - | $ - | $ - | $ - | $ - |
| | | | | | |
| Total Additional Capital Budget Required | $ - | | | | |
| | | | | | |
| Total Additional Debt Required | $ - | | | | |
| | | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | | | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | | | - | 245,000 | $ 3,940,000 |
| Net Cost/(Benefit) | $ - | $ - | $ - | $ (245,000) | $ (3,940,000) |
| Less: Existing budget amounts | | | $ - | $ - | $ - |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ (245,000) | $ (3,940,000) |

**Additional Comments:** Incremental revenues beginning in 2014 represent $245,000 in incremental property taxes accruing to the City of Winnipeg (City). For the purposes of this analysis, property taxes are assumed to be collected effective January 1, 2014 and remain constant. Interest revenue of $100,000/year (i.e. 2% of $5M loan amount) is to accrue to the City from Year 6 until the loan is repaid, which is assumed to be in Year 15, or 2026. The impact from 2014 to 2026 is a net increase in revenues of $4,185,000 (i.e. $3.185 million in taxes + $1 million in interest revenue).

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

## CONSULTATION

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

Assessment & Taxation Department
Legal Service Department
Corporate Finance Department
Winnipeg Parking Authority
CentreVenture Development Corporation

## SUBMITTED BY

Department: Planning, Property and Development
Division: Economic Development
Prepared by: Gary Holmes
Date: October 5, 2011
File No.

o:\reports directive\office of the director\downtown manager\a  b sound block parkade report_oct 4 2011v4.doc

LDC – CoW MOU




Adobe Acrobat Document