Agenda - Council – April 25, 2012

Report – Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – April 13, 2012

Item No. 2 Results of Expression of Interest and Qualifications for an Indoor Water Park Facility (Fort Rouge – East Fort Garry Ward)

STANDING COMMITTEE RECOMMENDATION:

On April 13, 2012, 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 City-owned property shown outlined on Misc. Plan 11119/15, be declared surplus to the needs of the City.

2. That the sale of the City-owned property shown outlined on Misc. Plan No. 11119/15, to Canalta Real Estate Services Ltd. (or its Nominee) at a purchase price of $6 million be approved, for the design, construction and operation of an Indoor Water Park Facility/Hotel in accordance with the submission received by the City pursuant to EOI & Q 379 – 2009 and the Offer to Purchase, dated February 29, 2012.

3. That a $7 million grant to Canalta Real Estate Services Ltd. (or its Nominee) towards the development of the Indoor Water Park Facility be approved subject to the finalization of Public Access and Capital Funding Agreements; Public Access Agreement to provide the City an annual $700,000 subsidy for free public admission to the water park for 25 years.

4. That the Chief Administrative Officer or his designate be delegated the authority to:

    A. Negotiate and approve all terms and conditions of the sale/development of the subject City-owned property as described herein and any other terms and conditions that are considered necessary to protect the interests of the City.

    B. Negotiate and approve all terms and conditions of the Public Access and Capital Funding Agreements as described herein.

5. That the developer be required to consult with the City of Winnipeg Universal Design Coordinator on the design of the proposed development.

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6. That for the development of any building and/or accessory parking area and/or signage, plans shall be submitted showing the location and design of the proposed buildings, the location and design of accessory parking areas, private approaches, garbage enclosures, fencing, landscaping and signage to the Director of Planning, Property and Development and the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management for plan approval prior to the issuance of any building or development permit, and thereafter all to be maintained to the satisfaction of the Director of Planning, Property and Development.

7. That construction of the Indoor Water Park Facility be substantially completed within three years of the finalization of the sale transaction.

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

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DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 18, 2012, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management and submitted the matter to Council.

Further, on April 18, 2012, the Executive Policy Committee received submissions from the following:

- Councillor J. Orlikow, River Heights-Fort Garry Ward, submitted documentation recommending an amendment to the Standing Policy Committee recommendation for the $7 million grant to be removed and for Council to use those public funds to provide $450,000 equally to each Ward to invest in community recreation properties.

- Ken Guilford submitted a copy of his presentation in opposition to the to the recommendation from the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management on the Results of the Expression of Interest and Qualifications for an Indoor Water Park Facility.

STANDING COMMITTEE RECOMMENDATION:

On April 13, 2012, the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management concurred in the recommendation of the Winnipeg Public Service, with the following amendments:

- Add the following Recommendations 5, 6. and 7. and renumber the remaining recommendation accordingly:

  "5. That the developer be required to consult with the City of Winnipeg Universal Design Coordinator on the design of the proposed development.

  6. That for the development of any building and/or accessory parking area and/or signage, plans shall be submitted showing the location and design of the proposed buildings, the location and design of accessory parking areas, private approaches, garbage enclosures, fencing, landscaping and signage to the Director of Planning, Property and Development and the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management for plan approval prior to the issuance of any building or development permit, and thereafter all to be maintained to the satisfaction of the Director of Planning, Property and Development.

Report – Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – April 13, 2012

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION (continued):

7. That construction of the Indoor Water Park Facility be substantially completed within three years of the finalization of the sale transaction.”,

and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: **Results of Expression of Interest and Qualifications No. 379 - 2009 (Indoor Water Park Facility)**

Issue: **Standing Policy Committee on Downtown Development, Heritage and Riverbank Management Approval of the Sale of City-owned Property shown outlined on Misc. Plan No. 11119/15**

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

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Zabudney	B. Thorgrimson	M. Ruta	D Joshi

RECOMMENDATIONS

1. That Council declare the City-owned property shown outlined on Misc. Plan 11119/15, attached, surplus to the needs of the City.

2. That the sale of the City-owned property shown outlined on Misc. Plan No. 11119/15, attached, to Canalta Real Estate Services Ltd. (or its Nominee) at a purchase price of $6 million be approved, for the design, construction and operation of an Indoor Water Park Facility/Hotel in accordance with the submission received by the City pursuant to EOI & Q 379 – 2009 and the Offer to Purchase, dated February 29, 2012.

3. That a $7 million grant to Canalta Real Estate Services Ltd. (or its Nominee) towards the development of the Indoor Water Park Facility be approved subject to the finalization of Public Access and Capital Funding Agreements; Public Access Agreement to provide the City an annual $700,000 subsidy for free public admission to the water park for 25 years.

4. That the Chief Administrative Officer or his designate be delegated the authority to:

    a. Negotiate and approve all terms and conditions of the sale/development of the subject City-owned property as described herein and any other terms and conditions that are considered necessary to protect the interests of the City.
    b. Negotiate and approve all terms and conditions of the Public Access and Capital Funding Agreements as described herein.

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

REASON FOR THE REPORT

- Council approval is required to declare the subject City-owned property shown outlined on Misc. Plan No. 11119/15, attached, surplus to the needs of the City.

IMPLICATIONS OF THE RECOMMENDATIONS

- The submission received from Canalta Real Estate Services Ltd. for the development of a 50,000 square foot indoor water park together with a phased 250 room hotel will be approved and the subject City-owned property will be sold for fair market value, supported by an external appraisal report.
- The Chief Administrative Officer will be delegated the authority to negotiate and approve all terms and conditions of the sale/development of the subject City-owned property in accordance with the Offer to Purchase, dated February 29, 2012 and the Public Access/Capital Funding Agreements that are considered necessary to protect the interests of the City.
- The City's standard terms and conditions of sale will include provisions to protect the City's interests in the event that environmental contamination is discovered.
- There are no regulatory or human resources implications associated with this report.
- Proceeds of $6 million will be credited to the Land Operating Reserve Fund.
- $7 million in capital funding will be provided to Canalta Real Estate Services Ltd. toward the construction cost of the indoor water park facility subject to the conditions noted in Recommendation No. 3.

HISTORY

At its meeting held on January 23, 2008, Council approved, among other things, *"1. That the $9.0 million contained in the approved 2007 and 2008 Capital Budget Recreation and Leisure Facilities - Kildonan Park Urban Oasis program be reallocated as follows:*

A. Up to a $7.0 million contribution towards the development of a private sector/publicly accessible destination Water Park facility within the City of Winnipeg;
B. A $2.0 million contribution to redevelop the outdoor pool at Kildonan Park."

The Public Service issued an EOI for the development of a Water Park Facility and on July 16, 2008 Council approved Canad Inns as the successful Proponent at its Polo Park location. For various reasons, negotiations with the Proponent were not concluded and on May 27, 2009, Council instructed that negotiations discontinue.

On April 23, 2008, Council approved, among other things, that *"the Planning, Property and Development Department be authorized to initiate an Engagement Strategy with affected stakeholders in order to investigate, identify and assess medium and longer term parking strategies for the Forks district"*. The subject City-owned property was to be utilized in the interim for parking purposes to meet the needs of the Canadian Museum for Human Rights and the Forks until such time as an alternative parking option had been implemented.

In this regard, the Public Service met with the affected stakeholders relating to parking and the use of the subject City-owned property. A short and medium term strategy was completed to the satisfaction of the stakeholders. It was also agreed that the subject City-owned property is key with development for a variety of uses with surface parking being the least desirable.

A further EOI & Q with respect to the design, construction and operation of an indoor Water Park Facility was prepared by the Public Service and issued in July of 2009, which closed on August 14, 2009. The City received a submission in response to the EOI & Q from Shindico Realty Ltd. acting as Agent on behalf of a Water Park/Hotel development proposal. Over the term of negotiations, Canalta Real Estate Services Ltd. together with WaterFun Products evolved into the current model pursuant to this proposal.

Canalta Development is the development arm of Canalta Real Estate Services Ltd., specializing in the commercial design-build of Canalta Family owned and operated hotels, motels, full service and fast food restaurants. Since 1995, Canalta Development has successfully completed numerous projects in the food service and hospitality industries valued from $250,000 to $12,500,000. The Canalta Group of Companies is a family owned hospitality enterprise that includes 33 hotels operating under the Canalta, Ramada, Super 8 and Travelodge brands (Canalta Hotel being its signature brand, with a 3.5 star rating by TripAdvisor). Based in western Canada, Canalta Development is extremely excited to enter into the Manitoba market.

WaterFun Products are proposing to design and build the indoor water park facility consistent with state-of-the-art water parks of comparable square footage across North America. WaterFun Products was founded in 1979 and has over 30 years of experience in the water park industry and has designed planned and manufactured products that cater to the unique needs of the water and theme park industry. They are known for world class water parks such as the facilities at West Edmonton Mall, Mandalay Bay Hotel in Las Vegas, Niagara Falls to name just a few and they have over 400 installations in 33 countries and on every continent.

Negotiations with the Proponent have concluded and an overview of the estimated $75 Million development proposal pursuant to the EOI & Q is as follows:

- Purchase price of the subject City-outlined property shown outlined on Misc. Plan No. 11119/15 at $6 million, which is supported by an external appraisal report.
- Phase I will include the development of a 50,000 square foot indoor water park facility together with a 125 room Canalta signature Brand Hotel and surface parking to service both facilities.
- Phase II will include the addition of second tower to the Canalta Brand Hotel of approximately 125 rooms and a four level approximately 450 stall parking structure to service the entire development and to provide additional parking capacity for the immediate area.
- Public Access Agreement will provide the City an annual $700,000 subsidy for free public admission to the water park for 25 years. This will realize a $17.5 Million benefit to the City of Winnipeg over the term of the agreement.
- Capital Funding Agreement by the City will provide a commitment of $7 million toward construction of the water park facility once the Public Access Agreement has been formalized.

FINANCIAL IMPACT

Financial Impact Statement

Date: April 10, 2012

Project Name:

Results of Expression of Interest and Qualifications No. 379 - 2009 (Indoor Water Park Facility)

First Year of Program **2012**

	2012	2013	2014	2015	2016
Capital					
Capital Expenditures Required	$ 7,000,000	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	7,000,000	-	-	-	-
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	$ 600,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	6,000,000	-	-	-	-
Net Cost/(Benefit)	$ (5,400,000)	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	(5,400,000)	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Revenues consist of the purchase price of $6 million, which will be credited to the Land Operating Reserve. Direct costs represent the 5% and 5% of gross proceeds toward the Historical Buildings Program and the Enhanced Land Marketing Program respectively. The 15% allocation to the Community Centre Renovation Investment Fund is not included as the maximum of $1.2 million/annum is forecast to be reached without consideration of this sale. Capital expenditures of $7 million represent the grant to the proponent as outlined in the report.

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

CONSULTATION

In preparing this report there was consultation with:

N/A

SUBMITTED BY

Department:	Planning, Property and Development
Division	Real Estate
Prepared by:	John S. Zabudney
Date:	April 11, 2012
File No.	7933/A

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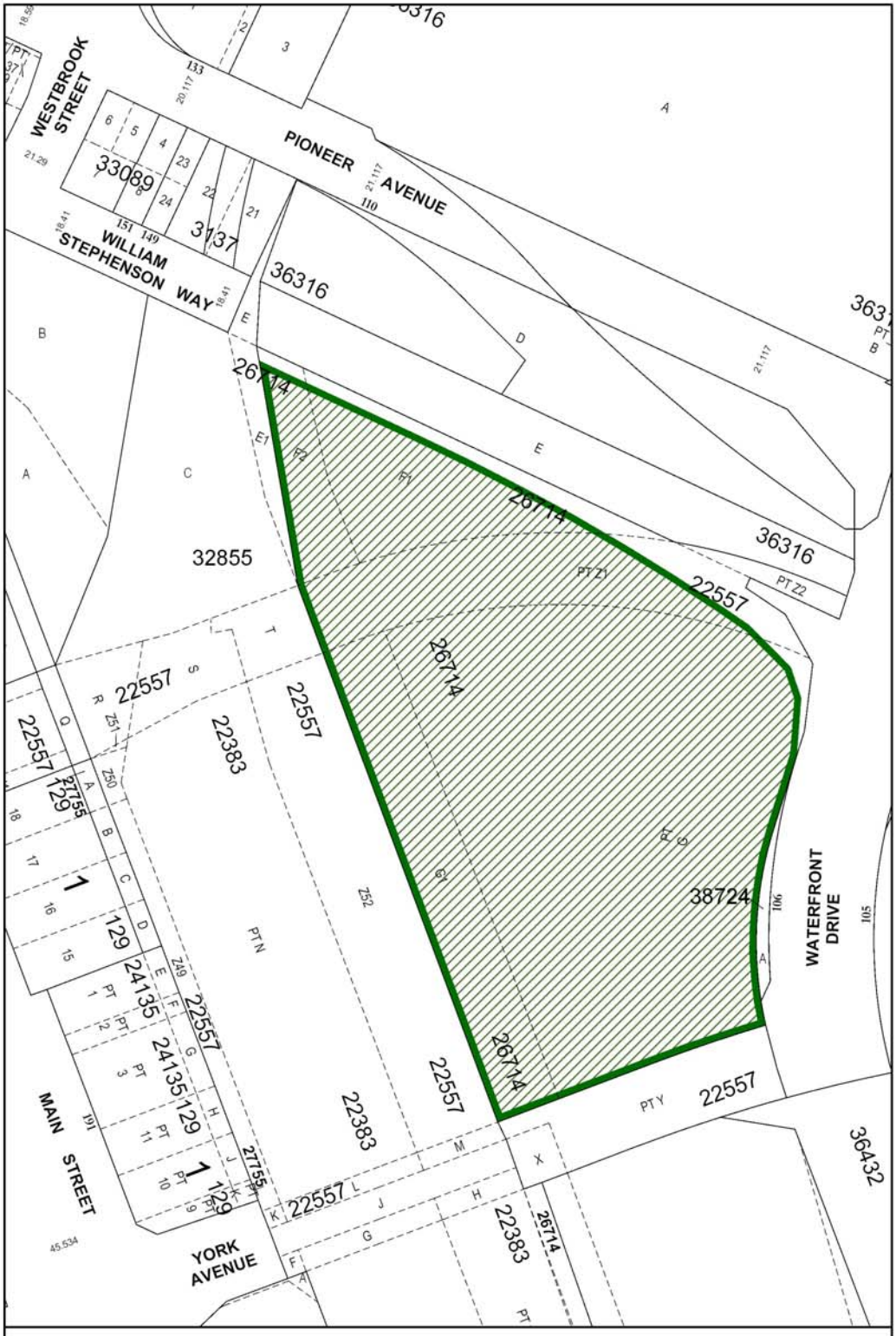

SUBJECT CITY PROPERTY
Area: ±2.1687 hectares (±5.359 acres)

METRIC

Date: 2009-NOV-16
District: CC
File: 7933/A
Scale: 1:1500

NOTE:
Information displayed hereon has been compiled or computed from a variety of sources and should be used as a general guide only. No warranty is expressed or implied regarding the accuracy of such information.

CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES

MISC. PLAN NO. 11119/15



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ATLIS GEOMATICS

SUBJECT CITY PROPERTY
Area: ±2.1687 hectares (±5.359 acres)

METRIC

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Date: 2009-NOV-16
District: CC
File: 7933/A
Scale: 1:1500

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CITY OF WINNIPEG
PLANNING, PROPERTY AND DEVELOPMENT DEPT.
LAND INFORMATION & MAPPING SERVICES

MISC. PLAN NO. 11119/15

CANALTA

March 29, 2012

Barry Thorgrimson, Director
City of Winnipeg
Planning, Property and Development
65 Garry Street, 3rd Floor
Winnipeg, Manitoba
R3C 4K4

Dear Mr. Thorgrimson:

Please accept this letter as confirmation that our company is working with Waterfun Products and a group of local investors to purchase the property known as Lot 4 at the Forks for a development that will include a Canalta Hotel and a waterpark as proposed to the city on our behalf.

We are confident that with our experience in the hotel and restaurant industries and Waterfun Products' experience in the development of water parks worldwide, Winnipeg will be pleased with our proposed development. We look forward to expanding our Western Canadian company into Manitoba.

Yours truly,

CANALTA REAL ESTATE SERVICES LTD.

Per:

Cam Christianson
President and CEO

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