Nygard Expansion - Acquisition of City-Owned Parcel of Land Immediately South of 1340 Notre Dame Avenue
File FI-1.2 (Vol. 1)

4. The Executive Policy Committee has been advised that Nygard International contacted the City in 2001 and inquired about the possibility of acquiring the parcel of property in question, which has been declared surplus, so that it may expand its distribution capacity at 1340 Notre Dame Avenue. Nygard International indicated they would be interested in expanding their distribution facility by 80,000 to 100,000 square feet if they were to acquire the property.

Nygard is proposing to invest $3 to 4 million in this newly expanded facility while the City has been asked to provide $47,000.00 to $60,000.00 worth of property. The ratio of investment is, therefore, between 50 and 85 to one. In addition, between 100 and 200 new jobs will be created. The City's return on this investment via municipal and business taxes will exceed the land's value on an annual basis.

Supporting principles for the proposal are as follows:

- granting of this parcel of land is in line with other economic incentive precedents in that the value of the land is offset by business and municipal property taxes resulting from the facility to be built on it;

- the incentive provided reflects the strategic importance of the apparel industry to Winnipeg's economy and is commensurate with the guidelines outlined in the Council-adopted Homegrown Economic Development Strategy;

- upon construction of the project, Nygard International's municipal and business taxes will increase by approximately $89,300.00 to $111,000.00 annually.

The Administration has recommended that an agreement between the City of Winnipeg and Nygard International for purposes of supporting the expansion of their operations be finalized by the Chief Administrative Officer, subject to the following conditions:

a) That Nygard International establish and at all times maintain and operate the project in accordance with all laws, by-laws, directions, rules and regulations and obtain any and all necessary permits and licenses of any federal, municipal or provincial authority having jurisdiction as may be required to construct and operate the project;

b) That property taxes are paid in full when due for each taxation year;

c) That, should Nygard International not complete the project, the land in question be given back to the City of Winnipeg;

d) That Nygard International enter into negotiations with the City (if the City desires) with regard to a possible 5 metre by 5 metre cut at the south east corner of Spruce Street and Notre Dame Avenue;

e) That any additional costs incurred by the City with regard to the transfer of the parcel of land be the responsibility of the City of Winnipeg;

f) Any such other terms and conditions as deemed necessary by the City Solicitor/ Manager of Legal Services for the purposes of implementing the intent of Council.

The City of Winnipeg considers support to such a venture as a strategic, long-term economic development investment in Winnipeg's economy, particularly in the apparel industry, which is one of Winnipeg's key economic sectors. The project in question meets the necessary criteria as laid out in the City's Homegrown Economic Development Strategy.

The Executive Policy Committee recommends:

I. That City Council approve the following recommendation as it pertains to a proposed agreement between the City of Winnipeg and Nygard International with regard to the latter's request for a parcel of City-owned land in order to expand it's distribution facility at 1340 Notre Dame Avenue:

   A. That the parcels of City owned land identified as "Parcel D: Plan 5012 - Roll No. 122104580 and Parcel C: Plan 5012 – Roll No. 122105500" and located immediately south of 1340 Notre Dame Avenue be sold to Nygard International for the amount of $1.00.

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

Appendix "A" referred to in Clause 4 of the Report of the Executive Policy Committee dated March 13, 2002

Financial Impact Statement:

Project Name: Nygard Expansion

Date: March 8, 2002 First Year of Program **2002**

	2002	2003	2004	2005	2006
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					
Less: Incremental Revenue/Recovery		89,300	89,300	89,300	89,300
Net Cost/(Benefit)	$ -	$ (89,300)	$ (89,300)	$ (89,300)	$ (89,300)
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ -	$ (89,300)	$ (89,300)	$ (89,300)	$ (89,300)

Additional Comments: The above analysis does not include a potential opportunity cost of between $47,000 - $60,000 (estimated fair market value) if the parcel of City-owned property is gifted to Nygard. It is assumed the incremental property and business tax will be earned in the General Revenue Fund (Tax Supported Fund) commencing 2003. However, the tax revenue included in the above analysis does not incorporate mill rate changes.

P. Bodnar

Senior Financial Accountant