**Minutes - Executive Policy Committee – May 14, 2014**

**Minute No. 326**
**Report - Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – May 5, 2014**

**Item No. 3 Public Safety Building & Civic Centre Car Park – Evaluation of Strategic Alternatives (Point Douglas 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 submitted the following to Council:

1. That the Winnipeg Public Service perform further analyses to assess the feasibility of the preliminary alternatives as contained herein respecting future development for civic use and/or disposition of the properties represented by the Public Safety Building & Civic Centre Car Park.

2. That the establishment of a new 2014 capital project budget entitled "Public Safety Building and Civic Centre Car Park Strategic Alternatives", be approved.

3. That the funding source for the new "Public Safety Building and Civic Centre Car Park Strategic Alternatives" capital project budget be a transfer from the Land Operating Reserve Fund in the amount of $275,000.00.

4. That the Planning, Property and Development Department be authorized to make application for subdivision as required of the properties represented by the Public Safety Building & Civic Centre Car Park commensurate with the presence of a reversionary interest in the legal description of the deed associated with transfer of ownership of the subject lands.

5. That the Public Service submit the results of the feasibility analysis for civic development and/or disposition of the properties represented by the Public Safety Building and Civic Centre Car Park to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management.

6. 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 – May 5, 2014

DECISION MAKING HISTORY:

Moved by Councillor Pagtakhan,

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

Carried

David Sanders submitted a communication dated May 14, 2014, in opposition to the Public Safety Building & Civic Centre Car Park – Evaluation of Strategic Alternatives.

STANDING COMMITTEE RECOMMENDATION:

On May 5, 2014, 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.

Further on May 5, 2014, the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management received a communication dated May 3, 2014 from David Sanders in opposition to Public Safety Building & Civic Centre Car Park – Evaluation of Strategic Alternatives.

# ADMINISTRATIVE REPORT

**Title:** Public Safety Building (PSB) & Civic Centre Car Park (CP): Evaluation of Strategic Alternatives

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

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| B. Erickson | B. Thorgrimson | M. Ruta | D. Joshi<br>A/CAO |

## RECOMMENDATIONS

1. That the Public Service perform further analyses to assess the feasibility of the preliminary alternatives as contained herein respecting future development for civic use and/or disposition of the properties represented by the Public Safety Building & Civic Centre Car Park.

2. That Council approve the establishment of a new 2014 capital project budget entitled “Public Safety Building and Civic Centre Car Park Strategic Alternatives”.

3. Subject to approval of Recommendation 2. above, that the funding source for the new “Public Safety Building and Civic Centre Car Park Strategic Alternatives” capital project budget be a transfer from the Land Operating Reserve Fund in the amount of $275,000.00.

4. That the Planning, Property and Development Department be authorized to make application for subdivision as required of the properties represented by the Public Safety Building & Civic Centre Car Park commensurate with the presence of a reversionary interest in the legal description of the deed associated with transfer of ownership of the subject lands.

5. That the Public Service submit the results of the feasibility analysis for civic development and/or disposition of the properties represented by the Public Safety Building and Civic Centre Car Park to the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management.

6. 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

Council approval is required to establish a new capital project in the 2014 Capital Budget.

To provide Council with the results of the preliminary analysis of alternatives respecting future development for civic use and/or disposition of the properties represented by the Public Safety Building and Civic Centre Car Park.

## IMPLICATIONS OF THE RECOMMENDATIONS

- The Public Service will perform and contract for professional consulting services (as warranted) to further assess the feasibility of the preliminary alternatives for future development and/or disposition of the Public Safety Building (PSB) and Civic Centre Car Park (CP). Such analysis associated with short listed or proposed alternative(s) will permit the following:
  - Consultation with civic departments proposed for relocation to confirm feasibility of future accommodation requirements equating to available PSB developmental space.
  - Strategic review of the downtown facility portfolio to ensure PSB and CP alternative implementation permits or does not otherwise restrict optimization of neighboring asset utilization in the vicinity.
  - Obtain greater assurance respecting cost estimates and scheduling requirements.
  - Procurement strategy analysis allowing determination of recommended project delivery methodology.
  - Assessment of determinable risk factors, associated mitigation strategies and projected implications.
  - Quantification of Civic Department consolidated operational efficiencies potentially resulting from improved service delivery logistics, sustainable development, etc.
  - Delineation and documentation of environmental remediation requirements associated with (a) redevelopment of the PSB for any future civic use and (b) preparing the CP site for any potential sale/disposition.
  - Parking requirements analysis to assess parking deficiency/surplus implications.
- Asset inspection and securing/shoring of the PSB and CP will continue until such time as Council has approved a strategy for these properties. The associated cost for 2014 is estimated to be approximately $150,000 and will be charged to existing Municipal Accommodations Division Council-approved operating budget.

## HISTORY

- Relocation of the Winnipeg Police Service (WPS) from the PSB and CP to the former Canada Post building at 266 Graham Avenue (WPS Headquarters) will commence in 2014 to address current and projected WPS accommodation needs which cannot be achieved in the antiquated PSB. As such, commencement of planning and analysis for future development and/or disposition of the PSB and CP represents prudent asset management.

**Public Safety Building (PSB):**

- The presence of a reversionary interest in the legal description of the deed associated with transfer of ownership of lands to the City precludes the City from implementing select development/ disposition strategies associated with the lands the PSB occupies (PSB lands). However, the feasibility of the City disposing of property to the north of the reversionary interest (see Appendix A and B for identification of potential surplus lands) which includes the CP (CP lands) has been assessed and confirmed.
- Civic reuse of the PSB requires building façade recladding, building system refurbishment and/or replacement as warranted, and renovation to provide civic office accommodations. Further, extensive mechanical/electrical system replacement/retrofitting is required given current installations.

**Civic Centre Car Park (CP):**

- The CP was closed as a precautionary measure on August 24, 2012, due to the risk of sudden failure in the structure as identified in a 2012 engineering report.
- Securing/shoring of the CP continues to permit safe occupancy of the basement until relocation to the new WPS Headquarters in 2014.

- The CP is currently “mothballed”. Extensive redevelopment would be required to return this asset to operational condition.
- Temporary street parking on James Ave. for WPS vehicles continues until WPS relocates to the new WPS Headquarters in 2014.
- A Plan of Survey has been prepared in relation to the properties represented by the PSB and CP to identify potential surplus lands (see Appendix A for identification of potential surplus lands).
- The CP lands are zoned as a “Character Sector” which allows for permitted and conditional uses relative to redevelopment intent for the site should the property be declared surplus to civic needs and marketed for sale.

**Conceptual Variation: Fundamental Design/Development Alternative Categories:**

- As shown in Table A below, five (5) preliminary options considered contain alternative design and development variables/factors.

***Table A:***

**FACILITIES MASTER PLANNING: PUBLIC SAFETY BUILDING & CIVIC CENTRE PARKADE**
**Preliminary Asset Development & Disposition Alternatives**
**As at March 1, 2014**

| | *Category 1: PSB Redevelopment* | | | *Category 2: PSB Demolition* | |
|---|---|---|---|---|---|
| **PSB Lands:** ***South of the Reversionary Interest*** [1] | A. PSB Redevelopment for Civic Use | A. PSB Redevelopment for Civic Use | A. PSB Redevelopment for Civic Use | A. PSB Demolition & Green Space Development | A. PSB Demolition & Green Space Development |
| **CP Lands:** ***North of the Reversionary Interest*** [1] | B. Parkade Demolition & Land Sale | B. Parkade Demolition & Green Space Development | B. Parkade Demolition & Surface Parking Development | B. Parkade Demolition & Land Sale | B. Parkade Demolition & Green Space Development |
| ***Option:*** | *1* | *2* | *3* | *4* | *5* |

**Note 1:** See Appendix A and B for identification of PSB Lands (lands to be retained for civic purposes) and CP Lands (potential surplus lands).

- A significant variation amongst the alternatives presented above pertains to redevelopment of the PSB (Options 1 - 3) and PSB demolition (Options 4, 5). A conceptual description or characterization representative of each major development category (Options 1- 3 representing PSB redevelopment as well as Options 4 and 5 representing PSB demolition) is presented below.

***Category 1 (Options 1 - 3): Centralized Public Civic Service Centre - Conceptualization***

- PSB redevelopment for civic use permits establishment of an environmentally sustainable complex for centralized municipal service needs. Departments occupying the Public Civic Service Centre would likely include, among others civic entities, the Planning, Property and Development Department, Winnipeg Parking Authority, and Materials Management Division all of which purvey significant direct or personal citizen/customer services daily.
- Option 1 retains CP demolition and land sale within project scope. PSB redevelopment requires establishment of a preliminary order of magnitude Capital Budget estimated at $39,200,000.

***Category 2 (Options 4 & 5): Centralized Public Space - Conceptualization***

- PSB demolition permits establishment of an aesthetic public gathering space for centralized needs.
- Option 4 retains CP demolition and land sale within development scope. PSB demolition and centralized public space development requires establishment of a preliminary order of magnitude Capital Budget estimated at $3,400,000.

**Preliminary Comparative Financial Cost/Benefit Analysis:**

- A Preliminary Comparative Financial Cost/Benefit Analysis was performed to assist in assessment of development and disposition alternatives as contained in Table A on page 3.
- Alternatives incorporating redevelopment of the PSB likely require a longer term or investment "horizon" to increase value-for-money (VFM). This outcome is commensurate with the nature/characteristics of the assets under study and scope of their estimated useful lives.
- The following preliminary qualitative benefits associated with Category 1 (PSB Redevelopment) have been identified:
    - Civic Department consolidated operational efficiencies. Examples include improved service delivery logistics, operational synergies, and a value-engineered renovation to minimize operating costs. Note that it is not possible at this time to quantify with reasonable certainty such benefits.
    - Area enhancement and developmental catalyst. Re-use of the former PSB site results in certainty of centrally situated downtown lands. As well, disposition of CP lands results in an opportunity for fulfillment of area market demands and requirements.
    - Sustainable development. Relocation of civic operations from existing less efficient facilities into a single "purpose-design" complex incorporating environmental sustainable technologies represents responsible, prudent asset management.

**Current/Capital Budget Implications:**

- The total estimated cost to perform the recommended feasibility analysis is $275,000. A new 2014 capital project budget, the funding for which will be transferred from the Land Operating Reserve Fund, will be established.
- Asset inspection and securing/shoring of the PSB and CP, the cost of which is estimated to be approximately $150,000 in 2014, will be charged to existing Municipal Accommodations Division Council-approved operating budget.
- Capital and current budgets beyond 2014 would be prepared to reflect annual net payment streams associated with the Council approved strategy for the properties represented by the PSB and CP, the procurement strategy selected for any development/implementation, as well as debt servicing costs commensurate with the term of the related debt issuance selected (e.g., 30 years).
- Note the financial terms and conditions as may be contained in any proposal(s) received in response to an future RFP/Bid Opportunity associated with development/implementation of a Council approved strategy could result in additional capital budget requirements prior to any project award. In addition, any variation between forecasted and actual proceeds from disposition realized from sale of vacated properties, should Council approve sale proceeds as a funding source, could result in additional capital budget requirements.

## FINANCIAL IMPACT

## Financial Impact Statement

**Date:** April 17, 2014

**Project Name:**

Public Safety Building (PSB) & Civic Centre Car Park (CP): Evaluation of Strategic Alternatives

**First Year of Program** **2014**

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **Capital** | | | | | |
| Capital Expenditures Required | $ 275,000 | $ - | $ - | $ - | $ - |
| Less: Existing Budgeted Costs | - | - | - | - | - |
| Additional Capital Budget Required | $ 275,000 | $ - | $ - | $ - | $ - |
| **Funding Sources:** | | | | | |
| Cash-to-Capital | $ - | $ - | $ - | $ - | $ - |
| Debt - External | - | - | | - | - |
| Grants (Enter Description Here) | - | - | - | - | - |
| Reserves, Equity, Surplus (LOR) | 275,000 | - | - | - | - |
| Other - Enter Description Here | - | - | - | - | - |
| Total Funding | $ 275,000 | $ - | $ - | $ - | $ - |
| Total Additional Capital Budget Required | $ 275,000 | | | | |
| Total Additional Debt Required | $ - | | | | |
| **Current Expenditures/Revenues** | | | | | |
| Direct Costs | $ 150,000 | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | 5,392 | - | - | - | - |
| Net Cost/(Benefit) | $ 144,608 | $ - | $ - | $ - | $ - |
| Less: Existing Budget Amounts | 144,608 | - | - | - | - |
| Net Budget Adjustment Required | $ - | $ - | $ - | $ - | $ - |

**Additional Comments:** Capital expenditures in 2014 consist of estimated consulting costs of $269,608 plus short-term financing costs of $5,392. The latter amount would be offset by an equal recovery in the current budget of the Corporate Finance Department. Direct costs in 2014 represent estimated inspection and shoring expense for the Civic Parkade, which will be charged to Municipal Accommodations operating budget. The required capital funding source for the feasibility study is a transfer from the Land Operating Reserve Fund. No amounts have been included for years beyond 2014 as any budget requirement is dependent upon which alternative, if any, is selected for the future development and/or disposition of the Public Safety Building (PSB) and Civic Parkade (CP).

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

## CONSULTATION

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

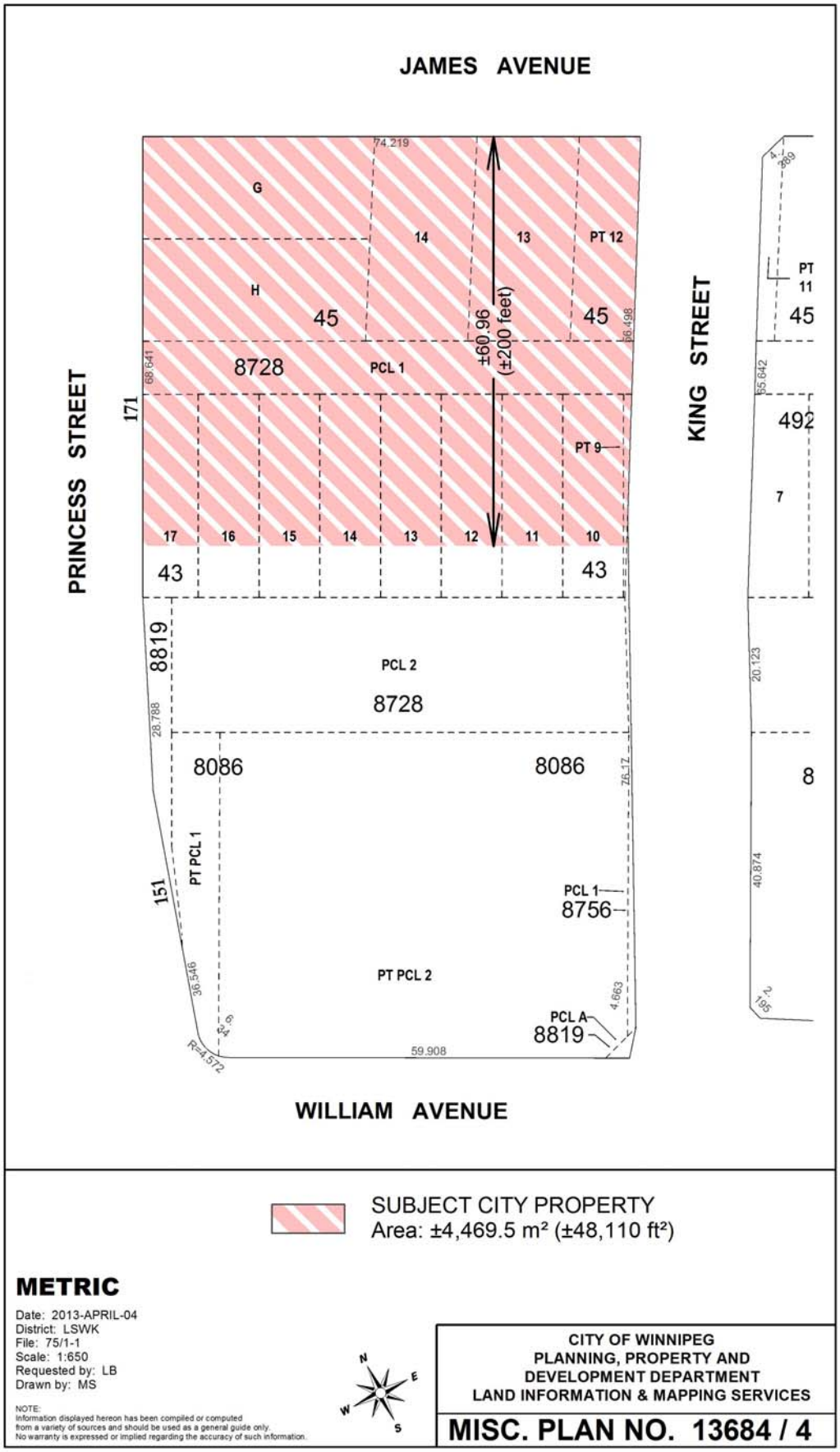
1. Legal Services (as to legal issues)

## SUBMITTED BY

| | |
|---|---|
| Department: | Planning, Property and Development |
| Division: | Municipal Accommodations |
| Prepared by: | Brad Erickson, Portfolio Strategies Coordinator<br>Mike McGinn, Manager of Finance |
| Date: | April 17, 2014 |
| File No. | O:\Reports Directive\Municipal Accommodations\General Communication\2014\MA2014-028 - Publice Safety Building Civic Centre Car Park - Evaluation of Strategic Alternatives 4-17-14.doc |

Report No.: MA2014-028

**Appendix A: Properties Represented by the Public Safety Building & Civic Centre Car Park – Potential Surplus Lands**



**Appendix B: Properties Represented by the Public Safety Building & Civic Centre Car Park**

