**Agenda – Council – July 16, 2014**

**Report - Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – July 7, 2014**

**Item No. 4 Proposed Parcel 4 – Forks Rail Side Development (Fort Rouge – East Fort Garry Ward)**

STANDING COMMITTEE RECOMMENDATION:

On July 9, 2014, 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 City-owned property commonly known as Parcel 4 shown outlined on the attached Misc. Plan No. 11119/15, be declared surplus to the needs of the City.

2. That recommendations 3 through 8 be subject to the following:

   A. Confirmation satisfactory to the City's Chief Financial Officer of equal matching grants from Canada and Manitoba to be secured by The Forks Renewal Corporation within 12 months following the date of Council approval of this report.

   B. Receipt of a current appraisal of the City-owned property outlined in Plan No. 11119/15, as satisfactory to the City's CFO.

3. That the sale of the City-owned property shown outlined on Misc. Plan No. 11119/15 to The Forks Renewal Corporation at a purchase price of $6,000,000.00 or such other value as reflected in the appraisal to be received by the City pursuant to Recommendation 2 be approved, in accordance with terms and conditions of sale that the Director of the Planning, Property and Development Department and the Director of Legal Services/City Solicitor consider necessary to protect the interests of the City.

4. That the policy that 5% of the gross proceeds be allocated to both the Historical Buildings Program and Enhanced Land Marketing Program, be waived in this instance.

5. That a grant to The Forks Renewal Corporation in an amount equal to the purchase price of the City-owned property shown outlined on Misc. Plan No. 11119/15 to support the construction of required public amenities/infrastructure on the lands, be approved, subject to the following:

**Report - Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – July 7, 2014**

A. Completion of Phase Two Public Consultations.

B. Finalization and approval of the final Concept and Master Plan by Council.

C. The City entering into a grant agreement with The Forks Renewal Corporation setting out the terms and conditions of the grant.

6. That the establishment of a Tax Increment Financing (TIF) Zone on the Rail Side and Parcel 4 lands to support the construction of required public amenities and infrastructure on the lands, be approved in principle, subject to the following:

   A. Equal and matching TIF contributions by the Province of Manitoba.

   B. Approval by Council of a TIF by-law setting out the terms and conditions of the TIF parameters with respect to municipal property taxes.

7. That the City enter into all agreements with The Forks Renewal Corporation and the Province of Manitoba deemed necessary by the City solicitor/ Director of Legal Services to implement the intent of the foregoing including without limitation: the grant agreement referred to in Recommendation 4; and that the Chief Administrative Officer be delegated the authority to negotiate and approve the terms and conditions of such agreements in accordance with this report, and such other terms and considerations deemed necessary by the City Solicitor/Director of Legal Services to protect the interest of the City.

8. That an Administrative Steering Committee be established with representation from the City of Winnipeg, the Forks Renewal Corporation, and The Province of Manitoba to develop:

   A. Final public amenities and infrastructure program, budget, and TIF parameters.

   B. An analysis of the proposed site design impacts of the development including but not limited to: diversity (land use, activities, built form); physical continuity and connectivity; public accessibility; character; transportation hierarchy; heritage; public art; connection to natural environment, view corridors; parking; vibrancy (cultural, street level); linkages (between/through the development).

   C. Planning principles and design guidelines for built form, streets and plazas, signage and public art.

**Report - Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – July 7, 2014**

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

**Agenda – Council – July 16, 2014**

**Report - Standing Policy Committee on Downtown Development, Heritage and Riverbank Management – July 7, 2014**

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 9, 2014, 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 July 9, 2014, David Sanders submitted a communication dated July 9, 2014, with respect to Proposed Parcel 4 – Forks Rail Side Development.

STANDING COMMITTEE RECOMMENDATION:

On July 7, 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 July 7, 2014, David Sanders submitted a communication dated June 5, 2014, with respect to Proposed Parcel 4 – Forks Rail Side Development.

# ADMINISTRATIVE REPORT

**Title:** **Proposed Parcel 4 – Forks Rail Side Development**

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

## AUTHORIZATION

| Author | Department Head | CFO | CAO |
|---|---|---|---|
| J. Kiernan | B. Thorgrimson | M. Ruta | D. Joshi |

## RECOMMENDATIONS:

1. That Council declare the City-owned property commonly known as Parcel 4 shown outlined on Misc. Plan No. 11119/15, attached, surplus to the needs of the City.

2. That recommendations 3 through 8 be subject to (i) confirmation satisfactory to the City's Chief Financial Officer of equal matching grants from Canada and Manitoba to be secured by The Forks Renewal Corporation within 12 months following the date of Council approval of this report; and (ii) receipt of a current appraisal of the City-owned property outlined in Plan No. 11119/15, as satisfactory to the City's CFO.

3. That the sale of the City-owned property shown outlined on Misc. Plan No. 11119/15 to The Forks Renewal Corporation at a purchase price of $6,000,000.00 or such other value as reflected in the appraisal to be received by the City pursuant to Recommendation 2 be approved, in accordance with terms and conditions of sale that the Director of the Planning, Property and Development Department and the Director of Legal Services/City Solicitor consider necessary to protect the interests of the City.

4. That Council waive in this instance the policy that 5% of the gross proceeds be allocated to both the Historical Buildings Program and Enhanced Land Marketing Program.

5. That Council approve a grant to The Forks Renewal Corporation in an amount equal to the purchase price of the City-owned property shown outlined on Misc. Plan No. 11119/15 to support the construction of required public amenities/infrastructure on the lands, subject to:
    a. completion of Phase Two Public Consultations
    b. finalization and approval of the final Concept and Master Plan by Council
    c. the City entering into a grant agreement with The Forks Renewal Corporation setting out the terms and conditions of the grant

6. That Council approve in principle the establishment of a Tax Increment Financing (TIF) Zone on the Rail Side and Parcel 4 lands to support the construction of required public amenities and

infrastructure on the lands, subject to (i) equal and matching TIF contributions by the Province of Manitoba and (ii) approval by Council of a TIF by-law setting out the terms and conditions of the TIF parameters with respect to municipal property taxes.

7. That the City enter into all agreements with The Forks Renewal Corporation and the Province of Manitoba deemed necessary by the City solicitor/ Director of Legal Services to implement the intent of the foregoing including without limitation: the grant agreement referred to in Recommendation 4; and that the Chief Administrative Officer be delegated the authority to negotiate and approve the terms and conditions of such agreements in accordance with this report, and such other terms and considerations deemed necessary by the City Solicitor/Director of Legal Services to protect the interest of the City.

8. That an Administrative Steering Committee be established with representation from the City of Winnipeg, the Forks Renewal Corporation, and The Province of Manitoba to develop:
    a. final public amenities and infrastructure program, budget, and TIF parameters.
    b. an analysis of the proposed site design impacts of the development including but not limited to: diversity (land use, activities, built form); physical continuity and connectivity; public accessibility; character; transportation hierarchy; heritage; public art; connection to natural environment, view corridors; parking; vibrancy (cultural, street level); linkages (between/through the development)
    c. planning principles and design guidelines for built form, streets and plazas, signage and public art.

9. 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 declare the subject City-owned property shown outlined on Misc. Plan No. 11119/15, attached, surplus to the needs of the City; to waive the policy requiring that 5% of the gross proceeds be allocated to both the Historical Buildings Program and Enhanced Land Marketing Program; and to authorize the recommended grant.

- The Forks Renewal Corporation has completed a first phase of public consultation including a comprehensive urban design and planning analysis of the Rail Side and Parcel 4 lands (Attached). Initial findings propose significant public amenities/infrastructure that will be required as part of the plan in order to meet the public aspirations for these lands.

- In order to proceed to the next phase of design, planning, and public consultation, an economic approval of the fiscal framework for the public amenities/infrastructure is required. An agreement in principle to invest the proceeds of the Parcel 4 land sale and the establishment of a Tax Increment Financing Zone on the lands will allow a more comprehensive capital budget and Concept and Master Plan to be developed. These steps will allow for further public consultation and approval by the board of the Forks Renewal Corporation and Council.

## IMPLICATIONS OF THE RECOMMENDATIONS

Economic Development:

- It is estimated that the mixed-use commercial development proposed on forty percent of the lands could result in over $200 million in private capital investment, and increase the assessed value of the lands by more than 20 times their 2013 value. Land revenue and TIF revenue from this development would be sufficient to finance the public amenities/infrastructure components of the plan.

- In total, over 2,000 person years of employment would be generated through the construction and revitalization of the Rail Side and Parcel 4 lands.

- To that end, The Forks Renewal Corporation is recommending that no more than forty percent of the Rail Side and Parcel 4 land area be allocated to mixed-use commercial development. This development could include a mix of main floor retail, small scale office, and multi-unit housing, consistent with the public feedback received to date. Development guidelines, including LEED building targets, public art, and high-quality design and construction would be required and strictly adhered to for this development.

- The Forks Renewal Corporation is proposing that these mixed-use commercial development opportunities be phased and made available to private or non-profit development consortiums through competitive, fair, and transparent proposal calls. This development would be self-sustaining, generating land revenue and TIF revenue to support the capital required for the various public amenities/infrastructure on the remaining lands, including significant parks and public spaces, promenades, access, and visitor parking structures.

Tax Increment Financing:

Current development proposals are challenged by the public expectations of a higher level of quality of development at The Forks and by the archeological and brownfield aspects of this location.

- The use of a TIF funding mechanism addresses the financing gaps related to the anticipated quality of development and public spaces required to meet public expectations, re-purposing surface parking lots, and the creation of parkades for 700 visitor stalls.

- The City of Winnipeg's contribution from a TIF by-law would be approximately $1.0 million per year for a time limited period of up to 25 years to support the development of new public spaces in Winnipeg's pre-eminent destination while assisting in generating over $200 million in private development.

Design and Physical Development:

These lands are publically perceived by the community to be contiguous and part of the overall Forks and Museum development. An Administrative Steering Committee, with representation from the City of Winnipeg, the Forks Renewal Corporation, and the Province of Manitoba is proposed to finalize the public amenities/infrastructure program, capital budget, and TIF parameters for final Council approval.

- The creation of exceptional public spaces will be the central objective in the Rail Side and Parcel Four revitalization plan. Public parks, plazas, and promenades will guide the organization of the two sites and are intended to forge better connections from The Forks to its surrounding downtown neighbourhoods.

- It is proposed that the design of these spaces will be people-focussed, following the four key ingredients of successful public spaces identified by the New York based research non-profit *Project for Public Spaces: Access and Linkages; Comfort and Image; Use and Activities; and Sociability.*

- The Rail Side parcel and Parcel Four will have expansive public spaces. This tree-lined environment will create a new, visually enticing walk from The Forks to Winnipeg's Exchange District. Along the way, shops and public spaces will provide opportunities to linger and enjoy the experience. The development intends to create a rich and visually interesting environment, through a balance and interplay of unique public spaces and architecturally engaging commercial mixed-use buildings and both public and private spaces.

- The preliminary plan proposes that a minimum of five mixed-use commercial development parcels be established, comprising not more than forty per cent of the total ground area. There will not be a "master developer" approach but a more "finely grained" mixed-use development with a high quality of public space / public realm.

- The Rail Side and Parcel Four plan will provide the opportunity for significant ground floor indoor space on the mixed-use commercial development parcels. Ground floor tenancies will be required to meet targets for interactive and/or visually engaging uses in order to create an animated public realm, both inside and out.

- With approval of the recommendations contained herein, a draft physical Concept and Master Plan, based upon defined community values, public accessibility, connections (natural and urban) and authentic to the spirit of the overall Forks development can be developed for further public consultation, feedback and endorsement.

- The Concept and Master Plan refinement would undergo review and approval by the Urban Design Advisory Committee, The Forks Renewal Corporation Board and would require City Council approval.

Parking:

The Forks Renewal Corporation has undertaken vehicle parking counts during peak periods on the lands over the last several years. They have concluded that in order to develop on the Rail Side and Parcel Four lands, approximately 700 visitor parking stalls will be required in the final plan in order to provide for the current and future public parking requirements of The Forks, including the Canadian Museum for Human Rights.

Parking fees charged on the Rail Side and Parcel 4 lands would be dedicated to offset the costs of free programming and events, The Forks Target Zero initiative, and maintenance of The Forks parks and public spaces and parkades. This is current Forks practice with the shared pool of parking currently on Forks-owned parking sites. Additional parking requirements associated with any multi-unit housing developed on the lands would be privately financed.

The Winnipeg Parking Authority has generated net income on Parcel 4 from parking permits and oversized vehicle parking of $405,000 in 2012 and $328,000 in 2013. If there were to be a sale of the land, this is a substantial amount of income lost for WPA.

WPA uses Parcel 4 to park/charge for oversized vehicle parking. They have undertaken the initiative to move and direct tour buses, concert support vehicles etc. off downtown streets and park offsite here instead to clear up downtown congestion. Having access to a downtown facility to accommodate these

large vehicles will be a key to continue to support the hotels and keep the downtown streets “pedestrian friendly” without the eyesore of tractor trailers for concerts at curbside with tour busses idling.

Through initial discussions with the Canadian Museum for Human Rights, it was noted that they may have up to 30 tour buses a day once the Museum commences operation. Accommodations will be required for these oversized vehicles in order to support the activities of the CMHR.

## HISTORY

The Rail Side and Parcel Four lands are comprised of approximately 11.6 acres, 5.7 acres owned by The Forks Renewal Corporation and 5.9 acres owned by The City of Winnipeg. They are the largest surface parking lots in downtown Winnipeg and have remained unimproved since the initial brownfield reclamation of the Canadian National Railway (CNR) East Yards in the 1980’s.

- On April 18, 2012, the Executive Policy Committee recommended that the sale of “Parcel 4” to Canalta Real Estate Servicies Ltd. for a purchase price of $6 million and that a $7 million grant be provided to Canalta Real Estate Services Ltd. towards the development of the Indoor Water Park Facility on said land, subject to a variety of conditions.

- On April 25, 2102, City Council directed that further conditions apply prior to the final approval of the transaction with Canalta Real Estate Servicies Ltd. for a water park on “Parcel 4”.

- On May 14, 2012, Canalta Real Estate Servicies Ltd. withdrew its proposal to purchase and build an indoor water park on “Parcel 4”.

- On November 29, 2012, the Standing Policy Committee on Downtown Development, Heritage and Riverbank Management directed the Winnipeg Public Service to enter into an engagement strategy with stakeholders to look at the opportunities and visions for development of the land commonly known as “Parcel 4”, located adjacent to The Forks and across from the Canadian Museum for Human Rights.

- On April 11, 2013, the City of Winnipeg announced that it engaged the Forks Renewal Corporation to lead an integrated planning initiative for the future of development of Parcel 4 and the adjacent Rail Side lands owned by The Forks Renewal Corporation.

- On November 18, 2013, The Forks Renewal Corporation released a report on the findings of the public consultations (Attached). Phase One of the *Rail Side Lands and Parcel Four Planning Initiative* public consultation process included three components: stakeholder interviews, online participation, and citizen workshops.

- Phase One of the *Rail Side Lands and Parcel Four Planning Initiative* public consultation process included three components: stakeholder interviews, online participation, and citizen workshops.

- On November 18, 2013, The Forks Renewal Corporation released a report on the findings of these consultations. The report concludes that the majority of participants in the phase one consultation support the lands being developed as environments with public and community spaces, along with commercial mixed-uses, including multi-family housing. It found that citizens want the public spaces to replicate and enhance the pedestrian activity and bustle that currently characterizes The Forks. While a more urban park-like experience was preferred and advocated by most participants (e.g. street level

retail, plazas, innovative public art, sidewalk cafes), many stressed that green or natural elements should also be a significant part of the plan. It recommends that both urban and natural elements be strived for, in harmony.

- On January 29, 2014, Council approved the “Go to the Waterfront” report as a tool to support waterfront development for the City of Winnipeg and as a guide for riverbank related initiatives and strategies.

## FINANCIAL IMPACT

### Financial Impact Statement

**Date:** May 2, 2014

**Project Name:**

Proposed Parcel 4 – Forks Rail Side Development

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

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| **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 | $ 6,817,483 | $ - | $ - | $ - | $ - |
| Less: Incremental Revenue/Recovery | 6,000,000 | - | - | - | - |
| Net Cost/(Benefit) | $ 817,483 | $ - | $ - | $ - | $ - |
| Less: Existing Budget Amounts | - | - | - | - | - |
| Net Budget Adjustment Required | $ 817,483 | $ - | $ - | $ - | $ - |

**Additional Comments:** Direct costs consist of cost of land sold of $817,483 (i.e. the $733,415 carrying value of the subject property + $84,068 in other inventory costs) plus the $6 million grant. Revenues represent the deemed market value of the subject property. The net impact on the unallocated equity balance in the Land Operating Reserve Fund is a decrease of $817,483. The decrease in Winnipeg Parking Authority revenues of +/- $350,000 per annum have been excluded from this analysis (no direct impact on operating funds). The financial implications of the establishment of a Tax Increment Financing (TIF) Zone, including any estimate of potential, future incremental property and/or business taxes, will be the subject of a future report to Council. The attached "Railside and Parcel 4 Discounted Cash Flow" is for information only.

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

## CONSULTATION

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

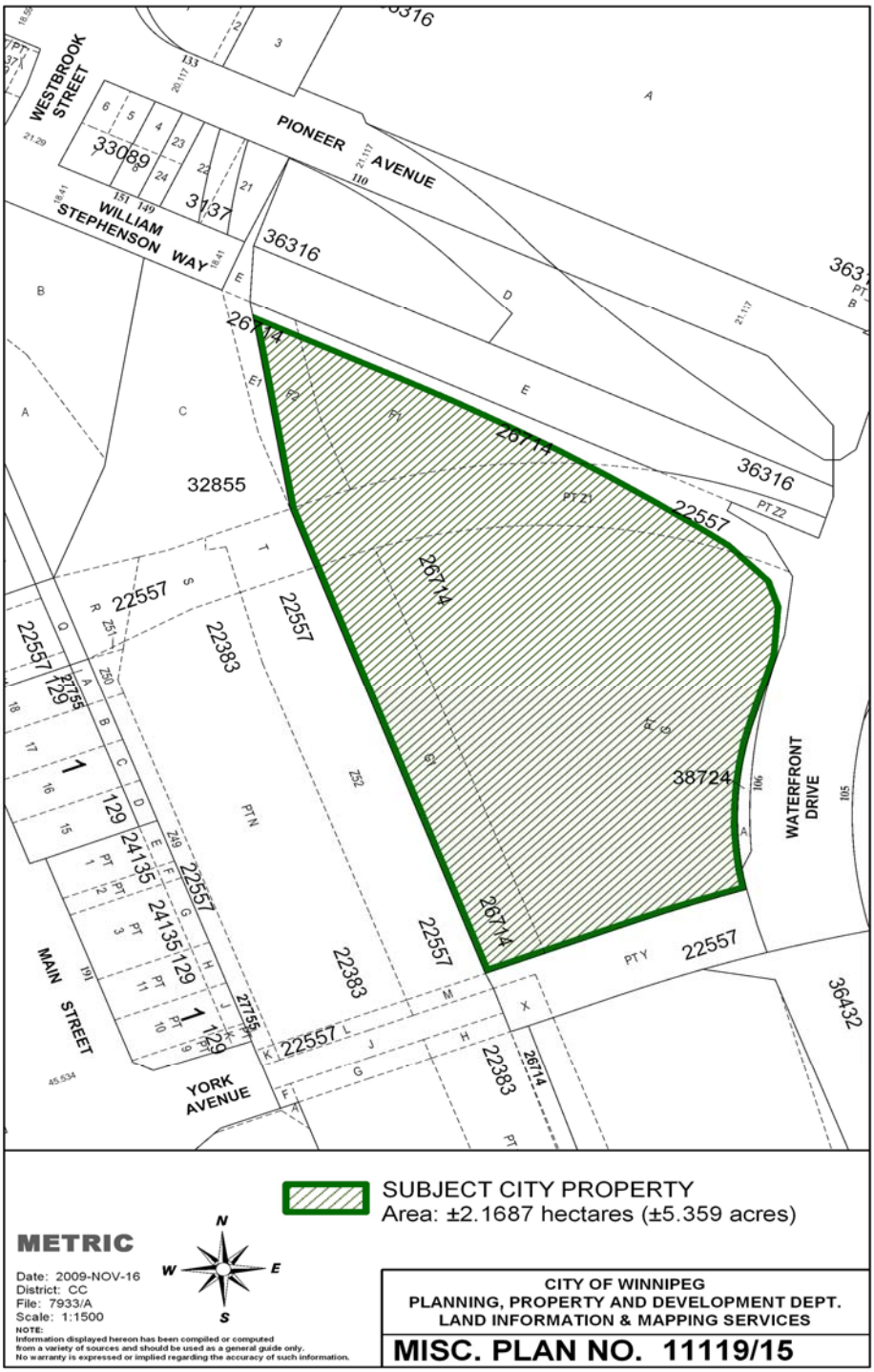
Legal Services (as to legal issues)

## SUBMITTED BY

| | |
|---|---|
| Department | Planning, Property and Development |
| Division | Urban Design |
| Prepared by: | John Kiernan |
| Date: | July 4, 2014 |
| File No. | o:\reports directive\planning and land use\urban design division\2014\RIS - Draft Proposed Parcel 4 – Forks Rail Side Development, July 4, 2014 |

UD2014-040

## Appendix 1 Misc. Plan No. 11119/15 – Property lines



## Appendix 2 Misc. Plan No. 11119/15 – Air Photo



**Appendix 3 Project Summary Sheet**
**April, 2014**

The creation of exceptional public spaces will be the central objective in the Rail Side and Parcel Four revitalization plan. Public parks, plazas, and promenades will guide the organization of the two sites and forge better connections from The Forks to its surrounding downtown neighbourhoods. The design of these spaces will be people focussed, following the four key ingredients of successful public spaces identified by the New York based research non-profit *Project for Public Spaces.*

The Rail Side parcel and Parcel Four will both have expansive public spaces. The central plaza on Parcel Four will forge a stronger pedestrian link to Portage and Main and will create a place to gather sheltered from the busy intersection of Waterfront Drive and Pioneer Avenue. The central public park on the Rail Side parcel will open up to the arms of Canadian Museum for Human Rights and will create a new vantage point to enjoy the awe inspiring building and its surroundings.

A wide pedestrian promenade will extend the full length of Waterfront Drive. This tree-lined environment will create a new visually enticing walk from The Forks to Winnipeg's Exchange District. Along the way, shops and public spaces will provide opportunities to linger and enjoy the experience.

The Rail Side and Parcel Four lands will aim to create a rich and visually interesting environment, through a balance and interplay of unique public spaces and architecturally engaging commercial mixed-use buildings.

The preliminary plan proposes that five mixed-use commercial development parcels be established, **comprising not more than forty percent** of the total ground area

In addition to the outdoor public spaces, The Rail Side and Parcel Four plan will provide the opportunity for significant ground floor indoor space on the mixed-use commercial development parcels. Ground floor tenancies will be required to meet targets for interactive and/or visually engaging uses in order to create an animated public realm, both inside and out

The Rail Side and Parcel Four lands are comprised of approximately 11.6 acres, 5.7 acres owned by The Forks Renewal Corporation and 5.9 acres owned by The City of Winnipeg. They are the largest surface parking lots in downtown Winnipeg and have remained unimproved since the initial brownfield reclamation of the Canadian National Railway (CNR) East Yards in the 1980's.

**Approximate Scale of Development in each Phase**

**Phase 1 – Rail Side**

2 mixed use development parcels which will include:

- Approximately 20,000ft2 of retail / destination / office space
- 100 housing units – parking included

400 Public Stall Parkade*
Public Spaces, Public Art and Green roofs

**Phase 2 – Parcel 4**

3 mixed use development parcels each having :

- 20,000ft2 of retail / destination / office space
- 100 housing units – parking included

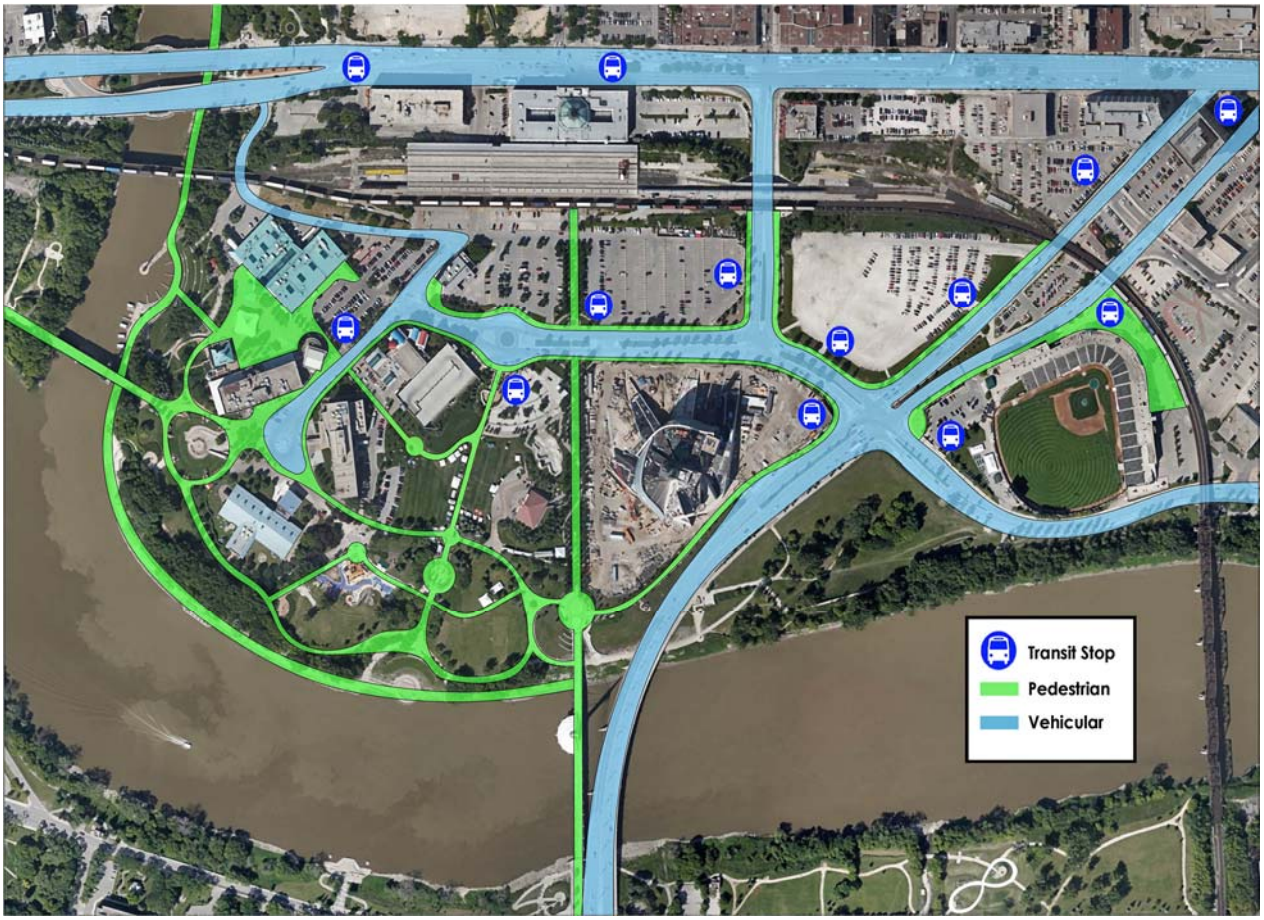
300 Public Stall Parkade*

Public Spaces, Public Art and Green roofs

*Additional parking for residential units, (500 units) would be built on a full cost recovery basis.



**Appendix 4 Transportation Links**
**April, 2014**



**Appendix 5 Connections and Linkages**
**April, 2014**

