Minutes – Executive Policy Committee – July 16, 2014

REPORTS

Minute No. 510 Strategic Economic Incentive Grant – Neechi Foods Co-op Ltd. (Mynarski Ward)

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service, as amended, and recommended to Council:

1. That a strategic economic incentive grant to Neechi Foods Coop Ltd. for the purposes of supporting employment, aboriginal cultural enhancement and community building of Neechi Commons be approved for a period of 10 years in an amount equal to the incremental taxes for the property located at 865 Main Street to a maximum of $15,000 annually, and to a total aggregate maximum of $150,000.00 subject to:

    A. Creation of a minimum of 40 jobs over a period of three years from the opening date of Neechi Foods Co-op Ltd. at 865 Main Street.
    B. Continuance of these 40 jobs until the ten year grant period expires;
    C. In the event the 40 new jobs or any portion thereof are not continued until the ten year grant period expires, the grant shall be reduced by a percentage equal to that percentage of jobs that have not been continued;
    D. Execution of a grant agreement between the City and Neechi Foods Coop Ltd. outlining the terms and conditions of the City's contribution.

2. That the Economic Development Incentive Reserve (EDIR) be the source of funding for the strategic economic incentive grant in Recommendation 1.

3. That the Chief Administrative Officer be delegated the authority to negotiate and approve the terms and conditions of the grant agreement in accordance with the foregoing and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City.

4. That the Proper Officers of the City do all things necessary to implement the intent of the forgoing.

DECISION MAKING HISTORY:

Moved by Deputy Mayor Swandel,

That the recommendation of the Winnipeg Public Service be concurred in, with the following amendments:

- Delete Recommendation 1. A. and replace with the following:

  A. Creation of a minimum of 40 jobs over a period of three years from the opening date of Neechi Foods Co-op Ltd. at 865 Main Street.

- Amend Recommendations 1. A. and 1. B. by deleting the number "50", and substituting the number "40"

and forwarded to Council.

Carried

Councillor Wyatt asked to be recorded as having voted against the above motion, in accordance with Rule 47(7) of The Procedure By-law No. 50/2007.

David Sanders submitted a communication dated July 16, 2014, in support of a Strategic Economic Incentive Grant – Neechi Foods Co-op Ltd.

ADMINISTRATIVE REPORT

Title: **Strategic Economic Incentive for Community Economic Development Support – Neechi Foods Co-op Ltd.**

Critical Path: **Executive Policy Committee – Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
G. Holmes	B. Thorgrimson	M. Ruta	D. Joshi A/CAO

RECOMMENDATIONS

1. That a strategic economic incentive grant to Neechi Foods Coop Ltd. for the purposes of supporting employment, aboriginal cultural enhancement and community building of Neechi Commons be approved for a period of 10 years in an amount equal to the incremental taxes for the property located at 865 Main Street to a maximum of $15,000 annually, and to a total aggregate maximum of $150,000.00 subject to:

    a. Creation of a minimum of 50 jobs over a period of three years from the date of Council approval;
    b. Continuance of these 50 jobs until the ten year grant period expires;
    c. In the event the 50 new jobs or any portion thereof are not continued until the ten year grant period expires, the grant shall be reduced by a percentage equal to that percentage of jobs that have not been continued;
    d. Execution of a grant agreement between the City and Neechi Foods Coop Ltd. outlining the terms and conditions of the City's contribution.

2. That the Economic Development Incentive Reserve (EDIR) be the source of funding for the strategic economic incentive grant in Recommendation 1.

3. That the Chief Administrative Officer be delegated the authority to negotiate and approve the terms and conditions of the grant agreement in accordance with the foregoing and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

4. That the Proper Officers of the City do all things necessary to effect the intent of the forgoing.

REASON FOR THE REPORT

1. Council approval is required for all grants from the City of Winnipeg.
2. Council approval is required for disbursement from the Economic Development Investment Reserve.

IMPLICATIONS OF THE RECOMMENDATIONS

- A grant of up to $15,000 annually from incremental municipal property taxes otherwise payable would be received by Neechi Commons to be used to support their efforts to engage, recruit and retain members of the local community in employment and cultural development opportunities.

HISTORY / DISCUSSION

History

- The grant will be funded from the Economic Development Incentive Reserve, and the Reserve will be replenished from incremental municipal property taxes from the revitalized property known as Neechi Commons and located at 865 Main Street.
- Neechi has been a long standing staple within the "North-End" that has been commercially self-reliant for over 22 years despite severe economic and social distress in its surrounding neighbourhood.
- Neechi Foods Co-Op is an Aboriginal worker cooperative, owned and operated by its workers. The Co-Op sells Aboriginal specialty foods and crafts, freshly prepared bannock and deli products, and conventional grocery items.
- The Co-Op undertook a significant neighbourhood revitalization initiative to expand its operations by opening a community business complex known as "Neechi Commons". The new 30,000 sq ft straddles north Point Douglas on the east and Lord Selkirk Park on the west and intended to provide economic opportunities for Aboriginal youth and other area residents.
- Since the fall of 2011, representatives of Neechi Foods Co-Op have approached the City of Winnipeg with requests for funding assistance either towards construction completion and inventory and light equipment acquisition or the purchase of a service vehicle to support their operations.

Discussion:

- Neechi has been recognized for many achievements within the Aboriginal community and has received numerous and wide ranging awards and commendations to support their vision of transition from a co-op to a community business complex.
- Their efforts as a neighbourhood revitalization project have also been acknowledged through project funding support by virtue of specific Government of Canada and Government of Manitoba Grants.

- On March 19, 2013, Neechi Commons (Neechi) opened their doors and welcomed the community to a neighbourhood supermarket, a courtyard featuring regionally harvested and processed fruits and vegetables, a fish market, a community cafeteria/restaurant, a bakery, Aboriginal foods, crafts, artwork, books and music, a small hardware store, various other boutique stores, a farmers' market and proposed offices on the 2nd floor in keeping with their goals.
- A year later, the Neechi complex continues to thrive and has proven to have made a vital contribution to the community, its residents and exemplifying community pride in adjoining neighbourhoods.
- It has also been reported to result in contributing to positive self-esteem within the wider Aboriginal community and in Winnipeg as a whole.
- Neechi was recently also awarded the ***2013 Excellence in Aboriginal Business Leadership Award*** from the Asper School of Business, University of Manitoba.
- Neechi is committed to hiring and supporting neighbourhood youth. In part this means that Neechi Commons provides a direct alternative to street gangs. And, for neighbourhood residents in general, employment at the Commons offers an alternative to dependency on income assistance.
- Neechi has a particular focus on hiring, training and providing support to Aboriginal and neighbourhood youth, enhancing personal and community self-esteem, as well as developing job-specific skills and training opportunities that complement local high school and vocational training institution programs.
- Neechi is seeking support to pursue implementation of employment and membership training programs, staff and public aboriginal cultural awareness and other ethnic community group affirmation programs and further pursue outreach partnerships with neighbourhood schools and community centres.
- The Aboriginal Relations Division of the City's Corporate Support Services Department has indicated their support for this worthwhile project and endorses the recommendations for program support as proposed.
- Other contributions to the "Neechi Commons" initiative include, but are not limited to those made through an Infrastructure Stimulus agreement by the Government of Canada, who committed $1.32 million in capital grants, and by The Province of Manitoba contributing $2.32 million towards eligible construction costs for the expansion at 865 Main Street.
- The advancement of funding by the City of Winnipeg builds upon the collaborative contributions by various agencies and levels of government toward community economic development and revitalization and is consistent with, the economic development policy foundation contained in *OurWinnipeg* and resulting City of Winnipeg Economic Development Strategy.
- Our Winnipeg focuses considerable effort on revitalization and the improvement of quality of life, coupled with development and support of complete communities and their development.
- The City's Economic Development Strategy recognizes the importance of social and community development opportunities to the City as a whole and more specifically to our Aboriginal community. "Winnipeg has the highest proportion of aboriginal identity population of all census metropolitan areas in Canada." Additionally, section "3.2.3 Neighbourhood Level Initiatives" of the City's Economic Development Strategy, specifically identifies "Neighbourhood–level revitalization … to be a focus for economic and community development…" that will result in "…poverty reduction, education …and crime prevention.

FINANCIAL IMPACT

Financial Impact Statement **Date:** July 7, 2014

Project Name: **First Year of Program** **2014**

Strategic Economic Incentive for Aboriginal Training – Neechi Foods Coop Ltd.

	2014	2015	2016	2017	2018 to 2023
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	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 90,000
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 15,000	$ 15,000	$ 15,000	$ 15,000	$ 90,000
Less: Existing Budget Amounts	15,000	15,000	15,000	15,000	90,000
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Based on the assumption that the Strategic Economic Incentive agreement will be effective beginning in 2014. Direct costs represent the estimated annual grant of up to $15,000, equivalent to incremental municipal realty taxes, which will be paid from 2014 to 2023 inclusive (subject to conditions noted in Recommendation # 1). The source of funding for the grant payments will be the Economic Development Investment Reserve which will be replenished through existing municipal tax revenue.

original signed by
Joseph Chammartin, CGA
Acting Manager of Finance

CONSULTATION

In preparing this report there was consultation with:

Legal Services Department (as to legal issues)
Corporate Support Services - Aboriginal Relations

SUBMITTED BY

Department:	Planning, Property and Development
Division	Economic Development
Prepared by:	Gary Holmes, Manager of Economic Development
Date:	July 14, 2014

File Name: o:ReportsDirective\Office of the Director\Manager of Economic Development\2014 07 14 Neechi Commons – RIS Report